Stockland
CELEBRATING 70 YEARS

Annual Report

30 June 2022

stockland.com.au

Stockland Harrisdale, WA

We believe there is a better way to live

Welcome to Stockland's Annual Report

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.

Furthermore, 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.

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

The 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 2022 (FY22). The Annual Report 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 creates value for stakeholders over the short, medium and long term.

In addition to complying with our statutory reporting requirements, the Report includes our response to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) including our approach to governance, strategy, risk management and performance metrics and targets.

Corporate reporting suite

The Report is part of our broader corporate reporting suite, including:

Annual Report: this report features information about Stockland, our strategy, our integrated financial and non-financial performance, risk management, corporate governance, remuneration and our financial statements

Results Presentations: Stockland's strategy, financial results, operational performance for the period, including business unit operational performance, portfolio and development pipeline prepared on a six-monthly basis together with quarterly operational updates

Databook: data file comprising key Stockland financial and operating metrics

Property Portfolio: details on the real estate assets within the Stockland portfolio

ESG Supplements: includes the ESG Management Approaches and the ESG Data Pack

Corporate Governance Statement: incorporated into the Annual Report, this covers Stockland's compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition); and

Modern Slavery Statement: Stockland's statement on our actions to assess and address modern slavery risks in our supply chain.

Throughout the Report are information boxes (see example below) to indicate where more detailed information on specific items can be found.

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

Stockland Annual Report

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 FY22 has been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth) including the following information:

- Operating and Financial Review on page 15
- Remuneration Report on page 85
- Information on Directors and the Company Secretary on page 66
- Board and Committee meetings and attendance on page 75
- General information required under the *Corporations Act* on page 80

Our business

A leading creator and curator of connected communities

Stockland is one of the largest diversified property groups in Australia with $15.5 billion[1] of real estate assets and a development pipeline of ~$41 billion[2] including Town Centres, Logistics and Workplace assets, Masterplanned and Land Lease Communities.

Our vision, purpose and values

Our vision to be the leading creator and curator of connected communities is underpinned by our purpose – "we believe there is a better way to live". Our vision and purpose is brought to life by over 1,800[3] employees who are guided by Stockland's values of Community, Accountability, Respect and Excellence (CARE).

Our strategy

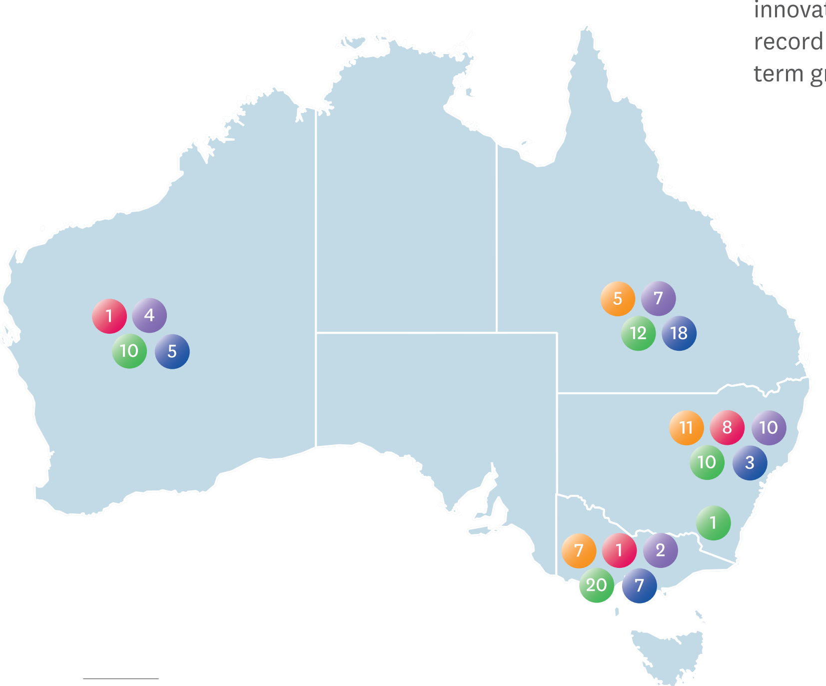
Our vision and purpose are supported by the four key priorities of our strategy – to dynamically reshape the portfolio, accelerate delivery in our core business, scale our capital partnerships and generate sustainable long-term growth. See page 16 for further detail on our strategic priorities.

Our structure

We are listed on the Australian Securities Exchange (ASX). To optimise value for our securityholders we are structured as a stapled security. 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, property management and property development activities.

A strong platform for growth

As a large, diversified real estate group, we have end-to-end multisector capability and a significant, nationally diversified land bank. Stockland creates thriving Masterplanned and Land Lease Communities, and curates vibrant, connected precincts across our Town Centres, Logistics and Workplaces portfolios. Our innovative culture, customer focus, and leading ESG track record provides a strong platform for sustainable long-term growth.



ASSETS VALUED AT
$15.5 billion

Logistics
23 PROPERTIES

Town Centres
23 PROPERTIES

Workplace
10 PROPERTIES

Masterplanned Communities
53 PROPERTIES

Land Lease Communities
33 PROPERTIES

1 Excluding Retirement Living.
2 Forecast end value on completion, subject to relevant approvals.
3 Inclusive of ~300 Retirement Living employees who transferred to EQT Infrastructure in July 2022 on completion of the divestment of the Retirement Living business.

FY22 performance snapshot

Funds from operations[1] (FFO)
$851m
Up 8.0% on FY21

FFO[1] per security
35.7c
Up 7.9% on FY21

Distribution per security (DPS)
26.6c
75% distribution payout ratio

Net tangible assets (NTA) per security
$4.31
Up 8.3% from $3.98 at 30 June 2021

Statutory profit
$1,381m
Up 25.0% on FY21

Pro-forma gearing[2]
~18%
23.4% at 30 June 2022;
Up from 21.4% at 30 June 2021

Recurring Return on Invested Capital (ROIC)[3]
10%
Above target range of 6-9%

Development Return on Invested Capital (ROIC)[3]
16%
Within target range of 14-18%

Employee engagement
82%
Above target of 80%

Commercial Property emissions intensity reduction
8.2%
On FY20 baseline. On track to achieve target reduction of 10% reduction by FY24

Customer satisfaction[4]
>80%
In line with FY21

Total community contribution
$5.4m
vs $5.7m in FY21

1 Funds from operations (FFO) is determined with reference to the PCA guidelines.
2 Adjusted for divestment of Retirement Living business in July 2022.
3 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.
4 Average across retail shopper satisfaction, resident deposit satisfaction, and Workplace and Logistics tenant satisfaction.
Note: all relevant Group financials include Retirement Living, which is classified as a discontinued operation.

THE Stockland Story

1952

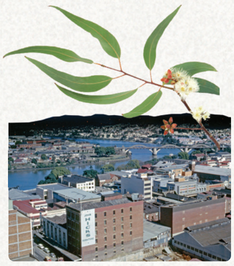
THE BEGINNING OF A 70YR LEGACY

Ervin Graf brings affordable housing to Australia.

1968

MELBOURNE OFFICE OPENS

Exploring new opportunities in Victoria.



1972

OFFICE OPENS IN QUEENSLAND

Growing Stockland's presence in the North.

1988

FURTHER CORPORATE RESTRUCTURING

First joint quotation on the Australian Stock Exchange- the advent of the Stapled Security.

1950s — 1960s — 1970s — 1980s

1957

LISTING ON THE SYDNEY STOCK EXCHANGE

Changing company name to Stocks & Holdings.

1970

THE FIRST OFFICE TOWER BUILT BY STOCKLAND

Welcoming CAGA Centre to Sydney CBD.

1980

CHANGE TO COMPANY STRUCTURE

Creation of Stockland Corporation Pty Ltd.

VISIT STOCKLAND.COM.AU/70YRS

2004

ACQUISITION OF LENSWORTH, QUEENSLAND

Stockland becomes largest residential developer in Australia.

2011

STOCKLAND RATED NO.1 SUSTAINABLE PROPERTY GROUP

In the 2011-12 Dow Jones Sustainability Index.

2021

HALCYON ACQUISITION

Scaling Land Lease Communities platform with launch of Halcyon Communities.

2021

AUSTRALIA'S FIRST GREENSTAR HOME AT WATERLEA

Putting Stockland on the map as a sustainability company.

1990s — 2000s — 2010s — 2020s

1990

PURCHASE OF PACIFIC PINES, GOLD COAST

One of Australia's largest masterplanned communities.

2007

NEW HEAD OFFICE ON CASTLEREAGH ST

Connecting 600 Stockland Sydney employees.

2015

THE CONSTRUCTION FOR AURA QLD, BEGINS

Living proof that 'there's a better way to live.'

2022

STOCKLAND ANNOUNCES CAPITAL PARTNERSHIPS

Two capital partnerships, for M_Park, and Land Lease Communities, announced.

Chairman and CEO letters


Aura, QLD

Letter from the Chairman

Dear Securityholders,

As Stockland celebrates its 70th anniversary in 2022, we can look back not only on an extraordinary Australian success story but also a year in which we continued to build on the foundations laid by Ervin Graf.

Graf, a visionary Hungarian architect who emigrated to post-war Australia, dreamed of making housing affordable for all Australians and developed his first residential estate, at Sefton in Western Sydney, in 1952. 70 years later, the company he created, Stockland, is one of the largest creators and curators of connected communities in Australia. We continue to honour his dream today through our purpose, 'we believe there is a better way to live'.

2021-22 Financial highlights

In the face of continued uncertainty caused by COVID-19, geopolitical unrest and, more recently, rising interest rates and inflationary pressures, we were pleased to deliver a full-year operating result slightly above our guidance range.

Our statutory profit of ~$1.4 billion was up 25.0 per cent on FY21. This included $725m of revaluation gains, which also helped to drive an 8.3 per cent increase in our net tangible asset backing (NTA) per security over the year. Funds from operations (FFO) rose 8.0 per cent to $851 million or 35.7c per security, above the guidance range of 35.1 cents to 35.6 cents, driven by sustained demand and margin expansion in Masterplanned Communities and strong performance across our high-quality Commercial Property portfolio. The distribution for the year rose 8 per cent to 26.6 cents per security, with the payout ratio of 75 per cent set at the lower end of our target range to support growth opportunities across the business.

Stockland finished the year in a strong capital position, with gearing of 23.4 per cent at the bottom end of our target range of 20-30 per cent. The post-balance date settlement of the Retirement Living business has resulted in a further improvement in liquidity and a reduction in gearing to ~18 per cent on a proforma basis. This provides Stockland with significant capacity for investment in its strategic priorities.

Having joined the organisation in June 2021, this has been the first full year in the role for our Managing Director and Chief Executive Officer, Tarun Gupta, and there has been strong collaborative leadership between the Board, Tarun and the rest of the Leadership Team.

Full year distribution per security

26.6c

75% distribution payout ratio

Tarun's appointment has resonated well with our stakeholders and he has demonstrated strong leadership of the Group in a year that saw several changes to our Executive Leadership team, a reset of our strategic priorities, and the successful execution of several material transactions.

Executing our strategy

In November 2021, Tarun presented our Strategy update, clearly articulating the strategic priorities and targets for Stockland to continue building on its great legacy and deliver sustainable long-term growth for all stakeholders. The Board was actively engaged in the formulation of our refreshed strategy, and there is clear alignment between the Board and the Executive Leadership team regarding our strategic priorities and performance targets.

Our strategy is built around the big trends shaping our society and the property industry, particularly the continued population growth in our major urban centres, the availability of institutional capital looking to invest in Australian real estate, the impact of accelerating digitisation and innovation, and rising Environmental, Suistanability and Governance (ESG) awareness.

We are executing at pace and delivering on our priorities, while maintaining our focus on operational excellence.

In February 2022, we announced the sale of our Retirement Living business to EQT Infrastructure for ~$1 billion, broadly in line with book value. In the same month, we also announced the establishment of two significant capital partnerships with globally recognised institutions – the Stockland Residential Rental Partnership (SRRP) with Mitsubishi Estate Asia and the M_Park Capital Partnership with Ivanhoé Cambridge.

These three initiatives are clearly aligned with the strategic goals of reshaping the portfolio, accelerating delivery of our secured development pipeline and scaling capital partnerships. They will also enhance our return on invested capital – a key measure of sustainable long-term growth.

Board and executive leadership

Following Tarun's appointment, we have welcomed several new executives to his already experienced team, completing the reset of our Leadership Team for the next phase of Stockland's journey.

In November 2021, Justin Louis joined as Chief Investment Officer, bringing more than 20 years' of experience in real estate investment and development across a number of sectors. In January 2022, Alison Harrop joined as Chief Financial Officer, bringing more than 25 years' experience in finance and operations in Australia and overseas across a diverse range of sectors including property, financial services and government.

As foreshadowed in last year's Annual Report, the Board welcomed experienced real estate and investment management executive Adam Tindall as a director in July 2021, and farewelled the longest serving director on the Board, Barry Neil, in October 2021. While the Board today contains a wealth of experience and expertise, we continue to explore opportunities for Board renewal as part of our ongoing commitment to best-in-class governance.

An innovative culture driving excellence and ESG leadership

As identified in our Strategy update, increasing adoption of digital innovation and other technologies are changing the shape of real estate. The Strategy update also highlighted the increasing awareness of and expectations around ESG from all stakeholders. At Stockland, we are determined to lead in both areas; by driving continuous innovation throughout the business and industry, we can evolve and deepen our long-held commitment to ESG.

As part of my role as Chairman, I am enormously proud to support the annual Stockland Innovation & Excellence Awards, which are designed to help embed innovative thinking and behaviour across the business. Among the outstanding entries this year was a procurement framework that increased our pool of Indigenous suppliers, and the circular economy initiative StockHub – a digital platform that coordinates the reuse of fixtures and fittings in Town Centres. StockHub is now being rolled out at five centres, helping us deliver on our sustainability goals, reduce capital costs for tenants and improve the customer experience. This is a great example of how a concept can be identified, implemented and quickly scaled across our business.

Stockland continues to demonstrate leadership and commitment with regard to sustainability. Our target to achieve Net Zero carbon emissions across all business activities by 2028 is underpinned by a clear focus on energy efficiency, renewable energy and innovative designs to reduce our carbon footprint. In 2022 the Board reconstituted the membership of the Sustainability

Tom Pockett, Chairman

Committee to allow for a greater focus on the oversight and management of ESG strategy and initiatives across the Group as we evolve our strategy in this space.

As the largest developer of masterplanned communities in Australia, we also remain committed to delivering affordable and sustainable housing, with the growth of our Land Lease Communities business providing more accessible home ownership options for Australians.

Looking ahead

Throughout the past year Stockland has remained focused on looking after our people, our customers and our communities. This reflects Stockland's values of Community, Accountability, Respect and Excellence, as well as the resilience of a business that has continued to prosper through various cycles across its 70-year history.

The strategic priorities and targets set out in November 2021 – and the actions already undertaken – are designed to build on that platform and deliver sustainable long-term growth. With a strong balance sheet and good visibility of the year ahead, Stockland is well placed to capitalise on opportunities and deliver performance for our securityholders.

I would like to extend my thanks to the Board, Leadership Team and every employee for their hard work and commitment in the past year as we embark on this next exciting phase of Stockland's journey. Finally, thank you to all of our securityholders for your continued support and investment in Stockland.

Tom Pockett
Chairman

Letter from the Managing Director and CEO

Dear Securityholders,

Stockland has delivered strong performance over FY22, with the quality of our businesses and our robust financial position providing resilience and the opportunity to drive further, sustainable performance for our stakeholders in an increasingly uncertain economic environment.

We have achieved a lot over the past 12 months. We completed the renewal of our Leadership Team, reset our strategy, and started executing against our new strategic priorities and targets. At the same time, we have maintained operational excellence across our business segments to deliver results slightly above our guidance range, against a background of continuing macro-economic uncertainty.

Stockland has a clear strategy and has the key ingredients for continued success – a strong, innovative, and customer-centric culture; brand and industry leadership; a proud record on ESG; multi-sector end-to-end capability across a large, nationally diversified land bank; and a robust balance sheet. Our purpose, 'we believe there is a better way to live', has driven us for the last 70 years, and our values of Community, Accountability, Respect and Excellence remain at the core of everything we do.

Delivering on our strategic priorities

In November 2021, we delivered our refreshed strategy, building on Stockland's strengths to deliver a blueprint for sustainable long-term growth. The strategy, matched by clear objectives and targets, positions the Group to take advantage of the major forces that are shaping the property sector and wider society. Our strategy has three core, interlinked components.

We are **dynamically reshaping the portfolio.** We are leveraging our position as Australia's leading residential developer, extending our leadership in Masterplanned Communities while scaling our Land Lease Communities business into a market leader, and positioning to expand our Apartments business at the appropriate time. We are increasing our capital allocation to the Logistics and Workplace segments – primarily through growth opportunities within our existing portfolios – while reducing our exposure to the Town Centres and Retirement Living sectors.

We are **accelerating delivery in our core business**, taking advantage of our $41 billion development pipeline[1] and leveraging our cross-sector mixed use capabilities to create high-quality income-producing and fee-generating investment assets.

Finally, we are **scaling our capital partnerships** to improve our return on capital and further accelerate the development of our pipeline – generating new sources of high-quality, recurring income while maintaining a strong balance sheet.

Against all of these objectives, we are delivering and executing at pace.

In July 2022, Stockland completed the sale of its retirement living business to EQT Infrastructure for $987 million[2]. In line with the strategy to simplify and refocus our business, this capital will be redirected to higher returning opportunities. We are confident that EQT Infrastructure, as a purpose-led organisation with a proven track record in health and aged care, are the right custodians for our residents and employees.

We wish our Retirement Living colleagues a fond farewell and extend our best wishes to them as they embark on their next chapter. We thank them for the incredible work and dedication they have brought to Stockland and look forward to seeing them fulfil the Retirement Living business' growth potential under new stewardship.

In February 2022, we established the Stockland Residential Rental Partnership (SRRP) with Mitsubishi Estate Asia to focus on the development and long-term ownership of Land Lease Communities. SRRP underpins our ambition to scale our Land Lease platform towards a market-leading position. We also established a capital partnership with Ivanhoé Cambridge for Stage 1 of the over $2 billion[1] M_Park development which will be a next-generation, modern workplace set in one of Australia's leading Life Science and Technology Precincts.

1 Forecast end value on completion, subject to relevant approvals.
2 Excluding transaction costs. Total settlement payment of $934 million includes adjustments for working capital and stock movements.

The acceleration of our Commercial Property development pipeline is on track. We completed ~$300 million of Logistics developments over FY22, and expect this number to rise to approximately ~$600 million[1] in FY23. We continue to target an average completion rate of approximately $400 million per annum over the five years from June 2021 – compared to an average of $150 million per annum over the previous five years – creating new, high-quality investment product and rebalancing our capital allocation. Across our combined $12.2 billon[1] Logistics and Workplace development pipelines, approximately $2 billon[1] of projects are currently underway.

As part of our strategy refresh and to enhance investment discipline, we established clear targets for return on invested capital (ROIC) for recurring income and development income. These targets have been set at levels that we believe to be appropriate on a through-cycle basis. In FY22, we achieved Recurring ROIC of 10 per cent, above our target range of 6-9 per cent[2], and Development ROIC of 16 per cent, within our target range of 14-18 per cent[2].

FY22 performance

Stockland's FY22 results reflect our continued focus on operational excellence, with strong metrics achieved across our business segments despite challenging external market conditions.

Funds from operations (**FFO**)[3] was up 8 per cent to $851 million, delivering FFO per security slightly above guidance at 35.7 cents. We ended the year with net operating cash flow of $0.9 billion, reflecting stable Masterplanned Communities settlements and increased Land Lease Communities settlements, offset by our strategic restocking in our Communities business.

Our Statutory Profit of $1,381 billion was up 25.0 per cent and was driven by growth in our NTA, which is up 8.3 per cent to $4.31, underpinned by approximately $725 million of independent revaluations across our portfolio.

The FY22 results reflect solid metrics in both Communities and Commercial Property segments. In Communities, sustained demand for our Masterplanned Communities product drove an increase in our margins, and Land Lease Communities settlements increased as we scaled the business. Across our Commercial Property portfolio, we achieved positive rental growth and high levels of rent collection at 99.7 per cent[4].

Willowdale, NSW

[1] Forecast end value on completion, subject to relevant approvals.

[2] Indicative return on invested capital target. 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] Funds from operations (FFO) is determined with reference to the PCA guidelines.

[4] Rent collection rates across the portfolio up to 31 July 2022 on FY22 billings. Includes all provisioned COVID-19 abatements.

Importantly, we finished the year in a strong financial position, supported by investment grade credit ratings of A-/A3 with stable outlook from S&P and Moody's. At 30 June 2022, the Group's gearing was 23.4 per cent, toward the bottom of our target range of 20 per cent to 30 per cent. The post-balance date settlement of the Retirement Living divestment has resulted in a further reduction in our gearing, to ~18 per cent on a proforma basis.

Commercial Property

The resilience of our Commercial Property business was evident in the past year, with comparable FFO growth of 3.3 per cent[5] and high occupancy and rent collection rates. In particular, the essentials-focused Town Centres portfolio is characterised by a relatively low level of exposure to discretionary categories, enabling it to manage uncertain economic conditions and benefit from the easing of COVID-19 restrictions in the second half of FY22. Town Centres comparable FFO growth was 3.0 per cent[5], and the business maintained positive leasing spreads of 1.5 per cent[6] in FY22.

Logistics delivered a strong performance, benefiting from the high-quality of our Eastern Seaboard-focused portfolio and trading profits from our develop-to-sell projects. Tenant and investment demand remains elevated for strategically located logistics assets, underpinned by increasing investments in local supply chain improvements. Comparable FFO growth was 5.5 per cent[7] on FY21.

Similarly, Workplace delivered a solid performance in the face of disrupted work patterns over the past 12 months. Comparable FFO was flat with solid rental growth offset by the down-sizing of one major tenant.

Key strategic priorities in Commercial Property include accelerating the delivery of the ~$6.4 billion Logistics pipeline – located in prime Eastern Seaboard markets and comprising of land holdings acquired at attractive points in the real estate cycle; adding value and maintaining optionality by progressing the ~$5.8 billion Workplace pipeline; and continuing to actively remix our Town Centres portfolio while leveraging its high exposure to essentials-based retail categories during a period of rising inflation. We remain focused on maximising the value of our Commercial Property asset base by exploring alternate uses and densification opportunities.

Communities

Our strategy in this segment is clear: to leverage our position as Australia's leading creator of communities to extend our residential leadership and broaden our market reach to generate higher margin development income but increasingly to create high-quality rental income and management fees; build on our strength in Masterplanned Communities; and scale into a market-leading position in Land Lease Communities.

Masterplanned Communities delivered a strong result in FY22, with total settlements of 5,964[8] and operating profit margin at 18.3 per cent. As expected, demand started to moderate at the end of the financial year with rising interest rates. We have entered FY23 in a strong position, with a record 5,908 contracts on hand providing good visibility for the year ahead. Strategic restocking early during the COVID-19 pandemic has also positioned us well to launch new projects over the medium term.

Our Land Lease Communities business continued to scale at pace through the year. The acquisition of Halcyon's land lease communities business in August 2021, followed by the establishment of SRRP provides the capacity to accelerate our growth plans significantly. Integration of the Halcyon land lease business has increased our footprint to a total portfolio size of ~9,000 home sites, including a development pipeline of ~7,200 home sites. Our fully integrated end to end platform achieved settlements of 248 home sites in FY22, slightly above target, and has good visibility over FY23 with 499 contracts on hand at ~18 per cent[9] higher average pricing, compared to FY22.

While market conditions in the near term are likely to moderate, the Communities business is supported by demographic trends and fundamentals that will drive long-term residential property demand, including population growth and strong employment, an expected near-term rebound in immigration as COVID-19 restrictions lift, and the growing demand for over-50s communities that offer lifestyle, amenity and social connectivity.

Our people

Last year I wrote that, upon joining Stockland, I had been incredibly impressed by the quality of our teams, their customer focus and desire and ability to do the right thing by all of our stakeholders. My admiration has only grown in the past year, particularly as we continue to navigate the continued impact of the COVID-19 pandemic. At Stockland, we are focused on continuing to enhance our culture and capability to deliver on our business strategy. We believe that our people and our culture underpin how we operate and are core to our success. That is why we are committed to skills and training, diversity and inclusion, fostering innovation and new ways of working, and rewarding performance.

5 Excludes COVID-19 abatements and ECL.
6 Rental growth on stable portfolio on an annualised basis.
7 Excludes COVID-19 abatements.
8 Includes 2,128 settlements under joint venture/project development agreements (FY21: 1,777).
9 Average price per home of contracts on hand vs FY22 settlements.

With key hires and promotion of internal talent in the past year, we have completed the reset of the Leadership Team. Our Executive Leadership Team is supported by a talented team of business leaders, and a highly motivated workforce, with employee engagement at above 80 per cent, five points above the Australian National Norm[1].

We have five well-established Employment Advocacy Groups, focussed on evolving our approach to diversity and inclusion, customer centricity and delivering for our communities. These groups are drawn from employees at various levels in the organisation and from a mix of demographics to encourage diversity of thought, more informed decision making and better business outcomes.

On gender diversity, we remain a clear leader in corporate Australia, with 60 per cent female representation in our Stockland Leadership Team, in line with our 40:40:20 policy and with 46.5 per cent women in management.

Our refreshed Parental Leave Policy provides equal benefits, regardless of carer distinction or gender identity. We are proud to have been awarded the People First Award, Parental Leave Policy at the Property Council of Australia's 2022 People in Property Awards and Silver Employer Status at the FY22 Australian Workplace Equality Index's Australian LGBTQ Inclusion Awards in recognition of these improvements.

Outlook

While macro-economic conditions remain uncertain, the underlying performance of our business segments give us good visibility for the year ahead. Crucially, our strong balance sheet and access to capital markets mean we are well positioned to deliver on our strategic priorities, with capacity to be flexible and the ability to take advantage of opportunities.

Our Commercial Property business is positioned well, with our Town Centres portfolio's essentials-based mix providing resilience in an inflationary environment. Our Logistics portfolio is growing strongly by delivering its development pipeline and we continue to progress our Workplace development pipeline, using our expertise to create working environments of the future.

We have a sound starting position with nearly 6,000 Masterplanned Communities contracts on hand and strong embedded margins in our landbank. Our Land Lease Communities business is growing rapidly with nearly 500 contracts on hand and is expected to provide higher contributions to the Group as settlements continue to rise.

Following settlement of the sale of the Retirement business, we have further strengthened our position and are well placed in a rising interest rate environment, with proforma gearing at ~18 per cent.

Tarun Gupta, Managing Director and CEO

FY23 FFO per security is forecast in the range of 36.4 to 37.4 cents on a pre-tax basis[2]. Tax payable is expected to be in the range of 5 per cent to 10 per cent of pre-tax Group FFO, with the benefit of some remaining carry forward tax losses. FY23 distribution per security is forecast to be within our target payout ratio of 75 to 85 per cent of post-tax FFO[2].

I thank the Stockland team for their contribution to this year's impressive performance in challenging conditions. On behalf of the Stockland team, I thank you for your ongoing support.

Funds from operations (FFO)[3]

$851m

Up 8.0% on FY21

Tarun Gupta
Managing Director and CEO

[1] Willis Towers Watson.
[2] All forward looking statements, including FY23 earnings guidance, remain subject to no material deterioration in current market conditions and the continued recovery from COVID-19.
[3] Funds from operations (FFO) is determined with reference to the PCA guidelines.

Our strategy and performance

Yennora Distribution Centre, NSW

Our strategy

Major trends

Urbanisation and urban renewal

Exponential growth in institutional capital

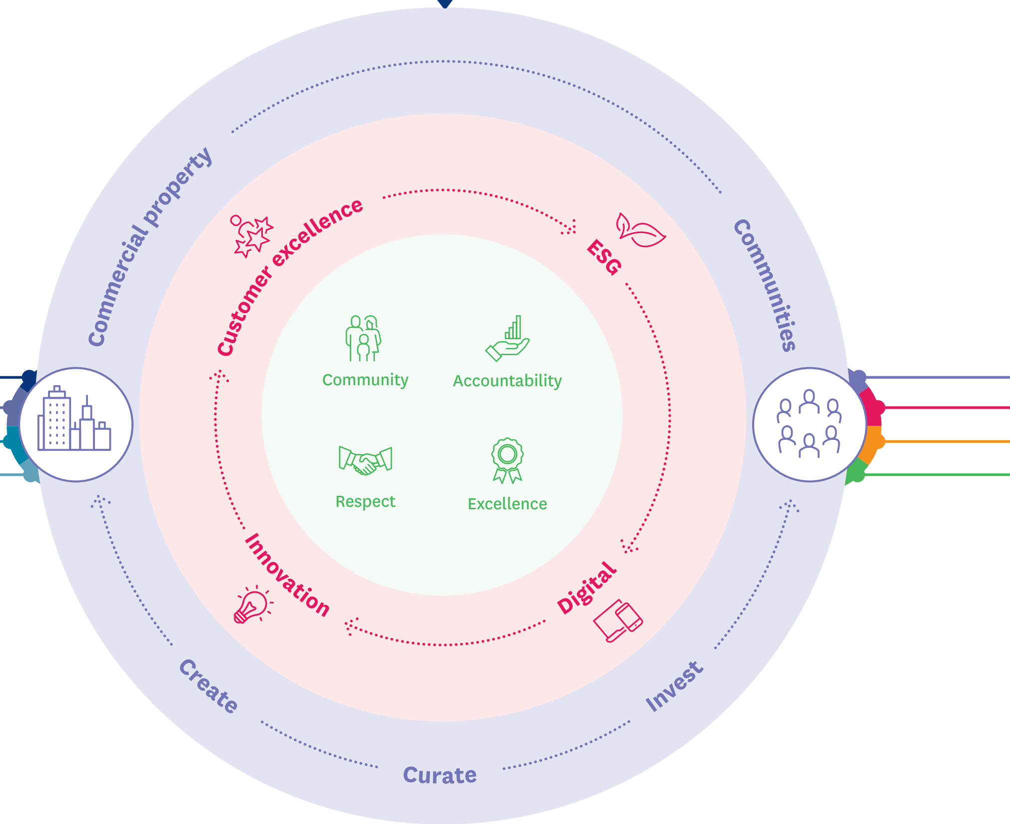
Digital acceleration

Growing momentum on ESG

Our purpose
"We believe there is a better way to live"

Our vision:
"Leading creator and curator of connected communities"

Our purpose-led organisation



Our operating environment

Our strategy is underpinned by the recognition and consideration of the major trends influencing our operating environment: Urbanisation and urban renewal, driven by population growth in our cities; Growth in the availability of long-term institutional capital and demand for real estate; Acceleration in the adoption of digital and technology changing the shape of real estate; Growing momentum on ESG driving demand for investments with superior ESG credentials.

As a purpose-led organisation, every aspect of our business is guided by our core values of Community, Accountability, Respect and Excellence (CARE). It is these values that drive our innovative and customer-focused culture, backed by strong ESG principles, that sets the foundations of how we approach our business and deliver on our vision to be the leading creator and curator of connected communities.

Strategic pillars	Priorities	Targets
Dynamically reshape portfolio	• Extend Residential leadership • Reduce exposure to Town Centres and Retirement Living • Scale Logistics and Workplace	• Grow Residential, Logistics and Workplace: From 50% to 70%+ of NFE[1,2] • Down-weight Retail and Retirement Living: From 50% to <30% of NFE[1,2]
Accelerate delivery in our core business	• Accelerate delivery of the secured development pipeline • Optimise land bank to highest value uses • Leverage cross-sector capabilities to generate mixed-use opportunities	• Development: targeting commencement of >80% of our Investment asset pipeline within 5 years
Scale capital partnerships	• Scale institutional capital partnerships • Improve return on capital and operating leverage • Facilitate conversion of development pipeline into FUM and rental income while maintaining a strong balance sheet position	• Grow FUM and management income • Maintain strong balance sheet and capital structure
Sustainable long term growth	• High quality recurring income business with sustainable growth • Customer excellence • Digital innovation and ESG focus • Preferred employer and developer of real estate talent	• Recurring income: 60%[1,3] of total at 6-9% ROIC[4] • Development income: 40%[1,3] of total at 14-18% ROIC[4]

How we create value

Our strategic pillars and priorities are informed by, and designed to respond to, the major trends that influence our operating environment. The four strategic pillars we have identified builds on the strength of our platform and culture, leveraging our specialist end-to-end, multi-sector capability to create value throughout the real estate life cycle.

Each of our strategic pillars have clear and focused priorities that are tied to tangible financial targets. Executing on these priorities and targets creates value and delivers sustainable long-term growth, underpinned by customer excellence, digital innovation, and ESG leadership, to our securityholders and stakeholders.

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 Net Funds Employed, calculated as Book Value excluding non-cash items such as deferred land payables and cost-to-complete provisions.
3 Aligns with divisional 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.

Group performance

Group performance

Our 70th year as an organisation has been one of delivery against our strategic and operational objectives. We achieved a strong FY22 financial result, with FFO of $851 million reflecting 8.0 per cent growth on FY21, and FFO per security slightly above guidance at 35.7 cents. The FY22 result was characterised by solid operating metrics across our business segments.

Whilst maintaining our focus on operational excellence, we have made solid progress in implementing the refreshed strategy that we announced in November 2021. In February 2022, we announced the establishment of two significant capital partnerships with globally recognised, high-quality institutions – the Stockland Residential Rental Partnership (SRRP) with Mitsubishi Estate Asia, and the M_Park Capital Partnership with Ivanhoé Cambridge.

The creation of the M_Park and SRRP partnerships is consistent with our strategic goals of accelerating delivery of our ~$41 billion secured development pipeline[1] while scaling our fee-generating third party capital platform.

We also announced the divestment of our Retirement Living business for consideration broadly in line with book value. Our exit from Retirement Living simplifies our business, strengthens our balance sheet, and concentrates our focus on higher returning and higher margin initiatives.

We have continued our focus on financial discipline in response to macroeconomic uncertainty, maintaining a strong balance sheet, and actively managing our gearing level and hedging profile to provide ample liquidity and optionality to invest in existing and emerging opportunities.

With a refreshed strategy and several new additions to our Leadership Team, we are focused on driving sustainable growth for our customers, communities and securityholders. Our disciplined approach to capital management, rich legacy of creating connected communities, and strong, values-driven culture position us well in an environment of macro-economic uncertainty.

Capital management

Stockland finished the year in a strong financial position. At 30 June 2022, the Group's gearing was 23.4 per cent, toward the lower end of our target range of 20 per cent to 30 per cent. The post-balance date settlement of the disposal of our Retirement Living business has resulted in a further reduction in our gearing, to ~18 per cent on a proforma basis. We maintained investment grade credit ratings of A-/A3 with stable outlook from S&P and Moody's, respectively.

We continue to actively manage our debt portfolio with a weighted average cost of debt of 3.4 per cent and weighted average debt maturity of 4.8 years. We have actively managed our hedging in an environment of interest volatility with a favourable fixed hedge ratio of 64 per cent[2].

Available liquidity at 30 June 2022 is ~$1 billion, strengthened further to a pro-forma position of ~$1.9 billion following the settlement of our Retirement Living disposal. We anticipate retaining higher levels of liquidity than our long-term average to provide flexibility given the uncertain macroeconomic environment. 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, while providing capacity to respond to emerging opportunities.

Ingleburn Logistics Park, NSW

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1 Total development pipeline, includes projects in early planning stages, projects with planning approval and projects under construction.

2 Average over the 12-months to 30 June 2022.

Pro-forma gearing

~18%

23.4% at 30 June 2022;
Up from 21.4% at 30 June 2021

Pro-forma liquidity (cash and undrawn facilities)

~$1.9bn

~$1.0bn as at 30 June 2022

Weighted average cost of debt (WACD)

3.4%

~4.4% expected for FY23
assuming average BBSW of 3.15% over FY23

Weighted average debt maturity

4.8 years

Fixed hedge ratio[3]

64%

~65% expected for FY23

S&P and Moody's credit rating

A-/A3

Stable outlook

Net tangible assets

As at	30 June 2022 $M	30 June 2021 $M	Change %
Cash and cash equivalents	**399**	1,162	(65.7%)
Real estate assets			
• Commercial Property	**11,314**	10,351	9.3%
• Residential	**3,470**	3,216	7.9%
• Land lease communities	**709**	47	1,410.7%
• Retirement Living	**949**	1,064	(10.9%)
• Other assets	**128**	129	(.8%)
Retirement Living gross up	**2,704**	2,506	7.9%
Other financial assets	**311**	367	(15.1%)
Other assets	**365**	386	(5.6%)
Total tangible assets	**20,349**	19,228	5.8%
Borrowings	**4,472**	4,754	(5.9%)
Retirement Living resident obligations	**2,716**	2,512	8.1%
Other financial liabilities	**184**	263	(30.1%)
Other liabilities	**2,681**	2,192	22.3%
Total liabilities	**10,053**	9,721	3.4%
Net tangible assets	**10,296**	9,507	8.1%
Number of securities on issue	**2,387,171,662**	2,387,171,662	
NTA per security	**4.31**	3.98	8.3%

3 Average over the 12-months to 30 June 2022.

Cashflow management

We ended the year with $0.9 billion in net operating cashflow, reflecting stable Masterplanned Communities settlements and increased Land Lease Communities settlements, offset by our strategic restocking in our Communities business. During the year we settled on $310 million of non-core divestments. We also completed key transaction settlements, including $627 million for the acquisition of Halcyon Group's land lease business, partially offset by Tranche 1 settlement of our SRRP capital partnership.

Through FY22, overhead spending has increased as costs and wages normalise from COVID-19 impacts, and face upward pressure as Australia's inflation rate increases. During the year we also made other investments to drive future growth, including investments in technology as well as ~$618 million in logistics and residential land acquisition payments.

Capital allocation

We closely manage our capital in targeting the optimal allocation across our diversified portfolio. As part of our refreshed strategy in November 2021, we have reset our capital allocation targets.

We are actively reshaping the portfolio towards residential (for ownership and for sale), logistics and workplace, while reducing our overweight exposure to town centres and retirement living. During the year we divested our Retirement Living business and further refined our Town Centres portfolio by disposing $388 million[1] of non-core assets. The capital released allows us to redeploy into our attractive $12.2 billion[2] Logistics and Workplace development pipelines and across our Masterplanned Communities and Land Lease Communities business.

Our capital allocation framework is focused on generating high quality recurring income (70-80 per cent of our capital allocation target[3]), supplemented by the enhanced returns provided by our development activities (20-30 per cent of our capital allocation target[3]). By investing in partnership with third party capital, we are able to generate higher returns on our capital while also achieving greater diversification of earnings and accelerating the execution of our high-quality development pipeline.

