Appendix 4E – Annual Report

Stockland Consolidated Group

For the year ended 30 June 2014

Stapling arrangement

Stockland was established for the purpose of facilitating a joint quotation of Stockland Corporation Limited (ABN 43 000 181 733) and its controlled entities ("the Corporation"), and Stockland Trust (ARSN 092 897 348) and its controlled entities ("the Trust") on the Australian Stock Exchange. Stockland Trust Management Limited (ABN 86 001 900 741) is the Responsible Entity of Stockland Trust.

The Financial Report has been prepared based upon a business combination of the parent entity, Stockland Corporation Limited and its controlled entities, and Stockland Trust and their controlled entities, in accordance with AASB 3 "Business Combinations".

Details of reporting periods	
Current:	30 June 2014
Previous corresponding:	30 June 2013

Results for announcement to the market

				$M
Revenue and other income[1]	**Up**	**13.6%**	**to**	**2,183**
Statutory profit after income tax benefit attributable to securityholders of Stockland	**Up**	**401.9%**	**to**	**527**
Underlying Profit after income tax benefit[2]	**Up**	**12.2%**	**to**	**555**

Distributions	**Amount per Ordinary Stapled Security**	**Total distribution payable**	**Franked amount per Security**
Final distribution	12.0¢	$280 M	-¢
Previous corresponding period	12.0¢	$277 M	-¢
Record date for determining entitlements to the distribution		5.00pm, 30 June 2014	
Distribution payment date		29 August 2014	
The Dividend and Distribution Reinvestment Plan is operational for this distribution[3].			

1 Refer to page 9 for the reconciliation of revenue and other income.

2 Refer page 68 of the Stockland Consolidated Group Annual Financial Report for the reconciliation between Underlying Profit and Statutory Profit.

3 The last date for the receipt of an election notice for participation in the Distribution Reinvestment Plan was 1 July 2014. The discount rate applied will be 1.0%. Securities issued will rank equally with other securities for the final distribution.

18 August 2014

ASX/Media Release

STOCKLAND ACHIEVES STRONG FULL YEAR RESULT

Stockland today announced underlying profit for the year ended 30 June 2014 of $555 million, up 12.2% on the prior corresponding period. Statutory profit was $527 million, significantly higher than FY13.

Key points

- Underlying Profit $555 million, up 12.2% on FY13
- Statutory Profit $527 million
- Underlying earnings per security 24.0 cents, up 7.1% on FY13
- Statutory earnings per security 22.8 cents
- Funds from operations per security 24.8 cents, up 16.4% on FY13
- Continued progress implementing growth strategy with $390 million of asset acquisitions and substantial investment in core projects
- Well placed for FY15 with target earnings per security of 6.0 – 7.5% above FY14

Stockland has delivered a strong full year result, with underlying earnings per security growth of 7.1%, exceeding previous guidance. Distribution for the year was steady at 24 cents per security, in line with underlying earnings.

Funds from operations (FFO) per security was 24.8 cents, up 16.4% on FY13. FFO is a measure of operating performance based on the Property Council of Australia guidelines.

Stockland Managing Director and CEO, Mark Steinert, said this solid performance reflected the Group's focus on successfully implementing its growth strategy as well as positive residential market conditions.

"Throughout FY14 we have focused on our core strategic priorities of growing our assets and customer base; capital strength; and operational excellence. This strong result demonstrates our approach is working and Stockland is now well positioned to deliver sustainable earnings growth," Mr Steinert said.

"Our core businesses performed solidly with year on year profit growth in Retail, Residential, Logistics and Business Parks, and Retirement Living.

"In our Residential business we have capitalised on the positive market conditions and have brought a number of new high performing projects to market.

"Our new residential projects at Calleya in Perth, Willowdale in Sydney's south west, and Elara in Sydney's north west, have all seen strong customer demand."

Mr Steinert said Stockland has made excellent progress implementing its strategy to position the business for sustainable future growth.

"During the year we continued to focus on organically growing our business with significant ongoing investment in our core portfolios and $390 million of strategic acquisitions.

"We have grown our Logistics and Business Parks portfolio by over $270 million, with the acquisition of three new assets and an increased share in Optus Centre, while continuing to invest in optimising our existing assets and land. In our Residential business we acquired four parcels of land adjoining our successful projects where we know we can achieve good speed to market and leverage our existing investment.

"We also continued to invest in growth opportunities in our core businesses including three major shopping centre redevelopment projects, new development stages at seven retirement villages and introducing medium density products and completed homes in our residential communities."

