ASX/Media Release

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# ANNUAL GENERAL MEETING OF STOCKLAND CORPORATION LIMITED AND MEETING OF UNIT HOLDERS OF STOCKLAND TRUST – ADDRESSES OF CHAIRMAN AND MANAGING DIRECTOR

Enclosed are copies of the addresses to be given at today's Annual General Meeting of Stockland Corporation Limited and Meeting of Unit Holders of Stockland Trust by:

1. Mr Tom Pockett, Chairman; and
2. Mr Mark Steinert, Managing Director and CEO.

**ENDS**

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

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**Stockland**

Stockland (ASX: SGP) was founded in 1952 and has grown to become one of Australia's largest diversified property groups – owning, developing and managing a large portfolio of shopping centres, residential communities, workplace and logistic assets and retirement living villages. Stockland is rated as the most sustainable real estate company in the world in 2018 by the Dow Jones Sustainability World Index (DJSI). Stockland is also an Employer of Choice for Gender Equality, as recognised by the Workplace Gender Equality Agency.

Stockland Corporation Ltd ACN 000 181 733
Stockland Trust Management Ltd ACN 001 900 741 AFSL 241190 as Responsible Entity for Stockland Trust ARSN 092 897 348

# Chairman's address

## Annual General Meeting 2020

**TOM POCKETT – CHAIRMAN, STOCKLAND**

Before I reflect on Stockland's performance and the resolutions before the meeting today, I want to recognise some of the significant challenges that Australian's have faced over the last 12 months. Little did we know what lay ahead of us when we met at our AGM in October last year.

We approached the end of 2019 amid crippling drought and Australia's worst ever bushfire season.

Yet in the midst of this devastation, we witnessed the remarkable strength and spirit of Australian communities.

The resolve of the Australian people is being tested again by the COVID-19 pandemic, as we navigate the impacts of human tragedy and economic loss, and contemplate the potential long-term consequences of this situation.

At Stockland, these events have required us to act swiftly and lean on the foundations that have endured for over 68 years – our commitment to create and support thriving communities and businesses nationwide.

I am particularly proud of our people who, despite the challenging circumstances, continue to demonstrate their remarkable commitment to protecting the wellbeing of our residents, customers, tenants and the broader communities in which we work.

The Board has been proactive in its oversight of these events and has balanced decisions made for the immediate term with those that will strategically position Stockland to access future opportunities.

Very early in the COVID-19 pandemic we took decisive action to minimise the impact on our business and our people.

We quickly adapted our business operations to comply with all the health requirements issued by the Governments to minimise the spread of COVID 19.

We deferred costs in a sustainable way that minimised the impact on jobs, including the Board and executive team taking a voluntary reduction in fees and salaries for two months.

We proactively engaged with government and industry regarding the implementation of a framework to support small and medium enterprise tenants that were negatively impacted by the pandemic.

To maintain the strength of our capital position, we moved quickly to increase our long and short term debt. This provided the Group with liquidity of $2 billion at 30 June.

With a pre-existing strong balance sheet and this additional liquidity we did not need to raise any equity. Both these factors ensured we were and are well placed to leverage future opportunities and actively participate in the recovery phase of the pandemic.

The Group has not applied for or received any funds from the Federal Government's JobKeeper Scheme.

Touching briefly on our FY20 result, our diversified portfolio has provided some resilience to the impact of the pandemic through:

- the provision of essential services,

- our sub-regional and non-metropolitan retail exposure, and
- the strength of our leading Communities business.

Overall, our Funds From Operations were down 8.0% on FY19, to $825 million, and our FFO per security was 34.7 cents, down 7.2 %.

Our statutory loss of $14 million was largely due to net devaluations in Commercial Property, a reduction influenced heavily by the pandemic as well as net fair value declines in the Retirement Living business.

We remain focused on the disciplined execution of our key strategic priorities as we continue to rebalance our portfolio to provide future growth and deliver stable long-term earnings.

Our full year distribution was 24.1 cents per security, with a distribution payout ratio of 70% which was slightly below our target range, but reflective of the impact of COVID-19 on our business in the second half of the financial year.

We are mindful of the importance of this distribution to our securityholders and have balanced this with our future capital needs to ensure our balance sheet is well positioned for the future recovery phase.

The impact of the pandemic is extensive and has created significant and continuing uncertainty. We will continue to monitor the impacts and the implications for our business, while remaining agile in the execution of our strategic priorities, which Mark will speak to in more detail shortly.

Turning now to the resolutions for today's meeting.

