

Appendix 4E – Annual Report
Stockland Consolidated Group
For the year ended 30 June 2011

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 Stockland Trust and their controlled entities, in accordance with AASB 3 “Business Combinations”.

Details of reporting periods

Current:	30 June 2011
Previous corresponding:	30 June 2010

Results for announcement to the market

Revenue and other income¹		Up	29.1%	to	\$M 3,015.2
Underlying profit after income tax expense²		Up	8.7%	to	752.4
Statutory profit after income tax expense attributable to securityholders of Stockland		Up	57.7%	to	754.6
Distributions	Amount per Ordinary Stapled Security	Total distribution payable		Franked amount per Security	
Final distribution	11.9¢	\$283.6 M		-¢	
Previous corresponding period	11.0¢	\$262.1 M		-¢	
Record date for determining entitlements to the distribution			5.00pm, 30 June 2011		
Distribution payment date			31 August 2011		
The Dividend and Distribution Reinvestment Plan is not operational for this distribution.					
The Stockland Annual General Meeting will be held Tuesday 25 October 2011 at 2:30pm at the Swissotel, 68 Market Street, Sydney, NSW 2000.					

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

² Refer to page 25 of the Stockland Consolidated Group Annual Report for the reconciliation between Underlying profit and statutory profit.

Control gained over entities

Name of economic entity	Aevum Limited
Date control gained	31 October 2010
Profit from ordinary activities after tax since the date in the current period on which control was acquired	\$22.0 M
Profit from ordinary activities for the whole of the previous corresponding period	Impractical to determine due to inconsistencies in accounting policies prior to the acquisition.

Name of economic entity	Pine Lakes Management Services Limited RVG (Queensland) Pty Limited Pine Lakes Village Pty Limited Greenleaves Management Services Pty Limited Ridgecrest Village Management Services Pty Limited Ridgecrest Village Pty Limited Greenleaves Village Pty Limited Mount Gravatt Retirement Village Unit Trust Pine Lake Management Services Unit Trust
Date control gained	30 June 2011
Profit from ordinary activities after tax since the date in the current period on which control was acquired	\$Nil
Profit from ordinary activities for the whole of the previous corresponding period	Impractical to determine due to inconsistencies in accounting policies prior to the acquisition.

STOCKLAND DELIVERS STRONG FY11 PERFORMANCE

- Statutory profit \$754.6 million, up 57.7% on FY10
- Underlying Profit¹ \$752.4 million, up 8.7% on FY10
- Underlying Earnings per Security 31.6 cents, up 8.6% on FY10
- Distribution per Security 23.7 cents, up 8.7% on FY10
- Gearing (Net Debt / Total Tangible Assets) 22%

Managing Director Matthew Quinn said Stockland had delivered a strong, high-quality result in FY11 with all core areas of the business recording profit growth.

“We have spent the last couple of years building a strong foundation for future growth through execution of a clear strategy. Our aim is to position Stockland as a leader and trusted partner with government and other key stakeholders in the delivery of new communities, retail centres and retirement villages across Australia.

“The short-term challenges arising from weak consumer sentiment and a slow residential market are quite clear, but the initiatives we have taken in recent years and the strong carry forward position we take into FY12 give us resilience to meet them head on.

“In addition to record Residential Communities contracts on hand, we have a solid leasing position in our Commercial Property assets, low gearing and tight control of costs and working capital.

“It is also clear that the weakness in household spending is not homogeneous across various consumer categories and our long-term strategy to focus on affordable products and services, offering value for money and meeting day-to-day household needs, is paying dividends.

“The long-term outlook for the Australian economy and for our business is positive, underpinned by our extensive natural resources and strong population growth. While the higher household savings rate presents challenges in the short-term, it will create a more sustainable platform for economic growth.”

EARNINGS OUTLOOK

FY12 EPS is expected to be around the same as FY11 based on the following assumptions:

- No further rise in interest rates in the short-term
- No material flow-on impact to the underlying Australian economy from recent global market volatility
- Customer confidence and residential buying activity steadily improve in FY12

¹ Underlying Profit reflects statutory profit as adjusted in order to present a figure which reflects the Directors' assessment of the result for the ongoing business activities of Stockland, in accordance with the AICD/Finsia principles for reporting Underlying Profit.

OPERATING RESULTS

Residential

Residential Communities: EBIT up 12% to \$307 million, Operating Profit (incl. interest in COGS) up 9% to \$233 million

- Solid margin and price growth: EBIT margin 29%, Operating Profit margin 22%, average price per sqm up 11% to \$447
- Record 2,288 contracts on hand, valued at \$485 million

Residential Communities achieved an excellent result with lower than expected settlement volumes offset by strong price and margin growth. We increased market share by 2% to 29% in our active corridors² and continued to expand our geographic footprint, with acquisitions in key corridors that position us well for future growth. Stockland is now active in 23 of its 26 identified growth corridors.

We secured 27,000 lots in FY11 with an end value of \$4.8 billion³ on capital efficient terms, including two significant acquisitions in growth corridors of Perth and Melbourne.

We have a large and diverse land bank and a flexible product mix, with a strong focus on affordability. We have reduced our average lot sizes by almost 20% in the last three years to help buyers meet the affordability challenge.

First Home Buyer leads are strengthening as a result of our affordable offering, while Upgraders remain a key source of leads despite being hampered by a soft established market.

While employment is strong and household incomes are growing, buyers remain cautious and weak consumer sentiment is delaying purchasing commitments.