"Importantly the group continued to build on its efficiency improvements with initiatives such as an integrated approach to marketing campaigns, which has lowered costs while improving their effectiveness."

Subsequent to period end, Stockland agreed to sell its Australand securities to Frasers Centrepoint Limited, resulting in a capital profit of circa $80 million.

"We have been disciplined with our investment in Australand and as a result have achieved a significant profit that we will prudently reinvest in our growth strategy," Mr Steinert said. "In particular, we will accelerate our expansion into medium density residential and mixed use development, grow our Logistics and Business Parks capabilities, invest in community and our people and accelerate planned system and process enhancements."

FINANCIAL MANAGEMENT

Gearing: 25.0%
Weighted average debt maturity: 5.2 years

Chief Financial Officer, Tiernan O'Rourke, said capital strength remained a key strategic pillar. The group has maintained a strong balance sheet and A-/stable credit rating.

"Our gearing remains comfortably within our target range of 20 – 30% and we have diverse and long-dated debt, which supports the business's growth strategy." Mr O'Rourke said.

"During FY14 we have established three new capital partnerships at Optus Centre, Piccadilly Complex and the 135 King St and Glasshouse office/retail complex, and will continue to pursue opportunities to recycle capital to fund our growth strategy."

COMMERCIAL PROPERTY

Retail Funds from Operations (FFO)[1]: $369 million
Net Operating Income* (NOI)[2]*: $347 million

Retail FFO was up 9.9% on the prior year reflecting a strong contribution from recently redeveloped centres and the benefits of Stockland's active re-mixing of tenants within existing centres. Comparable FFO, which measures like for like centres, was up 3.9%.

The $460 million of redevelopments underway continue to progress well and are expected to deliver incremental IRRs of 12-14%. The first stage of the Hervey Bay redevelopment opened in July with an overwhelming response from local shoppers.

[1] Funds from Operations (FFO) is determined with reference to the PCA guidelines
[2] Net Operating Income is based on Underlying Profit

The Stockland Wetherill Park redevelopment is on track to open progressively from the end of 2014 and the expansion of Stockland Baldivis is scheduled to open in mid-2015.

Commercial Property CEO, John Schroder, said: "Retail sales have improved over the year. Despite some uncertainty around the Federal budget, and warmer winter weather, we have seen a steady improvement in sales results, with our strongest specialty sales growth achieved in the June quarter. We have continued to deliver solid results due to our development and leasing capability and our ability to meet changing market conditions.

"During the year we achieved our highest ever tenant satisfaction score which ranked us equal first in the sector. Occupancy remains very high at 99.6% and we achieved 734 lease deals for the year, 6.7% more than the previous year. Our commitment to delivering excellent service and creating thriving centres has underpinned our success."

Logistics and Business Parks FFO:$108 million, NOI: $100 million

During FY14 Stockland made significant progress establishing Logistics and Business Parks as a core business. There has been a focus on optimising the performance of the existing portfolio through active leasing, while pursuing growth through acquisition and development.

This resulted in a year on year improvement in FFO of 6.9%. Weighted average lease expiry increased significantly to 4.9 years (3.9 years in FY13) and occupancy lifted to 96.4%.

Mr Schroder said: "When we announced our strategy to grow our Logistics and Business Parks business we faced some challenges in that portfolio. We have made significant progress improving the performance of our existing assets and growing our portfolio, with $274 million of new assets added over the last 12 months.

"We have worked diligently to improve the performance of the portfolio, executing leases on 350,000sqm of space and identifying opportunities to upgrade our assets to meet tenant demand."

Office FFO:$85 million, NOI: $70 million

Office FFO was 16.5% lower than the prior year reflecting asset sales and soft market conditions. Stockland has been selectively down-weighting in Office and the portfolio now represents 8% of assets. Weighted average lease expiry improved marginally to 4.5 years and occupancy was 90.3%. Leases were executed for 40,000sqm during the year.

RESIDENTIAL

EBIT: $244 million, Operating Profit: $95 million

Stockland's Residential business continues to grow strongly with operating profit up 57.2% on the prior year. The Residential team achieved 5,219 lot settlements for the year and started FY15 with a record 3,185 contracts on hand.

Residential CEO, Andrew Whitson, said core projects were performing well, capitalising on strong market conditions.

"Our new projects are experiencing very strong demand and contributing to substantial improvements in our margins and volumes. In addition to Willowdale and Calleya, Elara, in Sydney's north west has now also launched and will contribute its first settlements in FY15," Mr Whitson said.

