

22 June 2020

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**STOCKLAND ANNOUNCES ESTIMATED DISTRIBUTION FOR PERIOD ENDING 30 JUNE 2020
AND RESIDENTIAL AND COMMERCIAL PROPERTY VALUATION UPDATE**

Estimated distribution

Stockland today announced an estimated distribution for the six months to 30 June 2020 (**2H20**) of 10.6 cents per Ordinary Stapled Security. This equates to a full year distribution payment of 24.1 cents per Ordinary Stapled Security. The actual distribution will be confirmed in August 2020 once our results for the 12 months to 30 June 2020 (**FY20**) are finalised and we have reviewed the latest COVID-19 impact on our business including an assessment of relevant economic and operational issues.

The record date for determining entitlement to the 2H20 distribution is 30 June 2020. The 2H20 distribution payment will be made on 31 August 2020.

On 23 March 2020, Stockland withdrew its funds from operations and distribution guidance for FY20 and all other forward-looking views given the heightened and continuing uncertainty surrounding the COVID-19 pandemic.

The reduction in the estimated 2H20 distribution against the original guidance of 14.1 cents per Ordinary Stapled Security is reflective of the impact of COVID-19 on our business during the last quarter of the financial year and the timing of the expected recovery of operational cashflow. The estimated distribution amount assumes no further material change in market conditions. Reducing the distribution and retaining this capital will protect our balance sheet and positions us well to navigate the recovery phase.

We have a strong liquidity position of around \$1.6 billion at 30 April 2020. Stockland expects gearing will remain within the target range of 20 to 30 per cent at 30 June 2020. The Group maintains investment grade credit ratings of A-/A3 with stable outlook from S&P and Moody's respectively.

Due to the continuing uncertainty, funds from operations guidance for FY20 remains withdrawn. We continue to closely monitor the speed and shape of the COVID-19 recovery phase and its implications for our business, and we will provide a full update as part of our FY20 results announcement on 25 August 2020.

Stockland

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

Commercial Property portfolio valuation update

Stockland is undertaking independent external valuations of the entire Commercial Property portfolio at 30 June 2020. The preliminary draft revaluations as at 18 June 2020, which remain subject to usual year end processes including finalisation by external valuers and internal review, indicate a reduction in the book value of the portfolio of approximately 6 per cent, including a devaluation in the retail portfolio of approximately 10 per cent, compared to the estimated book value¹ at 30 June 2020. Due to the level of volatility created by COVID-19 these draft valuation outcomes may change prior to finalisation. The difficulty in predicting the future implications of the COVID-19 market disruption on the Australian real estate sector means that independent valuers are adopting a range of qualifications to assessed values which we will continue to monitor.

Today, approximately 95 per cent of our Retail Town Centres stores by rental income are now trading, with more openings expected as level three restriction easing begins to take effect during July 2020.

Residential sales bolstered by government stimulus

Our strategic focus remains on affordable, high quality masterplanned communities, targeting owner occupiers. We have a resilient customer base and continue to sell over 80 per cent of our homes and lots to owner-occupiers, with first home buyers representing around half our sales. These segments are the most likely to benefit from targeted stimulus measures, implemented by the Federal Government, particularly the HomeBuilder program announced on 4 June 2020 and ongoing State government support.

Following the introduction of these stimulus programs and the easing of social distancing restrictions since mid-May 2020, new enquiry levels in our residential communities have recovered to be above pre-COVID-19 levels. We have also seen an accelerated pace of net sales achieved and have demonstrated our ability to respond quickly to improving customer sentiment and release more stock at our communities, in the areas of greatest demand.

FY20 reporting date

The announcement of Stockland's full year financial results and lodgement of Appendix 4E will be made on 25 August 2020. This announcement will include details of the actual 2H20 distribution and the final commercial property valuations at 30 June 2020.

Managing Director and CEO, Mark Steinert, said: "We remain focused on creating Australia's most liveable and sustainable communities, accelerating our logistics development pipeline and future proofing our town centres. With a strong liquidity position, we are well placed to take advantage of growth opportunities during the recovery phase."

1. Represents 31 December 2019 book value plus capital and development expenditure.

ENDS

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

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