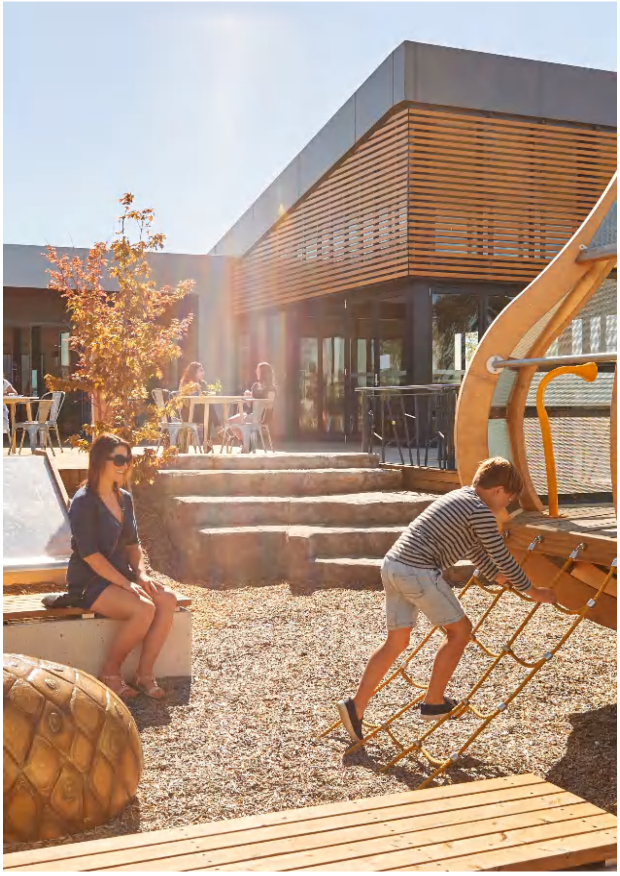
Return on Invested Capital (ROIC)

During the year, we established target ranges for return on invested capital (ROIC) for our recurring and development-related activities. These targets have been set at levels that we believe to be appropriate on a through-cycle basis.

In FY22, we achieved Recurring ROIC of 10 per cent, above our target range of 6-9 per cent[4], and Development ROIC of 16 per cent, within our target range of 14-18 per cent[4].

Distributions

The distribution for the year ended 30 June 2022 is 26.6 cents per security, up 8.1 per cent on FY21. The distribution payout ratio of 75 per cent is at the lower end of our target range of 75-85 per cent of Funds from Operations, at a level that helps retain capital and supports growth opportunities across the business.



Cloverton, VIC

1 Includes disposal of Bundaberg, Townsville Nathan Street, and Cairns (QLD), and asset held for sale Stockland Bull Creek, WA.

2 Forecast end value on completion, subject to relevant approvals.

3 By net funds employed, indicative five-year target.

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.

Financial strategy: medium-term targets

Sector capital allocation[1,2]	Target	FY22
Workplace & Logistics	30-50%	40%
Residential (for sale and ownership)	20-35%	20%
Town Centres	20-30%	40%
Alternates	0-5%	0%

Capital allocation by activity[1]	Target	FY22
Recurring[2]	70-80%	82%
Development[2]	20-30%	18%

Income mix[1]	Target	FY22
Recurring[3]	60%	63%
Development[3]	40%	37%

Returns on invested capital[1]	Target	FY22
Recurring[4]	6-9%	10%
Development[4]	14-18%	16%

Capital structure[1]	Target	FY22
Gearing (% Debt/TTA)	20-30%	23.4%
Look-through gearing[5]	<35%	23.5%
Credit Rating (S&P/Moody's)	A-/A3	
Distributions (% FFO)	75-85%	75%

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 operation.
3 Aligns with divisional 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.

Commercial Property

The Commercial Property business delivered a solid FY22 result, with comparable FFO growth of 3.3[1]per cent on FY21 and a rent collection rate of 99.7 per cent[2] across the combined portfolio. Approximately 98 per cent of the portfolio (by value) was independently valued during the year. This drove a net valuation uplift of $725 million, equating to 7.3 per cent growth on previous book values[3].

Stockland's Commercial Property portfolio is well positioned in an uncertain macro-economic environment.

Our Essentials-based Town Centres portfolio has demonstrated its resilience throughout the COVID-19-related disruptions of the last few years. It is characterised by a relatively low level of exposure to discretionary categories, continued retailer sales momentum and rents that are set at appropriate levels.

Our $3.1 billion portfolio of well-located Logistics assets is supplemented by a ~$6.4 billion[4] pipeline of development opportunities secured at attractive points in the cycle, while our ~$5.8 billion[4] Workplace development pipeline provides us with an exciting opportunity to create next-generation workplaces that incorporate post-pandemic design requirements.

Our Strategy update in November 2021 outlined several key priorities for Commercial Property: to accelerate the delivery of our Logistics and Workplace development pipelines; to continue the repositioning of our Town Centres portfolio; and to maximise the value of our existing asset base through exploring alternate uses and densification opportunities.

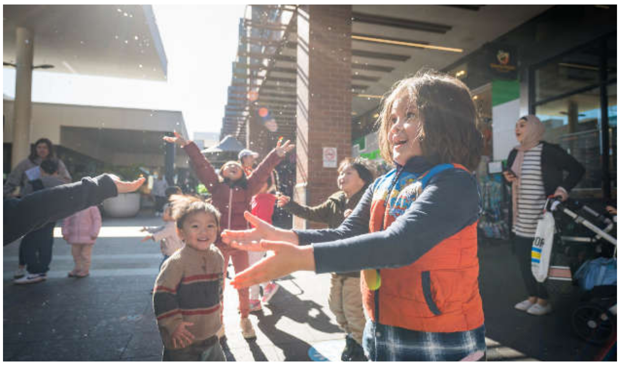
Over the year, we have made significant progress against each of these key priorities.

We completed ~$300 million of Logistics developments in FY22 and expect this figure to reach ~$600 million in FY23[4]. We also achieved several significant milestones across our Workplace development pipeline. These include commencement of the first stage of the over $2 billion[4] M_Park project (NSW) in partnership with Ivanhoé Cambridge and securing the development approval for the ~$1.2 billion[4] Affinity Place project in North Sydney (NSW).

We have further repositioned our Town Centres portfolio, executing on ~$388 million[5] of non-core Town Centres disposals, with an additional ~$300 million of non-core disposals planned.

Across our existing asset base, we have identified a further ~$3.2 billion[4] of organic development opportunities that are currently being masterplanned for highest and best uses, which may include residential, land lease, workplaces of the future or mixed use.

During the year we also accelerated our commitment to a more environmentally resilient portfolio and to designing sustainable and socially inclusive developments.



Stockland Wetherill Park, NSW

For further detail on our commitment to ESG, please see Sustainable growth for the future on page 35.

Commercial Property key priorities

- Accelerate Logistics and Workplace development pipeline
- Reposition and focus Town Centres portfolio
- Maximise the value of our asset base

1 Includes comparable assets; excluding acquisitions, divestments and assets under development. Excludes COVID-19 abatements and ECL.
2 Rent collection rates across the portfolio up to 31 July 2022 on FY22 billings. Includes all provisioned COVID-19 abatements.
3 Excludes sundry properties and stapling adjustment.
4 Forecast end value on completion, subject to relevant approvals.
5 Includes disposal of Bundaberg, Townsville Nathan Street, and Cairns (QLD), and asset held for sale Stockland Bull Creek, WA.

Coopers Paddock, Warwick Farm, NSW

LOGISTICS

The Logistics portfolio delivered comparable FFO growth of 5.5 per cent[1] on FY21, driven by strong rental growth of 8.5 per cent on new leases negotiated in FY22. Operational performance was strong across the portfolio, with high occupancy[2] and rent collection rates[3] both at 99.9 per cent. Tenant demand remains elevated, underpinned by the continued growth of e-commerce and increasing investments in local supply chain improvements. In this environment, Stockland continues to focus on capturing positive rental growth opportunities presented by our 3.4 year weighted average lease expiry, leasing over 439,000 sqm in FY22.

FY22 FFO included trading profits from our Gregory Hills (NSW) develop-to-sell project. Investment demand for new, high-quality assets remained strong over the period, driving margin expansion for the project. We expect to generate further trading profits over FY23 as we complete the develop-to-sell component of the Melbourne Business Park (VIC) project.

In line with our strategic priorities, we accelerated the delivery of our Logistics development pipeline over FY22, while also identifying additional medium-term development opportunities. Our Logistics development pipeline now stands at ~$6.4 billion[4], with ~$1.2 billion[4] in various stages of active delivery. Over FY22, we completed ~$300 million of new developments representing ~780,000 square metres of high-quality logistics space, and are targeting ~$600 million of completions in FY23[4].

Notwithstanding the impact of elevated construction costs, our Logistics development pipeline continues to offer attractive returns on a risk-adjusted basis. Our development pipeline is located in prime Eastern Seaboard markets that continue to benefit from constrained supply and elevated occupier demand and comprises land holdings that have been acquired at attractive points in the real estate cycle.

Development Excellence and Green Star Design

Stockland has accelerated delivery of our rapidly growing logistics pipeline, achieving excellence in design and ESG outcomes. During FY22, Willawong Distribution Centre (QLD) was awarded a 5 Star Green Star Design, and we are elevating the sustainability of our portfolio by registering seven new Logistics assets for certification. For more information on our asset ratings, refer to our **ESG Data Pack**.

Logistics snapshot

FFO
$155m

Average rent growth[5]
8.5%

Rent collection rates[3]
99.9%

Development pipeline[4]
~$6.4bn

1 Includes comparable assets; excluding acquisitions, divestments and assets under development. Excludes COVID-19 abatements.
2 By income as at 30 June 2022.
3 Rent collection rates across the portfolio up to 31 July 2022 on FY22 billings. Includes all provisioned COVID-19 abatements.
4 Forecast end value on completion, subject to relevant approvals.
5 Average rental growth on new leases negotiated and executed in FY22.

WORKPLACE

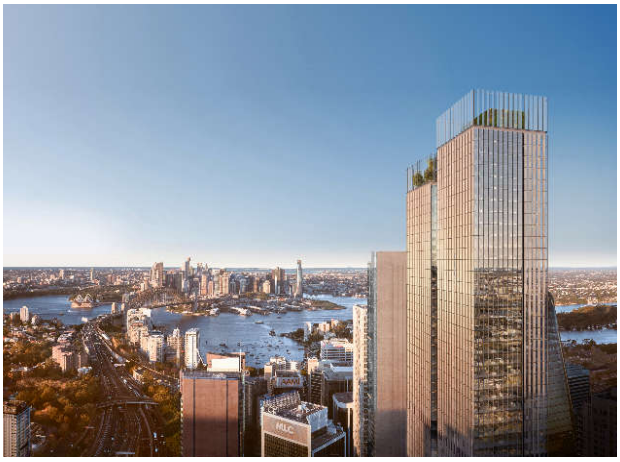
Our $2.1 billion[6] Workplace portfolio delivered a flat FFO result on a comparable basis despite disrupted work patterns over FY22. Leasing activity increased over the period and rent collection was strong at 99.9 per cent[7]. Leases completed over the period delivered solid rental growth of 2.3 per cent. However, the result was impacted by the downsizing of one major tenant in November 2021. This contributed to a decrease in the portfolio's occupancy rate to 91.3 per cent[8] at June 2022 from 94.5 per cent at June 2021.

We continue to make significant progress on the planning and delivery of our ~$5.8 billion[6] Workplace development pipeline.

Our M_Park development at Macquarie Park in Sydney is poised to deliver one of Australia's leading life science and technology precincts, with Stage 1 currently underway in partnership with Ivanhoé Cambridge. More information on Stockland's market-leading M_Park development can be found on page 26.

Piccadilly (Sydney CBD, NSW) and Affinity Place (North Sydney, NSW) development projects continued to progress through the authority approvals process. In June 2022, Stage 1 development approval was received for Affinity Place - a next-generation workplace that will be among the most sustainable buildings in the North Sydney precinct.

Leveraging our end-to-end capability, asset creation and development expertise, Stockland is adding value and optionality at each stage of the development process, prior to construction commencement. The timing of construction commencement will be subject to our assessment of market, rent growth and capitalisation rate outlooks as well as achieving target levels of tenant pre-commitments and capital partnerships.



Artist impression, Affinity Place, NSW

Workplace snapshot

FFO

$110m

Average rental growth

2.3%

Rent collection rates[7]

99.9%

Development pipeline[6]

~$5.8bn

[6] Forecast end value on completion, subject to relevant approvals.
[7] Rent collection rates across the portfolio up to 31 July 2022 on FY22 billings. Includes all provisioned COVID-19 abatements.
[8] By income.

CASE STUDY

M_PARK | DEVELOPING ONE OF AUSTRALIA'S LEADING LIFE SCIENCES AND TECHNOLOGY PRECINCTS

With an end value in excess of $2 billion[1], M_Park is uniquely positioned on 7 hectares of land in the heart of Macquarie Park and set to become one of Australia's leading Life Science and Technology Precincts.

At M_Park, we are leveraging our end-to-end capability to build a connected precinct showcasing next-generation, sustainable workplaces designed with the future in mind.

>$2 billion
Estimated end value

10 buildings
Including 2 data centres

~160,000 sqm
Total NLA

~8,500 sqm
Green and public space

~13,000
Workers will call this place home

ESG-led design
Targeting world-leading benchmarks

Institutional captial | ESG | Accelerate | Scale partnerships | Sustainable growth

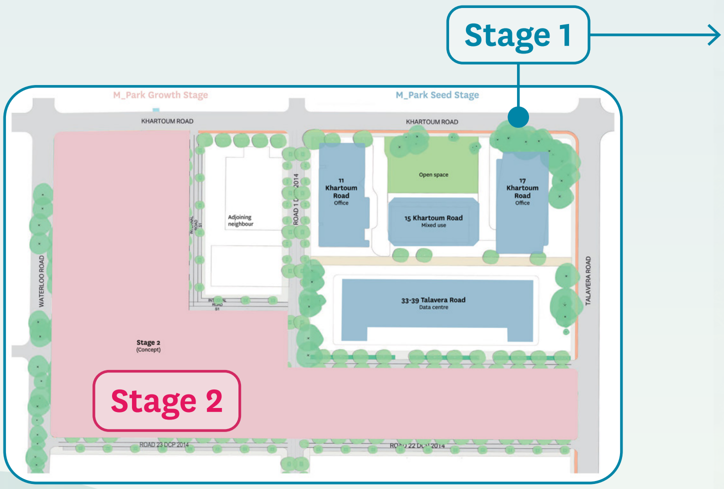
Designed with market leading ESG principles

Exemplifying our commitment to leadership in ESG, M_Park is raising the standards for environmental and social sustainability.

M_Park's office design approach reflects our commitment to achieve:

- Climate Active carbon neutral certification,
- All-electric buildings powered by 100% renewable energy,
- Targeting 'World Leadership' 6 Star Green Star and 5 Star NABERS Energy ratings on all eligible Stage 1 buildings, and
- WELL Certified CORE Gold accreditation.

M_Park will also lead the way by integrating accessibility features such as sensory mapping[2], and inclusivity through a First Nations Engagement Strategy, collaborating with Dharug women as custodians of Country to assist us with the development and implementation of ideas and initiatives that can be achieved during the project.



1 Forecast end value on completion.
2 For further detail see the 'Accessibility' section on page 56.
3 Subject to all relevant approvals including planning.

Unique opportunity within a growing sector

M_Park's masterplan is phased across two stages and is uniquely positioned to leverage structural tailwinds within the life sciences and technology sector.

Stage 1, comprising three Workplaces and one Data Centre, is under construction and has attracted strong pre-leasing levels at 70% leased or at advance stage of negotiation as at 30 June 2022. Buildings A and B are expected to complete in FY24, while Buildings C and D are targeted to complete in FY25.

Planning is progressing for Stage 2, with a development proposal submitted for six additional buildings as well as exceptional community elements, including 6,000 sqm of green space, recreational and hospitality amenity. We are targeting the commencement of Stage 2 in 2024, with the ability to accelerate delivery through staging of the site[3].

Scaling capital partnerships

We have leveraged the opportunity M_Park presents to attract a high-quality institutional capital partner, Ivanhoé Cambridge, who shares our vision for the precinct and commitment to ESG.

The capital partnership was established in February 2022, and is initially focused on the delivery of M_Park Stage 1, with first rights to invest in the future Stage 2.

The capital partnership provides Ivanhoé Cambridge with access to our expertise in asset creation, whilst enabling us to accelerate the delivery of our development pipeline. M_Park will generate development profits, scale our partnerships platform, and create high quality recurring income, furthering our priority of sustainable long-term growth.

Artist impression, M_Park, Macquarie Park, NSW

TOWN CENTRES

Our Town Centres portfolio delivered strong operating performance with comparable FFO growth of 3.0 per cent[1] on FY21.

Sales performance of the portfolio remained resilient, despite extensive ongoing COVID-19 retail trade restrictions in NSW and VIC over 1H22. The portfolio delivered total Moving Annual Turnover (MAT) growth of (0.2) per cent[2], comparable MAT growth of (0.8) per cent[3] and specialty MAT growth of (4.8) per cent[3] over FY22. For the eight months post lockdown, over November 2021 to June 2022, our total comparable sales was up 8.1 per cent[3] vs the pre-COVID-19 corresponding period during November 2018 to June 2019. Over the same comparison periods, comparable specialty sales were up 10.1 per cent[3].

Occupancy levels and rent collection rates remained high at 99.1 per cent[4] and 99.5 per cent[5] respectively, and our net debtors position ended the year at pre-COVID-19 levels. We achieved positive re-leasing spreads of 1.5 per cent[6] across 572 leasing deals - representing a marked improvement versus -6.1 per cent leasing spreads for FY21.

Our Town Centres portfolio is demonstrating the benefits of our active remixing and rebalancing strategies, with:

- 75 per cent of portfolio MAT skewed toward essentials-based categories;
- Remixing and repurposing at Hervey Bay (QLD), Rockhampton (QLD) and Townsville (QLD) driving compelling returns and uplift in rent and sales;
- Significant reshaping of portfolio with $388 million of non-core disposals executed over FY22, including Stockland Bundaberg (QLD), Stockland Cairns (QLD), Townsville Nathan Street (QLD), and asset held for sale Stockland Bull Creek (WA); and
- Organic growth opportunities to deliver community-focused town centres within our Masterplanned Communities pipeline.

Through proactive remixing initiatives and focused portfolio reshaping, Stockland's essential-based portfolio mix is well-positioned to provide stable and resilient performance in the current macroeconomic environment.

Customer-Centric Culture

Stockland has a strong foundation built on customer excellence and has created a Customer Advocacy Group focused on embedding a customer-centric culture and scaling 'Stockland Listens', our customer immersion program. Insights from this program have helped us achieve customer satisfaction scores in Town Centres of 87.5 per cent, and a strong shopper satisfaction score of 80 per cent for FY22. For further detail see Customer centricity on page 38.

Town centres snapshot

FFO
$340m

Leasing spreads[6]
1.5%

Rent collection rates[5]
99.5%

Essential-based mix
75% MAT

[1] Includes comparable assets; excluding acquisitions, divestments and assets under development.
[2] Sales data includes all Stockland managed retail assets, including joint venture assets.
[3] Comparable basket of assets as per SCCA guidelines, which excludes assets which have been redeveloped within the past 24 months. Excludes the Mobile Phones category, due to reporting changes by one retailer resulting in sales data being not comparable.
[4] Occupancy across the stable portfolio based on signed leases and agreements at 30 June 2022.
[5] Rent collection rates across the portfolio up to 31 July 2022 on FY22 billings. Includes all provisioned COVID-19 abatements.
[6] Rental growth on stable portfolio on an annualised basis.

Communities

Stockland is Australia's leading creator of thriving, connected communities. Our Communities business has strong brand recognition and broad market appeal across an extensive landbank. We are also recognised for our holistic approach to ESG in our Communities business, with a long history of creating some of Australia's most liveable and sustainable communities. For further detail see Sustainable growth for the future on page 35.

At our Strategy update in November 2021, we reaffirmed our key priorities as:

- leveraging our position as Australia's leading community creator
- extending our market leadership further in Masterplanned Communities and
- growing our Land Lease Communities business and broadening our customer reach into mixed-use projects at an appropriate time.

Over FY22, we have extended our leading position in Masterplanned Communities while rapidly scaling our integrated Land Lease Communities platform to a total portfolio size of ~9,000 home sites.

We have also executed on our commitment to optimise returns in the Communities business through the divestment of the Retirement Living business to EQT Infrastructure. The transaction successfully completed in July 2022, however we will continue to provide administrative support in areas such as finance and technology under a Transitional Services Agreement for a period of time post-completion.

Our broad market reach and balance sheet strength position us well to identify and capitalise on growth opportunities that may emerge during the next phase of the residential market cycle.

Key priorities

- Extend Stockland's residential leadership
- Grow Land Lease Communities
- Completed the divestment of our Retirement Living business

Willowdale, NSW

MASTERPLANNED COMMUNITIES

Our Masterplanned Communities business delivered funds from operations of $336 million in FY22, 1.5 per cent on FY21.

During the year we achieved 5,964[1] settlements, in line with our guidance. This was achieved despite volumes being impacted by COVID-19 related construction delays and extreme wet weather, particularly across our Queensland projects. Operating profit margin of 18.3 per cent was above FY21 levels, reflecting underlying margin expansion as well as mix benefits.

Our net sales of 6,922 reflected elevated demand and positive residential market fundamentals over FY22. The result also demonstrates the strength of the Stockland brand and market leadership, as customers display an ongoing preference for masterplanned community living.

As expected, residential demand has moderated over the latter half of FY22 as interest rates began rising at a steeper pace than anticipated by market participants. Though several fundamental drivers remain supportive, with strong labour market conditions and population growth amidst constrained land supply, these factors have been offset by interest rates increases. We expect further moderation in residential demand in the near term, given expectations for further interest rate increases.

Over the last five years, price growth has significantly outpaced acquisition assumptions, further strengthening our favourable embedded margin position. We have restocked well in the early phases of the COVID-19 pandemic, capitalising on favourable conditions to underpin future margins, and under assumptions of moderating demand in the broader residential market. Our market view has also seen us slow our rate of origination over 2H22.

The strength of Stockland's brand is built on a proven track record of creating high-quality, connected and thriving communities for 70 years. Our brand value and recognition, combined with our focus on customer and resident satisfaction, underpins the resilience of our business.

Our scale continues to position us strongly to drive operational excellence across the business. We are able to leverage the breadth of our business to invest in digital tools, including Terra (see page 41), and generate deep primary source data that helps increase our conversion rates and lowers our cost per sale. Scale also enables us to manage our supply chain production and costs, to consistently deliver high-quality, affordable product in desirable catchments.

Market leading position

Stockland is strongly positioned for the next stage of the residential cycle, with a record 5,908 contracts on hand providing good visibility into FY23.

Our landbank, brand and scale creates a unique and powerful platform for growth.

With an average age of 10 years and a skew to undersupplied Eastern seaboard markets, our landbank provides us with strong embedded margins.

Looking ahead

For FY23, we are targeting ~6,000 settlements and an operating profit margin of ~18 per cent, with a skew to the second half of the financial year, similar to FY22. While market conditions have moderated, our Communities business is in a strong position and has a proven track record of resilience through moderating markets. We continue to monitor increases in construction costs, and work collaboratively with our builder partners.

Thriving Communities

For 70 years, Stockland has created thriving and connected communities across Australia. Stockland residents enjoy consistently high satisfaction rates and personal wellbeing. For further detail see Customer Satisfaction on page 38.

Image: Aura, QLD

[1] Includes 2,128 settlements under joint venture/project development agreements (FY21: 1,777).

Willowdale, NSW

Masterplanned Communities snapshot

FFO

$336m

Operating profit margin

18.3%

Total settlements[1]

5,964

Contracts on hand

5,908

LAND LEASE COMMUNITIES

Over FY22 we have grown our Land Lease Communities business at pace into one of Australia's leading platforms. For further detail see Scaling Land Lease Communities case study on page 33.

Our integrated Stockland Halcyon Communities platform delivered FFO of $15 million. The result reflects part-period contribution of the Halcyon portfolio and settlement delays due to wet weather and COVID-19-related construction constraints.

Operational performance across the $183 million established portfolio was strong, with average rental growth of 6.3 per cent[1] and a net operating margin of 65 per cent. Occupancy rates and rental collection rates of 100 per cent[2] across the established communities demonstrate the quality of the business' income stream.

Across our land lease development communities, we achieved 248 home site settlements and net sales of 405 over FY22. The strong sales result demonstrates the strength of the lifestyle proposition offered by Stockland Halcyon.

Demand and enquiry levels for land lease are supported by a growing target demographic and their continued preference for over-50s communities product that offer lifestyle, amenity, and social connectivity. It also reflects the strong built-up equity positions of many customers, and lower reliance on the traditional drivers of the broader residential market, including mortgage rates. In addition, land lease offers a strong customer value proposition, underpinned by relative affordability and the simplicity of the land lease product.

Accelerated pipeline and scale

Over FY22, our total portfolio footprint more than doubled to ~9,000 home sites, including ~7,200[3] home sites in our development pipeline. Our increased scale was achieved through the strategic acquisition of Halcyon Group's land lease business and by leveraging Stockland's competitive advantage and deep expertise in residential land acquisitions. We have also identified further Land Lease Communities home sites across our Masterplanned Communities landbank.

Development activity has accelerated across the platform over FY22, with ~1,300 home sites currently under development. The acceleration and expansion of our development pipeline is expected to result in increased settlement volumes over time, and drive an increase in future year margins as we grow our Land Lease Communities platform.

1 Effective 1 July 2022.
2 As at 30 June 2022.
3 ~6,000 to be developed within SRRP.

Looking ahead

We have good earnings visibility into FY23 with 499 contracts on hand. We are targeting ~350 home site settlements in FY23, with an average development operating profit margin within the range of 10 per cent to 15 per cent. We expect the activation of our pipeline to drive a material increase in future settlement volumes, with seven new land lease communities launching in the next 24 months.

Land Lease Communities snapshot

FFO
$15m

Total home site settlements
248

Net sales
405

Contracts on hand
499

CASE STUDY

Land Lease Communities | Scaling at pace

During the year, we have made significant progress growing our Land Lease Communities business.

Our Land Lease Communities business began FY22 in a strong position, with a dedicated in-house team and an increased portfolio size of ~4,000 home sites.

Scaling footprint and capability at pace

In July 2021, we accelerated our growth plans significantly with the ~$630 million acquisition of Halcyon Group's land lease business. The acquisition expanded our footprint to ~7,800 home sites across 28 communities, enhancing near-term income and driving a significant uplift in our development pipeline.

Integrating Halcyon Group's land lease business into Stockland has yielded value creation and synergies that have exceeded our expectations at the time we acquired the business. The integrated platform leverages Stockland's deep expertise in Masterplanned Communities – including large-scale development expertise, acquisition capabilities, broad customer reach and a substantial land bank – in combination with Halcyon's award-winning development experience, asset operations and unique customer propositions.

We have combined these capabilities to our advantage and to strategically diversify our footprint across other states, by acquiring development sites in Victoria and utilising our design and development experience to identify a further ~900 home sites across our landbank. As a result, by February 2022, our total portfolio had increased to ~9,000 home sites across 33 communities in four states.

Establishing the Stockland Residential Rental Partnership

The strength of our integrated platform, capability and scale was instrumental in attracting our globally recognised institutional capital partner – Mitsubishi Estate Asia (MEA).

In February 2022, we established the Stockland Residential Rental Partnership (SRRP) with MEA to develop and own Land Lease communities. The partnership between MEA (49.9 per cent) and Stockland (50.1 per cent) was seeded with six communities valued at $500 million[4]. Over the next five years, SRRP has exclusive rights to Stockland's land lease development pipeline, which has an estimated gross realisation value of ~$4 billion.

Progressing our Group strategic priorities as Stockland Halcyon Communities

Our fully integrated platform launched in March 2022 as Stockland Halcyon Communities, providing the strong value and broad appeal of Stockland as one of Australia's ten strongest brands[5], whilst retaining the recognition of the Halcyon land lease brand as an award-winning operator and developer.

In FY22, we established one of Australia's leading land lease platforms alongside an aligned partner, whilst accelerating returns from our secured land bank and enhancing our return on invested capital. Importantly, we have created attractive ongoing development margins and high-quality recurring income, that over the longer term will generate sustainable growth for our stakeholders.

Artist impression, Stockland Halcyon Rise, QLD

RETIREMENT LIVING

In FY22, we recorded retirement living FFO of $97 million versus $54 million in FY21, reflecting established settlements up by 5 per cent on FY21 to 724 settlements, and disposal of non-core villages[1] contracted in FY19 and FY21 that settled in FY22.

In February 2022, we executed on one of our Group's key strategic priorities to reduce our capital allocation towards Retirement Living, through the divestment of the Retirement Living business. Completion of the transaction occurred in July 2022.

CASE STUDY

Optimising Returns | Divestment of the Retirement Living Business

As part of our Strategy update in November 2021, we committed to reshaping our portfolio as a strategic priority. A core component of progressing that priority was to reduce our allocation to retirement living.

In February 2022, we announced the divestment of our Retirement Living business to EQT Infrastructure (EQT) for $987 million[2]. The disposal price was broadly in line with Stockland's December 2021 book value of $1,006 million, reflecting investor demand and the recognition of a quality portfolio and the platform. The transaction was completed post FY22 balance date in July 2022.

Under the transaction, EQT acquired Stockland's portfolio of 58 established retirement living villages, 10 development projects underway and in planning, along with our associated retirement living management platform. As part of the transaction, Stockland's Retirement Living team of over 300 employees transferred with the business.

An important consideration for Stockland as part of the divestment process was to find the right custodian for our residents and our employees, with a deep understanding of their needs and interests. We are confident we have found those attributes in EQT, which is a purpose-led organisation with a strong, well-established track record in healthcare, aged care and retirement living. EQT is well placed as an owner and operator of retirement living assets, to provide the best possible care and resident experience across the villages whilst supporting the continued growth of the high-quality Retirement Living platform.

To facilitate and support an effective transition of our residents, our people and the broader Retirement Living platform, Stockland has committed to provide administrative support in areas such as finance and technology under a Transitional Services Agreement for an agreed period after settlement.

The execution and completion of this transaction demonstrates the strong progress we are making against our strategic priorities. The transaction has reshaped our portfolio, simplifying and focusing our Communities business as Australia's leading residential creator. Importantly, the divestment releases capital for deployment into higher return and margin strategic priorities, including towards our ~$41[3] billion development pipeline. This will in turn help us optimise returns across the Group and deliver longer-term sustainable growth.

Shine Birtinya, QLD

[4] Portfolio value at the time SRRP was announced in February 2022, at 100% partnership share.

[5] 10th strongest brand in Australia, 2022 Brand Finance Australia 100 ranking. Improvement of +32 places in comparison with 2021.

[1] Profit relating settlements of previously contracted disposals of villages in Victoria in FY19 (Keilor, Burnside, Taylors Hill) and in 1H21 (Bundoora, Cameron Close, Latrobe, and Long Island).

[2] Excluding transaction costs. Total settlement payment of $934 million includes adjustments for working capital and stock movements.

[3] Forecast end value on completion.

Sustainable growth for the future

Aura, QLD

Our ESG approach

We are commited to elevating our ESG leadership as a competitive advantage and value creator

Our approach

Stockland is a global sustainability leader, recognised for a holistic approach to environmental, social and governance (ESG) matters both current and emerging. We have a long, proud history of creating and curating some of Australia's most liveable communities.

Our 2030 Sustainability Strategy sets the benchmarks, targets and goals for our performance over the short to long term. In FY22, we made good progress on many of these targets which are detailed throughout this report and within our **ESG Data Pack**.

As identified in our November 2021 Strategy update, ESG awareness and stakeholder expectations are growing, and we are committed to elevating our ESG leadership position. To meet and exceed new and emerging stakeholder expectations and take advantage of growing momentum on ESG, we are refreshing our ESG strategy which will be released in FY23.

Strategic priorities

- Accelerating our commitment to sustainable development and a carbon positive, green portfolio
- Demonstrating leadership in social impact
- Reflecting ESG leadership commitments throughout our strategy with robust governance and disclosure

ESG Supplements

This year we have further integrated our financial and non-financial disclosures. Commentary on our material ESG topics has been integrated into this report, removing the need for a standalone ESG Review. This report is supported by detailed ESG Supplements on our **website.**

- *ESG Management Approaches* – environmental, social and governance disclosures in alignment with the Global Reporting Initiative (GRI) Standards providing information on how we manage, analyse, and respond to ESG matters.
- *ESG Data Pack* – comprehensive annual data sets on environmental, community and people metrics including our GRI Index and Sustainability Accounting Standards Board (SASB) Real Estate references.
- *Modern Slavery Statement* – Stockland's statement on our actions to assess and address modern slavery risks in our operations and supply chain.

UN Sustainable Development Goals

In 2015, the United Nations adopted the Sustainable Development Goals (SDGs) to end poverty, protect the planet and ensure prosperity for all by 2030. The below goals are the most relevant to Stockland and its stakeholders based on where we have the greatest opportunity to influence change and generate positive outcomes.

Environmental Goals

Social Goals

Reporting standards and assurance

We measure and report on our performance against a range of global sustainability and ESG assessments, frameworks, and standards so that we align with best practice sustainability management and disclosure. This helps us stay abreast of emerging issues and international best practice sustainability governance, as well as review and evaluate our performance against industry and broader global benchmarks.

Our reporting is prepared in adherence to the International Integrated Reporting <IR> Framework principles of materiality, stakeholder responsiveness, and reliability and completeness; as well as the GRI Standards (Core). Ernst & Young (EY) has reviewed Stockland's alignment to these <IR> Framework principles and undertaken 'limited assurance' of our ESG performance data and disclosures in accordance with Australian Auditing and Assurance Standards Board 'ASAE 3000' for the year ended 30 June 2022. A copy of the Assurance Statement is available on our **website**.

In addition, we report in line with the Sustainability Accounting Standards Board (SASB) Real Estate Standards and the UN Global Compact principles on human rights, labour, environment, and anti-corruption, which are indexed with our GRI reporting in our **ESG Data Pack**. We also respond to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations on page 46 of this report.

FY22 ESG leadership

World Dow Jones Sustainability Index (DJSI) - Real Estate Ranking

4th

Global Top 5 for 11 consecutive years

GRESB (Global Real Estate Sustainability Benchmark) Ranking

Green Star

Top quintile for eight years

MSCI ESG Rating

AAA

'Leader' rating for over 10 years

Sustainalytics ESG Real Estate Rating

Top 3%

Over 1,000 assessed real estate groups

Customer excellence

We are committed to delivering a superior customer experience, and creating thriving communities that anticipate and respond to customer needs.

Stockland is proud of the brand we have built over 70 years, and in 2022 was recognised by Brand Finance as one of Australia's top 10 strongest brands. In engaging with our customers, we use a data-driven approach that provides timely and accurate insights on current and emergent customer values and aspirations. This helps us understand and respond to change, which is critical to the sustainability of our business and the ongoing relevance and reputation of our brand, products, and services.

- The successful pilot of a new Customer Support Centre for Masterplanned Communities customers leveraging our digital capabilities to further improve customer experience throughout the early stages of the customer journey.
- Development of a customer experience roadmap to support our business to business customers across our Workplace, Logistics and Town Centre assets.

CUSTOMER CENTRICITY

Our approach to customer centricity integrates an advanced platform of deep customer insights, an ongoing program of improving customer experiences and a focus on creating customer centric leaders.

This year, our Customer Advocacy Group, chaired by the Chief Innovation, Marketing and Technology Officer, focused on scaling our customer immersion program, Stockland Listens and driving priority customer experience improvements. Over 60 per cent of our employees have attended at least one of the monthly sessions, where our customers share their experiences with Stockland. Insights from the sessions are shared with our Customer Champion Groups and are a key input to drive priority customer experience initiatives.

Our commitment to curating leading customer experiences has been a key focus in FY22 with several key customer experience initiatives delivered.

- The first property company in Australia to create sensory maps at six of our Town Centres, which is outlined in further detail on page 56 of this report.
- Our digital capabilities and leading platforms have continued to support FY22 sales including the first 100 per cent online launch of the Banksia masterplanned community project in regional Victoria.
- The land release process was redesigned for Masterplanned Communities customers to improve transparency, relevance and control resulting in improved customer experience scores.

CUSTOMER SATISFACTION

Commercial Property

This year, we received strong results in tenant satisfaction across our Commercial Property assets. We achieved a retailer tenant satisfaction score of 87.5 per cent, which exceeded our target and represented a notable improvement on last year's score of 75 per cent. This was driven by greater overall retailer satisfaction and intention to renew lease scores, as well as positive results across our communications, people, and marketing pillars, emphasising the importance of localised customer-aligned activations.

Our continued focus on creating deep partnerships with our tenants, coupled with a data and customer driven approach to curating our Town Centre mix and amenity offering has also resulted in a positive shopper satisfaction result of 80 per cent. We continued to support our Town Centre customers through a renewed focus on experiential engagement and community belonging at our centres, which we have enhanced further as COVID-19 restrictions ease. Our strong customer satisfaction results reflect our focus on customer centricity, assisting us in driving tenant retention, customer visitation and spend.

In Logistics and Workplace, we successfully achieved our target for tenant satisfaction, with a combined score of 80 per cent. This was driven by a higher satisfaction with business relationships score. Our customer centric focus on delivering value to our customers will help drive further improvements in customer insights and experience initiatives.

Communities

Strong market conditions continued to present challenges for prospective homebuyers in FY22 and our Masterplanned Communities business received an unprecedented volume of enquiry where demand for new housing exceeded supply, particularly in New South Wales. Despite these challenges, we achieved a prospective customer satisfaction score of 69.6 per cent which was an improvement on FY21 albeit below our target of 75 per cent.[1] For those Masterplanned Communities customers progressing to reservation by way of deposit we achieved 84 per cent satisfaction score.

We maintained our customer centric focus for Retirement Living throughout the year achieving a resident happiness score of 85 per cent.

Our continued focus on customer experience informed by deep insights will enable the delivery of strong satisfaction results.

Liveability Index Survey

Each year, we complete a Liveability survey to measure our residents' well-being and long-term satisfaction with Stockland Masterplanned Communities. Our annual Liveability Index Survey measures what matters to our residents, so we can incorporate what is important to our customers into our community designs.

The Liveability Index Survey invites feedback on all aspects of the community – from quality of built and natural environments to how its design supports mental and physical wellbeing. These insights are used to inform all aspects of our design and development processes, including strategic planning, placemaking guidelines and sustainability initiatives and partnerships.