Resolutions 2, 3 and 4 relate to the election or re-election of non-executive directors.

In December last year, we announced the appointment of Kate McKenzie to the Board as part of our structured approach to Board succession. I look forward to introducing her shortly when we reach the resolution on her election.

Andrew Stevens will stand for re-election today with unanimous support from the Board and we will hear from Andrew when we reach the resolution on his election.

At today's meeting I will also offer myself for re-election.  I have been a proud member of the Stockland Board since 2014 and Chairman since 2016.

I believe my experience as a senior finance executive and my substantial experience in the retailing and property sectors as well as supply chain logistics, has positioned me well for this responsibility.

As Chairman over the past four years, I have worked closely with my Board colleagues to oversee the implementation of the Group strategy. Should you support my re-election today, I look forward to serving on the Board for the next three years and continuing to oversee the delivery of Stockland's strategy for the long term benefit of our securityholders.

Resolutions 5 and 6 relate to remuneration. The Board recognises the importance of aligning remuneration outcomes to business performance and that these outcomes be sensitive to the experiences and expectations of our many stakeholders, particularly in light of the current pandemic.

As flagged at last year's AGM, during the year we conducted a review of our Remuneration Framework to ensure future suitability. Given the COVID-19 pandemic and associated uncertainty and the ongoing process of appointing a new Managing Director, we have made the decision to defer any updates to the Framework until our FY21 Remuneration Report.

As you are no doubt aware, in June, after more than seven and a half years as our Managing Director and Chief Executive Officer, Mark announced his intention to retire from the Group.

I'd like to take a moment to recognise Mark's numerous achievements.

Mark joined Stockland as Managing Director and CEO in 2013 and successfully implemented a capital and operational strategy which delivered a compound annual earnings growth rate of around 8% prior to the pandemic.

He has overseen the development of Australia's leading residential business, reshaped and expanded our workplace and logistics portfolio, repositioned our Retail Town Centre business and sustainably reduced costs.

During Mark's time as Managing Director he has pursued greater risk-adjusted returns for securityholders and fostered a strong culture driven by our purpose. That purpose, 'We believe there is a better way to live', is reflected in the projects that have come to life during Mark's tenure.

Projects such as Cloverton, in Victoria, and Aura, on the Sunshine Coast, will become home to more than 60,000 people.

Thriving Retail Town Centres like Stockland Green Hills and Stockland Wetherill Park in New South Wales are now the rejuvenated heart of their communities.

Mark has also achieved leadership in our sustainability ratings including large-scale renewable energy installations to position our assets for a low-carbon future.

Under Mark's leadership, our digital and building innovation capabilities have advanced and he has taken pride in fostering a strong executive team and solidifying Stockland's position as a diverse employer of choice.

Mark has laid the foundations for a forward thinking and purpose driven company that will continue to serve our customers, securityholders and the community well into the future.

Mark, on behalf of the Board, I want to thank you for your dedication and leadership over the past seven and a half years and for your contribution to Stockland.

Our search for Stockland's next Managing Director is progressing well. We have appointed a leading international executive search firm and commenced a process with both internal and external candidates.

We look forward to announcing the appointment of our new Managing Director in due course. We are fortunate we have in place a strong executive team at Stockland, who will ensure that our business maintains momentum on delivering our strategic priorities and support a smooth leadership transition. And of course, Mark remains fully committed and motivated to the role during this time.

Before handing over to Mark to present his final report I want to thank my Board colleagues and the executive team for their leadership throughout the year. I would also particularly like to thank our employees who have demonstrated great agility and dedication throughout these challenging times.

And finally, thank you, our securityholders, for your ongoing support.

Your Managing Director and CEO, Mark Steinert, will now provide an update on our strategy execution.

Stockland

# Managing Director's address

Annual General Meeting 2020

**MARK STEINERT – MANAGING DIRECTOR AND CEO, STOCKLAND**

Thank you, Tom. Good afternoon ladies and gentlemen.

I'd also like to welcome everyone and acknowledge the traditional custodians of the land on which we meet today, and on which we operate across the country. I acknowledge their Elders past and present and welcome any First Nations people joining us today.

I'd like to start by thanking you, our securityholders, for putting your trust in us to deliver liveable, affordable and sustainable communities and workplaces across Australia - as we have been doing for 68 years.

As Tom said, it has been a particularly challenging year for everyone and I echo his earlier comments on the truly devastating impacts of the bushfires and the ongoing impact of the COVID-19 pandemic on economic, business and social conditions.

