Annual report
30 June 2023

Stockland

A better
way to live.

A better way to live.

Stockland acknowledges the Traditional Custodians and knowledge holders of the land where we live, work and play, and pay our respects to their Elders past, present and emerging. We thank all Aboriginal and Torres Strait Islander Peoples for enriching our nation with their leadership, language, art, story-telling and ongoing connection to Country.

A better way to live

Stockland's Annual Report demonstrates how we create value for all our stakeholders. It illustrates how we achieve our purpose, 'a better way to live', as we help create and curate connected communities across Australia.

Our Annual Report is a consolidated summary of Stockland Corporation Limited and its controlled entities, including Stockland Trust and its controlled entities (Stockland or Group) for the year ended 30 June 2023 (FY23). It has been prepared with reference to the principles of the International Integrated Reporting Council (IIRC) Integrated Reporting (IR) Framework to communicate how our strategy, operational and financial performance, and approach to environmental, social, and governance matters create value for stakeholders over the short, medium and long term.

Corporate reporting suite

Our corporate reporting suite includes:

- Annual Report
- **Results Presentations**
- **Databook**
- **Property Portfolio**
- **ESG Supplements**, including FY23 **ESG Data Pack** and Management Approaches, Modern Slavery Statement, Climate Transition Action Plan, Reconciliation Action Plan

Our corporate reporting suite documents are available for download on the Stockland Investor Centre **www.stockland.com.au/investor-centre**

The Directors of Stockland Corporation Limited (ACN 000 181 733) and the Directors of Stockland Trust Management Limited (ACN 001 900 741, AFSL 241190), the Responsible Entity of Stockland Trust (ARSN 092 897 348), present their report together with the Financial Report of Stockland and the Independent Auditor's Report thereon. The Directors' Report for FY23 has been prepared in accordance with the requirements of the Corporations Act 2001 (Cth)

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FY23 Highlights

Image caption:
Stockland head office, NSW

Pre-tax Funds From Operations (FFO)

$883m

up 3.8% on FY22

Pre-tax FFO per security

37.1c

up 3.9% on FY22

Distribution per security (DPS)

26.2c

74% payout ratio

Net tangible assets (NTA) per security

$4.24

down from $4.31 at 30 June 2022

Statutory profit

$440m

vs $1,381m in FY22

Strong FY23 operational and financial results, supported by balance sheet strength.

Development return on invested capital (ROIC)[1]

18%

upper end of 14-18% target range

Recurring return on invested capital (ROIC)[1]

3%

below target range of 6-9%

Gearing

21.9%

vs 23.4% at 30 June 2022

Employee engagement

88%

above Australian National Norm[2]

Commercial Property emissions intensity reduction

13%

on FY20 baseline

Customer satisfaction[3]

>80%

in line with FY22

Accelerated

Net zero

scope 1 & 2 target to 2025

1 Recurring return comprises management income and property NOI (net of amortisation and straight-line rental adjustment) less divisional overheads plus revaluation movements. Development return includes realised development gains and profit on sale of inventories, net of divisional overheads and before interest and tax.
2 Willis Tower Watson
3 Average across retail shopper satisfaction, retail tenant satisfaction, resident deposit satisfaction, and Workplace and Logistics tenant satisfaction.

Letter from the Chairman

Dear Securityholders,

FY23 was a year of solid achievement for Stockland.

Our FY23 result represents a strong financial and operational performance, with Funds From Operations (FFO) toward the upper end of our guidance range.

The result also reflects the strength of our diversified platform and the cumulative results of several years' worth of focused and disciplined efforts by the Stockland team to create a high quality, resilient portfolio and development pipeline. The initial earnings benefits of the refreshed strategy that we announced in November 2021 are also evident, along with our disciplined approach to capital management.

Portfolio quality and balance sheet strength come to the fore during periods of economic and market uncertainty.

The rapid and sustained increase in interest rates observed since May 2022 has had a material impact on housing affordability and the confidence of prospective homebuyers. In recent months the more restrictive interest rate environment has also started to impact discretionary consumption, and a combination of higher return requirements and greater uncertainty regarding the growth outlook has also led to valuation declines across some sectors of the real estate market.

Our Town Centres are benefiting from their high weighting to "essentials" categories, and structural drivers continue to underpin strong occupier demand for our Logistics assets and development projects. Demand has also remained resilient for our Land Lease Communities (LLC) product, facilitating further price growth for new releases.

We continue to increase our portfolio weighting to the Logistics and LLC sectors, in line with the strategic targets that we shared with you in November 2021. We are also positioning our Masterplanned Communities (MPC) business for the recovery phase of the residential cycle and leveraging the scale and breadth of our landbank to provide more affordably priced product to meet the affordability challenges faced by our customers.

FY23 financial highlights

Our statutory profit was $440m compared with $1,381m in FY22. The statutory result for FY23 includes $(250)m[1] of net commercial property devaluations, which also contributed to a decline in our net tangible asset backing (NTA) per security from $4.31 to $4.24. Statutory profit in the previous corresponding period included a net revaluation uplift of $725m[1].

On a pre-tax basis, FY23 FFO of $883m was up 3.8 per cent relative to FY22. FFO per security of 37.1 cents was up 3.9 per cent, toward the upper end of our guidance range of 36.4 to 37.4 cents. Both the Commercial Property and Communities segments delivered solid earnings growth over FY23, up ~13 per cent and ~17 per cent respectively.

As previously signalled, Stockland Corporation Limited returned to an income tax paying position during the year. On a post-tax basis, FFO for FY23 was $847m or 35.6 cents per security.

The distribution for the year declined by 1.5 per cent to 26.2 cents per security. The distribution payout ratio of 74 per cent is marginally below our target range of 75 per cent to 85 per cent of post-tax Funds from Operations.

Stockland finished the year in a strong capital position, with gearing of 21.9 per cent at the bottom end of our target range of 20-30 per cent. This provides the Group with significant capacity for investment in its strategic priorities.

[1] Excludes sundry properties and stapling adjustment, includes investment properties under construction (IPUC) and Stockland's share of equity accounted investments.

Focusing on sustainable growth

The focus of the Board and the management team is on driving sustainable growth.

Disciplined capital management – in the form of prudent balance sheet settings, targeted capital allocation and appropriate return hurdles – is one of the ways in which we endeavour to achieve this outcome.

For FY23, our development activities generated a return on invested capital (ROIC) of 18 per cent, at the upper end of our through-cycle target range of 14 to 18 per cent[2].

The ROIC for our recurring activities (including management income and returns from our real estate investment assets) of 3 per cent was below our target range of 6 to 9 per cent[2]. This largely reflects the impact of adverse market cap rate movements on real estate values over the period. We believe that our target return range for these activities remains appropriate on a through-cycle basis, noting that at various stages of the real estate cycle, valuation movements can have a material impact on the result.

We are proud to present our first Climate Transition Action Plan in 2023 together with our refreshed ESG strategy which sets out our ambitions in the areas of decarbonisation, circularity, social impact and climate resilience[3].

We have brought forward our net zero target for scope 1 and 2 by three years, to 2025, and are working to halve our most material scope 3 emissions by 2030[4]. We target net zero for scope 1, 2 and 3 emissions by 2050[5].

Importantly, we have identified a pathway to achieving our decarbonisation goals, with a focus on making a measurable difference through the implementation of practical, commercially viable initiatives[5].

Our focus on making practical and measurable impact extends to our social impact ambitions. Our goal is to create ~$1 billion of social value by 2030, targeting areas such as housing affordability and First Nations engagement[6].

Tom Pockett, *Chairman*

Aligning remuneration to our strategy

As stated in last year's remuneration report, the Board conducted a review of the executive remuneration framework for FY23 to optimise how it supports and aligns with our strategy.

The review incorporated feedback from securityholders and their representatives and identified opportunities to further evolve the framework's design and execution. These were set out in the notice of meetings for the 2022 Annual General Meeting and included:

- Strengthening the performance focus by further simplifying the Short Term Incentive (STI) scorecard and aligning measures to the refreshed business strategy, such as introducing 'through the cycle' target ranges for Recurring and Development Return On Invested Capital (ROIC) for FY23; and
- Improving the alignment of Long Term Incentives (LTI) to the strategy and to support transformative growth.

We consider the refreshed executive remuneration framework to be aligned to Stockland's strategy during this period of transformative growth.

[2] Indicative long-term target for return on invested capital. Recurring return comprises Management income and Property NOI (net of amortisation and straight-line rental adjustment) less divisional overheads plus revaluation movements. Development return includes realised development gains and profit on sale of inventories, net of divisional overheads and before interest and tax.

[3] Roadmap for achieving our ESG targets and the material assumptions, uncertainties and dependencies associated with those targets, are set out in Stockland's Climate Transition Action Plan (CTAP) 2023, available on our website.

[4] The 2030 scope 3 target includes GHG Protocol Categories 1 (purchased goods and services) and 13 (leased assets), which collectively represent approximately 89 per cent of Stockland's scope 3 emissions.

[5] Stockland's emissions reduction targets have been prepared by reference to criteria set out by the Science Based Targets Initiative (SBTi). The targets have been reviewed by Ernst & Young (EY), which has provided limited assurance in relation to their alignment with the published SBTi criteria. Stockland has also submitted its targets to SBTi for validation.

[6] We define social value creation as our intentional effort and investment to deliver social, economic and/or environmental benefits for our communities and broader society. EY was engaged to provide limited assurance over Stockland's approach to defining, measuring, and calculating the social value target – for further detail refer to page 38 within this report.

People and culture underpin our success

Our innovative and inclusive culture underpins how we operate and is essential to our success.

At the heart of our culture is our dialogue with our people. Our independently administered 'Our Voice' employee surveys provide regular opportunities for our people to share their feedback about what it is like to work at Stockland and allow our leaders to listen and respond to that feedback. In FY23, we achieved a significant increase in our already-high overall employee engagement, which at 88 per cent is ~8 points above the Australian National Norm and for some categories above the Global High Performing Norm[1].

Both employee surveys conducted in FY23 showed significant improvement in our peoples' wellbeing compared with prior years. In our October 2022 survey, wellbeing levels returned to pre-COVID levels, scoring significantly above the Australian Norm[1].

Stockland has a strong track record of encouraging innovative thinking and behaviour across the business. As part of my role as Chairman, I have had the privilege of supporting the annual Stockland Innovation and Excellence Awards and sponsoring the Chairman's Award for Innovation. This year's award was won by the Cool Roofs initiative – utilising light coloured roofs, cool roads and pavements, and increased tree canopy cover – to help reduce urban heat by 2-4 degrees at our masterplanned communities. This initiative demonstrates our mindset around innovation - applying practical solutions that further our ESG goals while achieving commercial outcomes.

I am also proud of our commitment to First Nations engagement and reconciliation. During FY23, we developed our inaugural First Nations strategy, focusing on key areas where we believe Stockland can make a meaningful impact, including indigenous employment, procurement, and designing with Country. To help deliver on our strategy and further embed our indigenous commitment into our business, we have established the Stockland Indigenous engagement team, an all-Indigenous team of experts across the country.

Looking ahead

Stockland has a clear strategy and a unique set of strengths and capabilities that position the group for continued success: a high quality, resilient portfolio; a strong, innovative, and customer-centric culture with a focus on safety; a commitment to ESG leadership supported by a proud record of achievement; brand leadership; multi-sector end-to-end capability across a large, nationally diversified land bank; and a robust balance sheet.

Our purpose, 'a better way to live', has driven us for the last 71 years, and our values of Community, Accountability, Respect and Excellence remain at the core of everything we do.

I would like to extend my thanks to the Board, Leadership Team and all employees for their hard work and commitment over the past year. Finally, thank you to all of our securityholders for your continued support and investment in Stockland.

Tom Pockett
Chairman

"Our purpose, 'a better way to live', has driven us for the last 71 years, and our values of Community, Accountability, Respect and Excellence remain at the core of everything we do."

[1] Willis Tower Watson.

Image caption:
Artists' impression, Affinity Place, NSW

Letter from the Managing Director and CEO

Dear Securityholders,

In November 2021, we shared our refreshed strategy, building on Stockland's strengths to deliver sustainable growth.

Over FY23, we made further progress in executing this strategy: reshaping our portfolio through the targeted divestment of non-core properties and creation of new, high-quality assets that are accretive to both earnings and net tangible assets; progressing the delivery of our $40 billion[1] development pipeline; and growing our existing capital partnerships while executing on new partnering initiatives.

While progressing our strategy, we also delivered strong operational and financial results and maintained our focus on financial strength and flexibility.

The macroeconomic backdrop remains uncertain, and conditions across the markets in which we operate are variable. Our strategy is informed by the longer-term structural and demographic drivers that are shaping the real estate industry, and designed to produce sustainable returns through various stages of the real estate and economic cycles. In the current environment, the quality of our diversified portfolio and our robust financial position provide both resilience and the ability to capitalise on opportunities to drive further sustainable growth for our stakeholders.

As we progress our Commercial Property development pipeline, we remain disciplined regarding the level of development risk we take on and the returns that we require. Similarly, we continue to balance our investment in growth areas with the need to maintain a sharp focus on costs, particularly during this period of macroeconomic and real estate market volatility.

FY23 financial & operational performance

On a pre-tax basis, FY23 Funds From Operations (FFO) of $883 million was up 3.8 per cent relative to FY22. FFO per security of 37.1 cents was up 3.9 per cent and toward the upper end of our guidance range of 36.4 to 37.4 cents.

The completion of the sale of our Retirement Living business in July 2022 crystalised a material taxable gain, resulting in Stockland Corporation Limited returning to an income tax paying position during the year.

On a post-tax basis, FFO for FY23 was $847 million or 35.6 cents per security. The effective FFO tax rate for the Group for FY23 of ~4 per cent is post the utilisation of remaining tax losses and is expected to rise in future periods.

Both the Commercial Property and Communities segments delivered solid earnings growth over FY23, up ~13 per cent and ~17 per cent respectively.

The increased contribution from the Communities segment was delivered in the environment that saw a ~9 per cent decline in settlement volumes from our Masterplanned Communities (MPC) business. This was offset by strong MPC price growth and margin expansion, along with an increased contribution from our Land Lease Communities (LLC) business in the form of development profits, rental income, and management fees.

Underlying demand for our MPC product remains resilient, as demonstrated by 2H23 enquiry levels that were up relative to 1H23 and slightly above pre-COVID-19 levels. Conversion rates remain below historical levels, impacted by affordability constraints and continued uncertainty regarding the interest rate outlook.

We do not expect sales rates to improve materially until the interest rate environment stabilises. The medium-term outlook for MPC market fundamentals remains strong, with increasing rates of net overseas migration, low rental vacancy rates, and a chronic undersupply of new product across key Eastern Seaboard markets.

1 Total development pipeline, includes projects in early planning stages, projects with planning approval and projects under construction. Includes M_Park stage 1 at a 100 per cent share.

Demand for our LLC product has remained resilient, supporting further price growth on new releases. The average sales price per home in FY23 was ~11 per cent[2] above FY22 levels. Our operational LLC portfolio also continues to perform strongly, with its CPI-linked[3] rental structure providing strong organic growth in the current inflationary environment, and both occupancy and rent collection rates remaining at 100 per cent for FY23.

Our $10.5 billion[4] Commercial Property portfolio delivered comparable FFO growth of 3.5 per cent[5], up from 3.3 per cent in FY22. This solid comparable growth was supplemented by contributions from Logistics developments completed over FY22 and FY23, and the end of COVID-19-related rental abatements which affected FY22.

Our ~$3.4 billion[6] Logistics portfolio delivered FFO growth of 11.5 per cent versus FY22. Comparable growth of 4.6 per cent[5] was supplemented by income contributions from developments completed over FY22 and FY23.

Occupancy was maintained at over 99 per cent[7] over the period, and new leases and renewals negotiated over the year (including those yet to be executed) saw an average uplift of 21.1 per cent relative to previous in-place rents.

With a weighted average lease duration of 3.3 years[7], our portfolio is well positioned to capture positive rental reversion and to benefit from strong near-term demand-supply dynamics for the logistics sector.

Our Town Centre portfolio delivered strong operational and financial performance over the period, with FY23 FFO of $379m up 8.2 per cent versus FY22. This reflects comparable FFO growth of 4.8 per cent[5], along with the impact of COVID-19-related rental abatements in FY22.

On a MAT basis, total comparable sales grew by 14.7 per cent and comparable specialty sales were up by 19.8 per cent versus the previous corresponding period which reflected COVID-19 restrictions[8]. The strong sales results delivered by the portfolio resulted in specialty occupancy costs reducing to 14.8 per cent versus 15.8 per cent at June 2022[8]. Leasing spreads remained positive over FY23, averaging 3.1 per cent versus 1.5 per cent for FY22[9].

The cumulative impact of successive interest rate increases led to a slowing of sales growth in discretionary categories such as apparel, jewellery and homewares over the June quarter. However, sales growth for the essentials categories to which our portfolio is heavily skewed is tracking in line with inflation.

Specialty sales productivity for our Town Centres portfolio is well above industry benchmarks, driving positive leasing spreads and an overall portfolio occupancy rate of over 99 per cent[10].

Tarun Gupta, *Managing Director and CEO*

Comparable FFO for our ~$2.0 billion[6] Workplace portfolio declined by 1.9 per cent[5], impacted by vacancy at one asset. New leases and renewals negotiated over the period (including those yet to be executed) resulted in an average increase of 0.9 per cent[11].

The majority of this portfolio is currently being positioned for future development.

Progressing our strategic priorities

The FY23 result also reflected the initial financial benefits of the strategic initiatives that we implemented during FY22. In February 2022, we announced the establishment of two significant capital partnerships – the Stockland Residential Rental Partnership (SRRP) with Mitsubishi Estate Asia (MEA), and the M_Park Capital Partnership with Ivanhoé Cambridge.

The FY23 result included Management Income and Development Income contributions across the Communities and Commercial Property segments from both these partnerships, along with our other joint ventures and management agreements.

During the year, we extended our existing relationship with MEA through agreement to invest in masterplanned communities. The new capital partnership took effect in July 2023, and has a non-exclusive mandate to invest in Stockland owned and market originated masterplanned communities.

We continue to reshape our portfolio in line with our strategic priorities. We completed the divestment of our Retirement Living business in July 2022 and executed on ~$266 million[12] of non-core Town Centre asset sales over FY23.

[2] Average price per home. Excludes sales at Stockland B by Halcyon, QLD where average price points are above $1.1m.
[3] Typical site agreement – annual rent escalations at the greater of CPI or 3.5 per cent, and a market rent review every 10 years.
[4] Excludes sundry properties and stapling adjustment.
[5] Includes comparable assets; excluding acquisitions, divestments and assets under development. Excludes COVID-19 abatements and ECL where applicable.
[6] Excludes WIP and sundry properties.
[7] By income. As at 30 June 2023.
[8] Occupancy cost reflects stable assets, adjusted to reflect tenants trading more than 24 months.
[9] Rental growth on stable portfolio on an annualised basis.
[10] Occupancy across the stable portfolio based on signed leases and agreements at 30 June 2023.
[11] Excludes Walker Street Complex and 601 Pacific Highway in NSW.
[12] Includes disposal of Stockland Bull Creek, WA, Stockland Riverton, WA and Stockland Gladstone, QLD.

These transactions have strengthened our balance sheet, providing capital for redeployment into higher returning and higher growth initiatives, including the expansion of our LLC platform and the realisation of our $6.4 billion[1] Logistics development pipeline.

We have positioned our LLC business to deliver significantly higher settlement volumes over the medium term. The acquisition of five additional LLC projects subsequent to balance date will enable us to accelerate the scale-up of our LLC platform and drive material growth in the earnings contribution from this business in future periods.

We delivered ~$450 million of Logistics developments since June 2022[2] and expect a similar volume of deliveries in FY24[1]. Our targeted FY24 deliveries are now ~62 per cent pre-leased or subject to signed heads of agreement.

We continue to add value to our ~$5.8 billion[1] Workplace and mixed-use development pipeline while maintaining optionality regarding the timing, scope and composition of future development commencements.

Maintaining capital discipline

While progressing our strategic initiatives, we have remained focused on balance sheet strength and financial flexibility.

We finished the period in a strong financial position. At 30 June 2023, the Group's gearing was 21.9 per cent, toward the lower end of our target range of 20 per cent to 30 per cent, and compared with 23.4 per cent at 30 June 2022.

The reduction in gearing over the year was achieved despite a $(250)m revaluation movement, which also contributed to a decline in our net tangible asset backing (NTA) per security from $4.31 to $4.24. Approximately 97 per cent (by value) of the Commercial Property portfolio was independently revalued over FY23. This resulted in a 2.3 per cent decrease on previous book values, reflecting the net impacts of softer market capitalisation rates and strong income growth across our high-quality portfolio.

We maintain significant headroom under our financial covenants, and strong investment grade credit ratings of A-/A3 with stable outlook from S&P and Moody's, respectively.

Our weighted average cost of debt for FY23 was 4.3 per cent[3]. We expect this to average approximately 5.3 per cent for FY24, reflecting the higher floating interest rate environment and the increased cost of hedging put in place over FY23[4]. Our weighted average debt maturity sits at 5.0 years, and our fixed hedge ratio averaged 62 per cent over the period. Available liquidity at 30 June 2023 was ~$1.6 billion.

The combination of our strong liquidity position, access to domestic and global debt capital markets, strong relationships with capital partners and ongoing discipline around cashflows, positions us well to deliver on our strategic priorities.

Extending our ESG ambitions

Our refreshed ESG strategy is focused on integrated, commercially sustainable solutions in areas where we can have meaningful and measurable impact[5].

Our response to climate change remains a key priority. We have accelerated and expanded our decarbonisation commitment. We aim to achieve net zero scope 1 & 2 in 2025[6,7], three years earlier than our previous commitment. Our new science-based targets across scopes 1, 2 and 3 are designed to leverage our scale and diverse portfolio to maximise onsite renewable energy generation across our portfolio and accelerate the adoption of lower-carbon materials[7].

This is coupled with a focus on resilience. We will use our comprehensive view of climate-related risk across our asset base to more effectively allocate capital and operational expenditure to strengthen our portfolio.

Circularity principles will be embedded throughout the business designed to reduce our use of virgin materials, and find alternative, higher value uses for materials to stay in the system longer.

We have also shifted our social investment focus from inputs (how, what and where we make a contribution) to measuring the social impacts (what changes) and the social value we create.

Our social value methodology has been developed into a digital tool that uses third-party empirical data and research to forecast social value creation and embed social outcomes into our decision-making.

We are targeting the creation of $1 billion of social value by 2030[8]. This will capture our commitment to furthering our First Nations engagement, with a focus on employment and procurement, and our role in delivering affordable and sustainable housing solutions.

1 Forecast end value on completion, subject to relevant approvals. Workplace includes M_Park at 100 per cent share.
2 Including ~$270m of FY23 development commencements delivered post balance date.
3 Average over the 12-months to 30 June 2023.
4 Assuming average BBSW of ~4.3 per cent over FY24.
5 Roadmap for achieving our ESG targets and the material assumptions, uncertainties and dependencies associated with those targets, are set out in Stockland's Climate Transition Action Plan (CTAP) 2023, available on our website.
6 Offsets of residual emissions will commence in FY26 and will be subject to third-party offset verification and assurance. Emissions removal carbon credits will be preferenced where possible. The 2030 scope 3 target includes GHG Protocol Categories 1 (purchased goods and services) and 13 (leased assets), which collectively represent approximately 89 per cent of Stockland's scope 3 emissions.s
7 Stockland's emissions reduction targets have been prepared by reference to criteria set out by the Science Based Targets Initiative (SBTi). The targets have been reviewed by Ernst & Young (EY), which has provided limited assurance in relation to their alignment with the published SBTi criteria. Stockland has also submitted its targets to SBTi for validation.
8 We define social value creation as our intentional effort and investment to deliver social, economic and/or environmental benefits for our communities and broader society. EY was engaged to provide limited assurance over Stockland's approach to defining, measuring, and calculating the social value target – for further detail refer to page 38 within this report.

Outlook

We are well-positioned for an uncertain macro-economic environment.

Our Town Centres portfolio has a high weighting to "essentials" categories, and structural drivers continue to underpin demand for our well-located Logistics portfolio.

We are seeing sustained demand for our Land Lease product and are positioning our Masterplanned Communities business for the recovery phase of the residential cycle.

We are reshaping our portfolio by delivering new, high-quality Logistics assets and scaling up our Land Lease platform, and we continue to engage with a range of capital partners for opportunities across our platform.

Importantly, we enter FY24 in a very strong balance sheet position, with gearing toward the lower end of our target range.

I thank the Stockland team for their contribution to this year's results, and on behalf of the Stockland team, I thank you for your ongoing support.

Tarun Gupta
Managing Director and CEO

> "The quality of our diversified portfolio and robust financial position provide both resilience and the ability to capitalise on opportunities to drive further sustainable growth for our stakeholders."

Our strategy

Our vision to be the leading creator and curator of connected communities is underpinned by our purpose – a better way to live.

Our vision and purpose are supported by the four key pillars of our Group strategy – to dynamically reshape the portfolio, accelerate delivery in our core business, scale our capital partnerships and generate sustainable long-term growth.

Our strategy is designed to leverage and respond to the major trends in our operating environment:

- Urbanisation and urban renewal
- Growth in the availability of long-term institutional capital and demand for real-estate
- Acceleration in the adoption of digital and technology changing the future of real estate
- Growing momentum on ESG driving demand for investments with superior ESG credentials

Using our capital inputs, resources, relationships and a clear strategy, we create value by delivering on a range of outcomes for our stakeholders. As a purpose-led organisation, our core values of Community, Accountability, Respect and Excellence (CARE) drive our innovative and customer-focused culture and set the foundations of how we execute our strategy and deliver on our vision to be the leading creator and curator of connected communities.

We track and manage our progress on delivering value through clear, tangible targets across our business.

Inspired by a better way to live

Stakeholder expectations continue to evolve and we continue to elevate and evolve our approach to ESG in accordance with our leadership commitment. We have developed a new ESG strategy underpinned by four key pillars: decarbonisation, circularity, social impact and resilience.

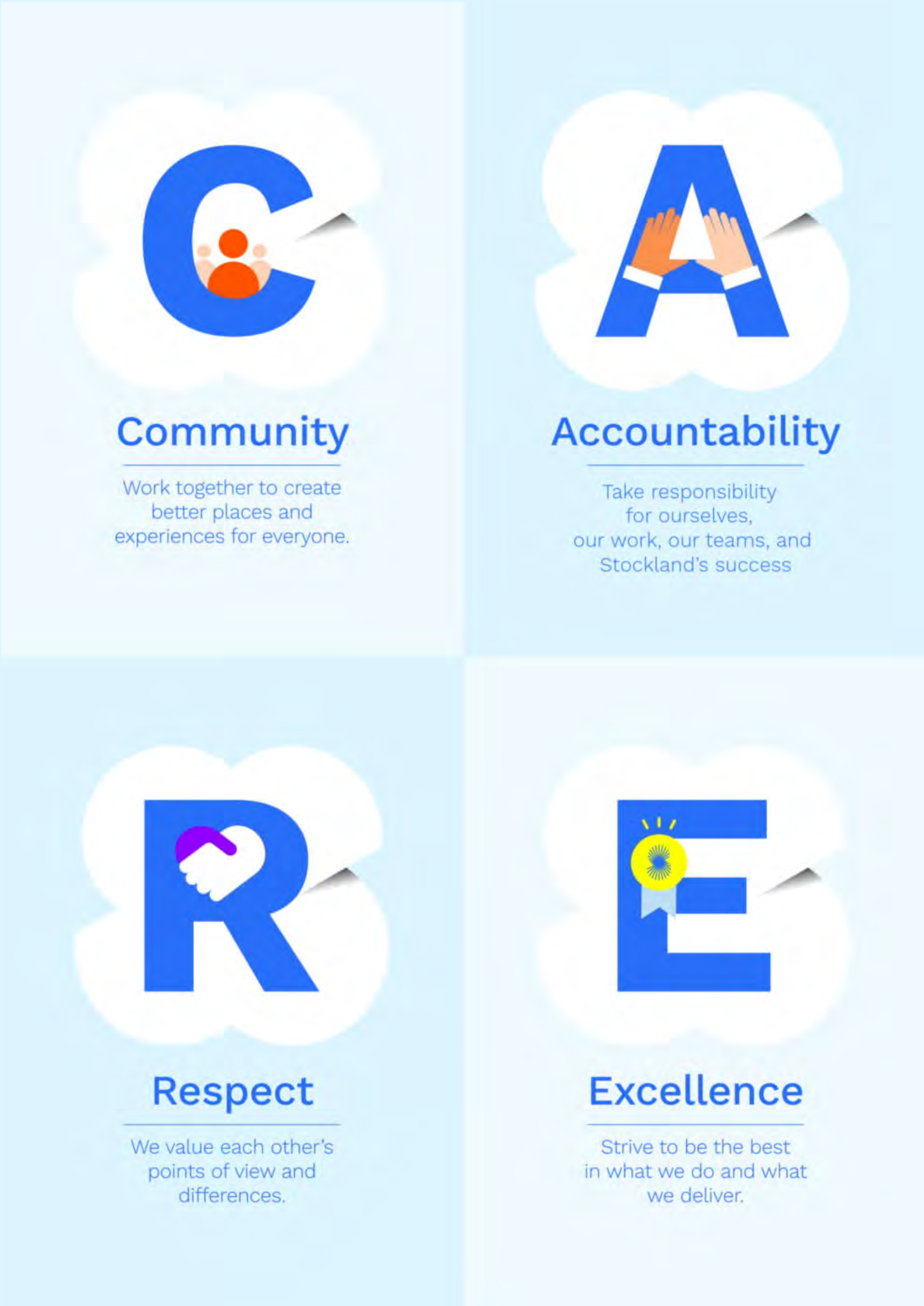
Our ESG strategy is supported by targets grounded in science and driven by possibiities[1]

- 1.5 degree aligned decarbonisation pathway
  - Net zero scopes 1 & 2 by 2025[2]
  - Most material scope 3 emissions intensity halved by 2030
  - Net zero scopes 1, 2 & 3 by 2050
- Create over $1 billion in social value by 2030

Initiatives under these pillars focus on innovation, scale and economically sustainable solutions. Our ESG Strategy is where our ambition meets tangible, real-world actions. Actions that will help us pioneer more connected, resilient, future ready communities. Stockland will commence reporting progress against key ESG targets in FY24. For more information, see page 30.

1 Further detail on our ESG strategy is set out in pages 30 to 45 of this Annual Report and our Climate Transition Action Plan which includes our decarbonisation pathway and assumptions used to set targets.
2 Offsetting of residual emissions will commence 1 July 2025.

Our vision and purpose are brought to life by more than 1,600 employees who are guided by Stockland's values of Community, Accountability, Respect and Excellence (CARE).



The value we create

Operating environment
Context

Major trends

Urbanisation and urban renewel

Exponential growth in institutional capital

Digital acceleration

Growing momentum on ESG

Risks and Opportunities

See our approach to risk management page 73

Key inputs

Financial capital

Assets and land

Resources and materials

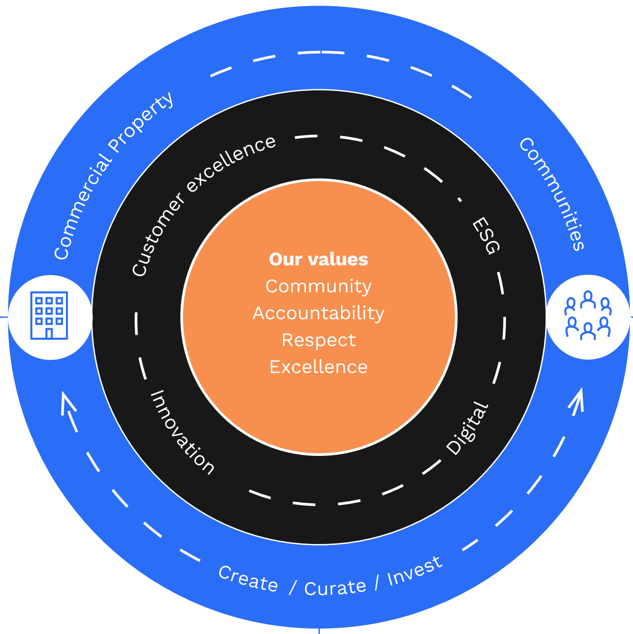
People and capability

Relationships and partnerships

Our purpose
"A better way to live"

Our vision
"Leading creator and curator of connected communities"

Our strategy



Strategic pillars

Dynamically reshape portfolio

Accelerate delivery in our core business

Scale capital partnerships

Sustainable long term growth

Customers

We are committed to delivering a better way to live for our customers and being truly customer centric. With our diverse and growing customer base, we help more Australians achieve the dream of home ownership and create places and spaces full of energy, soul and life - from residential and land lease communities through to retail town centres. We aim to optimise our landbank and develop innovative and resilient places that will provide the highest value use for communities now and in the future. Through our workplaces and logistics assets we are shaping the future of work and enabling more flexible and efficient last mile delivery and fulfillment.

Securityholders

To maximise value for our securityholders we are structured as a stapled security, an innovation pioneered by Stockland in the 1980s. A Stockland stapled security (ASX:SGP) represents one ordinary share in Stockland Corporation Limited and one ordinary unit in Stockland Trust. This allows us to efficiently undertake property investment, management and development activities, offering investors end-to-end exposure to the property life cycle. Our focus is on generating high-quality recurring income supplemented by growth from disciplined development activity. Executing on our strategy will help us to drive diversified income streams and increase return on invested capital.

The value we create Outcomes	Targets

Financial capital:
• High quality business with sustainable growth
• Diversified income streams and increased return on invested capital
• Strong balance sheet with sufficient liquidity and optionality to invest appropriately in existing and emerging opportunities
	• Development ROIC 14%-18%
	• Recurring ROIC 6%-9%
	• Gearing 20%-30%
	• Income mix:
	  • Recurring 60%
	  • Development 40%

Assets and land:
• High quality, curated portfolio of connected communities and resilient assets
• Optimised landbank to highest value uses
• Delivery of development pipeline
	• Capital allocation:
	  • Recurring 70%-80%
	  • Development 20%-30%

Resources and materials:
• Leadership in sustainability:
  • Decarbonisation
  • Circularity
  • Social impact
  • Resilience
	• 1.5 degree aligned decarbonisation pathway:
	  • Net zero scopes 1 & 2 by 2025
	  • Most material scope 3 emissions intensity halved by 2030
	  • Net zero scopes 1, 2 & 3 by 2050
	• Create over $1bn in social value by 2030

People and capability: • Purpose driven, connected teams • End-to-end, multi-sector capability and talent • Diverse career opportunities • A culture of collaboration and inclusiveness	• Employee engagement score >80% • Leadership impact exceeding the Australian national average[1]
Relationships and partnerships: • Customer and stakeholder excellence • Preferred capital partner • Strong relationships with suppliers, builder partners	• Retailer tenant satisfaction 75% • Retailer shopper satisfaction 78% • Workplace & logistics tenant satisfaction 80% • Resident satisfaction 80% • Liveability index 75%

[1] Willis Towers Watson.

Our people

Stockland fosters a culture of connection and collaboration where our people can be themselves and thrive. Our diverse career opportunities and passion for learning means our people can grow as we grow and make a real contribution towards our strategic objectives, creating a better future for our people, communities and the planet.

Capital partners

We provide high-quality, commercially attractive investment prospects for third-party investor partners by leveraging our demonstrated leadership and proven expertise in asset development and management. Our strategic capital partnerships enable us to scale our management and development capabilities and grow assets under management more quickly to enhance long-term, sustainable business growth for us and our partners.

Community

We are proud of our 71-year history creating and curating communities with people at the heart of the places we create. Through our work, we impact and engage with diverse stakeholders representing all the Australian community. Through our approach to accessible physical and social infrastructure, as well as our Reconciliation Action Plan, we work to provide welcoming and inclusive places and spaces where people of all backgrounds and abilities can come together to play, work, shop and socialise.

Financial

Financial capital

High quality business with sustainable growth

Stockland is structured as a stapled security. Each stapled security represents one ordinary share in Stockland Corporation Limited and one ordinary unit in Stockland Trust. This structure allows us to efficiently undertake property investment, management and development activities, and offers investors end-to-end exposure to the property life cycle.

Our focus is on generating high-quality recurring income supplemented by growth from disciplined development activity that drives sustainable growth for our stakeholders. Executing on our strategy delivers diversified income streams and increased return on invested capital.

Capital structure

Stockland's capital structure determines how much is raised from securityholders (equity) and how much is borrowed from financial institutions and global capital markets (debt) to finance our activities.

This is monitored through our gearing ratio, in line with the Board's risk appetite. Stockland has a disciplined target gearing ratio of 20-30 per cent and maintains credit ratings of A-/stable and A3/stable from S&P and Moody's, respectively.

Our disciplined approach to capital management across our business means we actively manage our gearing level and hedging profile to maintain a strong balance sheet, while providing sufficient liquidity and optionality to invest appropriately in existing and emerging opportunities.

Capital allocation and Return on Invested Capital (ROIC)

We actively manage the strategic allocation of capital across our diversified portfolio to minimise risk, maximise return on our investments and create sustainable value for our stakeholders.

Our focus is on generating high-quality recurring income and disciplined development activity that drives sustainable growth. We target 60 per cent development income and 40 per cent recurring income, and capital allocation to those sectors of 70-80 per cent, and 20-30 per cent, respectively.

By investing in partnership with third-party capital, we can generate higher returns on Stockland's capital while achieving a greater diversification of earnings, and accelerating the execution of our high-quality development pipeline.

Stockland maintains a distribution payout ratio target range of 75-85 per cent of pre-tax FFO to support growth opportunities across our business.

Sector capital allocation[1]	Target	FY23
Logistics and Workplace	30-50%	40%
Residential (for sale and ownership)	20-35%	22%
Town Centres	20-30%	38%
Alternate[2]	0-5%	<1%

Capital allocation by activity[1]	Target	FY23
Recurring	70-80%	79%
Development	20-30%	21%

Income mix[1]	Target	FY23
Recurring[3]	60%	63%
Development[3]	40%	37%

Return on invested capital[1]	Target	FY23
Recurring[4]	6-9%	3%
Development[4]	14-18%	18%

Capital structure[1]	Target	FY23
Gearing (% Debt/TTA)	20-30%	21.9%
Look-through gearing[5]	<35%	22.6%
Credit Rating (S&P/Moody's)		A-/A3
Distributions (% FFO)	75-85%	74%

[1] Indicative five-year target. All forward looking statements are based on current expectations about future events and are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from the expectations expressed in or implied by such statements.

[2] Excludes Retirement Living which is classified as a discontinued business. This business was sold in July 2022.

[3] Aligns with FFO as reported (i.e. pre Group net interest expense and tax).

[4] Indicative long-term target for return on invested capital. Recurring return comprises Management income and Property NOI (net of amortisation and straight-line rental adjustment) less divisional overheads plus revaluation movements. Development return includes realised development gains and profit on sale of inventories, net of divisional overheads and before interest and tax.

[5] Ratio of net borrowings to total assets adjusted for the borrowings of investment vehicles.

Assets and land

We are one of the largest diversified real estate groups in Australia with $15.5 billion of real estate assets and a development pipeline of $40 billion, as at 30 June 2023.

We own, manage and develop a portfolio of high-quality income-producing investment assets across leading Town Centres, Workplaces and Logistics centres. We also create communities and whole-of-life housing solutions across our Masterplanned and Land Lease Communities.

Our focus is on leveraging our specialist end-to-end, multi-sector capability to create value at each stage of the real estate life cycle. This includes optimising our land bank to highest value uses and delivering our secured development pipeline.

Image caption:
Stockland Aura Town Centre, QLD

Our portfolio as at 30 June 2023

Logistics

Strategically positioned assets in key locations for logistics, infrastructure and employment.

- **27%** portfolio weighting[1]
- **26** properties[2]
- **$3.4bn** ownership interest value

Masterplanned Communities

We're building thriving, connected communities across our nationally diversified land bank.

- **17%** portfolio weighting[1]
- **~68,000** lots remaining
- **$2.4bn** net funds employed

Workplace

High-quality portfolio with an attractive development pipeline, providing the opportunity to create vibrant workplaces focused on innovation, well-being and sustainability.

- **13%** portfolio weighting[1]
- **10** assets
- **$2.0bn** ownership interest value

Land Lease Communities

Creating and managing Land Lease Communities that offer lifestyle, amenity, and social connectivity.

- **5%** portfolio weighting[1]
- **33**[3] Land Lease Communities
- **~9,200**[3] home sites

Town Centres

We're focused on suburban and regional locations, providing a curated and convenient essentials-based mix to our communities.

- **38%** portfolio weighting[1]
- **20** properties
- **$5.2bn** ownership interest value

1 Includes WIP and sundry properties of $0.6 billion. Cost to completion provision, deferred land payments and option payments are excluded.
2 Excludes development and inventory land.
3 Excluding post balance date acquisition of five LLC projects.

FY23 performance and outlook

Group performance

Stockland's FY23 result reflects the continued execution of our strategy and a focus on driving operational and financial performance while maintaining a strong capital position in an uncertain macroeconomic environment.

On a pre-tax basis, FFO of $883 million was up 3.8 per cent relative to FY22. Pre-tax FFO per security of 37.1 cents was up 3.9 per cent and toward the upper end of our guidance range of 36.4 to 37.4 cents.

Both the Commercial Property and Communities segments delivered strong earnings growth over the period, up ~13 per cent and ~17 per cent, respectively.

The increased contribution from Communities was driven by strong Masterplaned Communities (MPC) price growth and margin expansion, along with an increased contribution from our Land Lease Communities (LLC) business in the form of development profits, rental income and management fees.

Our $10.5 billion[1] Commercial Property portfolio delivered comparable FFO growth of 3.5 per cent[2], up from 3.3 per cent in FY22. This solid comparable growth was supplemented by contributions from Logistics developments completed over FY22 and FY23, and the end of COVID-19-related rental abatements.

The FY23 result also reflected the initial financial benefits of the strategic initiatives that we implemented during FY22. In February 2022, we announced the establishment of two capital partnerships – the Stockland Residential Rental Partnership (SRRP) with Mitsubishi Estate Asia (MEA), and the M_Park Capital Partnership with Ivanhoé Cambridge. The FY23 result included Management Income and Development Income contributions across the Communities and Commercial Property segments from both these partnerships, along with other existing joint ventures and management agreements.

During the year, we extended our existing relationship with MEA through an agreement to invest in masterplanned communities. The new capital partnership took effect in July 2023[3].

We continue to reshape our portfolio in line with our strategic priorities. We completed the divestment of our Retirement Living business in July 2022 and executed on ~$266 million[4] of non-core asset sales over FY23. These transactions have strengthened our balance sheet, providing capital for redeployment into higher returning and higher growth initiatives, including the expansion of our LLC platform and the realisation of our $6.4 billion[5] Logistics development pipeline.

$883m

Pre-tax FFO up 3.8%

We have positioned our LLC business for growth and expect to deliver significantly higher settlement volumes over the medium-term. The acquisition of five additional LLC projects subsequent to balance date will enable to us to accelerate the scale-up of our LLC platform and drive material growth in the earnings contribution from this business in the future.

The sale of the Retirement Living business realised a material taxable gain, resulting in Stockland Corporation Limited returning to an income tax paying position during the year. On a post-tax basis, FFO for FY23 was $847 million, or 35.6 cents per security. The effective FFO tax rate for the Group for FY23 of ~4 per cent is post the utilisation of remaining tax losses and is expected to rise in future periods.

Statutory profit for FY23 was $440 million, compared with $1,381 million in FY22. The statutory result for this period includes $(250) million[6] of net commercial property devaluations. Statutory profit in the previous corresponding period included a net revaluation uplift of $725 million[6].

While progressing our strategic initiatives, we have remained focused on balance sheet strength and financial flexibility. Gearing sits toward the lower end of our target range and we have maintained a prudent hedging profile and substantial liquidity. Our strong balance sheet provides the capacity to take advantage of

1. Excludes sundry properties and stapling adjustment.
2. Includes comparable assets; excluding acquisitions, divestments and assets under development. Excludes COVID-19 abatements and ECL provision where applicable.
3. Effective 31 July 2023. The Capital Partnership has a non-exclusive mandate to invest in on and off market residential masterplanned community opportunities.
4. Includes disposal of Stockland Bull Creek, WA, Stockland Riverton, WA and Stockland Gladstone, QLD.
5. Forecast end-value on completion, subject to relevant approvals.
6. Excludes sundry properties and stapling adjustment, includes investment properties under construction (IPUC) and Stockland's share of equity accounted investments.

opportunities that may emerge and fund our near-term development commitments.

Capital management

Stockland finished the period in a strong financial position. At 30 June 2023, the Group's gearing was 21.9 per cent, at the lower end of our target range of 20 per cent to 30 per cent, and compared with 23.4 per cent at 30 June 2022. We maintained significant headroom under our financial covenants, and strong investment grade credit ratings of A-/A3 with stable outlook from S&P and Moody's, respectively.

Our weighted average cost of debt for FY23 was 4.3 per cent[7]. We expect this to average approximately 5.2 per cent[8] for FY24, reflecting the higher floating interest rate environment and the increased cost of hedging put in place over FY23. Our weighted average debt maturity sits at 5.0 years, and our fixed hedge ratio averaged 62 per cent[7] over the period.

Available liquidity at 30 June 2023 was ~$1.6 billion. The combination of our strong liquidity position, access to domestic and global debt capital markets, strong relationships with capital partners and ongoing discipline around cashflows, positions us well to deliver on our strategic priorities.

Cashflow management

Net cash flows from operating activities for the year of $332 million were down from $918 million in FY22 primarily due to a higher level of development expenditure in our MPC business. Before land acquisitions, operating cash flow was $981 million, and comfortably above FFO and the distribution for the period. Over time, we expect operating cash flow to approximate FFO. However, this can vary from year to year depending on the timing of items such as development expenditure and payments for land.

Net cash flows from investing activities were up strongly to $763 million (versus $(976) million in FY22). This primarily reflects receipts from the disposal of our Retirement Living business in July 2022 and proceeds from the sale of non-core assets, offset by ongoing investment in our Commercial Property development pipeline.

Financing activities produced a net cash outflow of $1,223 million for FY23, reflecting a reduction in our borrowings over the period along with the payment of previously-announced dividends and distributions.

Distributions

The distribution for FY23 is 26.2 cents per security, compared with 26.6 cents per security in FY22.

The distribution payout ratio of 74 per cent is marginally below our target range of 75 per cent to 85 per cent of FFO.

26.2c

Distribution per security

Image caption:
Waterlea, VIC

7 Average over the 12-months to 30 June 2023.
8 Assuming average BBSW of ~4.3 per cent over FY24.

Commercial Property

The Commercial Property segment delivered a strong FY23 result, with FFO of $636m up by ~13 per cent relative to the previous corresponding period. This reflects comparable growth of 3.5 per cent[1] from the ~$10.5 billion[2] Commercial Property investment portfolio, contributions from completed Logistics developments and strong growth in Development and Management Income. This includes the initial contributions from the M_Park Stage 1[3] development.

As at 31 July 2023, the rent collection rate across the Commercial Property portfolio was 99.5 per cent[4] for the period, compared with 99.7 per cent for FY22.

Approximately 97 per cent (by value) of the Commercial Property portfolio was independently revalued over FY23. This resulted in a $250 million, or 2.3 per cent decrease on previous book values, reflecting a 41 basis point (bp) softening in the portfolio's weighted average capitalisation rate, partially offset by strong income growth across our high-quality portfolio[5].

Over the year, we made further progress on our key strategic priorities for the Commercial Property business: progressing the delivery of our ~$6.4 billion[6] Logistics development pipeline; maintaining optionality over our ~$5.8 billion[6] Workplace development pipeline while continuing to add value to the assets; continuing to reposition our Town Centre portfolio; and maximising the value of our existing asset base through exploring mixed use and densification opportunities.

We have delivered ~$450 million[7] of Logistics developments since July 2022, and expect a similar volume of deliveries in FY24. Our targeted FY24 deliveries are now ~62 per cent pre-leased or subject to signed heads of agreement.

The disposal of ~$266 million[8] of non-core Town Centre assets over the period brings the total value of Town Centre disposals since FY16 to ~$2 billion. The quality of our Town Centre portfolio has been reflected in the strong sales and comparable FFO results delivered over the period.

Logistics

Our ~$3.4 billion[9] Logistics portfolio delivered FFO of $139 million in FY23 million, up 11.5 per cent versus FY22. Comparable growth of 4.6 per cent[1] was supplemented by income contributions from developments completed over FY22 and FY23. The portfolio continues to benefit from strong occupier demand for high quality, well-located logistics properties.

Occupancy was maintained at over 99 per cent[10] over the period, and new leases and renewals negotiated over the year (including those yet to be executed) saw an average uplift of 21.1 per cent relative to previous in-place rents.

With a weighted average lease duration of 3.3 years[10], our portfolio is well positioned to capture positive rental reversion and to benefit from strong near-term demand-supply dynamics for the logistics sector.

The Logistics portfolio delivered a net valuation gain over the year of $100 million, or 3.3 per cent, with a 71 bp softening of the portfolio's weighted average capitalisation rate more than offset by strong market rental growth.

Workplace

The majority of our ~$2.0 billion[9] Workplace portfolio is currently being positioned for future development, including mixed use opportunities. This is reflected in the portfolio's weighted average lease duration of 4.2 years[11,12].

The Workplace portfolio delivered FFO of $108 million for FY23, compared with $110 million in FY22. Comparable FFO declined by 1.9 per cent[1], reflecting vacancy at one asset. New leases and renewals negotiated over the period (including those yet to be executed) resulted in an average increase of 0.9 per cent[12].

Stockland's exposure to well-located workplace sites provides the Group with a potential pipeline of longer-dated mixed use developments.

Stage 1 of the M_Park development is progressing in partnership with Ivanhoé Cambridge, with completion of the first two buildings and commencement of the final two buildings in 1H24. The mixed use M_Park stage 2 development is currently going through the masterplanning approvals process.

The valuation of our Workplace portfolio declined by $237 million, or 11.1 per cent, reflecting 56 bps of cap rate expansion.

1. Includes comparable assets; excluding acquisitions, divestments and assets under development. Excludes COVID-19 abatements and ECL provision where applicable.
2. Excludes sundry properties and stapling adjustment.
3. M_Park Capital Partnership with Ivanhoé Cambridge.
4. Rent collection rates across the portfolio up to 31 July 2023 on FY23 billings.
5. Excludes sundry properties and stapling adjustment, includes investment properties under construction (IPUC) and Stockland's share of equity accounted investments.
6. Forecast end value on completion, subject to relevant approvals. Workplace includes M_Park at a 100 per cent share.
7. Including ~$270m of FY23 development commencements delivered post balance date
8. Includes disposal of Stockland Bull Creek, WA, Stockland Riverton, WA and Stockland Gladstone, QLD.
9. Excludes WIP and sundry properties.
10. By income.
11. By income. As at 30 June 2023.
12. Excludes Walker Street Complex, NSW and 601 Pacific Highway, NSW in FY23.