In FY22, we achieved a national Liveability score of 70 per cent, which was below our target of 75 per cent. Despite exceeding our target in New South Wales and Queensland, overall performance was impacted by the decline in our Victorian communities, where the ongoing impacts of COVID-19 restrictions contributed to lower satisfaction ratings in various lifestyle attributes.

We have identified several opportunities including the timely delivery of retail, amenity, and entertainment, as well as short-term activations that will help drive desirability, strengthen pride, and foster connections across our communities.

[1] Includes customers who have enquired and includes customers who have made a reservation by way of deposit.

[2] Masterplanned Communities customers who progress to reservation by way of deposit

FY22 customer satisfaction snapshot

Town Centre tenant satisfaction

87.5%

Exceeded target of 75%

Logisitics & Workplace tenant satisfaction

80%

Achieved target of 80%

Town Centre shopper satisfaction

80%

Achieved target of 80%

Masterplanned Communities customer satisfaction[2]

84%

Exceeded FY21 result of 82%

Digital innovation

Innovation, digitisation, and technology are key enablers for our Group strategy.

Our focus on innovation covers everything from design and materials, everyday innovation in how we improve our processes and ways of working, to the way we reimagine and create leading customer experiences and next generation sustainable assets. Our commitment to innovation is also reflected in our engagement Our Voice results, which were five points above the Australian National Norm.[1]

We have continued to elevate digital and innovation across Stockland, delivering tangible outcomes throughout the year. Our people have embraced technology to accelerate the delivery of our strategy, leveraged our authentic commitment to innovation to enable sustainable asset designs and have continued to drive improvements in our customer experience for our broad ranging customers. This has resulted in strong customer outcomes, as noted in the Customer excellence section. We have also demonstrated efficiencies through improved systems, processes, and automation.

Digitisation

This year, we launched several digital and data initiatives that aim to provide positive outcomes for both Stockland and our customers, as outlined in the Customer excellence section. Our digital focus has continued to advance customer experience by leveraging our platforms to create deep customer insights and enable new capabilities across our portfolio. The development of Stockland Terra is an example of digital innovation as a critical enabler of operational excellence at Stockland, which is detailed in the case study on page 41.

Innovation enabling ESG

We continued to elevate and celebrate innovation across the Group through the 2022 Stockland Innovation & Excellence Awards, with several projects and initiatives recognised this year. This year also saw a considerable uplift in the number and breadth of entries with initiatives across sustainable assets and services, scalable ways of working, excellence in delivery and customer experience.

Projects submitted for this year's Awards spanned multiple social and environmental themes, including a waste reduction initiative that diverted 80 tonnes of landfill, next generation homes that are estimated to avoid ~113 per cent greenhouse gas emissions over their lifespans, and procurement frameworks that increased our pool of approved Indigenous suppliers.

This year we established a new category, Excellence in Delivery, which was awarded to our masterplanned community development Waterlea (VIC), which features 175 town homes and semi-detached homes on 6.3ha and is integrated with the 40ha Stamford Parklands. Waterlea delivered Australia's first certified Green Star Home (detailed in the case study on page 45). The project also has a 6 Star Green Star Communities rating and delivered five per cent social and affordable housing.

The StockHub project, a digital platform to re-use fitout materials that won the People's Choice employee vote in 2021 is an example of how value-adding concepts can be implemented quickly and scaled across the business. This is outlined in further detail in the case study on page 50.

As we continue to deliver on our strategy, we expect that technology, digital and innovation will be one of our key differentiators in the market.

[1] Stockland measures the sentiment of our people through a series of Our Voice pulse surveys, which are independently administered by survey provider Willis Towers Watson. Measures include an overall employee engagement score and other valuable metrics such as leadership, employee enablement, wellbeing, learning and development, ways of working, diversity and inclusion, and customer focus.

Decision-making at pace - Stockland Terra

Stockland Terra, a new internally developed geospatially enabled web app, is improving the way our teams explore, track, and evaluate land acquisition opportunities across Australia. Terra combines over 20 data sources and is powered by three proprietary machine learning models, streamlining opportunity and dataset sourcing. This has enabled a data-driven, scalable way of working, which drives execution and decision-making at pace.

As a critical enabler of our Group Strategy to reshape our portfolio and accelerate our pipeline, Terra enables the team to dynamically search for sites and automates real-time insights about those sites that are surfaced instantaneously.

The platform also enables Stockland to protect intellectual property, ensures data governance, and has the flexibility to evolve with business needs. Plans are underway to scale Terra cross the Group, and to integrate ESG datasets to support our goals for responsible investing.

National coverage across

20+ data sources

Powered by machine learning

Environment

We are focused on accelerating our commitment to sustainable business.

ADVANCING CLIMATE ACTION

Net zero carbon

Our target to achieve net zero carbon by 2028 (Scope 1 and 2) across all business activities extends our long-standing commitment to climate action and delivering positive environmental, social, and economic outcomes to the community.

Our target is underpinned by a partnership with the Clean Energy Finance Corporation (CEFC), which in 2020 provided a $75 million debt facility which funds key initiatives including net zero carbon for our Industrial portfolios and for our Corporate Head Offices.

Our net zero carbon target is supported by three key emissions reductions strategies:

- continuing our focus on energy efficient design and operations and the electrification of the portfolio
- increasing our investment in on- and off-site renewable energy
- pioneering innovations and technology to reduce our overall carbon footprint

Energy efficiency

In 2006, we began to accelerate on our focus on improving the energy efficiency of our assets. Since then, we have reduced the emissions intensity of our Commercial Property portfolio by 69 per cent, resulting in over $150 million of savings, with more than half passed on to our tenants.

In FY22, we made significant investments in the operational performance of our assets. We have initiated over $7 million worth of HVAC and BMS upgrades at six Town Centres, which will help reduce our energy intensity and generate cost savings for both Stockland and our tenants.[1] Our tenants are aligning their own sustainability programs with Stockland's by co-investing in higher-efficiency equipment.

These works form the early stage of an extensive capital works program across our Town Centres business, which aims to electrify ageing plant equipment and transition to lower-Global Warming Potential refrigerants. In our Workplace business, we continued investing in lighting upgrades across our portfolio to help improve the efficiency of our common areas.

These initial efforts across our Town Centres and Workplace assets have contributed to an uplift in average NABERS Energy ratings from 4.7 to 5.0 stars for each portfolio.[2] We expect to see improvements in our ratings as we complete further upgrades.

Our newly integrated Land Lease Communities business, Stockland Halcyon is delivering its 'Superior Energy-Rated Homes' products through passive design and high-performance materials, which help increase thermal comfort, future-proof their products, and reduce the cost

Town Centres & Workplace

5 star

NABERS Energy portfolio average respectively

[1] Includes new equipment and modifications to existing heating, ventilation and air conditioning systems and Building Management Systems.

[2] Our average NABERS portfolio ratings are normalised by floor area.

of living for residents. Some of the materials used to boost performance include Hebel concrete blocks and three levels of insulation in external walls, roofs, and ceiling batts.

We have also continued lifting the performance of our Masterplanned Communities portfolio through the expansion of our 7-Star NatHERS homes program and piloting of other sustainable housing products. At our masterplanned community development Haven (VIC), we are delivering four additional homes under the Sustainability Victoria 7-Star homes program. Our builders at North Shore (QLD) are also incentivised to deliver 7-Star homes in our display villages through a cash rebate, which is issued once the rating is obtained. Our commitment to developing Zero Net Carbon (ZNC) homes has also progressed after working with builders at Cloverton (VIC) display villages. This will help us communicate the benefits of sustainable housing products to more of our customers. This year also marked the completion of Australia's first Green Star Home at our Waterlea community, which is detailed on page 45.

Alternative energy

In FY22, we installed four new solar PV systems across our Commercial Property portfolio, bringing our total operational renewables capacity to 15MW, representing $28.5m of investment. We are nearing completion of two additional systems at Stockland Harrisdale (WA) and Stockland Baldivis (WA), representing 1.7MW of additional capacity, with a further 3.8MW in development at Stockland Rockhampton (QLD) and Stockland Riverton (WA). We also have smaller systems in development across our Logistics and Workplace portfolios, including systems at One Lyon Park (NSW) and Yennora (NSW).

In our Land Lease Communities business, we also recognise the importance of renewable energy. The first project to adopt free solar for all homes was Stockland Halcyon Landing (QLD) in 2012/13. This commitment has been rolled out at new communities in Queensland, including Stockland Halcyon Greens, Stockland Halcyon Rise, B by Stockland Halcyon and Stockland Halcyon Promenade. The addition of battery storage solutions is an after market option for our customers, with strong uptake of approximately 40 per cent of homes at some communities.

Innovation

We continue to seek innovative and scalable solutions to reduce our carbon emissions. For example, in FY22 we reduced the diesel emissions generated through civil construction and infrastructure delivery at our Aura community (QLD) using an on-site renewable power generation unit. This comprises 36 solar panels and a 30kWh battery storage system, which enables two site sheds to operate without the need for back up diesel generators. The performance of the system is monitored, along with the cumulative carbon emissions abated through its use. The roll out of this technology across our development portfolio will help us reduce diesel emissions that have historically been difficult to decarbonise.

FY22 operational renewables capacity

15MW

With an additional 5.5MW under development

DECARBONISATION - RACE TO ZERO

To reflect Stockland's commitment to taking rigorous and immediate action to reduce our emissions, we have signed up to the UN Race to Zero Business Ambition for 1.5°C, which requires a commitment to set science-based emissions reductions targets for Scope 1, 2 and 3 emissions verified by the Science-based Targets Initiative (SBTi).

We are partnering with external consultants to comprehensively model our emissions footprint and develop a decarbonisation strategy comprising our primary emissions drivers, a set of emissions abatement initiatives, and cost estimates based on the prioritised list of actions. We look forward to releasing more information on our decarbonisation strategy in FY23.

Total greenhouse gas emissions (tCO2-e)

	FY22	FY21	FY20	FY19	FY18	FY17	FY16
Stockland group total Scope 1	3,902[1]	22,402	21,028	24,230	25,453	26,884	35,036
Stockland group total Scope 2[2]	44,707	46,195	53,751	70,545	82,592	87,858	89,880
Stockland group total Scope 1+2 emissions	**48,609**	**68,597**	**74,779**	**94,775**	**108,045**	**114,742**	**124,916**

1 The Scope 1 emissions generated by our Masterplanned Communities subdivision construction contractors in FY22 (totalling 26,972 tCO2-e) have been re-categorised as Scope 3 emissions due to third party advice regarding our reporting obligations under the National Greenhouse and Energy Reporting Act 2007. We remain focused on these emissions as part of our ongoing Scope 3 assessment and SBTi review.

Climate resilience

In FY22, we performed climate resilience assessments across our Commercial Property and Communities portfolios in line with the IPCC's Representative Concentration Pathway projections. These were completed at eight assets across Commercial Property, bringing our overall coverage to 74 per cent for Town Centres, 39 per cent for Logistics and 70 per cent for Workplace. We also completed assessments at seven Masterplanned Communities and one Land Lease Community. We are committed to diversifying the geographical spread and climate exposures of our assessments, having previously focused on the resilience of assets in our highest risk regions. We discuss the outcomes of our assessments with project and asset teams to help inform the designs of our developments.

We have also implemented community-level initiatives across our Communities business. In FY22, we completed thermal imaging at our Aura community (QLD) to assess the causes and impacts of urban heat stress. Findings were used by our project teams to develop a list of mitigation actions that can help relieve heat sinks, such as cool roofs, water sensitive urban design, native trees, and more suitable built form materials.

The continuation of our Cool Roof Policy at Aura (QLD) is already contributing to greater heat resilience, improved thermal comfort, and reduced energy bills for our residents.

Some of our assets and communities were impacted by the severe flooding that affected the eastern seaboard of Australia earlier this year, with localised flooding, roof leaks and associated impacts reported across multiple locations. This has emphasised the importance of continually assessing best practice for climate risk management and mitigation across our portfolio.

We have already started seeing the benefits of climate-conscious design. By implementing measures such as elevated roads and crossings, our residents were able to maintain access to their communities. Our response to building long-term adaptive capacity also considers future periods of water scarcity and drought.

Water management

In FY22, we remained focused on minimising water consumption in our Commercial Property portfolio through the continued delivery of our sub-metering network, which resulted in approximately 43,000 kL of savings over the course of the year through prevented leaks. We also completed new amenities upgrades across our Town Centres, which contributed to a five per cent reduction in our total water consumption since FY21. These works also contributed to improved average Town Centre and Workplace NABERS Water ratings, noting COVID-19 restrictions also contributed to lower operational water usage. For more information on our water performance, refer to our **ESG Data Pack**.

This year, we implemented a range of water-saving initiatives across our Communities business. We installed rainwater tanks on our medium-density houses at Elara (NSW) and Willowdale (NSW) and mandated their use for all lots at Aura (QLD) above 225m^2. In addition, we partnered with Altogether, a service provider focused on water efficiency solutions, at The Gables (NSW) to promote the use of recycled water in households rather than potable water. The project also made it compulsory for our contractors to use recycled water for dust suppression, irrigation, and street cleaning. The use of native landscaping and passive irrigation at certain projects, such as Whiteman Edge (WA), Sienna Wood (WA), and Minta (VIC), will help deliver further reductions in potable water usage and increase the drought tolerance of our communities.

Town Centres

3.7 Star

NABERS Water portfolio average

Workplace

4.7 Star

NABERS Water portfolio average

Australia's first Green Star Home at Waterlea, Victoria

In our Communities business, we have continued our work as a Gold Sponsor of the Green Star Homes pilot initiative. This tool provides a new national standard to certify homes that are healthy, resilient and climate positive. In 2021, we received our 'Designed As' certification for a new 2-bedroom town home at our Waterlea masterplanned community in Victoria. The use of energy efficient technologies, on-site solar PV and battery pack, draught sealing, and other passive design principles meant the home achieved an 8.2 Star NatHERS rating.

Importantly, we are piloting a monitoring initiative which will involve comparing the newly constructed Green Star Home and an identical standard home as a means of cost-benefit analysis.

Our energy modelling estimates that the home will experience an approximate 85 per cent reduction in operational costs through the renewable energy solution, equating to approximately $1,800 of savings per annum, which may vary depending on the residents' actual usage.

Residents will also benefit from lower indoor pollutant levels created by a high-performance building fabric and outside air heat recovery ventilation (HRV) system.

Our cost analysis revealed that double-glazed windows, the HRV system and additional building fabric wraps were the largest contributors to our 'extra over' costs. However, these elements contribute to the overall indoor environment quality of the home.

The two-year monitoring study that has just commenced will involve regular engagement with the residents and will provide further learnings for Stockland and its industry partners.

Image: Waterlea, VIC - 6 Star Green Star Community

CLIMATE-RELATED RISKS AND OPPORTUNITIES

We understand that extreme weather and other physical climate risks impact our assets and communities now and will continue to do so into the future. The following section is Stockland's fifth full-year disclosure of climate change issues management in line with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) on governance, strategy, risk management and targets and metrics.

Governance

The Board and Risk Committee provide oversight of our risk management framework. The Risk Committee meets at least four times per year and receives quarterly reports on our enterprise risk register, which includes climate change as a material risk.

The newly reconstituted Sustainability Committee will consider our approach to carbon mitigation (including emissions reduction targets), our methods for building climate and community resilience, and emerging climate regulation. More details on our corporate governance page 72.

The Stockland Leadership Team has specific responsibilities for targets and objectives related to climate change risks and opportunities. As we evolve our business operations to address these risks we will explore ways to create value and further differentiate our business. Our Group Head of Sustainability and Delivery chairs our internal Sustainability Steering Committee, which is composed of senior leaders from various departments.

Strategy

As a global leader in sustainability Stockland has been identifying risks and opportunities related to both the physical impacts of climate change (physical risk) and a global transition to lower-carbon energy sources (transition risk) as part of its public disclosures for over 15 years.

Our response to these risks and opportunities has been guided by our 2030 Sustainability Strategy. We recognise that climate-related risks will persist for the foreseeable future. The precise nature of these risks, however, is uncertain as it depends on complex factors. To accommodate this uncertainty, we incorporate scenario analysis into our climate risk assessment process to understand how climate-related risks and opportunities may evolve and impact the business over time. The outcomes of this scenario analysis highlight specific climate-related issues that could have a material impact on Stockland, relating to both physical and transition risks.

Stockland recognises the need to continually update and refresh our strategy as new information and technology come to hand. We are currently undertaking a review of our climate risks and opportunities including revised scenario analysis, an assessment of our greenhouse gas inventory including scope 3 emissions and the associated resource requirements to both decarbonise our portfolio and enhance our resilience to a changing climate. We will share further detail on our refreshed ESG strategy in FY23.

Physical risks

We acknowledge that physical risks associated with climate change can result in negative financial impacts, such as increased maintenance costs or decreased revenues from disrupted operations. Our scenario analysis identified key physical risks which include: extreme heat, extreme rainfall, sea level rise, cyclones and storms, bushfires. We have also assessed water scarcity across Australia and the adaptive capacity of Australian water utilities, including the resilience of water supply and water infrastructure.

In recognition of these potential impacts, we are focused on creating climate resilient assets and communities with a greater ability to endure severe weather impacts and operate with minimal disruption. We use climate and community resilience assessments to understand how to minimise negative impacts and create opportunities from building and maintaining resilient assets for the long term, including community preparedness.

Climate scenario analysis informs our climate strategy

The Intergovernmental Panel on Climate Change (**IPCC**) , outlines a range of Representative Concentration Pathways (**RCP**) designed to be 'representative' of possible future emissions and greenhouse gas (**GHG**) concentration scenarios to the year 2100. The pathways are based on global research and existing literature and comprise four scenarios: RCP8.5, RCP6.0, RCP4.5 and RCP2.6. Each RCP reflects a different concentration of global GHG emissions reached by 2100, based on assumptions of different combinations of possible future economic, technological, demographic, policy, and institutional trajectories.

RCP 8.5 Scenario	RCP2.6 Scenario
This is a scenario in which emissions remain high and global temperatures exceed 3°C by the end of the century. RCP 8.5 is characterised by increasing GHG emissions driven by a lack of policy changes to reduce emissions. RCP 8.5 utilised for physical risk scenario analysis	This scenario is most closely aligned with delivering the Paris Agreement targets. It assumes a drastic reduction of global emissions as a result of sweeping policy and technology change that results in limiting warming below 2°C by the end of the century, minimising (but not eliminating) physical risks of climate change. RCP 2.6 utilised for transition risks scenario analysis

Transition risk

The scenario analysis process informs the business on transition risks and how they may evolve over time, including potential changes across: policy impacting development and building, liability, technology, financial markets, and reputation risk.

In recognition of our capacity to contribute to net zero carbon and to mitigate impacts associated with transition risks we have a net zero carbon target and continue to advance our climate action.

Potential opportunities related with this strategy include: premium discounts from the insurance industry; partnering with energy producers to support technological innovation; and increased ability to attract capital from organisations seeking to invest in lower-carbon products, such as green buildings.

Risk management

Our risk management approach is detailed on page 59 of this report. Climate-related risks and opportunities that may impact assets are prioritised for action based on:

- impact on communities and the environment in which the asset is operating
- overall potential impact on asset performance
- financial impact to the business in managing the risk or opportunity.

Across our portfolio, climate-related risks and opportunities are prioritised for action based on:

- geographical areas of highest risk
- lessons learned and perceived likelihood of significant loss
- design attributes of the asset which affect climate resilience
- climate change scenarios
- overall impact on business-wide emissions reductions
- impact on local communities and environment (relative to where we operate)
- overall risk to value and revenue.

Managing our physical risks and opportunities

We include climate and community resilience assessments in the asset-level risk management process. These assessments focus on the capacity of assets and associated communities to withstand severe weather impacts and minimise any disruption, while providing support for the local community.

For assets under development, the management of climate-related risks and opportunities is integrated into our project development lifecycle, known as D-Life. The D-Life process requires the delivery of specific sustainability objectives, including climate-related risk assessments at defined approval gates.

Managing our transition risks and opportunities

Our Stockland Leadership Team and Board are updated on existing or emerging climate regulation that may impact on the business. Managing climate-related transition risks and opportunities also involves participation in industry-wide collaborations such as with the Property Council of Australia (PCA), the Green Building Council of Australia (GBCA) and the Investor Group on Climate Change (IGCC), and the Materials and Embodied Carbon Leaders' Alliance (MECLA) that focus on how the property industry can transition to a low carbon economy.

For more information on our approach to climate, carbon and energy management see our **Environmental Management Approach**.

Metrics and targets

In FY22 we focused on the delivery of our targets and goals within our 2030 Sustainability Strategy, which includes an enduring focus on advancing climate action. Commentary on our climate action, metrics and targets are provided on page 42 and in detail within our **ESG Data Pack**.

Our targets and performance metrics are incorporated into annual asset-level business planning and reporting procedures as well as individual employee remuneration evaluations.

> i Our ESG Supplements including our **Environmental Management Approach** and **ESG Data Pack** provide more detail on our climate action.

ENABLING CIRCULAR SYSTEMS

We are evolving our leadership in how our industry sources, uses, and repurposes resources and materials. A fundamental part of this is trialling new ways of advancing circularity by closing material loops and recognising that waste has value.

Sustainable built form

We're committed to delivering a high quality, sustainable portfolio. We have over $4.7 billion of Logistics and Workplace developments targeting 5 Star Green Star or above, which demonstrates 'Australian Excellence'. Our current Workplace development pipeline, including Piccadilly (NSW), Affinity Place (NSW) and M_Park Buildings A, C and D (NSW) are registered to achieve 'World Leadership' 6 Star Green Star ratings. These developments utilise the latest thinking in sustainable design and operation to produce highly efficient, all electric buildings that are powered by renewables and net zero carbon in operation. For more information on our asset ratings, refer to our **ESG Data Pack**.

Materials Flow Analysis (MFA)

A key element of developing assets with world leading sustainability credentials is understanding the embodied impact of materials. At our M_Park (NSW) development, we performed a Materials Flow Analysis (MFA) in collaboration with third-party consultants to help us identify ways in which we can reduce our embodied carbon impacts.

The MFA process involved measuring the quantity of each material used during the construction and operation of M_Park Building A and their associated environmental impacts. We used this information to identify impact hotspots and opportunities for improvement across the building's life cycle, including materials selection, future renovations, and end-of-life.

The analysis revealed that the most carbon-intensive materials in the construction phase of the project were concrete, steel, aluminium, insulation, and glass. Solar panels and ventilation systems were also key contributors due to their embodied carbon content, but these products play an important role in delivering highly efficient buildings powered by renewables.

The next step in this process is applying a costing overlay to the emissions footprint to reveal the most cost-effective and impactful interventions, such as cross-laminated timber, biobased insulation, and low carbon concrete. This will assist in reducing embodied impacts in future developments, and in turn allow Stockland to maintain its position as a leading developer of sustainable built form.

Implementing circular models

In FY22, we continued working with Waste Options, our centralised waste management contractor, to find new opportunities to collect data and increase waste diversion rates across our portfolio, particularly in our Town Centres. The impacts of COVID-19 have presented us with new challenges, such as the shift away from reusable materials as stricter hygiene protocols were implemented at our assets. These challenges have contributed to underperformance against our set waste diversion targets and will require us to work closely with our tenants on finding new ways to improve our performance without compromising on the health and wellbeing of our customers.

Our Masterplanned Communities civil contractors achieved a waste diversion rate of 96 per cent, exceeding our target of 90 per cent.[1] We continue to roll out 'Reconophalt' as part of our commitment to use sustainable alternatives to traditional asphalt at 30 per cent of all Masterplanned Communities by 2024. In FY22, works were completed at Katalia (VIC), Evergreen (VIC), and Minta (VIC). This resulted in the delivery of close to 9,000 tonnes of recycled asphalt, which has abated approximately 90 tonnes of carbon emissions and diverted eight million plastic bags and 230,000 printer toners from landfill.

REGENERATIVE ENVIRONMENT

Conserving natural assets

In line with our commitment to making a net positive contribution to biodiversity across our new masterplanned communities, we have achieved an aggregated net positive score across five new developments. This is assessed using our proprietary Biodiversity Calculator, which was created in partnership with a national ecological consultant. The calculator reviews conditions before and after development by using relative biodiversity weightings defined by qualified ecologists and a national bioregion importance factor. This was driven by a range of on-site and off-site rehabilitation and conservation activities, such as the protection of native vegetation corridors at Lyra (VIC) and large swathes of highly significant biodiversity at Wattle Park (VIC). More information on our biodiversity management is available in our **ESG Data Pack**.

[1] This figure excludes the waste data associated with Halcyon Constructions Queensland.

Our approach to nature

As well as having a direct impact on nature, Stockland is also dependent on the ecosystem services, such as water supply and climate stability, that underpin commercial activity. The ongoing degradation of nature across the world therefore presents an emerging risk to our business.

To assist us in the evaluation of this emerging risk, we are working with experienced organisations to both enhance our assessment of nature-related risks and opportunities and to contribute to this evolving global conversation. In FY22, we joined the Taskforce for Nature-related Financial Disclosure (TNFD) Forum, to assist in the development of a global risk management and disclosure framework and became a member of the Science-based Target for Nature (SBTN) Corporate Engagement Program, which is focused on the methods and tools to appropriately measure and track nature-related performance.

Traditional land management

At Aura (QLD), we have conserved seven hectares of Blackbutt Forest and constructed a ten-hectare park with walking tracks in and around the forest to boost the value of the asset to the community. As part of the forest rehabilitation, the local Kabi Kabi First Nations People supervised 'cool' cultural burns to promote natural regeneration of the forest, which is now thriving with wildlife. This enabled Indigenous Peoples to train alongside the rural fire brigade using traditional burning methods in hazard reduction and rehabilitation. We will continue to work with the Kabi Kabi people on the land management for 50ha of land over the next ten years.

FY22-24 Targets & Priorities

Achieved | In progress | Not Achieved

Focus Area	Target	Status	Progress
Biodiversity	For new Masterplanned Communities, make an aggregated net positive contribution to the biodiversity value by FY24 as determined by the biodiversity calculator.	Achieved	We achieved an aggregated net positive contribution across the five Masterplanned Communities assessed in FY22.
Carbon and energy	5 Star NABERS energy Commercial Property portfolio average by asset class.	Achieved	Our average NABERS ratings for our Town Centre and Workplace portfolios have improved this year to 5.0 Stars.
	Medium density developments to exceed National Construction Code (NCC) energy related compliance standards by 25 per cent.	Achieved	In FY22, we exceeded NCC energy related compliance standards by 47 per cent across our Medium Density developments.
	All new Workplace and Town Centre developments to achieve a minimum 5 star Green Star rating.	In progress	Our new Workplace developments at Stockland Piccadilly, M_Park (NSW) and Affinity Place (NSW) are targeting 6 stars.
	All new Logistics developments to achieve a minimum 4 star Green Star rating.	In progress	All new Logistics developments are targeting 5 stars except Stage 1 of Yatala Distribution Centre, which is targeting 4 stars.
	All new Masterplanned Communities (over 1,000 lots) to achieve a Green Star rating.	In progress	Several Masterplanned Communities in the early stages of development are currently reviewing Green Star submission requirements.
	10 per cent improvement in carbon intensity and 5 per cent improvement in energy intensity by FY24 for Commercial Property (FY20 baseline).	In progress	Since FY20, we have achieved an 8.2 per cent improvement in carbon intensity and a 4.7 per cent improvement in energy intensity.
Waste	Divert waste from landfill • 90 per cent Masterplanned Communities civil contracts • 55 per cent Town Centre waste • 80 per cent Logistics and Workplace operations	In progress	In FY22, we achieved diversion rates of: • 96 per cent Masterplanned Communities civil contracts[1] • 40 per cent Town Centre waste • 70 per cent Logistics and Workplace operations Performance across Commercial Property was impacted by increasing demand for single-use packaging due to COVID-19 related protocols.
Water	4 Star NABERS Water Workplace portfolio average.	Achieved	We achieved an average NABERS Water rating of 4.7 stars.
	NABERS Water Town Centre portfolio average of 3.5 stars.	Achieved	We achieved an average NABERS Water rating of 3.7 stars.
	5 per cent improvement in Commercial Property water intensity by asset class against FY20 baseline.	In progress	Since FY20, we have achieved an 8 per cent improvement in water intensity, despite a small increase this year, which was impacted by increasing foot traffic and tenant activity at our Town Centres as COVID-19 restrictions eased.

1 Excludes waste data associated with Halcyon Constructions Queensland.

CASE STUDY
StockHub - closing the loop on fitouts

The implementation of our StockHub initiative, a digital platform that coordinates fixture and fitting re-use at our Town Centres, has enabled us to improve the customer experience through a sustainable design guidance service and divert waste from landfill through a de-fit process.

In Australia, 150,000 tonnes of de-fit waste is sent to landfill annually. The circular-economy market has been valued at $2 trillion for the Australian economy.

Stockland on average manages 100 tenancy strip-outs a year, resulting in 13 tonnes of waste per tenancy and up to $3 million in demolition costs. This initiative will help reduce demolition costs, outgoing waste and extend the lifecycle of our existing fitouts. It will also support new tenants as they begin their business journey by reducing their exposure to rising materials costs resulting from disrupted supply chains.

Since its launch in 2021, the StockHub initiative has been rolled out to five Town Centres across New South Wales, Queensland, and Victoria.

While StockHub was designed to support the implementation of circular models with our stakeholders, it also helps reduce our embodied carbon impacts by extending the life of our fixtures and fittings.

We have recently launched a pilot phase of an external cataloguing platform that captures the embodied carbon of each material, which will allow us to estimate the quantity of emissions we save by not opting for new products. This will help us better understand our downstream emissions impacts, while enabling our tenants to contribute to Stockland's overall decarbonisation efforts.

Image: Stockland Shellhabour, NSW

Social

PEOPLE AND CULTURE

We are focused on enhancing our culture and capability to deliver on our business strategy. We believe that our dedication to skills and training, diversity and inclusion, new ways of working, and rewarding performance makes us a destination company that benefits from a virtuous cycle of talent attraction, development, and retention.

Following the Group Strategy update in late 2021, a refreshed People and Culture strategy was developed to address the new capabilities and mindsets required for success in a rapidly changing world. This strategy focuses on empowering and enabling growth and innovation, becoming a talent accelerator, and creating inclusive and distinct people experiences.

Employee engagement and development

Employee engagement

At the heart of Stockland's purpose driven culture is our constructive dialogue with our people. Stockland's 'Our Voice' surveys provide regular opportunities for our people to share their feedback about what it is like to work at Stockland. In 2021, we shifted from annual surveys to a series of pulse surveys to help our leaders better understand the changing needs and experiences of our workforce and respond more nimbly to employee feedback.[2]

In FY22, we achieved an overall employee engagement score of 82 per cent, which is five points above the Australian National Norm. We continue to outperform in categories relating to corporate responsibility, sustainability, and diversity and inclusion, demonstrating that we are living our values. Our March 2022 survey also revealed that our senior leaders have improved their communication to ensure a clear and aligned strategy. Feedback suggests we could improve our approach to systems and process efficiency, as well as how we manage stress and wellbeing in the workplace and this will be important in guiding our efforts to build a stronger Stockland. More information on our results is available in our **ESG Data Pack.**

Training and development

Stockland's training programs have been reviewed and realigned to the strategic needs of the business and the evolving career needs of our people. The use of new technologies and enhancements to our virtual learning suite, which was originally part of our response to COVID-19, has improved employee access to training programs and supports our commitment to flexibility.

Stockland's two-year Graduate Program continues to grow with an intake of 44 graduates in February 2022. This is the largest intake of graduates in Stockland's history, reflecting our commitment to building our pipeline of talent. As in previous years, we achieved a favourable gender split with over 50 per cent female graduates in the cohort and strong representation in typically male-dominated fields, such as Development and Technology. The introduction of the 'Create Your Future' role means graduates can now select rotations in any team across the organisation, providing them with a greater range of experience and enterprise awareness and helping us build a more diverse talent pool.

Talent attraction and retention

In response to the tight labour market, Stockland has implemented changes to help us reach into talent markets more proactively and streamline the recruitment process and accelerate time to hire. The strength of our employer brand has been evident in our continued ability to attract high-quality candidates during this competitive period.

Culture and leadership

This year, we renewed our focus on culture and leadership to help us deliver our new strategy with clarity and at pace. We have focused on articulating key culture shifts and introduced these to employees at our roadshow events and leadership conference. We are building leadership capability through core leadership training programs, growing our talent pipeline, individual development plans for key talent, and bolder moves around talent mobility.

[2] Stockland measures the sentiment of our people through a series of Our Voice pulse surveys, which are independently administered by survey provider Willis Towers Watson. Measures include an overall employee engagement score and other valuable metrics such as leadership, employee enablement, wellbeing, learning and development, ways of working, diversity and inclusion, and customer focus.

Wellbeing

The health and wellbeing of our people remains a significant focus area for Stockland. This year, we provided employees with an integrated wellbeing program to help staff navigate the ongoing impacts of the pandemic. The program comprised virtual Wellness on Demand sessions, regular publications through the Wellbeing Employee Advocacy Group, and a series of wellbeing webinars, which were attended by the majority of our people. These webinars provided information on sleep, mental health and wellbeing, parenting and caring responsibilities, vaccination, and psychological renewal strategies.

Our Wellbeing Employee Advocacy Group (EAG) also completed a deep dive into psychological safety in collaboration with an external partner, as part of our focus on a 'Safe to Speak Up' culture. By including this in recent Our Voice surveys, we have been able to better understand the drivers and inhibitors of psychological safety, which has helped the development of our People & Culture Strategy.

More recently, Stockland achieved WELL Health-Safety ratings for our offices and tenancies at Stockland Piccadilly (NSW) and Durack Centre (WA), as well as our Melbourne and Brisbane Head Offices. The WELL Health-Safety ratings, an initiative of the International WELL Building Institute helps us deliver buildings which support human health and wellbeing.

Wage and salary underpayments

Last year we announced that, following a review across Stockland's workforce, we had identified wage and salary underpayments to some employees. This strikes to the heart of our CARE values and was a key focus area for the Board and Stockland Leadership Team. During the year, we worked hard to address the issues with the support of a major accounting firm. At the time of publishing this report, remediation payments, including superannuation and interest, have been made to all current employees and many former employees. We expect to complete the remediation process over the coming months. We have also taken steps to address the underlying causes of the matter, including by implementing a new fully-integrated time and attendance system.

FY22 People and culture snapshot

Employee engagement[1]

82%

Exceeded target of 80%

Employees with flexibility plan

90%

Exceeded target of 80%

Parental leave return rate

88%

Exceeded target of 80%

Women in management

46.5%

Exceeded target of 40%

Gender pay equity ratio

98.8%

Met target of 97-103%

Diversity and inclusion

Our Diversity & Inclusion Strategy is a key pillar of our People and Culture Strategy at Stockland. Its guiding principles include:

- creating workplaces where all employees are respected, valued, and supported, and feel like they can bring their authentic self to work
- building aware and capable people leaders who embrace diversity and inclusion
- maximising diversity in leadership positions
- being a diversity thought-leader, advocate, and employer-of-choice in the property sector.

We use five Employee Advocacy Groups (EAGs) to deliver on our goals. These are represented by employees at various levels in the organisation and from a mix of other demographics to encourage diversity of thought, more informed decision making, and better business outcomes.

This year, our Gender Equity EAG focused on addressing everyday sexism, domestic and family violence, and our target to have 40/40/20 representation across all management levels. We ran our Everyday Respect Campaign and launched a new Anti-Sexual Harassment policy and revised Anti-Discrimination and Harassment policy. The campaign consisted of six impactful videos aimed at teaching our people how to deal with everyday sexism. A toolkit was also developed to help our people speak up about behaviour that falls short of our expectations. We maintained our leadership in gender equality after being named a WGEA Employer of Choice for Gender Equality for the thirteenth consecutive year. For our data sets relating to women in management and gender pay equity, refer to our **ESG Data Pack**.

Our Flexibility EAG prioritised parental transitions, Stockland's One Simple Thing program, and asset-based flexibility in FY22. As a family friendly workplace, we were especially proud to launch our new Parental Leave Policy in July 2021, which is detailed in the case study below. We also continued to evolve and iterate our Hub and Home model through instructional videos and webinars for our people, as well as new Workplace Analytics, which provides our leadership teams with insights on how we can use technology to optimise productivity, wellbeing, and inclusivity.

Our LGBTQ+ EAG launched our Gender Affirmation Guideline and Transition Leave Policy during Transgender Awareness Week to demonstrate that those who wish to affirm their gender, in whichever way they choose, will be provided with support, dignity and respect at Stockland. The work of the LGBTQ+ EAG culminated in the achievement of Silver Status in the 2022 AWEI survey with a 40 per cent increase in score.

Our Accessibility & Cultural Inclusion EAG has been focused on acknowledging the value of cultural diversity and furthering Stockland's reputation as a Disability Confident employer. This year, 39 per cent of our employees self-identified as culturally diverse and our EAG has supported an increasing awareness of cultural diversity across our business. In FY22, Stockland also completed the Access and Inclusion Benchmark and hosted the annual Australian Disability Roundtable in partnership with Australian Network on Disability. We also established a new Disability Ally Network to create a visible network of staff to provide support and help other employees understand the challenges and restrictions experienced by people with disability.

Health and safety

Stockland is committed to the health, safety and welfare of our people and all persons affected by our business activities. We believe that work related injuries are preventable, and that health and safety must always be a business priority. We continue to focus on our safety commitments through active involvement and ownership of safety from all levels of Stockland and our business partners.

In FY22, we continued navigating the COVID-19 pandemic and the many challenges it presented for our people and our business. The safety and welfare of our people, residents, tenants, and customers continues to be our primary focus as we evolve our response. Other activities during the year included:

- evolved our Operational Risk audit and assurance program, adapting the scope to align with recent changes in our business strategy and leveraging technology to improve audit efficiency across 149 Stockland sites
- reviewed and enhanced our Group Risk Training Strategy by successfully pivoting to online training.

Our employee Lost Time Injury Frequency Rate (LTIFR) was 2.6 at financial year end, which represents a notable improvement on our FY21 result of 3.7.[3] Our employee Medical Treatment Injury Frequency Rate (MTIFR) has also dropped from 3.4 last year to 3.2 this year.[4] We attribute this improved performance to several factors, including our continued focus on workplace injury prevention, as well as the resourcing and operational impacts of COVID-19 restrictions. More information on our safety performance is available in our **ESG Data Pack**.

3 LTIFR represents the number of Lost Time Injuries (LTIs) / total hours worked in the Financial Year x 1,000,000.

4 MTIFR represents the number of Medical Treatment Injuries (MTIs) / total hours worked in the Financial Year x 1,000,000.

