



17 October 2022

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

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

1. Ms Melinda Conrad, Chairman of today's meetings; and
2. Mr Tarun Gupta, Managing Director and CEO.

**ENDS**

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

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**Stockland**

We are a leading creator and curator of connected communities with people at the heart of the places we create. For more than 70 years, we have built a proud legacy, helping more Australians achieve the dream of home ownership, and enabling the future of work and retail. Today, we continue to build on our history as one of Australia's largest diversified property groups to elevate the social value of our places, and create a tangible sense of human connection, belonging and community for our customers. We own, fund, develop and manage one of Australia's largest portfolios of residential and land lease communities, retail town centres, and workplace and logistics assets. Our approach is distinctive, bringing a unique combination of development expertise, scale, deep customer insight, and diverse talent - with care in everything we do. We are committed to contributing to the economic prosperity of Australia and the wellbeing of our communities and our planet.

# Chairman's address

Annual General Meeting 2022

## **MELINDA CONRAD – CHAIRMAN OF THE 2022 ANNUAL GENERAL MEETINGS, STOCKLAND**

Good afternoon, everyone, and welcome to the Stockland 2022 Annual General Meetings.

My name is Melinda Conrad. I am a director of Stockland, Chair of the People and Culture Committee and Chairman for today's meetings in place of Stockland's Chairman, Tom Pockett, who is unable to attend due to unforeseen personal circumstances.

I'd like to begin by acknowledging the Traditional Custodians of the land on which we meet today, the Gadigal people of the Eora Nation and pay my respects to Elders past and present.

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

Ervin developed his first residential estate in Western Sydney in 1952. 70 years on, the company he created, Stockland, is one of the largest creators and curators of connected communities in Australia.

We continue to honour his foundation today through our purpose, "we believe there is a better way to live".

Noting the apology from Tom Pockett, joining me today is your Board, including Non-Executive Directors Kate McKenzie, Stephen Newton, Christine O'Reilly, Andrew Stevens, Laurence Brindle and Adam Tindall. Also sitting alongside me is Managing Director and Chief Executive Officer, Tarun Gupta, and our Company Secretary Katherine Grace.

Also present are members of the Stockland Leadership Team who are joining us in person.

We were pleased to deliver a full-year operating result for FY22 slightly above our guidance range.

Our statutory profit of ~\$1.4 billion was up 25% on FY21.

Funds from operations (FFO) rose 8% to \$851 million or 35.7 cents per security, slightly above the guidance range of 35.1 cents to 35.6 cents.

The distribution for the year rose 8% to 26.6 cents per security, with the payout ratio of 75% set at the lower end of our target range to support growth opportunities across the business.

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

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% on a proforma basis. This provides us with significant capacity for investment in our strategic priorities.

Having joined the organisation in June 2021, this has been Tarun's first full year as our Managing Director and Chief Executive Officer.

Tarun's appointment has been well received with our stakeholders and he has demonstrated strong leadership of Stockland in this short time.

Following Tarun's appointment, we have also welcomed several new executives completing the reset of our Leadership Team, which positions us for Stockland's continued success and sustainable growth.

In November 2021, Tarun announced our revised strategy, clearly articulating the strategic priorities and targets for our Company.

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.

In February 2022, we announced the sale of our Retirement Living business to EQT Infrastructure for approximately \$1 billion dollars, 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 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.

Environmental, Sustainability and Governance (ESG) is at the core of everything we do and is integral to our strategy.

Stockland has a strong culture of innovation, and we are leveraging this to maintain and extend our ESG leadership.

Among the outstanding entries in this year's annual Stockland Innovation & Excellence Awards was a procurement framework that increased our pool of Indigenous suppliers, and also an initiative called StockHub – a digital platform that coordinates the reuse of fixtures and fittings in Town Centres.

Stockland continues to demonstrate leadership and commitment with regard to sustainability.