"All the states we operate in are experiencing generally positive housing market conditions, although some regional areas are more challenged. Demand in Sydney remains very strong with relatively low supply impacting affordability in the established housing market. In Victoria the market is steady with good demand balanced by higher competition. The outlook in Queensland is particularly strong, underpinned by positive economic indicators and a slower start to the housing market recovery. As we have previously noted, while WA has moderated from historically high levels, demand remains above the long-term average.

"We are making good progress on our strategy to reach new customers with medium density products and completed homes. We launched our first townhouses at Highlands in Victoria and released our first completed homes in Queensland. We are now implementing plans to expand these initiatives in FY15 when we expect to start construction on 550 new dwellings."

RETIREMENT LIVING

Operating Profit: $40 million

Retirement Living achieved strong comparable operating profit growth[3], up 13.8% on FY13. Established unit turnovers increased 18.3% on the previous year to 647.

During FY14 the new Retirement Living management team undertook a complete review of the business applying more conservative and asset-specific assumptions. This resulted in a $50 million reduction in the fair value of Retirement Living investment properties and a $23 million impairment to the carrying value of Retirement Living goodwill.

Retirement Living CEO, Stephen Bull, said: "We have undertaken a detailed and thorough review of the entire Retirement Living business and are confident we are now well placed to sustainably grow our profits and ROA. We have reduced our ROA target to 7.0 – 7.5% by FY19 and expect to progressively grow towards this each year.

"Our Retirement Living business has achieved solid year on year profit growth for the past four years. We have consistently high resident satisfaction in our existing villages and a development pipeline for future growth. This ensures we are well placed to continue to grow this business organically, particularly as the number of older Australians increases.

"During the year we established a strategic partnership with Opal Aged Care. Opal has acquired our four existing aged care facilities and we will work with them to extend this continuum of care offering at other villages in our portfolio.

"We will take an active approach to managing our portfolio, recycling capital to optimise returns. Each of our current and future developments will deliver an average incremental IRR of 15-20%. We recently commenced a $160 million redevelopment at Cardinal Freeman Village in Sydney's inner west which will redefine retirement living in this high-demand area."

OUTLOOK

The outlook for global economic growth has generally improved over the last 12 months, but is unlikely to return to long-term trend levels in the near term.

In Australia, businesses and consumers remain cautious. However, housing markets have responded well to strong population growth, improving buyer sentiment and low interest rates and

[3] Excludes Aged Care from both periods

we expect that this sector will continue to be positive for the balance of FY15. In addition, housing construction is likely to provide a boost to economic activity over the next few years.

"Assuming residential market conditions remain reasonable, we would expect to achieve settlements at the upper end of our through the cycle target range of 5000 – 6000 lots in FY15. Commercial Property is well placed to achieve 2 – 3% comparable net operating income growth and we should see a steady improvement in Retirement Living unit turnovers.

"Overall we are targeting EPS growth of 6.0 – 7.5% in FY15[1], assuming no material change in market conditions. We expect to maintain our distribution at 24 cents per security."

Stockland's FY14 results presentation will be webcast via www.stockland.com.au on Monday 18 August 2014 at 11.30am (AEST).

1. Excludes any impact from the $80m pre tax capital profit realised from the sale of our Australand strategic stake

Key metrics

	FY14	FY13	Change
Statutory Profit	$527m	$105m	nm
Statutory Earnings per Security	22.8 cents	4.7 cents	nm
Underlying Profit[1]	$555m	$495m	12.2%▲
Underlying Earnings per Security	24.0 cents	22.4 cents	7.1%▲
Distribution per Security	24.0 cents	24.0 cents	-
Funds from Operations (FFO)[2]	$573m	$472m	21.4%▲
FFO per Security	24.8 cents	21.3 cents	16.4%▲
Net Tangible Assets per Security	$3.53	$3.50	0.9%▲
Gearing (D/TTA)	25.0%	22.7%	
Return on Equity[3]	7.0%	6.0%	

1. Underlying Profit is a non-IFRS measure that is determined to present, in the opinion of the Directors, the ongoing operating activities of Stockland in a way that appropriately reflects its underlying performance . Underlying Profit is the basis on which distributions are determined. Refer to Statutory Accounts for the complete definition
2. Funds from Operations (FFO) is determined with reference to the PCA guidelines
3. Return on Equity is a measure that accumulates individual business Return on Assets and incorporates the cash interest paid and average drawn debt for the period

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KEY METRICS

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Underlying Earnings per Security	24.0 cents	22.4 cents	7.1%▲
Distribution per Security	24.0 cents	24.0 cents	-
Funds from Operations (FFO)[2]	$573m	$472m	21.4%▲
FFO per Security	24.8 cents	21.3 cents	16.4%▲
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3 Return on Equity is a measure that accumulates individual business Return on Assets and incorporates the cash interest paid and average drawn debt for the period.