CASE STUDY
Parental Leave Policy

At Stockland, we recognise the valuable role parental leave plays in supporting our people during a time of profound change in their lives. As a family friendly workplace, we are proud to have recently introduced a new Parental Leave Policy that provides greater flexibility, removes carer distinction and eligibility criteria, and provides equal benefits to all our people, regardless of gender.

The changes made to our policy include:

- raising benefit from 16 weeks to 20 weeks for permanent employees
- removing primary and secondary carer distinctions so the same benefit applies to all parents, irrespective of gender or sexual identity
- providing the same leave benefit to those affected by pregnancy loss or stillbirth
- ability to take leave at any time during the first 24 months (at the same time as their partner if desired)
- removing eligibility criteria for employees (previously 6 months), enabling Stockland to attract talent free of parental leave eligibility concerns
- paid superannuation on optional unpaid leave, addressing the impact on superannuation for carers taking extended parental leave (previously available under a flex choice).

To support our people further, we developed a toolkit to help employees and their managers navigate their way through the leave process. This helps employees to stay connected to the business if they choose, noting the transition back into work after an extended period of leave can be daunting. We also host forums for new parents so they can receive updates from senior leadership on business strategy and emerging priorities. Stockland also has a Keeping in Touch program, which provides quarterly webinars for new parents to connect with other. These events are held virtually, allowing parents to connect from home or any other location.

Since launching our revised policy, early data indicates a significant increase (approximately 50 per cent) in male employees taking extended parental leave.

Image: Aura, QLD

Cybersecurity

Our business is digitally enabled through IT systems, infrastructure, services, and data to deliver efficient operations, a superior customer experience, and value through the property lifecycle. To protect Stockland and our people 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.

We have executed on our strategy to uplift our internal cyber capabilities and we are continuing our disciplined focus on:

- equipping and training our people for a cyber-aware culture, and to proactively identify and manage 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.

Ethics and conduct

Stockland believes in doing business in an ethical way and acting in a professional manner. This year, we refreshed our Code of Conduct so that it better reflects our values and standards. We ask all employees to confirm they have read and acknowledged the Code as a demonstration of their commitment to the high standards we set, 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 monitor compliance with corporate policies and report any breaches, as outlined below:

- Employee Conduct – there were 36 substantiated breaches in FY22, which resulted in 18 terminations of employment and nine formal warnings.
- Privacy – there were no notifiable data breaches reported to the regulator, Office of the Australian Information Commissioner (OAIC).
- Grievances – there was one formal grievance raised in FY22.
- Whistleblower – Stockland's Whistleblower Protection Officers (WPOs) received a total of 11 concerns via our whistleblower escalation channels in FY22. All of these matters have been investigated, actions taken, and the matters closed, with the exception of one matter where the investigation is ongoing.

We support the right to exercise freedom of association and collective bargaining. In FY22, approximately two per cent of our employees were covered by collective bargaining agreements. These agreements contain provisions for health and safety protections during dispute and/or grievance processes and in some cases contain commitments to maintain safe and healthy work environments. More broadly, our Work Health and Safety Policy applies to all employees which provides commitments to a safe and healthy work environment.

SOCIAL IMPACT

Social value for Stockland means how we understand and respond to social need through creating and curating connected communities. We have learnt from 70 years of experience that whilst there are social issues that affect all communities we operate in, such as mental health and educational outcomes, there are also specific issues that impact our communities at a local level, such as community resilience to natural disasters.

This year, we achieved a total community contribution of $5.7 million, comprising $5.4 million of community development spend, which delivers social infrastructure and programs across our strategic focus areas, and over $300,000 of community investment, which encompasses our employee giving and volunteering programs.

Accessibility

We continue to design inclusive and future-focused places that support customers of all abilities. Our partnership with Aspect, Australia's largest service provider for people on the autism spectrum, made Stockland the first property company in Australia to use sensory maps at shopping centres. Sensory maps allow customers living with autism to identify areas of high sensory stimulation before visiting new environments. This helps them reduce their exposure to situations that may overwhelm or cause anxiety and stress. We have rolled out sensory maps at six of our Town Centres, with a commitment to have them in all our centres within the next two to three years.

We have continued our partnership with BindiMaps, which helps blind or vision-impaired customers navigate indoor areas through a wayfinding mobile application that verbally guides them to their destinations. Our work with BindiMaps led to Stockland being awarded the PEXA Award for Project Innovation at the Property Council of Australia's Innovation and Excellence Awards this year. We are currently working on expanding the application's functionality by overlaying sensory maps to accommodate a neurodiverse user group at our M_Park development in New South Wales.

We are also delivering more inclusive playspaces across our masterplanned communities for children and families of all abilities to enjoy. The Minta Hilltop Park playspace in Victoria opened in December 2021, which was co-designed by creative landscape architects, Urban Edge and children's charity group, Variety. By providing all-access walkways, shaded accessible swings and an array of other spaces, we are demonstrating our commitment to inclusive placemaking. We are also rolling out new playspaces across our Commercial Property assets, including Stockland Balgowlah (NSW) and Stockland Forster (NSW).

Housing affordability

At Stockland, we recognise that rising house prices in Australia is a matter of increasing concern for many Australians. There are numerous factors contributing to this issue. A housing supply shortage, which has affected major metropolitan markets, is now extending into regional Australia. Increasingly high debt to income ratios resulting from a sustained period of low interest rates has also made it more difficult for first homebuyers to enter the market in recent years. As the largest developer of masterplanned communities in Australia, we are committed to collaborating with Government and industry partners to deliver more affordable and sustainable housing solutions.

We are investing in alternative housing models. Our land lease product helps retirees enjoy the security of home ownership without having to purchase land, which is an increasingly expensive portion of traditional housing packages. Instead, residents pay a leasing fee, which frees up equity for retirement in connected communities with resort-style amenities. In Queensland, our Aura, Providence, and Botanica communities have dedicated 5 per cent of their respective sites to 'social housing' in line with project commitments. These products are owned and operated by the government or a registered Community Housing Provider. Similarly, these communities are also required to dedicate 25 per cent of their sites to affordable housing.

To assist homeowners with increasing costs of living, Stockland has expanded its partnership with Natural Solar. The partnership will provide close to 40,000 households with the opportunity to reduce their electricity bills through discounted solar and battery solutions. We received ~950 enquiries and completed 54 orders this financial year across New South Wales, Victoria, Queensland, and Western Australia.

Stockland Halcyon Promenade, QLD

Indigenous engagement

This year, Stockland appointed its first National Indigenous Engagement Manager, who is responsible for the strategic development and design of our Indigenous Inclusion Strategy and advancing our commitment to reconciliation through our Innovate RAP. This appointment coincided with the implementation of our new Cultural Learning Strategy, which was developed in partnership with Indigenous consultants, Two Point Co. By providing our people with cultural learning, we can increase their understanding and recognition of Aboriginal and Torres Strait Islander cultures, histories, knowledge, and rights. This is a key element of our Innovate **Reconciliation Action Plan** (RAP).

We recognise the continuous effort and commitment required to deliver on our RAP commitments. We continue to build capability in areas such as cultural heritage management practices on our development sites, our people systems, and the provision of training and employment opportunities for Indigenous People. We are also implementing more consistent governance and reporting processes to drive accountability against our RAP commitments.

We continued to strengthen our relationships with Indigenous businesses and contractors in FY22. By achieving a total supplier spend of over $13.2 million in FY22, we exceeded our target of $6 million in direct Procurement from First Nations suppliers. We have also made progress on our All-Indigenous Tenders program, an innovative approach to increasing Indigenous inclusion in our construction tenders, which has increased our pool of approved Indigenous suppliers.

Numerous project-level activities have demonstrated the value of community consultation and participation and we are applying learnings from previous engagements to lift our focus in this area.

At our M_Park development in New South Wales, we have developed a First Nations Engagement Strategy and Designing with Country Principles to assist us with the development and implementation of ideas and initiatives that can be achieved during the project. Through a carefully developed relationship with Dharug women as custodians of Country, we have developed new ways of working that encourage new learning through a 'two-way' deep listening and relational worldview.

By this depth of understanding it has shown the relevance of what is under the ground as well as the location of developed area, building on the relationship of cultural connection and responsibility to Country to continue cultural practice and care for Country, while assisting in totem Wallumai (snapper fish) health and safety. This respectful exchange is contributing to a stronger voice for Country, challenging how we operate together as custodians of Place.

In Queensland, our team at our masterplanned community project, Providence is looking at several opportunities to work with the Yuggera Ugarapul people on works related to cultural heritage, rehabilitation and land management.

Stockland Cultural Learning Strategy

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CARE Foundation

The Stockland CARE Foundation was established to support charity organisations that can help Stockland deliver on our aspiration to improve the health, wellbeing, and education of Australian communities. In 2019, the CARE Foundation established a collaborative partnership between three charity partners ReachOut, Redkite and R U OK?. Over the past three years, the CARE Foundation has invested more than $1 million and provided ongoing non-financial support to our partners to help advance mental health programs in Australian communities.

This collaborative partnership period will be completed over the coming months and our newly designed Community Partnerships framework will allow these organisations to continue working with Stockland where they align with our strategic direction.

Some of the major initiatives that were delivered in collaboration with our partners include:

- capacity building learning workshops and executive mentor relationships with charity CEOs
- integration of key mental health messaging into communications to employees, customers, and residents.

A strategic review of the CARE Foundation is currently underway and will set the future direction for the Foundation.

Giving and volunteering

An element of the Foundation's activities is the facilitation of workplace giving, corporate donations, in-kind support, and employee volunteering. This continues to provide our business and workforce with opportunities to leave a clear, positive, and lasting impact on our communities.

In FY22, our employees donated over $100,000 to more than 100 individual charities. Stockland matched approximately 87 per cent of these donations through our workplace giving program.[1] Over the year, 23 per cent of employees participated in our workplace giving program and 15 per cent participated in Stockland's team volunteering program, student mentoring or personal volunteering programs, which generated $119,000 in financial value.

Recognising the important role that volunteering plays in fostering community connection and building organisational culture, we offered volunteering opportunities focused on meal preparation and outdoor regeneration activities as part of National Volunteering Week. We are also working to maintain the digital offerings that emerged during COVID-19 restrictions, such as our work with ABCN (Australian Business and Community Network) to offer our employees a volunteering option as a backup to the physical activations we are starting to roll out.

FY22-24 Targets & Priorities — ● Achieved ● In progress ● Not Achieved

Focus Area	Target	Status	Progress
Accessibility	Sensory maps available for all Town Centres.	In progress	Sensory Maps have been launched in six Town Centres – Merrylands (NSW), Green Hills (NSW), Wetherill Park (NSW), Wendouree (VIC), Point Cook (VIC) and Shellharbour (NSW).
	Deliver a Wayfinding application across Town Centres to enhance the shopping experience of people living with vision impairments.	In progress	We have installed BindiMaps technology at Stockland Nowra (NSW) and Stockland Forster (NSW) to help blind or vision-impaired customers navigate indoor areas.
	Continue to ensure all Masterplanned Communities over 1000 lots deliver at least one inclusive playspace.	In progress	In December 2021, we opened the Hilltop Park inclusive playspace at our Minta community in Victoria.
Affordability	Investigate alternative models for housing and accommodation options.	In progress	We delivered 'Garden House' homes at Stockland's Sienna Wood (WA) project in partnership with DevelopmentWA, which utilised innovative design and construction methods to deliver high-quality two-bedroom homes that were $120,000 below the median house price of surrounding suburbs when delivered.
Indigenous engagement	$6m in direct Procurement from First Nations suppliers.	Achieved	We reached over $13.2 million of supplier spend from indigenous-owned businesses registered with Supply Nation in FY22.
Community resilience	Embed key resilience issues into Liveability Index to measure resilience of community.	Achieved	We added new questions to the 2022 Liveability Index survey to capture resident insights across economic, social and environmental resilience.[1]
CARE Foundation	Target $21m contribution from Stockland and the Stockland CARE Foundation through community development and investment activities.	In progress	In FY22, we achieved total community development spend of $5.4 million.

1 Our Liveability Index defines economic resilience as equitable work prospects and opportunity and the ability for people to obtain long term work, social resilience as how well connected the community is and the overall sense of belonging, and environmental resilience as how well developed the built environment is (roads, public spaces, amenity provision, quality of home, streetscaping).

[1] Matching cap not reached as increase in the number of donors but lesser amounts donated.

Risk management

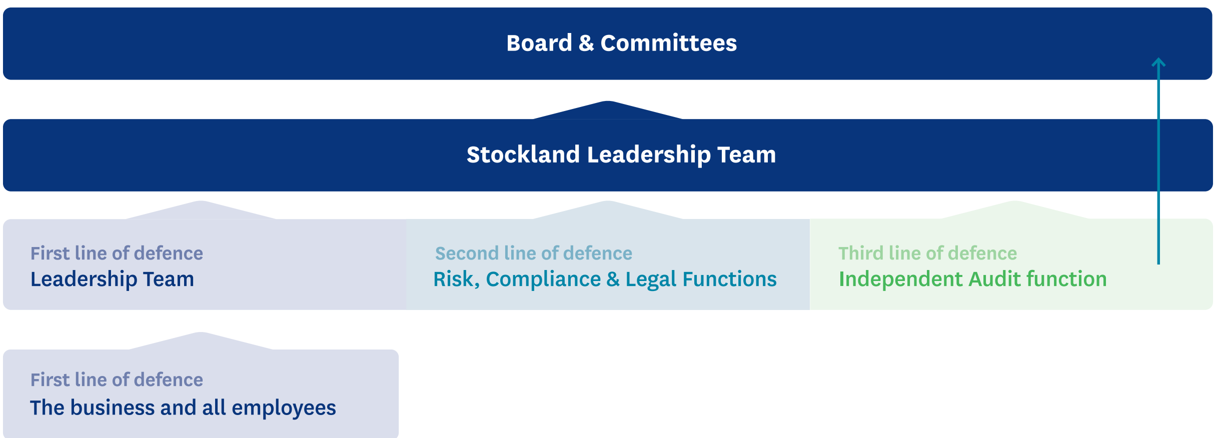
Yennora Distribution Centre, NSW

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. In 2022 we updated our Code of Conduct that 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 65.



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.

In FY22, we also assessed environmental, social, and economic matters that are material from an 'impact' perspective, commonly referred to as 'double materiality'. We are at the start of our journey to assess the full extent of the double materiality for Stockland but the areas we have initially 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 the 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. The COVID-19 pandemic has readjusted business and personal priorities and changed how we work and accelerated the adoption of new technology enabling greater workplace flexibility and new ways of working.

We believe we have a strong culture, and we will use this to mitigate compliance risk and the challenges posed by the new ways of working. Our culture will continue to be a strong mitigant for compliance risk.

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;
- adopting a 'Hub and Home' model, a mix of working in a hub (asset, office or local workplace) as well as at home (or remote location). 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.

To support the smooth transition of our new Managing Director and CEO in FY22, we heightened our focus on visible leadership from our executives and senior leaders, collaboration, and regular communication as they execute on our strategic priorities.

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 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;
- reinforce safe operations and messages to our employees, tenants, residents, customers and suppliers as we continue to focus on suppressing the transmission of COVID-19;
- extend our focus on mental health and wellbeing including through our CARE Foundation collaborative partnership with ReachOut, R U OK? and RedKite;
- evolve our 'Sights on Safety' contractors, consultants and supplier engagement 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 uncertainty surrounding policy decisions regarding the COVID-19 pandemic (including cross-border people movement, migration and export controls), the unfolding situation in Eastern Europe, macro-economic conditions (inflationary pressures and interest rate movements), 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 effects on our business

Physical and transitional climate change 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;
- 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.

Our 2030 Sustainability Strategy features our goal to advance climate actions that address our impact on the climate and develops resilience to a changing environment. To do this we have prioritised achieving net zero carbon by 2028, embedding asset and community scale resilience of our portfolio and working toward a net zero water future. We are continuing to review our and evolve our sustainability strategy. Our climate actions and approach to climate risk is outline on page 46

S M L

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 employees with 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;
- mandatory training for all employees 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, and apartments and
- 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 an ethical and 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. Since the outbreak of COVID-19 for example we have navigated rapid and widespread regulatory changes that we have navigated. 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 remain cautious about the shape and speed of the recovery of the market from the ongoing effects of the COVID-19 pandemic. 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

Governance

Stockland Head Office, Sydney, 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.

Qualifications and Age
BComm, FCA, 64

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, 52

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, 53

Directorships of listed entities in last three years
ASX Limited (1 August 2016 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 Chairman 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, 61

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 Group, Waypoint REIT Group and 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, 69

Directorships of listed entities in last three years
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, 61

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 and in business and ICT programme design and risk evaluation, governance and delivery, and in business transformation and regional/global expansion.

Mr Stevens is Chairman of the Board of Industry Innovation and Science Australia and the Chairman of the Data Standards Body for the Consumer Data Right implementation in Australia. Mr Stevens also serves as a Director of oOh!media.

Mr Stevens is a member of the Champions of Change.

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

Qualifications and Age
BComm, MComm, FCA, 62

Directorships of listed entities in last three years
Thorn Group Limited (1 June 2015 to 4 December 2019)

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 the Shopping Centre Council of Australia and has previously been a director of Westfield Retail Trust and Scentre Group.

Mr Brindle is a member of the Audit Committee.

Qualifications and Age
BE, BComm, MBA, 64

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

Adam 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, AMP Capital from 2015 to 2020 where he led a global leading investment manager 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 $19b portfolio of real estate investments on behalf of domestic and international institutional investors. Prior to 2009, Mr Tindall held senior leadership roles at Macquarie Capital and Lendlease.

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

Qualifications and Age

BE (Hons), 57

Directorships of listed entities in last three years

None

Barry Neil

Former Non-Executive Director

Barry Neil was appointed to the Board on 23 October 2007 and retired on 19 October 2021.

Mr Neil has over 40 years' experience in all aspects of property development, both in Australia and overseas. Mr Neil's executive career included senior property and investment roles at both Mirvac and Woolworths Limited and has included the acquisition, development and operation of landmark developments in multiple asset classes.

Mr Neil is Chairman of Keneco Pty Limited and Bitumen Importers Australia Pty Limited and a Director of Terrace Tower Group Pty Ltd.

During his time at Stockland, Mr Neil was Chair of Stockland Capital Partners Limited and a member of the Audit Committee and Sustainability Committee.

Qualifications

BE

The Stockland Leadership Team

Tarun Gupta

Managing Director and Chief Executive Officer

Refer to biography on page 66.

Katherine Grace

Chief Legal & Risk Officer

Katherine Grace was appointed General Counsel and Company Secretary on 21 August 2014 and 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.

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 ~$11 billion as at 30 June 2022.

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.

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.

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 53 Masterplanned Communities with a portfolio of approximately 75,000 lots and an approximate end value of $22.5 billion. At as 30 June 2022, Mr Whitson is also responsible for Stockland's Land Lease Communities business with a development pipeline of approximately 7,200 home sites with an end value of $5.1 billion.

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 New South Wales.

Mr Whitson was appointed Group Executive and CEO of the Residential business in 2013 before his role was expanded to lead the broader Communities business in August 2018.

Mr Whitson is a member of the Residential Development Council of Australia, and a Director of the Green Building Council of Australia.

Qualifications

BE (Civil)

Karen Lonergan

Chief People & Stakeholder Engagement Officer

Karen Lonergan joined Stockland as Group Executive, People & 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.

Ms Lonergan 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. Ms Tsourdalakis leads our Innovation, Marketing, Technology and Customer teams.

Ms Tsourdalakis 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.

Qualifications
BComm (Property Economics). MBA

Former executive

Tiernan O'Rourke
Chief Financial Officer

Tiernan O'Rourke was Stockland's Chief Financial Officer from 8 October 2013 to 26 November 2021.

Stockland Head Office, Sydney, NSW

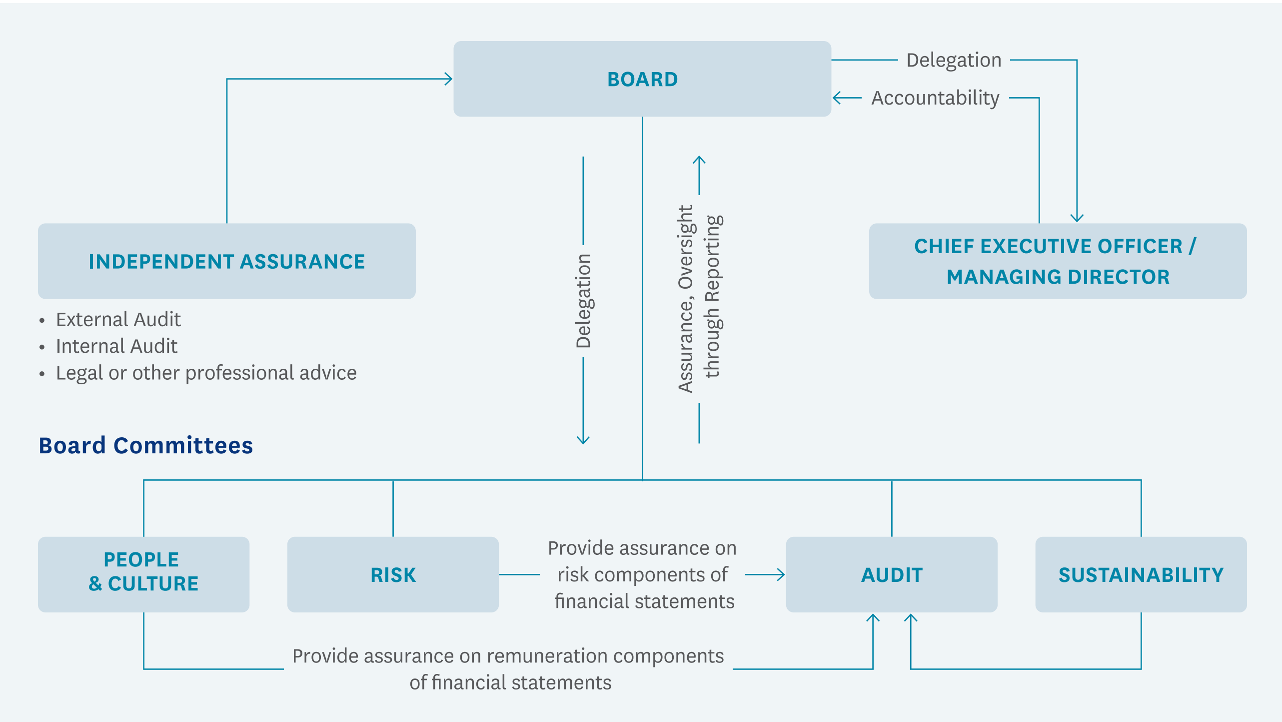
Our approach to corporate governance

The Board places a high importance on its corporate governance responsibilities and in FY22 was in compliance with all of the recommendations in the ASX Corporate Governance Principles and Recommendations

The Board recognises 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. Stockland also has a Code of Conduct that applies to all employees and provides clear guidance on how we expect our people to act, engage and respond to each other and our stakeholders.

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

As set out in the Board Charter, 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.

A copy of the Board Charter can be found on our website **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.

Day to day management of the business is delegated to the Executive Leadership Team through the Managing Director and Chief Financial Officer subject to approved authority limits and Board reserved matters.

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. While COVID-19 restrictions have impacted the ability to undertake asset tours during the last 12 months, a number of asset tours were conducted by members of the Board and Executive Leadership Team including to development and operational assets in Perth, Melbourne, Sydney and the Sunshine Coast.

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, and currently each of the Board Committees only comprises independent Directors. For the reporting period each of the Audit Committee, People & Culture Committee and Risk Committee comprise only independent Directors and the Sustainability Committee was chaired by an independent Director and had a majority of independent Directors until May 2022, following which it is now also comprised solely of 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

<table>
<tr><td>Audit Committee
Stephen Newton
Laurence Brindle
Christine O'Reilly
Kate McKenzie
Adam Tindall</td><td>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 Licences and Compliance Plans
• Compliance with relevant laws and regulations including any prudential supervision procedures.</td></tr>
<tr><td>People & Culture Committee
Melinda Conrad
Tom Pockett
Andrew Stevens</td><td>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.</td></tr>
<tr><td>Risk Committee
Christine O'Reilly
Stephen Newton
Andrew Stevens</td><td>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 FY22 the Risk Committee was involved in discussions and reviews relating to a variety of policies relating to Stockland's risk management framework, conflicts of interest, fraud, bribery and corruption prevention, compliance and employee purchases of property. The Risk Committee also undertook a review of the Modern Slavery Statement prior to its consideration by the Board.</td></tr>
<tr><td>Sustainability Committee*
Andrew Stevens
Kate McKenzie
Adam Tindall</td><td>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.</td></tr>
<tr><td colspan="2">Further information about our Board Committees can be found in the Committee Charters, which are available on our website www.stockland.com.au/about-stockland/corporate-governance.</td></tr>
</table>

*Prior to May 2022 the Sustainability Committee comprised the whole of the Stockland Board and was chaired by Mr Tom Pockett.

BOARD 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, in FY22 the Board continued to hold ad hoc meetings to receive briefings and recommendations from management in relation to COVID-19.

	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	14	14	–	–	5	5	1	1	–	–
Mr L Brindle	14	14	6	6	–	–	1	1	–	–
Ms M Conrad	14	14	–	–	5	5	1	1	–	–
Mr T Gupta	14	14	–	–	–	–	1	1	–	–
Ms K McKenzie	14	14	6	6	–	–	2	2	–	–
Mr S Newton	14	14	6	6	–	–	1	1	5	5
Ms C O'Reilly	14	14	6	6	–	–	1	1	5	5
Mr A Stevens	14	14	–	–	5	5	2	2	5	5
Mr A Tindall	14	14	6	6	–	–	2	2	–	–
Former Director										
Mr B Neil[1]	5	5	2	2	–	–	1	1	–	–

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

1 Mr Neil retired at the conclusion of the Annual General Meeting on 19 October 2021

Board effectiveness

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 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 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.

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 and in FY22 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**.

Female Non-Executive Directors

37.5%

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 FY22 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.

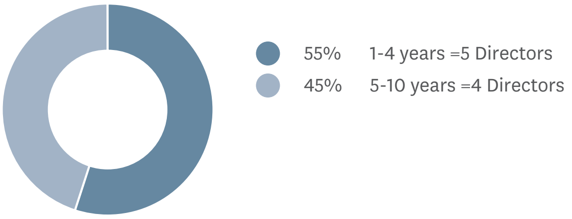
The Board believes that it has the right experience and skills to oversee the high standard of corporate governance, integrity and accountability required of a professional and ethical organisation as shown in the diagram below.

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 FY22, the Board undertook an internal review of performance with feedback from individual directors provided to the Chairman and discussed with the Board.

TENURE

As at 30 June 2022, 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 FY22 deep dive presentations to the Board included detailed consideration of the Group's strategy and strategic priorities including key underlying thematics regarding urbanisation and urban renewal, the exponential growth in institutional capital, digital acceleration and the continued momentum on ESG.

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.

DIVERSITY OF BOARD SKILLS AND EXPERIENCE

Governance	100%
Previous Board experience	100%
Strategy	100%
Risk management	100%
Previous property Board experience	50%
Property management and investment	60%
Property development	60%
Construction and project management	70%
Retail	70%
Industrial supply chain logistics	40%
Funds management	70%
Banking and finance	50%
Financial management	80%
Capital management	80%
Customer marketing	50%
Technology and digital innovation	50%
Data analytics and insights	30%
Remuneration	70%
Workplace health and safety	90%
Sustainability	80%
Mergers and acquisitions	100%
Executive leadership	100%

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 that ensures all tax affairs are conducted 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 Ethical Behaviour policy; 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 22 (Income Tax) and 23 (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, masterplanned and land lease communities, Stockland contributes to the Australian economy through the various taxes levied at the federal, state and local government level.

In FY22 these taxes totalled more than $360 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 FY22 tax year.

Stockland is expected to return to an income tax paying position from FY23 although the Group will have the benefit of some remaining carry forward tax losses.

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-audit services included services relating to traffic modelling and planning for the Aura Town Centre.

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 note 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 84 and forms part of the Directors' Report for the year ended 30 June 2022.

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 is in place 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 External Communications and Continuous Disclosure 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.

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 2022, 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 2022, 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 2022 that would indicate any material change to the statements made above.

Corporate governance statement

Stockland is 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 2022 corporate governance statement is dated as at 30 June 2022 and reflects the corporate governance practices in place throughout the 2022 financial year. The 2022 corporate governance statement was approved by the Board on 19 August 2022. Stockland 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 2022 can be viewed at **www.stockland.com.au/about-stockland/corporate-governance**.

Signed in accordance with a resolution of the Directors.

Tom Pockett
Chairman

Tarun Gupta
Managing Director

Dated at Sydney, 19 August 2022

Auditor's Independence Declaration

As lead auditor for the audit of Stockland Corporation Limited and Stockland Trust for the year ended 30 June 2022, 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
19 August 2022

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One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
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Remuneration report

Optus Centre, Macquarie Park, NSW

Message from the Chair of the People & Culture Committee

On behalf of the Board, I am pleased to present the Remuneration Report for FY22

In 2022 we are celebrating Stockland's 70 years of creating connected communities. As we reflect on our journey over the past 70 years, we have come a long way since our beginnings in 1952.

FY22 has marked another year of change for Stockland. In his first full year as only the fifth Managing Director and CEO at Stockland, Tarun Gupta, together with his refreshed leadership team, has presented a strong strategic vision for the organisation with a clear roadmap for its delivery. The Board is confident we have both the right strategy and the right leaders to achieve our purpose and to deliver sustainable long term returns to our securityholders.

In another year of disruption and challenges - from the ongoing COVID-19 pandemic to uncertain geopolitical and market conditions – our people have continued to show incredible energy and resilience. They are embracing our new ways of working to continue to deliver the strategy with conviction and at pace.

Our refreshed leadership team

During the year, we made key appointments to the Stockland Leadership Team (SLT). We welcomed Alison Harrop as Chief Financial Officer and Justin Louis as Chief Investment Officer. These appointments round out a strong, highly-experienced and capable leadership team. We are also very proud of the fact that in line with our 40:40:20 policy, 62.5% of the SLT are women, meaning Stockland has one of the highest female representations of leadership teams on the ASX 300[1].

We also welcomed Adam Tindall, who brings deep property experience to the Board, as a non-executive director on 1 July 2021.

Our people & culture

Our people are our most valuable asset and the Board is proud of the way in which our people advocate our purpose and vision and live our values each day. We are focused on enhancing our culture and capability to deliver on our business strategy in a dynamic and rapidly changing world. We believe that our dedication to skills and training, diversity and inclusion, new ways of working, and rewarding performance gives our people a great sense of pride and makes Stockland a sought-after destination for talent. Throughout the year, our purpose, culture and values have been at the core of our decision making and actions.

We are proud of our achievements in FY22 including:

- progressed the integration of the Halcyon team into Stockland and farewelled our Retirement Living team, all supported by best practice change management and strong values-based leadership
- maintained high levels of employee engagement during the year, supported by our flexible "Hub and Home" hybrid work model
- invested in the leadership capability of our people through multiple programs including bringing over 150 senior leaders together to focus on our strategy and delivery roadmap
- introduced an innovative and award-winning parental leave policy that offers 24 months' flexible leave. We increased paid parental leave to 20 weeks, removed the carer distinction and provide superannuation on both paid and unpaid parental leave
- received a WGEA Employer of Choice Gender Equality citation, which we have now maintained for 13 years
- achieved Silver Employer Status for the first time at the Australian Workplace Equality Index (AWEI) Australian LGBTQ Inclusion Awards.

[1] CEW Senior Executive Census 2021

Performance and remuneration outcomes

The Board spends considerable time each year assessing the performance and remuneration outcomes for the Managing Director and CEO and other members of the SLT. The Board considers a range of quantitative and qualitative factors in its decisions. The remuneration outcomes for FY22 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 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 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 discretion, taking into consideration the following factors:

- we have achieved a strong FY22 financial result, with FFO of $851 million reflecting 8% growth on FY21, and FFO per security slightly above our guidance at 35.7 cents
- we have achieved Recurring Return On Invested Capital (ROIC) of 10%, above our through the cycle target range of 6-9%, and Development ROIC of 16%, within our through the cycle target range of 14-18%
- while maintaining focus on operational excellence, we have made solid progress in implementing the refreshed strategy that we announced in November 2021. This includes the establishment of two significant capital partnerships with globally recognised, high-quality institutions
- we divested our Retirement Living business for consideration broadly in line with book value
- we have completed the strategic acquisition and substantially progressed the integration of the Halcyon Group's land lease business
- we have continued our focus on financial discipline in response to the current macroeconomic uncertainty, maintaining a strong balance sheet, and actively managing our gearing level and hedging profile to provide ample liquidity and optionality to invest in existing and emerging opportunities
- while acknowledging the achievements above in challenging market conditions, we are still striving for higher standards in risk management. As a result, the Board determined that a reduction in the STI pool was warranted.

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

- an STI award for the Managing Director and CEO equal to 96.7% of his maximum STI opportunity
- awards to Other Executive Key Management Personnel (KMP) in the range of 84.7% to 96.7% of maximum STI opportunity

In addition, the 2019 Long-term Incentive (LTI) Plan has vested at 48.25%, reflecting strong relative performance versus our peer index comparator group. No vesting occurred in FY22 for our EPS growth hurdle.

Looking ahead

We are continuing to evolve our executive remuneration framework as we execute our business strategy. This includes introducing through the cycle targets for Recurring ROIC and Development ROIC into our STI Scorecard and continuing to align key business priorities to our strategic pillars. We are also well-progressed with the FY23 LTI design and how this supports the creation of exceptional returns to securityholders. We look forward to sharing the outcomes of this review once finalised.

Following an internal and external benchmarking exercise, the Fixed Pay for both Louise Mason and Andrew Whitson was increased from $800,000 to $850,000 with effect from 1 July 2022. This reflects the broader scope of their roles. No Fixed Pay increases are planned for the Managing Director and CEO or other SLT members in FY23.

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

Melinda B Conrad

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	(joined 1 July 2021)
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 (joined 10 January 2022)
Ms Louise Mason	CEO Commercial Property
Mr Andrew Whitson	CEO Communities
Former Non-Executive Director	
Mr Barry Neil	(until 19 October 2021)
Former Executive KMP	
Mr Tiernan O'Rourke	Chief Financial Officer (until 26 November 2021)

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
We believe there is 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 – FY22

	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 building a sense of business ownership
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) versus a composite index of A-REIT 200 peers
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 Min Max
FINANCIAL PERFORMANCE (60%)		
Financial		
Drive Group Financial Performance through • Funds from Operations (FFO) of 34.6 to 35.6 cents per security • FFO of $824 million to $848 million • Return on Equity (ROE) of 9.9%	• FFO (cent per security) was slightly above guidance at 35.7 • FFO was $851 million • ROE[1] was 10.5%	
FINANCIAL VALUE DRIVERS (40%)		
Key Business Priorities		
Delivering on our strategic pillars • Dynamically reshape portfolio • Accelerate delivery in our core businesses • Scale capital partnerships • Sustainable long-term growth	• maintained our focus on operational excellence and made significant progress in implementing the refreshed strategy that we announced in November 2021 • established two significant capital partnerships with globally recognised, high-quality institutions • announced the divestment of our Retirement Living business for consideration broadly in line with book value • completed approximately $300 million of Logistics developments • commenced the first stage of the M_Park project in partnership with Ivanhoé Cambridge and received development approval for the Affinity Place project • further repositioned our Town Centre portfolio • extended our leading position in Masterplanned Communities while rapidly scaling our integrated Land Lease Communities platform to a total portfolio size of ~9,000 home sites • completed the strategic acquisition and substantially progressed the integration of the Halcyon Group's land lease business	
Customer & Stakeholder		
Find, create and capture customer value by enhancing and embedding a customer-centric culture	• our focus on driving a customer centric culture is progressing well with governance from the Customer Advocacy Group • the results from the Our Voice employee survey that measure customer focus show good progress and more than 60% of our people have actively participated in one or more of our monthly customer immersion sessions • Stockland met or exceeded four out of seven customer experience metrics including tenant satisfaction scores for Town Centres and Logistics & Workplace. It is also noted that our Residential Deposit Satisfaction score of 84% was above FY21 performance. In the three cases where outcomes were slightly below target, these were largely due to land supply/demand constraints and external impacts such as COVID restrictions	
People & Leadership		
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.	• our employee engagement score of 82% places us 5 points above the Australian national average • our leadership scores have continued to improve reflecting confidence and trust in the refreshed leadership team and effective communication of our strategy • progressed the integration of the Halcyon team into Stockland and farewelled our Retirement Living team • taken progressive steps to support LGBTQ+ employees with the creation of a Gender Affirmation and Transition Leave Policy and updates to Grievance, Domestic Violence and Parental Leave policies which contributed to being recognised by the Australian Workplace Equality Index as a Silver Status employer	

1 Including Residential work out projects. ROE was 10.7% excluding these 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 FY22 funded at 127% of target opportunity.

The Board considers this to be a fair reflection of company performance over the past 12 months in challenging external market conditions. We have completed the renewal of our leadership team, reset our long-term strategy, and started executing against our new strategic priorities and targets. At the same time, we have maintained operational excellence across our business segments to deliver results slightly above our guidance range.

The Board also 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. While acknowledging the positive intent and behaviours of our people in managing such issues, we are still striving for higher standards in risk management and as a result the Board determined that a reduction in the STI pool was warranted.

Accordingly, in determining the overall funding achievement of the STI pool, the Board exercised its discretion to make a downward adjustment to the pool. This downward adjustment was applied to all employees, including the Managing Director and CEO and other SLT members.

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.

Our 2030 Sustainability Strategy – Living for the future – responds to these matters and sets out short-, medium- and longer-term goals and targets for our business. Our performance against these targets is detailed throughout this annual report.

While our Sustainability Strategy seeks to address all material areas of sustainability performance, we recognise that these matters are dynamic, complex and often interconnected. As such, our sustainability performance is considered as part of the discretionary overlay (i.e., the second step) in determining STI outcomes. Incorporating sustainability performance as a modifier means that all other measures in the scorecard, including financial, are impacted by sustainability performance.

As our sustainability strategic roadmap evolves, we will continue to be thoughtful in ensuring our sustainability performance is appropriately reflected in executive incentive outcomes.