Town Centres

Our Town Centre portfolio delivered strong operational and financial performance over the period, with FY23 FFO of $379 million up 8.2 per cent versus FY22. This reflects comparable FFO growth of 4.8 per cent[13], along with the impact of COVID-19-related rental abatements in FY22.

On a MAT basis, total comparable sales grew by 14.7 per cent and comparable specialty sales were up by 19.8 per cent versus the previous corresponding period, which was impacted by COVID-19 trade restrictions[14]. The strong sales results delivered by the portfolio resulted in specialty occupancy costs[15] reducing to 14.8 per cent versus 15.8 per cent at June 2022. Leasing spreads remained positive over FY23, averaging 3.1 per cent[16] versus 1.5 per cent for FY22.

The cumulative effect of successive interest rate increases led to a slowing of sales growth in discretionary categories such as apparel, jewellery and homewares over the June 2023 quarter. Sales growth for the essentials categories to which our portfolio is heavily skewed is tracking in line with inflation.

Specialty sales productivity for our Town Centres portfolio is well above industry benchmarks. This is reflected in positive leasing spreads and an overall portfolio occupancy rate of over 99 per cent[17].

The valuation of the Town Centre portfolio declined by $113 million, or 2.0 per cent, with market rent growth partly offsetting 26 bp of cap rate softening.

Commercial Property Management and Development Income

Commercial Property (CP) Development Income comprises development revenues net of direct costs, along with profit from the disposal of build-to-sell development projects.

CP Development Income rose to $43 million versus $30 million for FY22. This reflects the recognition of initial development profits relating to M_Park stage 1 in FY23 and Logistics build-to-sell Development Income.

CP Management Income comprises ongoing fee income from third parties relating to the provision of investment, development and property management services.

CP Management Income of $32 million over FY23 comprised development management fees relating to M_Park stage 1 along with ongoing fees from third parties for development and property management services provided across our CP assets. The result for the previous corresponding period of $12 million did not include any development management fee contribution.

Image caption:
Coopers Paddock, NSW

[13] Includes comparable assets; excluding acquisitions, divestments and assets under development. Excludes COVID-19 abatements and ECL provision where applicable.

[14] Comparable basket of assets as per SCCA guidelines, which excludes assets which have been redeveloped within the past 24 months. Excludes the Mobile Phones category, due to reporting changes by one retailer resulting in sales data being not comparable. Prior corresponding period impacted by COVID-19 trading restrictions over July 2021-October 2021.

[15] Occupancy cost reflects stable assets, adjusted to reflect tenants trading more than 24 months.

[16] Rental growth on stable portfolio on an annualised basis.

[17] Occupancy across the stable portfolio based on signed leases and agreements at 30 June 2023.

Communities

The Communities segment FFO contribution of $412 million was ~17 per cent per cent above the FY22 result for the business. The result includes an improved Development FFO contribution from our MPC business, delivered in an environment of rising interest rates.

The contribution from our Land Lease development business was up by $41 million to $58 million for FY23, driven by growth in the platform and gains on the transfer of two development communities[1] into the SRRP partnership.

The creation of the SRRP partnership has resulted in an uplift in Management Income relating to the Communities business over the period.

Over FY23, we generated high-quality recurring income from our rent-generating assets across our Communities business, including from the established Land Lease Communities home sites.

We are positioned to extend our residential leadership and drive growth in our platform as we activate our extensive landbank.

With an average age of ~10 years and a skew to the undersupplied Eastern Seaboard markets, our ~68,000-lot MPC landbank provides strong embedded margins and a differentiated platform as we look to further expand our Land Lease platform.

Masterplanned Communities

The MPC business delivered Development FFO of $464 million for FY23, up from $443 million in FY22.

The business achieved 5,403[2] settlements during the period (versus 5,964 settlements in FY22), representing a resilient result in an environment of supply chain constraints, rising interest rates and significant inclement weather.

The development operating profit margin was 26 per cent (versus 24.3 per cent in FY22), benefiting from high margin projects completing in FY23.

Underlying demand for our MPC product remains resilient, as demonstrated by 2H23 enquiry levels that were up relative to 1H23 and slightly above pre-COVID-19 levels. Conversion rates remain below historical levels, reflecting affordability constraints and continued uncertainty regarding the interest rate outlook.

Net sales for the year totaled 3,770 lots, compared with 6,992 lots for FY22, with default and cancellation rates slightly above long-run average levels[3].

The business ended the period with 4,275 contracts on hand, providing good visibility into FY24.

We expect conversion rates to improve once the interest rate environment stabilises. The medium-term MPC market fundamentals remain strong, with increasing rates of net overseas migration, low rental vacancy rates, and a chronic undersupply of new product across key Eastern Seaboard markets.

Image caption:
The Gables, NSW

1 Stockland Halcyon Nirimba, QLD and Stockland Halcyon Berwick, VIC.
2 Includes 1,944 settlements under joint venture/project development agreements (FY22: 2,128).
3 On a rolling 12-month basis.

We are positioning the business for the recovery phase of the residential cycle with the expected launches of up to six new communities over FY24, while also leveraging the scale and breadth of our landbank to provide more affordably priced product.

The rate of construction cost escalation continues to moderate. Construction timeframes remain above historical levels, with some normalisation expected over FY24.

Land Lease Communities

The LLC development business delivered FFO of $58 million for the period (versus $17 million in FY22) comprising our share of SRRP development income and cash-backed gains from transferring two development communities[4] into SRRP in 1H23.

Development settlement volumes for FY23 totaled 382 homes, at a development operating profit margin of 29.6 per cent.

We continue to experience sustained demand for our LLC product, supporting further price growth on new releases. The average sales price per home in FY23 was ~11 per cent[5] above FY22 levels.

The FY23 net sales rate of 270 homes (versus 405 for FY22) continues to reflect a deliberate slowing of of releases to allow production to catch up.

We have good visibility into FY24, with 387 contracts on hand at an average price ~7 per cent[6] above FY23 settlement pricing.

We have positioned our Land Lease platform for further growth and to deliver significantly higher settlement volumes over the medium-term. The acquisition of five additional LLC projects subsequent to balance date will accelerate the scale-up of our LLC platform and help drive material growth in the earnings contribution from this business in future periods.

At the end of FY23, we were actively selling from five communities[7]. We expect to launch up to 12[8] new communities over FY24, which will see the number of communities from which we are actively selling more than triple over the period.

Communities Rental and Management Income

Over FY23, we generated $15 million (up ~27 per cent vs FY22) in high-quality Communities rental income, reflecting contributions from the established Land Lease Communities portfolio as well as from stand-alone medical and childcare centres within our communities.

Our operational LLC portfolio performed strongly over the year, with FY23 rental income benefiting from CPI-linked rental growth[9], high occupancy and rent collection rates[10] and net operating margins maintained at 65 per cent across the stabilized portfolio.

Communities Management Income of $48 million over FY23 comprised development management and property management fees relating to SRRP and existing MPC joint ventures. The result for the previous corresponding period of $32 million included only a partial year contribution from fee income relating to SRRP.

Outlook

We are well-positioned for an uncertain macro-economic environment.

Our Town Centres portfolio has a high weighting to “essentials” categories, and structural drivers continue to underpin demand for our well-located Logistics portfolio. We are seeing sustained demand for our Land Lease product and are positioning our Masterplanned Communities business for the recovery phase of the residential cycle. We are reshaping our portfolio by delivering new, high-quality Logistics assets and scaling up our Land Lease platform, and we continue to engage with a range of capital partners for opportunities across our platform.

Importantly, we enter FY24 in a very strong balance sheet position, with gearing toward the lower end of our target range.

FY24 FFO per security is expected to be in the range of 34.5c to 35.5c cents on a pre-tax basis, with tax expense expected to be a high single-digit percentage of pre-tax FFO. Distribution per security is expected to be within Stockland’s targeted payout ratio of 75 to 85 per cent of post-tax FFO.

Current market conditions remain uncertain. All forward looking statements, including FY24 earnings guidance, remain subject to no material deterioration in market conditions.

4 Stockland Halcyon Nirimba, QLD and Stockland Halcyon Berwick, VIC.
5 Average price per home. Excludes sales at Stockland B by Halcyon, QLD where average price points are above $1.1m.
6 Average price per home of contracts on hand vs FY23 settlements (FY23 average settlement price per home: ~$707,000).
7 Excluding Stockland Halcyon Greens, QLD which is close to fully stabilised; and Stockland Halcyon Evergreen, VIC and Stockland Halcyon Horizon, VIC, formally launched in July 2023.
8 Subject to relevant approvals and planning. Includes the post balance date acquisition of five LLC projects.
9 Typical site agreement – annual rent escalations at the greater of CPI or 3.5 per cent, and a market rent review every 10 years.
10 Occupancy and rent collections rates at 100 per cent as at 30 June 2023.

Sustainability

Inspired by a better way to live

Stockland has received global recognition[1] for many years for our holistic approach to environmental, social and governance (ESG) matters.

We recognise that ESG awareness and stakeholder expectations are growing, and we continue to elevate and evolve our own approach to these issues in accordance with our leadership commitment.

Our refreshed ESG strategy has been informed by a thorough materiality process, and stakeholder insights, and supported by leadership and Board engagement.

Our strategy identifies the ESG matters where we have an opportunity to lead and to meet and exceed stakeholder expectations.

Underpinning the strategy are four pillars and targets that are grounded in science[2] and driven by possibilities. Initiatives under these pillars support our targets and focus on innovation, scale and economically sustainable solutions.

Our ESG Strategy is where our ambition meets tangible, real-world actions. Actions that will help us pioneer more connected, resilient, future ready communities.

Decarbonisation

A practical, 1.5 degree aligned[2] pathway to zero emissions

- Develop partnerships to accelerate adoption of lower-carbon materials and building methods
- Scale our onsite renewable energy generation
- Accelerate our customers' transition to renewable energy

Circularity

Principles to make resources stay useful, longer

- Embed circularity principles throughout our portfolio and operations
- Design out waste, reduce use of virgin materials and lower our embodied and operational water and carbon impacts
- Explore development alternatives; deconstruction over demolition, disassembly for future generations

Social impact

Enhancing our social impact by design

- Support housing affordability and pathways into a diversity of housing formats
- Purposeful investment in social impacts scaled through the CARE Foundation
- Amplify our First Nations engagement focusing on employment, procurement, and connection to country outcomes

Resilience

Adapt and regenerate for community resilience

- Strengthen climate resilience of portfolio using detailed resilience assessment
- Enhance our approach to nature-based risks and opportunities to contribute to a nature-positive future

Net zero targets

- Net zero scope 1 & 2 in 2025[3]
- Most material scope 3 emissions intensity halved by 2030[4]
- Net zero scope 1, 2 & 3 by 2050

Social value target

- Over $1.0bn of social value creation by 2030[5]

1 Stockland has received leading ratings from global ESG rating agencies and benchmarks S&P Global DJSI, MSCI ESG, Sustainalytics, and GRESB visit www.stockland.com.au/sustainability for the listing

2 Stockland's emissions reduction targets have been prepared by reference to criteria set out by the Science Based Targets Initiative (SBTi). The targets have been reviewed by EY, who have provided limited assurance in relation to their alignment with the published SBTi criteria. Stockland has also submitted its targets to SBTi for validation.

3 Offsets of residual emissions will commence in FY26 and will be subject to third-party offset verification and assurance. Emissions removal carbon credits will be preferenced where possible.

4 The 2030 scope 3 target includes GHG Protocol Categories 1 (purchased goods and services) and 13 (leased assets), which collectively represent approximately 89 per cent of Stockland's scope 3 emissions.

5 EY was engaged to provide limited assurance over Stockland's approach to defining, measuring, and calculating the social value target – more detail is available in our Annual Report. We define social value creation as the intentional effort and investment to deliver social, economic and/or environmental benefits for local communities and broader societies.

Image caption:
The Gables, NSW

An enterprise-wide delivery model will support the execution of our ESG strategy and we are committed to reporting back to our stakeholders on an annual basis on the progress we are making. Stockland will commence reporting progress against its key targets in FY24.

The following chapter highlights our FY23 performance in alignment with these new pillars.

More detail on our ESG performance is available in our ESG Supplements:

- ESG Data Pack
- ESG Management Approaches
- Modern Slavery Statement
- Climate Transition Action Plan

Image caption:
Stockland Aura Town Centre, QLD

Decarbonisation

Our decarbonisation approach is designed to be a commercially sustainable reduction pathway.

Our targets recognise where we can take immediate action in the short term across areas under our control, how we will partner with our suppliers and tenants in the medium term to reduce embodied emissions and advocate through research and development and cross sector engagement for broader long-term decarbonisation.

Targets grounded in science[1]

We are accelerating and expanding our carbon commitment to reduce and align our business carbon emissions with a science-based 1.5°C aligned trajectory and pathway. We have set new decarbonisation targets and and detailed our plan to meet them in our Climate Transition Action Plan (summarised below, and available on **our website**)

Through this plan, we are taking action that is designed to enable our business, our supply chain, and our tenants and communities to move towards net zero greenhouse gas emissions. Our actions aim to realise social and commercial benefits that support more resilient and lower-carbon communities.

We have set science-based targets across Stockland's scope 1, 2 and 3 emissions over the short, medium and long-term.

[1] Stockland's emissions reduction targets have been prepared by reference to criteria set out by the Science Based Targets Initiative (SBTi). The targets have been reviewed by EY, which has provided limited assurance in relation to their alignment with the published SBTi criteria. Stockland has also submitted its targets to SBTi for validation

Net zero scope 1 & 2 in 2025[2]

Most material scope 3 emissions intensity halved by 2030[3]

Net zero scope 1, 2 & 3 by 2050

Climate Transition Action Plan

Published with our FY23 Corporate Reporting is Stockland's first Climate Transition Action Plan (Plan). The Plan outlines how Stockland is addressing climate change risk and opportunities and delivering on our purpose. Our Plan has been developed with reference to the Science Based Targets Initiative (SBTi) criteria and in response to the Task Force on Climate Related Financial Disclosures (TCFD). The Plan has received independent third-party limited assurance the scope and results of which are available on our **website**[4]. Our roadmap for achieving our targets, the material assumptions, uncertainties and dependencies associated with those targets, are set out in the Plan. Progress against our Plan will be included in our Annual Report from FY24 onwards. A summary of where we have made our TCFD recommended disclosures is set out in the table below.

In our Plan we have published our FY21 Scopes 1, 2 and 3 baseline and inventory for our business activities and targets. This has been calculated using the GHG Protocol, the most recognised global greenhouse gas accounting standard. The Protocol covers scopes 1, 2 and 3 emissions and provides guidance on how to establish a boundary which accurately reflects the GHG emissions inventory of an organisation. We will report on our annual scope 3 emissions in alignment with the GHG protocol and boundary established in our Plan from FY24 onwards. For information on our FY23 scopes 1 & 2 emissions and the climate resilience of our portfolio refer to our **ESG Data Pack**.

Task Force on Climate Related Financial Disclosure References

Recommended disclosures	Reference	Recommended disclosures	Reference
Governance		**Risk Management**	
A. Describe the board's oversight of climate-related risks and opportunities.	Plan - Governance	A. Describe the organisation's processes for identifying and assessing climate-related risks.	Plan - Risk Management
B. Describe management's role in assessing and managing climate-related risks and opportunities.		B. Describe the organisation's processes for managing climate-related risks.	
		C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	
Strategy		**Metrics and targets**	
A. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Plan – Decarbonisation Pathway; Climate Resilience; Scenario Analysis	A. Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process	Plan – Our Decarbonisation Pathway; Climate Resilience
B. Describe the impact of climate related risks and opportunities on the organisation's businesses, strategy, and financial planning		B. Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks.	Plan – Our Footprint; ESG Data Pack
C. Describe the resilience of the organisation's strategy, taking into consideration different climate related scenarios, including a 2°c or lower scenario.		C. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Plan – Our Decarbonisation Pathway; Climate Resilience; ESG Data Pack

[2] Offsetting of residual emissions will commence 1 July 2025 and will be subject to third-party offset verification and assurance. Emissions removal carbon credits will be preferenced where possible, as opposed to emissions reduction / avoidance credits.
[3] The 2030 scope 3 target is by 30 June 2030 and includes GHG Protocol Categories 1 (purchased goods and services) and 13 (leased assets), which collectively represent approximately 89 per cent of Stockland's scope 3 emissions.
[4] The Basis of Preparation for our Climate Transition Action Plan including decarbonisation roadmap and its associated calculation methods were reviewed by EY as third-party assurers.

Scope 1 & 2 emissions

> We have opportunities to partner on large-scale onsite renewable energy generation.

Throughout FY23, we continued to reduce our emissions intensity of our Town Centre and Workplace portfolio through energy efficiency initiatives and onsite renewable energy generation. We have achieved a 13 per cent emissions intensity reduction[1] across our Commercial Property portfolio since FY20, outperforming our FY24 target of 10 per cent and 70 per cent since 2006. This was largely due to our increased onsite renewable energy generation. At the end of FY23, we had total solar capacity of 13.5MW with an additional 4.3MW in construction or out to tender. Progress across the FY19-22 period has been recalculated based on an update to our scope 2 emissions methodology resulting in slightly higher emissions. Refer to our **ESG Data Pack** for more information.

Our average NABERS Energy portfolio rating for Workplaces is 5.0 stars achieving our 5 Star target. Our Town Centre portfolio average decreased from 5 to 4.7 stars due to the divestment of higher-rated assets during FY23. We continue to roll out our building upgrade program across the Commercial Property portfolio with investment in LED lighting and Building Management Systems throughout the year.

We are bringing forward our 2028 net zero scopes 1 & 2 target to 2025, three years ahead of our previous target. We have opportunities to partner on large scale onsite renewable energy generation to enable the achievement of 100 per cent renewable energy across our portfolio. We will also continue to include energy saving features in all our property developments as standard and accelerate our transition to all electric developments.

The challenge remains to eliminate all emissions. In 2025, we plan to achieve an absolute reduction in our scope 1 and 2 emissions of over 90 per cent leaving a small proportion of residual scope 1 emissions, such as refrigerants and gas which are harder to abate, that will need to be neutralised to meet our scope 1 and 2 net zero target. Historically, our scope 1 emissions have been less than 10 per cent of our overall scope 1 and 2 emissions. Offsetting of any residual scope 1 emissions will commence in 2025 when we will seek to purchase a minimal amount of high-integrity, high-quality carbon credits from nature-based projects as these support social and environmental outcomes.

Image caption:
Highlands, VIC

[1] Emissions intensity is base building emissions per square metre ($kgCO_2$-e/m^2 – net lettable area or gross lettable area)

Scope 3 emissions – value chain

The most demanding aspect of our new targets is the reduction of our scope 3 emissions and, more specifically, the embodied carbon in the materials we use. This requires timely access to commercially sustainable zero or lower-carbon materials in the market. We will seek to move to lower-carbon concrete at scale and significantly reduce our reliance on carbon-intensive steel.

We will also seek to transition tenancies to renewable energy as part of lease renewals. We expect to benefit from ongoing grid decarbonisation[2] to help meet our leased assets intensity reduction target. We are investigating options to support tenants with access to renewable energy via a potential extension of our onsite renewable energy generation.

Our ability to achieve emissions reduction beyond 2030 and net zero scopes 1, 2 and 3 emissions by 2050 largely depends on factors over which we have limited control. We will leverage commercially sustainable opportunities for emissions reduction where available, relying heavily on the transition of industry to a low carbon future. We will continue to advocate and work with industry bodies on opportunities to accelerate the transition. In alignment with our science-based targets, we consider offsets a last resort that follows our efforts to reduce emissions.

Image caption:
Yennora Distribution Centre, NSW

Embodied carbon reductions at M_Park

Work to reduce the embodied carbon of our developments is already underway. At our M_Park development in Sydney, NSW, upfront carbon assessments have been used to identify the largest sources of embodied carbon in our building materials to enable the team to target the most impactful materials.

Concrete and steel have the most significant contribution to Buildings C and D embodied carbon. Through optimisation of design to minimise the use of these materials, utilising lower-carbon concrete which is engineered to have a Portland Cement reduction of 40 per cent and utilising lower carbon reinforcement steel produced by electric arc furnace, the buildings are expected to deliver a reduction in the embodied carbon of these buildings of up to 38 per cent.

Supporting our customers with lower-carbon living

At our Land Lease Communities (LLC), we have continued to expand our solar program with new solar systems installed on community centres across our LLC portfolio including a 15kW solar system on Halcyon Berwick's club house and a 36kW solar system on Haylcon Nirimba's community centre.

In addition, Stockland Halcyon Greens, Rise, B by Halcyon, Promenade and Nirimba in Queensland all include solar as standard for resident sites ranging from 2.5kW to 5kW. In our residential communities portfolio, we continue to offer discounted solar packages to selected residential communities through our partnership with a solar provider.

We are also supporting the transition to electric vehicles with recently established Land Lease communities Rise, B by Halcyon, Promenade and Nirimba all including a Tesla electric vehicle for use as a car share by residents.

[2] *Australian Energy Market Operator (AEMO) Integrated Systems Plan 2022 scenarios project Australia's electricity grid in 2050 to reach 95 per cent emissions reduction from 2021 baseline.

Circularity

Implementing circular models

We understand that the circular economy is a bigger concept than simply switching one material for another or recycling better – it is about creating solutions to meet interconnected challenges such as climate change, biodiversity loss, and waste.

During FY23, we focused our efforts on understanding what the circular economy means to Stockland and how we can develop this vision into circularity principles to be utilised across our operations. A fundamental part of this is trialling new ways to advance circularity, such as considering how we design our assets and close material loops.

To support this work, we have created a business-led circularity workstream. A cross-business knowledge sharing workshop brought together key team members across the business to share insights on projects piloting circularity principles. The workshop provided shared learnings across teams and a path forward in our plan to maximise short-term wins and create opportunities for a more substantive shift towards circularity across the business. Examples showcased were upcycling and reuse at The Gables and M_Park in NSW.

A key element of developing assets with leading sustainability credentials is understanding the embodied impact of materials. We have performed Materials Flow Analysis and Life Cycle Analysis (LCA) in collaboration with third-party consultants to inform our target setting and identify ways to reduce our embodied carbon impacts. This process involved measuring the quantity of each material used during the construction and operation of buildings and their associated environmental impacts.

We have used this information on current projects to identify impact hotspots and opportunities for improvement across a building's life cycle, including materials selection, future renovations and end-of-life.

These opportunities and circularity principles will be embedded into how we do business with our D-Life (our development process) acting as a key enabler of business integration.

Adaptive reuse at The Gables, NSW

Our masterplanned community, The Gables, in NSW, has successfully embraced and integrated circular economy principles to construct the site's temporary food precinct. Through a partnership with our contractors and the application of adaptive reuse, the project has increased its use of reclaimed, salvaged, or reused materials.

Repurposing of existing assets has been championed on site with a shearing shed repurposed into a glass house function room and an old school bus repurposed into a food truck. The materials ecosystem has been tracked to strengthen our data, improve material transparency and increase our understanding of the materials' value for their recovery and reuse. To date the project has repurposed over 2,000 metres of corrugated iron and close to 900m^2 of bricks.

Image caption:
The Gables, NSW

Upcycling at M_Park Stage 1

As part of our ongoing development at M_Park in NSW, Stockland recognised an opportunity to identify building items within the existing asset due for deconstruction that were suitable for reuse. The team engaged a third-party consultant to identify appropriate partners for the materials and create a material reuse catalogue for the site.

All materials identified within the internal fit out of the existing asset as well as 40 per cent of building materials were deemed salvageable, including elements of the aluminium façade, steel handrails, glass partitions and carpet tiles.

For more information on our water performance, refer to our **ESG Data Pack.**

Resource management

In FY23, we sought to increase water efficiency in our Commercial Property portfolio through our sub-metering network, which saved approximately 27,700 kL through prevented leaks. We maintained our NABERS Water portfolio average rating for our Workplace portfolio at 4.7 stars, however our Town Centre portfolio average decreased from 3.7 to 3.6 stars due to the divestment of high-performing assets during the year.

In FY23, we continued working with our centralised waste management contractor to improve collection and reporting data and increase waste diversion rates across our portfolio, particularly in our Town Centres. We continue to deliver above our waste diversion benchmarks with a 93 per cent average diversion rate for Commercial Property developments and 94 per cent average diversion rate across Masterplanned and Land Lease Communities.

Social impact

In the development of our refreshed ESG Strategy we have enhanced our understanding and determination of social value in alignment with the global framework, B4SI (Business for Societal Impact).

We define social value creation as our intentional effort and investment to deliver social, economic and/or environmental benefits for local communities and our broader society.

By embedding social considerations and investment decisions across our business, we can amplify our positive impact across Australia.

We are committed to creating over $1 billion of social value by 2030[1].

[1] EY was engaged to provide limited assurance over Stockland's approach to defining, measuring, and calculating the social value target.

From input to impact – our Social Value Framework

As part of our refreshed ESG strategy, we have shifted our social investment focus from inputs (how, what and where we make a contribution) to measuring the social impacts (what changes) and the social value we create.

During FY23, we developed an enterprise-wide approach that aims to deliver consistent, impact-orientated social investment and a framework that guides our intentional investment in social outcomes in line with our refreshed ESG strategy.

We approach social value at both a societal and local level, as informed by needs analysis:

- Universal needs – impact all of our communities, including accessibility, inclusion, health, education and employability.
- Bespoke needs – are unique to each community and are influenced by multiple socio-economic and environmental factors.

Solutions to these needs are determined through community collaboration, with outcomes and impact both forecasted and reported through our Social IQ tool during our design phase.

Social IQ tool

Our social value methodology has been developed into a digital tool that uses third-party empirical data and research to forecast social value and embed social outcomes into our decision making.

- Social IQ determines the social value we create and we use this to inform alignment between commercial and social value.
- A leading global framework, Business for Societal Impact (B4SI), has been used to inform our definition of social impact and has been complemented with Australian[2] and OECD wellbeing frameworks to map Stockland's social impact areas.
- The tool covers 18 outcome domains across environment, economic and social areas and behind each outcome domain sits an auditable logic model that covers source data, outcome valuation data, methodology, assumption and attribution calculation.
- Social IQ was used to forecast our Social Value Target for FY24-FY30 and will be used to report against progress from FY24.
- EY was engaged to provide limited assurance over Stockland's approach to defining, measuring, and calculating its Social Value Target of $1 billion by 2030. The assurance statement is available on our **website.**

Housing continuum – adapting core business for social impact

As Australia's largest developer of masterplanned communities, Stockland is committed to collaborating with our government and industry partners to deliver more affordable, diverse and sustainable housing solutions.

We recognise that solutions are required across the housing continuum – from investment in social and affordable housing, build-to-rent and shared equity, to the sale of private houses.

We are rethinking existing models and considering how we can provide diverse and affordable housing options to move people through the housing continuum.

In Queensland, our Aura, Providence, and Botanica communities have dedicated five per cent of their respective sites to social housing and 25 per cent to affordable housing.

Sienna Wood in WA has a median price of $450,000 which represents a 20 per cent discount to the Perth median house price (with prices starting from $350,000).

Our provision of affordable housing is expected to be a significant contributor to our social value creation target. The economic and social value derived comes from third party empirical data and research and will come from factors such as key worker retention, housing stress relief and improved mental health. Our Social IQ tool, together with our deep community needs analysis, allows our teams to determine how to optimise access to affordable housing and social mobility along the housing continuum in an economically sustainable way.

[2] Frameworks referenced include the ACT Wellbeing Framework and Tasmanian Wellbeing Budget

> The Stockland CARE Foundation is a charitable trust established to deliver programs and initiatives to improve the lives of people living in or near Stockland communities.

Indigenous procurement – diverting spend for social impact

In FY23, we spent over $4.3m in Indigenous procurement across 24 Supply Nation suppliers[1].

This included spend from our All-Indigenous Tenders program which aims to increases Indigenous inclusion in our tender process. Specifically, this has resulted in the appointment of a new national Indigenous stationery supplier, as well as the awarding of contracts to Indigenous businesses and suppliers at multiple construction projects, including Stockland Wetherill Park revitalisation, Stockland Shellharbour food court remix, Stockland Nowra car park and Stockland Wetherill Park Kinchin Lane in NSW.

The value of working with Indigenous owned businesses extends well beyond economic impact. By procuring from First Nations business we increase the development of skills and improve livelihoods contributing to long-term economic resilience and wellbeing of the communities in which the business operates.

Indigenous procurement is also expected to be a significant contributor to our social value creation target. We aim to engage over 50 Supply Nation suppliers by FY25 increasing our annual addressable spend on First Nations suppliers to 3 per cent by FY25.

We recognise the increasing demand for Indigenous owned and operated businesses through state governments' social procurement policies and are committed to supporting capability building with Indigenous suppliers to scale to meet this demand.

CARE Foundation – Beyond giving

Founded in May 2015, the Stockland CARE Foundation is a charitable trust established to deliver programs and initiatives to improve the lives of people living in or near Stockland communities.

In alignment with our refreshed ESG Strategy and our focus on impact, we are evolving the CARE Foundation's strategy beyond community investment to place-based social innovation and the identification of partnerships that will enable us to deliver on the ESG Strategy. Our Foundation will be an enabler and exemplar of social value creation at Stockland.

During FY23, the CARE Foundation continued to support the important role of giving and volunteering in fostering community connection and building organisational culture. In FY23, Stockland employees spent over 1,640 hours volunteering, including Australian Business and Community Network (ABCN) mentoring, team volunteering and personal volunteering.

This year, we achieved a total community contribution of $7.65 million, comprising close to $1.3 million community development spend, which delivers social infrastructure and programs across our strategic focus areas, and over $6.4 community investment, which encompasses our employee giving and volunteering programs.

[1] Supply Nation provides Australia's leading database of verified Indigenous businesses **https://supplynation.org.au/**

First Nations engagement

Stockland has a clear vision and commitment for reconciliation and aspires to contribute to a just, equitable and reconciled Australia.

During FY23, we developed our inaugural First Nations Strategy which aims to embed our commitment to Indigenous engagement and reconciliation into the way we operate our business. Our strategy is focused on those areas that we believe we can contribute to including employment, procurement, cultural learning, designing with Country and cultural heritage and land management.

To help deliver these priorities, we have a highly-engaged and active Reconciliation Working Group. We have also increased our internal capacity and capability by establishing the Stockland Indigenous Engagement Team, an all-Indigenous team of experts across the country with over 80 years of collective knowledge and experience in Indigenous affairs, community engagement, reconciliation strategies, Indigenous employment and procurement initiatives as well delivering and implementing cultural awareness and learning programs.

Our strategy builds on our recent Innovate Reconciliation Action Plan[2] (RAP) 2020 – 2022, whereby we achieved over 90 per cent of our RAP targets and commitments that had either been completed or that had commenced and will continue into our next RAP cycle.

We will continue this work in our Stretch RAP 2023 – 2025, which has recently been submitted to Reconciliation Australia for its consideration and endorsement.

Key achievements in FY23 have included:

- expansion of our internal Indigenous Engagement Team
- More than 90 per cent of employees completed cultural learning training
- $4.32m of indigenous procurement with 24 Supply Nation suppliers engaged
- Conducted caring for Country initiatives across multiple projects including at Aura and Providence in Qld and M_Park and Western Sydney University in NSW.

First Nations Strategy 2022 - 2025

Aspiration: Contribute to a just, equitable and reconciled Australia

Our Vision

At Stockland, we believe there is a better way to live.

We imagine a future where all Australians are united by our shared respect for Aboriginal & Torres Strait Islander People and their Elders. Where our people, our partners and key stakeholders appreciate the rich cultural values and ongoing connection to Country our First Nations People's inherently possess. Where we build meaningful relationships with First Nation's communities, partnering with First Nations businesses, increasing First Nations participation through employment and economic development and celebrating First Nations culture through our approach to designing with and for Country.

This is our vision for reconciliation.

Strategic Priorities

Indigenous Employment	Indigenous Procurement	Cultural Learning	Designing with Country	Cultural Heritage & Land Management
To create social and economic inclusion across our workforce	Enhance economic development and independence of Indigenous People and communities	Increase cultural capability of our People and create culturally safe environment	Reimagine and create places and spaces which reflect, protect & celebrate Indigenous culture & history	To protect and care for Country and the knowledge and cultural significance it holds

[2] Reconciliation Australia's RAP Framework provides organisations with a structured approach to advance reconciliation. The four RAP types – Reflect, Innovate, Stretch and Elevate – allow organisations to continuously develop their reconciliation commitments. **https://www.reconciliation.org.au/reconciliation-action-plans/**

Killara Cafe at Stockland Mt Atkinson in Victoria

Killara Cafe is a partnership between Stockland Mt. Atkinson, the Killara Foundation and Edmund Rice Services Mt. Atkinson (ERSMA), in Truganina, Victoria on Wurundjeri Woi Wurung Country. The café, which opened in June 2023, is a social enterprise run by the community, providing opportunities for employment, on-the-job training, and education for Aboriginal and Torres Strait Islander people.

Historically, Mt Atkinson was a meeting place for Indigenous communities, where ceremonies took place and trade occurred. The Killara Café brand and design is inspired by this history, providing a social hub for the growing Mt. Atkinson community, and a shared safe space for storytelling, knowledge sharing, connection to place, education and learning.

Image caption:
Stockland Mt Atkinson, VIC

Designing with Country at M_Park in NSW

Through our relationship with Wallumatta (Dharug Ngurra/Country), Her Traditional Custodians, the Dharug people, and the broader Indigenous community, we are working to embed Designing with Country principles into our projects, and better understand Country at M_Park in NSW. We have considered the following Designing with Country principles so that they are applied to the benefit of Country, humans, and non-human lives:

- **Sensing**: A critical connection point which included walks to local places of significance to Wallumattagal (Dharug) Community such as Sugarloaf Point, Brown's Waterhole and Shrimpton's Creek. These experiences of walking on Country have inspired the design of the landscape for M_Park Stage 1, such as the selection of plant species that have cultural relevance, medicinal and healing properties.
- **Hearing**: A process of deep listening throughout from which we investigated the history of the land, its topography and geology.
- **Envisioning**: This process involved translating Dharug cultural knowledge and community ambitions into design principles to inform our work. This includes cultural narratives around the white ochre and its importance to the Dharug women, the presence of water and its purification, the Spirit Woman who is omnipresent on site, and the higher point of the ridge and potential presence of Bora rings. These narratives informed our design and construction methodology, so that they can be respected and celebrated, cared for, and shared as part of the long-term educational journey for all.
- **Caring**: By developing systems and processes for ensuring Country is protected and cared for, our team worked through an interactive terrain map of 'Wallumatta' that has now been gifted to the Dharug working group. From these discussions around the extraction of the ochre and its handling, the preservation of significant trees and the development of our terrain map, in addition to the future maintenance and educational opportunities which are integral to the project and the site, the journey of 'yanaladyi budyari gumada' (Dharug language: walking together with good spirit) continues.

....we are working to embed Designing with Country principles and better understand Country...

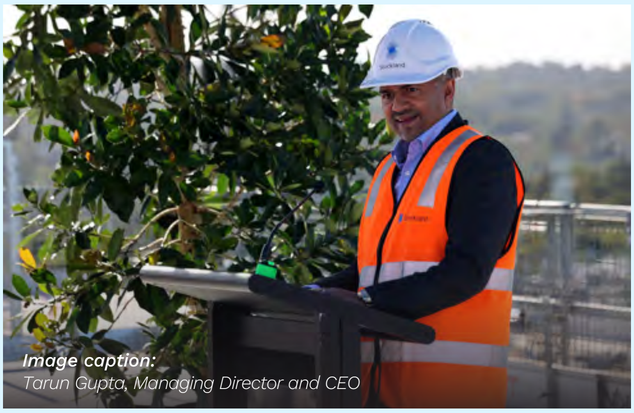


Image caption:
Tarun Gupta, Managing Director and CEO

Resilience

Climate resilience[1]

As a systemic risk, climate change poses unprecedented economic, social, and environmental challenges for the global economy and the communities and industry sectors in which Stockland invests.

Our Climate Resilience Assessments are aligned with the Stockland Enterprise Risk Framework and focus on the vulnerability of an asset to climate change, particularly its ability to endure severe weather impacts and operate without disruption. In FY23, we completed 72 asset level Climate Resilience Assessments applying the Intergovernmental Panel on Climate Change's Representative Concentration Pathway 8.5 projections, taking our total number of asset level climate resilience assessments to 141, representing 100 per cent coverage of assets and development projects within our portfolio. The results of these assessments are available in our **ESG Data Pack**.

These assessments indicate varying levels of climate-related risk across our portfolio and have given us a portfolio view of where to most effectively allocate capital and operational expenditure to strengthen our portfolio over time. climate resilience

With a complete view of our climate-related risk across our portfolio, our actions can be planned for greatest impact and business plan alignment. Assets with higher risks will incorporate resilience plans into their ongoing asset plans.

We have identified consistent initiatives with business asset teams that can be incorporated into design guidance and operational policies.

In design and development:

- Addressing future extreme storms by updating roof design specification for cyclone integrity and setting minimum standards for siphonic drainage to address hail-storms.
- Addressing extreme heat risks with a minimum specification for roof insulation, based on predictive climate modelling, through on-going implementation of our cool roofs policy and tree canopy coverage goals.
- Incorporating climate-risk mitigation measures into existing asset emergency management plans provided to tenants.
- Reducing risks of damage from extreme storms by updating our asset preparation plans to provide ongoing inspection to ensure fixtures are secured and storm protection systems remain intact.

In operation:

- Incorporating climate-risk mitigation measures into existing asset emergency management plans provided to tenants.
- Reducing risks of damage from extreme storms by updating our asset preparation plans to provide ongoing inspection to ensure fixtures are secured and storm protection systems remain intact.

Image caption:
Willowdale, NSW

141

Asset level climate resilience assessments

1 Stockland's approach to climate resilience is detailed in our Climate Transition Action Plan available on our website.

Contributing to a nature-positive future

Nature is a key part of our approach to resilience in our refreshed ESG strategy. Our first steps towards a nature-positive transition are to understand and manage the nature-related risks and opportunities across our business. We are a member of the Taskforce on Nature-related Financial Disclosures (TNFD) Forum and Science Based Targets Network (SBTN) Corporate Engagement Program.

Understanding our business' impacts and dependencies on nature

In FY23, Stockland undertook significant work to understand our business' impacts and dependencies on nature and the associated risks and opportunities in the transition to a nature-positive economy. In alignment with the draft TNFD recommendations, we have completed a whole-of-business nature risk and opportunity assessment as well as site-level assessments of cumulative biodiversity impacts.

In FY23, Stockland also coordinated one of four nature scenario workshops globally with our senior Stockland and TNFD management, providing feedback that has helped the TNFD refine its scenario guidance and toolkit, and Stockland's approach to assessing how our use of materials and our design principles could present nature risks and opportunities under two future scenarios.

With the draft TNFD framework not yet final (expected September 2023 release), our view of impacts and dependencies may need to be adapted as global standards emerge and the tools and data to support full understanding of nature risks and opportunities, particularly in supply chains, continue to mature.

We will continue to review and update our approach to contributing to a nature-positive future.

Assessing biodiversity at our developments

In FY23, Stockland completed a review of how we measure positive and negative impacts on biodiversity associated with our developments. We found that there have been advances in relation to the quantification of biodiversity outcomes since we first deployed our proprietary biodiversity calculator in 2015. Following this review, Stockland has started work on the development of an updated calculator and approach to tracking biodiversity outcomes associated with our developments. Data on our biodiversity impacts is available in our **ESG Data Pack**.

Stockland Aura fostering the thriving habitat of the Wallum Sedge Frog

For more than 10 years, Stockland has partnered with a renowned expert in frog habitat restoration, to identify and create a habitat where frogs with distinctive habitat requirements can thrive. New research has revealed positive results from conservation efforts at Stockland Aura in Qld, with the Wallum Sedge Frog found to be using and breeding in specially created wetland habitats across the masterplanned community.

Through collaborative efforts involving local community, environmental groups and international experts, we are actively rehabilitating 700 hectares of previously degraded pine plantation land into a fully functional ecosystem for frog species at Aura. Upon completion of the development, these areas will transform into permanent conservation lands.

Stockland continues to protect and regenerate the significant conservation zone in Aura as part of its development approach, bringing back the biodiversity values in the region.

People and capability

At Stockland, we continue to enhance our culture and capability to deliver on our business strategy. We believe that our dedication to skills and learning, diversity and inclusion, new ways of working, and rewarding performance supports our strength in attracting, developing, and retaining talent.

Exceptional people

Developer of talent

Stockland is committed to investing in the next generation of talent. In February 2023, we welcomed 36 graduates into our two-year Graduate Program, reflecting our focus on building our pipeline of talent. We achieved a diverse representation of graduates with a balanced gender split. Our unique option to 'Create Your Future' allows graduates to craft their program and gain experience across a variety of roles in our business. Our graduate program has been awarded a Top 100 program by GradConnection for seven consecutive years, and over the last two years has received similar awards by Prosple and the Australian Association of Graduate Employers. We continue to evolve and improve the program every year.

We are investing in our current and future leaders through our leadership development programs. Supported by multi-year investments and strong sponsorship from our senior leadership team, our leadership programs help us to build the quality of our leaders across our organisation as we grow. The programs are tailored to various career stages, with our "Next Generation" program focused on emerging talent and our "Bold Futures" program designed for senior leaders. Both programs aim to accelerate the growth of talented people and support our leaders to deliver on our ambitious strategy.

In an uncertain environment we continue to ready ourselves for the future of work and of real estate, and to prioritise investment in talent development to futureproof our people and our organisation.

We invest in our people and our leaders to evolve our strong and differentiated culture as our organisation grows. Our performance culture embraces wellbeing as a pillar of a sustainable work environment, where all people can truly thrive. Our wellbeing program includes new initiatives such as our voluntary mental health peer supporter network and our focus on psychological safety. We remain focussed on our culture priorities of being bold, curious and creative.

Like most organisations, we experienced a post-covid reduction in our retention rate and this has now returned to within our normal range.

Stockland's Graduate Program

Through four six-month rotations, our graduates are exposed to different asset classes, teams, skills and projects. This approach allows them to develop broad, transferable skills to complement their developing technical expertise, nurturing true enterprise-minded leaders.

In building our talent pipeline, we recognise it is important to connect talent with talent. Each graduate is matched with a senior manager 'Career Coach', fast-tracking growth and sharing their knowledge.

2022 graduate, Sugandi Doratiyawa, says: "I joined Stockland because of its impressive reputation and alignment with my personal values and career goals. The Stockland Graduate Program has offered me a chance to grow professionally and personally, and has exceeded my expectations. The inclusive culture is great and I've felt welcome from day one. I've completed rotations in Masterplanned Communities and Land Lease Communities and I'm now in the learning and development area in our People & Culture team. This has not only broadened my skillset but also helped me discover where my strengths and interests lie. As a commerce graduate with a finance major, learning and development isn't necessarily where I thought I'd be, but I've found that it allows me to be creative and think outside the box. I'm particularly enjoying the emphasis on innovation; having the freedom to explore new ideas and solutions keeps me fully engaged and genuinely excited about the projects I'm involved in. I'm excited about where my career with Stockland might take me."

Image caption:
Sugandi Doratiyawa, Stockland graduate

Employer of choice

At the heart of Stockland's culture is our dialogue with our people. Our independently administered 'Our Voice' employee surveys provide regular opportunities for our people to share their feedback about what it is like to work at Stockland and allow our leaders to listen and respond to that feedback. In FY23, we achieved a significant increase in our already-high overall employee engagement, which is now eight points above the Australian National Norm[1] and for some categories above the Global High Performing Norm[1].

Both employee surveys conducted in FY23 showed significant improvement in our peoples' wellbeing compared with prior years. In our October 2022 survey, wellbeing levels returned to pre-COVID levels, scoring significantly above the Australian Norm. The survey also revealed strengths in the leadership of our people.

We are recognised as a leading organisation in the sector:

2021-23 WGEA Employer of Choice citation for the 13th successive year.

2023 Top 100 Global Workplace ranking for Gender Equality by Equileap.

2022 Property Council of Australia "People First Award" for our leading Parental Leave Policy

Silver Employer in the Australian Workplace Equality Index (AWEI) 2022 Australian LGBTQ Inclusion Awards

Diversity and inclusion

At Stockland, we aim to foster a safe, inclusive and culturally diverse environment that helps achieve our vision of representing and celebrating the communities we serve. We strive to create a culture within our communities where people feel a sense of belonging; a place where they feel safe and valued.

To achieve our vision, we invest in our Diversity & Inclusion strategy as an integral part of our evolving culture. We believe creating a more diverse and inclusive environment helps empower our people to create more inclusive communities for our customers and stakeholders.

We communicate our commitment clearly and encourage open discussion with our people about how everyone can bring their authentic selves to work.

Our Diversity & Inclusion strategy is guided by five principles:

1. Recognise psychological safety as key to unlocking our best
2. Mirror and represent the communities we serve
3. Identify and develop diverse and inclusive leaders
4. Create a culture of everyday respect
5. Recognise the uniqueness of all our people

Our strategy is supported by four focused Employee Advocacy Groups (EAGs) across Gender Equity, LGBTQ+, Cultural Diversity, Wellbeing and Disability. These groups include employees at various levels in the organisation and from a mix of backgrounds to encourage diversity of thought, more representative decision making and improved delivery on our initiatives.

During FY23, our EAGs have led a series of initiatives to promote diversity and inclusion in our workplaces, including:

- Our second Everyday Respect campaign aimed at increasing awareness and understanding of acceptable and unacceptable behaviour, equipping employees to deal with everyday sexism and encouraging them to speak up.
- Acknowledgement of various days of significance throughout the year, including the commissioning of powerful images created by First Nations artist and proud Noongar woman, Janelle Burger, to illustrate our assets and echo World Pride's strong partnership with First Nations people.
- The establishment of Stockland's first Disability Ally Network with over 100 employees signing up within two months of launch.
- A live employee webinar and short film titled 'You can ask that' to help dispel cultural myths and generate greater understanding of cultural backgrounds and norms across our workforce.

Our First Nations Engagement Strategy is detailed on page 41,

[1] Willis Towers Watson.

Gender pay equity

We conduct regular analysis of gender pay equity to understand any differences in pay between men and women in our organisation.

Our long-term objective is to achieve zero gender pay gap. This can only be achieved by addressing inequalities between men and women such as under-representation of women in higher-paid jobs and leadership roles.

In the short term, our objective is to maintain no systemic instances of pay inequity in 'like-for-like' roles. To do this, we analyse pay for 'like-for-like' roles as well as average pay for men and women across different levels of our organisation. We also conduct statistical analysis to help determine the extent to which gender is a driver of pay differences after allowing for other factors such as location, seniority and occupation.

Stockland has no known instances of gender pay inequity. While this is pleasing, we recognise we have more work to do to achieve gender equality and zero gender pay gap.

At Stockland, women hold the majority of our lower-paid administrative and customer care roles and are under-represented in some higher-paid areas. This results in the average fixed pay of men at Stockland being higher than the average fixed pay of women.

Through initiatives to create pathways for women to enter and thrive in more senior, higher-paying roles traditionally filled by men, we reduced our gender pay gap by four percentage points in FY23 and with ongoing focus we expect this gap to further reduce over time.

Image caption:
Stockland head office, NSW

Health, safety and wellbeing

We are committed to providing physically and psychologically safe and healthy environments for everyone who works with us or attends our communities, workspaces and places.

During FY23, we trained 30 mental health peer supporters across our business to support a positive mental health environment in our workplaces. These voluntary, non-clinical roles are trained to work collaboratively with their peers to help recognise signs of distress, listen to concerns and refer colleagues who could benefit from additional support.

Following an earlier program of work to better understand levels of psychological safety within our business, why it's important for Stockland and what it looks like, we engaged an external organisation to measure our progress. This analysis showed that we made progress over the last year, while there is still room for improvement, and we remain focused on strengthening this aspect of our culture.

Stockland has long valued the benefits of flexible work, and we have continued to evolve our approach to flexibility. Our hybrid working model is an enterprise approach to flexibility involving a mix of working in asset, offices, local workplaces and at home or remote locations. Leaders and teams build plans aligned to our principles. Each team develops working rhythms aligned with our recommended blueprint, highlighting the importance of face-to-face collaboration for complex problem solving and learning. Our approach encourages a focus on the goals and needs of the organisation (our strategic mission), each team and each employee. This approach has supported our people to work more collaboratively, enhance social cohesion, and deliver performance.

In FY23, our employee Lost Time Injury Frequency Rate (LTIFR) was 1.6, which represents an improvement on our FY22 rate of 2.6. Our employee Medical Treatment Injury Frequency Rate (MTIFR) was 3.6, our rate in FY22 was 3.2.

We also monitor the safety performance of our contractors on our development sites. In recognition that global supply chain issues and labour shortages are affecting contractor safety performance, we have developed a Serious Incidence Response Plan with a range of key initiatives to support our contractors. The initiatives include independent audits, stop work meetings, commercial property safety briefings, and civil and infrastructure on-site safety training. The Serious Incidence Response Plan has been successful in reducing our development contractor LTIFR to 6.2 in FY23 down from 9.9 in FY22.

! More information on our safety performance is available in our **ESG Data Pack**.

1.6

Lost Time Injury
Frequency Rate (LTIFR)
Down from 2.9 in FY22

Our values and conduct

Stockland believes in doing business professionally and in line with our CARE values and we have developed a framework to guide our decision making and engagement in relation to social and ethical matters.

We ask all employees to confirm they have read and acknowledged our Code of Conduct both on commencing with Stockland and as part of their annual compliance statement. We act promptly to investigate any breaches of our Code of Conduct and apply penalties for substantiated breaches up to and including dismissal.

We regularly monitor compliance with corporate policies and investigate breaches, as outlined below. In FY23:

- **Employee Conduct** – there were nine substantiated breaches of our Code of Conduct in FY23, which resulted in four terminations of employment and five formal warnings. Four of these breaches resulted in formal grievances being raised.
- **Privacy** – there were no notifiable data breaches reported to the regulator, Office of the Australian Information Commissioner (OAIC).
- **Grievances** – there were seven formal grievances raised in FY23, with investigations carried out in accordance with our grievance handling procedures with appropriate actions taken to address matters raised. Of the seven cases, one remains under investigation.
- **Whistleblower** – Stockland's Whistleblower Protection Officers (WPOs) received a total of five concerns via our whistleblower escalation channels in FY23, with investigations carried out in accordance with our Whistleblower Policy including, where appropriate, actions taken to address matters raised.

Investing in capability

End-to-end multi-sector capability

Stockland is focused on leveraging our specialist end-to-end, multi-sector capabilities to build resilient assets and create liveable communities. To drive future growth and support the delivery of our strategy, we are investing in supporting our people to build these capabilities through our Future Ready Careers program of work.