RATIOS

	June 2014	June 2013
(a)Profit before tax attributable to securityholders of Stockland/revenue and other income	**24.5%**	1.7%
Underlying Profit[1] before tax attributable to securityholders of Stockland/revenue and other income[2]	**24.2%**	24.6%
(b)Profit after tax attributable to securityholders of Stockland/issued capital	**6.3%**	1.3%
Underlying Profit[1] after tax attributable to securityholders of Stockland/issued capital	**6.6%**	5.9%
(a) Net Tangible Asset ("NTA") per security		
NTA backing per security	**$3.53**	$3.50

1 Refer to page 68 of the Stockland Consolidated Group Annual Report for the reconciliation between Underlying Profit and Statutory Profit.

2 Revenue and other income as set out on page 9 excluding net gain from fair value adjustment of investment properties - Commercial Property; share of net gain from fair value adjustment of investment properties in associates and joint ventures; Existing Retirement Living resident obligations fair value movement; and DMF base fees earned (unrealised).

RECONCILIATION OF REVENUE AND OTHER INCOME

Revenue and Other Income – as extracted from Note B1 and the Consolidated Statement of Profit or Loss and Other Comprehensive Income

	2014 $M	2013 $M
Property development sales	**1,109**	955
Rent from investment properties	**679**	674
Deferred Management Fees from Retirement Living	**74**	55
Dividend and distribution income	**19**	1
Other revenue	**58**	43
Total revenue	**1,939**	1,728
Interest income from other parties	**5**	6
Net gain from fair value adjustments:		
- Commercial Property	**93**	60
- Retirement Living Settled development margin	**16**	22
Existing Retirement Living resident obligations fair value movement	**33**	61
Share of profits of investments accounted for using the equity method	**62**	44
Net gain from fair value adjustment of other financial assets[1]	**35**	-
Total revenue and other income	**2,183**	1,921

[1] The net gain from fair value adjustment of other financial assets was a loss in the prior year and is therefore excluded in the year to 30 June 2013.

ASSOCIATES AND JOINT VENTURE ENTITIES

	Ownership interest		**Share of net profit/(loss)**	
	2014 %	2013 %	**2014 $M**	2013 $M
Investments in associates				
Macquarie Park Trust[2]	**50.0**	31.0	**6**	8
Halladale Nelson Limited Partnership[1,3]	**9.0**	9.0	**-**	-
CReAM Trust and subsidiary limited partnerships[1,3,4]	**10.0**	10.0	**-**	-
Capita Portfolio Limited Partnership[1,3,4]	**30.0**	30.0	**-**	-
			6	8
Investments in joint ventures				
Macquarie Park Trust[2]	**50.0**	31.0	**5**	-
SDOT Sub Trust No. 1	**50.0**	50.0	**36**	30
The King Trust	**50.0**	50.0	**4**	(5)
Willeri Drive Trust	**50.0**	50.0	**4**	9
Stockland Ormeau Trust[5]	**50.0**	50.0	**1**	-
Eagle Street Pier Pty Limited	**50.0**	50.0	**6**	1
Compam Property Management Pty Limited	**50.0**	50.0	**-**	-
Subiaco Joint Venture	**33.3**	33.3	**-**	-
Stockland Ventures Limited	**50.0**	50.0	**-**	-
			56	36
			62	44

1. As at 30 June 2014, this entity is in liquidation.
2. During the year Stockland acquired an additional share in Macquarie Park Trust, therefore as at 30 June 2014 this is an investment in a joint venture. Profit when the entity was an Associate is included in the Investments in Associates. Profit recognised when the entity was a Joint Venture is included in Investments in Joint Ventures.
3. Equity accounting has ceased for entities with a carrying value of $Nil.
4. Stockland has significant influence over the operating decisions of these associates due to a combination of its role as asset manager, presence on advisory committees and participation in general partners.
5. Stockland Ormeau Trust is a Residential related joint venture entity. All other joint venture and associate entities are Commercial Property related.

COMPLIANCE STATEMENT

- The Financial Report is a general purpose financial report which has been drawn up for the purposes of fulfilling the requirements of the Australian Securities Exchange and Corporations Act 2001. The Financial Report has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001.
- This report presents fairly the matters disclosed.
- This report is based on the attached audited Annual Financial Report.
- Stockland has a formally constituted Audit Committee.

Mark Steinert
Managing Director

Dated at Sydney, 18 August 2014