2.2. EXECUTIVE KMP STI OUTCOMES

The table below sets out the STI awards for FY22. 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 the overall performance of the Group as well as performance of the individual in meeting business unit / functional and personal objectives, including risk 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 FY22	STI paid in cash[1]		STI deferred into equity[2]		DSTI securities to be granted[3]
	%	%	%	%	$	$	%	$	%	
Executive Director										
Tarun Gupta	100	150	145	97	2,175,000	1,087,500	50	1,087,500	50	290,551
Other Executive KMP										
Katherine Grace[4]	90	135	140	93	787,884	525,256	67	262,628	33	70,167
Alison Harrop	90	135	127	85	453,153	302,102	67	151,051	33	40,357
Louise Mason	90	135	127	85	915,840	610,560	67	305,280	33	81,563
Andrew Whitson	90	135	145	97	1,044,058	696,039	67	348,019	33	92,982
Former Executive KMP										
Tiernan O'Rourke[5]	90	135	90	60	320,625	320,625	100	-	0	-

1 The portion of STI awarded for the FY22 performance year which is paid as cash.
2 The portion of STI awarded for the FY22 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 2022. This price was $3.7429.
4 Following an expansion to her remit, the STI target for Katherine Grace was increased from 80% to 90%, effective 1 November 2021.
5 The pro-rata FY22 STI paid to Tiernan O'Rourke was made fully in cash in accordance with the terms of the STI plan in the circumstances of mutually agreed resignations.

2.3. PERFORMANCE AGAINST LTI MEASURES

The table below shows Stockland's performance against the respective FFO and TSR performance hurdles for the three years to 30 June 2022. As a result of this performance, 48.25 per cent of LTI awards from FY20 will vest subject to further service conditions.

Hurdle	Target/ benchmark performance	Actual performance	Out/(Under) performance	% vesting	Weight	Vesting outcome
FFO per security for FY20 – FY22						
Compound average growth rate[1]	2.0%	(1.5%)	(3.5%)	0.0%	50.0%	0.0%
TSR for F20 – FY22						
Relative TSR FY20 – FY22 (1 July 2019 - 30 June 2022)[2]	(8.4%)	0.9%	9.3%	96.5%	50.0%	48.25%
Vesting						48.25%

1 For LTI awards made in FY20, the performance benchmark is growth in FFO per security.

2 Benchmark based on ASX A-REIT 200 Index excluding Stockland. For LTI awards made in FY20, the TSR performance benchmark is a tailored A-REIT 200 index comprising the largest six 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 FY22 which includes Fixed Pay and the non-deferred portion of any FY22 STI. The table also includes the value of deferred STI awards from FY20 and FY21 which vested during FY22, prior year LTI awards which vested during FY22 and the cash termination payment 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]	Termination Benefits[6]	Total Remuneration (received and/or realised)	Awards which lapsed or were forfeited[7]
Executive Director									
Tarun Gupta	**2022**	**1,557,340**	**1,087,500**	**–**	**–**	**650,000**	**–**	**3,294,840**	**–**
	2021	123,288	–	–	–		–	123,288	–
Other Executive KMP									
Katherine Grace	**2022**	**674,603**	**525,256**	**282,840**	**295,504**	**–**	**–**	**1,778,203**	**300,724**
	2021	637,123	355,090	353,396	200,483		–	1,546,092	427,462
Alison Harrop	**2022**	**420,000**	**302,102**	**–**	**–**	**–**	**–**	**722,102**	**–**
	2021	–	–	–	–		–	–	–
Louise Mason	**2022**	**830,380**	**610,560**	**388,436**	**369,379**	**–**	**–**	**2,198,755**	**375,906**
	2021	773,562	507,070	474,714	250,601		–	2,005,947	534,330
Andrew Whitson	**2022**	**830,380**	**696,039**	**410,085**	**369,379**	**–**	**–**	**2,305,883**	**375,906**
	2021	773,562	507,070	507,003	250,601		–	2,038,236	534,330
Former Executive KMP									
Tiernan O'Rourke	**2022**	**401,973**	**320,625**	**340,972**	**357,100**	**–**	**633,333**	**2,054,002**	**812,454**
	2021	942,192	563,902	545,206	292,368		–	2,343,668	623,387

1 Fixed Pay includes cash salary, superannuation and packaged benefits (and associated taxes).

2 FY22 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. For Tiernan O'Rourke, the pro-rata FY22 STI paid was made fully in cash in accordance with the terms of the STI plan in the circumstances of mutually agreed resignations.

3 This represents the value of all prior years' deferred STI which vested during FY22 using the 30 June 2022 closing security price of $3.61 (FY21: $4.66).

4 This represents the value of all prior years' LTI which vested during FY22 using the 30 June 2022 closing security price of $3.61 (FY21: $4.66).

5 Reflects the cash payment made to Tarun Gupta in September 2021 as compensation for incentives forfeited to join Stockland.

6 This represents the contractual termination payment to Tiernan O'Rourke and a payment in lieu of the portion of his notice period not served.

7 The value shown represents the value of any previous years' equity awards which lapsed or were forfeited during the financial year. The FY22 values are based on the closing 30 June 2022 security price of $3.61 (FY21: $4.66).

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.

	FY18	FY19	FY20	FY21	FY22
Financial performance					
FFO ($m)[1]	863	897	825	788	**851**
Statutory profit ($m)	1,025	311	-21	1,105	**1,381**
FFO per security (cents)	35.6	37.4	34.7	33.1	**35.7**
Statutory EPS (cents)	42.3	13.0	(0.9)	46.4	**57.9**
Recurring ROIC (%)[2]					**10**
Development ROIC (%)[2]					**16**
Returns to securityholders					
Security price as at 30 June ($)	3.97	4.17	3.31	4.66	**3.61**
Distribution per security (cents)	26.5	27.6	24.1	24.6	**26.6**
Stockland TSR – 1 year (%)	(7.0)	13.9	(15.8)	48.5	**(17.2)**
Tailored index TSR (%)[3]	7.2	27.0	(21.3)	19.9	**(3.6)**
Incentive outcomes					
Cash STI ($m)[4]	26.6	22.1	16.0	24.2	**36.6**
DSTI ($m)	6.6	6.6	7.4	5.4	**9.4**
Company-wide STI pool ($m)	**33.2**	**28.7**	**23.4**	**29.6**	**46.0**
Managing Director and CEO STI (% of target)	94.0	80.0	76.6	100.0	**145.0**
LTI vested (% of grant)[5]	35.1	47.1	0.0	48.4	**48.3**
Managing Director and CEO total incentive outcome (% of maximum opportunity)	46.6	49.8	21.9	56.2[6]	**96.7**[7]

1 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.

2 Not measured prior to FY22.

3 Tailored A-REIT 200 index comprised six large companies (five for FY22) forming 80% and a number of smaller companies forming 20% as detailed in Section 4.5. Used since FY17 as a LTI hurdle.

4 Includes applicable superannuation.

5 Represents the achievement of performance hurdles tested during the year.

6 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.

7 There was no LTI tested in FY22 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.

Board
The Board is responsible for setting executive remuneration policy, monitoring the Stockland Leadership Team's performance and approving the performance objectives and remuneration of the Managing Director and CEO and his or her direct reports

People & Culture Committee
Is the main governing body for key people and remuneration items across Stockland

The roles and responsibilities of the Committee are outlined in the Committee's charter which is summarised below and available on Stockland's website at:
www.stockland.com.au/about-stockland/corporate-governance

Management
Provide recommendations on remuneration design and outcomes to the People and Culture Committee

From time to time management seek its own advice and information on remuneration matters from external advisors

Audit Committee
Reviews earnings figures that are considered for STI and LTI outcomes

Risk Committee
Provides advice to the People and Culture Committee relating to material risk issues, behaviours and/or compliance breaches which are considered when determining remuneration outcomes

Sustainability Committee
Assists the Board to monitor the decisions and actions of management in achieving and maintaining our position as an ESG leader

Stakeholders & Securityholders
Provide input and feedback through consultation and Governance Roadshows

External advisors
Provide independent information and guidance on remuneration for executives, facilitate discussion, conduct benchmarking and commentary on a number of remuneration issues

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 and compliance performance using input from the Audit Committee and Risk 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 appointed Ernst & Young (EY) as its primary remuneration advisor 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 and PwC.

During FY22, 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 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% 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	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.

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 FY22.

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% of the Managing Director and CEO and 68% of Other Executive KMP remuneration respectively. 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 50%

Other Executive KMP

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

4.3. 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	• There were no fixed pay changes made to Executive KMP during FY22 • 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.

4.4. SHORT-TERM INCENTIVES

Elements	How Short-Term Incentives Works			
Purpose	To reward the achievement of annual targets aligned to the delivery of sustainable stakeholder outcomes			
Target and Maximum STI Opportunity	**% of fixed pay**		**Target**	**Maximum**
	Managing Director and CEO		100%	150%
	Other Executive KMP		90%	135%
	Performance Measures			**Reason for choosing this measure**
	Financial outcomes (60%)	• Funds from operations		• Key measures of progress against our strategy to grow asset returns
		• Return on equity		• Reflects how well Stockland is using capital to generate earnings
	Financial value-drivers (40%)	• Key business priorities		• Drives focus on the delivery of important initiatives aligned to our strategic priorities
		• Customer and stakeholder		• A measure of how well we are meeting the expectations of our customers and external stakeholders
		• People and leadership		• Recognises that organisations with a diverse, inclusive and engaged workforce deliver superior returns
Performance assessment	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.			
Delivery			**Cash**	**Deferred Securities**
	Managing Director and CEO		50%	50%
	Other Executive KMP		Two thirds	One third
Leaver Provisions	• 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.			

4.5. 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		
Maximum LTI Opportunity	**% of fixed pay**		**Maximum**
	Managing Director and CEO		200%
	Other Executive KMP		120%
	• 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 FY22 award, this price was $4.5865.		
Performance Period	• 1 July 2021 – 30 June 2024		
Current LTI Measure	• Since 2020, vesting of LTI awards (includes the 2020 and 2021 Grant) have been subject to relative TSR as the sole performance condition. Prior grants were subject to two equally weighted performance conditions being relative TSR and FFO growth. • The Board believes that this measure provides a suitable link to long term securityholder value creation.		
		Market Measure **Relative total securityholder return (RTSR) – 100%**	
	Rationale	Aligns to our objective to deliver superior returns to securityholders.	
	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 14 A-REIT 200 peers excluding Charter Hall Group and Goodman Group (as their revenues are driven by funds management fees) and organisations who have assets predominantly outside of Australia or are misaligned to Stockland's. Each of the five largest capitalised companies from the peer group has been allocated a 16% weighting, while each of the other nine smaller capitalised companies has been allocated a 2.2% weighting	
Vesting Conditions	**TSR of Stockland compared to index growth**		**Proportion of TSR grant vesting**
	<= TSR Index		0%
	> TSR Index		>50%
	Up to 10% greater than TSR index		Pro rata 50% - 100%
	10% or more greater than TSR Index		100%
	Performance rights that meet the performance conditions at the end of the performance period are converted to Stockland securities and vest in two tranches, subject to service conditions and clawback provisions.		
	Tranche	**Vesting Date**	**Proportion of eligible performance rights to vest**
	1	30 June 2024	50%
	2	30 June 2025	50%
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

4.6. 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	For unvested DSTI, full vesting in the year of termination, other than for the Managing Director and CEO, whereby unvested 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 on 30 June in the year of termination. Other unvested LTI awards are forfeited.

5. Executive KMP remuneration tables

5.1. EXECUTIVE REMUNERATION (STATUTORY PRESENTATION)

		Short-term				Post-employment		Other long-term	Security-based payments[1]			Performance related	
	Year	Salary[2]	Non-monetary benefits[3]	Other payments[4]	Cash STI[5]	Superannuation benefits	Termination benefits[6]	Long service leave[7]	DSTI[8]	LTI	Total	(STI + LTI) Percent of Total %	(DSTI + LTI) Percent of Total %
Executive Director													
Tarun Gupta	**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%**
	2021	114,339	–	216,667	–	5,424	–	–	54,852	–	391,282	14.0%	14.0%
Other Executive KMP													
Katherine Grace	**2022**	**660,328**	**–**	**–**	**525,256**	**23,568**	**–**	**24,127**	**259,703**	**243,448**	**1,736,429**	**59.2%**	**29.0%**
	2021	665,960	–	–	355,090	21,694	–	11,358	314,505	186,616	1,555,223	55.1%	32.2%
Alison Harrop	**2022**	**433,451**	**–**	**–**	**302,102**	**12,215**	**–**	**–**	**62,687**	**–**	**810,455**	**45.0%**	**7.7%**
	2021	–	–	–	–	–	–	–	–	–	–	–	–
Louise Mason	**2022**	**796,936**	**–**	**–**	**610,560**	**23,568**	**–**	**6,460**	**616,040**	**299,018**	**2,352,581**	**64.8%**	**38.9%**
	2021	753,149	12,251	–	507,070	21,694	–	4,383	430,288	210,406	1,939,241	59.2%	33.0%
Andrew Whitson	**2022**	**841,035**	**–**	**–**	**696,039**	**23,568**	**–**	**(53,643)**	**646,382**	**299,096**	**2,452,478**	**66.9%**	**38.6%**
	2021	736,302	13,849	–	507,070	21,694	–	(3,537)	593,506	229,758	2,098,642	63.4%	39.2%
Former Executive KMP													
Tiernan O'Rourke	**2022**	**419,056**	**–**	**–**	**320,625**	**11,784**	**633,333**	**32,573**	**287,461**	**22,522**	**1,727,354**	**36.5%**	**17.9%**
	2021	949,854	–	–	563,902	25,000	–	34,103	496,009	272,732	2,341,600	56.9%	32.8%
Consolidated remuneration													
	2022	**4,711,977**	**0**	**433,333**	**3,542,082**	**118,272**	**633,333**	**13,009**	**2,996,205**	**1,401,047**	**13,849,258**	**57.3**	**31.8**
	2021	3,219,604	26,100	216,667	1,933,132	95,506	0	46,307	1,889,160	899,512	8,325,988	56.7	33.5

1 Represents the fair value of securities and performance rights recognised in FY22. In the case of Tiernan O'Rourke, the value includes the accelerated accounting charge or reversal of equity retained or forfeited on departure.
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 August/September of the following financial year. For Tiernan O'Rourke, his pro-rata STI was paid 100% as cash.
6 Represents the contractual termination payment to Tiernan O'Rourke and a payment in lieu of the portion of his notice period not served.
7 Includes any change in accruals for long service leave.
8 Previously the DSTI component was amortised with reference to the fair value at the start of the deferral period. The 2021 comparatives have been restated to reflect the fair value at grant date. Andrew Whitson's DSTI component was also restated to reflect the revised amortisation period of his retention award.

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 4.5. The number of performance rights held during the year are set out below.

		Granted during year		Vested and exercised				
	Balance at 1 July 2021	Number	Value $[1]	Number	Value $[2]	Exercised into securities & remain subject to service conditions[3]	Forfeited / Lapsed	Balance at 30 June 2022
Executive Director								
Tarun Gupta[4]	-	959,338	1,817,073	-	-	-	-	959,338
Other Executive KMP								
Katherine Grace	569,742	170,065	302,716	(43,022)	198,762	(43,022)	(91,730)	562,033
Alison Harrop	-	-		-		-	-	-
Louise Mason	707,736	209,310	372,572	(53,777)	248,450	(53,777)	(114,663)	694,829
Andrew Whitson	707,736	209,310	372,572	(53,777)	248,450	(53,777)	(114,663)	694,829
Former Executive KMP								
Tiernan O'Rourke[5]	831,614	-	-	(62,740)	289,859	(53,457)	(412,131)	303,286

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.
3 For Tiernan O'Rourke, 9,282 securities were forfeited on termination in accordance with the plan rules and are accounted for in the Forfeited/Lapsed column.
4 The grant number consists of 654,094 performance rights awarded under the FY22 LTI plan and 305,244 performance rights awarded as compensation for incentives forfeited on ceasing employment with his previous employer to join Stockland.
5 The end balance is up to the date Tiernan was KMP (26 November 2021).

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 2021	DSTI granted[1]	Special grants[2]	LTI performance rights exercised	Purchased / (Sold or Forfeited)	Balance at 30 June 2022
Executive Director						
Tarun Gupta	346,414	-	-	-	-	346,414
Other Executive KMP						
Katherine Grace	317,328	38,711	-	86,044	(71,100)	370,983
Alison Harrop	-	-	-	-	-	-
Louise Mason	277,814	55,279	130,819	107,554	(197,854)	373,612
Andrew Whitson	588,758	55,279	-	107,554	(108,799)	642,792
Former Executive KMP						
Tiernan O'Rourke	772,188	61,475	-	125,479	(9,282)	949,860

1 The number of securities granted 1 July 2021 for the 2021 STI that vest over one and two years (i.e., 50% at 30 June 2022 and 50% at 30 June 2023).
2 Consists of securities awarded to Louise Mason as a one-off retention award. The award to Ms Mason is subject to a two-year vesting period that requires her ongoing employment with Stockland as at 30 June 2023.

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 2022	Maximum value of award to vest $	Fair value per instrument[2]		
								FFO	TSR	DSTI
Executive Director										
Tarun Gupta	FY22 LTI Tranche 1	Rights	20-Oct-21	1-Jul-21	30-Jun-24	327,047	578,873	n/a	1.77	
	FY22 LTI Tranche 2	Rights	20-Oct-21	1-Jul-21	30-Jun-25	327,047	578,873	n/a	1.77	
	Special Grant Tranche 1	Rights	23-Aug-21	1-Jul-21	1-Sep-23	76,311	164,832	n/a	2.16	
	Special Grant Tranche 2	Rights	23-Aug-21	1-Jul-21	1-Sep-24	76,311	164,832	n/a	2.16	
	Special Grant Tranche 3	Rights	23-Aug-21	1-Jul-21	1-Sep-25	76,311	164,832	n/a	2.16	
	Special Grant Tranche 4	Rights	23-Aug-21	1-Jul-21	1-Sep-26	76,311	164,832	n/a	2.16	
	Special Grant Tranche 1	Securities	21-Jun-21	1-Jun-21	1-Sep-22	72,747	339,001			4.66
	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
Other Executive KMP										
Katherine Grace	FY21 LTI Tranche 1	Rights	25-Feb-21	1-Jul-20	30-Jun-23	115,498	313,000	n/a	2.71	
	FY21 LTI Tranche 2	Rights	25-Feb-21	1-Jul-20	30-Jun-24	115,497	312,997	n/a	2.71	
	FY22 LTI Tranche 1	Rights	18-Oct-21	1-Jul-21	30-Jun-24	85,033	151,359	n/a	1.78	
	FY22 LTI Tranche 2	Rights	18-Oct-21	1-Jul-21	30-Jun-25	85,032	151,357	n/a	1.78	
	DSTI FY21 Tranche 2	Securities	18-Oct-21	1-Jul-20	30-Jun-23	19,355	89,033			4.60
Louise Mason	FY21 LTI Tranche 1	Rights	25-Feb-21	1-Jul-20	30-Jun-23	142,151	385,229	n/a	2.71	
	FY21 LTI Tranche 2	Rights	25-Feb-21	1-Jul-20	30-Jun-24	142,151	385,229	n/a	2.71	
	FY22 LTI Tranche 1	Rights	18-Oct-21	1-Jul-21	30-Jun-24	104,655	186,286	n/a	1.78	
	FY22 LTI Tranche 2	Rights	18-Oct-21	1-Jul-21	30-Jun-25	104,655	186,286	n/a	1.78	
	DSTI FY21 Tranche 2	Securities	18-Oct-21	1-Jul-20	30-Jun-23	27,639	127,139			4.60
	Retention Grant	Securities	24-Aug-21	20-Aug-21	30-Jun-23	130,819	607,000			4.64
Andrew Whitson	FY21 LTI Tranche 1	Rights	25-Feb-21	1-Jul-20	30-Jun-23	142,151	385,229	n/a	2.71	
	FY21 LTI Tranche 2	Rights	25-Feb-21	1-Jul-20	30-Jun-24	142,151	385,229	n/a	2.71	
	FY22 LTI Tranche 1	Rights	18-Oct-21	1-Jul-21	30-Jun-24	104,655	186,286	n/a	1.78	
	FY22 LTI Tranche 2	Rights	18-Oct-21	1-Jul-21	30-Jun-25	104,655	186,286	n/a	1.78	
	DSTI FY21 Tranche 2	Securities	18-Oct-21	1-Jul-20	30-Jun-23	27,639	127,139			4.60
	Retention Grant	Securities	1-Feb-21	1-Jan-21	31-Dec-23	188,569	850,446			4.51
Former Executive KMP										
Tiernan O'Rourke[3]	FY21 LTI Tranche 1	Rights	25-Feb-21	1-Jul-20	30-Jun-23	79,083	214,315	n/a	2.71	
	FY21 LTI Tranche 2	Rights	25-Feb-21	1-Jul-20	30-Jun-24	59,313	160,738	n/a	2.71	
	DSTI FY21 Tranche 1	Securities	18-Oct-21	1-Jul-20	26-Nov-22	30,738	141,395			4.60
	DSTI FY21 Tranche 2	Securities	18-Oct-21	1-Jul-20	26-Nov-22	30,737	141,390			4.60

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 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.

3 For Tiernan O'Rourke, the number of performance rights under the FY21 LTI has been reduced by a pro-rata amount on termination in accordance with the Plan Rules.

6. Non-Executive Director remuneration

6.1. POLICY AND APPROACH

Stockland's remuneration policy for Non-Executive Directors aims to ensure the Group can 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 Sustainability Committee was reconstituted on 21 February 2022, with Chair fees set at $45,000 and member fees at $17,500. The Chair fees for the Risk Committee, Audit Committee and People & Culture Committee were increased to $45,000 with effect from 1 April 2022. This was the first increase in non-executive director fees of any kind since 2015.

		FY23	FY22[1]
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	$17,500	$17,500
People & Culture	Chair	$45,000	$45,000
	Member	$17,500	$17,500
Sustainability[2]	Chair	$45,000	$45,000
	Member	$17,500	$17,500
SCPL Board[3]			
Chairman		N/A	$32,700
Non-Executive Director		N/A	$32,700
Independent Non-Executive Director		N/A	$30,000
SCPL Board Committees			
Audit and Risk	Chair	N/A	$15,260
	Member	N/A	$8,720

1 Increase in Committee Chair fee effective 1 April 2022
2 Fees for the reconstituted Sustainability Committee came into effect from 21 February 2022.
3 Stephen Newton and Barry Neil resigned from the SCPL Board on 6 October 2021.

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 FY23.

Total fees of $2,082,826 (83% of the approved limit) were paid to Non-Executive Directors in FY22. This amount was 5.5% higher than the total fees paid in FY21 primarily due to transition of directors joining and leaving the Board, the additional Sustainability Committee being formed and the increase in Committee Chair fees.

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	**2022**	**476,432**		**23,568**	**500,000**
	2021	478,306	–	21,694	500,000
Laurence Brindle	**2022**	**190,568**		**4,432**	**195,000**
	2021	115,531		6,344	121,875
Melinda Conrad	**2022**	**193,182**		**19,318**	**212,500**
	2021	191,781	–	18,219	210,000
Kate McKenzie	**2022**	**201,222**		**–**	**201,222**
	2021	195,000	–	–	195,000
Stephen Newton	**2022**	**231,975**		**14,547**	**246,522**
	2021	269,613	–	10,847	280,460
Christine O'Reilly	**2022**	**211,364**		**21,136**	**232,500**
	2021	210,046	–	19,954	230,000
Andrew Stevens	**2022**	**206,123**		**20,211**	**226,334**
	2021	191,781	–	18,219	210,000
Adam Tindall[2]	**2022**	**182,929**		**18,293**	**201,222**
	2021	–	–	–	–
Former Non-Executive Directors					
Barry Neil[3]	**2022**	**61,387**		**6,139**	**67,526**
	2021	207,945	–	19,755	227,700
Consolidated remuneration	**2022**	**1,955,182**		**127,645**	**2,082,826**
	2021	1,860,002	–	115,033	1,975,035

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 Adam Tindall commenced as a Non-executive director on 1 July 2021.

3 Barry Neil retired as a Non-executive director on 19 October 2021.

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 2021	Purchased / (Sold)	Balance at 30 June 2022
Non-Executive Directors			
Tom Pockett	50,000	-	50,000
Laurence Brindle	-	40,000	40,000
Melinda Conrad	60,000	-	60,000
Kate McKenzie	20,000	20,000	40,000
Stephen Newton	40,000	-	40,000
Christine O'Reilly	50,000	-	50,000
Andrew Stevens	40,000	-	40,000
Adam Tindall	-	40,000	40,000
Former Non-Executive Director			
Barry Neil[1]	76,718	-	76,718

1 Ceased as a Non-executive Director on 19 October 2021.

Financial report for the year ended 30 June 2022

Artist impression, Piccadilly, NSW

Consolidated statement of comprehensive income

Year ended 30 June		Stockland		Trust	
$M	Note	2022	2021	2022	2021
Revenue	1	**2,847**	2,641	**695**	723
Cost of property developments sold:					
• land and development		**(1,448)**	(1,368)	**–**	–
• capitalised interest		**(78)**	(90)	**–**	–
• utilisation of provision for impairment of inventories	6	**7**	34	**–**	–
Investment property expenses		**(220)**	(226)	**(226)**	(243)
Share of profits of equity-accounted investments	24	**40**	36	**40**	36
Management, administration, marketing and selling expenses		**(381)**	(305)	**(45)**	(40)
Impairment loss on trade and other receivables	9	**(23)**	(8)	**(23)**	(9)
Net change in fair value of investment properties:					
• Commercial Property	7	**705**	416	**682**	403
• Retirement Living	8	**(3)**	(6)	**–**	–
Net change in fair value of Retirement Living resident obligations	8	**–**	1	**–**	–
Net reversal of impairment of inventories	6	**6**	5	**–**	–
Net gain on other financial assets		**–**	1	**–**	–
Net gain/(loss) on sale of other non-current assets		**22**	(18)	**20**	(3)
Finance income	17	**3**	4	**194**	196
Finance expense	17	**(75)**	(90)	**(138)**	(150)
Net gain on financial instruments	17	**191**	63	**191**	63
Transaction costs		**(106)**	–	**–**	–
Profit before tax		**1,487**	1,090	**1,390**	976
Income tax (expense)/benefit	22	**(62)**	23	**–**	–
Profit from continuing operations		**1,425**	1,113	**1,390**	976
Loss from discontinued operation net of income tax	14	**(44)**	(8)	**–**	–
Profit after tax attributable to securityholders of Stockland		**1,381**	1,105	**1,390**	976
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		**30**	(74)	**30**	(74)
Cash flow hedges – reclassified to profit or loss		**5**	52	**5**	52
Other comprehensive income/(loss)		**35**	(22)	**35**	(22)
Total comprehensive income		**1,416**	1,083	**1,425**	954
Basic earnings per security (cents)	3	**57.9**	46.4	**58.3**	41.0
Diluted earnings per security (cents)	3	**57.7**	46.2	**58.1**	40.8
Continuing operations					
Basic earnings per security (cents)	14	**59.8**	46.7	**58.3**	41.0
Diluted earnings per security (cents)	14	**59.6**	46.5	**58.1**	40.8

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	2022	2021	2022	2021
Cash and cash equivalents	16	**378**	1,162	**219**	1,039
Receivables	9	**120**	130	**2,987**	16
Inventories	6	**1,076**	866	**–**	–
Other financial assets	18	**21**	124	**21**	124
Other assets		**159**	91	**97**	86
Discontinued operations, disposal group and non-current assets held for sale	14	**4,075**	166	**248**	166
Current assets		**5,829**	2,539	**3,572**	1,431
Receivables	9	**159**	172	**116**	2,762
Inventories	6	**2,660**	2,502	**–**	–
Investment properties – Commercial Property	7	**10,188**	9,337	**10,169**	9,352
Investment properties – Land Lease Communities	8	**303**	39	**–**	–
Investment properties – Retirement Living	8	**–**	3,561	**–**	–
Equity-accounted investments	24	**592**	392	**553**	399
Other financial assets	18	**290**	243	**280**	228
Property, plant and equipment		**164**	143	**–**	–
Intangible assets	13	**65**	77	**–**	–
Deferred tax assets	23	**6**	49	**–**	–
Other assets		**158**	251	**138**	176
Non-current assets		**14,585**	16,766	**11,256**	12,917
Assets		**20,414**	19,305	**14,828**	14,348
Payables	10	**980**	685	**459**	429
Borrowings	15	**936**	760	**936**	760
Retirement Living resident obligations	8	**10**	2,448	**–**	–
Development provisions	6	**261**	443	**40**	25
Other financial liabilities	18	**–**	3	**–**	3
Other liabilities	11	**86**	129	**27**	26
Discontinued operations and disposal group liabilities held for sale	14	**2,774**	–	**–**	–
Current liabilities		**5,047**	4,468	**1,462**	1,243
Payables	10	**313**	227	**–**	–
Borrowings	15	**3,536**	3,994	**3,536**	3,994
Retirement Living resident obligations	8	**4**	64	**–**	–
Development provisions	6	**465**	172	**158**	152
Other financial liabilities	18	**184**	260	**184**	260
Other liabilities	11	**504**	536	**27**	26
Non-current liabilities		**5,006**	5,253	**3,905**	4,432
Liabilities		**10,053**	9,721	**5,367**	5,675
Net assets		**10,361**	9,584	**9,461**	8,673
Issued capital	21	**8,655**	8,663	**7,358**	7,365
Reserves		**25**	(14)	**25**	(15)
Retained earnings/undistributed income		**1,681**	935	**2,078**	1,323
Securityholders' equity		**10,361**	9,584	**9,461**	8,673

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

			Reserves			
$M	Note	Issued capital	Security based payments	Cash flow hedges	Retained earnings	Equity
Balance at 30 June 2020		8,656	35	(27)	417	9,081
Profit for the year		–	–	–	1,105	1,105
Other comprehensive income, net of tax		–	–	(22)	–	(22)
Total comprehensive (loss)/income		–	–	(22)	1,105	1,083
Dividends and distributions	4	–	–	–	(587)	(587)
Security based payment expense	33	–	11	–	–	11
Acquisition of treasury securities	21	(4)	–	–	–	(4)
Securities vested under Security Plans	21	11	(11)	–	–	–
Other movements		7	–	–	(587)	(580)
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	33	**–**	**13**	**–**	**–**	**13**
Acquisition of treasury securities	21	**(17)**	**–**	**–**	**–**	**(17)**
Securities vested under Security Plans	21	**9**	**(9)**	**–**	**–**	**–**
Other movements		**(8)**	**4**	**–**	**(635)**	**(639)**
Balance at 30 June 2022		**8,655**	**39**	**(14)**	**1,681**	**10,361**

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	Undistributed income	Equity
Balance at 30 June 2020		7,358	33	(27)	934	8,298
Profit for the year		–	–	–	976	976
Other comprehensive income, net of tax		–	–	(22)	–	(22)
Total comprehensive (loss)/income		–	–	(22)	976	954
Dividends and distributions	4	–	–	–	(587)	(587)
Security based payment expense		–	11	–	–	11
Acquisition of treasury securities	21	(3)	–	–	–	(3)
Securities vested under Security Plans	21	10	(10)	–	–	–
Other movements		7	1	–	(587)	(579)
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**
Dividends and distributions	4	**–**	**–**	**–**	**(635)**	**(635)**
Security based payment expense		**–**	**13**	**–**	**–**	**13**
Acquisition of treasury securities	21	**(15)**	**–**	**–**	**–**	**(15)**
Securities vested under Security Plans	21	**8**	**(8)**	**–**	**–**	**–**
Other movements		**(7)**	**5**	**–**	**(635)**	**(637)**
Balance at 30 June 2022		**7,358**	**39**	**(14)**	**2,078**	**9,461**

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	2022[1]	2021[1]	2022	2021
Receipts in the course of operations (including GST)		**3,001**	2,931	**750**	903
Payments in the course of operations (including GST)		**(1,511)**	(1,434)	**(272)**	(414)
Payments for land		**(618)**	(477)	**–**	–
Distributions received from equity-accounted investments		**25**	20	**24**	20
Receipts from Retirement Living residents		**311**	326	**–**	–
Payments to Retirement Living residents, net of DMF		**(145)**	(169)	**–**	–
Interest received		**3**	4	**194**	196
Interest paid		**(148)**	(154)	**(148)**	(154)
Net cash flows from operating activities	29	**918**	1,047	**548**	551
Proceeds from sale of investment properties		**491**	568	**313**	542
Payments to acquire a business		**(655)**	–	**–**	–
Payments for and development of investment properties:					
• Commercial Property		**(531)**	(318)	**(520)**	(317)
• Land Lease Communities		**(17)**	–	**–**	–
• Retirement Living		**(57)**	(68)	**–**	–
Payments for plant, equipment and software		**(22)**	(20)	**–**	–
Payments for investments (including equity-accounted)		**(185)**	(24)	**(138)**	(21)
Loans to other parties		**–**	(43)	**–**	(12)
Loans (to)/from related entities		**–**	–	**(320)**	357
Net cash flows from investing activities		**(976)**	95	**(665)**	549
Payments for treasury securities under Security Plans	21	**(17)**	(4)	**(15)**	(3)
Proceeds from borrowings	29	**3,980**	665	**3,980**	665
Repayments of borrowings	29	**(4,058)**	(561)	**(4,058)**	(559)
Payments for derivatives and financial instruments		**(7)**	–	**(7)**	–
Dividends and distributions paid	4	**(603)**	(523)	**(603)**	(523)
Net cash flows from financing activities		**(705)**	(423)	**(703)**	(420)
Net movement in cash and cash equivalents		**(763)**	719	**(820)**	680
Cash and cash equivalents at the beginning of the year		**1,162**	443	**1,039**	359
Cash and cash equivalents at the end of the period		**399**	1,162	**219**	1,039
Less: amounts classified as held for sale	14	**(21)**	–	**–**	–
Cash and cash equivalents at the end of the period from continuing operations		**378**	1,162	**219**	1,039

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 2022.

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 2022 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 2021. Refer to note 37 for further details of the amended Accounting Standards adopted during the year.

NET CURRENT ASSET POSITION

Stockland and the Trust generated positive cash flows from operations of $918 million and $548 million respectively during the year. Undrawn bank facilities of $730 million (refer to note 15), of which $430 million expires after 30 June 2023, 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.

Stockland has a prima facie net current asset surplus of $782 million at 30 June 2022 (2021: $1,929 million deficit). The prima facie net current asset deficiency for continuing operations excluding assets, disposal groups and discontinued operations held for sale is $519 million. The Trust has a prima facie net current asset surplus of $2,110 million (2021: $188 million surplus).

Stockland

In relation to Stockland, some assets held as non-current will generate cash income in the next 12 months (including residential development work in progress).

The assets and liabilities that are part of the Retirement Living business, together with a number of other non-current assets and liabilities, have been classified as held for sale at 30 June 2022 and are expected to result in net cash inflows within the next 12 months. The sale of the Retirement Living business completed on 29 July 2022.

In the short term, the net cash inflows arising from the sale of the held for sale assets and liabilities will be held as cash, or used to repay borrowings, thereby providing Stockland with additional liquidity to meet the prima facie net current asset deficiency excluding assets, disposal groups and discontinued operations held for sale of $519 million.

Furthermore, current inventories are held on the balance sheet at the lower of cost and net realisable value (NRV), whereas most of these are expected to generate cash inflows above carrying value.

Trust

The net current asset surplus in the Trust primarily arises due to the intergroup loan receivable which is classified as a current asset. The intergroup loan is due to mature in the next 12 months and is currently under review.

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 – assumptions underlying net realisable value, profit margin recognition and Whole of Life (WOL) accounting – Note 6
- Commercial Property – assumptions underlying fair value – Note 7
- Land Lease Communities – assumptions underlying fair value – Note 8
- Derivatives – assumptions underlying fair value – Note 18
- Valuation of security based payments – assumptions underlying fair value – Note 21
- Tax losses – assumptions underlying recognition and recoverability – Note 23

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

Year ended $M	Residential	Land Lease Communities	Retirement Living[1]	Communities subtotal	Commercial Property	Other	Stockland	Trust
30 June 2022								
Property development sales[2]	**1,837**	**111**	**6**	**1,954**	**107**	**–**	**2,061**	**–**
Outgoings recoveries[3]	**–**	**–**	**–**	**–**	**70**	**–**	**70**	**70**
Revenue from contracts with customers	**1,837**	**111**	**6**	**1,954**	**177**	**–**	**2,131**	**70**
Rental income[4]	**1**	**14**	**4**	**19**	**617**	**–**	**636**	**622**
DMF revenue[4]	**–**	**–**	**43**	**43**	**–**	**–**	**43**	**–**
Other revenue	**24**	**2**	**–**	**26**	**11**	**–**	**37**	**3**
Statutory revenue from continuing operations	**1,862**	**127**	**53**	**2,042**	**805**	**–**	**2,847**	**695**
Amounts classified as discontinued operations	**–**	**–**	**129**	**129**	**–**	**–**	**129**	**–**
Statutory revenue	**1,862**	**127**	**182**	**2,171**	**805**	**–**	**2,976**	**695**
Amortisation of lease incentives	**–**	**–**	**–**	**–**	**87**	**–**	**87**	**87**
Straight-line rent	**–**	**–**	**–**	**–**	**2**	**–**	**2**	**2**
Unrealised DMF revenue[4]	**–**	**–**	**(28)**	**(28)**	**–**	**–**	**(28)**	**–**
Segment revenue	**1,862**	**127**	**154**	**2,143**	**894**	**–**	**3,037**	**784**
Less: amounts classified as discontinued operations	**–**	**–**	**(129)**	**(129)**	**–**	**–**	**(129)**	**–**
Segment revenue from continuing operations	**1,862**	**127**	**25**	**2,014**	**894**	**–**	**2,908**	**784**
30 June 2021								
Property development sales[2]	1,843	2	34	1,879	–	–	1,879	–
Outgoings recoveries[3]	–	–	–	–	72	–	72	71
Revenue from contracts with customers	1,843	2	34	1,879	72	–	1,951	71
Rental income[4]	–	–	4	4	644	–	648	649
DMF revenue[4]	–	–	16	16	–	–	16	–
Other revenue	16	–	1	17	8	1	26	3
Statutory revenue from continuing operations	1,859	2	55	1,916	724	1	2,641	723
Amounts classified as discontinued operations			115	115			115	
Statutory revenue	1,859	2	170	2,031	724	1	2,756	723
Amortisation of lease incentives	–	–	–	–	79	–	79	79
Straight-line rent	–	–	–	–	1	–	1	2
Unrealised DMF revenue[4]	–	–	(46)	(46)	–	–	(46)	–
Segment revenue	1,859	2	124	1,985	804	1	2,790	804
Less: amounts classified as discontinued operations	–	–	(115)	(115)	–	–	(115)	–
Segment revenue from continuing operations	1,859	2	9	1,870	804	1	2,675	804

1 Includes the results of a discontinued operation classified as held for sale at 30 June 2022. Refer to note 14A for further details.
2 Property development sales revenue is recognised under AASB 15 Revenue from Contracts with Customers at a point in time when control of the asset passes to the customer. Refer to note 1A for further details of revenue from property development sales by state.
3 Revenue related to outgoings recoveries is recognised under AASB 15 over time in the accounting period in which the performance obligations are met.
4 Commercial Property and Land Lease Communities rental income and Retirement Living DMF revenue meet 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.