Future Ready Careers

In FY23, we launched Future Ready Careers as part of our reimagined learning and development strategy. The program expands opportunities for learning and opens up career pathways for our people.

Being Future Ready at Stockland means developing seven key capabilities including: customer centricity, adaptive mindset, collaboration and teamwork, judgement and decision making, building high performing teams, leading change, and enterprise leadership.

A Future Ready Profile, a preference-based psychometric assessment, is designed to test and measure the mindsets of our people and assist them identifying areas of strength and where they can further develop their skills.

Since its introduction in late 2022, more than 400 employees have completed their Future Ready Profile.

We have introduced a new partnership with LinkedIn Learning to enable our people to learn as they work. Focused on the subjects that matter to them, LinkedIn Learning is an educational platform that helps our employees develop business, technology-related, and creative skills through expert-led course videos. Over 50 per cent of employees have activated their accounts, completing over 276 courses with 11,035 videos viewed.

Our Future Ready Careers program is complemented by a refreshed approach to individual development conversations to build our employees' future career focus.

Driving an innovative culture

When we foster a culture of innovation, we grow capacity within our organisation.

A culture of innovation brings a diversity of thinking which helps our people to reimagine how we work in line with our purpose of a better way to live, and be supported to drive everyday innovation in their role. This enhances our ability to accelerate our strategy and deliver competitive advantage.

In FY23, we held our first Innovation Week, where more than 1,200 of our employees engaged with our program spotlighting innovators across the business and demonstrating the strong link between ESG and innovation. We have also extended our people's digital and data capabilities, with both theoretical and targeted practical learning experiences around data, robotic process automation, and the emerging area of generative artificial intelligence (AI).

Our internal 2023 Innovation & Excellence program received 59 entries across eight strategically aligned categories. Highlights include:

- A sales and service model designed to manage the changing customer journey and to scale our business, connecting customers with the right person at the right time, increasing the new enquiry contact rate by greater than 20 per cent and empowering sales professionals to focus on maximising sales and minimising settlement cancellations.
- In FY23 we designed a new, integrated and scalable business planning and forecasting solution that has supported the growth of our Halcyon land lease business. This has delivered tangible efficiency benefits for our people, streamlining processes and digital capability.
- Several project and asset-based innovations delivering sustainable outcomes, delivery excellence across our assets including our Halcyon communities, M_Park staged delivery, and leveraging data and analytics to deliver efficiencies to our project and business teams.

Chairman's award for innovation: 'cool communities' reducing urban heat stress

Our Aura community on the Sunshine Coast is well known for its white roofs or cool roofs policy implemented to reduce Urban Heat Island Effect. To understand the impact of the framework in action, heat mapping was conducted and revealed that there was a difference in temperature of 1.5-2 degrees celsius between Aura and surrounding suburbs, which contributes to increased comfort levels for our residents.

To better understand what contributes to urban heating our team undertook an assessment of key trends and implementation strategies for cooling measures at our communities.

A data-driven scalability framework was established to provide a system of measurement and cost/benefit analysis of cooling mitigation measures and how they could be scaled across our portfolio.

High-performing reduction measures identified as part of the framework included cool roads and cool roofs, increased tree canopy cover and vegetation, orientation related decisions and green roofs. The framework also includes engagement with First Nations communities to understand appropriate local vegetation to maximise heat mitigation.

Cool Roofs policy at Aura, QLD – light coloured roofs to reduce urban heat. Insights used to establish Stockland's Urban Heat Island Mitigation Framework[1]

Cool Roofs reduce temperatures by

~2°C

at Aura, QLD vs surrounding suburbs

Possible energy savings[2] of up to

~40%

for housing with cool roofs

Potential to reduce temperatures a further

~1-2°C

with high value, scalable initiatives[1]

1 Data driven framework designed to identify and assess high performing heat reduction initiatives across Stockland, including cool roofs, cool roads, facades and canopy cover.

2 Cool Roofs Cost Benefit Analysis, UNSW April 2022.

Cyber security

Our business is digitally enabled to deliver efficient operations, great customer experience, and value through the property lifecycle. Our cyber resilience continues to be a focus as a strategic risk and a priority for building and maintaining stakeholder trust and confidence.

To protect Stockland, our people and our customers from current and emerging cyber threats, we are focused on maintaining and strengthening our technical and cyber resilience through culture, capability, and strategic partnerships. This helps us manage the risk of sensitive information loss and operational disruption, as well as other reputational, financial, regulatory, or customer impacts associated with adverse events.

Our cyber resilience program is guided by industry frameworks including ISO27001, the international standard for information security, and the National Institute of Standards and Technology Cybersecurity Framework (NIST CSF). These complementary frameworks focus on identifying risks, implementing controls and monitoring performance.

As part of our cyber program, we continue our disciplined focus on:

- Equipping and training our people for a cyber-aware culture, and to proactively identify and manage emerging and potential threats.
- Providing digitally safe and protected working and system environments.
- Preparing resilience and recovery capabilities through planning for and simulating cyber threat response.
- Proactive risk management through security testing, supply-chain management, and targeted reviews.

Quality relationships

As a business, we recognise that building strong, mutually beneficial customer, partner, supplier and business relationships is essential for our long-term success. The strength and quality of our relationships underpins our strategic goals of reshaping our portfolio and scaling our capital partnerships to improve our return on capital and further accelerate the development of our pipeline.

Image caption:
Stockland head office, NSW

Our commitment to customer excellence

Through our focus on delivering a superior customer experience we can cultivate trust, strengthen our relationships, improve our competitiveness and drive sustainable growth. Our commitment to customer excellence sees us striving to develop meaningful connections through a deep understanding of our customers and leveraging data-driven insights to provide a great customer experience that sets us apart from our competitors.

Measuring customer satisfaction and wellbeing

We take a data-driven approach to understanding customer values and aspirations, uncovering timely and actionable insights and leveraging predictive intelligence to deliver personalised customer experiences across our portfolio.

Our annual Liveability Index Survey measures what matters to our residents and helps inform our design and development processes, including strategic planning, placemaking guidelines and sustainability initiatives and partnerships. This year, we enhanced the survey to address feedback from residents and better reflect our diversified portfolio. This included streamlining the survey, the inclusion of advanced analytics to better identify drivers and opportunities of liveability and the extension of the survey to include Halcyon home owners.

In FY23, our national Liveability index score across MPC communities remained stable at 70 per cent. This is below our target of 75 per cent. Among early-stage communities, key priorities for improvement include access to amenities such as retail, transport and community spaces. Our Halcyon communities performed well on home design along with safety and security and further improvements are planned to improve community updates and address perceptions in relation to ongoing costs.

Our Workplace and Logistics Satisfaction monitor takes the pulse of our tenants annually, allowing them to provide feedback on their relationship with Stockland. The insight from this research enables us to address tenant pain points and identify future opportunities for improvement.

In FY23, we sought to better understand and assess our performance in the marketplace by enhancing our survey design and incorporating industry benchmarks.

Our logistics and workplace tenant satisfaction score increased two per cent on FY22 to 82 per cent against our target of 80 per cent. These improvements were driven largely by strong property and employee relationship ratings particularly among our logistics tenants.

Across our retail portfolio, derived shopper satisfaction increased to 82.1 per cent above our target of 78 per cent. Overall, our retail tenant satisfaction score was 82.5 per cent, remaining above our 75 per cent target. We maintain a strong focus on customer-centric engagement with improved tenant relationship management practices and the implementation of a new customer relationship program.

Residential Communities Customer Service Centre

Our Communities business successfully rolled out the Customer Service Centre (CSC) based on customer data, resulting in a 25 per cent increase in sales team productivity and an improved customer journey. First piloted in FY22, the initial data led to an expansion to all Masterplanned Communities and medium density projects this year, and more recently to our Land Lease Communities customers.

Our previous operating model required the sales team to contact and service all potential customers as well as manage all sales from deposit to settlement. Customer data showed us there was an increased demand for frequent engagement. To address this, we introduced the CSC, a dedicated phone/digital team assisting customers from initial inquiries to sales readiness, where sales professionals can then guide them to settlement.

This approach resulted in three times more customers moving forward to being sales ready and an increase in satisfaction scores with sales professionals rated as very good or excellent since the implementation of this new operating model.

WELL ratings

In November 2022, Stockland was recognised by the International WELL Building Institute (IWBI) as the first Australian property group to achieve a WELL Health-Safety Rating in the retail sector, obtaining a rating for eight of its shopping centres across New South Wales, Victoria, Queensland, and Western Australia.

The rating was achieved by working collaboratively with a team of contractors, consultants, facilities managers and retailers at each centre to assist us in adopting strategies to support the health and wellbeing of Stockland customers and retailer staff. Some of the strategies implemented are visible – like keeping spaces clean and sanitised – while others less so, like having best-practice emergency procedures in place and ensuring we have high-quality clean air and water supplied within our buildings. This allows our customers and retailers to have a heightened experience in our spaces knowing their health and safety is prioritised.

Image caption:
Stockland Green Hills, NSW

Capital partner of choice

We provide high-quality, commercially attractive investment prospects for third-party investor partners by leveraging our demonstrated leadership and proven expertise in asset development and management. Our strategic capital partnerships enable us to scale our management and development capabilities and grow assets under management more quickly to enhance long-term, sustainable business growth for us and our partners.

> Our strategic capital partnerships enable us to enhance long-term sustainable business growth for us and our partners

Digital and data excellence

Innovation gives us a platform for customers and stakeholders to have an exceptional experience with Stockland, develop and extend trust, and to create sustainable growth. Innovation is essential to what we do, every day.

Our focus on innovation is demonstrated in the leading assets we develop for our communities, and the transformation of the capabilities that deliver them, leveraging leading digital and data.

Data-enabled solutions continue to drive customer centricity, operational excellence, and enhanced decision making across our asset lifecycles.

We are expanding our leading-edge analytics capability, including artificial intelligence (AI) and advanced geospatial analytics, harnessing the power of our technology capabilities to create value from data for our business, stakeholders, and customers.

We have embraced digital technology to create leading customer experiences. In December 2022, we launched The Stockland Hub to provide our customers with an enhanced and personalised digital experience across 22 of our Masterplanned communities. The Hub supports new digital enquiries, and provides a streamlined engagement path for our customers by personalising their experience based on their buyer type, and guiding customers through the home buying and building process in a self-service digital portal. This digital platform will continue to be leveraged across our portfolio in line with our growth plans.

For our Retail Town Centres, we are leveraging digital solutions to support our tenants and shoppers for example, our Stockland Marketplace is an online hyper-local platform allowing retailers to list their products, and shoppers find, browse, click and collect locally.

Stockland Terra

Stockland Terra, our proprietary and tailored geospatial analytical application, is improving the way our teams explore, track, and evaluate land acquisition opportunities across Australia. In FY23, we further embedded our 'customer first' thinking into our Terra platform, including:

- Surfacing demographic data for land corridors, allowing us to rapidly understand the addressable market.
- integrating aggregated customer data such as lifestyle needs, household characteristics, product and location preferences, and likelihood to move – all of which provide a richer understanding of our customer base.
- incorporating ESG-related datasets and intelligence, allowing for ESG analysis earlier in the development process.

Expanding Stockland Terra's capability to make insights more dynamic and accessible empowers us to make decisions quickly and with conviction, and it helps the communities we develop to be fit-for-purpose, delivering on our customers' needs and values, and in line with our ESG Strategy.

Governance

Image caption:
Stockland head office, NSW

Board of Directors

Tom Pockett

Chairman

Tom Pockett was appointed to the Board on 1 September 2014 and became Non-Executive Chairman on 26 October 2016.

Mr Pockett has extensive experience in both the property and financial sectors having held a number of senior executive positions including Chief Financial Officer and Executive Director of Woolworths Limited, Deputy Chief Financial Officer at the Commonwealth Bank of Australia and several senior finance roles at Lendlease. He is also the Chairman of Insurance Australia Group Limited. In addition to his role as the Chair of the Stockland Board, Mr Pockett is a member of the People & Culture Committee. Mr Pockett was also Chairman of the Stockland CARE Foundation Board until April 2022.

Qualifications and age
BComm, FCA, 65

Directorships of listed entities in last three years
Directorships of listed entities in last three years: Autosports Group Limited (29 August 2016 to 30 November 2021), Insurance Australia Group Limited (1 January 2015 to present).

Tarun Gupta

Managing Director and Chief Executive Officer

Tarun Gupta was appointed Managing Director and Chief Executive Officer of Stockland on 1 June 2021. Mr Gupta was also appointed to the Board of Directors on 1 June 2021. Mr Gupta has over 25 years' experience in the property industry and has held a number of senior roles at a large listed Australian property company including Chief Executive Officer, Property Australia, Group Head of Investment Management, Chief Investment Officer, Asia Pacific, Fund Manager, Australian Prime Property Funds and most recently Group Chief Financial Officer.

Qualifications and age
BA (Econ) (Hons), MBA, GAICD, 53

Directorships of listed entities in last three years
None.

Melinda Conrad

Non-Executive Director

Melinda Conrad was appointed to the Board on 18 May 2018.

Ms Conrad has more than 25 years of expertise in consumer- related industries, including as a retail entrepreneur and CEO, and roles at Colgate-Palmolive and Harvard Business School.

Ms Conrad is currently a Director of ASX Limited, Ampol Limited and Penten Pty Ltd. She is also a Non-Executive Director of The Centre for Independent Studies, a member of the AICD Corporate Governance Committee and an Advisory Board Member of Five V Capital.

Ms Conrad is Chair of the People & Culture Committee.

Qualifications and age
BA, MBA, FAICD, 54

Directorships of listed entities in last three years
ASX Limited (1 August 2018 to present), Ampol Limited (1 March 2017 to present).

Kate McKenzie

Non-Executive Director

Kate McKenzie was appointed to the Board on 2 December 2019.

Ms McKenzie's executive career included over 30 years' experience in the telecommunication and government sectors in Australia, New Zealand and Hong Kong. She was most recently the chief executive officer of Chorus, New Zealand's largest provider of telecommunications infrastructure, a top 50 New Zealand Stock Exchange listed company. Prior to this, Ms McKenzie held several senior roles at Telstra from 2004 – 2016, including Chief Operating Officer, where she oversaw the group's extensive property portfolio, and seven years in senior roles in NSW Government, including the Department of Commerce and Department of Industrial Relations.

Ms McKenzie is currently the Chair of NBN Co Limited, and a director of Healius Limited and AMP Limited.

Ms McKenzie is a member of the Audit Committee and Sustainability Committee.

Qualifications and age
BA, LLB, 62

Directorships of listed entities in last three years
AMP Limited (18 November 2020 to present), Healius Limited (25 February 2021 to present).

Stephen Newton

Non-Executive Director

Stephen Newton was appointed to the Board on 20 June 2016.

Mr Newton has extensive experience across real estate investment, development and management and infrastructure investment and management. Mr Newton is a Principal and Director of Arcadia Funds Management Limited, a real estate investment management and capital advisory business and prior to this, he was the Chief Executive Officer - Asia/Pacific for the real estate investment management arm of Lendlease. Mr Newton is currently a Director of BAI Communications Australia, Boldyn Networks Group, Waypoint REIT Group, Arcadia Funds Management Group Companies, Sydney Catholic Schools Limited, and Chairman of the Finance Council for the Catholic Archdiocese of Sydney.

Mr Newton is Chair of the Audit Committee and a member of the Risk Committee.

Qualifications and age
BA (Ec and Acc), M.Com, MICAA, MAICD, 70

Directorships of listed entities in last three years
Viva Waypoint REIT Group (10 July 2016 to present).

Christine O'Reilly

Non-Executive Director

Christine O'Reilly was appointed to the Board on 23 August 2018.

Ms O'Reilly's executive career included 30 years' experience in both financial and operational entities both domestically and offshore. Following an early career in chartered accounting and investment banking, she has held a number of senior executive roles in diverse industries including CEO and Director of the GasNet Australia Group and Co-Head of Unlisted Infrastructure Investments at Colonial First State Global Asset Management.

Ms O'Reilly is currently a Director of ANZ Limited, BHP Group Limited and Baker Heart and Diabetes Institute.

Ms O'Reilly is the Chair of the Risk Committee and a member of the Audit Committee.

Qualifications and age
BBus, 62

Directorships of listed entities in last three years
Directorships of listed entities in last three years: CSL Limited (16 February 2011 to 14 October 2020), Transurban Limited (12 April 2012 to 8 October 2020), Medibank Private Limited (31 March 2014 to 12 November 2021), BHP Group Limited (12 October 2020 to present), ANZ Limited (1 November 2021 to present).

Andrew Stevens

Non-Executive Director

Andrew Stevens was appointed to the Board on 1 July 2017. Mr Stevens' executive career at Price Waterhouse, PricewaterhouseCoopers and IBM, has provided him with experience in change management, business and ICT program design and risk evaluation, governance and delivery, and in business transformation and regional/global expansion. Mr Stevens is Chair of Industry Innovation and Science Australia and the Chairman, Data Standards for the Consumer Data Right in Australia. Mr Stevens also serves as a Director of Ooh Media Limited.

Mr Stevens is a member of the Champions of Change.

Mr Stevens is the Chair of the Sustainability Committee and a member of the Risk Committee and the People and Culture Committee.

Qualifications and age
BComm, MComm, FCA, 63

Directorships of listed entities in last three years
Thorn Group Limited (1 June 2015 to 4 December 2019), OoH Media Limited (25 September 2020 to present).

Laurence Brindle

Non-Executive Director

Mr Brindle was appointed to the Board on 16 November 2020. Mr Brindle has extensive experience in the acquisition, development and management of landmark property assets. His executive career included 21 years with QIC where he served in various senior positions including a long-term member of QIC's Investment Strategy Committee and Head of Global Real Estate where he was responsible for a $9 billion portfolio.

Mr Brindle is currently the Chairman of Waypoint REIT. He is a former Chairman of both National Storage REIT and Shopping Centre Council of Australia and has previously been a director of Westfield Retail Trust and Scentre Group. Mr Brindle holds a Bachelor of Engineering (Honours), Bachelor of Commerce and Master of Business Administration.

Mr Brindle is a member of the Audit Committee.

Qualifications and age
BE, BComm, MBA, 65

Directorships of listed entities in last three years
National Storage REIT (19 December 2013 to April 2022), Waypoint REIT (10 July 2016 to present).

Adam Tindall

Non-Executive Director

Mr Tindall was appointed to the Board on 1 July 2021. Mr Tindall has over 30 years' experience in investment management and real estate. Mr Tindall was the Chief Executive Officer of AMP Capital from 2015 to 2020 where he led a global team overseeing funds and separate accounts for clients across a range of asset classes including real estate, infrastructure, equities, fixed income and multi-asset capabilities. Mr Tindall's prior roles at AMP Capital include Director and Chief Investment Officer for Property, leading a team managing a $19 billion portfolio of real estate investments of behalf of domestic and international institutional investors. Prior to 2009 Mr Tindall held senior leadership roles at Macquarie Capital and Lendlease.

Mr Tindall holds a Bachelor of Engineering (Civil) (Honours) and is a Fellow of the Australian Institute of Company Directors.

Mr Tindall is a member of the Audit Committee and the Sustainability Committee.

Qualifications and age
BE (Hons), 58

Directorships of listed entities in last three years
CSR (16 January 2023 to present).

The Stockland Leadership Team

Tarun Gupta

Managing Director and Chief Executive Officer

Refer to biography on page 58.

Katherine Grace

Chief Legal & Risk Officer

Katherine Grace was appointed General Counsel and Company Secretary on 21 August 2014 and in her current role as Chief Legal and Risk Officer has responsibility for Stockland's legal and risk functions. As the Company Secretary Ms Grace is directly accountable to the Board, through the Chairman, for all matters relating to governance and the proper functioning of the Board.

Ms Grace has practised as a solicitor for over 20 years with extensive experience in corporate, property, debt and capital markets transactions working with a wide range of stakeholders including listed board directors, equity investors, regulators, media and financiers.

Prior to joining Stockland, Ms Grace held roles as General Counsel and Company Secretary for Westfield Retail Trust and Valad Property Group.

Ms Grace is a key management person for the purposes of the Remuneration Report.

Qualifications
BA (Hons), LLB (Hons), MPP, GAICD

Louise Mason

CEO Commercial Property

Louise Mason was appointed Group Executive & CEO Commercial Property on 18 May 2018. Ms Mason has more than 30 years' experience in real estate and is responsible for all aspects of Stockland's extensive Commercial Property portfolio of Retail Town Centres, Workplace and Logistics assets with a combined value of $10.5 billion as at 30 June 2023.

Prior to joining Stockland, Ms Mason was Chief Operating Officer of AMP Capital Real Estate. She has also held several senior executive operational and development roles at AMP in retail, office, and industrial, as well as retail management positions at Lendlease.

Ms Mason is a past President of the NSW Division of the Property Council of Australia.

Ms Mason is a key management person for the purposes of the Remuneration Report.

Qualifications
BA, LLB (Hons), GAICD

Alison Harrop

Chief Financial Officer

Alison Harrop joined Stockland as Chief Financial Officer on 10 January 2022. Ms Harrop has over 25 years' experience in finance and operations in Australia and overseas across a diverse range of sectors including property, financial services and government. Ms Harrop has previously held senior finance roles at Macquarie Group, Australia Post and Westpac, and prior to joining Stockland was Chief Financial Officer at Dexus.

Ms Harrop is a key management person for the purposes of the Remuneration Report.

Qualifications
BSc (Hons), FCA, GAICD

Andrew Whitson

CEO Communities

Andrew Whitson was appointed Group Executive & CEO Communities on 1 July 2013. Mr Whitson oversees Stockland's 51 residential masterplanned communities with a portfolio of approximately 68,000 lots and an approximate end value of $21.4 billion. At as 30 June 2023, Mr Whitson is also responsible for 33 land lease communities with a development pipeline of approximately 7,100 lots.

Mr Whitson joined Stockland in early 2008 as Regional Manager for Greater Brisbane and Far North Queensland. He was appointed General Manager Residential, Victoria in July 2009 and in November 2012, his role expanded to include NSW. He was Group Executive and CEO of the Residential business in 2013 before his role was expanded to lead both the Residential and Retirement Living businesses as the combined Communities function in August 2018. Andrew is the former Chair of the Residential Development Council of Australia and a Director of the Green Building Council of Australia.

Mr Whitson is a key management person for the purposes of the Remuneration Report.

Qualifications
BE (Civil)

Karen Lonergan

Chief People & Stakeholder Engagement Officer

Karen Lonergan joined Stockland as Group Executive, People and Culture on 11 March 2019. Ms Lonergan has over 25 years' experience working in senior roles in HR strategy development, organisational development, and leading transformation and change in the Transportation, FMCG, and Retail sectors across Australia, Asia, the USA and Europe. She was previously the Chief People Officer at David Jones and Country Road Group, after being a People Director at Woolworths Group Limited. Prior to her role at Woolworths, Ms Lonergan was the Executive Manager, Human Resources for Qantas International.

Qualifications
BBus, MMgt, GAICD, FAHRI

Sharmila Tsourdalakis

Chief Innovation, Marketing and Technology Officer

Sharmila Tsourdalakis was appointed Chief Innovation, Marketing and Technology Officer on 27 April 2020 and leads our Innovation, Marketing, Technology and Customer teams. She has over 20 years' experience working in senior roles in technology, innovation, customer and digital transformation for ASX-listed companies. She was previously the Executive General Manager for Suncorp's Banking and Wealth Technology and Portfolio Management responsible for the strategic direction and operational leadership of technology. Prior to Suncorp, Ms Tsourdalakis was Chief Information Officer at The GPT Group.

Qualifications
BComm, LLB, GAICD

Justin Louis

Chief Investment Officer

Justin Louis joined Stockland as Chief Investment Officer on 1 November 2021. Mr Louis has more than 20 years' experience working in senior roles in real estate investment and development across a number of sectors. With a mix of sell-side and buy-side experience, Mr Louis has worked with a number of leading Australian real estate companies and global investors. Mr Louis was previously Australian Managing Director, Real Estate, Real Assets at the Canada Pension Plan Investment Board (CPPIB). Prior to CPPIB, Mr Louis was General Manager Investment Operations, Asia for Lendlease.

Mr Louis is a key management person for the purposes of the Remuneration Report.

Qualifications
BComm (Property Economics), MBA, MAICD

Our approach to corporate governance

Stockland Corporation Limited, Stockland Trust Management Limitd as Responsible Entity for Stockland Trust and their related entities (collectively, Stockland) are committed to achieving and demonstrating the highest standards of corporate governance.

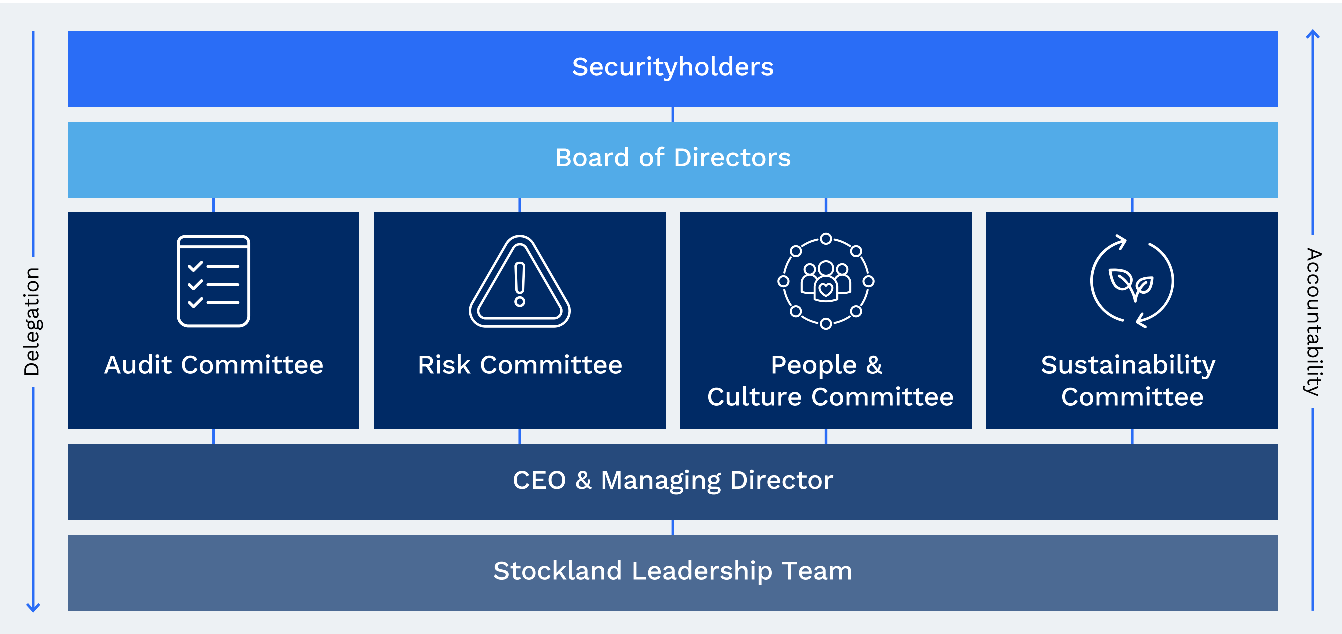
Stockland has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council. The Board places a high importance on its corporate governance responsibilities and in FY23 was in compliance with all of the recommendations in the ASX Corporate Governance Principles and Recommendations (4th edition).

This Corporate Governance Statement reflects the corporate governance practices in place throughout the 2023 financial year, is current as at 24 August 2023, and has been approved by the Board.

Stockland's governance and risk management documentation including key policies, charters, and Stockland's Appendix 4G Key to Disclosures under the Corporate Governance Principles and Recommendations for the year ended 30 June 2023 can be viewed at www.stockland.com.au/about-stockland/corporate-governance.

Corporate Governance Framework

The roles, responsibilities and accountabilities of the Board, Board Committees and Stockland Leadership Team are set out in the Board and Board Committee charters, which have been summarised below.



The Board

The constitutions of Stockland Corporation Limited and Stockland Trust Management Limited each establish a Board of Directors (collectively referred to as the Board) which has overall responsibility for the governance of Stockland.

Our Board is accountable to securityholders and responsible for demonstrating leadership and oversight so that the operations of Stockland are effectively managed in a manner that is properly focused on its economic, social and community objectives.

The roles, responsibilities and accountabilities of the Board are set out in the Board Charter, which confirms that the Board is responsible for:

- Overseeing the development and implementation of Stockland's corporate strategy, operational performance objectives, Group environmental and social targets, and management policies with a view to creating sustainable long-term value for securityholders;
- Overseeing the development and implementation of Stockland's overall framework of governance, risk management, internal control and compliance which underpins the integrity of management information systems, financial reporting and fosters high ethical standards throughout Stockland;
- Appointing the Directors (subject to Stockland's constitution), appointing the Managing Director, approving the appointment of the Company Secretary and Stockland Leadership Team members reporting to the Managing Director and determining the level of authority delegated to the Managing Director;
- Setting Executive remuneration policy, monitoring Stockland Leadership Team members' performance and approving the performance objectives and remuneration of the Managing Director and his or her direct reports and reviewing Executive and Board succession planning and Board performance;
- Approving and monitoring the annual budget, business plans, financial statements, financial policies and financial reporting and major capital expenditure, acquisitions and divestitures;
- Determining and adopting dividend and distribution policies; Overseeing compliance with applicable laws and regulations; and
- Appointing and monitoring the independence of Stockland's external auditors.

The Board Charter describes the matters reserved for the Board and its Committees, and determines the level of authority delegated to the Managing Director and Stockland Leadership Team for the day-to-day management of Stockland. A copy of the Board Charter can be found on our website at **www.stockland.com.au/about-stockland/corporate-governance**.

The Board has delegated certain responsibilities to standing Committees which operate in accordance with the Committee Charters approved by the Board.

The Board actively engages with management in overseeing the operations of the Group. In addition to Board and Committee meetings held across Stockland offices, the Board meets with employees at operational sites and undertakes asset tours across the portfolio on a regular basis. A number of asset tours were conducted by members of the Board and Stockland Leadership Team in the last 12 months including to development and operational assets in Brisbane, Melbourne, Sydney and the Sunshine Coast.

A copy of the Board Charter can be found on our website **www.stockland.com.au/about-stockland/corporate-governance**.

Board committees

Four permanent Board Committees covering Audit, Risk, People & Culture and Sustainability have been established to assist in the execution of the Board's responsibilities.

The Board's policy is that a majority of the members of each Board Committee are independent Directors. For the reporting period each of the Audit Committee, People & Culture Committee, Risk Committee and Sustainability Committee comprise only independent Directors.

The Board reviews the composition of each Board Committee periodically, balancing the benefits of rotation with those of maintaining continuity of experience and knowledge, and to ensure Board Committee members have skills appropriate to their roles. Committee Chairs provide reports to the Board on key matters and Committee memberships provide for overlap of membership between the different Committees to facilitate connections across the respective areas of responsibility.

Current members of the Board Committees

Audit Committee

Stephen Newton (Chair)
Laurence Brindle
Christine O'Reilly
Kate McKenzie
Adam Tindall

The Audit Committee is responsible for the oversight of the integrity of Stockland's consolidated financial statements and disclosures, and the maintenance of a sound financial control environment. The purpose of the Audit Committee is to assist the Board to discharge its responsibilities for:

- The integrity of Stockland's financial reports and external audit
- The appropriateness of Stockland's accounting policies and processes
- The effectiveness of Stockland's financial reporting controls and procedures
- The effectiveness of Stockland's internal control environment
- Compliance with Stockland's Australian Financial Services Licenses and Compliance Plans
- Compliance with relevant laws and regulations including any prudential supervision procedures.

People & Culture Committee

Melinda Conrad (Chair)
Tom Pockett
Andrew Stevens

The People & Culture Committee incorporates the functions of two board committees recommended by the ASX Corporate Governance Principles and Recommendations: a Nominations Committee and a Remuneration Committee. The purpose of the People & Culture Committee is to consider and make recommendations to the Board on:

- The size, composition and desired competencies of the Board
- Director independence, performance, remuneration and succession arrangements
- The content of the annual remuneration report and remuneration details contained within other statutory reports, including financial statements
- Stockland's policies for employment, performance planning and assessment, training and development, promotion and people management.
- In August 2023, the Board approved the establishment of a stand alone Nominations Committee to be chaired by Ms Conrad. The Nominations Committee will have responsibility for making recommendations to the Board on succession, and Board and Committee appointments.

Risk Committee

Christine O'Reilly (Chair)
Stephen Newton
Andrew Stevens

The purpose of the Risk Committee is to assist the Board to discharge its responsibilities in relation to:

- Assessing the effectiveness of Stockland's overall risk management framework
- Supporting a prudent and risk aware approach to business decisions across Stockland.

In FY23 the Risk Committee was involved in discussions and reviews relating to a variety of matters including Stockland's risk management framework, regulatory compliance obligations, work health and safety, cyber security management and data governance.

Sustainability Committee

Andrew Stevens (Chair)
Kate McKenzie
Adam Tindall

The purpose of the Sustainability Committee is to consider and make recommendations to the Board on:

- The sustainability impacts of Stockland's business activities including social and environmental.
- Approve specific external stakeholder communications.
- Major corporate responsibility and sustainability initiatives and changes in policy
- The Group's external sustainability policies and publicly disclosed sustainability targets and policies.

In FY23, the Sustainability Committee undertook a review of Stockland's Modern Slavery Statement and Climate Transition Action Plan prior to consideration by the Board.

!

Further information about our Board Committees can be found in the Committee Charters, available on our website **www.stockland.com.au/about-stockland/corporate-governance.**

Board and Committees Meetings

The number of Board and standing Board Committee meetings held during the financial year that each Director was eligible to attend, and the number of meetings attended by each Director is set out in the table below. In addition to the meetings below from time to time, ad-hoc briefings are also held with Board members.

	Scheduled Board		Audit Committee		People & Culture Committee		Sustainability Committee		Risk Committee	
	A	B	A	B	A	B	A	B	A	B
Director										
Mr T Pockett	10	11	–	–	4	4	-	-	–	–
Mr L Brindle	11	11	6	6	–	–	-	-	–	–
Ms M Conrad	11	11	–	–	4	4	-	-	–	–
Mr T Gupta	11	11	–	–	–	–	-	-	–	–
Ms K McKenzie	11	11	6	6	–	–	6	6	–	–
Mr S Newton	11	11	6	6	–	–	-	-	4	4
Ms C O'Reilly	10	11	6	6	–	–	-	-	4	4
Mr A Stevens	10	11	–	–	4	4	6	6	4	4
Mr A Tindall	11	11	6	6	–	–	6	6	–	–

A – Meetings attended / **B** – Meetings eligible to attend

Board effectiveness

Stockland is committed to having a Board composition which is informed by the principles set out in the ASX Corporate Governance Principles and Recommendations.

Board composition

Stockland is committed to ensuring that its Board is comprised of a majority of independent Non-Executive Directors, with the diversity of experience, skills and expertise necessary to deliver long-term sustainable returns to securityholders. The Board currently comprises one Executive Director and eight Non-Executive Directors. The membership of the Board is reviewed periodically having regard to the ongoing and evolving needs of Stockland. The Board considers a number of factors when filling a vacancy including:

Qualifications, skills and experience

The right mix of skills, expertise and experience to enable it to deal with current and emerging risks and opportunities, and to effectively review and challenge the effectiveness of management.

Independence

The Board will comprise a majority of Non-Executive Independent Directors and the Chair of the Board must be an independent director in accordance with the Board Charter.

Tenure

The Board balances longer-serving directors with a deep knowledge of Stockland's business, policies and history, and newer directors with fresh perspectives and different but complementary experience.

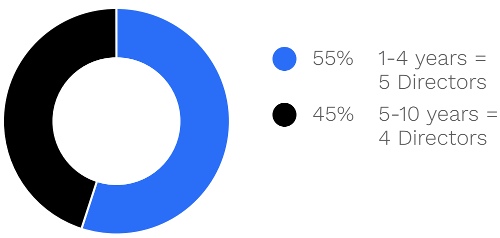
Diversity

The Board recognises the benefits of diversity both across the organisation as well as in relation to Board composition.

Tenure

As at 30 June 2023, the tenure profile of the Board is shown in the below diagram.

Tenure profile



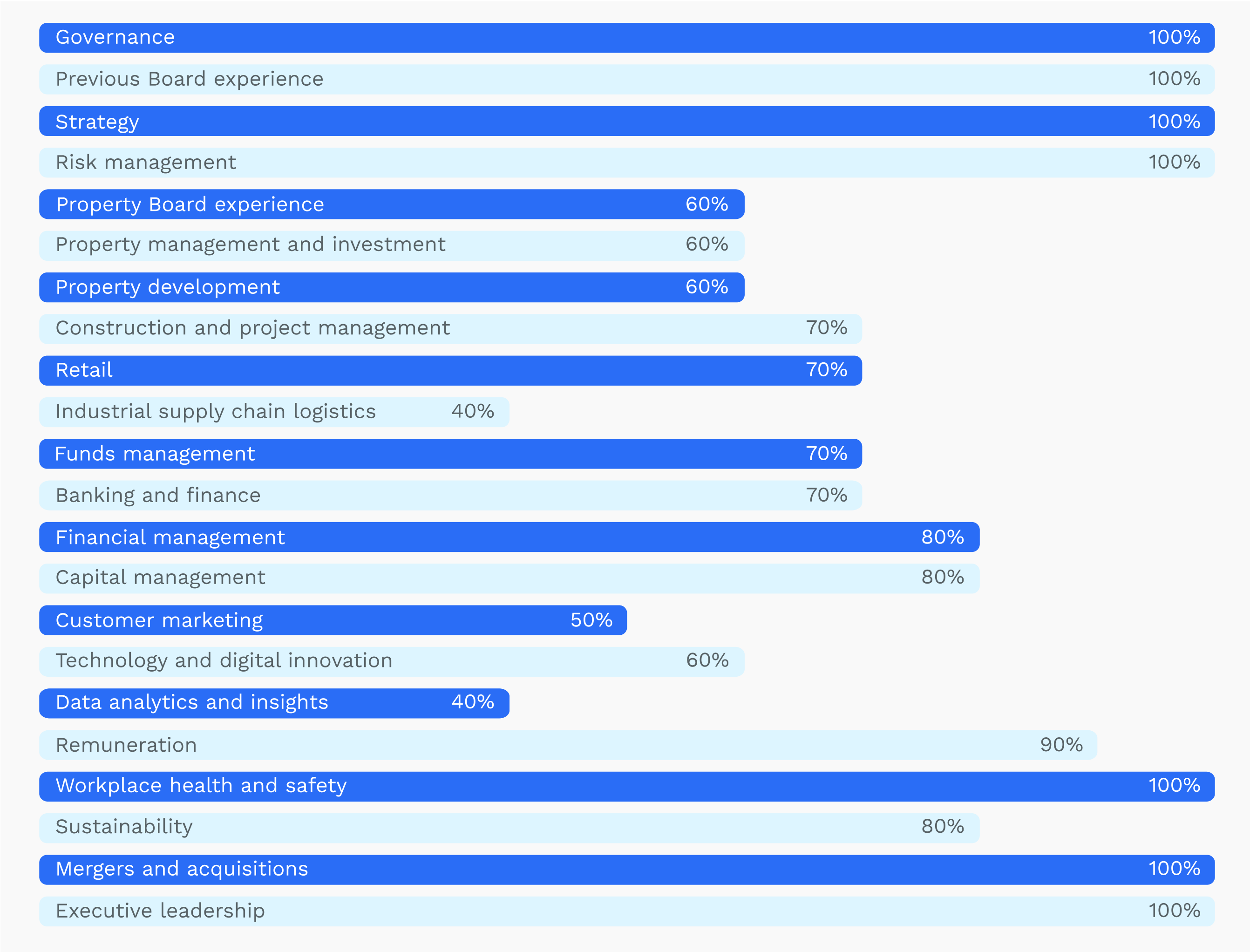
The Board believes that it is important to maintain a range of director tenures to facilitate orderly Board renewal while maintaining valuable continuity and corporate knowledge among directors.

The Group has an induction program for new Directors including detailed briefings from management, meetings with external advisors and asset tours. This complements the existing program of site tours, topic deep dives, portfolio and strategy briefings presented to the Board under an annual program agreed with the Chairman. In FY23 deep dive presentations to the Board included detailed consideration of the Group's strategic priorities including key underlying thematics regarding the future of workplace and mixed-use development, retail and technology, innovation and continued evolution of ESG including decarbonisation, social impact and nature.

Ultimately, the full Board determines who is invited to fill a casual vacancy after extensive one-on-one and collective interviews with candidates and thorough due diligence and reference checking. Written agreements setting out the terms of their engagement are entered into for all Directors and senior executives. Directors coming up for re-election are also reviewed by the People & Culture Committee and the Board considers whether to support their re-election. It is the Board's policy that Directors offer themselves for re-election only with the agreement of the Board.

Board skills matrix

Stockland is committed to having a Board whose members have the capacity to act independently of management, and have the collective skills and diversity of experience necessary to optimise the long-term financial performance of Stockland to deliver long-term sustainable returns to securityholders.



Board composition

The Board has identified a range of core skills and experience that will assist the Board collectively to fulfil its oversight role effectively.

These include:

- Experience with property investment and management
- Property and community development
- Construction and project management
- Retailing and consumer marketing
- Technology and digital innovation
- Data analytics and insights
- Industrial supply chain logistics
- Funds management
- Banking and finance
- Government and regulatory relations
- Environmental, social and governance matters
- Strategy development
- Significant senior executive experience

It is also advantageous for some Directors to have experience in the audit and risk management field, capital management, mergers and acquisitions, people management and executive remuneration. Climate risk is a key focus for Stockland. Directors have a wide range of experience in assessing, managing and responding to environmental risk with insights and learnings from different sectors and industries which complement the skills set identified in the matrix. During FY23 the Board received various presentations and briefings on a range of topics tailored for professional development, key thematics for Stockland and the ongoing responsibilities of the Board.

The Board believes that it has the right experience and skills to oversee the high standard of corporate governance, integrity and accountability required of a professional and ethical organisation as shown in the Skills Matrix diagram.

The Board has a process for regularly evaluating its performance with an external review undertaken every three years and internal feedback provided annually between each external survey. In FY23, the Board undertook an external review of performance with feedback from the review provided to the Board and individual directors. The review provided an opportunity to evolve the meeting cadence and format for the Board and Committees as well as further leverage the existing asset tour program.

Independence criteria

The Board regularly assesses the independence of each director in light of the interests that they have disclosed and such other factors as the Board determines are appropriate. In FY23 each Non-Executive Director satisfied the requirements for independence.

The criteria applied to determine whether a director is independent is set out in the Board Charter available on our website **www.stockland.com.au/about-stockland/corporate-governance**.

37.5%

Female Non-Executive Directors

Our approach to tax

Stockland's tax strategy is to conduct all its tax affairs in a transparent, equitable and commercially responsible manner, having regard to all relevant tax laws, regulations and tax governance processes, to demonstrate good corporate citizenship.

Tax control and governance policy framework

Stockland maintains a Tax Control and Governance Framework (TCGF), reviewed and approved by the Audit Committee, which outlines the principles governing Stockland's tax strategy and risk management policy.

The TCGF is consistent with the guidelines published by the Australian Taxation Office (ATO) regarding tax risk management and governance processes for large business taxpayers.

We undertake periodic reviews of the TCGF to test the robustness of the design of the framework against ATO benchmarks and to demonstrate the operating effectiveness of internal controls to stakeholders.

The key principles of the TCGF are summarised as follows:

- A tax strategy to conduct all tax affairs in a transparent, equitable and commercially responsible manner, whilst having full regard to all relevant tax laws, regulations and tax governance processes, to demonstrate good corporate citizenship;
- A balanced tax risk appetite that is consistent with the Board approved risk appetite, to ensure Stockland remains a sustainable business and a reputable and attractive investment proposition;
- A commitment to engage and maintain relationships with tax authorities that are open, transparent and co- operative, consistent with Stockland's Code of Conduct; and
- An operating and trading business based in Australia, with no strategic intentions of engaging in any tax planning involving the use of offshore entities or low-tax jurisdictions.

Voluntary Tax Transparency Code

As part of Stockland's commitment to tax transparency and demonstrating good corporate citizenship, Stockland has adopted the Australian Federal Government's Voluntary Tax Transparency Code (TTC), which provides a set of principles and minimum standards to guide medium and large businesses on public disclosure of tax information.

Tax disclosures and information

For information and detailed reconciliations of Stockland's tax expense, effective tax rate and deferred tax balances please refer to notes 21 (Income Tax) and 22 (Deferred Tax) in the Financial Report.

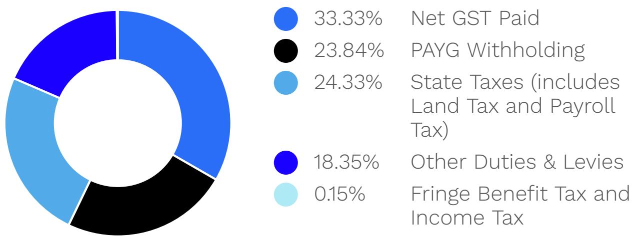
Tax contribution summary

As one of Australia's largest diversified property groups, which owns, develops and manages commercial property assets and residential communities, Stockland contributes to the Australia economy, through the various taxes levied at the federal, state and local government level.

In FY23 these taxes totalled more than $356 million, and were either borne by Stockland as a cost of our business or collected and remitted as part of our broader contribution to the Australian tax system.

The chart below illustrates the types of taxes that contributed to the taxes paid and/or collected and remitted for the 2023 tax year.

Total tax contribution (%)



General information

Directors' securityholdings

Particulars of securities held by Directors are set out in the Remuneration Report that forms part of this Report. No options have been granted to Directors during the period.

No proceedings

No application has been made under section 237 of the Corporations Act 2001 (Cth) in respect of Stockland, and there are no proceedings that a person has brought or intervened in on behalf of Stockland under that section.

Indemnities and insurance of officers and auditor

Subject to the following, no indemnity was given or insurance premium paid during or since the end of the Financial Year for a person who is or has been an officer or auditor of the Group.

The Group has paid an insurance premium in respect of Directors and Officers liability insurance contracts as permitted by the Corporations Act 2001. The terms of the insurance policy prohibit disclosure of details of the nature of the liabilities covered by, and the amounts of the premiums payable under, that insurance policy. Premiums are also paid for fidelity insurance and professional indemnity insurance to cover certain risks for a broad range of employees including Directors and senior executives.

In addition, each Director and some Key Management Personnel have entered into a Deed of Access, Indemnity and Insurance which provides for indemnity against liability as a Director or officer of the Group, except to the extent of indemnity under an insurance policy or where prohibited by statute. The deed also entitles the Directors and officers to access company documents and records subject to undertakings as to confidentiality.

Non-audit services

During the financial year the Group's auditor, PwC, provided certain other services to the Group in addition to their statutory duties as auditor.

The Board has considered the non-audit services provided during the financial year by the auditor and is satisfied that the provision of those services is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 (Cth).

The non audited services included services relating to:

- Traffic planning for Aura Town Centre and reviewing planning assumptions and updating traffic model
- Review of model and capital partnership strategy for confidential pipeline development project

The Audit Committee resolved that the provision of non-audit services during the financial year by PwC as auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 (Cth).

The Board's own review conducted in conjunction with the Audit Committee, having regard to the Board policy set out in this Report, concluded that it is satisfied the non-audit services did not impact the integrity and objectivity of the auditor; and the declaration of independence provided by PwC, as auditor of Stockland.

Details of the amounts paid to the auditor of the Group, PwC, and its related practices for audit and non-audit services provided during the financial year are set out in note34 of the accompanying financial statements.

Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001

The external auditor's independence declaration is set out on page77 and forms part of the Directors' Report for the year ended 30 June 2023.

Rounding off

Stockland is an entity of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the Financial Report and Directors' Report have been rounded to the nearest million dollars, unless otherwise stated.

Other Information

Associates and joint ventures, which the Company and Trust do not control, are not dealt with for the purposes of this statement, however management confirms that procedures are in place to assess the integrity of the financial information from these associates and joint ventures for the purposes of consolidating information into the financial accounts for the Company and the Trust.

To support the Executive Confirmations a robust framework exists to verify the integrity of the reporting provided to securityholders. For financial reporting periods this includes a structured series of management questionnaires, sign offs, direct interviews and engagement with auditors. All information released to the market is reviewed for accuracy, supported by a verification and management approval process and approved by the Continuous Disclosure Committee and, where required, the Board, as set out in the Continuous Disclosure and External Communications Policy available on our website **www.stockland.com.au/about-stockland/corporate-governance**.

The Board is promptly provided with a copy of all material market announcements after they have been made. Signed on behalf of the Board in accordance with a resolution of the Directors.

Tom Pockett	**Tarun Gupta**
Chairman	Managing Director

Dated at Sydney, 24 August 2023

Executive confirmations

The Managing Director and the Chief Financial Officer have provided a written statement to the Board that:

1. With regard to the integrity of the financial statements of Stockland Corporation Limited (the “Company”) and its controlled entities and Stockland Trust (the “Trust”) and its controlled entities for the financial year, being the year ended 30 June 2023, that having made appropriate enquiries, in our opinion:
   a. The financial records of the Company and the Trust and of the entities whose financial statements are required to be included in their respective consolidated financial statements (the consolidated entities) for the financial period, have been properly maintained in accordance with section 286 of the Corporations Act 2001 (Cth)
   b. The financial reports of the Company, the Trust and the respective consolidated entities, for the financial period, being the financial statements and notes thereto, comply with relevant accounting standards in accordance with section 296 of the Corporations Act 2001 (Cth) and give a true and fair view of the financial position and performance of the Company, the Trust and the respective consolidated entities, in accordance with section 297 of the Corporations Act 2001 (Cth).
2. With regard to the risk management and internal compliance and control systems of the Company, the Trust and the respective consolidated entities in operation for the year ended 30 June 2023, that having made appropriate enquiries to the best of our knowledge and belief:
   a. The statements made in (1b) above regarding the integrity of the financial reports are founded on a sound system of risk management and internal compliance and control systems which, in all material respects, implement the policies which have been adopted by the Board of Directors either directly or through delegation to senior executives.
   b. The risk management and internal compliance and control systems are operating effectively, in all material respects, based on the risk management model adopted by the Company and Trust.
   c. While these statements are comprehensive in nature, they provide a reasonable but not absolute level of assurance about risk management and control systems and do not imply a guarantee against adverse events or more volatile outcomes occurring in the future.
   d. Nothing has come to our attention since 30 June 2023 that would indicate any material change to the statements made above.