Despite these challenges we have remained focused, adapted our approach where necessary, and executed on our strategic priorities.

This of course would not be possible without the incredible efforts of over 1,600 Stockland employees around the country.

I'm proud that our employee engagement score has remained high during the year and that we have been able to preserve employee jobs during the last 12 months.

When I joined Stockland in 2013, one of my first initiatives was to define how we interact with each other, our customers and the communities we operate in – setting the standards we hold for ourselves and each other. With the help of our employees, we agreed upon the values of Community, Accountability, Respect and Excellence which are deeply embedded in how we operate everyday.

The first item on the agenda for every important internal meeting is a 'values share'.

Today, I'd like to share an example of Community.

At a time when social distancing can be a challenge there has been an abundance of heart-warming deeds from our teams as they continue to support our tenants and help our communities stay connected with each other. This has been particularly important for the residents of our retirement villages.

Our employees have gone beyond their day-to-day roles to deliver hundreds of home-cooked meals and care packages to residents, organised exercise classes and used social media to amplify important messages on mental health and wellbeing.

Throughout the year we have maintained a strong and dedicated focus on executing our strategy.

We have been resolute in our efforts to grow asset returns, maintain capital strength, strengthen our customer proposition and deliver operational excellence across our diversified business.

Our full year result reflects the benefit of this focus and diversification.

Our Communities business performed well, with our Residential portfolio delivering a strong profit result of $372 million, up 2.5% on FY19.

We achieved over 5,300 residential settlements, reflecting an increasing customer preference for affordable homes in masterplanned communities and demand driven by low interest rates, pent up demand, improved credit availability and government stimulus.

In the first quarter of the new financial year, our net quarterly sales were the highest in over three years, further highlighting the strength of our market leading business.

Throughout the year we contracted to acquire $535 million of projects to strategically restock our residential pipeline. This included the purchase of The Gables for $415 million in the undersupplied north west Sydney market.

Our leading market share of more than three times our nearest competitor and our reputation as Australia's leading community creator means we are well positioned to make further acquisitions and scale activity quickly to meet demand.

Our Retirement Living portfolio has also benefited from increasing customer preferences for the support and wellbeing of village living.

Retirement Living FFO was up 4.8% on FY19 to $58 million and we settled 860 units within the year with a 11.3% improvement in established unit sales.

Our net sales in the first quarter of FY21, excluding Victoria, show an increase of 15% compared to the same period last year, demonstrating the increasing value that customer's place on the services and community connection within our villages.

Looking ahead, I am excited about the potential of our new business, land lease homes, which will allow us to further diversify our Retirement Living offer. Land lease will appeal to a new market segment with a range of affordable homes suitable for active retirees and will also improve returns in our Communities business.

Turning now to our Commercial Property business.

Prior to the onset of the pandemic, our Retail Town Centre portfolio's remixing strategy was showing signs of success with 3% sales growth. This has positioned us well in the current market with over 70% of retail sales from non-discretionary and low-discretionary categories.

Overall our Retail Town Centre results were significantly impacted by the pandemic with comparable FFO down 17.0% and negative revaluations.

Comparable specialty sales in the fourth quarter of FY20 declined 30.1%, offset by supermarket growth of 8%.

In the first quarter of FY21, we have seen a strong recovery with positive monthly comparable sales growth from July 2020. Foot traffic and store openings are now at 99% and 97% of pre-COVID-19 levels respectively, excluding Victoria and Wetherill Park. This has helped us progress our remixing strategy with strong backfill leasing deals despite the challenging market conditions.

We have also made good progress on rental negotiations with SME tenants and have continued to operate within the Federal Government's Commercial Code of Conduct.

Our provision set aside at 30 June 2020 remains appropriate to cover any remaining rental income risk for FY20 as we finalise tenant negotiations and require payment of any balance owing for that year.

We have now executed $923 million of retail disposals over the past 24 months in line with our non-core divestment strategy. And we are recycling this capital into our stronger performing Logistics and Workplace portfolio.

Our Workplace and Logistics performance for FY20 demonstrates this strength, with both contributing comparable FFO growth of 1.7%.

Occupancy remains high across the portfolio with over 430,000 square metres of new leases executed in FY20. While Workplace leasing activity has reduced reflecting ongoing uncertainty, logistics tenant enquiry has remained strong with an additional 77,000 square meters of new leases executed in the first quarter.

The Workplace and Logistics portfolio is in a good position with limited rent relief granted under the Code, low outstanding rent arrears and stable valuations reflecting the quality of the portfolio.