RENT FROM INVESTMENT PROPERTIES

Rent from investment properties includes lease revenue and outgoings recoveries 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. See note 12 for the treatment of rent abatements granted in response to COVID-19 and note 9 for the treatment of expected credit losses on lease receivables.

Outgoings recoveries are recognised in accordance with AASB 15 *Revenue from Contracts with Customers* 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.

Rent from investment properties includes $7 million (2021: $5 million) contingent rents billed to tenants. Contingent rents are derived from the tenants' revenues and represent 1.0% (2021: 0.7%) of gross lease income.

MANAGEMENT FEE REVENUE

Management fee revenue includes fees for services performed by Stockland to manage developments, properties and investments, and for related administrative, sales, leasing and marketing activities. 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 (JV) or capital partnership, Stockland only recognises revenue from fees charged to the JV 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.

DEFERRED MANAGEMENT FEE (DMF) REVENUE

The DMF is recognised over the tenancy period and includes both fixed fees recognised on a straight–line basis and contingent fees recognised when earned.

The DMF calculated on the entry price of the unit is recognised each period; however, fees are only realised in cash upon receipt of the next incoming resident's loan.

The DMF calculated on the exit price of the unit is recognised and realised in cash upon receipt of the next incoming resident's loan, or when it is withheld under an approved investment proposal for development.

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.

1A. Breakdown of revenue from property development sales

Residential revenue from property development by major product and geographical area is disaggregated as follows:

Year ended $M	NSW	QLD	VIC	WA	Residential
30 June 2022					
Residential communities	**512**	**378**	**611**	**98**	**1,599**
Townhomes	**66**	**49**	**103**	**20**	**238**
Property development sales	**578**	**427**	**714**	**118**	**1,837**
30 June 2021					
Residential communities	404	382	570	225	1,581
Townhomes	88	55	102	17	262
Property development sales	492	437	672	242	1,843

PROPERTY DEVELOPMENT SALES

Revenue from land and property sales is recognised when control over the property has been transferred to the customer. The properties generally have no alternative use for Stockland due to contractual restrictions. However, an enforceable right to payment does not arise until legal title, and therefore control of the asset, has passed to the customer. Therefore, revenue is recognised at a point in time when legal title, and therefore control of the asset, has passed to the customer.

2. OPERATING SEGMENTS

STOCKLAND

Stockland has five reportable segments, as listed below:

- Commercial Property – invests in, designs, develops and manages Retail Town Centres, Workplace and Logistics properties;
- Residential – delivers a range of masterplanned and mixed use residential communities in growth areas, and townhomes and apartments in general metropolitan areas;
- Land Lease Communities – invests in, designs, develops, manages and delivers lifestyle communities for over 50s;
- Retirement Living[1] – invests in, designs, develops, manages and delivers communities for over 55s and retirees; and
- Other – dividends/distributions from strategic investments and other items which are not able to be classified within any of the other defined segments.

Together, Residential, Land Lease Communities and Retirement Living represent Stockland's Communities business.

Measurement of segment results

FFO is a non-IFRS measure that is designed to present, in the opinion of the Chief Operating Decision Maker (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 also excludes income tax items that do not result in a cash flow.

A reconciliation from FFO to profit after tax is presented in note 2.A.

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 and incentives and leasing costs from FFO.

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

TRUST

The Trust has one reportable segment in which it operates, being Commercial Property. Therefore, no separate segment note has been prepared. The CODM monitors the performance of the Trust in a manner consistent with that of the financial report. Refer to the consolidated statement of comprehensive income for the segment financial performance and the consolidated balance sheet for the assets and liabilities.

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

[1] The sale of the Retirement Living business completed on 29 July 2022 and the business is classified as a discontinued operation held for sale at 30 June 2022. Refer to note 14A for further details.

2A. Reconciliation of FFO to profit after tax

FFO excludes adjustments such as unrealised fair value gains/losses, realised transactions occurring infrequently and those that are outside the course of Stockland's core ongoing business activities.

Year ended 30 June	Stockland	
$M	**2022[1]**	**2021**
FFO	**851**	788
Adjust for:		
Amortisation of lease incentives	**(87)**	(79)
Amortisation of lease fees	**(14)**	(13)
Straight–line rent	**(2)**	(1)
Net unrealised change in fair value of Commercial Property investment properties[2]	**738**	433
Net unrealised change in fair value of Land Lease Communities investment properties[3]	**(8)**	–
Net unrealised change in fair value of Retirement Living investment properties	**(29)**	(74)
Net unrealised change in fair value of Retirement Living obligations	**(126)**	(18)
Unrealised DMF revenue	**28**	46
Net gain on financial instruments	**191**	63
Net gain on other financial assets	**–**	1
Net gain/(loss) on sale of other non–current assets	**19**	(18)
Net reversal of impairment of inventories	**6**	5
Income tax non–cash	**(43)**	27
Other one–off costs[4]	**(143)**	(55)
Profit after tax	**1,381**	1,105
Loss from discontinued operations net of income tax	**44**	8
Profit after tax from continuing operations	**1,425**	1,113

1 Includes the results of a discontinued operation classified as 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 (2022: $32 million gain; 2021: $17 million gain) and fair value unwinding of ground leases recognised under AASB 16 (2022: $1 million; 2021: $1 million).
3 Includes Stockland's share of revaluation relating to properties held through joint ventures (2022: $8 million loss; 2021: $nil).
4 One-off costs include transaction costs relating to the acquisition of Halcyon's land lease communities business and 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	Residential	Land Lease Communities	Retirement Living[1]	Communities subtotal	Commercial Property	Other	Stockland
30 June 2022							
Segment revenue[2,3]	**1,862**	**127**	**154**	**2,143**	**894**	**–**	**3,037**
Segment EBIT[2,3]	**408**	**17**	**99**	**524**	**553**	**–**	**1,077**
Amortisation of lease fees	**–**	**–**	**–**	**–**	**14**	**–**	**14**
Interest expense in cost of sales[4]	**(72)**	**(2)**	**(2)**	**(76)**	**(3)**	**–**	**(79)**
Segment FFO[5]	**336**	**15**	**97**	**448**	**564**	**–**	**1,012**
Finance income							**3**
Finance expense							**(75)**
Unallocated corporate and other expenses							**(89)**
FFO[6]							**851**
Maintenance capital expenditure[7]							**(53)**
Incentives and leasing costs[8]							**(69)**
AFFO[6]							**729**
30 June 2021							
Segment revenue[2,3]	1,859	2	124	1,985	804	1	2,790
Segment EBIT[2,3]	420	–	59	479	545	–	1,024
Amortisation of lease fees	–	–	–	–	13	–	13
Interest expense in cost of sales[4]	(89)	–	(5)	(94)	–	–	(94)
Segment FFO[5]	331	–	54	385	558	–	943
Finance income							4
Finance expense							(90)
Unallocated corporate and other expenses							(69)
FFO[6]							788
Maintenance capital expenditure[7]							(61)
Incentives and leasing costs[8]							(76)
AFFO[6]							651

1 Includes the results of a discontinued operation classified as held for sale at 30 June 2022. Refer to note 14A for further details.
2 Commercial Property segment revenue and EBIT adds back $87 million (2021: $79 million) of amortisation of lease incentives and excludes $2 million (2021: $1 million) of straight-line rent adjustments.
3 Retirement Living segment revenue and EBIT excludes $28 million (2021: $46 million) of unrealised DMF revenue.
4 $1 million (2021: $4 million) interest expense in Retirement Living is contained in the fair value adjustment of investment properties.
5 Commercial Property segment FFO includes share of profits from equity-accounted investments of $21 million (2021: $20 million) and LLC segment FFO includes share of profits from equity-accounted investments of $14 million (2021: nil).
6 Includes the results of an operation that was discontinued during the current year. Refer to note 14A 'Discontinued operation held for sale' for further details.
7 Maintenance capital expenditure includes $7 million (2021: $6 million) of Retirement Living maintenance capital expenditure.
8 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	Residential	Land Lease Communities	Retirement Living[1]	Communities subtotal	Commercial Property	Unallocated	Stockland
30 June 2022							
Real estate related assets[2,3]	**3,470**	**709**	**3,653**	**7,832**	**11,314**	**128**	**19,274**
Other assets	**173**	**199**	**5**	**377**	**95**	**668**	**1,140**
Assets	**3,643**	**908**	**3,658**	**8,209**	**11,409**	**796**	**20,414**
Retirement Living resident obligations[4]	**–**	**–**	**2,675**	**2,675**	**–**	**–**	**2,675**
Borrowings	**–**	**–**	**–**	**–**	**–**	**4,472**	**4,472**
Other liabilities	**1,761**	**139**	**96**	**1,996**	**548**	**362**	**2,906**
Liabilities	**1,761**	**139**	**2,771**	**4,671**	**548**	**4,834**	**10,053**
Net assets/(liabilities)[1]	**1,882**	**769**	**887**	**3,538**	**10,861**	**(4,038)**	**10,361**
30 June 2021							
Real estate related assets[2,3]	3,216	47	3,570	6,833	10,351	129	17,313
Other assets	192	–	79	271	72	1,649	1,992
Assets	3,408	47	3,649	7,104	10,423	1,778	19,305
Retirement Living resident obligations	–	–	2,512	2,512	–	–	2,512
Borrowings	–	–	–	–	–	4,754	4,754
Other liabilities	1,461	–	80	1,541	403	511	2,455
Liabilities	1,461	–	2,592	4,053	403	5,265	9,721
Net assets/(liabilities)	1,947	47	1,057	3,051	10,020	(3,487)	9,584

1 Includes the results of a discontinued operation classified as 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 $476 million (2021: $392 million) in Commercial Property and $116 million (2021: $nil) in LLC. Refer to note 24 for further details.
4 Includes Retirement Living resident obligations held for sale.

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	
	2022	**2021**	**2022**	**2021**
Profit after tax attributable to shareholders ($M)	**1,381**	1,105	**1,390**	976
WANOS used in calculating basic EPS	**2,383,353,753**	2,382,771,858	**2,383,353,753**	2,382,771,858
Basic EPS (cents)[1]	**57.9**	46.4	**58.3**	41.0
Effect of rights and securities granted under Security Plans[2]	**8,212,562**	9,887,792	**8,212,562**	9,887,792
WANOS used in calculating diluted EPS	**2,391,566,315**	2,392,659,650	**2,391,566,315**	2,392,659,650
Diluted EPS (cents)[1]	**57.7**	46.2	**58.1**	40.8

1 Balance includes 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 2022 is $14 million based on a 30% tax rate (2021: $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 (%)	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Interim distribution	**28 February**	26 February	**12.0**	11.3	**286**	270	**39.2**	14.9
Final distribution	**31 August**	31 August	**14.6**	13.3	**349**	317	**37.8**	21.1
Total distribution			**26.6**	24.6	**635**	587	**36.7**	18.2

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 ($M)	Note	2022	2021
FFO[1]	2	**851**	788
Weighted average number of securities used in calculating basic EPS	3	**2,383,353,753**	2,382,771,858
FFO per security		**35.7**	33.1
Distribution per security for the year		**26.6**	24.6
Payout ratio		**75%**	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

STOCKLAND AND TRUST

On 23 February 2022, the Group announced that it had entered into a binding agreement whereby Ivanhoé Cambridge will acquire a 49.0% interest in The M_Park Trust (TMPT). Ivanhoé Cambridge will initially invest in M_Park Stage One at Macquarie Park, Sydney on a fund through basis in TMPT, and Stockland will earn investment management, development management and property management fees. Foreign Investment Review Board (FIRB) approval was received during the year. At 30 June 2022, the carrying value of M_Park is recognised in assets held for sale (refer to note 14C). On 1 July 2022, the sale of 49.0% of the shares in TMPT to Ivanhoé Cambridge was completed for a total of $33 million.

On 23 February 2022, the Group announced that it had entered into a binding agreement with Mitsubishi Estate Asia (MEA) to establish the Stockland Residential Rental Partnership (SRRP), a long-term partnership to develop and own land lease communities (LLC). The initial portfolio will comprise six land lease communities currently in development. These include four communities acquired as part of the Halcyon acquisition and two Stockland communities, and their associated assets and liabilities. MEA and Stockland co-invested in the SRRP Development Trust and the Stockland Residential Partnership Trust (together "SRRP"),which will acquire development LLC opportunities from Stockland. Under the agreement, Stockland will develop, lease and manage the properties on behalf of SRRP in exchange for management and development fees. FIRB approval was received by MEA during the year, and the first three communities settled into SRRP on 31 May 2022 for a payment of $294 million from SRRP to Stockland. At 30 June 2022, the carrying value of the assets and liabilities relating to the remaining three properties is recognised in disposal groups held for sale (refer to note 14B). On 1 July 2022, two of the remaining three properties settled into SRRP for a total of $62 million. The remaining property is expected to settle into SRRP upon satisfaction of a condition precedent.

On 23 February 2022, the Group announced that it had entered into a binding Sale and Purchase Agreement with EQT Infrastructure (EQT), whereby EQT will acquire ownership of Stockland's Retirement Living business for approximately $987 million. The disposal price is materially in line with Stockland's book value for the business prior to transaction costs. To facilitate an effective transfer of ownership, Stockland will provide administrative support for a period post settlement of the transaction under a Transitional Services Agreement. The Sale and Purchase Agreement was conditional on EQT receiving FIRB approval, which was received in July 2022. At 30 June 2022, the Retirement Living business was recognised as a discontinued operation held for sale (refer to note 14A). The sale of the Retirement Living business was completed on 29 July 2022 for a total payment to Stockland of $934 million. The adjustment to the sales price was primarily due to factors such as working capital and stock movements including higher than expected sales of trading stock between the announcement and completion date.

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 period 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	**2022**			**2021**		
$M	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Completed inventory						
Cost of acquisition	**139**	**–**	**139**	158	–	158
Development and other costs	**135**	**–**	**135**	140	–	140
Interest capitalised	**5**	**–**	**5**	7	–	7
Completed inventory[1]	**279**	**–**	**279**	305	–	305
Development work in progress						
Cost of acquisition	**418**	**2,028**	**2,446**	260	1,775	2,035
Development and other costs	**185**	**244**	**429**	125	379	504
Interest capitalised	**54**	**265**	**319**	65	264	329
Impairment provision	**(5)**	**(77)**	**(82)**	(15)	(73)	(88)
Residential communities	**652**	**2,460**	**3,112**	435	2,345	2,780
Cost of acquisition	**–**	**76**	**76**	–	122	122
Development and other costs	**–**	**12**	**12**	–	17	17
Interest capitalised	**–**	**–**	**–**	–	3	3
Apartments	**–**	**88**	**88**	–	142	142
Cost of acquisition	**28**	**99**	**127**	–	–	–
Development and other costs	**27**	**13**	**40**	2	6	8
Land Lease Communities	**55**	**112**	**167**	2	6	8
Cost of acquisition	**88**	**–**	**88**	99	7	106
Development and other costs	**42**	**–**	**42**	19	2	21
Interest capitalised	**6**	**–**	**6**	6	–	6
Logistics	**136**	**–**	**136**	124	9	133
Development work in progress	**843**	**2,660**	**3,503**	561	2,502	3,063
Less: amounts classified as held for sale	**(46)**	**–**	**(46)**	–	–	–
Inventories	**1,076**	**2,660**	**3,736**	866	2,502	3,368

1 Mainly comprises residential communities. Includes Aspire villages of $5 million (30 June 2021: $7 million). No apartments or logistics 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	Residential communities
Balance at 1 July 2021	88
Amounts utilised	**(7)**
Reversal of provisions previously recorded	**(11)**
Additional provisions created	**12**
Balance at 30 June 2022	**82**

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 and is 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 $618 million (2021: $477 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 3.1 to 3.7% during the financial year (2021: 3.6 to 3.9%).

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 2022 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 2022 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 2022.

Stockland	Sales price	Average 3 year price growth[1]	1 year sales rate
$M	**5% Decrease**	**0%**	**25% reduction**
Additional impairment charge on inventories	**(41)**	**(94)**	**–**

1 The average 3 year price growth underpinning the 30 June 2022 impairment assessment is 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 approved by the General Manager, Communities Sales and 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 property-specific factors such as building design and locations when assessing sales volumes and pricing.

DEVELOPMENT COST PROVISIONS

As at 30 June	2022			2021		
$M	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Development cost provisions[1]	**300**	**465**	**765**	443	172	615
Less: amounts classified as held for sale	**(39)**	**–**	**(39)**	–	–	–
Development cost provisions from continuing operations	**261**	**465**	**726**	443	172	615

1 Includes $241 million (2021: $177 million) provisions relating to Commercial Property investment property assets.

	$M
Balance at 1 July 2021	615
Additional provisions	**200**
Amounts utilised	**(50)**
Less: amounts classified as held for sale	**(39)**
Balance at 30 June 2022	**726**

The development cost provisions reflect obligations as at 30 June 2022 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. Onerous contract costs have also been recognised in relation to property development agreements where, due to changes in market conditions, the expected benefit is lower than the committed cost, and is measured at the net obligation under the contracts.

7. COMMERCIAL INVESTMENT PROPERTY

As at 30 June	Stockland		Trust	
$M	2022	2021	2022	2021
Retail Town Centres	**5,492**	5,421	**5,426**	5,369
Logistics	**3,065**	2,466	**3,065**	2,466
Workplace	**2,170**	1,994	**2,203**	2,033
Social infrastructure	**70**	51	**–**	–
Capital works in progress and sundry properties	**522**	449	**467**	392
Book value of commercial property	**11,319**	10,381	**11,161**	10,260
Less amounts classified as:				
• cost to complete provision	**(13)**	(13)	**(13)**	(13)
• property, plant and equipment	**(133)**	(129)	**–**	–
• non-current assets held for sale	**(248)**	(166)	**(248)**	(166)
• other assets (including lease incentives and fees)	**(220)**	(250)	**(218)**	(246)
• other assets (including lease incentives and fees) attributable to equity-accounted investments	**(5)**	(2)	**(5)**	(2)
• other receivables (straight-lining of rental income)	**(63)**	(72)	**(59)**	(69)
• other receivables (straight-lining of rental income) attributable to equity-accounted investments	**(7)**	(3)	**(7)**	(3)
Investment properties (including Stockland's share of investment properties held by equity-accounted investments)	**10,630**	9,746	**10,611**	9,761
Less: Stockland's share of investment properties held by equity-accounted investments	**(442)**	(409)	**(442)**	(409)
Investment properties	**10,188**	9,337	**10,169**	9,352
Net carrying value movements				
Balance at 1 July	**9,337**	8,890	**9,352**	8,921
Acquisitions	**193**	67	**193**	67
Expenditure capitalised	**338**	213	**327**	211
Transfers to non-current assets held for sale	**(241)**	(153)	**(241)**	(153)
Movement in ground leases of investment properties	**(1)**	(1)	**(1)**	(1)
Disposals	**(143)**	(96)	**(143)**	(96)
Net change in fair value	**705**	417	**682**	403
Balance at 30 June	**10,188**	9,337	**10,169**	9,352

INVESTMENT PROPERTIES

Commercial Property comprises investment interests in land and buildings including integral plant and equipment held for the purpose of producing rental income, capital appreciation or both.

Commercial Property is initially recognised at cost including any acquisition costs and subsequently stated at fair value at each balance date. Fair value is based on the latest independent valuation adjusted for capital expenditure and capitalisation and amortisation of lease incentives since the date of the independent valuation report. Any gain or loss arising from a change in fair value is recognised in profit or loss in the period. The valuation of Commercial Property is a key area of accounting estimation and judgement for Stockland.

Commercial Property under development is classified as investment property and stated at fair value at each balance date. 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.

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.

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.

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. Fair value measurement, valuation techniques and inputs

The adopted valuations (both internal and external) for investment properties in the Retail Town Centres, Logistics and Workplace portfolios 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. 60% of the Retail Town Centres property portfolio, 58% of the Workplace property portfolio and 81% of the Logistics property portfolio were independently valued.

The adopted value of properties in the properties under development portfolio is based on an internal tolerance check performed by the Directors at each reporting date. The tolerance check takes into account the expected cost of completion, the stage of completion, the risk associated with the project, expected underlying income and the income capitalisation method.

Based on available information at 30 June 2022 and information arising since that date about both 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.

In addition, using this information, the sensitivity of key drivers to further fair value movements has been analysed across the carrying value of Commercial Property at 30 June 2022. Commercial Property 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 and they do not represent management's estimate at 30 June 2022.

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	268	(233)	107	(105)	(290)	290
• Logistics	217	(191)	65	(64)	(184)	184
• Workplace	96	(87)	37	(36)	(102)	102
Commercial Property	**581**	**(511)**	**209**	**(205)**	**(576)**	**576**

The following table shows the valuation techniques used in measuring the fair value of Commercial Property excluding assets held for sale, as well as significant unobservable inputs used.

Class of property	Fair value hierarchy	Valuation technique	Inputs used to measure	2022	2021
Retail Town Centres	Level 3	DCF and income capitalisation method	Net market rent (per sqm p.a.)	\$186 - \$700	\$185 - \$696
			10 year average specialty market rental growth	2.44 - 3.40%	2.28 - 3.02%
			Adopted capitalisation rate	5.00 - 6.75%	5.50 - 7.00%
			Adopted terminal yield	5.25 - 7.00%	5.75 - 7.25%
			Adopted discount rate	5.75 - 7.75%	6.75 - 7.75%
Logistics	Level 3	DCF and income capitalisation method	Net market rent (per sqm p.a.)	\$77 - \$195	\$75 - \$187
			10 year average market rental growth	2.99 - 3.75%	2.67 - 3.55%
			Adopted capitalisation rate	3.63 - 5.00%	3.75 - 5.50%
			Adopted terminal yield	3.75 - 5.25%	4.00 - 5.75%
			Adopted discount rate	5.25 - 6.00%	5.50 - 6.25%
Workplace	Level 3	DCF and income capitalisation method	Net market rent (per sqm p.a.)	\$332 - \$934	\$352 - \$902
			10 year average market rental growth	3.01 - 3.69%	2.77 - 3.99%
			Adopted capitalisation rate	4.75 - 8.25%	5.00 - 8.00%
			Adopted terminal yield	5.00 - 8.50%	5.25 - 8.25%
			Adopted discount rate	5.75 - 8.50%	6.00 - 8.25%
Properties under development	Level 3	Income capitalisation method	Net market rent (per sqm p.a.)	\$85 - \$474	\$100 - \$489
			Adopted capitalisation rate	3.30 - 4.80%	4.50 - 5.75%

Key inputs used to measure fair value for Commercial Property 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 wherein 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 the prior external valuation.
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 the prior external valuation.
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 the prior external valuation.

VALUATION PROCESS

The valuation team is responsible for managing the valuation process across Stockland's Commercial Property investment 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.

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 attract premium rents which support higher 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.

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. For the Retail Town Centres, Workplace and Logistics classes, 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 plus any capital expenditure since the 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 Commercial Property 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 Commercial Property 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 by reference to the value of the property when complete, less deductions for costs required to complete the project and appropriate adjustments for profit and risk. The fair value is compared to the current book value. In ordinary years:

- 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.

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 above.
- 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.

SENSITIVITY INFORMATION

Significant input	Impact on fair value of an increase in input	Impact on fair value of a decrease in input
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 net market rent has a strong interrelationship with the adopted capitalisation rate given the methodology involves assessing the total net market income receivable from the property and capitalising this in perpetuity to derive a capital value. In theory, an increase in the net market rent 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 net market rent and a decrease (tightening) in the adopted capitalisation rate. A directionally opposite change in the net market rent 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.

8. COMMUNITIES INVESTMENT PROPERTY

KEEPING IT SIMPLE

LAND LEASE COMMUNITIES (LLC)

Stockland owns, operates and develops a portfolio of Land Lease Communities. 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 relating to 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 recognised at cost as investment property, and are included in the fair value of the property.

Halcyon acquisition

On 17 August 2021, Stockland acquired control of 100% of Halcyon's LLC business, which includes six established communities with a further four under development and three in planning. Refer to note 36 for acquisition-related disclosures.

Stockland Residential Rental Partnership (SRRP)

On 31 May 2022, SRRP was established as a capital partnership to develop and manage LLC. SRRP will initially comprise of six communities transferred from the LLC business. Further transfers of LLC assets to SRRP are expected over the next financial year. Refer to note 24 Joint Ventures for further information on SRRP.

RETIREMENT LIVING

Stockland offers a range of independent living retirement products to meet the needs of its customers. Customers have a choice of dwelling type and contractual arrangement, depending on their individual preferences, personal circumstances, and the services and support that they require.

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 Discontinued Operations for further details.

Deferred management fee (DMF) contract

Retirement Living residents lend Stockland an amount equivalent to the value of the dwelling in exchange for a lease to reside in the village and to access community facilities, which are Stockland owned and maintained, for as long as the resident desires. Stockland records this loan as a resident obligation liability.

During the resident's tenure, Stockland earns DMF revenue, which is calculated based on the individual resident contract and depends on the dwelling type, location and specific terms within the agreement. The contract will specify the DMF rate charged each year and the maximum DMF that will be charged across the life of the contract.

The DMF for an individual resident contract covers the right to reside in the dwelling and the resident's share of up-front capital costs of building the common infrastructure of the village and allows the resident to pay for these at the end of their tenancy. DMF revenue is included in Retirement Living FFO only when Stockland receives the accumulated DMF in cash after a resident leaves. The accrued portion of DMF revenue forms part of statutory profit only and not FFO. The contracts determine how Stockland and the resident will share any net capital gain or loss when the dwelling is re-leased to the next resident and this can range from 0% to 100%.

The Retirement Living segment result also includes the settled development margin associated with new villages and village expansions or redevelopments. This margin represents the unit price realised on first lease less the cost of development and is recognised in FFO on settlement of a newly developed unit.

Unrealised fair value gains or losses from revaluations of investment property and resident obligations are excluded from FFO.

Following the sale of the Retirement Living business, Stockland will eventually end its exposure to DMF contracts.

8A. Net carrying value

NET CARRYING VALUE LAND LEASE COMMUNITIES INVESTMENT PROPERTIES

As at 30 June	Stockland	
$M	2022	2021
Established communities	183	–
Communities under development	218	39
Net carrying value of LLC investment properties	**401**	39
Less: amounts classified as held for sale	(98)	–
Net carrying value of LLC investment properties from continuing operations	**303**	39
Net carrying value movement during the year		
Balance at 1 July	39	–
Acquisitions	522	36
Expenditure capitalised	17	3
Disposals[1]	(177)	–
Transfer to disposal group held for sale	(98)	–
Balance at the end of the year	**303**	39

1 Disposals relate to communities sold into the SRRP Joint Venture.

NET CARRYING VALUE RETIREMENT LIVING ASSETS

As at 30 June	Stockland	
$M	2022	2021
Operating villages	3,572	3,438
Villages under development	118	123
Retirement Living investment properties[1]	**3,690**	3,561
Existing resident obligations[2]	(2,704)	(2,506)
Net carrying value of Retirement Living investment properties	**986**	1,055
Plus: retained Retirement Living resident obligations	2	–
Less: amounts classified as held for sale	(988)	–
Net carrying value of Retirement Living investment properties from continuing operations	**–**	1,055
Net carrying value movement during the year		
Balance at 1 July	1,055	1,254
Expenditure capitalised	57	42
Cash received on first sales	(64)	(86)
Realised investment properties fair value movements	9	13
Unrealised investment properties fair value movements	(29)	(74)
Unrealised Retirement Living resident obligations fair value movements	(126)	(18)
Other movements	86	(76)
Transfer to discontinued operations and assets held for sale	(988)	–
Balance at 30 June	**–**	1,055

1 $3,643 million of Retirement Living investment property has been classified as discontinued operation assets held for sale and $47 million has been classified as investment property held for sale at 30 June 2022. Refer to notes 14A and 14C for further detail.

2 $2,662 million of existing resident obligations has been classified as discontinued operation liabilities held for sale and $40 million of existing resident obligations has been included in investment properties held for sale at 30 June 2022. Refer to notes 14A and 14C for further detail.

Investment properties

Communities investment properties are comprised of LLC (includes established communities, communities under development and communities in planning) and retirement villages (both operating villages and villages under development) held to earn revenue and capital appreciation over the long-term. LLC investment properties are comprised of the fair value of the property retained by Stockland at each community. Retirement villages comprise independent living units (ILU), serviced apartments (SA), community facilities and integral plant and equipment.

DISPOSALS/DISCONTINUED OPERATIONS HELD FOR SALE

As the Retirement Living business is a discontinued operation held for sale, the carrying value of the business and its assets at 30 June 2022 is equal to the sales price less forecast transaction costs. Therefore, Retirement Living investment properties are held at their disposal value at 30 June 2022. Refer to note 14 for further details about the discontinued operation.

FAIR VALUE MEASUREMENT, VALUATION TECHNIQUES AND INPUTS

The fair value of LLC investment properties (including communities under development) is a combination of the valuations determined using the DCF method, the income capitalisation method, and/or the direct comparison method where relevant. Changes in fair value of investment properties are recognised in profit or loss. The fair value of investment properties is considered to be level 3 in the fair value hierarchy.

The following significant unobservable inputs are used to measure the fair value of LLC investment properties:

LLC investment property significant unobservable inputs

Inputs used to measure fair value	30 June 2022
Capitalisation rate	**4.75%**
Terminal yield	**5.25%**
Discount rate	**6.00%**

Based on available information at 30 June 2022 and information arising since that date about conditions at that date, the Directors have determined that all relevant information has been incorporated into the reported valuations.

In addition, the sensitivity of key drivers to further fair value movements has been analysed across the carrying value of LLC investment properties at 30 June 2022. 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 fair value and they do not represent management's estimate at 30 June 2022.

LLC sensitivities information

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 LLC investment property	**10**	**(9)**	**4**	**(3)**	**(9)**	**9**

ESTABLISHED COMMUNITIES

Internal valuations are completed every six months using valuation models with reference to external market data. The Directors have considered the changes in market and community specific conditions since the independent assessment in their estimate of fair value at reporting date.

COMMUNITIES UNDER CONSTRUCTION

Communities under construction are carried at fair value. Land and other development expenditure is made up of costs incurred to date.

Sites are transferred from communities under construction to established communities once the house on the site has been sold and the lease on the site has been entered into.

SENSITIVITY INFORMATION

Significant input	Impact on fair value of an increase in input	Impact on fair value of a decrease in input
Net operating income	Increase	Decrease
Adopted capitalisation rate	Decrease	Increase

IMPACT OF CLIMATE-RELATED EVENTS ON LLC PROPERTY VALUATIONS

Climate change, and associated regulations, may affect LLC 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 for regulators to require additional measures for communities which minimise their impact on the environment, both during construction and throughout their operating life.

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.

8B. Retirement Living resident obligations

Retirement Living resident obligations represent the net amount owed by Stockland to existing and former residents. Resident obligations are non-interest bearing and net movements are recognised at fair value through profit or loss as the Retirement Living portfolio is measured and assessed by Stockland on a net basis.

Resident obligations related to the Retirement Living discontinued operation held for sale are held at their disposal value at 30 June 2022.

CURRENT RESIDENT OBLIGATIONS

Resident obligations are classified as current under the Accounting Standards as Stockland does not hold an unconditional contractual right to defer settlement for at least 12 months (residents may give notice of their intention to vacate their unit with immediate effect).

NON-CURRENT RESIDENT OBLIGATIONS

Non-current obligations relate to certain legacy contracts that give Stockland a right to defer settlement of the obligation for up to eight years.

	Stockland					
As at 30 June	**2022**			**2021**		
$M	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Existing resident obligations	**2,651**	**53**	**2,704**	2,446	60	2,506
Former resident obligations	**9**	**3**	**12**	2	4	6
Resident obligations	**2,660**	**56**	**2,716**	2,448	64	2,512
Less: amounts classified as held for sale[1]	**(2,650)**	**(52)**	**(2,702)**	–	–	–
Resident obligations	**10**	**4**	**14**	2,448	64	2,512

1 $2,662 million of existing resident obligations has been classified as discontinued operation liabilities held for sale and $40 million of existing resident obligations has been included in investment properties held for sale at 30 June 2022. Refer to notes 14A and 14C for further detail.

FAIR VALUE MEASUREMENT, VALUATION TECHNIQUES AND INPUTS

The fair value of the resident obligations is the amount payable on demand to residents and comprises the initial loan amount plus the resident's share of any net capital gains or losses in accordance with their contracts, less DMF earned to date. Changes in fair value of resident obligations are recognised in profit or loss.

Inputs used in relation to the resident obligations are identical to those used for investment properties. Refer above for a detailed description of the inputs used. Both the investment properties and resident obligations inputs are considered to be level 3 in the fair value hierarchy.

The following table shows a reconciliation from the opening to the closing Retirement Living resident obligation balances:

As at 30 June	Stockland	
$M	2022	2021
Opening balance	**(2,512)**	(2,695)
Realised movement recognised in profit or loss	**88**	358
Unrealised movement recognised in profit or loss	**(126)**	(18)
Cash receipts from incoming residents on turnover	**(311)**	(326)
Cash payments to outgoing residents on turnover, net of DMF	**145**	169
Transfer to discontinued operations and assets held for sale	**2,702**	–
Closing balance	**(14)**	(2,512)

9. RECEIVABLES

As at 30 June	Stockland		Trust	
$M	2022	2021	2022	2021
Trade receivables[1]	**75**	65	**7**	25
Allowance for expected credit loss	**(6)**	(21)	**(4)**	(20)
Net current trade receivables	**69**	44	**3**	5
Other receivables	**53**	88	**18**	14
Receivables due from related companies	**–**	–	**2,967**	–
Allowance for expected credit loss	**(7)**	(7)	**(12)**	(7)
Net other receivables	**46**	81	**2,973**	7
Straight-lining of rental income	**11**	5	**11**	4
Current receivables	**126**	130	**2,987**	16
Less: amounts classified as held for sale	**(6)**	–	**–**	–
Current receivables from continuing operations	**120**	130	**2,987**	16
Trade receivables[1]	**–**	1	**–**	1
Net non-current trade receivables	**–**	1	**–**	1
Straight-lining of rental income	**52**	67	**48**	65
Other receivables	**107**	104	**68**	56
Receivables due from related companies	**–**	–	**–**	2,647
Allowance for expected credit loss	**–**	–	**–**	(7)
Non-current receivables	**159**	172	**116**	2,762

1 Lease receivables from tenants total $20 million (2021: $26 million) which is classified as current (2021: $1 million classified as non-current).

The loss allowances for trade receivables and the intergroup loan as at 30 June 2022 reconcile to the opening loss allowances as follows:

	Stockland		Trust	
$M	2022	2021	2022	2021
Opening ECL balance	**28**	40	**34**	45
Provision raised during the year	**9**	26	**9**	26
Provision released during the year	**(17)**	(34)	**(20)**	(33)
Bad debts written off in the year[1]	**(7)**	(4)	**(7)**	(4)
Closing ECL balance	**13**	28	**16**	34

1 Rent abatements driven by COVID-19 of $28 million were also expensed in the current year (2021: $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 will ensure adequate emphasis is placed on the risk of default as the debt ages and the time value of money.

TRADE RECEIVABLES FROM TENANTS

Prior to the outbreak of COVID-19, Stockland did not have a material tenant receivable balance as most tenants paid rent monthly in advance within a short timeframe from billing date. In response to the operational and liquidity pressures faced by tenants as a result of COVID-19, the Federal Government introduced legislation which required, among other things, that businesses proportionately share the economic impacts arising from COVID-19 and was given effect by state and territory legislation.

The Group assessed the impact of the extension of this legislation on expected credit loss provisioning and determined that no changes in approach from 30 June 2021 were required. Negotiations have continued with tenants who are not covered by the legislation but have experienced significant financial hardship.

Stockland has applied a matrix approach in assessing the credit risk of trade receivables from tenants, incorporating the latest available information to 30 June 2022, including trends in billings and collections, and the performance of tenants.

The risk matrix approach categorises tenants as high, medium and low risk of default. In arriving at these categorisations, consideration has been given to a range of risk factors, including:

- tenant type and size;
- performance of the tenant's business before, during and after the COVID-19 crisis;
- management's forward-looking tenant risk assessment; and
- ageing of the tenant's outstanding debt.

Using all these relevant inputs, an ECL percentage has been booked against each risk category, reflecting management's best estimate of expected losses on balances owed at 30 June 2022 based on the historical, current and future-looking information available at that date. Depending on emerging conditions and the business performance of affected tenants after 30 June 2022, the actual losses may be higher or lower and will be assessed on an ongoing basis. Further, for specific individual tenants identified as likely to default on their debts, the full value of their debts have been provided for. Despite the ECL booked in 2022, Stockland intends to collect as much of the closing receivables balance as reasonably possible.

Rent abatements relating to future periods that change the scope of a lease are accounted for in accordance with the disclosure in note 12.

The table below sets out the lease receivables position by risk category as at 30 June 2022:

	Stockland and Trust				
$M	**Low**	**Medium**	**High**	**Specific**	**Total**
Lease receivables at 30 June 2022	**14**	–	–	**6**	**20**
ECL provision on lease receivables					**(5)**
Lease receivables net of provisions					**15**

RECEIVABLES DUE FROM RELATED COMPANIES

The Trust has applied the ECL model under AASB 9 *Financial Instruments* to its unsecured intergroup loan receivable from Stockland, repayable in 2023. 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. 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 and forecasts sufficient cash flows to repay the loan to the Trust on expiry. Management is currently reviewing the loan, and it is expected that the loan will be refinanced or repaid prior to expiry. There is no impact on Stockland as this loan eliminates on consolidation.

10. PAYABLES

As at 30 June		Stockland		Trust	
$M	Note	2022	2021	2022	2021
Trade payables and accruals		**439**	305	**106**	109
Land purchases		**253**	52	**12**	–
Distributions payable	4	**349**	318	**349**	318
GST payable/(receivable)		**(47)**	10	**(8)**	2
Current payables		**994**	685	**459**	429
Less: amounts classified as held for sale[1]		**(14)**	–	**–**	–
Current payables from continuing operations		**980**	685	**459**	429
Other payables		**19**	4	**–**	–
Land purchases		**294**	223	**–**	–
Non-current payables		**313**	227	**–**	–

1 $2 million of current payables has been classified as disposal group liabilities held for sale and $12 million of current payables has been classified as discontinued operations held for sale at 30 June 2022. Refer to notes 14A and 14B for further detail.

Trade and other payables are initially recognised at fair value less transaction costs and subsequently carried at amortised cost.