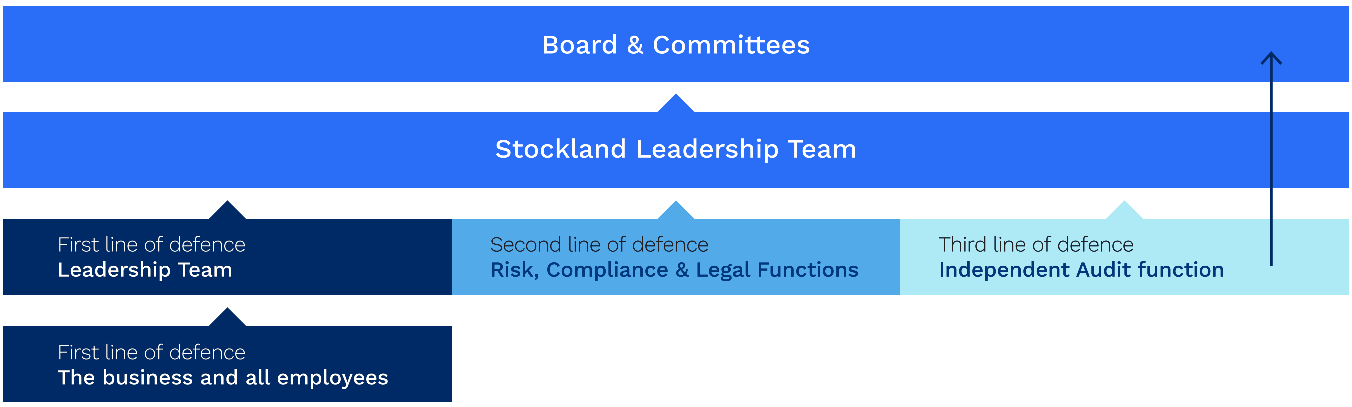
Associates and joint ventures, which the Company and Trust do not control, are not dealt with for the purposes of this statement, however management confirms that procedures are in place to assess the integrity of the financial information from these associates and joint ventures for the purposes of consolidating information into the financial accounts for the Company and the Trust.

Our approach to risk management

Stockland adopts a rigorous approach to understanding and proactively managing the material risks and opportunities we face in our business. We recognise that making business decisions which involve calculated risks and managing these risks within sensible tolerances is fundamental to creating long-term value for securityholders and meeting the expectations of all Stockland's stakeholders.

Stockland's risk appetite is the degree to which we are prepared to accept risk in pursuit of our strategic priorities. We continuously engage with our stakeholders and use these views, together with research and evidence, to maintain a register of the material risks and opportunities that influence our ability to deliver on our vision and purpose. The Board has determined that Stockland will maintain a balanced risk profile so that we remain a sustainable business and an attractive investment proposition over the long term.

We also recognise the importance of building and fostering a risk aware culture so that every individual takes responsibility for risks and controls in their area of authority. Our Code of Conduct applies to all employees and provides clear guidance on how we expect our people to accept, engage and respond to each other and our stakeholders. The performance scorecard for our employees, including our Managing Director and CEO and the Stockland Leadership Team also contains key performance indicators linked to effective risk management. The Board provides oversight of Stockland's **risk management framework** which is underpinned by our risk management framework and Three Lines of Defence model. Our governance framework is provided on page 57.



First line of defence	Second line of defence	Third line of defence	External Audit
The business & all employees The business, leadership team and every employee take responsibility for managing risks in their business operations and having controls in place to appropriately manage risk within our risk appetite.	**Risk, Compliance & Legal functions** Develops risk management policies, systems and processes to promote a consistent approach to risk management and provides an independent review of first line controls.	**Independent Audit function** This audit function performed by KPMG, provides independent assurance and regular reporting on the effectiveness and efficiency of our controls.	Provides reasonable assurance about whether the financial report is free from material misstatement and assurance over the sustainability reporting in the Annual Report.

Our materiality assessment

Stockland has adopted the materiality definition from the International Integrated Reporting Framework (Integrated Reporting) to disclose information about matters that may substantively affect the organisation's ability to create value over the short, medium, and long term. Our Leadership Team and Board regularly review these key risks and disclose them on a bi-annual basis.

We identify material matters using the following process:

1. Identify

Each year we conduct an operational and strategic risk assessment and identify draft material matters by capturing internal and external perspectives. Stakeholder perspectives included:

- Investor research and engagement
- Customer and tenant feedback and insights
- Supplier and partner feedback
- Employee surveys
- Political and regulatory developments
- Industry engagement and advocacy
- Social and mainstream media.

2. Evaluate and prioritise

Members of our Leadership Team and participated in structured workshops to evaluate the material matters, assess them in terms of greatest significance and prioritise them based on their ability to affect and impact on value creation over the short, medium and long term.

As part of the development of our refreshed ESG strategy, we assessed environmental, social, and economic matters that are material from an 'impact' perspective, commonly referred to as 'double materiality'. The areas we identified where we have an actual or potential positive and/or negative impact include housing affordability, decarbonisation, climate resilience, indigenous engagement, social inclusion, health and wellbeing, biodiversity, and the transition to a circular economy. These matters are being incorporated in our risks and opportunities and other key work streams underway across our business.

3. Review and disclose

The following risks and opportunities are considered the most relevant current material matters which are developed and mapped over time; **(S)** short, **(M)** medium, and **(L)** long term. There are a number of material matters which have an enduring impact across the time horizon which may require a phased response.

These have been reviewed and approved by Stockland's Leadership Team and Board. The process and associated disclosures have been assured by Ernst & Young **(EY)**.

Risks and opportunities

Our ability to adapt to new ways of working and maintain a strong corporate culture

S M

The ability to attract, engage and retain our employees is critical to our ongoing success. We have continued to adapt post COVID-19 ways of working by accelerating the adoption of new technology enabling greater workplace flexibility and new ways of working. Our strong employee engagement scores reflect our culture. We will continue to use this to mitigate compliance risk and the challenges posted by new ways of working.

We continue to focus on how we support employees by:

- maintaining a focus on fostering a strong and constructive culture to deliver value to all stakeholders;
- evolving our enterprise approach to flexibility. Our hybrid working model involves a mix of working in asset, office and at home or remote locations. This allows all employees to work flexibly, be productive, collaborative and supports their wellbeing;
- training our senior leaders to be more agile and resilient through Stockland leadership programs;
- communicating regularly with all our people across Stockland;
- continuing to invest in new ways of working to drive efficiency and improve our practices to increase accountability and build on core strengths; and
- supporting Employee Advocacy Groups focused on enhancing diversity, inclusion, flexibility and wellbeing.

Our ability to provide environments that support the health, safety, and wellbeing of our employees, tenants, residents, customers and suppliers

S M

The health and wellbeing of our people, suppliers and customers has always been and continues to be our priority. Health and safety incidents, including security threats can have long term impacts on our stakeholders. We are proactively reviewing our risk appetite on safety to align with the execution of our Group strategy.

We are committed to delivering communities and assets where our employees, tenants, residents, customers and suppliers always feel safe. We will continue to:

- foster a culture where health, safety and wellbeing are core values and continuous improvement of our safety performance is part of our normal business practice;
- Proactively review our safety management framework to align with the execution of our Group strategy;
- Further evolve our 'Sights on Safety' contractors, consultants and suppliers which has assisted in reducing incidents in key focus areas on our projects;
- train our employees and increase their risk awareness including undertaking regular scenario testing relevant to our business and operations; and
- deliver liveable communities for our residents, customers, and tenants, with a focus on embedding health safety and wellbeing into the design and operation of our assets.

Our ability to respond to geopolitical conditions that lead to economic uncertainty or volatility

S M

Changing geopolitical conditions that impact the global economy have led to and may continue to result in extended periods of increased uncertainty and volatility in the global financial markets and supply chains, which could adversely affect our business. This includes ongoing Russia/Ukraine conflict, macro-economic conditions (inflationary pressures and interest rate movements), changes in government, trade tensions, climate change, and technology and data.

We will continue to closely monitor political and economic risks and opportunities and continue enhancing our enterprise resilience.

We adopt a Group-wide strategic approach to managing our procurement and supply chain activities. Our Supply Chain Framework continues to support us in managing our suppliers and addressing supply chain risks as they arise. This includes a robust process for the selection, management, and oversight of our contracting partners to manage solvency risks.

Climate change may have adverse affects on our business

S M L

Climate-related risks will persist and escalate for the foreseeable future and the nature of these risks depends on complex factors such as policy change, technology development and market forces (transition risk). This is coupled with physical risk associated with changes in climatic conditions. These risks have the potential to damage our assets, disrupt operations and impact the health and wellbeing of our customers and communities.

We are committed to creating resilient assets that operate with minimal disruption in the event of increased climate events, as well as building strong communities that are equipped to adapt to long-term climate change risks and opportunities.

To do this, we will continue to:

- assess our portfolio for climate and community resilience and implement action plans;
- embed climate resilience within our standard asset risk assessment and investment governance;
- invest in asset upgrades and adapt community designs;
- work with our communities to build awareness of climate risks including cyclone, flood and bushfire risk to provide safe environments for people in and around our assets;
- assess and implement wholesale energy strategies and renewable energy installations, to provide alternative sources of energy to mitigate the risk of price shocks;
- actively manage our corporate insurance program to provide adequate protection against insurable risks; and
- continue to incorporate scenario analysis into our climate risk process to understand how physical and transition climate-related risks and opportunities may evolve over time.

We refreshed the climate scenarios used to assess the physical and transition risks and opportunities that could emerge from a changing climate. Insight from this analysis, which uses data from the International Energy Agency (IEA) and the latest climate science and models from the Intergovernmental Panel on Climate Change (IPCC), was used to inform the strategic priorities of our **Climate Transition Action Plan**.The Plan details our decarbonisation commitment to reduce and align our business carbon emissions with a science based 1.5°C trajectory and pathway as well as our approach to climate adaptation and resilience.

Information and technology system continuity and cybersecurity breaches mayimpact our business	
Our business leverages IT systems, networks, and data to operate efficiently. Managing potential IT system failures and cybersecurity breaches is a focus area to ensure we manage the risk of loss of sensitive information, operational disruption, reputational damage, fines and penalties. We also use technology and data to create a leading edge and differentiated customer offering through innovation and partnerships. Technology and data security are integral to our overall working environment and there are measures in place to help protect our business and employees from cyber security related threats, including: • providing a digitally safe working environment both in the office and for remote working; • protecting systems, networks and end-point devices; • embedding policies to safely control, access and manage data and privacy, for both employees and third parties; • Equipping and training our people to identify and manage potential threats; • vulnerability testing and security event monitoring to identify and respond to threats; and • simulated cyber attacks and recovery exercises to enhance resilience and identify potential improvement opportunities.	S M L
Housing affordability continues to impact the dynamics of the Australian housing market	
Relative affordability of housing continues to be challenged in the Australian market. To help address affordability we will continue to: • partner with government and industry to drive solutions including innovative construction processes to lower costs; proactively engage with industry bodies and governments in implementing support measures for the housing and construction sector; • provide a broad mix of value for money, quality housing options including house and land packages, completed housing, medium density, apartments and Land Lease Communities. • balance the demand from owner occupiers and investors so that our Masterplanned Communities remain attractive to future buyers.	S M L
Differences between community and customer expectations or beliefs and our current or planned actions could harm our reputation and business	
Standards for interaction with customer and the community have been under intense scrutiny in Australia for some time. It is important that we engage with our customers in a considered manner consistent with our Stockland CARE values. At Stockland, we have prioritised our focus on customer engagement including regular customer surveys, extra training for our customer-facing employees, development of a framework to guide our people in making ethical decisions and introduction of the 'Stockland Listens' initiative which connects our people to our customers to listen and learn from their experience. In addition, we have implemented a customer feedback framework with reporting through to our Board and Committees. There are consequences for behaviours that do not reflect Stockland's values including potential remuneration and employment impacts.	S M L
Our ability to anticipate and respond to changing consumer preferences for our products and services	
We will continue to: • foster a culture of innovation to identify and take advantage of opportunities to leverage movements in stakeholder preferences; • evolve our market-leading product innovation and deepen our customer insights using our proprietary Liveability Index research, Stockland Exchange (our online research community) and other data sources; • create sustainable and liveable communities and assets, resilient to changes in climate; • enhance our design excellence, providing greater functionality and value for money that meet the demands of Australia's changing socio-demographics, including an ageing population and more socially conscious millennials; and • continue to optimise our portfolio to meet changing conditions and customer and stakeholder preferences.	S M L
Regulatory and policy changes impact our business and customers	
Failure to anticipate and respond to regulatory and policy change could have an adverse effect on our ability to conduct business. We will continue to: • implement forward-looking practices to remain well positioned for regulatory change; • engage with industry and government on policy areas including taxation and planning reform; • focus our development activity in areas where governments support growth; and • carry out mandatory training for all employees in relation to the compliance areas and obligations relevant to our business.	S M L
Our ability to deliver on strategic priorities in challenging market conditions	
We will continue to monitor the impact of macro-economic conditions and its implications for our strategy and business. We will continue to carefully assess market conditions in the delivery of our strategic priorities. In addition, we will: • dynamically reshape the portfolio towards sectors supported by long term trends; • accelerate delivery in our core business; • scale institutional capital partnerships in each sector; • maintain a rigorous execution focus and pace while building enterprise capabilities; and • maintain a strong financial position and capital discipline.	M
Capital market volatility impacts our ability to transact and access suitable capital	
We will continue to drive growth in our business and deliver on our strategic priorities by: • allocating capital strategically across our diversified portfolio in response to changing markets; • progressing capital partnering opportunities across all sectors; • acquiring new assets on capital efficient terms; • retain a strong balance sheet at appropriate levels of gearing within our target range of between 20 to 30 per cent; • access diverse funding sources across global capital markets on competitive terms and tenors; • maintain our disciplined and prudent capital management approach; • retain investment grade ratings across multiple credit agencies to demonstrate our strong credit value proposition; and • engage with existing and potential debt and equity investors to regularly update them about the business.	M L

Auditor's Independence Declaration

As lead auditor for the audit of Stockland Corporation Limited and Stockland Trust for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Stockland Corporation Limited and the entities it controlled during the year and Stockland Trust and the entities it controlled during the year.

JReilly

Jane Reilly
Partner
PricewaterhouseCoopers

Sydney
24 August 2023

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Remuneration Report

Image caption:
Willowdale, NSW

Message from the Chair of the People & Culture Committee

On behalf of the Board, I am pleased to present the Remuneration Report for FY23

FY23 was a year of ongoing macroeconomic and geopolitical uncertainty. Against this backdrop, Stockland has delivered a solid FY23 result reflecting the continued execution of our strategy and focus on driving operational and financial performance while maintaining a strong capital position.

Guided by our strong connection to purpose, safety and our CARE values, Stockland's people have delivered positive outcomes for our stakeholders.

Our people & culture

At Stockland, we recognise our people are our most valuable asset. We foster a culture of connection and collaboration where our people can be themselves and thrive. Our diverse career opportunities and passion for learning means our people can grow as we grow, and make a real contribution towards our strategic objectives, creating a better future for our people, communities and the planet.

We are proud of our achievements in FY23 including:

- maintaining high levels of employee engagement during the year
- continuing to enhance our flexible approach to working and supporting the wellbeing of our teams
- investing in the capability of our leaders through programs designed to improve strategic alignment and building skills to lead our people through change
- the recognition of our graduate program in the Australian Financial Review annual survey as one of Australia's top 100 graduate employers
- supporting Chief Executive Women to launch its report exploring the experiences of culturally and racially diverse women in some of Australia's biggest companies. This builds on the work of our employee advocacy groups to drive gender equity and cultural diversity; and
- reducing our organization-wide gender pay gap by four percentage points. We have also maintained parity in like-for-like roles through the creation of pathways for women to enter and thrive in more senior, higher paying roles traditionally filled by men.

Performance and remuneration outcomes

The Board spends considerable time each year assessing performance and remuneration outcomes for the Managing Director and CEO and other members of the Stockland Leadership Team (SLT). The Board considers a range of quantitative and qualitative factors in its decisions. The remuneration outcomes for FY23 reflect:

- Stockland's performance against a range of measures of financial performance and financial value-drivers in our Short-Term Incentive (STI) Corporate Scorecard
- the quality of Stockland's performance in the context of the operating environment, peer financial performance and feedback from our stakeholders
- the importance of retaining our people and the talent required to execute our strategy and achieve our purpose; and
- how well we have managed risk, compliance and both the financial and non-financial issues that impact our reputation.

In determining the overall STI pool and individual STI awards for the Managing Director and CEO and other members of the SLT, the Board has taken care to balance the expectations of our stakeholders and the wider community. In doing so, the Board has used relevant data points, along with its judgement, and taken into consideration the following factors:

- Our focus on operational excellence continues to deliver strong performance across our diversified portfolio.
- We have achieved a strong FY23 financial result in a challenging environment, with pre-tax Funds From Operations (FFO) of $883 million reflecting a 3.8 per cent growth on FY22, and FFO per security towards the upper end of guidance at 37.1 cents.
- The increasing interest rate environment through FY23 has led to cap rate expansion across Commercial Property, which in turn has contributed to valuation declines. This has impacted Recurring Return On Invested Capital (ROIC) which at 3 per cent has fallen below the through the cycle long-term target range of 6-9 per cent.
- Development ROIC of 18 per cent, is at the top end of our target range of 14-18 per cent.

- We have retained a clear focus on financial discipline in response to the current macroeconomic uncertainty. By maintaining a strong balance sheet, and actively managing our gearing level and hedging profile to provide substantial liquidity, we have retained the option to invest in existing and emerging opportunities.

After careful consideration of these factors, we consider the following outcomes in FY23 to be appropriate:

- an STI award for the Managing Director and CEO equal to 77 per cent of his maximum STI opportunity; and
- awards to Other Executive Key Management Personnel (KMP) in the range of 62-79 per cent of maximum STI opportunity.

The grant of performance rights made to the Managing Director and CEO on commencement as compensation for incentives forfeited on ceasing employment with his previous employer to join Stockland has vested at 67.51 per cent and the 2020 Long-Term Incentive (LTI) Plan has vested at 100 per cent. These outcomes reflect Stockland's strong relative performance versus our peer index comparator group over multiple years.

Aligning remuneration to our strategy

As we stated in last year's Remuneration Report, the Board conducted a review of the executive remuneration framework for FY23 to optimise how it supports and aligns with the strategy.

The review incorporated feedback from securityholders and their representatives and identified opportunities to further evolve the framework's design and execution. These were set out in the Notice of Meetings for the 2022 Annual General Meeting and included:

1. Strengthening the performance focus by further simplifying the STI scorecard and aligning measures to the refreshed business strategy, such as introducing 'through the cycle' target ranges for Recurring and Development ROIC for FY23; and
2. Improving the alignment of LTI to the strategy and to support transformative growth.

To further align the interests of executives and securityholders and provide executives with a clear line of sight over LTI outcomes while driving security price growth, the Board introduced a second LTI measure in the form of absolute Total Securityholder Return (TSR) measure for 40 per cent of the LTI. The combination of Relative TSR and Absolute TSR creates strong alignment between our executives' performance and the experience of our securityholders.

To continue our focus on growing sustainable, high-quality earnings and delivering strong returns to securityholders, we also increased the maximum vesting opportunity for LTI in FY23 from 100 per cent to 150 per cent. Outcomes at this level will require significant out-performance on both an absolute and relative basis.

Melinda Conrad, *Chair, People & Culture Committee*

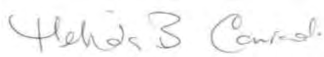
We consider that the refreshed executive remuneration framework to be aligned to Stockland's strategy during this period of transformative growth. We are also conscious that as we deliver on our strategy, retaining our best people will be increasingly critical. The ability to reward them more competitively for delivering strong securityholder returns provides a compelling proposition to remain in place during the execution of the strategy.

Looking ahead

While we continue to review our executive remuneration framework for ongoing alignment with our business strategy, no changes to the structure or the target level of remuneration (including fixed pay) for Executive KMP are planned for FY24. We continue to simplify our STI scorecard and have set challenging but achievable targets aligned to our strategic priorities.

We have made a small increase to the fees of non-executive directors who are members of the People & Culture, Risk, and Sustainability Committees to better reflect the workload of these committees and market practice. From 1 July 2023, the member fees for these committees increased from $17,500 p.a. to $20,000 p.a.

Thank you for your support. We look forward to your feedback.



Melinda Conrad
Chair, People & Culture Committee

This report forms part of the Directors' Report and has been audited in accordance with section 308(3C) of the Corporations Act 2001. The Remuneration Report covers Stockland and the Trust.

Remuneration Report

Contents

Key Management Personnel

Individuals who were KMP at any time during the financial year were as follows:

Name	
Non-Executive Directors	
Mr Tom Pockett	
Mr Laurence Brindle	
Ms Melinda Conrad	
Ms Kate McKenzie	
Mr Stephen Newton	
Ms Christine O'Reilly	
Mr Andrew Stevens	
Mr Adam Tindall	
Executive Director	
Mr Tarun Gupta	Managing Director and Chief Executive Officer
Other Executive KMP	
Ms Katherine Grace	Chief Legal & Risk Officer
Ms Alison Harrop	Chief Financial Officer
Mr Justin Louis[1]	Chief Investment Officer (from 1 July 2022)
Ms Louise Mason	CEO Commercial Property
Mr Andrew Whitson	CEO Communities

1 While Justin Louis commenced employment with Stockland as Chief Investment Officer on 1 November 2021, he was assessed as KMP with effect from 1 July 2022 following changes to Stockland's decision making framework to align with its key strategic priorities.

1. Remuneration framework at a glance

Our executive remuneration framework is designed to reflect our purpose and strategy.

Our Strategy
Leading creator and curator of connected communities

Our Purpose
A better way to live

Achieved by our strategic pillars

- Dynamically **reshape** portfolio
- **Accelerate** delivery in our core business
- **Scale** capital partnerships
- **Sustainable** long-term growth

Remuneration principles

- Fair and market competitive
- Linked to our strategic pillars
- Aligned to our stakeholders
- Sustainable
- Simple and transparent

Our remuneration framework – FY23

	Fixed Pay	Short Term Incentives	Long Term Incentives
Purpose	To attract and retain the executives capable of leading and delivering the strategy	Rewards the achievement of annual targets aligned to the delivery of sustainable stakeholder outcomes	Aligns executive outcomes with long-term securityholder returns and transformative growth
Link to performance	Remuneration for meeting the requirements of the role. Benchmarked against A-REIT and ASX 11-100 peers	Measures aligned to focus areas of value creation: • Financial (60%) • Financial Value Drivers (40%)	Stockland's Total Securityholder Return (TSR) compared to: • a composite index of A-REIT 200 peers (60%) • an absolute target (40%)
Delivery	Base salary, statutory superannuation and other benefits	A mix of cash and deferred securities	Performance Rights • 50% subject to 3-year performance and service period • 50% subject to 3-year performance and 4-year service period

Underpinned by our CARE values and prudent risk and capital management

2. Performance and remuneration outcomes

2.1. STI Corporate Scorecard assessment

The Board takes a robust approach to determining the STI pool and executive remuneration outcomes using judgement and oversight to consider a range of quantitative and qualitative factors. As a first step, an assessment is made of performance against the STI Corporate Scorecard shown below.

KPI	Commentary	Overall Assessment
Financial Performance (60%)		
Financial		Min / Max
Drive Group Financial Performance through • FFO of 36.4 to 37.4 cents per security • FFO of $867 million to $891 million	• FFO was $883 million (37.1 cents per security) towards the upper end of guidance	
• Recurring ROIC through-cycle target range of 6-9 per cent	• Recurring ROIC was 3 per cent, below the target range	
• Development ROIC through-cycle target range of 14-18 per cent	• Development ROIC was 18 per cent, at the upper end of our target range	
Financial Value Drivers (40%)		
Strategy		Min / Max
Delivering on our strategic pillars • Dynamically reshape portfolio • Accelerate delivery in our core businesses • Scale capital partnerships • Sustainable long-term growth	• continued to upweight our capital exposure towards our high conviction sectors of logistics, land lease and residential • continued to reshape our portfolio in line with our strategy. We completed the divestment of our Retirement Living business in July 2022 and executed on ~$266 million of non-core Town Centre asset sales • extended our existing relationship with Mitsubishi Estate Asia through an agreement to invest in masterplanned communities • increased our land lease portfolio to more than 10,500[1] home sites and accelerated the creation of high quality Land Lease Communities investment assets • completed the integration of the Halcyon Group's land lease business • progressed master planning and authority approvals on our existing land bank, with apartments projects in advanced planning and design • refreshed our ESG strategy which is underpinned by a focus on innovation, scale and economically sustainable solutions • continued our focus on elevating the risk and safety performance of the Group • while progressing our strategic initiatives, we have remained focused on balance sheet strength and financial flexibility	
Customers and Partners		Min / Max
Find, create and capture customer value by enhancing and embedding a customer-centric culture	• continued to drive customer-centric culture. The results from our employee survey that measure customer focus show significant progress and are well above the Willis Towers Watson Australian National Norms • launched a new learning pathway tailored to Stockland's business model, focusing on linking customer experience to commercial value • exceeded targets for five out of seven customer experience metrics • continued focus on building strong relationships with capital partners	
People and Capability		Min / Max
Position Stockland as an employer of choice by providing leadership in attracting, integrating and retaining talent and continuing to drive an inclusive and diverse workplace	• the implementation of our people and culture strategy is delivering a highly engaged workforce, improved leadership capability and strong talent retention • achieved an employee engagement score of 88 per cent which places us 8 points above the Willis Towers Watson Australian National Norm • launched our Bold Futures leadership program designed to improve strategic alignment and build skills to lead our people through our ambitious change agenda • achieved 41 per cent of women in our leadership team • recognised in the Australian Financial Review annual survey as one of Australia's top 100 graduate employers	

1 Includes post balance date acquisition of five Land Lease Communities projects.

How the Board uses discretion

To deliver an STI outcome which is a fair reflection of the quality of our overall performance and aligned to the experience of our stakeholders, the Board undertakes a second step which involves reviewing a range of other data points, agreed and identified at the start of the year, to consider factors not explicitly included in the STI Scorecard:

- the perspectives of our stakeholders, including securityholders, customers and employees
- the alignment of incentive outcomes with market and community expectations
- any one-off or unusual items and the impact of unforeseen events on the business and securityholder outcomes
- our operational and sustainability performance
- prudent management of capital
- how effectively we have managed risk and safety, and any other issues that may affect our brand and reputation.

Following an assessment of the STI Scorecard and all other relevant factors, the Board approved an STI pool for FY23 funded at 105 per cent of target opportunity.

The Board places great weight when determining incentive outcomes on how effectively risk, safety and other matters that may impact our brand and reputation have been managed. After careful consideration, the Board made no further adjustments to the STI outcomes for the Managing Director and CEO, other SLT members or the overall STI pool for FY23.

The Board considers an STI pool funded at 105 per cent of target opportunity appropriate in the context of a solid result and reflects the strength of our diversified platform and the cumulative results of several years' worth of focused and disciplined efforts by the team to create a high quality, resilient portfolio and development pipeline.

Incorporating ESG performance into incentive outcomes

It is our responsibility to find the right balance between economic, social and environmental outcomes for our communities and stakeholders by proactively responding to global and industry matters that are impacting us today and into the future.

Stockland's ESG performance, in alignment with our 2030 Sustainability Strategy that was active in FY23, is considered in both the STI Corporate Scorecard (i.e. the first step) as a strategic business priority and as part of the discretionary overlay (i.e. the second step) in determining short term incentive outcomes. Incorporating ESG performance in this way means that all measures in the scorecard, including financial, are impacted by ESG performance.

By way of example, our Investment Governance framework includes initial filters to identify and assess ESG risks and opportunities across categories such as physical climate risk, nature / biodiversity risk and First Nations engagement. This framework supports decision-making at the commencement of our projects and creates a solid foundation for the delivery of commercially sound ESG outcomes as well as embedding a culture of awareness of ESG considerations within business development teams.

With the launch of our new ESG Strategy and work to embed ESG into our business-as-usual activities, we will continue to consider how performance against our strategy and targets is incorporated in executive remuneration going forward.

2.2. Executive KMP STI outcomes

The table below sets out the STI awards for FY23. STI incentives are awarded in both cash and Stockland securities with deferred vesting. In accordance with the normal operation of the STI plan, half of the STI award for the Managing Director and CEO will be paid in cash (two-thirds of the STI award for Other Executive KMP will be paid in cash) with the remaining amount delivered in deferred securities. Half of the deferred STI securities will vest 12 months after the award, with the remaining half vesting 24 months after the award, subject to service conditions and clawback provisions.

In determining individual STI awards, the Board took into account Stockland's overall performance as well as performance of the individual in meeting business unit / functional and personal objectives, including risk and safety behaviours and conduct.

	Target STI (as % of Fixed Pay)	Maximum STI (as % of Fixed Pay)	STI awarded (as % of Target)	STI awarded (as % of Maximum STI)	STI awarded for FY23	STI paid in cash[1]		STI deferred into equity[2]		DSTI securities to be granted[3]
	%	%	%	%	$	$	%	$	%	
Executive Director										
Tarun Gupta	100	150	115	77	1,725,000	862,500	50	862,500	50	212,822
Other Executive KMP										
Katherine Grace	90	135	105	70	614,250	409,500	67	204,750	33	50,522
Alison Harrop	90	135	93	62	702,513	468,342	67	234,171	33	57,782
Justin Louis	90	135	105	70	708,750	472,500	67	236,250	33	58,295
Louise Mason	90	135	118	79	903,656	602,438	67	301,218	33	74,326
Andrew Whitson	90	135	105	70	803,250	535,500	67	267,750	33	66,068

1 The portion of STI awarded for the FY23 performance year which is paid as cash.
2 The portion of STI awarded for the FY23 performance year that is deferred into Stockland securities which will vest over the next two years.
3 The number of securities granted for deferred STI is based on the Volume Weighted Average Price for the ten business days after 30 June 2023. This price was $4.0527.

2.3. Performance against LTI measures

The table below shows Stockland's performance against the relative TSR performance hurdle for awards for which the performance period ended on 30 June 2023. This includes the 2020 LTI award which will vest at 100 per cent subject to further serivce conditions and the special grant of performance rights granted to Tarun Gupta on 1 July 2021 as compensation for incentives forfeited on ceasing employment with his previous employer to join Stockland which will vest at 67.51 per cent subject to further service conditions.

The table below also shows the 2021 and 2022 LTI awards for which the performance period is ongoing.

LTI award	Performance period	Performance condition	Target/ benchmark performance	Actual performance	Out/(Under) performance	% vesting	Weight	Vesting outcome
2020 LTI	1 July 2020 – 30 June 2023	Relative TSR[1]	16.81%	37.00%	20.19%	100.00%	100%	100.00%
2021 Special Grant	1 July 2021 – 30 June 2023	Relative TSR[1]	-1.71%	0.04%	1.75%	67.51%	100%	67.51%
2021 LTI	1 July 2021 – 30 June 2024	Relative TSR[1]	Performance period ongoing				100%	
2022 LTI	1 July 2022 – 30 June 2025	Relative TSR[1]	Performance period ongoing				60%	
		Absolute TSR	Performance period ongoing				40%	

1 For LTI awards, the relative TSR performance benchmark is a tailored A-REIT 200 index comprising the largest five companies forming 80% and a number of smaller companies forming 20%.

2.4. Realised remuneration table (NON-IFRS DISCLOSURE)

The table below outlines the cash remuneration that was received in relation to FY23 which includes Fixed Pay and the non-deferred portion of any FY23 STI. The table also includes the value of deferred STI awards from FY21 and FY22 which vested during FY23, prior year LTI awards which vested during FY23 and any other payments made.

This information differs from that provided in the remuneration table for executives set out in section 5.1 which was calculated in accordance with statutory rules and applicable Accounting Standards.

$		Fixed Pay[1]	STI awarded and received as cash[2]	Previous years' DSTI which were realised[3]	Previous years' LTI which were realised[4]	Other Payments[5]	Total Remuneration (received and/or realised)	Awards which lapsed or were forfeited[6]
Executive Director								
Tarun Gupta	**2023**	**1,500,042**	**862,500**	**878,633**	**-**	**-**	**3,241,175**	**-**
	2022	1,557,340	1,087,500	-	-	650,000	3,294,840	-
Other Executive KMP								
Katherine Grace	**2023**	**649,932**	**409,500**	**219,389**	**621,962**	**-**	**1,900,783**	**-**
	2022	674,603	525,256	282,840	295,504	-	1,778,203	300,724
Alison Harrop[7]	**2023**	**823,758**	**468,342**	**81,321**	**-**	**-**	**1,373,421**	**-**
	2022	420,000	302,102	-	-	-	722,102	-
Justin Louis[8]	**2023**	**763,248**	**472,500**	**281,504**	**-**	**-**	**1,517,252**	**-**
	2022	-	-	-	-	-	-	-
Louise Mason	**2023**	**851,169**	**602,438**	**802,937**	**768,501**	**-**	**3,025,045**	**-**
	2022	830,380	610,560	388,436	369,379	-	2,198,755	375,906
Andrew Whitson	**2023**	**851,367**	**535,500**	**298,744**	**768,501**	**-**	**2,454,112**	**-**
	2022	830,380	696,039	410,085	369,379	-	2,305,883	375,906

1 Fixed Pay includes cash salary, superannuation and packaged benefits (and associated taxes). Following an internal and external benchmarking exercise, the Fixed Pay for both Louise Mason and Andrew Whitson increased from $800,000 to $850,000 for FY23.
2 FY23 STI awards are shown in section 2.2. Other Executive KMP received an STI split reflecting two thirds cash and one third equity. The Managing Director and CEO received an STI split reflecting half cash and half equity.
3 This represents the value of all prior years' deferred STI which vested during FY23 using the 30 June 2023 closing security price of $4.03 (FY22: $3.61). For Tarun Gupta, this includes tranche 1 of the securities awarded as a one-off grant as compensation for incentives forfeited on ceasing employment with his previous employer to join Stockland which vested on 1 September 2022. For Justin Louis, this includes tranche 1 of a special grant of securities awarded as a one-off grant as compensation for incentives forfeited on ceasing employment with his previous employer to join Stockland which vested on 30 June 2023. For Louise Mason, this includes securities awarded as a one-off retention award which vested on 30 June 2023.
4 This represents the value of all prior years' LTI which vested during FY23 using the 30 June 2023 closing security price of $4.03 (FY22: $3.61).
5 This represents the cash payment paid to Tarun Gupta in September 2021 as compensation for incentives forfeited to join Stockland.
6 The value shown represents the value of any previous years' equity awards which lapsed or were forfeited during the financial year. The FY23 values are based on the closing 30 June 2023 security price of $4.03 (FY22: $3.61).
7 Alison Harrop commenced with Stockland on 10 January 2022, as a result her prior year remuneration represents a portion of the year.
8 Justin Louis became KMP on 1 July 2022.

2.5. Financial performance over the past five years

The remuneration outcomes for our executives vary with short-term and long-term performance outcomes. The table below summarises Stockland's performance for the past five years and shows the link to incentive outcomes.

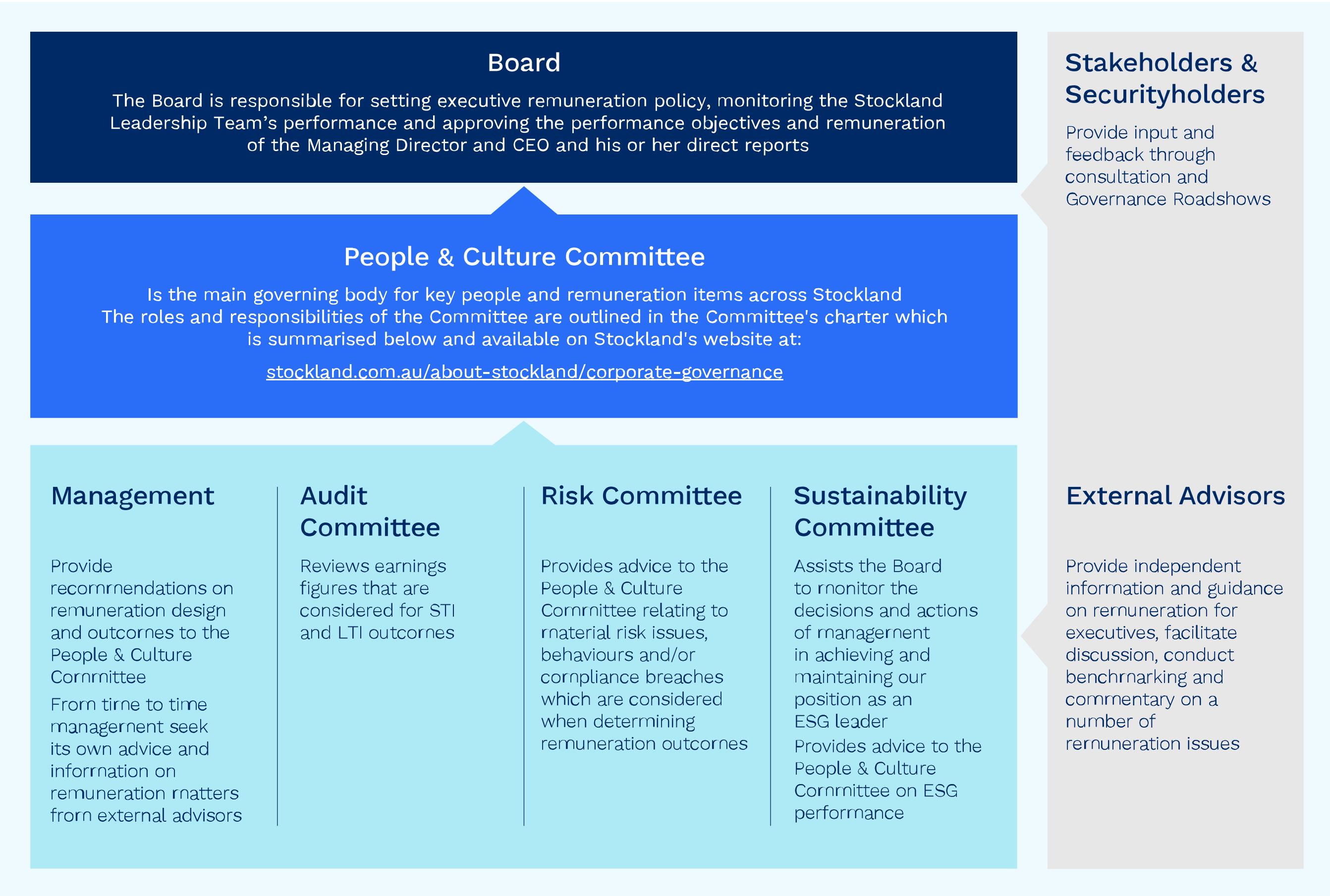
	FY19	FY20	FY21	FY22	FY23
Financial performance					
Pre-tax FFO ($m)[1]	897	825	788	851	**883**
Post-tax FFO ($m)[2]	897	825	788	851	**847**
Statutory profit ($m)	311	-21	1,105	1,381	**440**
Pre-tax FFO per security (cents)	37.4	34.7	33.1	35.7	**37.1**
Statutory EPS (cents)	13.0	(0.9)	46.4	57.9	**18.5**
Recurring ROIC (%)[3]				10	**3**
Development ROIC (%)				16	**18**
Returns to securityholders					
Security price as at 30 June ($)	4.17	3.31	4.66	3.61	**4.03**
Distribution per security (cents)	27.6	24.1	24.6	26.6	**26.2**
Stockland TSR – 1 year (%)	13.9	(15.8)	48.5	(17.2)	**19.4**
Tailored index TSR (%)[4]	27.0	(21.3)	19.9	(3.6)	**(0.6)**
Incentive outcomes					
Cash STI ($m)[5]	22.1	16.0	24.2	36.6	**33.1**
DSTI ($m)	6.6	7.4	5.4	9.4	**8.8**
Company-wide STI pool ($m)	**28.7**	**23.4**	**29.6**	**46.0**	**41.9**
Managing Director and CEO STI (% of target)	80.0	76.6	100.0	145.0	**115.0**
LTI vested (% of grant)[6]	47.1	0.0	48.4	48.3	**100.0**
Managing Director and CEO total incentive outcome (% of maximum opportunity)	49.8	21.9	56.2[7]	96.7[8]	**76.7**[8]

1 This is the measure for incentive purposes
2 FFO is a non-IFRS measure and recognises the importance of FFO in managing our business and its use as a comparable performance measurement tool in the Australian property industry. The reconciliation of FFO to statutory profit after tax is presented in note 2A of the Financial Report.
3 Not measured prior to FY22.
4 Tailored A-REIT 200 index comprised five large companies forming 80% and several smaller companies forming 20% as detailed in Section 4.5. Used since FY17 as a LTI hurdle.
5 Includes applicable superannuation.
6 Represents the achievement of performance hurdles tested during the year.
7 Applies to the former Managing Director and CEO, Mark Steinert. The current Managing Director and CEO was not eligible to receive an STI or LTI award for FY21.
8 There was no LTI tested in FY22 or FY23 for the current Managing Director and CEO.

3. Remuneration governance

3.1. Governance framework

Stockland has a robust remuneration governance framework overseen by the Board. This ensures remuneration arrangements are appropriately managed and the agreed frameworks and policies are applied across Stockland.



3.2. The role of the People & Culture Committee

The People & Culture Committee is responsible for reviewing, monitoring, and making recommendations in relation to the appointment, performance and remuneration of the Managing Director and CEO and senior executives. Where decisions are being made on the variable remuneration outcomes of executives, the executives being discussed are not present at the meeting.

The Committee also oversees the implementation of all major employment and remuneration policies, at all levels in the organisation to seek fairness and balance between reward, cost, and value to Stockland, whilst also reflecting risk, safety and compliance performance using input from the Audit Committee and Risk Committee, and ESG performance using input from the Sustainability Committee.

The Committee approves the remuneration framework for all employees, including risk and financial control personnel and employees whose total remuneration includes a significant variable component.

3.3. The use of external advisors

Remuneration consultants are engaged from time to time to provide independent information and guidance on remuneration for executives, facilitate discussion, conduct benchmarking and provide commentary on a number of remuneration issues. Any advice provided by external advisors is used as a guide and is not a substitute for the considerations and procedures of the Board and People & Culture Committee.

During the year, the People & Culture Committee engaged Ernst & Young (EY) as needed on executive remuneration matters. EY provided market practice, remuneration data, trends and assistance with stakeholder engagement matters. Stockland also subscribes to a number of independent salary and remuneration surveys, including property sector specific surveys run by AON Hewitt, Avdiev, PwC and Mercer.

During FY23, no recommendations in relation to the remuneration of KMP were provided as part of these engagements.

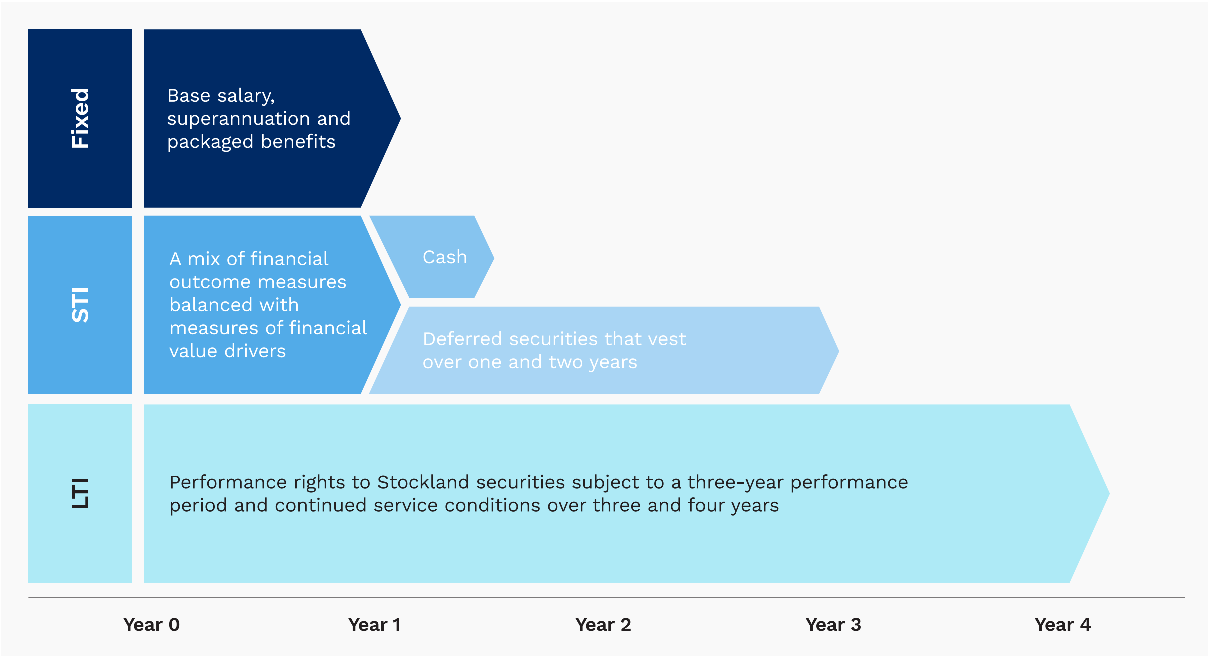
3.4. Other governance practices

Managing risk	Stockland's remuneration structure is underpinned by our CARE values and prudent risk management. The way executives manage risk and conduct themselves are key considerations of the Board in determining incentive outcomes. Specific practices include: • a joint meeting of the People & Culture Committee and Risk Committee is held to discuss input from the Group Risk Officer on material risk and safety issues, behaviours and / or compliance breaches which are considered when determining remuneration outcomes; • incentive plans that balance both short and long-term performance against a range of financial metrics and financial value drivers aligned to Stockland's long-term strategic priorities; • the deferral of a significant portion of the STI award in Stockland securities which vests over an extended time frame; • plan rules which provide the Board with discretion to take other factors not included in the corporate scorecard into account when determining incentive outcomes; and • the use of a clawback (malus) provision
Use of discretion	The Board retains the right to apply discretion over remuneration decisions to ensure outcomes for executives appropriately reflect the performance of the individuals and Stockland and reflect the expectations and experience of stakeholders. In this regard, Stockland has established a framework for applying discretion to adjust remuneration outcomes upwards or downwards, including to zero, where appropriate.
Consequence management	Our consequence management framework considers two key aspects: 1. The materiality of matters using an agreed materiality scale taking into account the seriousness of the matter and impact to the business, customers and other stakeholders, and 2. An assessment against our CARE values to assess that the intent, behaviours and response aligns to our expected cultural behaviours. For example, • Were the associated behaviours inconsistent with our Code of Conduct? • Was the response appropriate, considered and timely? • Was there appropriate accountability from relevant stakeholders?
Change in control	A change in control is defined in the plan rules governing Stockland's incentive plans as a circumstance where any person together with their associates acquire Stockland securities which when aggregated with securities already held by that person and their associates, comprises more than 50 per cent of the issued securities of Stockland. The Board will not accelerate the vesting of unvested incentives in the event of a change in control, except to the extent that applicable performance conditions (determined as at the date of the change of control) have been satisfied.
Minimum securityholding	The Managing Director and CEO is required to build and maintain a minimum holding of Stockland securities equivalent to at least two times fixed pay (one times fixed pay for Other Executive KMP) for any securities granted after 1 July 2010. This aligns the interests of executives to those of securityholders and encourages a mindset of business ownership.
Securities Trading Policy	The Stockland Securities Trading Policy prohibits employees from dealing in Stockland securities while in possession of price-sensitive information that is not generally available to the public. The Managing Director and CEO and senior executives may otherwise only deal in Stockland securities during permitted trading windows after first obtaining consent of the Chairman of the Board. The policy also prohibits employees entering into any derivative or margin lending arrangements over Stockland securities at any time.
Clawback (malus)	The Board may in its absolute discretion determine that some or all of an employee's unvested STI and/or LTI awards be forfeited if, in the Board's reasonable opinion, adverse circumstances affecting the performance or reputation of the company have come to the Board's attention which had they known at the time when the incentive award was being made, would have caused the Board to make a different decision. Clawback may apply both while the employee is employed or after termination of employment.
Loans to KMP and related party transactions	There were no loans provided to KMP during the year ended 30 June 2023. There are no related party transactions between KMP and the Company during the current year and the previous year.

4. Executive remuneration in detail

4.1. Remuneration delivery

To deliver our strategy, our executive remuneration framework needs to reflect Stockland's desire to attract and retain the best people. Stockland's executive remuneration framework is structured so that a substantial portion of remuneration is delivered as Stockland securities through STI and LTI. This section sets out our approach in FY23.



4.2. Remuneration mix

Generally, Stockland's executives have a greater proportion of remuneration subject to performance conditions than their counterparts in comparable companies, with 75 per cent of the Managing Director and CEO and 68 per cent of Other Executive KMP remuneration performance based. We believe this provides strong alignment between executive outcomes and performance.

Managing Director and CEO

	Performance based			
Fixed Pay 25%	Target STI 25%		LTI at face value 50%	
	Cash 12.5%	Deferred 12.5%	Relative TSR 30%	Absolute TSR 20%

Other Executive KMP

	Performance based			
Fixed Pay 32%	Target STI 29%		LTI at face value 39%	
	Cash 19%	Deferred 10%	Relative TSR 23%	Absolute TSR 16%

4.3. Key changes for FY23

We introduced four changes to the executive remuneration framework for FY23 as follows:

Elements	Change	Rationale
STI scorecard performance measures	Introduced Recurring ROIC and Development ROIC targets (replacing Return on Equity)	Improves alignment to the refreshed strategy and strengthens performance orientation.
LTI measures	Introduced absolute TSR as a second measure alongside relative TSR	Through the combination of relative and absolute TSR, executives are strongly aligned to the interests and experience of securityholders. The inclusion of absolute TSR increases the line of sight for executives between the delivery of strategy and reward outcomes.
LTI vesting schedule	Extended the maximum vesting opportunity to 150 per cent for the FY23 LTI award	Incentivises executives for accelerating the execution of the strategy and delivering strong returns to securityholders through the creation of transformative, sustainable growth. Provides a compelling proposition for executives to remain in place for the execution of the strategy.
Leaver provisions	Removed acceleration of unvested time-based incentives on 'good leaver' termination	Strengthens risk management and aligns to best practice.

4.4. Fixed Pay

Elements	How Fixed Pay Works
Purpose	To attract and retain the executives capable of leading and delivering the strategy
Includes	• Comprises cash salary, superannuation contributions and packaged benefits (including associated taxes) • Package benefits may include novated leases on vehicles and parking
Changes during the year	• Following an internal and external benchmarking exercise, the Fixed Pay for both Louise Mason and Andrew Whitson increased from $800,000 to $850,000 for FY23.
Benchmarking approach	• Quantum and remuneration mix are benchmarked to test that total remuneration remains market competitive Remuneration is reviewed annually against independently provided external data sources and market benchmarks and considers the relative size, scale and complexity of roles • A target fixed and total remuneration position is established with reference to the market median and 75th percentile • Aim to provide total remuneration above the market median if outstanding performance is achieved.
Sources of data	The People & Culture Committee typically uses several sources for benchmarking for the Managing Director and CEO and Other Executive KMP members including publicly available data for similar roles in companies of a similar size, such as: • Market Capitalisation Group: ASX listed companies that are ranked between 11 and 100 by market capitalisation (excluding companies domiciled outside Australia) • Publicly available data for comparable roles at our Property sector peers • Companies where we compete for talent • Published remuneration surveys, remuneration trends and other data sourced from external providers.