Our Workplace and Logistics development pipeline more than doubled during the period to $5.6 billion. We continue to progress development approvals for our new major projects, Piccadilly and Walker Street in Sydney which, currently, require minimal capital as we continue to monitor the market for the right time to proceed. Importantly, this provides adequate time to design the buildings to accommodate new ways of working and secure significant pre commitment.

We are now one of the biggest logistics and business park owners and managers in Australia and with our strong team we are well positioned to continue to grow the portfolio. Our focus is delivering our $3.1 billion Logistics development pipeline including: M_Park, where we have pre-committed 60% of Stage 1 to Johnson & Johnson and another international tenant; Mamre Road near the new Sydney airport; and Melbourne Business Park.

As we recycle capital from our Retail Town Centre divestments into our Workplace and Logistics portfolio, we move closer to our balanced portfolio allocation target – with a third allocated to Communities; a third to Workplace and Logistics, and a third to Retail Town Centres.

From these levels, we expect to improve our ability to optimise risk-adjusted returns through the cycle.

Our capital and operational strength also supports our strategy execution.

Our balance sheet continues to be supported by strong investment grade credit ratings of A-/A3 with a stable outlook from S&P and Moody’s and a strong liquidity position of $1.7 billion.

The execution of our strategy has also been underpinned by the acceleration of our digital capabilities to deliver safe, efficient and customised experiences for our customers and big data analytics to underpin our investment decisions.

In our Communities business the virtual customer experience includes masterplan skytours, real-time builder availability and lot pricing, website LiveChat manned by sales professionals, and digital contract signing.

This fully virtual sales experience has produced promising results, generating approximately $50 million of revenue and $9 million of profits in FY20.

We are also leveraging our data-science capabilities to optimise our retail portfolio and the shopper experience by using local customer trends to inform placemaking, marketing and leasing strategies. And to further support our retailers, we launched new omni-channel shopping experiences.

Our enhanced digital customer experience is supported by our new fully integrated Core technology platform capturing transactions from start to finish.

Our focus on operational excellence extends to sustainability and how we deliver value for all stakeholders.

The Stockland team is focused on developing and operating energy-efficient and climate resilient assets; and investing in the health and wellbeing of local communities.

Over the last seven and a half years our Commercial Property emissions intensity reduced by 43% saving over $17 million. In addition, our net zero carbon commitment has allowed us to broaden our sources of capital with a $75 million senior debt facility from the Clean Energy Finance Corporation.

Over that timeframe, we have also invested over $45 million in local health, wellbeing and education initiatives through our CARE Foundation, community grants, and partnerships. Examples include 25,000 people participating in free exercise classes at our properties each year and our residents consistently rating their wellbeing above the National Wellbeing Index.

We believe diversity is essential to ensure strong customer understanding, high quality decision making and strategy execution.

We are proud to have been recognised by the Government’s Workplace Gender Equality Agency, WGEA, as an employer of choice for six consecutive years. And I am pleased with the progress we have made to improve equality beyond gender to physical abilities, sexual orientation and ethnicity.

In recognition of our proactive approach to these environmental and social issues, we hold leadership rankings on global sustainability investment indices and benchmarks.

When I reflect on the last seven and a half years, I am of course proud of our sustainability achievements and our many project launches across the country. However, it is the customer and community impact of our work that is the most satisfying.

I have witnessed thousands of life changing events for our customers.

Whether it is the sense of triumph from a first home buyer; the overwhelming pride and hope that emanates from a flourishing small business; or the security and happiness that comes from choosing to join a village community; each one made possible because we have met and exceeded our customers' expectations.

Years of listening to customer feedback has helped us shape some of Australia's most liveable, sustainable and affordable communities and workplaces. Our brand is trusted and respected by thousands of Australians.

Consistently high customer satisfaction scores reflect the effort that has gone into identifying what really matters and embedding it in the design, development and the activation of our properties.

It is the most satisfying feeling when these elements come together to create a sense of belonging and a place that communities call their own.

It has been a privilege to lead this great company and I want to assure you that my continuing focus is on leading Stockland through the pandemic recovery period and ensuring a seamless leadership transition.

Under the guidance of our strong and experienced executive team, we will continue to deliver on our priorities while closely monitoring the COVID-19 pandemic and the associated challenges.

Finally, I'd like to thank the Board and my colleagues on the executive committee for their support, counsel and shared vision for Stockland.

I am confident that with their guidance Stockland's positive legacy will endure as all the components of our business are aligned to help create a positive future for our great company.