The carrying values of payables at balance date represent a reasonable approximation of their fair value.

11. OTHER LIABILITIES

As at 30 June	Stockland		Trust	
$M	2022	2021	2022	2021
Land purchases	**54**	49	**–**	–
Other liabilities	**91**	80	**27**	26
Current other liabilities	**145**	129	**27**	26
Less: amounts classified as held for sale	**(59)**	–	**–**	–
Current other liabilities from continuing operations	**86**	129	**27**	26
Land purchases	**453**	484	**–**	–
Other liabilities	**51**	52	**27**	26
Non-current other liabilities	**504**	536	**27**	26

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.

12. LEASES

This note provides information about Stockland's accounting for leases under AASB 16 *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	2022	2021	2022	2021
Right-of-use assets				
Investment properties (non-current)[1]	**25**	26	**25**	26
Other assets (non-current)[2]	**11**	13	**–**	–
Total right-of-use assets	**36**	39	**25**	26
Lease liabilities				
Other liabilities (current)	**2**	2	**–**	–
Other liabilities (non-current)	**38**	39	**27**	27
Total lease liabilities	**40**	41	**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 (2021: $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	2022	2021	2022	2021
Depreciation charge of right-of-use assets				
Investment properties	**1**	1	**1**	1
Other assets	**2**	1	**–**	–
Total depreciation charge of right-of-use assets	**3**	2	**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**	2	**–**	–
Total other expenses relating to leases	**4**	4	**1**	1

The total cash outflow for leases in the year was $5 million (2021: $7 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 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 period.

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	**2022**	**2021**	**2022**	**2021**
Undiscounted lease payments due to Stockland or the Trust in the years ending 30 June:				
2022	**n/a**	617	**n/a**	620
2023	**580**	483	**583**	486
2024	**460**	383	**458**	380
2025	**351**	287	**346**	283
2026	**281**	217	**277**	213
2027	**200**	n/a	**197**	n/a
Beyond 2027 (2021: Beyond 2026)	**720**	838	**702**	818
Total undiscounted lease payments due	**2,592**	2,825	**2,563**	2,800

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 deferrals

Rent deferrals alone do not constitute a lease modification as they do not change the scope of a lease. During the year, Stockland granted rent deferrals to be repaid in instalments over a period of up to two years starting from the date of the agreement. This amount is recorded as revenue and in trade receivables as at 30 June 2022. Refer to note 9 for details on the receivable and the associated expected credit loss.

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 2022, an estimate of the expected abatement on the outstanding balance is made and incorporated into the expected credit loss calculation - see note 9.

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.

13. INTANGIBLE ASSETS

This note provides information about Stockland's accounting for intangible assets. The consolidated balance sheet contains the following amounts relating to intangible assets:

As at 30 June	Stockland					
	2022			2021		
$M	Software	Under development	Total	Software	Under development	Total
Cost						
Opening balance	**92**	**6**	**98**	20	66	86
Additions	**3**	**7**	**10**	72	15	87
Retirements	**(14)**	**–**	**(14)**	–	–	–
Transfer	**–**	**(3)**	**(3)**	–	(75)	(75)
Closing balance	**81**	**10**	**91**	92	6	98
Accumulated amortisation and impairment						
Opening balance	**(21)**	**–**	**(21)**	(14)	–	(14)
Retirements	**4**	**–**	**4**	–	–	–
Amortisation	**(9)**	**–**	**(9)**	(7)	–	(7)
Closing balance	**(26)**	**–**	**(26)**	(21)	–	(21)
Intangible assets	**55**	**10**	**65**	71	6	77

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. This is a key area of accounting estimation and judgement for Stockland.

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% (2021: 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

14A. Discontinued operations 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. Comparatives have also been re-presented for the Statement of Comprehensive Income and corresponding notes to separately disclose the results of the discontinued operations from continuing operations.

On 23 February 2022, the Group entered into an agreement with EQT whereby EQT will acquire ownership of Stockland's Retirement Living business for approximately $987 million. The transaction completed on 29 July 2022, and the associated assets and liabilities are consequently presented as a discontinued operation held for sale in the financial statements at 30 June 2022.

The adjustment of the final purchase price between the agreement date and settlement date to $934 million was primarily due to factors such as working capital and stock movements including higher than expected sales of trading stock between the announcement and completion date.The $898 million carrying value of the Retirement Living business at 30 June 2022 includes a transaction cost provision of $38 million and $2 million in expected movements from sale of trading stock. Financial information relating to the discontinued operation for the period to 30 June 2022 is set out below. The final accounting for the disposal is subject to the completion of the transaction.

The financial performance of the discontinued operation, representing the Retirement Living business sold, for the current and prior period are as follows:

Results of discontinued operations[1]	**Stockland**	
$M	**2022**	**2021**[2]
Revenue	**129**	115
Investment property expenses	**(10)**	(11)
Management, administration, marketing and selling expenses	**(36)**	(42)
Net change in fair value of investment properties	**(17)**	(55)
Net change in fair value of resident obligations	**(126)**	(19)
Net (loss) on sale of non-current assets	**(3)**	-
Loss before tax	**(63)**	(12)
Income tax benefit	**19**	4
Loss after tax from discontinued operation	**(44)**	(8)

1 Excludes the results of Aspire villages and sundry assets not included in the transaction.

2 Represents the prior year's profit and loss attributable to the Retirement Living business which was classified as a discontinued operation at 30 June 2022.

The sale of the Retirement Living business will result in a taxable gain for Stockland. Stockland has sufficient carried forward tax losses to offset the expected taxable gain on the sale. Following the utilisation of the carried forward tax losses, Stockland Corporation Ltd is not expected to have sufficient carried forward tax losses remaining to offset future taxable income, and is expected to be in a tax-paying position from FY23.

Year ended 30 June	Stockland					
	2022			2021		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Profit after tax attributable to securityholders ($M)	**1,425**	**(44)**	**1,381**	1,113	(8)	1,105
Basic EPS (cents)	**59.8**	**(1.8)**	**57.9**	46.7	(0.3)	46.4
Diluted EPS (cents)	**59.6**	**(1.8)**	**57.7**	46.5	(0.3)	46.2

The cash flow information of the discontinued operation, representing the Retirement Living business to be sold, for the current and prior period are as follows:

Cash flows of discontinued operations	Stockland	
$M	2022	2021[1]
Net cash inflow from operating activities	**198**	143
Net cash outflow from investing activities	**(60)**	(41)
Net cash provided by discontinued operation	**138**	102

1 Represents the prior year's cash flows attributable to the Retirement Living business which was classified as a discontinued operation held for sale at 30 June 2022.

The carrying amounts of the major classes of assets and liabilities held for sale, representing the Retirement Living business to be sold, are as follows:

Discontinued operation assets and liabilities classified as held for sale	Stockland	
$M	2022	2021[1]
Cash and cash equivalents	**21**	–
Receivables	**6**	–
Current assets	**27**	–
Investment properties – Retirement Living	**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 at 30 June[2]	**898**	–

1 Stockland had no assets and liabilities of discontinued operations recorded as held for sale at 30 June 2021.
2 Net assets includes $2 million in forecast movement due to trading stock sales between 30 June 2022 and completion on 29 July 2022.

14B. Disposal group held for sale

As at 30 June	Stockland	
$M	2022	2021[1]
Disposal group assets held for sale	150	–
Disposal group liabilities held for sale	(2)	–
Disposal group held for sale	**148**	–

1 Stockland had no assets and liabilities of disposal groups recorded as held for sale at 30 June 2021.

On 23 February 2022, the Group announced it entered into a binding agreement with 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 24 Joint Ventures for more information.

The initial portfolio comprises six land lease communities currently in development. Three of these communities settled into SRRP on 31 May 2022, whilst the remaining three communities were held for disposal by Stockland at 30 June 2022. Two developments subsequently settled into SRRP on 1 July 2022 with the remaining development expected to settle by 30 June 2023. The major classes of assets and liabilities classified as disposal group held for sale are as follows:

As at 30 June	Stockland	
$M	2022	2021[1]
Inventories	46	–
Property, plant and equipment	6	–
Investment properties	98	–
Assets	**150**	–
Payables	2	–
Liabilities	**2**	–

1 Stockland had no assets and liabilities of disposal groups recorded as held for sale at 30 June 2021.

14C. Non-current assets held for sale

As at 30 June	Stockland		Trust	
$M	2022	2021	2022	2021
Investment properties transferred from Commercial Property	248	166	248	166
Investment properties transferred from Retirement Living[1]	7	–	–	–
Non-current assets held for sale	**255**	166	**248**	166

1 Includes $47 million investment property net of $40 million resident obligations.

The following investment properties were held for sale at 30 June 2022:

- M_Park, Macquarie Park NSW[1]
- Stockland Bull Creek, Bull Creek WA[1]
- Sundry properties at Caloundra QLD[1]
- 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 2021:

- Stockland Bundaberg, Bundaberg QLD
- Nathan St, Townsville QLD, a property within the Stockland Townsville complex, Townsville QLD
- Sundry properties at Balcatta WA

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.

1 Contracts for the sale of these properties were exchanged before reporting date.

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 execute the strategy and to deliver its business plan.

Stockland's capital structure is monitored through its gearing ratio and the Board maintains a capital structure to minimise the overall cost of capital and in line with the Board's risk appetite. Stockland has a stated target gearing ratio range of 20% to 30% and credit ratings of A-/stable and A3/stable from S&P and Moody's respectively.

Financial risk

Financial risk and capital 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 managing capital, mitigating interest rate, liquidity, foreign exchange and credit risks, use of derivatives and investing excess 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.

The Group continues to meet both the general and financial undertakings required under its financing arrangements. Furthermore, there has been no change in the Group's hedging policy with the resulting derivative portfolios operating as expected and in line with market movements.

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 2022 and up to the date of authorisation of these accounts.

The weighted average cost of debt for the year was 3.4% (2021: 3.7%).

		Stockland and Trust							
As at 30 June		**2022**				**2021**			
$M	**Note**	**Current**	**Non-current**	**Carrying value**	**Fair value**	**Current**	**Non-current**	**Carrying value**	**Fair value**
Offshore medium term notes	15.A	**123**	**2,964**	**3,087**	**3,075**	760	3,172	3,932	4,013
Domestic medium term notes and commercial paper	15.B	**343**	**497**	**840**	**810**	–	747	747	780
Bank facilities	15.C	**470**	**75**	**545**	**545**	–	75	75	75
Borrowings		**936**	**3,536**	**4,472**	**4,430**	760	3,994	4,754	4,868

The difference of $42 million (2021: $114 million) between the carrying amount and fair value of the offshore medium term notes (MTN), domestic MTNs and commercial paper is due to notes being carried at amortised cost under AASB 9.

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 2022, the fair value of the US private placements and European and Asian MTNs is $1,988 million (2021: $2,363 million) and $1,087 million (2021: $1,650 million) respectively.

15B. Domestic medium term notes and commercial paper

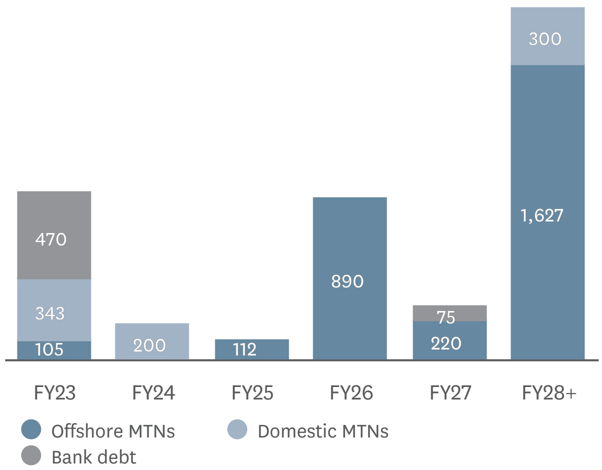
Domestic MTNs and commercial paper have been issued at either face value or at a discount to face value and are carried at amortised cost. The discount or premium is amortised to finance costs over the term of the notes. The MTNs are issued on either fixed or floating interest rate terms.

15C. Bank facilities

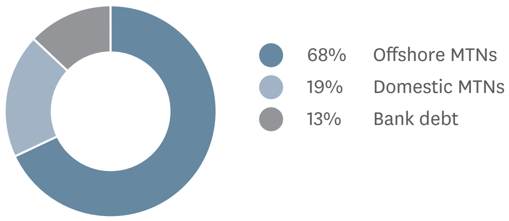
Bank facilities are unsecured, working capital facilities held at amortised cost. As at 30 June 2022, Stockland and the Trust have undrawn bank facilities of $730 million (2021: $1,150 million) of which $300 million is due to expire within 12 months of balance sheet date.

The composition and maturity profile for the Group's drawn debt of $4.5 billion is shown below at face value:

Drawn debt maturity profile[1]



Drawn debt composition %[1]



1 Face value in AUD at 30 June 2022 after the effect of the CCIRS.

16. 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 $378 million is $147 million (2021: $92 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.

17. NET FINANCING COSTS

KEEPING IT SIMPLE

This note details the interest income generated on Stockland's cash and other financial assets and the interest expense incurred 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 2021 and 30 June 2022. The fair value at year end is not necessarily the same as the settlement value at maturity.

Net financing costs can be analysed as follows:

Year ended 30 June	Stockland		Trust	
$M	**2022**	**2021**	**2022**	**2021**
Interest income from related parties	**–**	–	**191**	193
Interest income from other parties	**3**	4	**3**	3
Finance income	**3**	4	**194**	196
Interest expense relating to borrowings	**(148)**	(158)	**(149)**	(158)
Interest paid or payable on other financial liabilities at amortised cost	**(35)**	(39)	**–**	–
Finance expense on lease liabilities	**(2)**	(2)	**(1)**	(1)
Less: interest capitalised to inventories	**96**	99	**–**	–
Less: interest capitalised to investment properties	**14**	10	**12**	9
Finance expense	**(75)**	(90)	**(138)**	(150)
Designated hedge accounting relationships				
Fair value hedges – loss on change in fair value of derivatives	**(199)**	(322)	**(199)**	(322)
Fair value hedges – gain on change in fair value of borrowings	**201**	310	**201**	310
Net gain/(loss) on designated hedge accounting relationships	**2**	(12)	**2**	(12)
Non-designated hedge accounting relationships				
Gain on foreign exchange movements	**6**	6	**6**	6
Gain on fair value movements	**183**	69	**183**	69
Net gain on non-designated hedge accounting relationships	**189**	75	**189**	75
Net gain on financial instruments	**191**	63	**191**	63

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. The rate at which interest has been capitalised to qualifying assets is disclosed in note 6.

Borrowing costs are capitalised using a weighted average capitalisation rate applied to the expenditures on the asset excluding specific borrowings.

The accounting policy and fair value of derivatives are discussed in notes 18 and 19.

18. OTHER FINANCIAL ASSETS AND LIABILITIES

KEEPING IT SIMPLE

A derivative is a type of financial instrument 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	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Instruments in a designated fair value hedge[1]								
CCIRS	**–**	73	–	–	**–**	73	–	–
Instruments in a designated cash flow hedge[1]								
CCIRS	**19**	41	**–**	–	**19**	41	–	–
Instruments held at fair value through profit or loss								
CCIRS	**–**	10	**–**	–	**–**	10	–	–
IRS	**2**	–	**–**	(3)	**2**	–	**–**	(3)
Current	**21**	124	**–**	(3)	**21**	124	**–**	(3)
Instruments in a designated fair value hedge[1]								
CCIRS	**126**	185	**(117)**	(50)	**126**	185	(117)	(50)
Instruments in a designated cash flow hedge[1]								
CCIRS	**41**	12	**(14)**	(36)	**41**	12	(14)	(36)
Instruments held at fair value through profit or loss								
CCIRS	**12**	13	**–**	–	**12**	13	–	–
IRS	**102**	18	**(53)**	(174)	**102**	18	(53)	(174)
Other[2]	**9**	15	**–**	–	**–**	–	**–**	–
Non-current[3]	**290**	243	**(184)**	(260)	**280**	228	**(184)**	(260)

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

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.

Derivative financial instruments are recognised initially at fair value and 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 $153 million (2021: $139 million).

DERIVATIVES THAT QUALIFY FOR HEDGE ACCOUNTING

Stockland uses derivatives to hedge its exposure to fluctuations in interest and foreign exchange rates. 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.

	Stockland and Trust											
	Borrowings					Derivatives						Net gain/(loss) recognised in profit or loss[1]
	Carrying amount					Mark to market						
As at 30 June $M	2022	2021	Movements	(Repaid) Drawn	Gain/(loss) on FV of debt	2022	2021	Movements	Terminated	Cash flow hedge reserve impact	Gain/(loss) on FV of derivatives	
US Dollar	**1,986**	2,278	**(292)**	**(204)**	**87**	**149**	224	**(75)**	**11**	**24**	**(110)**	**(24)**
• *Effective*	***1,595***	*1,855*	***(260)***	***(176)***	***84***	***137***	*201*	***(64)***	–	***24***	***(88)***	***(4)***
• *Other*[2]	***392***	*423*	***(31)***	***(28)***	***3***	***12***	*23*	***(11)***	***11***	–	***(22)***	***(19)***
Euro[3]	**455**	987	**(532)**	**(433)**	**99**	**(44)**	51	**(95)**	–	**1**	**(96)**	**2**
HK Dollar[3]	**655**	679	**(24)**	–	**24**	**(38)**	(28)	**(10)**	–	**10**	**(20)**	**4**
Foreign exposure	**3,096**	3,944	**(848)**	**(637)**	**210**	**67**	247	**(180)**	**11**	**35**	**(226)**	**(18)**
AUD bank debt	**545**	75	**470**	**470**	–	–	–	–	–	–	–	–
AUD MTNs and commercial paper	**843**	750	**93**	**93**	–	–	–	–	–	–	–	–
AUD IRS	–	–	–	–	–	**50**	(159)	**209**	–	–	**209**	**209**
Borrowing costs	**(12)**	(15)	**3**	**3**								
Total[1]	**4,472**	4,754	**(282)**	**(71)**	**210**	**117**	89	**29**	**11**	**35**	**(17)**	**191**

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	2022	2021	2022	2021
Opening cash flow hedge reserve	**(49)**	(27)	**(49)**	(27)
Net change in fair value of cash flow hedges	**29**	(74)	**29**	(74)
Reclassified to profit or loss	**5**	52	**5**	52
Closing cash flow hedge reserve	**(15)**	(49)	**(15)**	(49)

19. 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 table sets out the financial instruments included on the balance sheet at fair value:

	Stockland							
As at 30 June	**2022**				**2021**			
$M	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivative assets	–	302	–	302	–	352	–	352
Other investments	13	–	–	13	15	–	–	15
Financial assets carried at fair value	13	302	–	315	15	352	–	367
Offshore MTNs[1]	–	(2,704)	–	(2,704)	–	(3,521)	–	(3,521)
Derivative liabilities	–	(184)	–	(184)	–	(263)	–	(263)
Retirement Living resident obligations[2]	–	–	(2,716)	(2,716)	–	–	(2,512)	(2,512)
Financial liabilities carried at fair value	–	(2,888)	(2,716)	(5,604)	–	(3,784)	(2,512)	(6,296)
Net position	13	(2,586)	(2,716)	(5,289)	15	(3,432)	(2,512)	(5,929)

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 its hedge designation.
2 $2,662 million of existing resident obligations has been classified as discontinued operation liabilities held for sale and $40 million of existing resident obligations has been included in investment properties held for sale at 30 June 2022. Refer to notes 14A and 14C for further detail.

	Trust							
As at 30 June	**2022**				**2021**			
$M	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivative assets	–	302	–	302	–	352	–	352
Financial assets carried at fair value	–	302	–	302	–	352	–	352
Offshore MTNs[1]	–	(2,704)	–	(2,704)	–	(3,521)	–	(3,521)
Derivative liabilities	–	(184)	–	(184)	–	(263)	–	(263)
Financial liabilities carried at fair value	–	(2,888)	–	(2,888)	–	(3,784)	–	(3,784)
Net position	–	(2,586)	–	(2,586)	–	(3,432)	–	(3,432)

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 its hedge designation.

Derivative financial assets and liabilities are not offset in the balance sheet as, under agreements held with derivative counterparties, Stockland does not have a legally enforceable right to set off the position payable/receivable with a single counterparty.

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			
	2022		2021	
$M	Retirement Living resident obligations	Total	Retirement Living resident obligations	Total
Balance at 1 July	**(2,512)**	**(2,512)**	(2,695)	(2,695)
(Losses)/Gains recognised in profit or loss	**(38)**	**(38)**	340	340
Cash receipts from incoming residents on turnover	**(311)**	**(311)**	(326)	(326)
Cash payments to outgoing residents on turnover, net of DMF	**145**	**145**	169	169
Balance at 30 June	**(2,716)**	**(2,716)**[1]	(2,512)	(2,512)

1 $2,662 million of existing resident obligations has been classified as discontinued operation liabilities held for sale and $40 million of existing resident obligations has been included in investment properties held for sale at 30 June 2022. Refer to notes 14A and 14C for further detail.

20. 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.

20A. 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 highlighted in note 18.

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	**2022**	**2021**
Carrying amount	**2,704**	3,521
Notional amount	**2,572**	3,181
Maturity date	**Aug 2022 – Mar 2036**	Sep 2021 – Mar 2036
Hedge ratio	**1:1**	1:1
Change in discounted spot value of outstanding hedging instruments since inception of the hedge	**54**	224
Change in value of hedged item used to determine hedge ineffectiveness	**(53)**	(296)
Weighted average hedged rate for outstanding hedged instruments against AUD$1	**USD 0.78**	USD 0.81
	HKD 5.59	HKD 5.59
	EUR 0.63	EUR 0.66

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 (2021: 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							
	2022				2021			
As at 30 June	Profit or loss		Equity		Profit or loss		Equity	
$M	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
EUR	**–**	**–**	**(2)**	**3**	–	–	(3)	4
HKD	**–**	**–**	**(5)**	**6**	–	–	(5)	7
USD	**–**	**–**	**(11)**	**14**	(1)	1	(13)	16
Impact	**–**	**–**	**(18)**	**23**	(1)	1	(21)	27

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 100 basis points (bps) at balance date with all other variables held constant, being the movement Stockland determines is reasonably possible (2021: 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	2022		2021		2022		2021	
$M	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Impact on interest income/(expense)	**4**	**(4)**	12	(12)	**32**	**(32)**	37	(37)
Impact on net gain/(loss) on derivatives – through profit or loss	**50**	**(53)**	113	(121)	**50**	**(53)**	113	(121)
Impact on profit or loss	**54**	**(57)**	125	(133)	**82**	**(85)**	150	(158)
Impact on equity	**17**	**(18)**	7	(7)	**17**	**(18)**	7	(7)

Equity price risk

Equity price risk is the risk that the fair value of investments in listed and unlisted entities fluctuates due to changes in the underlying security price. Stockland's equity price risk arises from investments in listed securities and units in unlisted funds. These investments are classified as financial assets carried at fair value, with any resultant gain or loss recognised in profit or loss or other comprehensive income.

Decisions required for the purchase or divestment of material equity investments are made by the Board.

SENSITIVITY ANALYSIS – EQUITY PRICE RISK

The following sensitivity analysis shows the impact on profit or loss and equity if the market price of the underlying equity securities/units at balance date had been 10% higher/lower with all other variables held constant.

	Stockland				Trust			
As at 30 June	2022		2021		2022		2021	
$M	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Impact on profit or loss	**1**	**(1)**	1	(1)	**1**	**(1)**	1	(1)
Impact on equity	**–**	**–**	–	–	**–**	**–**	–	–

20B. 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 2022, 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 2022 and 30 June 2021, 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 9 for details of the loss allowances recognised on trade receivables and the intercompany loan.

20C. 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 2022, the current weighted average debt maturity is 4.8 years (2021: 5.3 years).

KEEPING IT SIMPLE

The following table analyses 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.

As derivative assets have been excluded from these tables, refer to note 19 for the fair value of the derivative assets to provide a meaningful 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 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)**
Retirement Living resident obligations[1,2]	**(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)**
30 June 2021						
Non-derivative						
Payables (excl. GST)	(584)	(584)	(357)	(107)	(30)	(90)
Other liabilities	(533)	(533)	(49)	(48)	(161)	(275)
Lease liabilities	(41)	(41)	(2)	(2)	(7)	(30)
Distributions payable	(318)	(318)	(318)	–	–	–
Borrowings	(4,754)	(5,402)	(908)	(493)	(1,555)	(2,446)
Retirement Living resident obligations[1,2]	(2,512)	(2,512)	(2,448)	–	–	(64)
Derivative						
Interest rate derivatives	(177)	(186)	(38)	(45)	(80)	(23)
CCIRS	(86)					
• Inflows		687	17	17	143	510
• Outflows		(794)	(20)	(21)	(171)	(582)
Financial liabilities	(9,005)	(9,683)	(4,123)	(699)	(1,861)	(3,000)

1 Refer to the net current asset position section under the Basis of preparation note for further explanation of the impact of Retirement Living resident obligations on liquidity risk.

2 $2,662 million of existing resident obligations has been classified as discontinued operation liabilities held for sale and $40 million of existing resident obligations has been included in investment properties held for sale at 30 June 2022. Refer to notes 14A and 14C for further detail.

As at	Trust					
$M	Carrying amount	Contractual cash flows	1 year or less	1 – 2 years	2 – 5 years	Over 5 years
30 June 2022						
Non-derivative						
Payables (excl. GST)	**(118)**	**(118)**	**(118)**	**–**	**–**	**–**
Lease liabilities	**(28)**	**(28)**	**–**	**(1)**	**(1)**	**(26)**
Dividends and 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)**
30 June 2021						
Non-derivative						
Payables (excl. GST)	(109)	(109)	(109)	–	–	–
Lease liabilities	(27)	(27)	–	(1)	(1)	(25)
Dividends and distributions payable	(318)	(318)	(318)	–	–	–
Borrowings	(4,754)	(5,402)	(908)	(493)	(1,555)	(2,446)
Derivative						
Interest rate derivatives	(177)	(186)	(38)	(45)	(80)	(23)
CCIRS	(86)	–				
• Inflows		687	17	17	143	510
• Outflows		(794)	(20)	(21)	(171)	(582)
Financial liabilities	(5,471)	(6,149)	(1,376)	(543)	(1,664)	(2,566)

21. ISSUED CAPITAL

KEEPING IT SIMPLE

This note explains material movements recorded in issued capital that are not explained elsewhere in the financial statements. The balances and movements in equity of Stockland are presented in the consolidated statement of changes in equity.

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.

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	2022	2021	2022	2021	2022	2021
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	**(4,197,304)**	(3,517,364)	**(37)**	(29)	**(35)**	(28)
Issued capital	**2,382,974,358**	2,383,654,298	**8,655**	8,663	**7,358**	7,365

21A. Movements in ordinary securities

	Stockland and Trust		Stockland		Trust	
	Number of securities		$M		$M	
As at 30 June	2022	2021	2022	2021	2022	2021
Opening balance	**2,387,171,662**	2,384,351,503	**8,692**	8,692	**7,393**	7,393
Securities issued during the year	**–**	2,820,159	**–**	–	**–**	–
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.

21B. 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	
	2022	2021	2022	2021	2022	2021
Opening balance	**3,517,364**	5,147,539	**(29)**	(36)	**(28)**	(35)
Securities acquired[1]	**3,619,294**	895,776	**(17)**	(4)	**(15)**	(3)
Securities transferred to employees on vesting	**(2,939,354)**	(2,525,951)	**9**	11	**8**	10
Closing balance	**4,197,304**	3,517,364	**(37)**	(29)	**(35)**	(28)

1 Average price: $4.67 per security (2021: $3.91).

21C. 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. For FY22, grants may vest based on a relative TSR performance measure over a three-year performance period, provided employment continues to the applicable vesting date. In prior years, 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	**2022**	**2021**	**2022**	**2021**
Opening balance	**$3.16**	$3.23	**11,958,396**	11,061,448
Granted during the year	**$3.23**	$3.22	**5,792,383**	6,792,106
Forfeited and lapsed during the year	**$2.65**	$2.75	**(1,672,246)**	(3,292,107)
Rights converted to vested Stockland stapled securities	**$3.48**	$4.15	**(2,746,867)**	(2,603,051)
Outstanding at the end of the year	**$3.19**	$3.16	**13,331,666**	11,958,396

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 2022 was 3,738,527 (2021: 3,763,407). 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	2022	2021
Grant date	**18 October 2021**	25 February 2021
Fair value of rights granted under plan	**$1.78**	$2.71
Securities spot price at grant date	**$4.60**	$4.39
Exercise price	**–**	–
Distribution yield	**6.09%**	6.17%
Risk-free rate at grant date	**0.52%**	0.11%
Expected remaining life at grant date	**2.70 years**	2.35 years
Expected volatility of Stockland's securities	**32%**	31%
Expected volatility of index price	**22%**	21%

The LTI rights outstanding as at 30 June 2022 of 9,729,369 (2021: 8,586,568), have a fair value ranging from $1.11 to $4.59 (2021:$1.11 to $4.47) per right and a weighted average restricted period remaining of 1.1 years (2021: 1.1 years).

During the year, 987,175 rights (2021: 1,028,378) vested and will convert to securities with a weighted average fair value of $3.02 per security (2021: $4.18).

DSTI

The fair value of securities granted under the DSTI plan has been calculated based on the 10 day Volume Weighted Average Price post 30 June 2022 of $4.22 (2021: $4.59).

The DSTI outstanding as at 30 June 2022, included in the table above, are 3,088,229 (2021: 3,082,420). The DSTI outstanding have a fair value ranging from $2.72 to $5.12 (2021: $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.

22. INCOME TAX

22A. Income tax recognised in profit or loss

Year ended 30 June	Stockland	
$M	2022	2021
Current tax	–	–
Adjustments for prior years	–	–
Current tax	–	–
Deferred tax recognised during the year	–	50
Origination and reversal of temporary differences	(43)	(23)
Deferred tax	(43)	27
Income tax in profit or loss	(43)	27
Less: income tax benefit relating to discontinued operations	19	4
Income tax in profit or loss from continuing operations	(62)	23

22B. Reconciliation of profit before tax to income tax recognised in profit or loss

Year ended 30 June	Stockland	
$M	2022	2021
Profit before tax	1,424	1,078
Less: Trust (profit)/loss before tax	(1,390)	(976)
Adjust for: intergroup eliminations	(5)	(12)
Profit before tax of Stockland Corporation Group	29	90
Prima facie income tax calculated at 30%	(9)	(27)
Impact on income tax recognised in profit or loss due to:		
Permanent portion of the capital gains on sale of the Retirement Living business	(69)	–
Amounts which are non-deductible in the year	(5)	4
Cost base not previously able to be recognised in relation to goodwill of Retirement Living business	42	–
Under-provided in prior years	(2)	50
Income tax in profit or loss	(43)	27
Effective tax rate[1]	147%	(30%)
Effective tax rate (excluding discontinued operations)	66%	(30%)

1 The effective tax rate 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 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.

23. DEFERRED TAX

As at 30 June	Assets		Liabilities		Net	
$M	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Inventories	**32**	33	**(60)**	(165)	**(28)**	(132)
Investment properties	**18**	90	**(112)**	(431)	**(94)**	(341)
Property, plant and equipment	**21**	32	**–**	–	**21**	32
Payables	**10**	27	**(1)**	(1)	**9**	26
Retirement Living resident obligations	**–**	92	**(185)**	(81)	**(185)**	11
Provisions	**44**	15	**–**	–	**44**	15
Leases	**–**	–	**(1)**	–	**(1)**	–
Reserves	**7**	7	**–**	–	**7**	7
Tax losses carried forward	**233**	431	**–**	–	**233**	431
Tax assets/(liabilities)[1]	**365**	727	**(359)**	(678)	**6**	49

1 Totals may not add due to rounding.

MOVEMENT IN TEMPORARY DIFFERENCES

As at 30 June		Recognised in			Recognised in		
$M	**2020**	**Retained earnings**	**Profit or loss**	**2021**	**Retained earnings**	**Profit or loss**	**2022**
Inventories	(117)	–	(15)	(132)	**–**	**104**	**(28)**
Investment properties	(434)	–	93	(341)	**–**	**247**	**(94)**
Property, plant and equipment	32	–	–	32	**–**	**(11)**	**21**
Payables	6	–	20	26	**–**	**(17)**	**9**
Retirement Living resident obligations	11	–	–	11	**–**	**(196)**	**(185)**
Provisions	23	–	(8)	15	**–**	**29**	**44**
Leases	–	–	–	–	**–**	**(1)**	**(1)**
Reserves	7	–	–	7	**–**	**–**	**7**
Tax losses carried forward	494	–	(63)	431	**–**	**(198)**	**233**
Tax assets/(liabilities)[1]	22	–	27	49	**–**	**(43)**	**6**

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 assets are reviewed for recoverability at each balance date and the recognised amount is adjusted as required. This is a key area of accounting estimation and judgement for Stockland.

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.

RECOVERABILITY OF DEFERRED TAX ASSETS

An assessment of the recoverability of the net deferred tax asset has been made to determine if the carrying value should be reduced with reference to the latest available profit forecasts, to determine the availability of suitable taxable profits or taxable temporary differences. The assessment for the current year determined that there is convincing evidence, based on the profitability of Stockland Corporation Group during the year and latest available profit forecasts, that all income tax losses of the tax consolidated group can be recognised as deferred tax assets. This is consistent with the prior year. At each reporting period end, the net deferred tax asset will be assessed for recoverability.

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. It is not anticipated that Stockland Trust will distribute less than its net income for the current year.

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, joint operations and structured entities.

Joint ventures are accounted for using the equity method, while joint operations are proportionately consolidated and structured entities are recorded as investments at cost.

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.

24. INTERESTS IN JOINT VENTURES AND ASSOCIATES

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 2022 or 30 June 2021.

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.

24A. Interest in joint ventures

The ownership interest and carrying amount in each joint venture is presented below:

	Stockland ownership interest		Trust ownership interest		Carrying amount Stockland	
	%	%	%	%	$M	$M
As at 30 June	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Fife Kemps Creek Trust	**50.0**	50.0	**50.0**	50.0	**61**	11
Macquarie Park Trust	**51.0**	51.0	**51.0**	51.0	**333**	304
Riverton Forum Pty Limited[1]	**50.0**	50.0	**50.0**	50.0	**-**	-
Sequoia Victoria Trust	**100.0**	50.0	**100.0**	50.0	**n/a**	-
SRRP Development Trust	**50.1**	-	**-**	-	**46**	-
Stockland Fife Willawong Trust	**50.0**	50.0	**50.0**	50.0	**27**	23
Stockland Residential Rental Partnership Trust	**50.1**	-	**50.1**	-	**70**	-
Willeri Drive Trust[2]	**50.0**	50.00	**50.0**	50.0	**55**	54
Total equity accounted investments					**592**	392

1 Trustee of Willeri Drive Trust
2 Owner of Stockland Riverton, Riverton WA

CHANGES TO JOINT VENTURES

During the year, Stockland entered into the Stockland Residential Rental Partnership (SRRP) with Mitsubishi Estate Asia (MEA) to develop, own and manage land lease communities. SRRP comprises the following two joint ventures:

- SRRP Development Trust, which is responsible for the development and sale of inventory of the partnership, and
- Stockland Residential Rental Partnership Trust (SRRP Trust), which owns the investment property of the partnership and will collect revenues from residents and incur expenses for the operation of the communities.

During the year, Stockland acquired 100% of the units in Sequoia Victoria Trust for $16.7 million. This investment is no longer equity accounted at 30 June 2022.

There were no other changes to the above list of investments in joint ventures during the year.

24B. 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 the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

Summarised balance sheet as at 30 June

As at 30 June	Macquarie Park Trust		Fife Kemps Creek Trust		SRRP Trust		Other joint ventures		Total	
$M	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Cash and cash equivalents	**2**	12	**24**	1	**4**	–	**56**	3	**86**	16
Inventories	**–**	–	**–**	–	**–**	–	**105**	–	**105**	–
Other current assets	**–**	1	**56**	–	**27**	–	**21**	8	**104**	9
Current assets	**2**	13	**80**	1	**31**	–	**182**	11	**295**	25
Inventories	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Investment properties	**720**	661	**200**	–	**170**	–	**149**	143	**1,239**	804
Other non-current assets	**24**	8	**–**	20	**–**	–	**1**	2	**25**	30
Non-current assets	**744**	669	**200**	20	**170**	–	**150**	145	**1,264**	834
Assets	**746**	682	**280**	21	**201**	–	**332**	156	**1,559**	859
Other current liabilities	**7**	9	**158**	–	**4**	–	**79**	2	**248**	11
Current liabilities	**7**	9	**158**	–	**4**	–	**79**	2	**248**	11
Borrowings	**–**	–	**–**	–	**55**	–	**–**	–	**55**	–
Other non-current liabilities	**74**	65	**–**	–	**–**	–	**–**	–	**74**	65
Non-current liabilities	**74**	65	**–**	–	**55**	–	**–**	–	**129**	65
Liabilities	**81**	74	**158**	–	**59**	–	**79**	2	**377**	76
Net assets	**665**	608	**122**	21	**142**	–	**253**	154	**1,182**	783
Reconciliation to carrying amounts										
Opening net assets 1 July	**608**	570	**21**	20	**–**	–	**154**	112	**783**	702
Capital contributions	**–**	–	**101**	2	**168**	–	**100**	42	**369**	44
Total comprehensive profit/(loss) for the period	**96**	71	**–**	–	**(26)**	–	**8**	6	**78**	77
Distributions paid	**(39)**	(34)	**–**	–	**–**	–	**(8)**	(6)	**(47)**	(40)
Closing net assets[1]	**665**	608	**122**	21	**142**	–	**253**	154	**1,183**	783
% ownership	**51.0**	51.0	**50.0**	50.0	**50.1**	n/a	**n/a**	n/a	**n/a**	n/a
Group's share of net assets[1]	**339**	310	**61**	11	**70**	–	**128**	77	**598**	398
Other adjustments	**(6)**	(6)	**–**	–	**–**	–	**–**	–	**(6)**	(6)
Carrying amount Stockland	**333**	304	**61**	11	**70**	–	**128**	77	**592**	392
Carrying amount Trust	**333**	304	**61**	11	**70**	–	**89**	84	**553**	399

1 Totals may not add due to rounding.

Summarised statement of comprehensive income for the year ended 30 June

Year ended 30 June	Macquarie Park Trust		Fife Kemps Creek Trust		SRRP Trust[1]		Other joint ventures		Total	
$M	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Revenue	**40**	33	**–**	–	**1**	–	**40**	16	**81**	49
Cost of property developments sold	**–**	–	**–**	–	**–**	–	**(18)**	–	**(18)**	–
Net change in fair value of investment properties	**63**	43	**–**	–	**(15)**	–	**(1)**	(10)	**47**	33
Net finance income/(expense)	**(1)**	–	**–**	–	**–**	–	**–**	–	**(1)**	–
Other expenses	**(6)**	(5)	**–**	–	**(12)**	–	**(13)**	–	**(31)**	(5)
Profit/(loss) after tax[2]	**96**	71	**–**	–	**(26)**	–	**8**	6	**78**	77
Total comprehensive income/(loss)	**96**	71	**–**	–	**(26)**	–	**8**	6	**78**	77
% ownership	**51.0**	51.0	**50.0**	50.0	**50.1**	n/a	**n/a**	n/a	**n/a**	n/a
Group's share of total comprehensive income/(loss)[2]	**49**	36	**–**	–	**(13)**	–	**4**	3	**40**	39
Other adjustments	**–**	–	**–**	–	**–**	–	**–**	(3)	**–**	(3)
Stockland's share of profits/(losses) from equity accounted investments	**49**	36	**–**	–	**(13)**	–	**4**	–	**40**	36
Trust's share of profits/(losses) from equity accounted investments	**49**	36	**–**	–	**(13)**	–	**4**	–	**40**	36

1 Legal entity name is Stockland Residential Rental Partnership Trust. SRRP Development Trust is classified under other joint ventures.
2 Totals may not add due to rounding.