Our target to achieve Net Zero carbon emissions for scope 1 and 2 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. We have also joined the UN Race to Zero as part of our focus on establishing our scope 3 emissions targets during FY23.

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.

In 2022 the Board reconstituted the membership of the Sustainability 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.

We have a strong ESG track record and are committed to continuing to raise the bar. We have progressed a comprehensive review of our ESG strategy and will be looking closely at how we can further enhance our efforts in areas such as climate resilience, circularity and social impact.

We also believe strongly in the promotion of diversity and inclusion. We want Stockland to have a true feeling of being a place where you can bring your whole of self to work. This is an ongoing focus, not only in relation to gender but all forms of diversity.

We look forward to sharing further initiatives across these important areas with you during the year.

Turning now to the resolutions for today's meetings.

Resolution 2 relates to the re-election of non-executive director Mr Stephen Newton who is seeking re-election for a third term today with unanimous support from the Board. We will hear from Stephen shortly.

Resolutions 3 and 4 relate to remuneration.

The Board recognises the importance of aligning remuneration outcomes to business performance and that these outcomes be sensitive to the experiences and expectations of our many stakeholders.

Resolution 3 seeks your approval of the Remuneration Report for FY22.

Resolution 4 relates to the grant of performance rights to Managing Director and Chief Executive Officer, Tarun Gupta. Tarun's participation in the performance rights plan (PRP) forms part of his usual remuneration arrangements.

The Boards (excluding Tarun) believe that participation in the PRP by Tarun, on the terms and conditions described in the notice of meetings, is an appropriate equity based incentive given his responsibilities and commitment.

Fellow securityholders, before handing over to Tarun to present his report I would like to take the opportunity to thank my Board colleagues and the executive team for their leadership throughout the year.

On behalf of the Board I would also like to thank our past and present employees who have demonstrated great dedication and commitment as part of Stockland's journey.

And finally, thank you, our securityholders, for your ongoing support and investment in Stockland.

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

Thank you.

# Managing Director & CEO's address

## Annual General Meeting 2022

Good afternoon, everyone.

I would also like to acknowledge the traditional owners of the land on which we meet and pay my respects to elders past and present.

Stockland's 70<sup>th</sup> year has been one of delivering what we set out to achieve.

I'll begin with strategy.

As Melinda mentioned, last November, we set three clear strategic priorities to drive sustainable growth for Stockland:

- to dynamically reshape our portfolio,
- accelerate the delivery of our \$41 billion development pipeline; and
- scale our capital partnerships.

And we have been delivering against these priorities.

The sale of the Retirement Living business reshapes our portfolio, simplifies our business and strengthens our balance sheet - providing the capacity to redeploy that capital into areas of higher return.

In FY22, we continued to refine our Town Centre portfolio, executing on almost \$400 million of non-core asset disposals.

We have extended our leadership in the residential sector, and we are well progressed in growing our land lease communities business into a market leader, with a combined development pipeline now at around 7,200 home sites.

Across our Communities and Commercial Property businesses, we have grown our development pipeline from \$33 billion to \$41 billion in the last 12 months, by activating our extensive land bank.

Our Logistics pipeline has doubled to \$6.4 billion, which reweights our portfolio and provides a clear pathway for earnings growth.

We also completed approximately \$300 million of Logistics projects in the year and expect that number to double to around \$600 million in FY23.

Stage 1 of our M\_Park project, which is being undertaken in a capital partnership with Ivanhoe Cambridge, is progressing well and will contribute to earnings from FY23 onward.

Capital partnerships are fundamental to our strategy. It is a platform that enables us to bring our development pipeline to fruition while maintaining a strong balance sheet. We can create high-quality assets, new fee-based income streams, and improve return on invested capital. We will continue to explore further opportunities in this space.

Turning now to our FY22 financial result. Against a backdrop of significant market challenges, we delivered a strong result across the business.