4.5. Short-Term Incentives

<table>
<tr><th>Elements</th><th colspan="4">How Short-Term Incentives work</th></tr>
<tr><td>Purpose</td><td colspan="4">To reward the achievement of annual targets aligned to the delivery of sustainable stakeholder outcomes</td></tr>
<tr><td rowspan="3">Target and maximum STI opportunity</td><td colspan="2">Per cent of fixed pay</td><td>Target</td><td>Maximum</td></tr>
<tr><td colspan="2">Managing Director and CEO</td><td>100%</td><td>150%</td></tr>
<tr><td colspan="2">Other Executive KMP</td><td>90%</td><td>135%</td></tr>
<tr><td rowspan="6">STI performance measures</td><td colspan="3">Performance measures</td><td>Reason for choosing this measure</td></tr>
<tr><td rowspan="2">Financial outcomes (60%)</td><td colspan="2">• Funds from operations</td><td>• Key measures of progress against our strategy to grow asset returns</td></tr>
<tr><td colspan="2">• Recurring ROIC
• Development ROIC</td><td>• Reflects how well Stockland is investing capital to generate high quality, sustainable earnings</td></tr>
<tr><td rowspan="3">Financial value-drivers (40%)</td><td colspan="2">• Strategy</td><td>• Drives focus on the delivery of important initiatives aligned to our strategic priorities</td></tr>
<tr><td colspan="2">• Customers and partners</td><td>• A measure of how well we are meeting the expectations of our customers and partners</td></tr>
<tr><td colspan="2">• People and capability</td><td>• Recognises that organisations with a diverse, inclusive and engaged workforce deliver superior returns</td></tr>
<tr><td>Performance assessment</td><td colspan="4">The Board takes a robust approach to determining executive remuneration outcomes, using judgement and oversight to consider a range of quantitative and qualitative factors. As a first step, a bottom-up assessment of the STI Corporate Scorecard is conducted to provide an initial view of the potential pool. A discretionary overlay is then applied to allow for other factors affecting performance that were not reflected in the scorecard.

Individual awards are proposed by the Managing Director and CEO, endorsed by the People & Culture Committee and approved by the Board. For the Managing Director and CEO, the People & Culture Committee proposes the STI award for Board approval.</td></tr>
<tr><td rowspan="3">Delivery</td><td colspan="2"></td><td>Cash</td><td>Deferred Securities</td></tr>
<tr><td colspan="2">Managing Director and CEO</td><td>50%</td><td>50%</td></tr>
<tr><td colspan="2">Other Executive KMP</td><td>Two thirds</td><td>One third</td></tr>
<tr><td>Leaver provisions</td><td colspan="4">• On voluntary termination or termination for cause or due to poor performance, all awards are forfeited.
• In the circumstances of death, disability, retirement, redundancy or mutually agreed separation, the Board has discretion to retain deferred awards.</td></tr>
</table>

4.6. Long-Term incentives

Elements	How Long-Term Incentives work				
Purpose	To align executive outcomes with long term securityholder returns				
Instrument	• LTI awards are made in the form of performance rights to Stockland securities granted under the Stockland Performance Rights Plan. • A performance right is a right to acquire, at no cost to the executive, one fully paid Stockland security subject to certain performance and service conditions. • No distributions are paid on performance rights				
Target and maximum LTI opportunity	**Per cent of fixed pay**			**Target**	**Maximum**
	Managing Director and CEO			200%	300%
	Other Executive KMP			120%	180%
	Stockland uses a 'face-value' methodology for allocating performance rights, being the volume weighted average price of Stockland securities for the 10 trading days post 30 June. For the FY23 award, this price was $3.7429.				
Performance period	1 July 2022 – 30 June 2025				
LTI performance measures	• The 2020 and 2021 Grants are subject to relative TSR as the sole performance condition with maximum vesting at 100 per cent. • From 2022, vesting of LTI awards are subject to relative TSR and absolute TSR as the performance conditions. The Board believes that these measures provide a suitable link to long term securityholder value creation.				
		Relative total securityholder return (RTSR) – 60%		**Absolute total securityholder return (ATSR) – 40%**	
	Rationale	Through the combination of relative and absolute TSR, executives are strongly aligned to the interests and experience of securityholders. The inclusion of absolute TSR increases the line of sight for executives between the delivery of strategy and reward outcomes.			
	Definition	TSR measures the growth in the price of securities plus cash distributions notionally reinvested in securities.			
	Target Setting	TSR is measured against a composite index of 15 A-REIT 200 peers excluding Arena, Charter Hall Group, Cromwell Property Group, Goodman Group, Home Consortium Limited and Waypoint (as either their revenues are driven by funds management fees or are organisations who have assets predominantly outside of Australia or are misaligned to Stockland's assets). Each of the five largest capitalised companies from the peer group has been allocated a 16 per cent weighting, while each of the other 10 smaller capitalised companies has been allocated a 2.2 per cent weighting		The absolute TSR targets (for 50 per cent and 100 per cent vesting) are aligned to low and top end of stated ROIC ranges. Vesting in excess of 100 per cent requires further outperformance.	
		Relative TSR		**Absolute TSR (from 2022)**	
		TSR performance	Vesting	TSR performance	Vesting
		Less than or equal to Peer Index	Nil	Less than 8% pa	Nil
		Greater than Peer Index	50%	Equal to 8% pa	50%
		Up to 10% greater than Peer Index	50%-100%	Between 8% pa and 11% pa	50% - 100%
		10% - 15% greater than Peer Index (from 2022)	100%-150%	Between 11% pa and 13% pa	100% - 150%
		15% or more than the Peer Index (from 2022)	150%	13% pa or more	150%
Vesting date	Performance rights that meet the performance conditions at the end of the performance period are converted to Stockland securities and vest in two equal tranches, subject to service conditions and clawback provisions. **Tranche 1:** 30 June 2025 **Tranche 2:** 30 June 2026				
Leaver provisions	**Circumstance**			**Treatment**	
	Death, disability, retirement, redundancy or mutually agreed separation			At the discretion of the Board, a pro-rata number of performance rights may be retained with vesting determined in accordance with the original performance conditions and clawback provisions	
	All other circumstances			Forfeited	

4.7. Employment terms

The Managing Director and CEO and Other Executive KMP are on rolling contracts until notice of termination is given by either Stockland or the senior executive. The notice period for the Managing Director and CEO is twelve months and six months for Other Executive KMP. In appropriate circumstances, payment may be made in lieu of notice. Where Stockland initiates termination, including mutually agreed resignation, the executive would receive a termination payment of up to twelve months' Fixed Pay (including applicable notice) and be considered for a cash pro-rata payment in respect of STI in the year of termination, subject to the Board's assessment of performance against KPIs.

Where the termination occurs as a result of misconduct or a serious or persistent breach of contract (termination for cause), Stockland may terminate employment immediately without notice, payment in lieu of notice or any other termination payment.

In cases of termination for cause or resignation, all unvested employee securities or rights lapse. In other circumstances, the Board has the discretion to adjust the vesting conditions. Typically, this discretion is applied as outlined below.

Death or total and permanent disablement	Full vesting of any unvested equity awards.
For termination other than for cause or resignation	Unvested Deferred STI (DSTI) is retained and vests in accordance with the terms of the STI plan and original vesting schedule. For LTI, unvested rights are vested prorated based on service to the date of termination. Any applicable prorated hurdled rights remain subject to the applicable performance hurdles over the full performance period. Any applicable restricted rights vest in accordance with the terms of the LTI plan and original vesting schedule. Other unvested LTI awards are forfeited.

5. Executive KMP remuneration tables

5.1. Executive remuneration (statutory presentation)

$	Year	Short-term				Post-employment		Other long-term	Security-based payments[1]			Performance related	
		Salary[2]	Non-monetary benefits[3]	Other payments[4]	Cash STI[5]	Superannuation benefits	Termination benefits	Long service leave[6]	DSTI	LTI	Total	(STI + LTI) Percent of Total	(DSTI + LTI) Percent of Total
Executive Director													
Tarun Gupta	**2023**	**1,490,564**	**–**	**–**	**862,500**	**25,292**	**–**	**6,437**	**1,159,975**	**841,866**	**4,386,634**	**65.3%**	**45.6%**
	2022	1,561,171	–	433,333	1,087,500	23,568	–	3,492	1,123,933	536,965	4,769,961	57.6%	34.8%
Other Executive KMP													
Katherine Grace	**2023**	**619,290**	**–**	**–**	**409,500**	**25,292**	**–**	**28,338**	**200,735**	**367,143**	**1,650,298**	**59.2%**	**34.4%**
	2022	660,328	–	–	525,256	23,568	–	24,127	259,703	243,448	1,736,429	59.2%	29.0%
Alison Harrop	**2023**	**797,546**	**13,800**	**–**	**468,342**	**25,292**	**–**	**2,634**	**141,923**	**102,815**	**1,552,352**	**45.9%**	**15.8%**
	2022	433,451	–	–	302,102	12,215	–	–	62,687	–	810,455	45.0%	7.7%
Justin Louis[7]	**2023**	**748,581**	**14,066**	**–**	**472,500**	**25,292**	**–**	**2,683**	**374,553**	**91,799**	**1,729,474**	**54.3%**	**27.0%**
	2022	–	–	–	–	–	–	–	–	–	–	–	–
Louise Mason	**2023**	**833,003**	**–**	**–**	**602,438**	**25,292**	**–**	**9,305**	**594,908**	**458,318**	**2,523,264**	**65.6%**	**41.7%**
	2022	796,936	–	–	610,560	23,568	–	6,460	616,040	299,018	2,352,581	64.8%	38.9%
Andrew Whitson	**2023**	**796,174**	**–**	**–**	**535,500**	**25,292**	**–**	**22,843**	**550,682**	**458,318**	**2,388,809**	**64.7%**	**42.2%**
	2022	841,035	–	–	696,039	23,568	–	(53,643)	646,382	299,096	2,452,478	66.9%	38.6%
Consolidated remuneration													
	2023	**5,285,158**	**27,866**	**–**	**3,350,780**	**151,752**	**–**	**72,240**	**3,022,776**	**2,320,259**	**14,230,831**	**61.1%**	**37.5%**
	2022[8]	4,292,921	–	433,333	3,221,457	106,488	–	(19,564)	2,708,744	1,378,526	12,121,904	60.3%	33.7%

1 Represents the fair value of securities and performance rights recognised in FY23.
2 Includes any changes in accruals for annual leave.
3 Comprises salary packaged benefits, including motor vehicles, car parking and FBT payable on these items.
4 For Tarun Gupta, this payment is the portion attributable to FY22 service of his $650,000 cash payment made in September 2021 as compensation for incentives forfeited to join Stockland.
5 Cash STIs are earned in the financial year to which they relate and are paid in September of the following financial year.
6 Includes any change in accruals for long service leave.
7 Justin Louis became KMP on 1 July 2022.
8 The total disclosed in the FY22 Remuneration Report ($13,849,258) includes remuneration of former Executive KMP, Tiernan O'Rourke, which is excluded from the above ($1,727,354).

5.2. Performance rights movements

LTI awards are made in the form of performance rights which are subject to performance conditions as detailed in section 4.6. The number of performance rights held during the year are set out below.

		Granted during year		Vested and exercised				
	Balance at 1 July 2022	Number	Value $[1]	Number	Value $[2]	Exercised into securities & remain subject to service conditions	Forfeited / Lapsed	Balance at 30 June 2023
Executive Director								
Tarun Gupta	959,338	801,518	1,049,989	-	-	-	-	1,760,856
Other Executive KMP								
Katherine Grace	562,033	208,395	272,997	(38,835)	140,194	(38,835)	(83,303)	609,455
Alison Harrop	-	269,310	352,796	-	-	-	-	269,310
Justin Louis	-	240,456	314,997	-	-	-	-	240,456
Louise Mason	694,829	272,516	356,996	(48,544)	175,244	(48,544)	(104,129)	766,128
Andrew Whitson	694,829	272,516	356,996	(48,544)	175,244	(48,544)	(104,129)	766,128

1 The value as at the grant date calculated in accordance with AASB 2 Share-based Payment.
2 The closing price as at the vest date.

5.3. Executive securityholdings

The table below details movements during the year in the number of Stockland securities held by executives, including their personally related parties. Unvested securities which are time based only will count towards the balance of securities held.

	Balance at 1 July 2022[1]	DSTI granted[2]	LTI performance rights exercised	Purchased / (Sold or Forfeited)	Balance at 30 June 2023
Executive Director					
Tarun Gupta	346,414	290,551	-	-	636,965
Other Executive KMP					
Katherine Grace	370,983	70,167	77,670	-	518,820
Alison Harrop	-	40,357	-	-	40,357
Justin Louis	89,006	50,698	-	-	139,704
Louise Mason	319,835	81,563	97,088	(180,000)	318,486
Andrew Whitson	642,792	92,982	97,088	-	832,862

1 For Tarun Gupta, this includes the securities awarded as a one-off grant as compensation for incentives forfeited on ceasing employment with his previous employer to join Stockland. 100% of tranche 1 of this award (72,747 securities) vested on 1 September 2022. Tranches 2-5 will vest over the next four years subject to further service conditions. For Justin Louis, this includes 89,006 securities awarded as a one-off grant as compensation for incentives forfeited on ceasing employment with his previous employer to join Stockland, tranche 1 of which vested on 30 June 2023. Tranche 2 will vest on 30 June 2024 subject to further service conditions. For Louise Mason, this includes 130,819 securities awarded as a one-off retention award. The award, which was subject to a two-year vesting period that required her ongoing employment with Stockland as at 30 June 2023, vested at 100% on 30 June 2023. For Andrew Whitson, this includes 188,569 securities awarded as a one-off retention award. The award is subject to a two-year vesting period that requires his ongoing employment with Stockland as at 31 December 2023. 100% of the 2021 STI tranche 2 and 100% of the 2022 STI tranche 1 which were due to vest in 2023 vested.
2 The number of securities granted 1 July 2022 for the 2022 STI that vest over one and two years (i.e., 50% at 30 June 2023 and 50% at 30 June 2024).

5.4. Unvested equity holdings

The table below details unvested Stockland securities and performance rights granted to executives as part of their remuneration in the previous, current or future reporting periods.

Grant	Instrument	Grant date	Performance period start date	Vesting date[1]	Unvested equity at 30 June 2023	Maximum value of award to vest $[2]	Fair value per Instrument[3]		
							Relative TSR	Absolute TSR	DSTI
Executive Director									
Tarun Gupta									
FY22 LTI Tranche 1	Rights	20-Oct-21	1-Jul-21	30-Jun-24	327,047	578,873	1.77		
FY22 LTI Tranche 2	Rights	20-Oct-21	1-Jul-21	30-Jun-25	327,047	578,873	1.77		
Special Grant Tranche 1	Rights	23-Aug-21	1-Jul-21	1-Sep-23	51,518	111,279	2.16		
Special Grant Tranche 2	Rights	23-Aug-21	1-Jul-21	1-Sep-24	51,518	111,279	2.16		
Special Grant Tranche 3	Rights	23-Aug-21	1-Jul-21	1-Sep-25	51,518	111,279	2.16		
Special Grant Tranche 4	Rights	23-Aug-21	1-Jul-21	1-Sep-26	51,517	111,277	2.16		
Special Grant Tranche 2	Securities	21-Jun-21	1-Jun-21	1-Sep-23	83,140	387,432			4.66
Special Grant Tranche 3	Securities	21-Jun-21	1-Jun-21	1-Sep-24	83,140	387,432			4.66
Special Grant Tranche 4	Securities	21-Jun-21	1-Jun-21	1-Sep-25	72,747	339,001			4.66
Special Grant Tranche 5	Securities	21-Jun-21	1-Jun-21	1-Sep-26	34,640	161,422			4.66
DSTI FY22 Tranche 2	Securities	18-Oct-22	1-Jul-21	30-Jun-24	145,275	483,766			3.33
FY23 LTI Tranche 1	Rights	18-Oct-22	1-Jul-22	30-Jun-25	400,759	524,994	1.47	1.07	
FY23 LTI Tranche 2	Rights	18-Oct-22	1-Jul-22	30-Jun-26	400,759	524,994	1.47	1.07	
Other Executive KMP									
Katherine Grace									
FY21 LTI Tranche 2	Securities	25-Feb-21	1-Jul-20	30-Jun-24	115,497	312,997	2.71		
FY22 LTI Tranche 1	Rights	18-Oct-21	1-Jul-21	30-Jun-24	85,033	151,359	1.78		
FY22 LTI Tranche 2	Rights	18-Oct-21	1-Jul-21	30-Jun-25	85,032	151,357	1.78		
DSTI FY22 Tranche 2	Securities	18-Oct-22	1-Jul-21	30-Jun-24	35,083	116,826			3.33
FY23 LTI Tranche 1	Rights	18-Oct-22	1-Jul-22	30-Jun-25	104,198	136,499	1.47	1.07	
FY23 LTI Tranche 2	Rights	18-Oct-22	1-Jul-22	30-Jun-26	104,197	136,498	1.47	1.07	
Alison Harrop									
DSTI FY22 Tranche 2	Securities	18-Oct-22	1-Jul-21	30-Jun-24	20,178	67,193			3.33
FY23 LTI Tranche 1	Rights	18-Oct-22	1-Jul-22	30-Jun-25	134,655	176,398	1.47	1.07	
FY23 LTI Tranche 2	Rights	18-Oct-22	1-Jul-22	30-Jun-26	134,655	176,398	1.47	1.07	
Justin Louis									
DSTI FY22 Tranche 2	Securities	18-Oct-22	1-Jul-21	30-Jun-24	25,349	84,412			3.33
FY23 LTI Tranche 1	Rights	18-Oct-22	1-Jul-22	30-Jun-25	120,228	157,499	1.47	1.07	
FY23 LTI Tranche 2	Rights	18-Oct-22	1-Jul-22	30-Jun-26	120,228	157,499	1.47	1.07	
Special Grant Tranche 2	Securities	24-Nov-21	1-Nov-21	30-Jun-24	44,503	198,483			4.46
Louise Mason									
FY21 LTI Tranche 2	Securities	25-Feb-21	1-Jul-20	30-Jun-24	142,151	385,229	2.71		
FY22 LTI Tranche 1	Rights	18-Oct-21	1-Jul-21	30-Jun-24	104,655	186,286	1.78		
FY22 LTI Tranche 2	Rights	18-Oct-21	1-Jul-21	30-Jun-25	104,655	186,286	1.78		
DSTI FY22 Tranche 2	Securities	18-Oct-22	1-Jul-21	30-Jun-24	40,781	135,801			3.33
FY23 LTI Tranche 1	Rights	18-Oct-22	1-Jul-22	30-Jun-25	136,258	178,498	1.47	1.07	
FY23 LTI Tranche 2	Rights	18-Oct-22	1-Jul-22	30-Jun-26	136,258	178,498	1.47	1.07	
Andrew Whitson									
FY21 LTI Tranche 2	Securities	25-Feb-21	1-Jul-20	30-Jun-24	142,151	385,229	2.71		
FY22 LTI Tranche 1	Rights	18-Oct-21	1-Jul-21	30-Jun-24	104,655	186,286	1.78		
FY22 LTI Tranche 2	Rights	18-Oct-21	1-Jul-21	30-Jun-25	104,655	186,286	1.78		
DSTI FY22 Tranche 2	Securities	18-Oct-22	1-Jul-21	30-Jun-24	46,491	154,815			3.33
Retention Grant	Securities	1-Feb-21	1-Jan-21	31-Dec-23	188,569	850,446			4.51
FY23 LTI Tranche 1	Rights	18-Oct-22	1-Jul-22	30-Jun-25	136,258	178,498	1.47	1.07	
FY23 LTI Tranche 2	Rights	18-Oct-22	1-Jul-22	30-Jun-26	136,258	178,498	1.47	1.07	

1 For LTI grants, vesting date refers to the date at which the performance and service conditions are met. The rights convert to securities subject to the three-year performance period. Any rights that convert to securities then vest at the dates shown. The securities remain under a holding lock until the 10th anniversary of the grant date except at Board discretion. The rights issued have an expiry date that is the later of the date of announcement of the full-year results following the end of the performance period or 31 August of that year.

2 The maximum value to vest represents the fair value at grant date for all unvested conditional rights. The minimum amount Executive KMP may receive will be zero if awards do not vest for any reason.

3 The fair value of performance rights at the grant date is determined using appropriate models including Monte Carlo simulations, depending on the vesting conditions. The value of each performance right is recognised evenly over the service period ending at the vesting date. The fair value of DSTI securities is determined as the close price of Stockland securities on the offer acceptance date of the relevant award.

6. Non-Executive Director remuneration

6.1. Policy and approach

Stockland's remuneration policy for Non-Executive Directors aims to help Stockland attract and retain suitably skilled, experienced and committed individuals to serve on the Board and remunerate them appropriately for their time and expertise and for their responsibilities and liabilities as public company directors.

The People & Culture Committee is responsible for reviewing and recommending to the Board any changes to Board and committee remuneration, taking into account the size and scope of Stockland's activities, the responsibilities and liabilities of Directors and the demands placed upon them. In developing its recommendations, the People & Culture Committee may take advice from external consultants.

With the exception of the Chairman, Non-Executive Directors receive additional fees for their work on Board committees. Where a special purpose Board committee is established by the Board, committee members may receive a fee in line with those paid for existing Board committees. Non-Executive Directors do not receive performance-related remuneration or termination benefits other than accumulated superannuation.

The Member fees for the Risk Committee, People & Culture Committee and Sustainability Committee were increased from $17,500 to $20,000 with effect from 1 July 2023 to align internally with the Member fees of the Audit Committee and to market.

		FY24	FY23
Stockland Board			
Chairman		$500,000	$500,000
Non-Executive Director		$175,000	$175,000
Stockland Board Committees			
Audit	Chair	$45,000	$45,000
	Member	$20,000	$20,000
Risk	Chair	$45,000	$45,000
	Member	$20,000	$17,500
People & Culture	Chair	$45,000	$45,000
	Member	$20,000	$17,500
Sustainability	Chair	$45,000	$45,000
	Member	$20,000	$17,500

Total remuneration available to Non-Executive Directors is approved by securityholders and is currently $2,500,000 (including superannuation payments) as approved at the 2007 Annual General Meeting. No increase in the total fee pool is proposed for FY24.

Total fees of $2,072,500 (83 per cent of the approved limit) were paid to Non-Executive Directors in FY23. This amount was consistent with the total fees paid in FY22.

6.2. Remuneration details for non-executive directors

The nature and amount of each element of remuneration for each Non-Executive Director is detailed below.

		Short-term		Post-employment	
	Year	Board and Committee Fees	Non-monetary benefits	Superannuation contributions	Total[1]
Non-Executive Directors					
Tom Pockett	**2023**	**474,708**	**–**	**25,292**	**500,000**
	2022	476,432	–	23,568	500,000
Laurence Brindle	**2023**	**195,000**	**–**	**–**	**195,000**
	2022	190,568	–	4,432	195,000
Melinda Conrad	**2023**	**199,095**	**–**	**20,905**	**220,000**
	2022	193,182	–	19,318	212,500
Kate McKenzie	**2023**	**212,500**	**–**	**–**	**212,500**
	2022	201,222	–	–	201,222
Stephen Newton	**2023**	**224,216**	**–**	**13,284**	**237,500**
	2022	231,975	–	14,547	246,522
Christine O'Reilly	**2023**	**240,000**	**–**	**–**	**240,000**
	2022	211,364	–	21,136	232,500
Andrew Stevens	**2023**	**230,769**	**–**	**24,231**	**255,000**
	2022	206,123	–	20,211	226,334
Adam Tindall	**2023**	**192,308**	**–**	**20,192**	**212,500**
	2022	182,929	–	18,293	201,222
Consolidated remuneration	**2023**	**1,968,596**	**–**	**103,904**	**2,072,500**
	2022[2]	1,893,794	–	121,506	2,015,300

1 The fees for each Director are paid on a total cost basis which includes any applicable compulsory superannuation (the amount of superannuation included in the total fees will vary depending on the timing of payments and in line with applicable legislation).

2 The total disclosed in the FY22 Remuneration Report ($2,082,826) includes remuneration of former non-executive director, Barry Neil, which is excluded from the above ($67,526).

6.3 Non-executive Director securityholdings

To align the personal financial interests of Non-Executive Directors with securityholder interests, the Board believes that Non-Executive Directors should hold a meaningful number of Stockland securities. Each Non-Executive Director is required to acquire 40,000 securities within three years of commencing as a Non-Executive Director. The relevant interest of each Non-Executive Director in Stockland securities at the date of this Report are as follows:

	Balance at 1 July 2022	Purchased / (Sold)	Balance at 30 June 2023
Non-Executive Directors			
Tom Pockett	50,000	-	50,000
Laurence Brindle	40,000	-	40,000
Melinda Conrad	60,000	-	60,000
Kate McKenzie	40,000	-	40,000
Stephen Newton	40,000	30,000	70,000
Christine O'Reilly	50,000	-	50,000
Andrew Stevens	40,000	-	40,000
Adam Tindall	40,000	-	40,000

Financial report for the year ended 30 June 2023

Image caption:
Stockland head office, NSW

Consolidated statement of comprehensive income

Year ended 30 June		Stockland		Trust	
$M	Note	2023	2022	2023	2022
Revenue	1	**2,808**	2,844	**666**	657
Cost of property developments sold:					
• land and development		**(1,317)**	(1,448)	**–**	–
• capitalised interest		**(82)**	(78)	**–**	–
• utilisation of provision for impairment of inventories	6	**7**	7	**–**	–
Investment property expenses		**(225)**	(220)	**(231)**	(226)
Share of profits/(losses) of equity–accounted investments	23	**84**	40	**(22)**	40
Management, administration, marketing and selling expenses		**(406)**	(378)	**(3)**	(7)
Impairment loss on trade and other receivables	8	**–**	(23)	**–**	(23)
Net change in fair value of investment properties	7	**(256)**	702	**(288)**	682
Net (impairment)/reversal of impairment of inventories	6	**(26)**	6	**–**	–
Net gain on other financial assets		**1**	–	**–**	–
Net gain on sale of other non–current assets		**13**	22	**5**	20
Finance income	16	**10**	3	**226**	194
Finance expense	16	**(84)**	(75)	**(161)**	(138)
Net gain on financial instruments	16	**9**	191	**9**	191
Transaction costs		**(21)**	(106)	**–**	–
Profit before tax		**515**	1,487	**201**	1,390
Income tax expense	21	**(77)**	(62)	**–**	–
Profit from continuing operations		**438**	1,425	**201**	1,390
Profit/(loss) from discontinued operation net of income tax	14	**2**	(44)	**–**	–
Profit after tax attributable to securityholders of Stockland		**440**	1,381	**201**	1,390
Items that are or may be reclassified to profit or loss, net of tax					
Cash flow hedges – net change in fair value of effective portion		**(5)**	30	**(5)**	30
Cash flow hedges – reclassified to profit or loss		**3**	5	**3**	5
Other comprehensive (loss)/income		**(2)**	35	**(2)**	35
Total comprehensive income		**438**	1,416	**199**	1,425
Basic earnings per security (cents)	3	**18.5**	57.9	**8.4**	58.3
Diluted earnings per security (cents)	3	**18.3**	57.7	**8.4**	58.1
Continuing operations					
Basic earnings per security (cents)	14	**18.4**	59.8	**8.4**	58.3
Diluted earnings per security (cents)	14	**18.2**	59.6	**8.4**	58.1

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated balance sheet

As at 30 June		Stockland		Trust	
$M	Note	2023	2022	2023	2022
Cash and cash equivalents	12	**271**	378	**102**	219
Receivables	8	**330**	120	**22**	2,987
Inventories	6	**1,289**	1,076	**–**	–
Other financial assets	17	**35**	21	**35**	21
Other assets		**138**	159	**93**	97
Discontinued operations, disposal group and non-current assets held for sale	14	**4**	4,075	**–**	248
Current assets		**2,067**	5,829	**252**	3,572
Receivables	8	**169**	159	**2,389**	116
Inventories	6	**2,584**	2,660	**–**	–
Investment properties	7	**10,532**	10,491	**10,169**	10,169
Equity–accounted investments	23	**675**	592	**662**	553
Other financial assets	17	**285**	290	**270**	280
Property, plant and equipment		**137**	164	**–**	–
Intangible assets	13	**62**	65	**–**	–
Deferred tax assets	22	**–**	6	**–**	–
Other assets		**129**	158	**115**	138
Non–current assets		**14,573**	14,585	**13,605**	11,256
Assets		**16,640**	20,414	**13,857**	14,828
Payables	9	**885**	980	**443**	459
Borrowings	15	**200**	936	**200**	936
Development provisions	6	**453**	261	**196**	40
Other financial liabilities	17	**20**	10	**20**	–
Other liabilities	10	**121**	86	**20**	27
Current tax liabilities	21	**30**	–	**–**	–
Discontinued operations and disposal group liabilities held for sale	14	**–**	2,774	**–**	–
Current liabilities		**1,709**	5,047	**879**	1,462
Payables	9	**178**	313	**–**	–
Borrowings	15	**3,707**	3,536	**3,707**	3,536
Development provisions	6	**201**	465	**–**	158
Other financial liabilities	17	**151**	188	**151**	184
Deferred tax liabilities	22	**42**	–	**–**	–
Other liabilities	10	**476**	504	**27**	27
Non–current liabilities		**4,755**	5,006	**3,885**	3,905
Liabilities		**6,464**	10,053	**4,764**	5,367
Net assets		**10,176**	10,361	**9,093**	9,461
Issued capital	20	**8,652**	8,655	**7,355**	7,358
Reserves		**29**	25	**85**	25
Retained earnings/undistributed income		**1,495**	1,681	**1,653**	2,078
Securityholders' equity		**10,176**	10,361	**9,093**	9,461

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

Attributable to securityholders of Stockland

$M	Note	Issued capital	Reserves: Security based payments	Reserves: Cash flow hedges	Retained earnings	Equity
Balance at 30 June 2021		8,663	35	(49)	935	9,584
Profit for the year		–	–	–	1,381	1,381
Other comprehensive income, net of tax		–	–	35	–	35
Total comprehensive income		–	–	35	1,381	1,416
Dividends and distributions	4	–	–	–	(635)	(635)
Security based payment expense	32	–	13	–	–	13
Acquisition of treasury securities	20	(17)	–	–	–	(17)
Securities vested under Security Plans	20	9	(9)	–	–	–
Other movements		(8)	4	–	(635)	(639)
Balance at 30 June 2022		8,655	39	(14)	1,681	10,361
Profit for the year		**–**	**–**	**–**	**440**	**440**
Other comprehensive loss, net of tax		**–**	**–**	**(2)**	**–**	**(2)**
Total comprehensive income		**–**	**–**	**(2)**	**440**	**438**
Dividends and distributions	4	**–**	**–**	**–**	**(626)**	**(626)**
Security based payment expense	32	**–**	**18**	**–**	**–**	**18**
Acquisition of treasury securities	20	**(15)**	**–**	**–**	**–**	**(15)**
Securities vested under Security Plans	20	**12**	**(12)**	**–**	**–**	**–**
Other movements		**(3)**	**6**	**–**	**(626)**	**(623)**
Balance at 30 June 2023		**8,652**	**45**	**(16)**	**1,495**	**10,176**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

Attributable to securityholders of Trust

$M	Note	Issued capital	Reserves: Security based payments	Reserves: Cash flow hedges	Reserves: Other	Undistri-buted income	Equity
Balance at 30 June 2021		7,365	34	(49)	–	1,323	8,673
Profit for the year		–	–	–	–	1,390	1,390
Other comprehensive income, net of tax		–	–	35	–	–	35
Total comprehensive income		–	–	35	–	1,390	1,425
Distributions	4	–	–	–	–	(635)	(635)
Security based payment expense		–	13	–	–	–	13
Acquisition of treasury securities	20	(15)	–	–	–	–	(15)
Securities vested under Security Plans	20	8	(8)	–	–	–	–
Other movements		(7)	5	–	–	(635)	(637)
Balance at 30 June 2022		7,358	39	(14)	–	2,078	9,461
Profit for the year		**–**	**–**	**–**	**–**	**201**	**201**
Other comprehensive loss, net of tax		**–**	**–**	**(2)**	**–**	**–**	**(2)**
Total comprehensive income		**–**	**–**	**(2)**	**–**	**201**	**199**
Distributions	4	**–**	**–**	**–**	**–**	**(626)**	**(626)**
Capital contribution		**–**	**–**	**–**	**57**	**–**	**57**
Security based payment expense		**–**	**16**	**–**	**–**	**–**	**16**
Acquisition of treasury securities	20	**(14)**	**–**	**–**	**–**	**–**	**(14)**
Securities vested under Security Plans	20	**11**	**(11)**	**–**	**–**	**–**	**–**
Other movements		**(3)**	**5**	**–**	**57**	**(626)**	**(567)**
Balance at 30 June 2023		**7,355**	**44**	**(16)**	**57**	**1,653**	**9,093**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

Year ended 30 June		Stockland		Trust	
$M	Note	2023[1]	2022[1]	2023	2022
Receipts in the course of operations (including GST)		**2,918**	3,001	**835**	750
Payments in the course of operations (including GST)		**(1,871)**	(1,511)	**(291)**	(272)
Payments for land		**(649)**	(618)	**–**	–
Distributions received from equity–accounted investments		**97**	25	**69**	24
Receipts from Retirement Living residents		**10**	311	**–**	–
Payments to Retirement Living residents, net of DMF		**(11)**	(145)	**–**	–
Interest received		**10**	3	**226**	194
Interest paid		**(172)**	(148)	**(172)**	(148)
Net cash flows from operating activities	28	**332**	918	**667**	548
Proceeds from sale of investment properties		**346**	491	**253**	313
Payments for and development of investment properties		**(363)**	(605)	**(389)**	(520)
Payments for plant, equipment and software		**(23)**	(22)	**–**	–
Payments for investments (including equity–accounted)		**(111)**	(185)	**(110)**	(138)
Repayments from/(extension of) loans to related entities		**–**	–	**684**	(320)
Receipts from sale of/(payments to acquire) a business		**914**	(655)	**–**	–
Net cash flows from investing activities		**763**	(976)	**438**	(665)
Payments for treasury securities under Security Plans	20	**(15)**	(17)	**(14)**	(15)
Proceeds from borrowings	28	**3,062**	3,980	**3,062**	3,980
Repayments of borrowings	28	**(3,639)**	(4,058)	**(3,639)**	(4,058)
Payments for derivatives and financial instruments		**–**	(7)	**–**	(7)
Dividends and distributions paid	4	**(631)**	(603)	**(631)**	(603)
Net cash flows from financing activities		**(1,223)**	(705)	**(1,222)**	(703)
Net movement in cash and cash equivalents		**(128)**	(763)	**(117)**	(820)
Cash and cash equivalents at the beginning of the year		**399**	1,162	**219**	1,039
Cash and cash equivalents at the end of the year		**271**	399	**102**	219
Less: amounts classified as held for sale	14	**–**	(21)	**–**	–
Cash and cash equivalents at the end of the year from continuing operations		**271**	378	**102**	219

1 Includes cash flows relating to both continuing and discontinued operations. Net cash flows relating to discontinued operation has been disclosed in note 14A.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial report

Basis of preparation

In this section

This section sets out the basis upon which Stockland's financial report is prepared as a whole. Specific accounting policies are described in the section to which they relate.

A glossary containing acronyms and defined terms is included at the back of this report.

Stapling arrangement

Stockland represents the consolidation of Stockland Corporation Limited (Corporation) and Stockland Trust (Trust) and their respective controlled entities. Stockland Corporation Limited and Stockland Trust were both incorporated or formed and are domiciled in Australia.

Stockland is structured as a stapled entity: a combination of a share in Stockland Corporation Limited and a unit in Stockland Trust that are together traded as one security on the ASX. The constitutions of Stockland Corporation Limited and Stockland Trust provide that, for so long as the two entities remain jointly quoted, the number of shares in Stockland Corporation Limited and the number of units in Stockland Trust shall be equal and that the shareholders and unitholders be identical. Both Stockland Corporation Limited and the Responsible Entity of Stockland Trust must at all times act in the best interest of Stockland. The stapling arrangement will cease upon the earlier of either the winding up of Stockland Corporation Limited or Stockland Trust or either entity terminating the stapling arrangement.

As permitted by Class Order 13/1050, issued by ASIC, this financial report is a combined financial report that presents the financial statements and accompanying notes of both Stockland and the Trust as at and for the year ended 30 June 2023.

Statement of compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Stockland Corporation Limited and Stockland Trust are both for-profit entities for the purpose of preparing the financial statements.

The financial statements are presented in Australian dollars, which is Stockland Corporation Limited's and Stockland Trust's functional currency and the functional currency of Stockland and Stockland Trust's subsidiaries.

Historical cost convention

The financial statements have been prepared on a going concern basis using historical cost conventions, except for investment properties (including non-current assets held for sale), derivative financial instruments and certain financial assets and liabilities which are stated at fair value.

Compliance with International Financial Reporting Standards

The financial statements of both Stockland and the Trust comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Comparative figures have been restated where appropriate to ensure consistency of presentation throughout the financial report.

Change in accounting policies and new and amended accounting standards

Stockland's financial position as at 30 June 2023 and its performance for the year ended on that date have not been impacted as a result of the adoption of new and amended Accounting Standards and Interpretations effective for annual reporting periods beginning on or after 1 July 2022. Refer to note 36 for further details of the amended Accounting Standards adopted during the year.

Net current asset deficiency position

The Trust has a prima facie net current asset deficiency of $627 million (2022: $2,110 million surplus). The net current asset deficiency in the Trust primarily arises due to the intergroup loan receivable which is classified as a non-current asset.

The Trust generated positive cash flows from operations of $667 million during the year. Undrawn bank facilities of $1,425 million (refer to note 15) are also available should they need to be drawn. In addition, Stockland and the Trust have successfully refinanced external borrowings and raised new external debt when required. Based on the cash flow forecast for the next 12 months, which reflects an assessment of the current economic and operating environment, Stockland and the Trust will be able to pay their debts as and when they become due and payable. Stockland also has a robust capital management framework and available liquidity, allowing flexibility in foreseeable business environments. Accordingly, the financial statements have been prepared on a going concern basis.

Rounding

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, amounts in the financial report have been rounded to the nearest million dollars, unless otherwise stated.

Significant accounting estimates and judgements

Stockland makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed in this financial report.

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Assumptions underlying management's estimates of fair value and recoverability are:

- Inventories – net realisable value, profit margin recognition and Whole of Life (WOL) accounting – Note 6
- Investment Properties – fair value – Note 7
- Derivatives – fair value – Note 17
- Valuation of security based payments – fair value – Note 20

Results for the year

In this section

This section explains the results and performance of Stockland.

It provides additional information about those individual line items in the financial statements that the Directors consider most relevant in the context of the operations of Stockland, including:

- accounting policies that are relevant for understanding the items recognised in the financial report; and
- analysis of the results for the year by reference to key areas, including revenue, results by operating segment and taxation.

1. Revenue

As at 30 June $M	Communities	Commercial Property	Other[1]	Stockland	Trust
30 June 2023					
Development revenue[2]	**1,866**	**136**	**3**	**2,005**	**–**
Management revenue[3]	**48**	**32**	**8**	**88**	**–**
Property revenue - outgoings recoveries[4]	**–**	**68**	**–**	**68**	**66**
Revenue from contracts with customers	**1,914**	**236**	**11**	**2,161**	**66**
Property revenue[5]	**19**	**626**	**2**	**647**	**600**
Statutory revenue from continuing operations	**1,933**	**862**	**13**	**2,808**	**666**
Amounts classified as discontinued operations	**–**	**–**	**10**	**10**	**–**
Statutory revenue	**1,933**	**862**	**23**	**2,818**	**666**
Amortisation of lease incentives	**–**	**90**	**–**	**90**	
Straight–line rent	**–**	**10**	**–**	**10**	
Share of revenue from equity accounted investments[6]	**127**	**26**	**–**	**153**	
Unrealised DMF revenue[5]	**–**	**–**	**(7)**	**(7)**	
Segment revenue	**2,060**	**988**	**16**	**3,064**	
Less: amounts classified as discontinued operations[1]	**–**	**–**	**(10)**	**(10)**	
Segment revenue from continuing operations	**2,060**	**988**	**6**	**3,054**	
30 June 2022					
Development revenue[2]	1,940	107	6	2,053	–
Management revenue[3]	32	12	1	45	–
Property revenue - outgoings recoveries[4]	–	61	–	61	70
Revenue from contracts with customers	1,972	180	7	2,159	70
Property revenue[5]	20	622	43	685	587
Statutory revenue from continuing operations	1,992	802	50	2,844	657
Amounts classified as discontinued operations	–	–	129	129	–
Statutory revenue	1,992	802	179	2,973	657
Amortisation of lease incentives	–	87	–	87	
Straight–line rent	–	2	–	2	
Share of revenue from equity accounted investments[6]	12	28	–	40	
Unrealised DMF revenue[5]	–	–	(28)	(28)	
Segment revenue	2,004	919	151	3,074	
Less: amounts classified as discontinued operations[1]	–	–	(129)	(129)	
Segment revenue from continuing operations	2,004	919	22	2,945	

1 Includes the results of the Retirement Living business for the period from 1 to 29 July 2022 when the business was sold (2022: 12 months to 30 June 2022). Refer to note 14A for further details.
2 Development revenue is recognised under AASB 15 Revenue from Contracts with Customers at the point in time when control of the asset passes to the customer, or over time as the performance obligations are met.
3 Management revenue is recognised under AASB 15 Revenue from Contracts with Customers at the point in time when the service is provided, or over time as the service is provided.
4 Revenue related to outgoings recoveries is recognised under AASB 15 over time in the accounting period in which the performance obligations are met.
5 Property revenue, which includes Commercial Property and Communities rental income, and Retirement Living DMF revenue meets the definition of a lease arrangement. Therefore, they fall outside the scope of AASB 15 and are accounted for in accordance with AASB 16 Leases.
6 Operating segment information in note 2 for equity accounted investments is reported in each line item proportional to the Group's interest in the investments.

Development revenue

Development revenue is revenue earned from development projects. It comprises revenue from sales of properties to external customers and associated revenues. Development revenue is recognised in accordance with AASB 15 *Revenue from Contracts with Customers*, either at the point in time at which services are performed, or over time where the related services are performed over time.

The revenue recognised for the performance of services is the agreed fee for the services. Where multiple agreements are entered into at the same time with the same parties as part of a single commercial transaction, the total consideration under the combined contracts is allocated to each unique performance obligation, with revenue recognised as Stockland performs each obligation either at a point in time or over time. Where a fee is charged to a joint venture or capital partnership, Stockland only recognises revenue from fees charged to the joint venture or partnership to the extent that it relates to the partner's ownership interest.

For development revenue recognised at a point in time, such as residential lot sales to customers, revenue is recognised when the customer gains control over the asset. The customer is deemed to have control over the asset where Stockland has a present right to payment for the asset, where the customer is exposed to the risks and rewards of ownership of the asset, and where the customer is deemed to have accepted the asset.

For development revenue recognised over time, such as through fund-through developments, Stockland recognises revenue based on a measure of completion. Stockland assesses the most appropriate recognition method for each contract type, with the input method based on costs incurred typically applied to development contracts.

There may be timing differences between the recognition of revenue and the receipt of cash. Where cash is received in advance of the revenue being recognised, a contract liability is recognised within payables. Where revenue is recognised in advance of the receipt of cash, a contract asset is recognised within receivables.

Management revenue

Management revenue is revenue earned from services performed by Stockland relating to the establishment and management of investment structures, established and development assets, and developments. It includes fees for related administrative, sales, leasing and marketing activities. Management revenue is recognised in accordance with AASB 15, either at the point in time at which services are performed, or over time where the related services are performed over time.

The revenue recognised for the performance of services is the agreed fee for the services. Where multiple agreements are entered into at the same time with the same parties as part of a single commercial transaction, the total consideration under the combined contracts is allocated to each unique performance obligation, with revenue recognised as Stockland performs each obligation either at a point in time or over time. Where a fee is charged to a joint venture or capital partnership, Stockland only recognises revenue from fees charged to the joint venture or partnership to the extent that it relates to the partner's ownership interest.

There may be timing differences between the recognition of revenue and the receipt of cash. Where cash is received in advance of the revenue being recognised, a contract liability is recognised within payables. Where revenue is recognised in advance of the receipt of cash, a contract asset is recognised within receivables.

Property revenue

Property revenue is revenue earned from operating assets, and includes lease revenue, outgoings recoveries and contingent rent associated with general building and tenancy operation from lessees in accordance with specific clauses within lease agreements.

Lease revenue is recognised in accordance with AASB 16 *Leases* on a straight-line basis over the lease term, net of any incentives.

Outgoings recoveries are recognised in accordance with AASB 15 and are typically invoiced monthly based on an annual estimate. The consideration for the current month is typically due on the first day of the month. Revenue related to outgoings recoveries is recognised over time as the estimated costs are consumed by the tenant. Should any adjustment be required based on actual costs incurred, this is recognised in the balance sheet within the same reporting period and billed annually.

Property revenue includes $10 million (2022: $7 million) of contingent rents billed to tenants. Contingent rents are derived from the tenants' revenues and represent 1.4% (2022: 1.0%) of gross lease income.

Dividends and distributions

Revenue from dividends and distributions are recognised in other revenue on the date they are declared by the relevant entity but are only recognised in the statement of cash flows upon receipt.

2. Operating segments

To reflect Stockland's new strategy, the disposal of the Retirement Living business, and changes in the way the business is managed, Stockland has updated its assessment of the Chief Operating Decision Maker (CODM) and reportable operating segments in the current year. The operating segment information relating to the prior comparative periods in notes 1 and 2 has been updated to reflect the revised disclosures.

Chief Operating Decision Maker

The CODM is a management function which makes decisions regarding the allocation of resources and assesses the performance of the operating segments of an entity.

Stockland's CODM is comprised of five members of the Stockland senior leadership team who collectively perform this function, being the Managing Director and Chief Executive Officer, the Chief Financial Officer, the CEO - Communities, the CEO - Commercial Property, and the Chief Investment Officer.

Reportable Segments

Stockland has three reportable segments:

- Commercial Property – invests in, develops, and manages Retail Town Centres, Workplace, and Logistics properties;
- Communities – invests in, develops, sells, and manages a range of Masterplanned Communities, Land Lease Communities, and Apartments; and
- Other – includes the Retirement Living business which was disposed on 29 July 2022, and other items which are not able to be classified within any of the other defined segments.

Measurement of segment results

Funds From Operations

FFO is a non-IFRS measure that is designed to present, in the opinion of the CODM, the results from ongoing operating activities in a way that appropriately reflects Stockland's underlying performance.

FFO is the primary basis on which dividends and distributions are determined, and together with expected capital returns and AFFO impacts, reflects the way the business is managed and how the CODM assesses the performance of Stockland. It excludes certain items which are non-cash, unrealised or of a capital nature, and profit or loss made from realised transactions occurring infrequently and those that are outside the course of Stockland's core ongoing business activities. FFO includes income tax expense relating to FFO, less any tax losses utilised in the year. A reconciliation from FFO to profit after tax is presented in note 2.A.

Adjusted Funds From Operations

AFFO is an alternative, secondary, non-IFRS measure used by the CODM to assist in the assessment of the underlying performance of Stockland. AFFO is calculated by deducting maintenance capital expenditure, incentives and leasing costs from FFO.

Segment revenue

Segment revenue is used by the CODM to assist in the assessment of each segment's execution of the Group's strategy. Segment revenue is comprised of Property revenue, Development revenue, and Management revenue.

Material customers

There is no customer who accounts for more than 10% of the gross revenue of Stockland or the Trust.

2A. Reconciliation of FFO to profit after tax

Year ended 30 June	Stockland	
$M	2023[1]	2022[1]
FFO	**847**	851
Adjust for:		
Amortisation of lease incentives	**(90)**	(87)
Amortisation of lease fees	**(14)**	(14)
Straight–line rent	**(10)**	(2)
Net change in fair value of investment properties[2]	**(230)**	575
Unrealised DMF revenue	**7**	28
Net gain on financial instruments	**9**	191
Net gain on other financial assets	**1**	–
Net gain/(loss) on sale of other non–current assets	**12**	19
Net (impairment)/reversal of impairment of inventories	**(26)**	6
Non-FFO income tax	**(41)**	(43)
Other one–off costs[3]	**(25)**	(143)
Profit after tax	**440**	1,381
(Profit)/Loss from discontinued operations net of income tax	**(2)**	44
Profit after tax from continuing operations	**438**	1,425

1 Includes the results of the Retirement Living business for the period from 1 to 29 July 2022 when the sale of the business was completed (2022: 12 months to 30 June 2022). The Retirement Living business was classified as a discontinued operation held for sale at 30 June 2022. Refer to note 14A for further details.
2 Includes Stockland's share of revaluation relating to properties held through joint ventures (2023: $26 million gain; 2022: $32 million gain) and fair value unwinding of ground leases recognised under AASB 16 (2023: $1 million; 2022: $1 million).
3 Other one-off costs predominantly include costs relating to the acquisition and integration of Halcyon's land lease communities business and one-off capital partnering transaction costs. In the prior period they also related to the disposal of the Retirement Living business, one-off capital partnering costs, restructuring costs, and provisions for expected onerous contract costs. To be classified as a one-off, these costs were assessed to be highly unlikely to reoccur in future years.