25. 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.

26. 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 Hibernian Investment Company Pty Limited[1]
ARC Joint Ventures Pty. Ltd.[1]	Stockland Highett Pty Limited
Australian Retirement Services Pty Ltd[1,2]	Stockland Highlands Pty Limited[1]
AW Bidco 1 Pty Limited[1]	Stockland Highlands Retirement Village Pty Limited
AW Bidco 2 Pty Limited[1]	Stockland Holding Trust No. 3
AW Bidco 4 Pty Limited[1]	Stockland Holding Trust No. 4
AW Bidco 5 Pty Limited[1]	Stockland Holding Trust No. 5
AW Bidco 6 Pty Limited[1]	Stockland Holding Trust No. 6
AW Bidco No. 7 Pty Limited	Stockland IOR Group Pty Limited[1]
AW Bidco No. 8 Pty Limited	Stockland Kawana Waters Pty Limited[1]
AW Bidco No. 9 Pty Limited	Stockland Knox Village Pty Limited[1]
AW Bidco No. 10 Pty Limited	Stockland Lake Doonella Pty Limited[1]
AW Bidco No. 11 Pty Limited	Stockland Land Lease Communities Holdings Pty Limited[1]
AW Bidco No. 12 Pty Limited	Stockland Land Lease Landlord Pty Limited[1]
AW Bidco No. 13 (NSW) Pty Limited	Stockland Land Lease Management Pty Limited[1]
Bayview Road Property Trust	Stockland LLC Aura Pty Limited
Bellevue Gardens Trust	Stockland LLC Burpengary Trust
Compam Property Management Pty Limited	Stockland LLC B by Halcyon Trust
Eisha Pty Ltd	Stockland LLC Curlewis Trust
Enaard Pty Ltd	Stockland LLC Glades Trust
Endeavour (No. 2) Unit Trust	Stockland LLC Greens Trust
Glengar Capital Pty Limited	Stockland LLC Lakeside Trust
Glenmore Park Investments Pty Limited	Stockland LLC Landing Trust
IOR Friendly Society Pty Limited[1]	Stockland LLC Parks Trust
Jimboomba Trust	Stockland LLC Rise Trust
JT Bid Co No. 1 Pty Limited	Stockland LLC St Germain Trust
JT Bid Co No. 2 Pty Limited	Stockland LLC Vision Trust
Knowles Property Management Unit Trust	Stockland LLC Waters Trust
Knox Unit Trust	Stockland LLC Pty Limited
LAB-52 Bricklet Pty Limited	Stockland LLC General Pty Limited
LAB-52 Holdings Pty Limited	Stockland LLC Providence Pty Limited
LAB-52 SMRTR Pty Limited	Stockland LLC SLC SPV Pty Limited
LAB-52 Yodel Pty Limited	Stockland LLC No. 2 Pty Ltd
Mayflower Investments Pty Ltd	Stockland LLC No. 3 Pty Ltd
Merrylands Court Pty Limited	Stockland LLC No. 4 Pty Ltd
Mulgoa Nominees Pty Limited	Stockland Lensworth Glenmore Park Limited[1]
Northpoint No. 1 Trust	Stockland Lincoln Gardens Pty Limited
Northpoint No. 2 Trust	Stockland Long Island Village Pty Limited[1]
Northpoint No. 3 Trust	Stockland Management Limited
Northpoint No. 4 Trust	Stockland Mature Holding Trust
Northpoint No. 5 Trust	Stockland Maybrook Manor Pty Limited

Northpoint No. 6 Trust	Stockland Mernda Retirement Village Pty Limited
Nowra Property Unit Trust	Stockland Miami (Fund) Unit Trust
Patterson Lakes Unit Trust	Stockland Miami (Non-Fund) Unit Trust
Retirement Living Acquisition Trust	Stockland Miami (QLD) Pty Limited[1]
Retirement Living Holding Trust No. 1	Stockland Midlands Terrace Adult Community Pty Limited[1]
Retirement Living Holding Trust No. 2	Stockland Newport Retirement Village Pty Limited
Retirement Living Holding Trust No. 3	Stockland North Boambee Valley LLC Trust
Retirement Living Holding Trust No. 4	Stockland North Lakes Development Pty Limited[1]
Retirement Living Holding Trust No. 5	Stockland North Lakes Pty Limited[1]
Retirement Living Holding Trust No. 6	Stockland Oak Grange Pty Limited[1]
Retirement Living Unit Trust No. 1	Stockland Ormeau Trust
Retirement Living Unit Trust No. 2	Stockland Patterson Village Pty Limited[1]
Rogan's Hill Retirement Village Trust	Stockland Peregian Beach Trust
SDRT 2 Property 1 Trust	Stockland Pine Lake Management Services Pty Limited
SDRT 2 Property 2 Trust	Stockland Pine Lake Village Pty Limited
SDRT 2 Property 3 Trust	Stockland PR1 Trust
SDRT 2 Property 4 Trust	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 Property Services Pty Limited[1]
Stockland Aevum SPV Finance No. 1 Pty Limited	Stockland Queenslake Village Pty Limited
Stockland Affinity Retirement Village Pty Limited	Stockland Retail Services Pty Limited[1]
Stockland Armstrong Creek LLC Trust	Stockland Retain (Retirement) Pty Limited
Stockland Bellevue Gardens Pty Limited	Stockland Retirement Pty Limited[1]
Stockland Bells Creek Pty Limited[1]	Stockland Richmond Retirement Village Pty Limited
Stockland Berwick LLC Trust	Stockland Ridgecrest Village Management Services Pty Limited
Stockland Birtinya Retirement Living Pty Limited	Stockland Ridgecrest Village Pty Limited
Stockland Birtinya Retirement Village Pty Limited[1]	Stockland RRP No. 1 Pty Limited
Stockland Buddina Pty Limited[1]	Stockland RRV Pty Limited[1]
Stockland Caboolture Waters Pty Limited[1]	Stockland RVG (Queensland) Pty Limited
Stockland Caloundra Downs Pty Limited[1]	Stockland Salford Living Pty Limited[1]
Stockland Capital Partners Limited	Stockland Scrip Holdings Pty Limited
Stockland Care Foundation Pty Limited	Stockland Selandra Rise Retirement Village Pty Limited
Stockland Care Foundation Trust	Stockland Services Pty Limited[1]
Stockland Castlehaven Pty Limited	Stockland Singapore Pte Ltd
Stockland Castleridge Pty Limited	Stockland South Beach Pty Limited[1]
Stockland Catering Pty Limited	Stockland Syndicate No. 1 Trust
Stockland CH Finance Pty Limited	Stockland Templestowe Retirement Village Pty Limited[1]
Stockland Development (Holdings) Pty Limited[1]	Stockland The Grove Retirement Village Pty Limited
Stockland Development (NAPA NSW) Pty Limited[1]	Stockland The Hastings Valley Parklands Village Pty Limited
Stockland Development (NAPA QLD) Pty Limited[1]	Stockland Town Centres Pty Ltd
Stockland Development (NAPA VIC) Pty Limited[1]	Stockland The Pines Retirement Village Pty Limited[1]
Stockland Development (PHH) Pty Limited[1]	Stockland Trust Management Limited
Stockland Development (PR1) Pty Limited	Stockland Vermont Retirement Village Pty Limited[1]
Stockland Development (PR2) Pty Limited	Stockland WA (Estates) Pty Limited[1]

Stockland Development (PR3) Pty Limited	Stockland WA Development (Realty) Pty Limited[1]
Stockland Development (PR4) Pty Limited	Stockland WA Development (Vertu Sub 1) Pty Limited
Stockland Development (Sub3) Pty Limited	Stockland WA Development Pty Limited[1]
Stockland Development (Sub4) Pty Limited	Stockland Wallarah Peninsula Management Pty Limited[1]
Stockland Development (Sub5) Pty Limited	Stockland Wallarah Peninsula Pty Limited[1]
Stockland Development (Sub7) Pty Limited[1]	Stockland Wantirna Village Pty Limited[1]
Stockland Development Holding Trust	Stockland Wholesale Funds Management Pty Limited
Stockland Development Pty Limited[1]	Stockland Willawong Industrial Pty Ltd
Stockland Direct Retail Trust No. 2	Stockland Willowdale Retirement Village Pty Limited
Stockland Epping Retirement Village Pty Limited	Stockland Willows Retirement Village Services Pty Limited
Stockland Eurofinance Pty Limited[1]	Templestowe Unit Trust
Stockland Farrington Grove Retirement Village Pty Limited	The Mount Gravatt Retirement Village Unit Trust
Stockland Financial Services Pty Limited[1]	The Pine Lake Management Services Unit Trust
Stockland Golden Ponds Forster Pty Limited	Toowong Place Pty Limited
Stockland Greenleaves Management Services Pty Limited	Vermont Unit Trust
Stockland Greenleaves Village Pty Limited	

1 These entities are parties to the Deed of Cross Guarantee and members of the Closed Group as at 30 June 2022.
2 The name of this entity was changed from "Stockland Aevum Pty Limited" during the year.

CONTROLLED ENTITIES OF STOCKLAND TRUST

9 Castlereagh Street Unit Trust	Stockland Direct Diversified Fund
Acimon Pty Ltd	Stockland Direct Office Trust No. 4
ADP Trust	Stockland Direct Retail Trust No. 3
Advance Property Fund	Stockland Eastern Creek Trust
Advance Property Fund No. 2	Stockland Finance Holdings Pty Limited[1]
AVNW Pty Limited	Stockland Finance Pty Limited[1]
Baratheon Developments Pty Ltd	Stockland Gables Retail Trust
Capricornia Property Trust	Stockland Harrisdale Trust
Caitjan Pty Ltd	Stockland Industrial No. 1 Property 1 Trust
CP Trust No. 1 Trust	Stockland Industrial No. 1 Property 4 Trust
CP Trust No. 2 Trust	Stockland Industrial No. 1 Property 5 Trust
CP Trust No. 3 Trust	Stockland Industrial No. 1 Property 6 Trust
CP Trust No. 4 Trust	Stockland Industrial No. 1 Property 7 Trust
CP Trust No. 5 Trust	Stockland Industrial No. 1 Property 8 Trust
CP Trust No. 6 Trust	Stockland Industrial No. 1 Property 9 Trust
Endeavour (No. 1) Unit Trust	Stockland Industrial No. 1 Property 11 Trust
Eriwill Pty Limited	Stockland JV Trust
Faxrow Pty Limited	Stockland Kemps Creek Industrial Trust
Flinders Industrial Property Trust	Stockland Leppington Industrial Trust
Flinders Industrial Property Subtrust (No. 1)	Stockland Logistics Capital Partnership Trust
Hervey Bay Holding Trust	Stockland Logistics Trust
Hervey Bay Sub Trust	Stockland Marrickville Unit Trust
Horlyd Pty Ltd	Stockland Mornington Unit Trust
Industrial Property Trust	Stockland Mt Atkinson Industrial Trust
Jimboomba Village Shopping Centre and Tavern Trust	Stockland Mulgrave Unit Trust

Landdoc Pty Ltd	Stockland North Ryde Unit Trust
Marinatas Pty Ltd	Stockland Padstow Trust
Mariste Pty Ltd	Stockland Padstow Unit Trust
Mattlix Pty Ltd	Stockland Parkinson Unit Trust
Moncas Pty Ltd	Stockland Quarry Road Trust
Pallawell Pty Ltd	Stockland Retail Holding Sub-Trust No. 1
Racjen Pty Ltd	Stockland Retail Holding Trust No. 1
Sandtor Pty Ltd	Stockland Richlands Unit Trust
SDOT 4 Property # 1 Trust	Stockland RRP Holding Trust
SDOT 4 Property # 2 Trust	Stockland St Marys Unit Trust
SDOT 4 Property # 3 Trust	Stockland Tingalpa Unit Trust
SDRT1 Property # 3 Trust	Stockland Truganina Industrial Trust
SDRT3 Property # 1 Trust	Stockland Walker Street Trust
SDRT3 Property # 2 Trust	Stockland Wholesale Office Trust No. 1
SDRT3 Property # 3 Trust	Stockland Wholesale Office Trust No. 2
Sequoia Victoria Trust	Stockland Willawong Industrial Trust
Sequoia Victoria Trust No. 2	Stockland Willawong Industrial Trust No. 2
Shellharbour Property Trust	Stockland Willawong Industrial Trust No. 3
Stockland Baringa Shopping Centre Trust	Stockland Wonderland Drive Property Trust
Stockland 161 Walker Street Trust	Stockland Yatala Industrial Trust
Stockland Bayswater Unit Trust	Sugarland Shopping Centre Trust
Stockland Birtinya Shopping Centre Trust	SWOT2 Sub Trust No. 1
Stockland Brooklyn Industrial Trust	SWOT2 Sub Trust No. 2
Stockland Bundaberg Trust	SWOT2 Sub Trust No. 3
Stockland Castlereagh Street Trust	The M_Park Trust
Stockland CP Acquisition Trust	Tianmar Pty Ltd
Stockland CPR Industrial Trust	

1 These entities are parties to the Deed of Cross Guarantee (Finance) as at 30 June 2022.

27. 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 2022 and consolidated statement of comprehensive income for the year ended 30 June 2022, 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	2022	2021
Cash and cash equivalents	**22**	4
Receivables	**115**	88
Inventories	**693**	437
Other assets	**59**	5
Current assets	**889**	534
Receivables	**46**	48
Inventories	**2,647**	2,539
Investment properties	**2,623**	2,558
Equity-accounted investments	**46**	–
Other financial assets	**39**	39
Property, plant and equipment	**86**	59
Intangible assets	**65**	77
Deferred tax assets	**6**	49
Other assets	**20**	74
Non-current assets	**5,578**	5,443
Assets	**6,467**	5,977
Payables	**266**	390
Borrowings	**2,602**	–
Retirement Living resident obligations	**1,414**	1,483
Provisions	**221**	424
Other liabilities	**55**	39
Current liabilities	**4,558**	2,336
Payables	**308**	222
Borrowings	**-**	1,891
Retirement Living resident obligations	**9**	38
Provisions	**307**	33
Other liabilities	**459**	450
Non-current liabilities	**1,083**	2,634
Liabilities	**5,641**	4,970
Net assets	**826**	1,007
Issued capital	**1,311**	1,309
Reserves	**2**	5
Accumulated losses	**(487)**	(307)
Securityholders' equity	**826**	1,007

Summarised consolidated statement of comprehensive income

Year ended 30 June	Closed Group	
$M	2022[1]	2021
Profit before tax	**17**	478
Income tax	**(43)**	27
Profit after tax	**(26)**	505
Other comprehensive income	**–**	–
Total comprehensive income	**(26)**	505

1 Includes the results of the entities in the Retirement Living business 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	2022	2021
Accumulated losses at 1 July	**(307)**	(812)
Adjustment for entities added/removed	**(144)**	–
Profit after tax	**(36)**	505
Accumulated losses at 30 June	**(487)**	(307)

28. PARENT ENTITY DISCLOSURES

	Stockland Corporation Limited		Stockland Trust	
$M	**2022**	**2021**	**2022**	**2021**
Results for the year ended 30 June				
Profit/(loss) for the year	**(46)**	82	**1,398**	1,047
Other comprehensive income	**–**	–	**34**	(22)
Total comprehensive income	**(46)**	82	**1,432**	1,025
Financial position as at 30 June				
Current assets	**3,895**	4,721	**3,473**	1,967
Assets[1]	**4,745**	4,863	**24,801**	24,078
Current liabilities	**1,730**	–	**11,665**	11,168
Liabilities	**3,764**	3,837	**15,355**	15,420
Net assets	**981**	1,026	**9,446**	8,658
Issued capital	**1,298**	1,298	**7,348**	7,363
Other Reserves	**5**	4	**28**	(12)
(Accumulated losses)/retained earnings	**(322)**	(276)	**2,070**	1,307
Equity	**981**	1,026	**9,446**	8,658

1 There were no intangible assets as at 30 June 2022 (2021: $nil).

PARENT ENTITY CONTINGENCIES

There are no contingencies within either parent entity as at 30 June 2022 (2021: $nil).

PARENT ENTITY CAPITAL COMMITMENTS

Neither parent entity has entered into any capital commitments as at 30 June 2022 (2021: $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 note 27. Stockland did not enter into any other guarantees of debt in respect of subsidiaries during the year ended 30 June 2022.

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*.

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

29A. Reconciliation of profit after tax to net cash flows from operating activities

	Stockland		Trust	
$M	**2022[1]**	**2021**	**2022**	**2021**
Profit after tax	**1,381**	1,105	**1,390**	976
Adjustments for:				
Net impact on fair value hedges	**(2)**	12	**(2)**	12
Net impact on derivatives	**(178)**	(75)	**(178)**	(75)
Interest capitalised to investment properties	**(14)**	(10)	**(12)**	(9)
Net impact on sale of non-current assets	**(22)**	18	**(20)**	3
Net (gain)/loss on other financial assets	**–**	(1)	**–**	–
DMF base fee earned, unrealised	**(28)**	(46)	**–**	–
Net write-back of inventories impairment provision	**(6)**	(5)	**–**	–
Depreciation	**17**	13	**–**	–
Straight-line rent adjustments	**5**	(1)	**(2)**	(2)
Net unrealised change in fair value of investment properties (including equity-accounted investments)	**(701)**	(359)	**(706)**	(419)
Equity-settled security based payments	**13**	11	**–**	–
Other items	**25**	9	**21**	(4)
Adjustments for movements in:	**–**		**–**	
Receivables	**11**	47	**41**	26
Other assets	**23**	(38)	**29**	15
Inventories	**(414)**	162	**–**	–
Deferred tax assets	**43**	(27)	**–**	–
Payables and other liabilities	**325**	230	**(33)**	(15)
Resident obligations (net of impact of village disposals)	**290**	112	**–**	–
Other provisions	**150**	(110)	**20**	43
Net cash flows from operating activities	**918**	1,047	**548**	551
Less: cash flows relating to discontinued operations held for sale	**(198)**	(143)	**–**	–
Net cash flows from operating activities from continuing operations	**720**	904	**548**	551

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

29B. 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	**3,932**	**(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**
Offshore medium term notes	4,329	(23)	(240)	(134)	3,932
Domestic medium term notes and commercial paper	618	129	–	–	747
Bank facilities	75	–	–	–	75
2021	5,022	106	(240)	(134)	4,754

1 Includes amortisation of capitalised transaction costs.

30. 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	2022	2021	2022	2021
Inventories	**427**	508	**–**	–
Investment properties	**334**	92	**311**	76
Capital expenditure commitments	**761**	600	**311**	76

JOINT VENTURE AND ASSOCIATE CAPITAL EXPENDITURE COMMITMENTS

The above commitments include capital expenditure commitments for Joint Ventures of $163 million relating to The M_Park Trust and $13 million capital expenditure commitments relating to Macquarie Park Trust.

31. 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 2022 comprise bank guarantees, letters of credit, property indemnities and insurance bonds:

As at 30 June	Stockland and Trust	
$M	2022	2021
Bank guarantees, letters of credit, property indemnities and insurance bonds issued to local government and other authorities against performance contracts, maximum facility $1,275 million (2021: $1,225 million)	**605**	444

32. RELATED PARTY DISCLOSURES

Year ended 30 June	Stockland		Trust	
$'000s	2022	2021	2022	2021
Responsible Entity fees	**120**	121	**–**	–
Development management and service fee	**2,503**	1,092	**–**	–
Property management, tenancy design and leasing fees	**1,246**	1,099	**–**	–
Rental income	**–**	–	**14,096**	14,248
Finance income	**–**	–	**191,248**	193,439
Revenue from related parties	**3,869**	2,312	**205,344**	207,687
Responsible Entity fees	**–**	–	**38,477**	35,435
Property management, tenancy design and leasing fees	**–**	–	**24,508**	26,667
Recoupment of expenses	**–**	–	**60,004**	59,353
Development management fee capitalised to investment property	**–**	–	**3,036**	2,146
Expenses to related parties	**–**	–	**126,025**	123,601

RESPONSIBLE ENTITY AND MANAGEMENT AND OTHER FEES

Stockland received Responsible Entity and other management 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 (2021: 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 $2,961 million (2021: $2,647 million) repayable in June 2023. Interest on the loan is payable monthly in arrears at interest rates within the range of 6.06% - 7.24% during the year ended 30 June 2022 (2021: 6.06 to 6.15%).

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 Retail 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

Stockland Management Limited as the Investment Manager of SRRP is entitled to receive Investment Management, Performance, Debt Arrangement, and Transaction Fees from the SRRP Trust and SRRP Development Trust. No material fees were earned by Stockland Management Limited from SRRP during the year due to the proximity of the SRRP settlement date to year-end.

33. PERSONNEL EXPENSES

Year ended 30 June	Stockland		Trust	
$M	2022	2021	2022	2021
Wages and salaries (including on-costs)	**247**	195	**–**	–
Equity-settled security based payment transactions	**13**	11	**–**	–
Contributions to defined contribution plans	**17**	14	**–**	–
Movement in annual and long service leave provisions	**6**	6	**–**	–
Personnel expenses	**283**	226	**–**	–

PERSONNEL EXPENSES

The total personnel expenses for the year was $283 million (2021: $226 million), which includes $13,622,421 of equity-settled security based payment transactions (2021: $11,386,335).

ANNUAL LEAVE

Accrued annual leave of $14 million (2021: $11 million) is presented in current liabilities, since 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 several defined contribution superannuation plans. Contributions are recognised as a personnel expense as they are incurred. The annual expense was $17 million (2021: $14 million).

34. KEY MANAGEMENT PERSONNEL DISCLOSURES

Year ended 30 June	Stockland		Trust	
$000's	2022	2021	2022	2021
Short term employee benefits	**10,643**	10,054	**–**	–
Post-employment benefits	**246**	232	**–**	–
Other long term benefits	**13**	116	**–**	–
Termination benefits	**633**	750	**–**	–
Security based payments	**4,397**	3,482	**–**	–
Key management personnel compensation	**15,932**	14,634	**–**	–

Information regarding individual Directors' and Executives' remuneration is provided in the remuneration report on pages 85 to 106 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.

35. AUDITOR'S REMUNERATION

Year ended 30 June	Stockland		Trust	
$000's	2022	2021	2022	2021
PricewaterhouseCoopers Australia				
Audit and review of financial report	**2,284**	2,442	**607**	584
Audit of unlisted property fund financial reports	**135**	77	**–**	–
Regulatory audit and assurance services	**628**	634	**314**	332
Remuneration for audit services	**3,047**	3,153	**921**	916
Other non-audit services	**158**	96	**–**	–
Remuneration for non-audit services	**158**	96	**–**	–
Auditor remuneration	**3,205**	3,249	**921**	916

Auditor's fees are paid by Stockland Development Pty Limited on behalf of Stockland.

36. BUSINESS COMBINATIONS

On 17 August 2021, Stockland acquired Halcyon Group's LLC business based in Queensland. Stockland acquired Halcyon to expand its existing LLC portfolio and customer base. The acquisition has been accounted for using the acquisition method. The consolidated financial statements include the results of Halcyon for the period from acquisition to 30 June 2022. The fair values of the identifiable assets and liabilities of Halcyon at acquisition were:

Fair value recognised on acquisition	$M
Receivables and other assets	**1**
Property, plant and equipment	**52**
Communities investment property	**182**
Communities under development	**320**
Inventories	**130**
Assets	**685**
Creditors and other current liabilities	**(46)**
Deferred revenue liability	**(12)**
Liabilities	**(58)**
Total	**627**
Total consideration	**627**
Goodwill recognised on acquisition	**–**

Net cash flow	$M
Total cash consideration paid up to 30 June 2022	**627**
Less: cash and cash equivalents acquired	**–**
Net cash outflow in the period	**627**

Total consideration can be summarised as follows:

Payment	Payment date	$M
Tranche 1	August 2021	**302**
Tranche 2	October 2021	**3**
Tranche 3	February 2022	**12**
Tranche 4	May 2022	**310**
Total		**627**

No goodwill was recorded on acquisition as the fair value of the purchase consideration is materially the same as the net acquisition date amounts of the identifiable assets and liabilities acquired. Transaction costs of $28 million were expensed in the period.

From the date of acquisition, Halcyon has contributed $127 million[1] of revenue and $11 million[1] to the net profit before tax from the continuing operations of the Group. If the acquisition had taken place at the beginning of the financial year, revenue from continuing operations would have been $138 million and the profit before tax from continuing operations for the period would have been $12 million.

37. 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.

37A. 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.

37B. 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

[1] Excludes the results of the communities sold into the Stockland Residential Rental Partnership from the date that communities were sold into the partnership.

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 are 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 18.

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.

38. ADOPTION OF NEW AND AMENDED ACCOUNTING STANDARDS

38A. New and amended Accounting Standards adopted

AASB 2020-8 AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS - INTEREST RATE BENCHMARK REFORM PHASE 2

AASB 2020-8 *Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform Phase 2* amends a number of existing Accounting Standards to introduce practical expedients in relation to accounting for the modification of financial contracts and/or leases if a change results directly from IBOR reform. IBOR reform refers to the global reform of interest rate benchmarks, which includes the replacement of some interbank offered rates (IBOR) with alternative benchmark rates. Amendments also allow a series of exemptions from the regular hedge accounting rules and introduce additional disclosure requirements.

The amendment was required to be adopted for annual reporting periods beginning on or after 1 January 2021. Stockland did not have any financial contracts or leases referencing IBOR or IBOR-derived rates and has therefore adopted the amendments in the current period with no impact.

AASB 2021-3 AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS - COVID-19 - RELATED RENT CONCESSIONS BEYOND 30 JUNE 2021

AASB 2021-3 Amendments to Australian Accounting Standards– COVID-19-Related Rent Concessions beyond 30 June 2021 amended AASB 16 to extend the practical expedient to not account for COVID-19 related rent concessions as lease modification by one year. The amendment is effective for annual reporting periods beginning on or after 1 April 2021. As the standard extends a standard that was already adopted in the year ended 30 June 2020, the adoption of this standard had no material impacts in the current year.

38B. 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 period.

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 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 amendment is effective for annual reporting periods beginning on or after 1 January 2022. Stockland has assessed the amendments 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 is yet to assess the implications of this amendment upon adoption.

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 is yet to assess the implications of this amendment upon adoption.

INTERNATIONAL SUSTAINABILITY STANDARDS BOARD - EXPOSURE DRAFT ON IFRS S1 GENERAL REQUIREMENTS FOR DISCLOSURE OF SUSTAINABILITY-RELATED FINANCIAL INFORMATION AND IFRS S2 CLIMATE-RELATED DISCLOSURES

The International Sustainability Standards Boards (ISSB) is an initiative of the IFRS Foundation to establish a global framework for the disclosure of climate and sustainability information in financial reports. On 31 March 2022, the ISSB released their first two exposure drafts (EDs), 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 available.

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 107 to 186, 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 2022 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 26 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 2022 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 2022, 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 2022.
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, 19 August 2022

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 reports 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 positions of Stockland and the Stockland Trust Group as at 30 June 2022 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 (the financial report) comprise:

- the consolidated balance sheet as at 30 June 2022
- 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 financial report, 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 $42.3 million and $26.5 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 most commonly measured in the industry.	• 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 audit, and this included industry expertise in real estate, as well as IT specialists, valuation, tax and treasury experts.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit Committee: – Valuation of Investment Properties – Commercial Property – Carrying value of inventory and costs of property developments sold – Retirement Living business – Held for sale assets and liabilities and discontinued operations – Acquisition of Halcyon Group's Land Lease Communities business • These are further described in the *Key audit matters* section of our report.

- 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 – Commercial Property	
(Refer to note 7) *Stockland – $10,188 million* *Stockland Trust Group - $10,169 million* Stockland's and the Trust's Commercial Property portfolio ("Commercial Property") consisted primarily of retail town centres, logistics and workplace investment properties, as well as properties under development at 30 June 2022. Commercial Properties were valued at fair value as at reporting date using a combination of the income capitalisation, discounted cash flow and direct comparison methods, as well as transaction prices where relevant. The value of Commercial Properties was dependent on the valuation methodology adopted and the significant assumptions and inputs into the valuation model. Factors such as prevailing market conditions, the individual nature, condition and location of each property, the state of development (as applicable) and the expected future income for each property, directly impact fair value.	Our procedures included, amongst others: • Obtaining an understanding of Stockland's processes and controls for determining the valuation of Commercial Property; • Engaging PwC's real estate valuation experts where relevant; • Assessing the scope, competence and objectivity of the external valuation firms engaged by Stockland to provide external valuations at reporting date. We met with a sample of the external valuation experts across the asset classes to assess the reasonableness of the significant assumptions and considerations; • Assessing the appropriateness of the valuation methodologies utilised; • Assessing the appropriateness of the considerations related to the impact of climate-related events on property 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 Commercial Properties in accordance with their valuation policy as described in note 7A.

This was a key audit matter given:

- the relative size of the Commercial Property portfolio to the net assets and related valuation movements, and
- the inherent subjectivity of the key assumptions that underpin the valuations.

- Selecting a risk-based sample of Commercial Property assets to assess the appropriateness of significant assumptions with reference to market data where possible. We agreed a sample of the underlying lease terms to the tenancy schedule and traced the rental income used in the external valuation to the tenancy schedule and assessed the appropriateness of income related assumptions;
- Testing the mathematical accuracy of a sample of the Commercial Property valuations;
- Reconciling the fair value of each asset in the Commercial Property portfolio to the accounting records and, where relevant, to the external valuation reports for all the properties externally valued at balance date;
- Considering the reasonableness of the disclosure made in relation to the significant assumptions, including the sources of estimation uncertainty in note 7 in light of the requirements of Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter

Carrying value of inventory and costs of property developments sold

(Refer to note 6)
Stockland - $3,736 million
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. 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.

Our procedures included, amongst others:

- Obtaining an understanding of Stockland's processes and controls for determining the net realisable value (NRV);
- Reconciling the carrying value of each of the projects to the accounting records and comparing the carrying value to each project's NRV;
- Selecting a risk-based sample of NRV assessments to assess the appropriateness of the significant assumptions;
- Assessing the appropriateness of the considerations related to the impact of climate-related events on inventory impairments;

The cost of the inventory includes the cost of acquisition, development and holding costs such as borrowing costs, rates and taxes.

Net realisable value is calculated based on the estimated selling price of the inventory, less the estimated costs of completion, including forecast capitalised interest, and associated selling costs. Each of these factors is impacted by expected future market and economic conditions which includes assumptions such as sales prices, sales rates and development costs.

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

When inventory is sold by Stockland the carrying amount of the relevant inventory is recognised as an expense in the same period that the sale is recognised. The cost of property developments sold is based directly upon the forecast profit margin for the relevant project as a whole, and results in the recognition of a profit margin in the period the inventory is sold.

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 profit margin recognised.

- Tracing a sample of additions included in 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 checked that interest was appropriately capitalised to inventory in accordance with AASB 123 *Borrowing Costs*;
- Testing a sample of recorded sales to the underlying sale contracts and recalculating the related profit margin recognised; and
- Considering the reasonableness of the disclosures made in relation to the significant assumptions, including the sources of estimation uncertainty in note 6 in light of the requirements of Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter

Retirement Living business – Held for sale assets and liabilities and discontinued operations

(Refer to note 14A)
Stockland - $898 million
Stockland Trust Group – this KAM is not applicable as the Trust does not hold Retirement Living assets and liabilities

Stockland has determined that as at 30 June 2022 the assets and liabilities to be sold to EQT meet the classification of Held for Sale assets and liabilities and Discontinued Operations under AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Our procedures included, amongst others:

- Assessing the appropriateness of the classification of the assets and liabilities held for sale in the context of Australian Accounting Standards;
- Agreeing the sales consideration included in the fair value less costs to sell calculation to the appropriate supporting documentation;
- Testing the mathematical accuracy of the fair value less costs to sell calculation upon which the measurement of assets and liabilities are based; and

Stockland has measured these assets and liabilities at the lower of their carrying amounts and fair value less costs to sell.

The valuation of Investment Properties – Retirement Living and Retirement Living resident obligations included in Discontinued operations, disposal groups and non-current assets held for sale have been made with reference to the fair value less costs to sell resulting from the transaction with EQT.

This was a key audit matter given:

- the relative size of the discontinued operation to the net assets, and
- the significant disclosures required given the transaction triggers discontinued operations disclosures.

- Assessing whether the disclosures within the financial report are reasonable in light of the requirements of Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter

Acquisition of Halcyon Group's Land Lease Communities business

(Refer to note 36)
Stockland - $627 million
Stockland Trust Group – this KAM is not applicable as the Trust did not acquire Halcyon Group's Land Lease Communities business

On 17 August 2021, Stockland acquired Halcyon Group's Land Lease Communities (LLC) business.

The acquisition was accounted for using the acquisition method under AASB 3: *Business Combinations*.

The identified assets acquired and liabilities assumed were recognised at their acquisition-date fair values.

The value of assets acquired and liabilities assumed was dependent on the valuation methodology adopted and the significant assumptions and inputs into the relevant valuation models. Factors such as prevailing market conditions, the classification of the identified assets acquired and liabilities assumed and their expected future cash flows directly impact fair value.

Our procedures included, amongst others:

- Obtaining an understanding of Stockland's processes and controls for identifying the acquisition as a business combination and for applying the acquisition method;
- Engaging PwC's valuation experts where relevant;
- Assessing the scope, competence and objectivity of management's experts;
- Agreeing the purchase consideration to the appropriate supporting documentation;
- Testing the mathematical accuracy of the fair value allocation; and

This was a key audit matter given:

- the relative size of the business combination to the net assets,
- the judgement involved in identifying the acquired assets and liabilities assumed, and the inherent subjectivity of the key assumptions that underpin the related valuations, and
- the disclosures required given the transaction was identified as a business combination.

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 2022, 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.

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 pwc

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 88 to 106 of the directors' report for the year ended 30 June 2022.

In our opinion, the remuneration report of Stockland and the Stockland Trust Group for the year ended 30 June 2022 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

PricewaterhouseCoopers

JReilly

Jane Reilly
Partner

Sydney
19 August 2022

Securityholder information and key dates

Yennora Distribution Centre, NSW

Securityholders

As at 30 July 2022, there were **2,387,171,662** securities on issue and the top 20 securityholders as at 30 July 2022 is as set out in the table below.

Securityholders	Number of securities held	per centage (per cent) of total securities
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	948,440,735	39.73
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	496,283,758	20.79
CITICORP NOMINEES PTY LIMITED	302,882,1161	12.69
BNP PARIBAS NOMS PTY LTD <DRP>	92,241,226	3.86
NATIONAL NOMINEES LIMITED	85,537,952	3.58
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	25,604,720	1.07
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	25,485,465	1.07
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	13,078,715	0.55
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	6,655,894	0.28
E G HOLDINGS PTY LIMITED	6,411,632	0.27
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	5,749,560	0.24
AUSTRALIAN EXECUTOR TRUSTEES LIMITED <IPS IOOF EMPLOYER SUPER A/C>	5,176,527	0.22
MUTUAL TRUST PTY LTD	5,122,916	0.21
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	4,276,898	0.18
CPU SHARE PLANS PTY LTD <SGP STI CONTROL ACCOUNT>	4,210,819	0.18
ARGO INVESTMENTS LIMITED	4,017,934	0.17
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,863,966	0.16
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	3,113,177	0.163
WOODROSS NOMINEES PTY LTD	2,544,347	0.11
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <GSCO CUSTOMERS A/C>	2,465,717	0.10

Distribution of securityholders as at 30 July 2022 Number of securities held	Number of securityholders	Number of securities	per centage (per cent) of total securityholders
1 – 1,000	15,168	6,512,425	0.27
1,001 – 5,000	22,020	59,682,678	2.50
5,001 – 10,000	8,938	65,086,247	2.73
10,001 – 100,000	6,939	147,579,391	6.18
100,001 – over	189	2,108,310,921	88.32

There were 2,440 securityholders holding less than a marketable parcel (130) at close of trading on 30 July 2021.

Substantial securityholders as at 30 July 2022	Number of securities held
BlackRock Group (BlackRock Inc and Subsidiaries)	250,066,213
Vanguard Investments Australia Limited/Vanguard Group Inc.	226,578,534
State Street Corporate and subsidiaries	204,408,837

General securityholder information

Attribution managed investment trust member annual statement

After the announcement of Stockland's full year results each year, 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

17 October 2022

Annual General Meeting

31 December 2022

Record date

21 February 2023

Half-year results announcement

30 June 2023

Record date

24 August 2023

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 (appointed 16 November 2020)
- Adam Tindall (appointed 1 July 2021)

Executive Directors

- Tarun Gupta – Managing Director (appointed 1 June 2021)

Former Non-Executive Directors

- Barry Neil (retired 19 October 2021)

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 on the detail provided. Computershare will also be able to provide you with information on your holding.

Further information

For more information about Stockland, including the latest financial information, announcements, property news and corporate governance information, visit our website at **www.stockland.com.au**

Glossary

$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
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
DMF	Deferred management fee earned from residents within the Retirement Living business
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
FFO	Funds from operations
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
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
NRV	Net realisable value
Report	This Stockland Annual Report 2022
ROE	Return on equity
ROIC	Return on invested capital
SA	Serviced apartment
SaaS	Software as a service
SCPL	Stockland Capital Partners Limited
SDRT No. 1	Stockland Direct Retail Trust No. 1
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
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
TSR	Total securityholder return
WALE	Weighted average lease expiry
WOL	Whole of Life accounting

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IMPORTANT NOTICE

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
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SYDNEY NSW 2000