Funds From Operations was up 8% to \$851 million, and we delivered FFO per security slightly above our guidance range at 35.7cents, up 7.9% compared with the previous year.

Our Commercial Property portfolio delivered comparable FFO growth of 3.3% and a rent collection rate of 99.7%.

Our Town Centre portfolio demonstrated its resilience, with leasing spreads remaining positive throughout the year and sales growth accelerating strongly once COVID-related trading restrictions were removed.

Our high-quality Logistics portfolio had strong rental uplifts on new leases and is well positioned to capture further rental growth with a 3.4 year weighted average lease expiry.

Our Masterplanned Communities business saw margin expansion and entered FY23 with record contracts on hand, and our growing Land Lease business will be a key earnings driver in FY23 and beyond.

When we reset our strategy last November, we also introduced the measure of Return on Invested Capital, or ROIC target ranges.

For FY22, ROIC for our recurring income streams was 10%, which is above our target range of 6-9%, while our development business generated ROIC of 16%, at the midpoint of our target range.

Our operating cash flow of \$918 million for the year was strong, and comfortably covered the distribution for the year.

Importantly, we have entered FY23 in a robust capital position. We ended the financial year with gearing at 23.4%, and the sale of our Retirement Living business contributed to a reduction in gearing to 18%, on a proforma basis, which is a very good position to be in, in the current environment.

Additionally, as at 30 September, we had cash and undrawn facilities of \$1.4 billion, providing us with a high level of liquidity that gives us both significant headroom and the capacity to take advantage of the right opportunities.

Our first quarter update, released today, reflects the strength of our diversified platform.

Stockland has delivered a strong operational result for the quarter.

The Commercial Property portfolio performed well, including strong average rental growth of 12.1% on new leases in the rapidly growing Logistics portfolio. Additionally, our Town Centres had double digit sales growth and maintained positive leasing spreads.

The Masterplanned Communities business ended the quarter with over 6,000 contracts on hand at 13.6% higher average pricing when compared to FY22, providing good earnings visibility for this business.

The strong demand for our Land Lease Communities development product means we have already sold all our expected completions for FY23 and are now selling well into FY24. In the first quarter, the established portfolio achieved average rental growth of 6.3%, with occupancy and rent collection rates remaining at 100%.

Sales and enquiry levels for our Masterplanned Communities business have moderated in line with our expectations, reflecting the impact of the successive interest rate increases.

Current conditions in the broader residential market are likely to persist until the interest rate outlook stabilises, but our residential business is well positioned for this phase of the cycle.

In summary, our Q1 result demonstrates that Stockland is well positioned for sustainable growth, and our balance sheet strength provides resilience and flexibility to take advantage of opportunities that may arise in the current environment.

At Stockland, we believe there is a better way to live, and our values of Community, Accountability, Respect and Excellence remain at the heart of everything we do.

Our commitment to be a leader in ESG is a natural extension of our purpose and values and an essential driver of our long-term performance.

As Melinda mentioned, we are currently undertaking a comprehensive review to further evolve our long-held leadership in ESG. We are committed to doing more good – not just less harm - for our people, our cities, and the planet.

We were delighted to see our commitment to gender diversity recognised recently by the Chief Executive Women survey, which ranked Stockland 5<sup>th</sup> out of the ASX300 for gender diversity and 1<sup>st</sup> in the Property sector, with over 60% women in executive leadership positions.

It is also pleasing to see our employee engagement remaining consistently high at over 80%, and policies such as our refreshed parental leave policy – which provides equal benefits, regardless of carer distinction or gender identity – will continue to enhance both our culture and our capability to deliver on our business strategy.

We have a highly engaged and capable team, a high-quality, diversified portfolio, a strong balance sheet, and access to high calibre capital partners.

Together, these key strengths position us well to navigate an uncertain economic environment and drive future returns for you, our security holders.

On behalf of the Stockland team, I thank you for your ongoing support.