2B. FFO and AFFO

The contribution of each reportable segment to FFO and AFFO for Stockland is summarised as follows:

Year ended $M	Communities	Commercial Property	Other[1]	Stockland
30 June 2023				
Development revenue	**1,989**	**136**	**3**	**2,128**
Management revenue	**48**	**32**	**8**	**88**
Property revenue[2,3]	**23**	**820**	**5**	**848**
Segment revenue	**2,060**	**988**	**16**	**3,064**
Segment EBIT[2,3]	**492**	**626**	**3**	**1,121**
Amortisation of lease fees	**–**	**14**	**–**	**14**
Interest expense in cost of sales[4]	**(80)**	**(4)**	**–**	**(84)**
Finance income	**–**	**–**	**13**	**13**
Finance expense	**–**	**–**	**(88)**	**(88)**
Unallocated corporate and other expenses	**–**	**–**	**(93)**	**(93)**
FFO Tax expense	**–**	**–**	**(36)**	**(36)**
FFO[5,1]	**412**	**636**	**(201)**	**847**
Maintenance capital expenditure[6]				**(56)**
Incentives and leasing costs[7]				**(58)**
AFFO[1]				**733**
30 June 2022				
Development revenue	1,954	107	6	2,067
Management revenue	32	12	1	45
Property revenue[2,3]	18	800	144	962
Segment revenue	2,004	919	151	3,074
Segment EBIT[2,3]	428	553	96	1,077
Amortisation of lease fees	–	14	–	14
Interest expense in cost of sales[4]	(74)	(3)	(2)	(79)
Finance income	–	–	3	3
Finance expense	–	–	(75)	(75)
Unallocated corporate and other expenses	–	–	(89)	(89)
FFO[5,1]	354	564	(67)	851
Maintenance capital expenditure[6]				(53)
Incentives and leasing costs[7]				(69)
AFFO[1]				729

1 Includes the results of the Retirement Living business for the period from 1 to 29 July 2022 when the sale of the business was completed (2022: 12 months to 30 June 2022). The Retirement Living business was classified as a discontinued operation held for sale at 30 June 2022. Refer to note 14A for further details.
2 Commercial Property property revenue and EBIT adds back $90 million (2022: $87 million) of amortisation of lease incentives and excludes $10 million (2022: $2 million) of straight–line rent adjustments.
3 Other property revenue and EBIT excludes $7 million (2022: $28 million) of unrealised Retirement Living DMF revenue.
4 Interest expense in cost of sales in Communities includes Stockland's share of interest expense in cost of sales from equity accounted investments of $2 million (2022: $nil).
5 Commercial Property FFO includes share of profits from equity-accounted investments of $17 million (2022: $21 million) and Communities FFO includes share of profits from equity-accounted investments of $41 million (2022: $14 million).
6 2022 included Retirement Living maintenance capital expenditure of $7 million (2023: $nil).
7 Expenditure incurred on incentives and leasing costs during the year excluding assets under construction.

2C. Balance sheet by operating segment

The balance sheet of each reportable segment for Stockland is summarised as follows:

As at $M	Communities	Commercial Property	Other[1]	Stockland
30 June 2023				
Real estate related assets[2,3]	**4,242**	**11,070**	**142**	**15,454**
Other assets	**412**	**115**	**659**	**1,186**
Assets	**4,654**	**11,185**	**801**	**16,640**
Borrowings	**–**	**–**	**3,907**	**3,907**
Other liabilities	**1,658**	**686**	**213**	**2,557**
Liabilities	**1,658**	**686**	**4,120**	**6,464**
Net assets/(liabilities)	**2,996**	**10,499**	**(3,319)**	**10,176**
30 June 2022				
Real estate related assets[2,3]	4,179	11,314	3,781	19,274
Other assets	356	95	689	1,140
Assets	4,535	11,409	4,470	20,414
Borrowings	–	–	4,472	4,472
Other liabilities	1,904	548	3,129	5,581
Liabilities	1,904	548	7,601	10,053
Net assets/(liabilities)	2,631	10,861	(3,131)	10,361

1 The comparative period includes the assets and liabilities of the Retirement Living business, which was classified as a discontinued operation held for sale at 30 June 2022. Refer to note 14A for further details.
2 Includes non–current assets held for sale, inventories, investment properties, equity–accounted investments and certain other assets.
3 Includes equity–accounted investments of $570 million (2022: $476 million) in Commercial Property and $105 million (2022: $116 million) in Communities. Refer to note 23 for further details.

3. EPS

Keeping it simple

EPS is the amount of post–tax profit attributable to each security.

Basic EPS is calculated as statutory profit for the period divided by the weighted average number of securities (WANOS) outstanding. This is highly variable as it includes unrealised fair value movements in investment properties and financial instruments.

Diluted EPS adjusts the basic EPS for the dilutive effect of any instruments, such as Security Plan rights, that could be converted into securities.

Basic FFO per security is disclosed in the Directors' report and more directly reflects the underlying income performance of the portfolio.

Year ended 30 June	Stockland		Trust	
	2023	2022	2023	2022
Profit after tax attributable to shareholders ($M)	**440**	1,381	**201**	1,390
WANOS used in calculating basic EPS	**2,382,387,660**	2,383,353,753	**2,382,387,660**	2,383,353,753
Basic EPS (cents)[1]	**18.5**	57.9	**8.4**	58.3
Effect of rights and securities granted under Security Plans[2]	**17,523,015**	8,212,562	**17,523,015**	8,212,562
WANOS used in calculating diluted EPS	**2,399,910,675**	2,391,566,315	**2,399,910,675**	2,391,566,315
Diluted EPS (cents)[1]	**18.3**	57.7	**8.4**	58.1

1 Amounts include both continuing and discontinued operations. Earnings per security for continuing and discontinued operations have been separately disclosed in note 14A.
2 Rights and securities granted under security plans are only included in diluted EPS where Stockland is meeting performance hurdles for contingently issuable security based payment rights.

4. Dividends and distributions

Stockland Corporation Limited

There were no dividends from Stockland Corporation Limited during the current or previous financial years. The dividend franking account balance as at 30 June 2023 is $14 million based on a 30% tax rate (2022: $14 million).

Stockland Trust

For the current year, the interim and final distributions are paid solely out of the Trust and therefore the franking percentage is not relevant.

	Date of payment		Cents per security		Total amount ($M)		Non attributable (%)	
	2023	2022	2023	2022	2023	2022	2023	2022
Interim distribution	**28 February**	28 February	**11.8**	12.0	**282**	286	**25.3**	39.2
Final distribution	**31 August**	31 August	**14.4**	14.6	**344**	349	**37.6**	36.7
Total distribution			**26.2**	26.6	**626**	635	**32.1**	37.8

The non-attributable component represents the amount distributed in excess of Stockland Trust's taxable income (with trust taxable income calculated to include the impact of the 50% CGT discount which would apply, for example, to Australian tax resident individuals who have held their securities on capital account for more than 12 months).

Basis for distribution

Stockland's distribution policy is to pay the higher of 100% of Trust taxable income or 75% to 85% of FFO on an annual basis over time. The payout ratio for the current and comparative periods is summarised as follows:

Year ended 30 June	Note	2023	2022
FFO ($M)[1]	2	**847**	851
Weighted average number of securities used in calculating basic EPS	3	**2,382,387,660**	2,383,353,753
FFO per security (cents)		**35.6**	35.7
Distribution per security for the year (cents)		**26.2**	26.6
Payout ratio		**74%**	75%

1 FFO is a non–IFRS measure. A reconciliation from FFO to statutory profit after tax is presented in note 2A.

5. Events subsequent to the end of the year

On 26 July 2023 Stockland entered into binding agreements to acquire five LLC projects in Queensland from the Living Gems Group for $210 million, comprising four development communities and one established community with development opportunities.

Other than disclosed in this note or elsewhere in this report, no transaction or event of a material or unusual nature has arisen in the interval between the end of the current reporting year and the date of this report that, in the opinion of the Directors, is highly probable to significantly affect the operations, the results of operations, or the state of affairs of Stockland and the Trust in future years.

Operating assets and liabilities

In this section

This section shows the real estate and other operating assets used to generate Stockland's trading performance and the liabilities incurred as a result.

6. Inventories

Keeping it simple

A Whole of Life (WOL) methodology is applied to calculate the margin percentage over the life of each project. All costs, including those costs spent to date and those forecast in the future, are allocated proportionally in line with net revenue for each lot to achieve a WOL margin percentage. The WOL margin percentage, and therefore allocation of costs, can change over the life of the project as revenue and cost forecasts are updated.

The determination of the WOL margin percentage requires significant judgement in estimating future revenues and costs and can change over the life of the project as revenue and cost forecasts are updated. The WOL margin percentages are regularly reviewed and updated in project forecasts across the reporting period to ensure these estimates reflect market conditions through the cycle.

	Stockland					
As at 30 June	2023			2022		
$M	Current	Non-current	Total	Current	Non-current	Total
Completed inventory						
Cost of acquisition	**145**	**–**	**145**	139	–	139
Development and other costs	**414**	**–**	**414**	135	–	135
Interest capitalised	**15**	**–**	**15**	5	–	5
Completed inventory[1]	**574**	**–**	**574**	279	–	279
Development work in progress						
Cost of acquisition	**384**	**2,015**	**2,399**	418	2,028	2,446
Development and other costs	**111**	**150**	**261**	185	244	429
Interest capitalised	**37**	**245**	**282**	54	265	319
Impairment provision	**(7)**	**(94)**	**(101)**	(5)	(77)	(82)
Masterplanned Communities	**525**	**2,316**	**2,841**	652	2,460	3,112
Cost of acquisition	**–**	**76**	**76**	–	76	76
Development and other costs	**–**	**14**	**14**	–	12	12
Apartments	**–**	**90**	**90**	–	88	88
Cost of acquisition	**144**	**60**	**204**	28	99	127
Development and other costs	**16**	**6**	**22**	27	13	40
Land Lease Communities	**160**	**66**	**226**	55	112	167
Cost of acquisition	**29**	**112**	**141**	88	–	88
Development and other costs	**–**	**–**	**–**	42	–	42
Interest capitalised	**1**	**–**	**1**	6	–	6
Logistics	**30**	**112**	**142**	136	–	136
Development work in progress	**715**	**2,584**	**3,299**	843	2,660	3,503
Less: amounts classified as held for sale	**–**	**–**	**–**	(46)	–	(46)
Inventories	**1,289**	**2,584**	**3,873**	1,076	2,660	3,736

1 Comprises Communities inventory of $546 million (30 June 2022: $274 million), logistics inventory of $26 million (30 June 2022: $nil), and Other inventory of $2 million (30 June 2022: $5 million). No apartments projects are included in completed inventory in the current or prior year.

The following impairment provisions are included in the inventory balance with movements for the period recognised in profit or loss:

$M	Stockland
Balance at 1 July 2022	82
Amounts utilised	**(7)**
Reversal of provisions previously recorded	**(5)**
Additional provisions created	**31**
Balance at 30 June 2023	**101**

Properties held for development and resale are stated at the lower of cost and NRV. Cost includes the costs of acquisition, development and holding costs such as borrowing costs, rates and taxes. Holding costs incurred after completion of development activities are expensed. Inventory is classified as current if it is completed or work in progress expected to be settled within 12 months, otherwise it is classified as non-current.

Cost of acquisition

The cost of acquisition comprises the purchase price of the land, including land under option, along with any direct costs incurred as part of the acquisition including legal, valuation and stamp duty costs.

The payments for land of $649 million (2022: $618 million) reported in the statement of cash flows are in respect of land that will be developed over time.

Land under option

Stockland has a number of option arrangements with third parties to purchase land on capital efficient terms.

Where the arrangement uses call options only, the decision to proceed with a purchase is controlled by Stockland and therefore Stockland has no obligation until it exercises the call option. As a result, no asset or liability for the land under option is recognised on the balance sheet until the option has been exercised. The call option is not disclosed as a capital commitment as there is no commitment to purchase until the option is exercised.

Where the arrangement includes both put and call options and the put option requires Stockland to purchase the land at the discretion of the seller, it creates a present obligation once the option is exercised by the holder and the land is then recognised in inventories with a corresponding liability. If Stockland also presently exhibits control over the future economic benefits of the asset such as via a presently exercisable call option or physical control of the asset, the land is recognised in inventories with a corresponding liability recognised in provisions for development costs at the exercise price of the option.

Any costs incurred in relation to the options, including option fees, are included in inventories.

Development and other costs

Costs include variable and fixed costs directly related to specific contracts, costs related to general contract activity which can be allocated to specific projects on a reasonable basis, and other costs specifically chargeable under the contract including under rectification provisions.

Interest capitalised

Financing costs on qualifying assets are also included in the cost of inventories. Finance costs were capitalised at interest rates ranging from 3.3 to 4.7% during the financial year (2022: 3.1 to 3.7%).

Allocation of inventories to cost of sales

A WOL methodology is applied to calculate the margin percentage for each project. On settlement, all costs, including those spent to date and those forecast in the future, are proportionally allocated to each lot in line with net revenue and released from inventories to cost of sales. The allocation of costs can change throughout the life of the project, as revenue and cost forecasts are updated to reflect market conditions through the cycle.

Impairment provision

The NRV of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and costs to sell. NRV is based on the most reliable evidence available at 30 June 2023 of the amount the inventories are expected to be realised at (using estimates such as revenue escalations) and the estimate of total costs (including costs to complete). These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. This is an area of accounting estimation and judgement for Stockland.

In accordance with AASB 102 *Inventories*, key estimates are reviewed each period, including the costs of completion, sales rates and revenue escalations, to determine whether an impairment provision is required where cost (including costs to complete) exceeds NRV. Management undertook an extensive impairment review of all development projects, taking into account the current economic and operating environment. Based on information available at 30 June 2023 and the information arising since that date about conditions at that date, the Directors have determined that the inventory balances reported are held at the lower of cost or NRV.

The sensitivity of key inventory recoverability drivers to the evolving economic and operating conditions has been analysed across all inventory projects. Production options continue to be available to Stockland to mitigate the risk of future impairments. While it is unlikely that these drivers would move in isolation, these sensitivities have been performed independently to illustrate the impact each individual driver has on the reported NRV of inventory and they do not represent management's estimate at 30 June 2023.

Stockland	Sales price	Average 3 year price growth[1]	1 year sales rate	Cost
$M	**5% decrease**	**0%**	**25% reduction**	**5% increase**
Additional impairment charge on inventories:				
• Masterplanned Communities and Apartments	**(48)**	**(110)**	**(1)**	**(14)**
• Land Lease Communities	–	–	–	–
• Logistics	–	–	–	–

1 The average 3 year price growth underpinning the 30 June 2023 impairment assessment is 3.0% (2022: 3.4%).

Key inputs used to assess impairment of inventories are:

Item	Description
Sales rates	Assumptions on the number of lot sales expected to be achieved each month.
Current sales price	Sales prices are generally reviewed semi-annually by the sales and development teams in light of internal benchmarking and market performance and are ultimately approved by the CEO, Communities.
Revenue escalation rates	The annual growth rate by which a lot is expected to increase in value until point of sale.
Costs to complete	The cost expected to be incurred to bring remaining lots to practical completion, including rectification provisions and other costs.
Cost escalation rates	The annual increase in base costs applied up to the period in which the costs are incurred.
Financing costs	Assumptions on the annual interest rates underpinning future finance costs capitalised to the cost of inventories.
Selling costs	The costs expected to be incurred to complete the sale of inventories.

Impact of climate-related events on inventory impairments

Climate change may affect inventory impairment considerations in two main ways. Firstly, adverse climate conditions and events, such as floods and bushfires, may cause damage and result in reduced demand in affected developments. Risk factors for this include property location and whether the property has been designed to mitigate the impacts of adverse events. Secondly, elevated design standards to enhance resilience and the decarbonisation of the supply chain may lead to increased build costs.

When conducting impairment assessments, management incorporates an assessment of the cost to develop inventory to required design standards, and factors in project-specific factors such as building design and locations when assessing sales volumes and pricing.

Development cost provisions

As at 30 June	2023			2022		
$M	Current	Non–current	Total	Current	Non–current	Total
Development cost provisions[1]	**453**	**201**	**654**	300	465	765
Less: amounts classified as held for sale	**–**	**–**	**–**	(39)	–	(39)
Development cost provisions from continuing operations	**453**	**201**	**654**	261	465	726

1 Includes $256 million (2022: $241 million) of provisions relating to Commercial Property investment property assets. $196 million (2022: $198 million) of the Commercial Property provisions are recorded in Stockland Trust.

$M	Stockland
Balance at 1 July 2022	726
Additional provisions	**39**
Amounts utilised	**(110)**
Amounts derecognised	**(1)**
Balance at 30 June 2023	**654**

The development cost provisions reflect obligations as at 30 June 2023 that arose as a result of past events. This balance includes deferred land options, and cost to complete provisions for both active and traded out projects. They are determined by discounting the expected future cash outflows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

7. Investment properties

Keeping it simple

Investment properties comprise investment interests in land and buildings, including integral plant and equipment held for the purpose of producing rental income, capital appreciation, or both.

Investment properties are initially recognised at cost, including any acquisition costs, and are subsequently stated at fair value at each balance date. Investment properties under development are classified as investment property and stated at fair value at each balance date.

Any gain or loss arising from a change in fair value is recognised in profit or loss in the year.

As at 30 June		Stockland		Trust	
$M	Note	2023	2022	2023	2022
Commercial Property investment properties	7.A	**10,083**	10,118	**10,097**	10,169
Communities investment properties	7.B	**449**	373	**72**	–
Other investment properties	7.C	**–**	–	**–**	–
Investment properties		**10,532**	10,491	**10,169**	10,169

Subsequent costs

Stockland recognises in the carrying amount of an investment property the cost of replacing part of that investment property if it is probable that the future economic benefits embodied within the item will flow to Stockland and the cost can be measured reliably. All other costs are recognised in profit or loss as an expense as incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes.

A property interest under a lease is classified and accounted for as an investment property on a property-by-property basis when Stockland holds it to earn rental income or for capital appreciation or both.

Lease incentives

Lease incentives provided by Stockland to lessees are included in the measurement of fair value of investment property and are treated as separate assets. Such assets are amortised over the respective periods to which the lease incentives apply using a straight-line basis.

Disposal of revalued assets

The gain or loss on disposal of revalued assets is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal and is recognised in profit or loss in the year of disposal.

7A. Commercial Property investment properties

Stockland owns, operates, and develops a portfolio of Commercial Properties across the Retail Town Centre, Logistics and Workplace sectors.

As at 30 June	Stockland		Trust	
$M	2023	2022	2023	2022
Town Centres	**5,152**	5,492	**5,089**	5,426
Logistics	**3,382**	3,065	**3,382**	3,065
Workplace	**2,023**	2,170	**2,023**	2,203
Capital works in progress and sundry properties	**627**	522	**570**	467
Book value of commercial property	**11,184**	11,249	**11,064**	11,161
Less amounts classified as:				
• cost to complete provision	**(2)**	(13)	**(2)**	(13)
• property, plant and equipment	**(131)**	(133)	**–**	–
• non–current assets held for sale	**–**	(248)	**–**	(248)
• other assets (including lease incentives and fees)	**(193)**	(220)	**(191)**	(218)
• other assets (including lease incentives and fees) attributable to equity–accounted investments	**(5)**	(5)	**(5)**	(5)
• other receivables (straight–lining of rental income)	**(48)**	(63)	**(47)**	(59)
• other receivables (straight–lining of rental income) attributable to equity–accounted investments	**(10)**	(7)	**(10)**	(7)
Investment properties (including Stockland's share of investment properties held by equity–accounted investments)	**10,795**	10,560	**10,809**	10,611
Less: Stockland's share of investment properties held by equity–accounted investments	**(712)**	(442)	**(712)**	(442)
Investment properties	**10,083**	10,118	**10,097**	10,169
Net carrying value movements				
Opening balance	**10,118**	9,286	**10,169**	9,352
Acquisitions	**58**	193	**58**	193
Expenditure capitalised	**294**	333	**289**	327
Transfers to non–current assets held for sale	**–**	(241)	**–**	(241)
Movement in ground leases of investment properties	**(1)**	(1)	**(1)**	(1)
Disposals	**(130)**	(143)	**(130)**	(143)
Net change in fair value	**(256)**	691	**(288)**	682
Balance at 30 June	**10,083**	10,118	**10,097**	10,169

7B. Communities investment properties

Stockland owns, operates and develops a portfolio of Land Lease Communities (LLC) and Community real estate investment properties.

LLC are an over-50s affordable lifestyle residential offering, where residents pay an initial purchase price for the home and ongoing site rental costs (without departure costs), and are entitled to the total capital gain or loss upon sale of the home. Stockland operates and retains ownership of the land on which the homes sit and the common amenity at each community, while the homes, which are built on site, are engineered to be relocatable and remain the property of the residents. The costs to build the homes are recognised within inventory and allocated to cost of sales using the WOL methodology described in note 6. The land retained by Stockland at each community is recognised at fair value within investment property. Any change in the fair value of the land on initial settlement of the homes is recognised as a net change in fair value of investment properties and is included in FFO. Any subsequent changes in fair value are excluded from FFO. The clubhouse facilities are initially recognised at cost in investment property, and are included in the fair value.

Community real estate investment properties comprise non-residential properties retained from Communities developments which are leased to tenants, and includes childcare and medical centres.

As at 30 June	Stockland		Trust	
$M	2023	2022	2023	2022
Land Lease Communities investment properties:				
• Established communities	**197**	183	**–**	–
• Communities under development	**166**	218	**–**	–
Community real estate investment properties	**86**	70	**72**	–
Communities investment properties (including investment properties held for sale)	**449**	471	**72**	–
Less: amounts classified as held for sale	**–**	(98)	**–**	–
Communities investment properties	**449**	373	**72**	–
Net carrying value movement				
Opening balance	**373**	90	**–**	–
Acquisitions	**44**	522	**72**	–
Expenditure capitalised	**17**	22	**–**	–
Disposals[1]	**–**	(177)	**–**	–
Transfers to disposal group assets held for sale	**–**	(98)	**–**	–
Transfer in	**15**	–	**–**	–
Net change in fair value	**–**	14	**–**	–
Balance at 30 June	**449**	373	**72**	–

1 Disposals relate to the communities acquired in the acquisition of Halcyon which were subsequently sold to the Stockland Residential Rental Partnership (SRRP).

7C. Other investment properties

Stockland announced the sale of the Retirement Living business on 23 February 2022 and the sale completed on 29 July 2022. Refer to note 14.A for further details. Stockland retained ownership of the Affinity, WA retirement village and that property, along with its resident obligations, is held for sale at 30 June 2023. Refer to note 14.C for further details.

As at 30 June	Stockland	
$M	2023	2022
Retirement Living operating villages	–	3,572
Retirement Living villages under development	–	118
Other investment properties[1]	–	3,690
Existing Retirement Living resident obligations[2]	–	(2,704)
Net carrying value of Other investment properties	–	986
Plus: retained Retirement Living resident obligations	–	2
Less: amounts classified as held for sale	–	(988)
Net carrying value of Other investment properties from continuing operations	–	–
Net carrying value movement		
Opening balance	–	1,055
Expenditure capitalised	–	57
Cash received on first sales	–	(64)
Realised investment properties fair value movements	–	9
Unrealised investment properties fair value movements	–	(29)
Unrealised Retirement Living resident obligations fair value movements	–	(126)
Other movements	–	86
Transfer to discontinued operations and assets held for sale	–	(988)
Balance at 30 June	–	–

1 At 30 June 2023, $46 million (2022: $47 million) was classified as investment properties held for sale. At 30 June 2022, $3,643 million of Retirement Living investment property was classified as discontinued operation assets held for sale. The sale of the Retirement Living business was completed on 29 July 2022 and the related assets have therefore been derecognised. Refer to notes 14A and 14C for further details.

2 At 30 June 2023, $42 million (2022: $40 million) of existing resident obligations has been included in investment properties held for sale. At 30 June 2022, $2,662 million of existing resident obligations was classified as discontinued operation liabilities held for sale. The sale of the Retirement Living business was completed on 29 July 2022 and the related liabilities have therefore been derecognised. Refer to notes 14A and 14C for further details.

7D. Fair value measurement, valuation techniques and inputs

The adopted valuations (both internal and external) for investment properties are a combination of the valuations determined using the discounted cash flow (DCF) method, the income capitalisation method, the direct comparison method, and transaction prices where relevant.

Based on available information at 30 June 2023 and information arising since that date about conditions at that date, and the economic and operating conditions evolving since, the Directors have determined that all relevant and available information has been incorporated into the reported valuations.

Valuation process

The valuation team is responsible for managing the valuation process across Stockland's investment properties portfolio. The aim of the valuation process is to ensure that assets are held at fair value in Stockland's accounts and facilitate compliance with applicable regulations (for example the *Corporations Act 2001* and ASIC regulations) and the STML Responsible Entity Constitution and Compliance Plan.

Stockland's external valuations are performed by independent professionally qualified valuers who hold a recognised relevant professional qualification and have specialised expertise in the investment properties valued. Internal tolerance checks have been performed by Stockland's internal valuers who hold recognised relevant professional qualifications.

External valuations

The STML Responsible Entity Compliance Plan requires that each asset in the portfolio must be valued by an independent external valuer at least once every three years.

In practice, assets are generally independently valued more than once every three years primarily as a result of:

- A variation between book value and internal tolerance check. Refer to the internal tolerance check section below.
- The asset undergoing major development or significant capital expenditure.
- An opportunity to undertake a valuation in line with a joint owners' valuation.
- Ensuring an appropriate cross-section of assets are externally assessed at each reporting period.

Internal tolerance check

An internal tolerance check is performed every six months with the exception of those properties being independently valued during the current reporting period. Stockland's internal valuers perform tolerance checks by utilising the information from a combination of asset plans and forecasting tools prepared by the asset management teams. Appropriate capitalisation rates, terminal yields and discount rates based on comparable market evidence and recent external valuation parameters are used to produce an income capitalisation and DCF valuation. The internal tolerance check gives consideration to both the income capitalisation and DCF valuations.

The current book value, which is the value per the asset's most recent external valuation adjusted for capital expenditure and capitalisation and amortisation of lease incentives since the independent valuation date, is compared to the internal tolerance check.

- If the internal tolerance check is within 5% of the current book value (higher or lower), then the current book value is retained, and judgement is taken that this remains the fair value of the property.
- If the internal tolerance check varies by more than 5% to the current book value (higher or lower), then an external independent valuation will be undertaken and adopted as the fair value of the property.

The internal tolerance checks are reviewed by senior management who recommend the adopted valuation to the Audit Committee and Board in accordance with Stockland's internal valuation protocol above.

A development feasibility is prepared for each of the investment properties under development. The feasibility includes an estimated valuation upon project completion based on the income capitalisation method. During the development period, fair value is assessed with reference to reliable estimates of future cash flows, status of the development and the associated risk profile. Finance costs incurred on properties undergoing development or redevelopment are included in the cost of the development. The fair value is compared to the current book value as follows:

- If the internal tolerance check is within 5% of the current book value (higher or lower), then the current book value is retained, and judgement is taken that this remains the fair value of the property under development
- If the internal tolerance check varies by more than 5% to the current book value (higher or lower), then an internal valuation will be adopted with an external valuation obtained on completion of the development.

The valuation of investment properties is a key area of accounting estimation and judgement for Stockland.

Key inputs and methodologies

Key inputs and methodologies used to measure fair value for investment properties are:

Item	Description
DCF method	Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. The DCF method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the real property.
Income capitalisation method	This method involves assessing the total net market income receivable from the property and capitalising this in perpetuity to derive a capital value, with allowances for capital expenditure reversions.
Net market rent	A net market rent is the estimated amount for which a property or space within a property should lease between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties have each acted knowledgeably, prudently and without compulsion. In a net rent, the owner recovers outgoings from the tenant on a pro rata basis (where applicable).
10 year average market rental growth	The expected annual rate of change in market rent over a 10 year forecast period in alignment with expected market movements.
10 year average specialty market rental growth	An average of a 10 year period of forecast annual percentage growth rates in Retail specialty tenancy rents. Specialty tenants are those tenancies with a gross lettable area of less than 400 square metres (excludes ATMs and kiosks).
Adopted capitalisation rate	The rate at which net market income is capitalised to determine the value of a property. The rate is determined with regards to market evidence and relevant external valuations.
Adopted terminal yield	The capitalisation rate used to convert income into an indication of the anticipated value of the property at the end of the holding period when carrying out the DCF method. The rate is determined with regards to market evidence and relevant external valuations.
Adopted discount rate	The rate of return used to convert a monetary sum, payable or receivable in the future, into present value. It reflects the opportunity cost of capital, that is, the rate of return the capital can earn if put to other uses having similar risk. The rate is determined with regards to market evidence and relevant external valuations.

The following table shows the valuation techniques used in measuring the fair value of each class of investment property, excluding assets held for sale, as well as the significant unobservable inputs used:

Class of property	Fair value hierarchy	Valuation technique	Significant unobservable Inputs used to measure fair value	2023	2022
Retail Town Centres	Level 3	DCF and income capitalisation method	Net market rent (per sqm p.a.)	$193 - $692	$186 - $700
			10 year average specialty market rental growth	2.34 - 3.51%	2.44 - 3.40%
			Adopted capitalisation rate	5.25 - 7.00%	5.00 - 6.75%
			Adopted terminal yield	5.75 - 7.25%	5.25 - 7.00%
			Adopted discount rate	6.25 - 8.00%	5.75 - 7.75%
Logistics	Level 3	DCF and income capitalisation method	Net market rent (per sqm p.a.)	$86 - $235	$77 - $195
			10 year average market rental growth	3.20 - 4.32%	2.99 - 3.75%
			Adopted capitalisation rate	4.25 - 5.50%	3.63 - 5.00%
			Adopted terminal yield	4.50 - 5.75%	3.75 - 5.25%
			Adopted discount rate	5.75 - 7.00%	5.25 - 6.00%
Workplace	Level 3	DCF and income capitalisation method	Net market rent (per sqm p.a.)	$337 - $922	$332 - $934
			10 year average market rental growth	3.18 - 3.74%	3.01 - 3.69%
			Adopted capitalisation rate	4.88 - 9.00%	4.75 - 8.25%
			Adopted terminal yield	5.25 - 9.25%	5.00 - 8.50%
			Adopted discount rate	6.00 - 9.00%	5.75 - 8.50%
Commercial properties under development	Level 3	Income capitalisation method	Net market rent (per sqm p.a.)	$105 - $493	$85 - $474
			Adopted capitalisation rate	3.88 - 5.25%	3.30 - 4.80%
Land Lease Communities	Level 3	DCF and income capitalisation method	Net market rent (per lot p.a.)	$7,682 - $9,930	$7,510 -$8,981
			Capitalisation rate	4.75%	4.75%
			Terminal yield	5.00 - 5.25%	5.25%
			Discount rate	6.25%	6.00%
Communities Real Estate	Level 3	DCF and income capitalisation method	Net market rent (per place p.a.)	$2,700 - $3,803	n/a
			Capitalisation rate	4.75 - 5.50%	n/a
			Terminal yield	5.15 - 5.75%	n/a
			Discount rate	6.0 - 7.75%	n/a

Sensitivity information

Significant unobservable input	Impact on fair value of an increase in input	Impact on fair value of a decrease in input
Net Operating Income (NOI)		
• Net market rent	Increase	Decrease
• 10 year average market rental growth	Increase	Decrease
• 10 year specialty market rental growth	Increase	Decrease
Adopted capitalisation rate	Decrease	Increase
Adopted terminal yield	Decrease	Increase
Adopted discount rate	Decrease	Increase

Generally, a change in the assumption made for the adopted capitalisation rate is accompanied by a directionally similar change in the adopted terminal yield. The adopted capitalisation rate forms part of the income capitalisation approach and the adopted terminal yield forms part of the DCF method.

When calculating the income capitalisation approach, the NOI has a strong interrelationship with the adopted capitalisation rate given the methodology involves assessing the total NOI receivable from the property and capitalising this in perpetuity to derive a capital value. In theory, an increase in the NOI and an increase (softening) in the adopted capitalisation rate could potentially offset the impact to the fair value. The same can be said for a decrease in the NOI and a decrease (tightening) in the adopted capitalisation rate. A directionally opposite change in the NOI and the adopted capitalisation rate could potentially magnify the impact to the fair value.

When assessing a DCF valuation, the adopted discount rate and adopted terminal yield have a strong interrelationship in deriving a fair value given the discount rate will determine the rate at which the terminal value is discounted to the present value.

In theory, an increase (softening) in the adopted discount rate and a decrease (tightening) in the adopted terminal yield could potentially offset the impact to the fair value. The same can be said for a decrease (tightening) in the discount rate and an increase (softening) in the adopted terminal yield. A directionally similar change in the adopted discount rate and the adopted terminal yield could potentially magnify the impact to the fair value.

The sensitivity of key drivers to further fair value movements has been analysed across the carrying value of investment properties at 30 June 2023. Investment properties valuations remain subject to market-based assumptions on discount rates, capitalisation rates, market rents and incentives. While it is unlikely that these reported drivers would move in isolation, these sensitivities have been performed independently to illustrate the impact each individual driver has on the reported fair value. They do not represent management's estimate of likely movements at 30 June 2023.

Stockland	Capitalisation rate		Discount rate		Net operating income	
$M	0.25% decrease	0.25% increase	0.25% decrease	0.25% increase	5% decrease	5% increase
Fair value gain/(loss) on:						
• Retail Town Centres	236	(217)	98	(96)	(276)	276
• Logistics	206	(213)	64	(87)	(204)	204
• Workplace	81	(74)	33	(32)	(94)	94
• Land Lease Communities	11	(10)	4	(3)	(10)	10
• Communities Real Estate	4	(4)	1	(1)	(4)	4
Fair value gain/(loss) on investment properties	**538**	**(518)**	**200**	**(219)**	**(588)**	**588**

Impact of climate-related events on property valuations

Climate change, and associated regulations, may affect property values in two main ways. Firstly, adverse weather conditions may cause damage, lost income, and/or reduced useful lives at affected properties. Risk factors for this include property location and whether the property has been designed to mitigate the impacts of adverse weather. Secondly, there is a growing trend amongst investors to pay premiums, and for regulators to require additional measures, for buildings which minimise their impact on the environment, both during construction and throughout their operating life. Properties which minimise their impact will usually have lower operating expenses due to operational efficiency and attract premium rents which may support higher valuations, however increased regulation is likely to lead to an increase in compliance costs which may reduce valuations.

Valuers incorporate an assessment of the impact of specific identified risk items, such as flooding or bushfires, on the value of each property when conducting their valuations, applying both property-specific overlays and benchmarking to market transactions that evidence premiums and discounts for low- and high-risk properties.

8. Receivables

As at 30 June	Stockland		Trust	
$M	2023	2022	2023	2022
Trade receivables[1]	**124**	75	**7**	7
Allowance for expected credit loss	**(4)**	(6)	**(4)**	(4)
Net current trade receivables	**120**	69	**3**	3
Other receivables	**61**	53	**14**	18
Receivables due from related companies	**146**	–	**–**	2,967
Allowance for expected credit loss	**(9)**	(7)	**(7)**	(12)
Net other receivables	**198**	46	**7**	2,973
Straight–lining of rental income	**12**	11	**12**	11
Current receivables	**330**	126	**22**	2,987
Less: amounts classified as held for sale	**–**	(6)	**–**	–
Current receivables from continuing operations	**330**	120	**22**	2,987
Straight–lining of rental income	**40**	52	**39**	48
Other receivables	**129**	107	**72**	68
Receivables due from related companies	**–**	–	**2,283**	–
Allowance for expected credit loss	**–**	–	**(5)**	–
Non–current receivables	**169**	159	**2,389**	116

1 Lease receivables from tenants total $8 million (2022: $20 million).

Expected credit losses

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance under the Expected Credit Loss (ECL) model. Stockland applies the simplified approach to the ECL calculation used for trade receivables, lease receivables and contract assets, and measures the ECL allowance at an amount equal to lifetime ECL. The lifetime ECL calculation is based on an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Given the possible extended timeframe over which receivables will be collected, the receivables balance has been split between current and non-current based on the expected timing of cash receipts, with cash receipts expected beyond 12 months booked as non-current. This ensures adequate emphasis is placed on the risk of default as the debt ages and the time value of money.

The loss allowances for trade receivables and the intergroup loan as at 30 June 2023 reconcile to the opening loss allowances as follows:

As at 30 June	Stockland		Trust	
$M	2023	2022	2023	2022
Opening ECL balance	**13**	28	**16**	34
Provision raised during the year	**4**	9	**4**	9
Provision released during the year	**(4)**	(17)	**(4)**	(20)
Bad debts written off in the year[1]	**–**	(7)	**–**	(7)
Closing ECL balance	**13**	13	**16**	16

1 Rent abatements driven by COVID-19 of $nil were also expensed in the current year (2022: $28 million).

Receivables due from related entities

The Trust has applied the ECL model under AASB 9 *Financial Instruments* to its unsecured intergroup loan receivable from Stockland, repayable in 2030. While there has been no history of defaults, and the loan is considered to be low credit risk, an impairment provision determined as the 12-month ECL has been recorded at balance date. During the year the loan was refinanced. Management has determined that there has not been a significant increase in credit risk on the intergroup loan since its inception as the Corporation maintains a strong capital position, forecasts positive cash flows, and has sufficient assets that are capable of generating cash inflows above their carrying value in order to repay the loan to the Trust in accordance with agreed repayment terms. There is no impact on Stockland as this loan eliminates on consolidation.

9. Payables

As at 30 June		Stockland		Trust	
$M	Note	2023	2022	2023	2022
Trade payables and accruals		**349**	439	**100**	106
Land purchases		**213**	253	**–**	12
Distributions payable	4	**344**	349	**344**	349
GST payable/(receivable)		**(21)**	(47)	**(1)**	(8)
Current payables		**885**	994	**443**	459
Less: amounts classified as held for sale[1]		**–**	(14)	**–**	–
Current payables from continuing operations		**885**	980	**443**	459
Other payables		**19**	19	**–**	–
Land purchases		**159**	294	**–**	–
Non–current payables		**178**	313	**–**	–

1 At 30 June 2022, $2 million of current payables was classified as disposal group liabilities held for sale and $12 million of current payables was classified as discontinued operations held for sale. Refer to notes 14A and 14B for further details.

Trade and other payables are initially recognised at fair value less transaction costs and are subsequently carried at amortised cost.

The carrying values of payables at balance date represent a reasonable approximation of their fair value.

10. Other liabilities

As at 30 June	Stockland		Trust	
$M	2023	2022	2023	2022
Land purchases	**49**	54	**–**	–
Other liabilities	**72**	91	**20**	27
Current other liabilities	**121**	145	**20**	27
Less: amounts classified as held for sale	**–**	(59)	**–**	–
Current other liabilities from continuing operations	**121**	86	**20**	27
Land purchases	**421**	453	**–**	–
Other liabilities	**55**	51	**27**	27
Non–current other liabilities	**476**	504	**27**	27

Land purchases

As part of its normal restocking process, Stockland acquires land on deferred terms from vendors who enter into reverse factoring arrangements with a financier in order to receive their aggregated deferred payments early. All future amounts payable under these arrangements have been recognised on the balance sheet within other liabilities rather than trade payables as is the case for land creditor transactions not subject to a reverse factoring arrangement.

11. Leases

Stockland as a lessee

Amounts recognised in the consolidated balance sheet

The consolidated balance sheet contains the following amounts relating to leases:

As at 30 June	Stockland		Trust	
$M	2023	2022	2023	2022
Right–of–use assets				
Investment properties (non–current)[1]	**24**	25	**24**	25
Other assets (non–current)[2]	**10**	11	**–**	–
Total right–of–use assets	**34**	36	**24**	25
Lease liabilities				
Other liabilities (current)	**3**	2	**–**	–
Other liabilities (non-current)	**36**	38	**27**	27
Total lease liabilities	**39**	40	**27**	27

1 Right–of–use assets capitalised to investment properties include ground leases for Durack Centre, WA.
2 Right–of–use assets capitalised to other assets includes the lease for Stockland's Brisbane office, Stockland's Melbourne office and a number of other individually immaterial operating leases.

Additions to the right-of-use assets during the year were $nil (2022: $nil).

Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income contains the following amounts relating to leases:

Year ended 30 June	Stockland		Trust	
$M	2023	2022	2023	2022
Depreciation charge of right–of–use assets				
Investment properties	**1**	1	**1**	1
Other assets	**3**	2	**–**	–
Total depreciation charge of right–of–use assets	**4**	3	**1**	1
Other expenses relating to leases				
Interest expense (included in finance expense)	**2**	2	**1**	1
Expense relating to short–term leases (included in management, administration, marketing and selling expenses)	**–**	2	**–**	–
Total other expenses relating to leases	**2**	4	**1**	1

The total cash outflow for leases in the year was $5 million (2022: $5 million).

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets

Right–of–use assets are measured at cost less depreciation and impairment and are adjusted for any remeasurement of the lease liability. The cost of the asset includes the amount of the initial measurement of lease liability and any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs, and restoration cost.

Right–of–use assets are depreciated on a straight–line basis from the commencement date of the lease to the earlier of the end of the useful life of the right–of–use asset or the end of the lease term, unless they meet the definition of an investment property. Right–of–use assets which meet the definition of an investment property form part of the investment property balance and are measured at fair value in accordance with AASB 140 *Investment Property* (refer to note 7 and below section on ground leases).

The lease term is the non–cancellable period of a lease together with the lease period under reasonably certain extension options and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Management considers all the facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. This assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and is within the control of the lessee. No lease terms were revised during the year.

Stockland tests right–of–use assets for impairment where there is an indicator that the asset may be impaired. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Payments associated with lease terms of 12 months or less and leases of low value assets are recognised in profit or loss.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. If that rate cannot be determined, Stockland's incremental borrowing rate is used. Lease payments used in calculating the lease liability include:

- fixed payments less incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate at commencement date;
- payments of penalties for terminating the lease if the lease term reflects Stockland exercising that option; and
- lease payments to be made under options for extension which are reasonably certain to be exercised.

Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications. Interest on the lease liability and any variable lease payments not included in the measurement of the lease liability are recognised in profit or loss in the period in which they relate.

Stockland is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Incremental borrowing rate

The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. To determine the incremental borrowing rate, Stockland uses interest rates from recent third-party financing or a risk-free interest rate, which is then adjusted for lease-specific factors, including security and lease term.

Investment properties with Ground Leases

A lease liability reflecting the leasehold arrangements of investment properties is disclosed in other liabilities in the balance sheet and the carrying value of the investment properties are adjusted so that the net of these two amounts equals the fair value of the investment properties. The lease liabilities are calculated as the net present value of the future lease payments discounted at the incremental borrowing rate.

Stockland as a lessor

Information relating to Stockland's accounting for revenue from operating leases is contained in note 1. Information relating to Stockland's accounting for lease incentives is contained in note 7.

Maturity analysis of future lease receipts

The following table shows a maturity analysis of undiscounted, contracted lease payments to be received under operating leases:

	Stockland		Trust	
$M	2023	2022	2023	2022
Undiscounted lease payments due to Stockland or the Trust in the years ending 30 June:				
2023	**n/a**	580	**n/a**	583
2024	**594**	460	**592**	458
2025	**461**	351	**455**	346
2026	**369**	281	**364**	277
2027	**281**	200	**278**	197
2028	**204**	n/a	**201**	n/a
Beyond 2028 (2022: Beyond 2027)	**753**	720	**737**	702
Total undiscounted lease payments due	**2,662**	2,592	**2,627**	2,563

Lease modifications

Lease modifications arise when there is a change in the scope of a lease or a change in the consideration for a lease that was not part of its original terms and conditions. Stockland accounts for lease modifications from the effective date of the modification. Existing unamortised lease incentives capitalised to investment property will continue to be amortised over the remaining lease term. Any amounts prepaid or owing relating to the original lease are treated as payments for the new lease. During the year, Stockland granted a combination of rent abatements and deferrals to tenants.

Rent abatements

Where an abatement is granted retrospectively on uncollected past due rent, the abatement is expensed as an impairment of trade receivables. Where an agreement on past due receivables has not been reached by 30 June 2023, an estimate of the expected abatement on the outstanding balance is made and incorporated into the expected credit loss calculation.

Where an abatement has been agreed between Stockland and the tenant and is considered under the lease agreement, there is no lease modification. Instead, the abatement is treated as a variable lease payment whereby Stockland recognises a reduction in rental revenue in the current year.

For abatements or other lease modifications accompanied by extensions of lease terms or other changes in lease scope, Stockland has accounted for these as a lease modification. The abated portion will be capitalised as a lease incentive and amortised on a straight-line basis over the remaining life of the lease.

12. Cash and cash equivalents

Cash and cash equivalents comprise cash balances, at call deposits and other short-term investments. Included in the cash and cash equivalents balance of $271 million is $137 million (2022: $147 million) in cash that is relating to joint operations and/or held to satisfy real estate and financial services licensing requirements, and is not immediately available for use by Stockland.

13. Intangible assets

The consolidated balance sheet contains the following amounts relating to intangible assets:

	Stockland					
As at 30 June	2023			2022		
$M	Software	Under development	Total	Software	Under development	Total
Cost						
Opening balance	**81**	**10**	**91**	92	6	98
Additions	**9**	**5**	**14**	3	7	10
Retirements	**–**	**–**	**–**	(14)	–	(14)
Transfer	**–**	**(9)**	**(9)**	–	(3)	(3)
Closing balance	**90**	**6**	**96**	81	10	91
Accumulated amortisation and impairment						
Opening balance	**(26)**	**–**	**(26)**	(21)	–	(21)
Retirements	**–**	**–**	**–**	4	–	4
Amortisation	**(8)**	**–**	**(8)**	(9)	–	(9)
Closing balance	**(34)**	**–**	**(34)**	(26)	–	(26)
Intangible assets	**56**	**6**	**62**	55	10	65

Software

Software is carried at cost less accumulated amortisation and impairment losses. Amounts incurred in design and testing of software are capitalised, including employee costs and an appropriate part of directly attributable overhead costs, where the software will generate probable future economic benefits.

Costs associated with maintaining software are recognised as an expense as incurred.

All software is amortised using the straight-line method at rates between 10 to 100% (2022: 10 to 100%) from the point at which the asset is ready for use. Amortisation is recognised in profit or loss. The residual value, the useful life and the amortisation method applied to an asset are reviewed at least annually.

14. Discontinued operations, disposal groups and assets held for sale

KEEPING IT SIMPLE

Discontinued operations relate to a component of the Group, including its corresponding assets and liabilities, that have been classified as held for sale and represent a separate major line of business or geographical area of operation. The group of assets and their corresponding liabilities (together referred to as a 'disposal group'), may only be classified as held for sale once the following criteria are met:

- The carrying amount will be recovered principally through a sale transaction rather than through continuing use; and
- The sale must be highly probable.

A disposal group is measured at the lower of its carrying amount and fair value. Where fair value is lower than the carrying amount, the difference is recognised as an impairment loss in profit or loss. The results of discontinued operations are presented separately in the Statement of Comprehensive Income and corresponding notes in both the current and prior periods.

14A. Discontinued operations held for sale

On 23 February 2022, the Group entered into an agreement with EQT Infrastructure (EQT) whereby EQT acquired ownership of Stockland's Retirement Living business for $934 million. The transaction completed on 29 July 2022, and the associated assets and liabilities were consequently derecognised by Stockland. At 30 June 2022, the Retirement Living business was presented as a discontinued operation held for sale.

The financial performance of the discontinued operation, representing the Retirement Living business sold, for the current and prior year is as follows:

Results of discontinued operations[1]	Stockland	
$M	2023	2022
Revenue	**10**	129
Investment property expenses	**(1)**	(10)
Management, administration, marketing and selling expenses	**(4)**	(36)
Net change in fair value of investment properties	**(2)**	(17)
Net change in fair value of resident obligations	**–**	(126)
Net (loss) on sale of non–current assets	**–**	(3)
Profit/(loss) before tax	**3**	(63)
Income tax (expense)/benefit	**(1)**	19
Profit/(loss) after tax from discontinued operation	**2**	(44)

1 Excludes the results of Aspire villages and sundry assets not included in the transaction.

The impact of the discontinued operation on EPS is as follows:

Year ended 30 June	Stockland					
	2023			2022		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Profit after tax attributable to securityholders ($M)	**438**	**2**	**440**	1,425	(44)	1,381
Basic EPS (cents)	**18.4**	**0.1**	**18.5**	59.8	(1.8)	57.9
Diluted EPS (cents)	**18.2**	**0.1**	**18.3**	59.6	(1.8)	57.7

The cash flow information of the discontinued operation, representing the Retirement Living business sold, for the current and prior years is as follows:

Year ended 30 June	Stockland	
$M	**2023**	**2022**
Net cash inflow from operating activities	**2**	198
Net cash outflow from investing activities	**(6)**	(60)
Net cash (utilised)/provided by discontinued operation	**(4)**	138

The carrying amounts of the major classes of assets and liabilities, representing the Retirement Living business sold, are as follows:

As at 30 June	Stockland	
$M	**2023**	**2022**
Cash and cash equivalents	**–**	21
Receivables	**–**	6
Current assets	**–**	27
Investment properties	**–**	3,643
Non–current assets	**–**	3,643
Assets	**–**	3,670
Payables	**–**	12
Retirement Living resident obligations	**–**	2,610
Development provisions	**–**	39
Other liabilities	**–**	21
Transaction cost provision	**–**	38
Current liabilities	**–**	2,720
Retirement Living resident obligations	**–**	52
Non–current liabilities	**–**	52
Liabilities	**–**	2,772
Net carrying value	**–**	898

14B. Disposal group held for sale

On 23 February 2022, the Group announced it entered into a binding agreement with Mitsubishi Estates Asia (MEA) to establish SRRP, a long-term partnership to develop and own land lease communities. Stockland has taken a 50.1% ownership stake in SRRP, refer to note 23 Joint Ventures for more information.

The initial portfolio comprised six land lease communities. Three of these communities settled into SRRP on 31 May 2022. The remaining three communities were held for disposal by Stockland at 30 June 2022 and settled into SRRP during the current year.

As at 30 June	Stockland	
$M	2023	2022
Disposal group assets held for sale	–	150
Disposal group liabilities held for sale	–	(2)
Disposal group held for sale	**–**	148

The major classes of assets and liabilities classified as disposal group held for sale in the current and prior periods are as follows:

As at 30 June	Stockland	
$M	2023	2022
Inventories	–	46
Property, plant and equipment	–	6
Investment properties	–	98
Assets	**–**	150
Payables	–	2
Liabilities	**–**	2

14C. Non-current assets held for sale

As at 30 June	Stockland		Trust	
$M	2023	2022	2023	2022
Investment properties transferred from Commercial Property	–	248	–	248
Investment properties transferred from Other[1]	**4**	7	**–**	–
Non-current assets held for sale	**4**	255	**–**	248

1 Includes $46 million Retirement Living investment property net of $42 million Retirement Living resident obligations.

The following investment properties were held for sale at 30 June 2023:

- Stockland Affinity retirement village, WA

During the current year, Stockland completed the sale of the following properties which were classified as non-current assets held for sale at 30 June 2022:

- 49% of The M_Park Trust, which holds the M_Park technology development at Macquarie Park, NSW
- Stockland Bull Creek, Bull Creek WA
- Stockland Gladstone, Gladstone QLD
- Sundry properties at Caloundra, QLD

Investment properties are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Investment properties held for sale remain measured at fair value.

Capital structure and financial risk management

In this section

This section outlines how Stockland manages the market, credit and liquidity risk associated with its capital structure and related financing costs.

Capital management

The Board determines the appropriate capital structure of Stockland, specifically, how much is raised from securityholders (equity) and how much is borrowed from financial institutions and global capital markets (debt), in order to finance Stockland's activities both now and in the future. The Board considers Stockland's capital structure and its dividend and distribution policy at least twice a year ahead of announcing results, in the context of its ability to continue as a going concern, to deliver its business plan, and execute its strategy.

Stockland's capital structure is monitored through its gearing ratio, together with other key financial metrics, and the Board maintains a capital structure to minimise the overall cost of capital in line with the Board's risk appetite. Stockland has a stated target gearing ratio range of 20% to 30%, together with a look-through gearing ratio of up to 35%, and credit ratings of A-/stable and A3/stable from S&P and Moody's respectively.

Financial risk

Capital and financial risk management is carried out by a central treasury department. The Board reviews and approves written principles of overall risk management, as well as written policies covering specific areas such as capital management, financial risks, interest rates, foreign exchange and credit risks, the use of derivatives, and the Group's liquidity. The Audit Committee assists the Board in monitoring the implementation of these treasury policies.

Borrowings

The Trust borrows money from financial institutions and debt investors globally in the form of bonds, bank debt, and other financial instruments. As a result, Stockland is exposed to changes in interest rates on its net borrowings and to changes in foreign exchange rates on its transactions, assets and liabilities denominated in foreign currencies. In accordance with risk management policies, Stockland uses derivatives to appropriately hedge these underlying exposures. Furthermore, there has been no change in the Group's hedging policy for interest rates or currencies, with the resulting derivative portfolios operating as expected and in line with market movements.

The Group continues to meet both the general and financial undertakings required under its financing arrangements.

15. Borrowings

Interest-bearing loans and borrowings are recognised initially at fair value less attributable transaction costs and are subsequently stated at amortised cost. Any difference between amortised cost and redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. However, where a qualifying fair value hedge is in place, borrowings are stated at the carrying amount adjusted for changes in fair value of the hedged risk. The changes are recognised in profit or loss.

The table below shows the fair value of each of these instruments measured at Level 2 in the fair value hierarchy. Fair value reflects the principal amount and remaining duration of these notes based on current market interest rates and conditions at balance date. Stockland has complied with all covenants throughout the year ended 30 June 2023 and up to the date of authorisation of these accounts.

The weighted average cost of debt for the year was 4.3% (2022: 3.4%).

		Stockland and Trust							
As at 30 June		2023				2022			
$M	Note	Current	Non–current	Carrying value	Fair value	Current	Non–current	Carrying value	Fair value
Offshore medium term notes	15.A	–	**3,085**	**3,085**	**2,980**	123	2,964	3,087	3,075
Domestic medium term notes and commercial paper	15.B	**200**	**547**	**747**	**696**	343	497	840	810
Drawn bank facilities	15.C	–	**75**	**75**	**75**	470	75	545	545
Borrowings		**200**	**3,707**	**3,907**	**3,751**	936	3,536	4,472	4,430

The difference of $156 million (2022: $42 million) between the carrying amount and fair value of the offshore medium term notes (MTNs), domestic MTNs and commercial paper is due to notes being carried at amortised cost under AASB 9 *Financial Instruments*.

15A. Offshore medium term notes

The Trust has issued fixed coupon notes in the US private placement market and under its Euro MTN program in Europe and Asia. These notes have been issued in USD, EUR and HKD and converted back to Australian dollars (AUD or $) principal and AUD floating coupons through cross currency interest rate swaps (CCIRS).

As at 30 June 2023, the fair value of the US private placements and European and Asian MTNs is $1,177 million (2022: $1,988 million) and $1,803 million (2022: $1,087 million) respectively.

15B. Domestic medium term notes and commercial paper

Domestic MTNs and commercial paper have been issued at either face value or at a discount to face value and are carried at amortised cost. The discount or premium is amortised to finance costs over the term of the notes. The MTNs are issued on either fixed or floating interest rate terms.

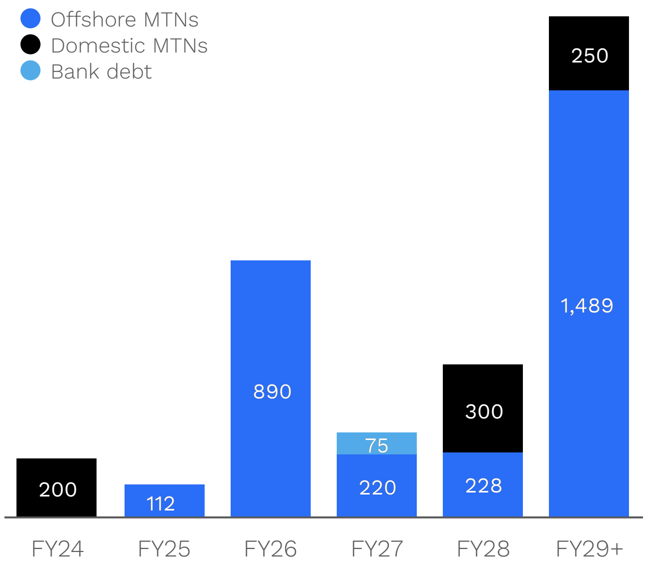
15C. Bank facilities

Bank facilities are unsecured, working capital facilities held at amortised cost. As at 30 June 2023, Stockland and the Trust have undrawn bank facilities of $1,425 million (2022: $730 million) of which $500 million is due to expire within 12 months of balance sheet date.

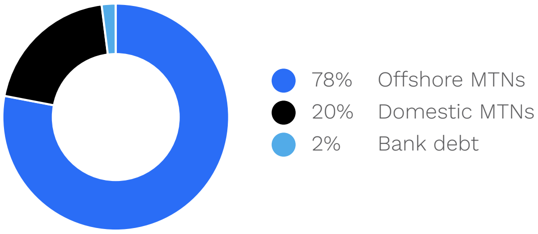
15D. Drawn debt

The composition and maturity profile for the Group's drawn debt of $3.8 billion is shown below at face value

Drawn debt maturity profile[1]



Drawn debt composition %[1]



1 Face value in AUD at 30 June 2023 after the effect of the CCIRS.

16. Net financing costs

Keeping it simple

Stockland generates interest income on cash and other financial assets and incurs interest expense on borrowings and other financial liabilities. The presentation of the net financing costs in this note reflects income and expenses according to the classification of the financial instruments.

Fair value movements reflect the change in fair value of Stockland's derivative instruments between the later of inception or 1 July 2022 and 30 June 2023. The fair value at year end is not necessarily the same as the settlement value at maturity.

Net financing costs are as follows:

Year ended 30 June	Stockland		Trust	
$M	2023	2022	2023	2022
Interest income from related parties	**–**	–	**219**	191
Interest income from other parties	**10**	3	**7**	3
Finance income	**10**	3	**226**	194
Interest expense relating to borrowings	**(178)**	(148)	**(178)**	(149)
Interest paid or payable on other financial liabilities at amortised cost	**(37)**	(35)	**–**	–
Finance expense on lease liabilities	**(2)**	(2)	**(1)**	(1)
Less: interest capitalised to inventories	**114**	96	**–**	–
Less: interest capitalised to investment properties	**19**	14	**18**	12
Finance expense	**(84)**	(75)	**(161)**	(138)
Designated hedge accounting relationships				
Fair value hedges – gain/(loss) on change in fair value of derivatives	**4**	(199)	**4**	(199)
Fair value hedges – (loss)/gain on change in fair value of borrowings	**(14)**	201	**(14)**	201
Net (loss)/gain on designated hedge accounting relationships	**(10)**	2	**(10)**	2
Non-designated hedge accounting relationships				
(Loss)/gain on foreign exchange movements	**(1)**	6	**(1)**	6
Gain on fair value movements	**20**	183	**20**	183
Net gain on non–designated hedge accounting relationships	**19**	189	**19**	189
Net gain on financial instruments	**9**	191	**9**	191

Finance income is recognised in profit or loss as it accrues using the effective interest method.

Finance expense includes interest payable on short-term and long-term borrowings calculated using the effective interest method and payments of interest on derivatives. These borrowing costs are expensed as incurred except to the extent that they are directly attributable to the acquisition, construction, or production of a qualifying asset, such as investment properties or inventories. Qualifying assets are assets that necessarily take a substantial period of time to reach the stage of their intended use or sale.

In these circumstances, borrowing costs are capitalised to the cost of the assets while in active development until the assets are ready for their intended use or sale. Total interest capitalised does not exceed the net interest expense in any period. Project carrying values, including all capitalised interest attributable to projects, continue to be recoverable based on the latest project feasibilities. In the event that development is suspended for an extended period of time, or the decision is taken to dispose of the asset, the capitalisation of borrowing costs is also suspended. Borrowing costs are capitalised using a weighted average capitalisation rate applied to the expenditures on the asset excluding specific borrowings. The rate at which interest has been capitalised to qualifying assets is disclosed in note 6.

The accounting policy for fair value of derivatives are discussed in notes 17 and 18.

17. Other financial assets and liabilities

Keeping it simple

A derivative is a type of financial instrument and is typically used to manage an underlying risk. A derivative's value changes over time in response to underlying variables, such as exchange rates or interest rates, and is entered into for a fixed period. A hedge is where a derivative is used to manage underlying exposures. Stockland uses derivatives to manage exposure to foreign exchange and interest rate risk.

Based on the nature of the assets and their purpose, movements in the fair value of other financial assets are recognised either through profit or loss or other comprehensive income.

	Stockland				Trust			
As at 30 June	Other financial assets		Other financial liabilities		Other financial assets		Other financial liabilities	
$M	2023	2022	2023	2022	2023	2022	2023	2022
Instruments in a designated fair value hedge[1]								
CCIRS	**–**	–	**–**	–	**–**	–	**–**	–
Instruments in a designated cash flow hedge[1]								
CCIRS	**–**	19	**–**	–	**–**	19	**–**	–
Instruments held at fair value through profit or loss								
CCIRS	**–**	–	**–**	–	**–**	–	**–**	–
IRS	**35**	2	**(20)**	–	**35**	2	**(20)**	–
Other	**–**	–	**–**	(10)	**–**	–	**–**	–
Current	**35**	21	**(20)**	(10)	**35**	21	**(20)**	–
Instruments in a designated fair value hedge[1]								
CCIRS	**121**	126	**(111)**	(117)	**121**	126	**(111)**	(117)
Instruments in a designated cash flow hedge[1]								
CCIRS	**48**	41	**(6)**	(14)	**48**	41	**(6)**	(14)
Instruments held at fair value through profit or loss								
CCIRS	**12**	12	**–**	–	**12**	12	**–**	–
IRS	**90**	102	**(34)**	(53)	**90**	102	**(34)**	(53)
Other[2]	**14**	9	**–**	(4)	**–**	–	**–**	–
Non-current[3]	**285**	290	**(151)**	(188)	**270**	280	**(151)**	(184)

1 No interest rate swaps are in designated hedge relationships.
2 Other financial assets include investments by the Corporation in Stockland Care Foundation Trust and other third party digital start-up entities.
3 Totals may not add due to rounding.

Derivative financial instruments

Derivative financial instruments are recognised initially at fair value and are remeasured at each balance date. The valuation of derivatives is an area of accounting estimation and judgement for Stockland. Third party valuations are used to determine the fair value of Stockland's derivatives. The valuation techniques use inputs such as interest rate yield curves and currency prices/yields, volatilities of underlying instruments and correlations between inputs.

The gain or loss on remeasurement to fair value is recognised in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Stockland enters into ISDA Master Agreements with its derivative counterparties. Under the terms of these arrangements, where certain credit events occur, the net position owing/receivable with a single counterparty in relation to all outstanding derivatives with that counterparty will be taken as owing/receivable and all the relevant arrangements terminated. As Stockland does not presently have a legally enforceable right of set-off, these amounts have not been offset in the balance sheet. If a credit event had occurred, the ISDA Master Agreement would have the effect of netting, allowing a reduction to derivative assets and derivative liabilities of the same amount of $162 million (2022: $153 million).

Derivatives that qualify for hedge accounting

Stockland holds a number of derivative instruments including interest rate swaps, forward exchange contracts and CCIRS. Stockland assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in the fair value or cash flows of the hedged item using the hypothetical derivative method.

In order to qualify for hedge accounting, prospective hedge effectiveness testing must meet all of the following criteria:

- an economic relationship exists between the hedged item and hedging instrument;
- the effect of credit risk does not dominate the value changes resulting from the economic relationship; and
- the hedge ratio is the same as that resulting from actual amounts of hedged items and hedging instruments for risk management.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and Stockland's own credit risk on the fair value of the swaps, which is not reflected in the fair value of the hedged item; and
- changes in interest rates will impact the fair value of the Australian dollar margin and implied foreign currency margin respectively.

At the inception of the transaction, Stockland designates and documents these derivative instruments into a hedging relationship with the hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions.

Stockland documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives used in hedging transactions have been and will continue to be effective in offsetting changes in fair value or cash flows of hedged items.

CCIRS hedging foreign currency borrowings are designated in either dual fair value and cash flow hedges or fair value hedges only.

Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of an asset or liability that is attributable to a particular risk.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Hedge accounting is discontinued when the hedging instrument matures or is sold, terminated or exercised, or until such time where the hedging relationship ceases to meet the qualifying criteria. Any adjustment between the carrying amount and the face value of a hedged financial instrument is amortised to profit or loss using the effective interest method. Amortisation begins when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows attributable to a particular risk associated with an asset, liability, or highly probable forecast transaction that could affect profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity in the cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within finance income or expense.

Amounts in the cash flow hedge reserve are recognised in profit or loss in the periods when the hedged item is recognised in profit or loss.

Hedge accounting is discontinued when the hedging instrument matures or is sold, terminated or exercised, no longer qualifies for hedge accounting, or when Stockland revokes designation. Any cumulative gain or loss recognised in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is recognised immediately in profit or loss.

Additionally, there are a number of derivatives that are not designated as fair value and/or cash flow hedges. These are used to hedge economic exposures and the gains or losses on remeasurement to fair value of these instruments are recognised immediately in profit or loss.

As at 30 June $M	Stockland and Trust										
	Borrowings					Derivatives					
	Carrying amount					Mark to market					
	2023	2022	Movements	(Repaid) Drawn	Gain/(loss) on FV of debt	2023	2022	Movements	Cash flow hedge reserve impact	Gain/(loss) on FV of derivatives	Net gain/(loss) recognised in profit or loss[1]
US Dollar	**1,864**	1,986	**(122)**	**(105)**	**19**	**124**	149	**(25)**	**(5)**	**(21)**	**(2)**
• *Effective*	***1,535***	*1,595*	***(60)***	***(40)***	***20***	***113***	*137*	***(24)***	***(4)***	***(20)***	**–**
• *Other*[2]	***328***	*392*	***(64)***	***(65)***	***(1)***	***11***	*12*	***(1)***	**–**	***(1)***	***(2)***
Euro[3]	**471**	455	**16**	**–**	**(16)**	**(29)**	(44)	**15**	**2**	**13**	**(4)**
HK Dollar[3]	**758**	655	**103**	**91**	**(12)**	**(31)**	(38)	**7**	**1**	**6**	**(6)**
Foreign exposure	**3,093**	3,096	**(3)**	**(14)**	**(9)**	**64**	67	**(3)**	**(2)**	**(2)**	**(12)**
AUD bank debt	**75**	545	**(470)**	**(470)**	**–**	**–**	–	**–**	**–**	**–**	**–**
AUD MTNs and commercial paper	**750**	843	**(93)**	**(93)**	**–**	**–**	–	**–**	**–**	**–**	**–**
AUD IRS	**–**	–	**–**	**–**	**–**	**71**	50	**21**	**–**	**21**	**21**
Borrowing costs	**(11)**	(12)	**1**	**–**							
Total[1]	**3,907**	4,472	**(565)**	**(577)**	**(9)**	**135**	117	**18**	**(2)**	**19**	**9**

1 Totals may not add due to rounding.
2 Relates to instruments which are in economic hedge relationships but do not qualify for hedge accounting or have not been designated in hedge accounting relationships.
3 These hedge relationships were deemed effective accounting hedges in the current and prior years.

Reconciliation of cash flow hedge reserve

Year ended 30 June	Stockland		Trust	
$M	2023	2022	2023	2022
Opening cash flow hedge reserve	**(14)**	(49)	**(14)**	(49)
Net change in fair value of cash flow hedges	**(5)**	30	**(5)**	30
Reclassified to profit or loss	**3**	5	**3**	5
Closing cash flow hedge reserve	**(16)**	(14)	**(16)**	(14)

18. Fair value measurement of financial instruments

Keeping it simple

The financial instruments included on the balance sheet are measured at either fair value or amortised cost. The measurement of fair value may in some cases be subjective and may depend on the inputs used in the calculations. Stockland generally uses external valuations based on market inputs or market values (e.g. external share prices). The different valuation methods are called hierarchies and are described below:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between levels during the year.

Determination of fair value

The fair value of financial instruments, including offshore MTNs and derivatives, is determined in accordance with generally accepted pricing models by discounting the expected future cash flows using assumptions supported by observable market rates. While certain derivatives are not quoted in an active market, Stockland has determined the fair value of these derivatives using quoted market inputs (e.g., interest rates, volatility, and exchange rates) adjusted for specific features of the instruments and debit or credit value adjustments based on the current creditworthiness of Stockland or the derivative counterparty.

The following tables set out the financial instruments included on the balance sheet at fair value:

	Stockland							
As at 30 June	2023				2022			
$M	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Derivative assets	**–**	**306**	**–**	**306**	–	302	–	302
Other investments	**14**	**–**	**–**	**14**	13	–	–	13
Financial assets carried at fair value	**14**	**306**	**–**	**320**	13	302	–	315
Offshore MTNs[1]	**–**	**(2,765)**	**–**	**(2,765)**	–	(2,704)	–	(2,704)
Derivative liabilities	**–**	**(171)**	**–**	**(171)**	–	(184)	–	(184)
Other financial liabilities[2]	**–**	**–**	**(42)**	**(42)**	–	–	(2,716)	(2,716)
Financial liabilities carried at fair value	**–**	**(2,936)**	**(42)**	**(2,978)**	–	(2,888)	(2,716)	(5,604)
Net position	**14**	**(2,630)**	**(42)**	**(2,658)**	13	(2,586)	(2,716)	(5,289)

1 Offshore MTNs not in an accounting hedge relationship are carried at amortised cost. This table only reflects offshore MTNs carried at fair value according to their hedge designation.

2 At 30 June 2023, $42 million of existing resident obligations has been included in investment properties held for sale (2022: $40 million). At 30 June 2022, $2,662 million of existing resident obligations was classified as discontinued operation liabilities held for sale (30 June 2023: $nil). Refer to notes 14A and 14C for further details.

	Trust							
As at 30 June	2023				2022			
$M	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Derivative assets	**–**	**306**	**–**	**306**	–	302	–	302
Financial assets carried at fair value	**–**	**306**	**–**	**306**	–	302	–	302
Offshore MTNs[1]	**–**	**(2,765)**	**–**	**(2,765)**	–	(2,704)	–	(2,704)
Derivative liabilities	**–**	**(171)**	**–**	**(171)**	–	(184)	–	(184)
Financial liabilities carried at fair value	**–**	**(2,936)**	**–**	**(2,936)**	–	(2,888)	–	(2,888)
Net position	**–**	**(2,630)**	**–**	**(2,630)**	–	(2,586)	–	(2,586)

1 Offshore MTNs not in an accounting hedge relationship are carried at amortised cost. This table only reflects offshore MTNs carried at fair value according to their hedge designation.

The following table shows a reconciliation from the opening to closing balances for fair value measurements in Level 3 of the fair value hierarchy:

	Stockland			
	2023		2022	
$M	Retirement Living resident obligations	Total	Retirement Living resident obligations	Total
Opening balance	**(2,716)**	**(2,716)**	(2,512)	(2,512)
(Losses)/gains recognised in profit or loss	**–**	**–**	(38)	(38)
Cash receipts from incoming residents on turnover	**(3)**	**(3)**	(311)	(311)
Cash payments to outgoing residents on turnover, net of DMF	**6**	**6**	145	145
Amount disposed in the sale of the Retirement Living Business	**2,671**	**2,671**	–	–
Balance at 30 June[1]	**(42)**	**(42)**	(2,716)	(2,716)

1 At 30 June 2023, $42 million of existing resident obligations has been included in investment properties held for sale (30 June 2022: $40 million). At 30 June 2022, $2,662 million of existing resident obligations was classified as discontinued operation liabilities held for sale (30 June 2023: $nil). Refer to notes 14A and 14C for further details.

19. Financial risk factors

Keeping it simple

Stockland's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. Stockland's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance.

The sensitivity analysis included in this note shows the impact that a shift in the financial risks would have on the financial statements at balance date, but is not a forecast or prediction. In addition, it does not include any management action that might take place to mitigate these risks, were they to eventuate.

19A. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect Stockland's financial performance or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

Currency risk

Currency risk arises when anticipated transactions or recognised assets and liabilities are denominated in a currency that is not Stockland's functional currency, being Australian Dollars (AUD). Stockland manages its currency risk by using CCIRS and forward exchange contracts.

Stockland's offshore MTNs create both an interest rate and a currency risk exposure. Stockland's policy is to minimise its exposure to both interest rate and exchange rate movements. Accordingly, Stockland has entered into a series of CCIRS which cover 100% of the principals outstanding and are timed to expire when each note matures. These CCIRS also swap the obligation to pay fixed interest to floating interest. When these swaps are no longer effective in hedging the interest rate and currency risk exposure, management will reassess the value in continuing to hold the swap.

These CCIRS have been designated as fair value and cash flow hedges and are accounted for in line with the accounting principles in note 17.

The effects of foreign currency-related hedging instruments on the Group's financial position and performance are as follows:

	Stockland and Trust	
As at 30 June	2023	2022
Carrying amount	**2,765**	2,704
Notional amount	**2,623**	2,572
Maturity date	**Aug 2024 – Mar 2036**	Aug 2022 – Mar 2036
Hedge ratio	**1:1**	1:1
Change in discounted spot value of outstanding hedging instruments since inception of the hedge	**53**	54
Change in value of hedged item used to determine hedge ineffectiveness	**(65)**	(53)
Weighted average hedged rate for outstanding hedged instruments against AUD$1	**USD 0.77**	USD 0.78
	HKD 5.57	HKD 5.59
	EUR 0.63	EUR 0.63

Sensitivity analysis – currency risk

The following sensitivity analysis shows the impact on the profit or loss and equity if there was an increase/decrease in AUD exchange rates of 10% at balance date with all other variables held constant, being the movement Stockland determines is reasonably possible (2022: 10%). In determining what constitutes a reasonably possible movement, management gives consideration to their best estimate at balance date of the range of possible future exchange rate movements.

	Stockland and Trust							
	2023				2022			
As at 30 June	Profit or loss		Equity		Profit or loss		Equity	
$M	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
EUR	–	–	(2)	2	–	–	(2)	3
HKD	–	–	(5)	6	–	–	(5)	6
USD	–	–	(10)	12	–	–	(11)	14
Impact	**–**	**–**	**(17)**	**20**	–	–	(18)	23

Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of financial instruments will fluctuate due to changes in interest rates.

The Trust's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Trust to cash flow interest rate risk. Borrowings issued at fixed rates expose the Trust to fair value interest rate risk. Stockland's treasury policy allows it to enter into approved derivative instruments to manage the risk profile of the total debt portfolio to achieve an appropriate mix of fixed and floating interest rate exposures. The Trust manages its interest rate risk through CCIRS and fixed-to-floating interest rate swaps.

Sensitivity analysis – interest rate risk

The following sensitivity analysis shows the impact on profit or loss and equity if there was an increase/decrease in market interest rates of 200 basis points (bps) at balance date with all other variables held constant, being the movement Stockland determines is reasonably possible (2022: 100bps). In determining what constitutes a reasonably possible movement, management gives consideration to their best estimate at balance date of the range of possible future interest rate movements.

	Stockland				Trust			
As at 30 June	2023		2022		2023		2022	
$M	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Impact on interest income/(expense)	5	(5)	4	(4)	48	(48)	32	(32)
Impact on net gain/(loss) on derivatives – through profit or loss	113	(122)	50	(53)	113	(122)	50	(53)
Impact on profit or loss	**118**	**(127)**	54	(57)	**161**	**(170)**	82	(85)
Impact on equity	**27**	**(28)**	17	(18)	**27**	**(28)**	17	(18)

19B. Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to Stockland.

Risk management

Stockland has no significant concentrations of credit risk with any single counterparty and has policies to review the aggregate exposure of tenancies across its portfolio. Stockland also has policies to ensure that sales of properties with deferred payment terms and development services are made to customers with an appropriate credit history.

Derivative counterparties and cash deposits are currently limited to financial institutions approved by the Audit Committee. As at 30 June 2023, these financial institutions had an Investment Grade rating greater than A- provided by S&P. There are also policies that limit the amount of credit risk exposure to any one of the approved financial institutions based on their credit rating and country of origin.

The maximum exposure to credit risk at the end of the reporting period is the gross carrying amount of each class of financial assets mentioned in this report.

Bank guarantees and mortgages over land are held as security over certain receivables balances.

Impairment of financial assets

As at 30 June 2023 and 30 June 2022, there were no significant financial assets that were past due. Financial assets are subject to the expected credit loss model as per AASB 9. Refer to note 8 for details of the loss allowances recognised on trade receivables and the intercompany loan.

19C. Liquidity risk

Liquidity risk is the risk that Stockland will not be able to meet its financial obligations as they fall due. Due to the dynamic nature of the underlying businesses, Stockland aims to maintain flexibility in liquidity and funding sources by keeping sufficient cash and cash equivalents and/or undrawn committed credit lines available, while maintaining a low cost of holding these facilities. Management prepares and monitors rolling forecasts of liquidity requirements on the basis of expected cash flow.

Stockland manages liquidity risk through monitoring the maturity profile of its debt portfolio. At 30 June 2023, the current weighted average debt maturity is 5 years (2022: 4.8 years).

Keeping it simple

The following tables summarise Stockland's financial liabilities including derivatives into relevant maturity groupings based on the period remaining until the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest) and therefore may not reconcile with the amounts disclosed on the balance sheet.

Refer to note 18 for the fair value of derivative assets to provide an analysis of Stockland and Trust total derivatives.

As at	Stockland					
$M	Carrying amount	Contractual cash flows	1 year or less	1 – 2 years	2 – 5 years	Over 5 years
30 June 2023						
Non-derivative						
Payables (excl. GST)	**(740)**	**(740)**	**(562)**	**(58)**	**(101)**	**(19)**
Other liabilities	**(470)**	**(470)**	**(49)**	**(48)**	**(373)**	**–**
Lease liabilities	**(39)**	**(39)**	**(3)**	**(2)**	**(7)**	**(27)**
Distributions payable	**(344)**	**(344)**	**(344)**	**–**	**–**	**–**
Borrowings	**(3,907)**	**(4,843)**	**(348)**	**(302)**	**(2,157)**	**(2,036)**
Other financial liabilities[1]	**(42)**	**(42)**	**(42)**	**–**	**–**	**–**
Derivative						
Interest rate derivatives	**(54)**	**(59)**	**(20)**	**(10)**	**(21)**	**(8)**
CCIRS	**(117)**					
• Inflows	**–**	**1,698**	**40**	**40**	**595**	**1,023**
• Outflows	**–**	**(1,889)**	**(86)**	**(85)**	**(659)**	**(1,059)**
Financial liabilities	**(5,713)**	**(6,728)**	**(1,414)**	**(465)**	**(2,723)**	**(2,126)**
30 June 2022						
Non-derivative						
Payables (excl. GST)	(1,003)	(1,003)	(689)	(125)	(147)	(42)
Other liabilities	(507)	(507)	(54)	(48)	(405)	–
Lease liabilities	(40)	(40)	(2)	(2)	(7)	(29)
Distributions payable	(349)	(349)	(349)	–	–	–
Borrowings	(4,472)	(5,292)	(617)	(322)	(2,147)	(2,206)
Other financial liabilities[1]	(2,716)	(2,716)	(2,660)	–	–	(56)
Derivative						
Interest rate derivatives	(53)	(60)	(6)	(15)	(24)	(15)
CCIRS	(131)					
• Inflows		1,628	37	37	656	898
• Outflows		(1,899)	(59)	(76)	(777)	(987)
Financial liabilities	(9,271)	(10,238)	(4,399)	(551)	(2,851)	(2,437)

1 At 30 June 2022, $2,662 million of existing resident obligations was classified as discontinued operation liabilities held for sale. $42 million of existing resident obligations has been included in investment properties held for sale at 30 June 2023 (2022: $40 million). Refer to notes 14A and 14C for further details.

As at	Trust					
$M	Carrying amount	Contractual cash flows	1 year or less	1 – 2 years	2 – 5 years	Over 5 years
30 June 2023						
Non–derivative						
Payables (excl. GST)	**(100)**	**(100)**	**(100)**	**–**	**–**	**–**
Lease liabilities	**(27)**	**(27)**	**–**	**–**	**(2)**	**(25)**
Distributions payable	**(344)**	**(344)**	**(344)**	**–**	**–**	**–**
Borrowings	**(3,907)**	**(4,843)**	**(348)**	**(302)**	**(2,157)**	**(2,036)**
Derivative						
Interest rate derivatives	**(54)**	**(59)**	**(20)**	**(10)**	**(21)**	**(8)**
CCIRS	**(117)**					
• Inflows		**1,698**	**40**	**40**	**595**	**1,023**
• Outflows		**(1,889)**	**(86)**	**(85)**	**(659)**	**(1,059)**
Financial liabilities	**(4,549)**	**(5,564)**	**(858)**	**(357)**	**(2,244)**	**(2,105)**
30 June 2022						
Non–derivative						
Payables (excl. GST)	(118)	(118)	(118)	–	–	–
Lease liabilities	(28)	(28)	–	(1)	(1)	(26)
Distributions payable	(349)	(349)	(349)	–	–	–
Borrowings	(4,472)	(5,292)	(617)	(322)	(2,147)	(2,206)
Derivative						
Interest rate derivatives	(53)	(60)	(6)	(15)	(24)	(15)
CCIRS	(131)					
• Inflows		1,628	37	37	656	898
• Outflows		(1,899)	(59)	(76)	(777)	(987)
Financial liabilities	(5,151)	(6,118)	(1,112)	(377)	(2,293)	(2,336)

20. Issued capital

Keeping it simple

Issued capital represents the amount of consideration received for securities issued by Stockland. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

The balances and movements in equity of Stockland are presented in the consolidated statement of changes in equity.

For so long as Stockland remains jointly quoted, the number of shares in Stockland Corporation Limited and the number of units in Stockland Trust shall be equal and the securityholders and unitholders shall be identical.

Holders of stapled securities are entitled to receive dividends and distributions as declared from time to time and are entitled to one vote per stapled security at securityholder meetings. The liability of a member is limited to the amount, if any, remaining unpaid in relation to a member's subscription for securities. A member is entitled to receive a distribution following termination of the stapling arrangement (for whatever reason). The net proceeds of realisation must be distributed to members, after making an allowance for payment of all liabilities (actual and anticipated) and meeting any actual or anticipated expenses of termination.

The following table provides details of securities issued by Stockland:

	Stockland and Trust		Stockland		Trust	
	Number of securities		$M		$M	
As at 30 June	2023	2022	2023	2022	2023	2022
Ordinary securities on issue						
Issued and fully paid	**2,387,171,662**	2,387,171,662	**8,692**	8,692	**7,393**	7,393
Other equity securities						
Treasury securities	**(5,275,982)**	(4,197,304)	**(40)**	(37)	**(38)**	(35)
Issued capital	**2,381,895,680**	2,382,974,358	**8,652**	8,655	**7,355**	7,358

20A. Movements in ordinary securities

	Stockland and Trust		Stockland		Trust	
	Number of securities		$M		$M	
As at 30 June	2023	2022	2023	2022	2023	2022
Opening balance	**2,387,171,662**	2,387,171,662	**8,692**	8,692	**7,393**	7,393
Securities issued during the year	**–**	–	**–**	–	**–**	–
Closing balance	**2,387,171,662**	2,387,171,662	**8,692**	8,692	**7,393**	7,393

Stockland did not issue any ordinary staples securities during the year.

20B. Other equity securities

Treasury securities

Treasury securities are securities in Stockland that are held by the Stockland Employee Securities Plan Trust. Securities are held until the end of the vesting period affixed to the securities. As the securities are held on behalf of eligible employees, the employees are entitled to the dividends and distributions.

Movement of other equity securities

	Stockland and Trust		Stockland		Trust	
	Number of securities		$M		$M	
	2023	2022	2023	2022	2023	2022
Opening balance	**4,197,304**	3,517,364	**(37)**	(29)	**(35)**	(28)
Securities acquired[1]	**4,494,605**	3,619,294	**(15)**	(17)	**(14)**	(15)
Securities transferred to employees on vesting	**(3,415,927)**	(2,939,354)	**12**	9	**11**	8
Closing balance	**5,275,982**	4,197,304	**(40)**	(37)	**(38)**	(35)

1 Average price: $3.44 per security (2022: $4.67).

20C. Security based payments

Keeping it simple

Stockland operates three Security Plans at its discretion for eligible employees which are described below:

Long term incentives (LTI)

Under the LTI plan, employees have the right to acquire Stockland securities at nil consideration when certain performance conditions are met. Since FY21, grants may vest based on a relative or absolute TSR performance measure over a three-year performance period, provided employment continues to the applicable vesting date. Prior to FY21, two equally-weighted performance measures were used, being underlying EPS growth and relative TSR. Eligibility is by invitation of the Board and is reviewed annually.

Deferred short term incentives (DSTI)

For Executives and Senior Management there is a compulsory deferral of at least one third of STI incentives into Stockland securities to further align remuneration outcomes with securityholders. Half of the awarded DSTI securities will vest 12 months after award with the remaining half vesting 24 months after award, provided employment continues to the applicable vesting date.

Tax exempt employee security plan

Under this plan, eligible employees receive up to $1,000 worth of Stockland securities.

The security options granted under the three Security Plans are held at fair value. The valuation of security options is a key area of accounting estimation and judgement for Stockland.

The number and weighted average fair value of LTI rights and DSTI securities under the Security Plans are as follows:

	Weighted average price per right/security		Number of rights/securities	
Details	2023	2022	2023	2022
Opening balance	**$3.19**	$3.16	**13,331,666**	11,958,396
Granted during the year	**$2.34**	$3.23	**8,373,415**	5,792,383
Forfeited and lapsed during the year	**$2.91**	$2.65	**(1,499,664)**	(1,672,246)
Rights converted to vested Stockland stapled securities	**$3.67**	$3.48	**(3,429,633)**	(2,746,867)
Outstanding at the end of the year	**$2.69**	$3.19	**16,775,784**	13,331,666

LTI

The fair value of LTI rights is measured at grant date using the Monte Carlo Simulation option pricing model taking into account the terms and conditions upon which the rights were granted. The fair value is expensed on a straight-line basis over the vesting period, the period over which the rights are subject to performance and service conditions, with a corresponding increase in reserves.

Where the individual forfeits the rights due to failure to meet a service or performance condition, the cumulative expense is reversed through profit or loss in the current year. The cumulative expenditure for rights forfeited due to market conditions are not reversed.

Where amendments are made to the terms and conditions subsequent to the grant, the value of the grant immediately prior to and following the modification is determined. This occurs upon resignation or termination where the amendment relates to rights becoming vested in terms of beneficial ownership, which would otherwise have been forfeited due to the failure to meet future service conditions. In this situation, the value that would have been recognised in future periods in respect of the rights not forfeited is recognised in the period that the rights vest.

The number of rights granted to employees under the plan for the year ended 30 June 2023 was 5,504,051 (2022: 3,738,527). The number of LTI rights awarded is based on the Volume Weighted Average Price of Stockland securities for the ten working days post 30 June (face value methodology). This is consistent with the approach for determining the number of DSTI awards.

Assumptions made in determining the fair value of rights granted under the security plans are:

Details	2023		2022
Grant date	**18 October 2022**	**18 October 2022**	18 October 2021
Fair value of rights granted under plan	**$1.47**	**$1.07**	$1.78
Securities spot price at grant date	**$3.33**	**$3.33**	$4.60
Exercise price	**–**	**–**	–
Distribution yield	**7.06%**	**7.06%**	6.09%
Risk–free rate at grant date	**3.40%**	**3.40%**	0.52%
Expected remaining life at grant date	**2.70 years**	**2.70 years**	2.70 years
Expected volatility of Stockland's securities	**33%**	**33%**	32%
Expected volatility of index price	**23%**	**0%**	22%

The LTI rights outstanding as at 30 June 2023 of 12,411,904 (2022: 9,729,369), have a fair value ranging from $1.07 to $4.59 (2022: $1.11 to $4.59) per right and a weighted average restricted period remaining of 1.6 years (2022: 1.1 years).

During the year, 1,393,163 rights (2022: 987,175) vested and will convert to securities with a weighted average fair value of $3.20 per security (2022: $3.02).

DSTI

The fair value of securities granted under the DSTI plan has been calculated based on the weighted average share price on grant date of $3.34 (2022: $4.22).

The DSTI outstanding as at 30 June 2023, included in the table above, are 3,734,093 (2022: 3,088,229). The DSTI outstanding have a fair value ranging from $3.33 to $4.76 (2022: $2.72 to $5.12) per security.

Employee Security Plan

Stockland securities issued to eligible employees under the Tax Exempt Employee Security Plan ($1,000 Plan) are recognised as an expense with a corresponding increase in issued capital. The value recognised is the market price of the securities granted at grant date.

Taxation

In this section

This section sets out Stockland's tax accounting policies and provides an analysis of the income tax expense/benefit and deferred tax balances, including a reconciliation of tax expense to accounting profit. Accounting income is not always the same as taxable income, creating temporary differences. These differences usually reverse over time. Until they reverse, a deferred tax asset or liability must be recognised on the balance sheet, to the extent that it is probable that a reversal will take place. This is known as the balance sheet liability method.

21. Income tax

21A. Income tax recognised in profit or loss

Year ended 30 June	Stockland	
$M	2023	2022
Current tax	**(30)**	–
Adjustments for prior years	**–**	–
Current tax	**(30)**	–
Deferred tax recognised during the year	**–**	–
Origination and reversal of temporary differences	**(48)**	(43)
Deferred tax	**(48)**	(43)
Income tax in profit or loss	**(78)**	(43)
Less: income tax (expense)/benefit relating to discontinued operations	**(1)**	19
Income tax in profit or loss from continuing operations	**(77)**	(62)

21B. Reconciliation of profit before tax to income tax recognised in profit or loss

Year ended 30 June	Stockland	
$M	2023	2022
Profit before tax	**518**	1,424
Less: Trust (profit)/loss before tax	**(201)**	(1,390)
Adjust for: intergroup eliminations	**(64)**	(5)
Profit before tax of Stockland Corporation Group	**253**	29
Prima facie income tax calculated at 30%	**(76)**	(9)
Impact on income tax recognised in profit or loss due to:		
Permanent adjustments	**1**	(69)
Amounts which are non-deductible in the year	**(1)**	(5)
Cost base not previously able to be recognised in relation to goodwill of Retirement Living business	**–**	42
Under–provided in prior years	**(2)**	(2)
Income tax in profit or loss	**(78)**	(43)
Effective tax rate[1]	**31%**	147%
Effective tax rate (excluding discontinued operations)	**31%**	66%

1 The effective tax rate for the year ended 30 June 2022 is higher than the 30% statutory tax rate because of the permanent components of the gains on the sale of the Retirement Living business (both the capital gain and the recognition of cost base on goodwill).

Stockland

Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income (OCI) or directly in equity. Income tax expense is calculated at the applicable corporate tax rate of 30%, and is comprised of current and deferred tax expense.

Current tax expense represents the expense relating to the expected taxable income at the applicable tax rate for the financial year. Deferred tax expense represents the tax expense in respect of the future tax consequences of recovering or settling the carrying amount of an asset or liability.

Tax consolidation

Stockland Corporation Limited is head of the tax consolidated group which includes its wholly-owned Australian resident subsidiaries. As a consequence, all members of the tax consolidated group are taxed as a single entity.

Members of the tax consolidated group have entered into a tax sharing agreement and a tax funding arrangement. The arrangement requires that Stockland Corporation Limited assumes the current tax liabilities and deferred tax assets arising from unused tax losses, with payments to or from subsidiaries settled via intergroup loans. Any subsequent period adjustments are recognised by Stockland Corporation Limited only and do not result in further amounts being payable or receivable under the tax funding arrangement. The tax liabilities of the entities included in the tax consolidated group will be governed by the tax sharing agreement should Stockland Corporation Limited default on its tax obligations.

Trust

Under current Australian income tax legislation, Stockland Trust and its sub-trusts are not liable for income tax on their taxable income (including any assessable component of net capital gains) provided that the unitholders are attributed the taxable income of the Trust. Securityholders are liable to pay tax at their effective tax rate on the amounts attributed.

22. Deferred tax

As at 30 June	Assets		Liabilities		Net	
$M	2023	2022	2023	2022	2023	2022
Inventories	**40**	32	**(68)**	(60)	**(28)**	(28)
Investment properties	**37**	18	**(115)**	(112)	**(78)**	(94)
Property, plant and equipment	**18**	21	**–**	–	**18**	21
Payables	**16**	10	**(9)**	(1)	**7**	9
Retirement Living resident obligations	**–**	–	**–**	(185)	**–**	(185)
Provisions	**30**	44	**–**	–	**30**	44
Leases	**1**	–	**–**	(1)	**1**	(1)
Reserves	**8**	7	**–**	–	**8**	7
Tax losses carried forward	**–**	233	**–**	–	**–**	233
Tax assets/(liabilities)[1]	**150**	365	**(192)**	(359)	**(42)**	6

1 Totals may not add due to rounding.

Movement in temporary differences

As at 30 June		Recognised in			Recognised in		
$M	2021	Retained earnings	Profit or loss	2022	Retained earnings	Profit or loss	2023
Inventories	(132)	–	104	(28)	**–**	**–**	**(28)**
Investment properties	(341)	–	247	(94)	**–**	**16**	**(78)**
Property, plant and equipment	32	–	(11)	21	**–**	**(3)**	**18**
Payables	26	–	(17)	9	**–**	**(2)**	**7**
Retirement Living resident obligations	11	–	(196)	(185)	**–**	**185**	**–**
Provisions	15	–	29	44	**–**	**(14)**	**30**
Leases	–	–	(1)	(1)	**–**	**2**	**1**
Reserves	7	–	–	7	**–**	**1**	**8**
Tax losses carried forward	431	–	(198)	233	**–**	**(233)**	**–**
Tax assets/(liabilities)[1]	49	–	(43)	6	**–**	**(48)**	**(42)**

1 Totals may not add due to rounding.

Stockland

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using the applicable tax rates.

Deferred tax arises due to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

- initial recognition of goodwill;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (for example acquisition of customer lists); and
- differences relating to investments in subsidiaries to the extent that they are unlikely to reverse in the foreseeable future.

Trust

There are no deferred tax assets or liabilities in the Trust. As the Trust limits its activities to deriving income from leasing Commercial Property and interest on the cross staple loan with Stockland Corporation, all of the Trust's taxable income each year is attributed to its investors and the Trust is not subject to tax. However, all of the annual taxable income is subject to tax in the hands of Stockland's investors. The Trustee of Stockland Trust would be liable to pay tax to the extent that Stockland Trust does not distribute all of its 'net income', as determined under Stockland Trust's trust deed.

Group structure

In this section

This section provides information which will help users understand how Stockland's structure affects the financial position and performance of Stockland as a whole. Stockland includes entities that are classified as joint ventures and joint operations.

Joint ventures are accounted for using the equity method, while joint operations are proportionately consolidated.

This section of the notes contains information about:

1. Interests in joint arrangements; and
2. Changes to the structure that occurred during the year as a result of business combinations or the disposal of a discontinued operation.

23. Equity-accounted investments

Stockland has interests in a number of joint ventures that are accounted for using the equity method. Stockland did not have investments in associates at 30 June 2023 or 30 June 2022.

A joint venture is an arrangement over whose activities Stockland has joint control, established by contractual agreement, where Stockland has rights to the net assets of the arrangement. Investments in joint ventures are accounted for on an equity-accounted basis. Investments in joint ventures are assessed for impairment when indicators of impairment are present and if required, written down to the recoverable amount.

Stockland’s share of the joint venture’s profit or loss and other comprehensive income is from the date joint control commences until the date joint control ceases. If Stockland’s share of losses exceeds its interest in a joint venture, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that Stockland has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Transactions with the joint venture are eliminated to the extent of Stockland’s interest in the joint venture until such time as they are realised by the joint venture on consumption or sale. Additionally, Stockland's carrying amount and share of total comprehensive income from joint ventures are adjusted as required to align the accounting policies of the joint venture to Stockland's accounting policies.

A summary of Stockland's joint ventures and their primary activities are as follows:

Joint venture	Primary activities
Macquarie Park Trust	Also known as MPT, this joint venture owns and operates the Optus Centre in Macquarie Park, NSW. The Optus Centre is a 6-building campus style workplace asset.
Riverton Forum Pty Limited and Willeri Drive Trust	Riverton Forum Pty Ltd is the trustee of Willeri Drive Trust. Willeri Drive Trust owned Stockland Riverton, Riverton, WA. During the year the property was sold.
Stockland Fife Kemps Creek Trust	Also known as Fife Kemps Creek Trust, this joint venture is developing industrial build to hold assets in Kemps Creek, NSW.
Stockland FIfe Willawong Trust	Also known as Fife Willawong Trust, this joint venture is developing industrial build to hold assets in Willawong, QLD.
Stockland Residential Rental Partnership Trust and SRRP Development Trust	Also known as SRRP, this joint venture is developing and operating Land Lease Communities. The Development Trust is responsible for the development activities and sale of houses, while the Partnership Trust owns the land on which the communities are being development and is responsible for operating the communities and collecting rental income.
The M_Park Trust	Also known as TMPT, this joint venture is developing the M_Park Stage One project at Macquarie Park, NSW as a build to hold asset. The project contains one data centre and three commercial office buildings.

23A. Interest in joint ventures

The ownership interest and carrying amount in each joint venture is presented below:

	Stockland					
	Ownership interest as at		Carrying amount as at		Share of total comprehensive income / (loss) for the period ended	
	%	%	$M	$M	$M	$M
	2023	2022	2023	2022	2023	2022
Macquarie Park Trust	**51.0**	51.0	**330**	333	**15**	49
Riverton Forum Pty Limited	**50.0**	50.0	**–**	–	**–**	–
SRRP Development Trust	**50.1**	50.1	**21**	46	**43**	–
Stockland Fife Kemps Creek Trust	**50.0**	50.0	**121**	61	**–**	–
Stockland Fife Willawong Trust	**50.0**	50.0	**28**	27	**1**	–
Stockland Residential Rental Partnership Trust	**50.1**	50.1	**84**	70	**(13)**	(13)
The M_Park Trust	**51.0**	100.0	**88**	n/a	**36**	n/a
Willeri Drive Trust	**50.0**	50.0	**3**	55	**2**	4
Total			**675**	592	**84**	40

	Trust					
	Ownership interest as at		Carrying amount as at		Share of total comprehensive income / (loss) for the period ended	
	%	%	$M	$M	$M	$M
	2023	2022	2023	2022	2023	2022
Macquarie Park Trust	**51.0**	51.0	**336**	339	**15**	49
Riverton Forum Pty Limited	**50.0**	50.0	**–**	–	**–**	–
Stockland Fife Kemps Creek Trust	**50.0**	50.0	**121**	61	**–**	–
Stockland Fife Willawong Trust	**50.0**	50.0	**28**	27	**1**	–
Stockland Residential Rental Partnership Trust	**50.1**	50.1	**85**	70	**(12)**	(13)
The M_Park Trust	**51.0**	100.0	**88**	n/a	**(28)**	n/a
Willeri Drive Trust	**50.0**	50.0	**3**	55	**2**	4
Total[1]			**662**	553	**(22)**	40

1 Totals may not add due to rounding.

Changes to joint ventures

During the year, Stockland sold 49.0% of its interest in The M_Park Trust (TMPT) to Ivanhoé Cambridge.

There were no other changes to the above list of investments in joint ventures during the year.

23B. Summary of financial information for joint ventures and associates

The tables below provide summarised financial information for all joint ventures in the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and not Stockland's share of those amounts. They have been amended to reflect adjustments made by Stockland when using the equity method, including fair value adjustments and modifications for differences in accounting policies.

As at 30 June	Macquarie Park Trust		Fife Kemps Creek Trust		SRRP Trust[1]		SRRP Development Trust		TMPT		Other joint ventures		Total	
$M	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Cash and cash equivalents	**9**	2	**2**	24	**15**	4	**52**	55	**5**	n/a	**1**	1	**84**	86
Inventories	**–**	–	**–**	–	**–**	–	**179**	105	**–**	n/a	**–**	–	**179**	105
Other current assets	**1**	–	**–**	16	**2**	27	**17**	9	**–**	n/a	**14**	12	**34**	64
Current assets	**10**	2	**2**	40	**17**	31	**248**	169	**5**	n/a	**15**	13	**297**	255
Inventories	**–**	–	**–**	–	**–**	–	**–**	–	**–**	n/a	**–**	–	**–**	–
Investment properties	**724**	720	**241**	240	**291**	170	**–**	–	**391**	n/a	**37**	149	**1,684**	1,279
Other non-current assets	**28**	24	**–**	–	**98**	–	**–**	–	**–**	n/a	**18**	1	**144**	25
Non-current assets	**752**	744	**241**	240	**389**	170	**–**	–	**391**	n/a	**55**	150	**1,828**	1,304
Assets	**762**	746	**243**	280	**406**	201	**248**	169	**396**	n/a	**70**	163	**2,125**	1,559
Other current liabilities	**5**	7	**1**	158	**21**	4	**74**	78	**93**	n/a	**1**	1	**195**	248
Current liabilities	**5**	7	**1**	158	**21**	4	**74**	78	**93**	n/a	**1**	1	**195**	248
Borrowings	**–**	–	**–**	–	**216**	55	**98**	–	**130**	n/a	**–**	–	**444**	55
Other non-current liabilities	**99**	74	**–**	–	**–**	–	**–**	–	**–**	n/a	**–**	–	**99**	74
Non-current liabilities	**99**	74	**–**	–	**216**	55	**98**	–	**130**	n/a	**–**	–	**543**	129
Liabilities	**104**	81	**1**	158	**237**	59	**172**	78	**223**	n/a	**1**	1	**738**	377
Net assets	**658**	665	**242**	122	**169**	142	**76**	91	**173**	n/a	**69**	162	**1,387**	1,182
Reconciliation to carrying amounts										n/a				
Opening balance	**665**	608	**122**	21	**142**	–	**92**	n/a	**–**	n/a	**162**	154	**1,183**	783
Capital contributions	**–**	–	**120**	101	**53**	168	**–**	92	**228**	n/a	**–**	8	**401**	369
Total comprehensive profit/(loss) for the year	**30**	96	**–**	–	**(25)**	(26)	**46**	–	**(55)**	n/a	**5**	8	**1**	78
Distributions paid	**(37)**	(39)	**–**	–	**(1)**	–	**(62)**	–	**–**	n/a	**(98)**	(8)	**(198)**	(47)
Net assets at 30 June[2]	**658**	665	**242**	122	**169**	142	**76**	92	**173**	n/a	**69**	162	**1,387**	1,183
% ownership	**51.0**	51.0	**50.0**	50.0	**50.1**	50.1	**50.1**	50.1	**51.0**	n/a	**n/a**	n/a	**n/a**	n/a
Group's share of net assets[2]	**336**	339	**121**	61	**85**	70	**38**	46	**88**	n/a	**35**	82	**703**	598
Adjustments on consolidation with Trust	**–**	–	**–**	–	**–**	–	**n/a**	n/a	**–**	n/a	**(4)**	–	**(4)**	–
Carrying amount Trust[2]	**336**	339	**121**	61	**85**	70	**n/a**	n/a	**88**	n/a	**31**	82	**662**	553
Adjustments on consolidation with Stockland	**(6)**	(6)	**–**	–	**(1)**	–	**(17)**	–	**–**	n/a	**(4)**	–	**(28)**	(6)
Carrying amount Stockland[2]	**330**	333	**121**	61	**84**	70	**21**	46	**88**	n/a	**31**	82	**675**	592

1 Legal entity name is Stockland Residential Rental Partnership Trust.
2 Totals may not add due to rounding.

Year ended 30 June	Macquarie Park Trust		Fife Kemps Creek Trust		SRRP Trust[1]		SRRP Development Trust		TMPT		Other joint ventures		Total	
$M	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue	**41**	40	**–**	–	**16**	1	**249**	24	**2**	n/a	**10**	16	**318**	81
Cost of property developments sold	**–**	–	**–**	–	**–**	–	**(187)**	(18)	**–**	n/a	**–**	–	**(187)**	(18)
Net change in fair value of investment properties	**–**	63	**–**	–	**(24)**	(15)	**–**	–	**(55)**	n/a	**2**	(1)	**(77)**	47
Net finance income/(expense)	**(5)**	(1)	**–**	–	**(7)**	–	**–**	–	**–**	n/a	**–**	–	**(12)**	(1)
Other expenses	**(6)**	(6)	**–**	–	**(10)**	(12)	**(16)**	(7)	**(2)**	n/a	**(7)**	(6)	**(41)**	(31)
Profit/(loss) after tax[2]	**30**	96	**–**	–	**(25)**	(26)	**46**	(1)	**(55)**	n/a	**5**	9	**1**	78
Total comprehensive income/(loss)	**30**	96	**–**	–	**(25)**	(26)	**46**	(1)	**(55)**	n/a	**5**	9	**1**	78
% ownership	**51.0**	51.0	**50.0**	50.0	**50.1**	50.1	**50.1**	50.1	**51.0**	n/a	**n/a**	n/a	**n/a**	n/a
Group's share of total comprehensive income/(loss)[2]	**15**	49	**–**	–	**(12)**	(13)	**23**	–	**(28)**	n/a	**3**	4	**1**	40
Adjustments on consolidation with Trust	**–**	–	**–**	–	**–**	–	**n/a**	n/a	**–**	n/a	**–**	–	**–**	–
Trust's share of profits/(losses) from equity accounted investments	**15**	49	**–**	–	**(12)**	(13)	**n/a**	n/a	**(28)**	n/a	**3**	4	**(22)**	40
Adjustments on consolidation with Stockland	**–**	–	**–**	–	**(1)**	–	**20**	–	**64**	n/a	**–**	–	**83**	–
Stockland's share of profits/(losses) from equity accounted investments	**15**	49	**–**	–	**(13)**	(13)	**43**	–	**36**	n/a	**3**	4	**84**	40

1 Legal entity name is Stockland Residential Rental Partnership Trust.
2 Totals may not add due to rounding.

24. Joint operations

A subsidiary of Stockland has a 50% interest in a joint arrangement called the Aura Co-Venture which was set up as a partnership to develop the Aura masterplanned residential community on the Sunshine Coast, QLD. It is a for-profit joint operation. This joint operation is unincorporated and domiciled in Australia.

Interests in unincorporated joint operations are consolidated by recognising Stockland's proportionate share of the joint operations' assets, liabilities, revenues and expenses on a line-by-line basis, from the date joint control commences to the date joint control ceases and are not included in the above table.

25. Controlled entities

The following entities were 100% controlled during the current and prior years:

Controlled entities of Stockland Corporation Limited

Albert & Co Pty Ltd[1]	Stockland Development (PR4) Pty Limited
Armstrong Creek Pty Ltd[1]	Stockland Development (Sub3) Pty Limited
AW Bidco 1 Pty Limited[1]	Stockland Development (Sub4) Pty Limited
AW Bidco 2 Pty Limited[1]	Stockland Development (Sub5) Pty Limited
AW Bidco 4 Pty Limited[1]	Stockland Development (Sub7) Pty Limited[1]
AW Bidco 5 Pty Limited[1]	Stockland Development Holding Trust
AW Bidco 6 Pty Limited[1]	Stockland Development Pty Limited[1]
AW Bidco No. 7 Pty Limited	Stockland Eurofinance Pty Limited[1]
AW Bidco No. 8 Pty Limited	Stockland Financial Services Pty Limited[1]
AW Bidco No. 9 Pty Limited	Stockland Highett Pty Limited
AW Bidco No. 10 Pty Limited	Stockland Highlands Pty Limited[1]
AW Bidco No. 11 Pty Limited	Stockland Kawana Waters Pty Limited[1]
AW Bidco No. 12 Pty Limited	Stockland Lake Doonella Pty Limited[1]
AW Bidco No. 13 (NSW) Pty Limited	Stockland Land Lease Communities Holdings Pty Limited[1]
Compam Property Management Pty Limited	Stockland Land Lease Landlord Pty Limited[1]
Eisha Pty Ltd	Stockland Land Lease Management Pty Limited[1]
Enaard Pty Ltd	Stockland Lensworth Glenmore Park Limited[1]
Endeavour (No. 2) Unit Trust	Stockland LLC Aura Pty Limited[1]
Glengar Capital Pty Limited	Stockland LLC B by Halcyon Trust
Glenmore Park Investments Pty Limited	Stockland LLC Burpengary Trust
Halcyon Constructions QLD Pty Ltd[1]	Stockland LLC Curlewis Trust
Halcyon Resales Pty Ltd[1]	Stockland LLC Evergreen Trust
Halcyon Resales Unit Trust	Stockland LLC General Pty Limited[1]
Halcyon TF Pty Ltd[1]	Stockland LLC Glades Trust
Jimboomba Trust	Stockland LLC Greens Trust
JT Bid Co No. 1 Pty Limited	Stockland LLC Lakeside Trust
JT Bid Co No. 2 Pty Limited	Stockland LLC Landing Trust
LAB-52 Bricklet Pty Limited	Stockland LLC No. 2 Pty Ltd[1]
LAB-52 Holdings Pty Limited	Stockland LLC No. 3 Pty Ltd[1]
LAB-52 SMRTR Pty Limited	Stockland LLC No. 4 Pty Ltd[1]
LAB-52 Yodel Pty Limited	Stockland LLC Parks Trust
Mayflower Investments Pty Ltd[1]	Stockland LLC Peregian Beach Trust
Merrylands Court Pty Limited	Stockland LLC Piara Waters Trust
Mulgoa Nominees Pty Limited	Stockland LLC Providence Pty Limited[1]
Northpoint No. 1 Trust	Stockland LLC Pty Limited[1]
Northpoint No. 2 Trust	Stockland LLC Rendezvous Road Trust
Northpoint No. 3 Trust	Stockland LLC Rise Trust
Northpoint No. 4 Trust	Stockland LLC SLC SPV Pty Limited[1]

Northpoint No. 5 Trust	Stockland LLC St Germain Trust
Northpoint No. 6 Trust	Stockland LLC Vision Trust
Nowra Property Unit Trust	Stockland LLC Waters Trust
S1 Commercial Property Pty Limited	Stockland Management Limited
S1 Communities Pty Limited	Stockland Mature Holding Trust
S2 Commercial Property Pty Limited	Stockland Miami (Fund) Unit Trust
S2 Communities Pty Limited	Stockland Miami (Non–Fund) Unit Trust
S3 Commercial Property Pty Limited	Stockland Miami (QLD) Pty Limited[1]
S3 Communities Pty Limited	Stockland MPC Hold Co Pty Ltd
S4 Commercial Property Pty Limited	Stockland MPC Mid Co Pty Ltd
S4 Communities Pty Limited	Stockland North Boambee Valley LLC Trust
S5 Commercial Property Pty Limited	Stockland North Lakes Development Pty Limited[1]
S5 Communities Pty Limited	Stockland North Lakes Pty Limited[1]
SCP Hold Co Pty Ltd	Stockland Ormeau Trust
SCP Lyra Pty Ltd	Stockland PR1 Trust
SCP Victoria Pty Ltd	Stockland PR2 Trust
Stockland (Boardwalk Sub 2) Pty Limited	Stockland PR3 Trust
Stockland (Queensland) Pty. Limited[1]	Stockland PR4 Trust
Stockland (Russell Street) Pty Limited[1]	Stockland Property Management Pty Ltd[1]
Stockland A.C.N 116 788 713 Pty Limited[1]	Stockland Retail Services Pty Limited[1]
Stockland Aevum SPV Finance No. 1 Pty Limited	Stockland Retain (Retirement) Pty Limited[1]
Stockland Affinity Retirement Village Pty Limited	Stockland Richmond Retirement Village Pty Limited
Stockland Armstrong Creek LLC Trust	Stockland RRP No. 1 Pty Limited[1]
Stockland Bells Creek Pty Limited[1]	Stockland Scrip Holdings Pty Limited
Stockland Berwick LLC Trust	Stockland Services Pty Limited[1]
Stockland Birtinya Retirement Village Pty Limited[1]	Stockland Singapore Pte Ltd
Stockland Buddina Pty Limited[1]	Stockland South Beach Pty Limited[1]
Stockland Caboolture Waters Pty Limited[1]	Stockland Syndicate No. 1 Trust
Stockland Caloundra Downs Pty Limited[1]	Stockland The Grove Retirement Village Pty Limited
Stockland Capital Partners Limited	Stockland Town Centres Pty Ltd
Stockland Care Foundation Pty Limited	Stockland Trust Management Limited
Stockland Care Foundation Trust	Stockland Urban Development Pty Limited
Stockland CH Finance Pty Limited	Stockland WA (Estates) Pty Limited[1]
Stockland Communities Partnership Pty Ltd	Stockland WA Development (Realty) Pty Limited[1]
Stockland Development (Holdings) Pty Limited[1]	Stockland WA Development (Vertu Sub 1) Pty Limited
Stockland Development (NAPA NSW) Pty Limited[1]	Stockland WA Development Pty Limited[1]
Stockland Development (NAPA QLD) Pty Limited[1]	Stockland Wallarah Peninsula Management Pty Limited[1]
Stockland Development (NAPA VIC) Pty Limited[1]	Stockland Wallarah Peninsula Pty Limited[1]
Stockland Development (PHH) Pty Limited[1]	Stockland Wholesale Funds Management Pty Limited[1]
Stockland Development (PR1) Pty Limited	Stockland Willawong Industrial Pty Ltd
Stockland Development (PR2) Pty Limited	Toowong Place Pty Limited
Stockland Development (PR3) Pty Limited	

1 These entities are parties to the Deed of Cross Guarantee and members of the Closed Group as at 30 June 2023.

Controlled entities of Stockland Trust

9 Castlereagh Street Unit Trust	Stockland CRE Medical Trust
Acimon Pty Ltd	Stockland Direct Diversified Fund
ADP Trust	Stockland Direct Office Trust No. 4
Advance Property Fund	Stockland Direct Retail Trust No. 3
Advance Property Fund No. 2	Stockland Eastern Creek Trust

AVMW Pty Ltd	Stockland Finance Holdings Pty Limited[1]
Baratheon Developments Pty Ltd	Stockland Finance Pty Limited[1]
Capricornia Property Trust	Stockland Gables Retail Trust
Caitjan Pty Ltd	Stockland Harrisdale Trust
CP Trust No. 4 Trust	Stockland Industrial No. 1 Property 1 Trust
CP Trust No. 5 Trust	Stockland Industrial No. 1 Property 4 Trust
CP Trust No. 6 Trust	Stockland Industrial No. 1 Property 5 Trust
Endeavour (No. 1) Unit Trust	Stockland Industrial No. 1 Property 6 Trust
Eriwill Pty Limited	Stockland Industrial No. 1 Property 7 Trust
Faxrow Pty Limited	Stockland Industrial No. 1 Property 8 Trust
Flinders Industrial Property Trust	Stockland Industrial No. 1 Property 9 Trust
Flinders Industrial Property Subtrust (No. 1)	Stockland Industrial No. 1 Property 11 Trust
Hervey Bay Holding Trust	Stockland JV Trust
Hervey Bay Sub Trust	Stockland Kemps Creek Industrial Trust
Horlyd Pty Ltd	Stockland Leppington Industrial Trust
Industrial Property Trust	Stockland Logistics Capital Partnership Trust
Jimboomba Village Shopping Centre and Tavern Trust	Stockland Logistics Trust
Landdoc Pty Ltd	Stockland Marrickville Unit Trust
Marinatas Pty Ltd	Stockland Mornington Unit Trust
Mariste Pty Ltd	Stockland Mt Atkinson Industrial Trust
Mattlix Pty Ltd	Stockland Mulgrave Unit Trust
Moncas Pty Ltd	Stockland North Ryde Unit Trust
Pallawell Pty Ltd	Stockland Padstow Trust
Racjen Pty Ltd	Stockland Padstow Unit Trust
Rigburn Pty Limited	Stockland Parkinson Unit Trust
Sandtor Pty Ltd	Stockland Quarry Road Trust
SDOT 4 Property # 1 Trust	Stockland Retail Holding Sub-Trust No. 1
SDOT 4 Property # 2 Trust	Stockland Retail Holding Trust No. 1
SDOT 4 Property # 3 Trust	Stockland Richlands Unit Trust
SDRT1 Property # 3 Trust	Stockland RRP Holding Trust
SDRT3 Property # 1 Trust	Stockland Sienna Wood Retail Trust
SDRT3 Property # 2 Trust	Stockland St Marys Unit Trust
SDRT3 Property # 3 Trust	Stockland Tingalpa Unit Trust
Sequoia Victoria Trust	Stockland Truganina Industrial Trust
Sequoia Victoria Trust No. 2	Stockland Walker Street Trust
Shellharbour Property Trust	Stockland Wholesale Office Trust No. 1
Stockland 161 Walker Street Trust	Stockland Wholesale Office Trust No. 2
Stockland Baringa Shopping Centre Trust	Stockland Willawong Industrial Trust
Stockland Bayswater Unit Trust	Stockland Willawong Industrial Trust No. 2
Stockland Birtinya Shopping Centre Trust	Stockland Willawong Industrial Trust No. 3
Stockland Brooklyn Industrial Trust	Stockland Wonderland Drive Property Trust
Stockland Bundaberg Trust	Stockland Yatala Industrial Trust
Stockland Castlereagh Street Trust	Sugarland Shopping Centre Trust
Stockland Community Real Estate Trust	SWOT2 Sub Trust No. 1
Stockland CP Acquisition Trust	SWOT2 Sub Trust No. 2
Stockland CPR Industrial Trust	SWOT2 Sub Trust No. 3
Stockland CRE Childcare Trust	Tianmar Pty Ltd
Stockland CRE Holding Trust	

1 These entities are parties to the Deed of Cross Guarantee (Finance) as at 30 June 2023.

26. Deed of cross guarantee

Stockland Corporation Limited and certain wholly-owned companies (the Closed Group, also the Extended Closed Group) are parties to a Deed of Cross Guarantee (the Deed). The effect of the Deed is that the members of the Closed Group guarantee to each creditor payment in full of any debt in the event of winding-up of any of the members under certain provisions of the *Corporations Act 2001*.

ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 provides relief to parties to the Deed from the *Corporations Act 2001* requirements for preparation, audit, and lodgement of Financial Reports and Directors' reports, subject to certain conditions as set out therein.

Pursuant to the requirements of this instrument, a summarised consolidated balance sheet as at 30 June 2023 and consolidated statement of comprehensive income for the year ended 30 June 2023, comprising the members of the Closed Group after eliminating all transactions between members, are set out on the following pages.

Summarised consolidated balance sheet

As at 30 June	Closed Group	
$M	2023	2022[1]
Cash and cash equivalents	**1**	22
Receivables	**193**	115
Inventories	**785**	693
Other assets	**46**	59
Current assets	**1,025**	889
Receivables	**53**	46
Inventories	**2,584**	2,647
Investment properties	**584**	2,623
Equity–accounted investments	**15**	46
Other financial assets	**42**	39
Property, plant and equipment	**15**	86
Intangible assets	**62**	65
Deferred tax assets	**–**	6
Other assets	**14**	20
Non–current assets	**3,369**	5,578
Assets	**4,394**	6,467
Payables	**174**	266
Borrowings	**–**	2,602
Provisions	**257**	221
Other liabilities	**31**	1,469
Current tax liabilities	**30**	–
Current liabilities	**492**	4,558
Payables	**140**	308
Borrowings	**2,834**	–
Provisions	**242**	307
Other liabilities	**429**	468
Non–current liabilities	**3,645**	1,083
Liabilities	**4,137**	5,641
Net assets	**257**	826
Issued capital	**1,311**	1,311
Reserves	**3**	2
Accumulated losses	**(1,057)**	(487)
Securityholders' equity	**257**	826

1 Balances at 30 June 2022 include the entities disposed in the sale of the Retirement Living Business on 29 July 2022 which were party to the Deed of Cross Guarantee for the year.

Summarised consolidated statement of comprehensive income

Year ended 30 June	Closed Group	
$M	2023[1]	2022[1]
Profit before tax	**152**	17
Income tax	**(78)**	(43)
Profit after tax	**74**	(26)
Other comprehensive income	**–**	–
Total comprehensive income	**74**	(26)

1 Balances include the entities disposed in the sale of the Retirement Living Business on 29 July 2022 which were party to the Deed of Cross Guarantee for the year.

Summarised movement in consolidated accumulated losses

As at 30 June	Closed Group	
$M	2023	2022[1]
Opening balance	**(487)**	(307)
Adjustment for entities added/removed	**(644)**	(144)
Profit after tax	**74**	(36)
Accumulated losses at 30 June	**(1,057)**	(487)

1 Balances at 30 June 2022 include the entities disposed in the sale of the Retirement Living Business on 29 July 2022 which were party to the Deed of Cross Guarantee for the year.

27. Parent entity disclosures

	Stockland Corporation Limited		Stockland Trust	
$M	2023	2022	2023	2022
Results for the year ended 30 June				
Profit/(loss) for the year	**(77)**	(46)	**206**	1,398
Other comprehensive income	**–**	–	**(2)**	34
Total comprehensive income	**(77)**	(46)	**204**	1,432
Financial position as at 30 June				
Current assets	**3,781**	3,895	**363**	3,473
Assets[1]	**3,834**	4,745	**24,472**	24,801
Current liabilities	**1,423**	1,730	**10,918**	11,665
Liabilities	**2,941**	3,764	**14,763**	15,355
Net assets	**893**	981	**9,709**	9,446
Issued capital	**1,298**	1,298	**7,342**	7,348
Other Reserves	**(6)**	5	**93**	28
(Accumulated losses)/retained earnings	**(399)**	(322)	**2,274**	2,070
Equity	**893**	981	**9,709**	9,446

1 There were no intangible assets as at 30 June 2023 (2022: $nil).

Parent entity contingencies

There are no contingencies within either parent entity as at 30 June 2023 (2022: $nil).

Parent entity capital commitments

Neither parent entity has entered into any capital commitments as at 30 June 2023 (2022: $nil).

ASIC Deed of Cross Guarantee

Stockland Corporation Limited has entered into a Deed of Cross Guarantee with the effect that it has guaranteed debts in respect of its subsidiaries. Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in notes 25 and 26. Stockland did not enter into any other guarantees of debt in respect of subsidiaries during the year ended 30 June 2023.

Other items

In this section

This section includes information about the financial performance and position of Stockland that must be disclosed to comply with the Accounting Standards, the *Corporations Act 2001,* or the *Corporations Regulations 2001.*

28. Notes to the consolidated statement of cash flows

28A. Reconciliation of profit after tax to net cash flows from operating activities

	Stockland		Trust	
$M	2023[1]	2022[1]	2023[1]	2022[1]
Profit after tax	**440**	1,381	**201**	1,390
Adjustments for:				
Net impact on fair value hedges	**10**	(2)	**10**	(2)
Net impact on derivatives	**(19)**	(178)	**(19)**	(178)
Interest capitalised to investment properties	**(19)**	(14)	**(18)**	(12)
Net impact on sale of non–current assets	**(13)**	(22)	**(5)**	(20)
Net (gain)/loss on other financial assets	**(1)**	–	**–**	–
DMF base fee earned, unrealised	**(7)**	(28)	**–**	–
Net additional/(release of) inventories impairment provision	**26**	(6)	**–**	–
Depreciation and amortisation	**17**	17	**–**	–
Straight–line rent adjustments	**10**	5	**10**	(2)
Net unrealised change in fair value of investment properties	**256**	(685)	**288**	(682)
Share of profits of equity-accounted investments, net of distributions received	**97**	(15)	**110**	(16)
Equity–settled security based payments	**18**	13	**16**	13
Other items	**(2)**	24	**4**	–
Adjustments for movements in:				
Receivables	**(225)**	11	**51**	41
Other assets	**52**	23	**26**	29
Inventories	**(91)**	(414)	**–**	–
Deferred tax liabilities	**48**	43	**–**	–
Current tax liabilities	**30**	–	**–**	–
Payables and other liabilities	**(263)**	325	**(6)**	(33)
Resident obligations (net of impact of village disposals)	**2**	290	**–**	–
Other provisions	**(34)**	150	**(1)**	20
Net cash flows from operating activities	**332**	918	**667**	548
Less: cash flows relating to discontinued operations held for sale	**–**	(198)	**–**	–
Net cash flows from operating activities from continuing operations	**332**	720	**667**	548

1 Amounts include cash flows relating to both continuing and discontinued operations. Net cash flows relating to discontinued operation has been disclosed in note 14A.

28B. Reconciliation of movement in financial liabilities arising from financing activities

As at 30 June	Stockland and Trust				
			Non cash movements		
$M	Opening balance	Net cash flow	Foreign exchange movements	Fair value changes[1]	Closing balance
Offshore medium term notes	**3,087**	**(14)**	**1**	**11**	**3,085**
Domestic medium term notes and commercial paper	**840**	**(93)**	**–**	**–**	**747**
Bank facilities	**545**	**(470)**	**–**	**–**	**75**
2023	**4,472**	**(577)**	**1**	**11**	**3,907**
Offshore medium term notes	3,932	(641)	(6)	(198)	3,087
Domestic medium term notes and commercial paper	747	93	–	–	840
Bank facilities	75	470	–	–	545
2022	4,754	(78)	(6)	(198)	4,472

1 Includes amortisation of capitalised transaction costs.

29. Commitments

Capital expenditure commitments

Commitments for acquisition of land and future development costs not recognised on balance sheet at reporting date are as follows:

As at 30 June	Stockland		Trust	
$M	2023	2022	2023	2022
Inventories	**569**	427	**–**	–
Investment properties	**286**	334	**286**	311
Capital expenditure commitments	**855**	761	**286**	311

Joint venture and associate capital expenditure commitments

The above commitments include capital expenditure commitments for joint Ventures of $92 million (2022: $163 million) relating to The M_Park Trust, $73 million (FY22: $nil) capital expenditure commitments relating to SRRP and $7 million (2022: $13 million) capital expenditure commitments relating to Macquarie Park Trust.

30. Contingent liabilities

Keeping it simple

A contingent liability is a liability that is not sufficiently certain to qualify for recognition as a provision where uncertainty may exist regarding the outcome of future events.

Contingent liabilities at 30 June 2023 comprise bank guarantees, letters of credit, property indemnities and insurance bonds issued to local government and other authorities against performance contracts. Stockland maintains a facility for contingent liabilities with a limit of $1,500 million (30 June 2022: $1,275 million). The amounts currently issued are as follows:

As at 30 June	Stockland and Trust	
$M	2023	2022
Contingent liabilities	**549**	605

31. Related party disclosures

Year ended 30 June	Stockland		Trust	
$'000s	2023	2022	2023	2022
Responsible Entity fees	**126**	120	**–**	–
Development management and service fee	**71,626**	2,503	**–**	–
Property management, tenancy design and leasing fees	**1,113**	1,246	**–**	–
Rental income	**–**	–	**14,569**	14,096
Finance income	**–**	–	**224,637**	191,248
Revenue from related parties	**72,865**	3,869	**239,206**	205,344
Responsible Entity fees	**–**	–	**37,560**	38,477
Property management, tenancy design and leasing fees	**–**	–	**26,389**	24,508
Recoupment of expenses	**–**	–	**72,114**	60,004
Development management fee capitalised to investment property	**–**	–	**6,285**	3,036
Expenses to related parties	**–**	–	**142,348**	126,025

Responsible Entity, management and other fees

Stockland received Responsible Entity, management, and other fees from capital partnerships and joint ventures managed by Stockland during the financial year.

The Trust pays responsible entity fees to Stockland Trust Management Limited, calculated at 0.30 to 0.35% of gross assets of the Trust less intergroup loans (2022: 0.30 to 0.35%).

Property management expenses and tenancy design fees were paid by the Trust to Stockland Trust Management Limited (the Responsible Entity) or its related parties provided in the normal course of business and on normal terms and conditions.

Rental income

Rent was paid by Stockland Corporation Limited, a related party of the Responsible Entity, to Stockland Trust in the normal course of business and on normal terms and conditions.

Finance income

The Trust has an unsecured loan to Stockland Corporation Limited of $2,283 million (2022: $2,961 million) repayable in June 2030. Interest on the loan is payable monthly in arrears at interest rates within the range of 7.23% - 10.06% during the year ended 30 June 2023 (2022: 6.06% - 7.24%).

Interest was paid by Stockland Corporation Limited to Stockland Trust, a related party of the Responsible Entity, provided in the normal course of business and on normal terms and conditions.

Development Management Fee

A development management deed was executed between Stockland Trust and Stockland Development Pty Limited (a controlled entity of Stockland Corporation Limited) effective 1 July 2012 in relation to a management fee in respect of Commercial Property developments. The fee represents remuneration for the Corporation's property development expertise and for developments which commenced after 1 July 2016. It is calculated based on a fixed 4% of total development costs in line with recent changes to benchmark methodologies (for developments which commenced prior to 1 July 2016, the fee is calculated as 50% of the total valuation gain or loss on the completion of a development). Fees are paid by Stockland Trust to Stockland Development Pty Limited.

Capital partnering fees

A number of Stockland consolidated entities provide services to capital partnerships which include the SRRP and TMPT partnerships. In exchange for those services Stockland is entitled to fees, including investment management, development management, and other capital partnership fees. During the year, fund through fees of $38 million (2022: $nil) and management fees of $34 million (2022: $1 million) were recognised from capital partnerships.

32. Personnel expenses

Year ended 30 June	Stockland		Trust	
$M	2023	2022	2023	2022
Wages and salaries (including on–costs)	**270**	247	**–**	–
Equity–settled security based payment transactions	**18**	13	**–**	–
Contributions to defined contribution plans	**18**	17	**–**	–
Movement in annual and long service leave provisions	**4**	6	**–**	–
Personnel expenses	**310**	283	**–**	–

Personnel expenses

The total personnel expenses for the year was $310 million (2022: $283 million), which includes $18 million of equity-settled security based payment transactions (2022: $13 million).

Annual leave

Accrued annual leave is presented in current liabilities as Stockland does not have an unconditional right to defer settlement for any of these obligations. Based on past experience, Stockland expects all employees to take the full amount of accrued leave within the next 12 months.

Long service leave

The current portion of long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro rata payments in certain circumstances.

The liability for long service leave expected to be settled more than 12 months from the balance date is recognised in the provision for employee benefits and measured as the present value of expected payments to be made in respect of services provided by employees up to the balance date.

Consideration is given to expected future wage and salary levels, past experience of employee departures and periods of service. Expected future payments are discounted using market yields at the balance date on corporate bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Bonus entitlements

A liability is recognised in current trade and other payables for employee benefits in the form of employee bonus entitlements where there is a contractual obligation or where there is a past practice that has created a constructive obligation. Liabilities for employee bonus entitlements are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

Superannuation plan

Stockland contributes to employee defined contribution superannuation plans. Contributions are recognised as a personnel expense as they are incurred.

33. Key management personnel disclosures

Year ended 30 June	Stockland		Trust	
$000's	2023	2022	2023	2022
Short term employee benefits	**10,632**	10,643	**–**	–
Post–employment benefits	**256**	246	**–**	–
Other long term benefits	**72**	13	**–**	–
Termination benefits	**–**	633	**–**	–
Security based payments	**5,343**	4,397	**–**	–
Key management personnel compensation	**16,303**	15,932	**–**	–

Information regarding individual Directors' and Executives' remuneration is provided in the remuneration report on pages 78 to 99 of the Directors' report.

Other transactions with key management personnel

There are transactions between Stockland and entities with which key management personnel have an association. These transactions do not meet the definition of related parties since the key management personnel as individuals are not considered to have control or significant influence over the financial or operating activities of the respective non-Stockland entities. Furthermore, the terms and conditions of those transactions were no more favourable than those available, or might reasonably be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

34. Auditor's remuneration

Year ended 30 June	Stockland		Trust	
$000's	2023	2022	2023	2022
PricewaterhouseCoopers Australia				
Audit and review of financial report	**2,053**	2,284	**625**	607
Audit of unlisted property fund financial reports	**213**	135	**–**	–
Regulatory audit and assurance services	**464**	628	**340**	314
Remuneration for audit services	**2,730**	3,047	**965**	921
Other non–audit services	**107**	158	**–**	–
Remuneration for non–audit services	**107**	158	**–**	–
Auditor remuneration	**2,837**	3,205	**965**	921

Auditor's fees are paid by Stockland Development Pty Limited on behalf of Stockland, except for audit fees which are paid by certain unlisted property funds.

35. Accounting policies

Keeping it simple

Accounting policies that apply to a specific category in the profit or loss or balance sheet have been included within the relevant notes.

The accounting policies listed below are those that apply across a number of Stockland's profit or loss and balance sheet categories and are not specific to a single category.

35A. Principles of consolidation

Controlled entities

The consolidated financial statements of Stockland incorporate the assets, liabilities, and results of all controlled entities.

Controlled entities are all entities over which the parent entities, Stockland or the Trust, are exposed to, or have a right to, variable returns from their involvement with the entity and have the ability to affect those returns through their power to direct the relevant activities of the entity.

Intergroup transactions, balances, and unrealised gains on transactions between controlled entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Foreign currency

Transactions

Foreign currency transactions are translated into the entity's functional currency at the exchange rate on the transaction date.

Assets and liabilities denominated in foreign currencies are translated to Australian dollars at balance date using the following applicable exchange rates:

Foreign currency amount	Applicable exchange rate
Monetary assets and liabilities	Balance date
Non-monetary assets and liabilities measured at historical cost	Date of transaction
Non-monetary assets and liabilities measured at fair value	Date fair value is determined

Foreign exchange differences arising on translation are recognised in the profit or loss.

35B. Reserves

Security based payments reserve

The security based payments reserve arises due to the rights and deferred securities awarded under the LTI and DSTI plans being accounted for as security based payments. The fair value of the rights and deferred securities is recognised as an employee expense in profit or loss with a corresponding increase in the reserve over the vesting period. On vesting, the LTI and DSTI awards are settled by either an issue of securities or by allocating treasury securities to the rights holder and the cost to acquire the treasury securities is recognised in the security based payments reserve by a transfer from treasury securities. Where rights are forfeited due to failure to satisfy a service or performance condition, the cumulative expense is reversed through profit or loss in the current year. The cumulative expenditure for rights forfeited due to market conditions is not reversed.

Hedging reserve

The hedging reserve captures both cash flow hedges and fair value hedges.

Cash flow hedging

The hedging reserve is used to record the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges. Refer to note 17.

Fair value hedging

The hedging reserve comprises the cumulative net change in the fair value of available for sale financial assets until the assets are derecognised or impaired.

36. Adoption of new and amended accounting standards

A. New and amended accounting standards adopted

AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments

AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments sets out a number of amendments to existing Accounting Standards. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The amendments did not have any impact on the amounts recognised in prior or current periods, and are not expected to significantly affect future periods.

B. Accounting standards issued but not yet in effect

A number of accounting standards have been issued but are not yet in effect for the current reporting period. Stockland has not elected to early adopt any accounting standards during the year.

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* provides clarity on the classification of liabilities as either current or non–current. The amendment requires a liability to be classified as current when companies do not have a substantive right to defer settlement at the end of the reporting period. The amendment is effective for annual reporting periods beginning on or after 1 January 2023, as revised in AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date*. Stockland has assessed the revised definition and does not currently expect any material impact on adoption.

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* updates the concept of materiality in the context of financial statement disclosures and the level of disclosure required as a result of changes in accounting policies and estimates. The amendment is effective for annual reporting periods beginning on or after 1 January 2023. Stockland has assessed the impact of the standard, and expects that the level of accounting policy disclosures may need to increase for the financial statements for the year ending 30 June 2024.

AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction* modifies AASB 112 *Income Taxes* to clarify the treatment of deferred tax on transactions that, at the time of the transaction, give rise to equal taxable and deductible temporary differences. The amendment is effective for annual reporting periods beginning on or after 1 January 2023. Stockland has assessed the impact of the standard and does not expect any immediate material impact. Each future transaction will be assessed on a case by case basis.

International Sustainability Standards Board - IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures

The International Sustainability Standards Board (ISSB) is an initiative of the IFRS Foundation to establish a global framework for the disclosure of climate and sustainability information in financial reports. In June 2023, the ISSB released their first two sustainability standards, being IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.

Similar to the accounting standards issued by the International Accounting Standards Board (IASB) with which Stockland complies, these standards will not be mandatory until they are adopted by the Australian Accounting Standards Board. Stockland will assess the impact of these standards once the Australian Accounting Standards Board issues the Australian equivalent to the ISSBs. Refer to Stockland's Climate Transition Action Plan released alongside the 30 June 2023 Annual Report for Stockland's assessment of climate risks and decarbonisation.

Directors' declaration

1. In the opinion of the Directors of Stockland Corporation Limited, and the Directors of the Responsible Entity of Stockland Trust, Stockland Trust Management Limited (collectively referred to as the Directors):
   - the financial report and notes of the consolidated stapled entity, comprising Stockland Corporation Limited and its controlled entities and Stockland Trust and its controlled entities (Stockland), and Stockland Trust and its controlled entities (the Trust), set out on pages 101 to 173, are in accordance with the *Corporations Act 2001*, including:
     - giving a true and fair view of Stockland's and the Trust's financial position as at 30 June 2023 and of their performance for the financial year ended on that date; and
     - complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
   - there are reasonable grounds to believe that both Stockland and the Trust will be able to pay their debts as and when they become due and payable.
2. There are reasonable grounds to believe that Stockland Corporation Limited and the Stockland entities identified in note 25 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between those Group entities pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.
3. Stockland Trust has operated during the year ended 30 June 2023 in accordance with the provisions of the Trust Constitution of 29 October 2013, as amended from time to time.
4. The Register of Unitholders has, during the year ended 30 June 2023, been properly drawn up and maintained so as to give a true account of the unitholders of Stockland Trust.
5. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Managing Director and Chief Financial Officer for the year ended 30 June 2023.
6. The Directors draw attention to the basis of preparation section to the financial statements, which includes a Statement of Compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Tom Pockett
Chairman

Tarun Gupta
Managing Director and CEO

Dated at Sydney, 24 August 2023

Independent auditor's report

To the stapled securityholders of Stockland and Stockland Trust Group

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Stockland, being the consolidated stapled entity, which comprises Stockland Corporation Limited and its controlled entities, and Stockland Trust and its controlled entities (together the "Stockland Trust Group" or the "Trust") are in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the financial position of Stockland and the Stockland Trust Group financial position as at 30 June 2023 and of their financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial reports of Stockland and the Stockland Trust Group (collectively referred to as the "financial report") comprise:

- the consolidated balance sheet as at 30 June 2023
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Stockland and the Stockland Trust Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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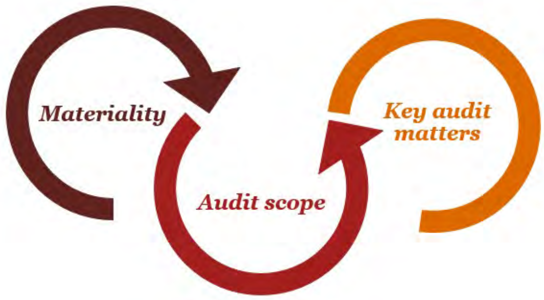
Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of Stockland and the Stockland Trust Group, their accounting processes and controls and the industry in which they operate.



Materiality	***Audit scope***	***Key audit matters***
• For the purpose of our audit of Stockland and the Stockland Trust Group we used overall materiality of $42.35 million and $30.5 million, respectively, which represents approximately 5% of Funds from Operations. The metric is defined in note 2 of the financial report. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose Funds from Operations because, in our view, it is the primary metric against which the performance of Stockland and the Stockland Trust Group are	• Our audit focused on where Stockland and the Stockland Trust Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • The audit team consisted of individuals with the appropriate skills and competencies needed for the audits, and this included industry expertise in real estate, as well as IT specialists, economists, valuation, tax and treasury professionals.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit Committee: – Valuation of Investment properties – Carrying value of inventory and cost of property developments sold • These are further described in the *Key audit matters* section of our report.

most commonly measured in the industry.

- We chose 5% based on our professional judgement, noting that it is within the common range relative to profit-based benchmarks.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period and were determined separately for Stockland and the Stockland Trust Group. Relevant amounts listed for each part of the stapled group represent balances as they are presented in the financial report and should not be aggregated. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	*How our audit addressed the key audit matter*
Valuation of Investment properties *(Refer to note 7)* Stockland's ($10,532 million) and the Trust's ($10,169 million) Investment Property portfolio consisted primarily of Commercial Property investment properties and Communities investment properties at 30 June 2023. Investment properties were valued at fair value as at reporting date using a combination of the income capitalisation, discounted cash flow and the direct comparison methods, as well as transaction prices where relevant. The value of investment properties was dependent on the valuation methodology adopted and the significant assumptions and inputs into the valuation model. Factors such as economic and operating conditions inform the reported valuations. Amongst others, the following assumptions were key in establishing fair value: • net market rent • average market rental growth • capitalisation rate • discount rate • terminal yield. At the end of each reporting period, the directors determine the fair value of the investment properties in accordance with their valuation policy as described in note 7. This was a key audit matter given:	Our procedures, amongst others, included: • we developed an understanding of Stockland and the Stockland Trust Group's processes and controls for determining the valuation of investment properties; • we assessed the scope, competence and objectivity of the independent valuation experts engaged by Stockland and the Stockland Trust Group to provide independent external valuations at reporting date; • we met with a sample of the independent external valuation experts used by Stockland and the Stockland Trust Group to develop an understanding of their methodology, data and assumptions; • we compared the valuation methodology adopted by Stockland and the Stockland Trust Group with commonly accepted valuation methodologies used in the real estate industry for investment properties; • we assessed the appropriateness of the considerations related to the impact of climate-related events on investment property valuations; • we agreed the rental income used in a sample of investment property valuations to relevant lease agreements and assessed the

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Key audit matter	*How our audit addressed the key audit matter*
• the relative size of the investment properties portfolio to the net assets and related valuation movements, and • the inherent subjectivity of the key assumptions that underpin the valuation and the general market uncertainty.	appropriateness of a sample of income related assumptions; • we assessed the appropriateness of adopted capitalisation rates and discount rates for a sample of investment properties with reference to market data and comparable transactions, where possible; • we tested the mathematical accuracy of a sample of the investment property valuations; • we agreed the fair value of each investment property to the independent external valuation or Stockland's internal tolerance checks, as applicable; • we assessed the reasonableness of the disclosures against the requirements of Australian Accounting Standards.
Carrying value of inventory and cost of property developments sold *(Refer to note 6)* *Stockland Trust Group - this KAM is not applicable as the Trust does not hold inventory assets*	
Carrying value of inventory Stockland has a portfolio of development projects that it develops for future sale which are classified as inventory ($3,873 million). Stockland's inventory is accounted for at the lower of the cost and net realisable value for each inventory project, as assessed at each reporting date as outlined in note 6. The cost of the inventory includes the cost of acquisition, development and other costs and interest capitalised. The net realisable value (NRV) of inventory is the estimated selling price in the ordinary course of business less estimated costs of completion and costs to sell. The NRV is impacted by the current economic and operating environment. Where an inventory project's net realisable value is lower than its cost, the inventory project is written down to its net realisable value under Australian Accounting Standards. **Cost of property developments sold** On settlement, all costs, including those spent to date and those forecast in the future, are proportionally allocated to each lot in line with net revenue and released from inventory to cost of sales based on the margin percentage for the relevant project.	Our procedures, amongst others, included: • we developed an understanding of Stockland's processes and controls for determining the net realisable value (NRV) of inventory and the related forecast margin percentage that informs the cost of property developments sold; • we agreed a sample of additions included in inventory that related to the cost of the project (e.g. project development costs) to the relevant invoice to check the nature and amount of the costs capitalised. We also assessed the appropriateness of the interest capitalised; • we agreed the carrying value of each of the projects to the accounting records and compared the carrying value to each project's NRV; • we assessed the appropriateness of significant assumptions for a sample of Inventory projects, including engaging PwC Economists to assess the appropriateness of revenue and cost escalation assumptions; • we agreed a sample of recorded settlements to the underlying sale contracts and recalculated the related margin percentage recognised;

Key audit matter	*How our audit addressed the key audit matter*
These were key audit matters given: • the relative size of the inventory balance to the net assets, and • Inherent subjectivity of the key assumptions that underpin the net realisable value, and the margin percentage recognised.	• we assessed the appropriateness of the considerations related to the impact of climate-related events on the determination of NRV; • we assessed the reasonableness of the disclosures against the requirements of Australian Accounting Standards.

Other information

The Directors of Stockland Corporation Limited and the Directors of Stockland Trust Management Limited, the Responsible Entity for Stockland Trust (collectively referred to as the “Directors”) are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The Directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of Stockland and the Stockland Trust Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate Stockland and the Stockland Trust Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 81 to 99 of the directors' report for the year ended 30 June 2023.

In our opinion, the remuneration report of Stockland and the Stockland Trust Group for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The Directors are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Jane Reilly
Partner

Sydney
24 August 2023

Securityholder information and key dates

Securityholders

As at 31 July 2023, there were **2,387,171,662** securities on issue and the top 20 are securityholders set out in the table below.

Securityholders	Number of securities held	per centage (per cent) of total securities
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	989,369,818	41.45
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	502,570,231	21.05
CITICORP NOMINEES PTY LIMITED	278,826,970	11.68
NATIONAL NOMINEES LIMITED	89,591,508	3.75
BNP PARIBAS NOMS PTY LTD <DRP>	84,076,750	3.52
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	25,548,132	1.07
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	24,283,241	1.02
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	16,470,512	0.69
E G HOLDINGS PTY LIMITED	6,411,632	0.27
MUTUAL TRUST PTY LTD	6,047,500	0.25
CPU SHARE PLANS PTY LTD <SGP STI CONTROL ACCOUNT>	5,517,825	0.23
IOOF INVESTMENT SERVICES LIMITED <IPS SUPERUND A/C>	4,462,121	0.19
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	4,256,998	0.18
ARGO INVESTMENTS LIMITED	4,017,934	0.17
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,698,175	0.15
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	3,694,585	0.15
BNP PARIBAS NOM (NZ) LTD <DRP>	3,522,938	0.15
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	3,419,957	0.14
WOODROSS NOMINEES PTY LTD	2,984,413	0.13
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	2,710,135	0.11

Distribution of securityholders as at 31 July 2023

Number of securities held	Number of securityholders	Number of securities	per centage (per cent) of total securityholders
1 – 1,000	15,229	6,572,935	0.28
1,001 – 5,000	20,971	56,519,481	2.37
5,001 – 10,000	8,380	60,889,587	2.55
10,001 – 100,000	6,583	140,097,471	5.87
100,001 – over	189	2,123,092,188	88.94

There were 2,073 securityholders holding less than a marketable parcel (119) at close of trading on 31 July 2023.

Substantial securityholders as at 31 July 2023	Number of securities held
BlackRock Group (BlackRock Inc and Subsidiaries)	246,764,513
Vanguard Investments Australia Limited/Vanguard Group Inc.	233,132,528
State Street Corporate and subsidiaries	202,820,940

General securityholder information

Attribution managed investment trust member annual statement

After the announcement of Stockland's full year results, you will receive a comprehensive attribution managed investment trust member annual statement (AMMA statement). This statement summarises the distributions and dividends paid to you during the year, and includes information required to complete your tax return.

Annual report

Securityholders have a choice of whether they receive:

- an electronic version of the Annual Report
- a printed copy of the Annual Report.

Registry

Computershare Investor Services Pty Limited operates a freecall number on behalf of Stockland.
Contact Computershare on 1800 804 985 for:

- change of address details
- request to receive communications online
- request to have payments made directly to a bank account
- provision of tax file numbers
- general queries about your securityholding.

Dividend/distribution periods

- 1 July – 31 December
- 1 January – 30 June

Key dates

16 October 2023
Annual General Meeting

31 December 2023
Record date

22 February 2024
Half-year results announcement

30 June 2024
Record date

22 August 2024
Full-year results announcement

Head office

Level 25, 133 Castlereagh Street
Sydney NSW 2000

Toll free: 1800 251 813
Telephone: (61 2) 9035 2000

Stockland entities

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

Custodian

The Trust Company Limited ACN 004 027 749

Level 13, 123 Pitt Street
Sydney NSW 2000

Directors

Non-Executive Directors

- Tom Pockett – Chairman
- Melinda Conrad
- Kate McKenzie
- Stephen Newton
- Christine O'Reilly
- Andrew Stevens
- Laurence Brindle
- Adam Tindall

Executive Directors

- Tarun Gupta – Managing Director and Chief Executive Officer

Company Secretary

- Katherine Grace

Auditor

PricewaterhouseCoopers

Share/unit registry

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street Sydney NSW 2000
Freecall: 1800 804 985
Telephone: (61 3) 9415 4000
Email: stockland@computershare.com.au

Your securityholding

To update your personal details or change the way you receive communications from Stockland, please contact Computershare via the details provided. Computershare is also able to provide you with information on your holding.

Further information

For more information about Stockland, including the latest financial information, announcements and corporate governance information, visit our website at **www.stockland.com.au**

Glossary

Term	Definition
$m	$millions
AASBs or Accounting Standards	Australian Accounting Standards as issued by the Australian Accounting Standards Board
AFFO	Adjusted FFO
A-REIT	Australian Real Estate Investment Trust
ASIC	Australian Securities and Investments Commission
Aspire Villages	Non–DMF product and a purpose–built neighbourhood exclusively for people aged over 55 years
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
Board	Board of Directors of Stockland Corporation and STML
CCIRS	Cross currency interest rate swaps
CODM	Chief Operating Decision Maker as defined by AASB 8 Operating Segments
CPI	Consumer Price Index
DCF	Discounted cashflow
D-Life	Project development lifecycle
DPS	Distribution per security
DSTI	Deferred STI
EBIT	Earnings before interest and tax
ECL	Expected credit losses
EPS	Earnings per security
Executive Director	The Managing Director and Chief Executive Officer of Stockland, being Mr Tarun Gupta from 1 June 2021
FFO	Funds from operations. Determined with reference to the PCA guidelines.
FUM	Funds under management
Green Star	Green Star is a national rating system for buildings and fitouts from the Green Building Council of Australia
GST	Goods and services tax
IFRIC	IFRS Interpretation Committee
IFRS	International Financial Reporting Standards as issued by the International Financial Reporting Standards Board
ILU	Independent living unit
IPUC	Investment properties under construction
IRR	Internal rate of return
IRS	Interest Rate Swap
KPI	Key performance indicators
LLC	Land lease communities
LTI	Long term incentives
MAT	Moving annual turnover
MTN	Medium term note
Nature positive	A systemic goal urging to halt and reverse nature loss measured from a baseline of 2020, through increasing the health, abundance, diversity and resilience of species, populations and ecosystems so that by 2030 nature is visibly and measurably on the path of recovery (Naturepositive.org).
NOI	Net operating income
NRV	Net realisable value
PAYG	Pay as you go
Report	This Stockland Annual Report 2023

Term	Definition
ROA	Return on assets
ROE	Return on equity
ROIC	Return on invested capital
SA	Serviced apartment
SaaS	Software as a service
Security	An ordinary stapled security in Stockland, comprising of one share in Stockland Corporation and one unit in Stockland Trust
Securities Plans	Employee securities plans which comprise the LTI, DSTI and $1,000 employee plans
Statutory profit	Profit as defined by Accounting Standards
SRRP	Stockland Residential Rental Partnership
STI	Short term incentives
STML	Stockland Trust Management Limited (ACN 001 900 741, AFSL 241190), the Responsible Entity of Stockland Trust
Stockland or Group	The consolidation of Stockland Corporation Group and Stockland Trust Group
Stockland Corporation or Company	Stockland Corporation Limited (ACN 000 181 733)
Stockland Corporation Group	Stockland Corporation and its controlled entities
Stockland Trust	Stockland Trust (ARSN 092 897 348)
Stockland Trust Group or Trust	Stockland Trust and its controlled entities
TCGF	Tax Control and Governance Framework
TTC	Tax Transparency Code
TSR	Total securityholder return
WALE	Weighted average lease expiry
WOL	Whole of Life accounting

Important notice

This Annual Report has been prepared and issued by Stockland Corporation Limited (A.C.N 000 181 733) and Stockland Trust Management Limited as Responsible Entity for Stockland Trust (ARSN 092 897 348) ("**Stockland**"). Figures stated in this report are as at 30 June 2023 unless stated otherwise. Whilst every effort is made to provide accurate and complete information, Stockland does not warrant or represent that the information included in this Report is free from errors or omissions or that is suitable for your intended use. This Report contains forward-looking statements, including statements regarding future earnings and distributions that are based on information and assumptions available to us as of the date of this Report.

Actual results, performance or achievements could be significantly different from those expressed in, or implied by these forward looking statements. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in or implied by the statements contained in this Report. Current market conditions remain uncertain. All forward looking statements, including FY23 earnings guidance, remain subject to no material deterioration in market conditions.

The information provided in this Report may not be suitable for your specific needs and should not be relied upon by you in substitution of you obtaining independent advice. To the maximum extent permitted by law, Stockland and its respective directors, officers, employees and agents accepts no responsibility for any loss, damage, cost or expense (whether direct or indirect) incurred by you as a result of any error, omission or misrepresentation in this Report. All information in this Report is subject to change without notice. This Report does not constitute an offer or an invitation to acquire Stockland stapled securities or any other financial products in any jurisdictions, and is not a prospectus, product disclosure statements or other offering document under Australian law or any other law. It is for information purposes only.

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

Head Office
Level 25, 133 Castlereagh Street
SYDNEY NSW 2000