Market conditions remain variable across the country but are paradoxically weak in Queensland and Western Australia, the two states with the greatest exposure to the resource sector. Building approvals in these regions are substantially below trend, and there is significant latent demand building up which should emerge in 2012. In addition, the \$10,000 Queensland Building Boost Grant should help stimulate the Queensland market.

Stockland is responding by creating value for customers through our focus on affordability and the early delivery of key community amenity including open space and social infrastructure, which help differentiate our projects and build the value of the Stockland brand. To underpin sales growth in FY12, we have a record nine new projects to be launched.

Apartments: Operating Profit (incl. interest in COGS) \$29 million

- 560 units settled
- Final year of significant revenue and profits with the completion of The Hyde, Tooronga, Manta and The Village
- Circa \$350 million net cash inflow in FY11 for reinvestment in Communities

Existing projects and the disposal of undeveloped sites are expected to release a further \$180 million net cash by FY15.

² Source: National Land Survey Program, Charter Keck Cramer/Research4 and Stockland Research.

³ Includes The Vale and Whiteman Edge in Western Australia which settled 1 July 2011.

Retirement Living

Operating Profit up 47% to \$53 million

- 192 new units and 416 established units settled
- 10 projects underway in four states, delivering staged developments of circa 1,100 units over the next four years

Returns from Retirement Living increased following the successful acquisition of Aevum and organic growth through our development pipeline. We have high customer satisfaction rates, a good platform for growth with developments underway in four states and access to the group's skills in development and asset management.

Aevum delivered EPS accretion of 1% in FY11, ahead of our 0.6% target.

Stockland now has a scalable national platform. In addition to Aevum we acquired three villages from RVG late in 2H11, providing geographic diversification and an accretive cash yield.

While underlying demand remains strong, the time to buy for potential residents is increasing as it is taking longer to sell their homes. However, taking a longer-term view, demand for new developments over the next 20 years is expected to grow significantly, which the industry will struggle to meet given its current fragmented structure. There is clearly a major opportunity for Stockland to grow and become a market leader in this industry.

Commercial Property

Operating profit up 2.9% to \$524 million

- Net Operating Income (NOI) \$546 million, up 2.2%
- Comparable NOI up 4.4% due mainly to a solid contribution from Retail

We delivered on our strategy of reweighting our portfolio towards high quality retail assets with strong trading in areas of market growth. FY11 saw disposals totaling \$308 million of predominantly Office and Industrial assets with a further \$73 million under contract, and we acquired \$241 million of quality retail assets in the key growth areas of Point Cook and Hervey Bay.

Retail: NOI \$286 million, up 7.5%

- Comparable NOI growth of 4.6%
- \$2.3 billion retail development pipeline progressing well
- High occupancy rate at 99.5%
- Sustainable specialty occupancy costs of 13.7% of sales

Retail NOI was ahead of expectations, up 7.5% due to \$300 million of new developments coming on stream including Rockhampton, North Shore Townsville and Merrylands stages 2B and 3A.

We have a further \$935 million projects under construction at a cost to complete of \$550 million, with all anchor tenant lease agreements executed, fixed-price building contracts in place and specialty leasing progressing well. Hervey Bay and Harrisdale are expected to commence development in FY12/13 while the redevelopment of Gladstone has also been brought forward to commence in this timeframe. Green Hills and

Wetherill Park continue to trade well and the planning and design process has been extended to further maximise value, with redevelopment of these centres now expected to commence in FY13/14.

We completed 447 operational specialty lease transactions with an average of 3.3% rental growth. There is continuing robust demand for quality retail space, although lease incentives for new deals remain high.

We expect slightly lower comparable retail NOI growth in FY12.

Stockland is undertaking significant research to understand the impact of online shopping on consumer behaviour. We see online retailing as both a threat and an opportunity, and we are differentiating our retail centres by creating spaces that act as social and community hubs, and building in flexibility to our development plans and retail mix. Our centres will also continue their focus on day-to-day value and convenience.

Office & Industrial: Office NOI down 5% to \$183 million; Industrial up 3% to \$77 million

- Comparable NOI growth of 2.8% in Office; 7.5% in Industrial⁴
- Portfolio occupancy of 96.0% in Office; 99.8% in Industrial
- Weighted Average Lease Expiry (WALE) of 4.3 years in Office; 3.2 years in Industrial

Office & Industrial continues to provide solid recurring income for the group. We leased 306,000 sqm of office and industrial space with an average face rent increase of 9.5% for Office and 3.0% for Industrial, and average incentives of 16% and 7% respectively.

The decrease in Office headline NOI reflects the impact of asset disposals as we reweighted our portfolio towards Retail. 82% of our Office portfolio is now A-grade.

Revaluations

Stockland had 68% of its investment property assets independently valued in FY11 with a net valuation increment of \$74 million due to rising income and slightly firmer cap rates.

UK

- Break-even result

Our workout plan is on track for completion by 30 June 2012, subject to no decline in market conditions. Future workout costs and redundancies are fully provided for and our net currency risk is fully hedged.

Stockland expects a profit contribution of around \$10 million in FY12 from the sale of London projects.

SUSTAINABILITY

Stockland was one of only two property companies globally to be awarded gold status in the Dow Jones Sustainability Index. We were also ranked 55th in the Corporate Knights Global 100 Most Sustainable Corporations at the 2011 World Economic Forum in Davos, Switzerland.

⁴ Excluding space under refurbishment.

Carbon Price

Stockland has taken a proactive approach to climate change, developing policies and implementing action plans over a number of years which mean we are well prepared for the introduction of a carbon price and expect minimal initial impact.

We are not a big emitter of carbon so there is no direct cost through the requirement to purchase carbon credits. Our emissions are mostly indirect and are associated with energy consumption in our office buildings and shopping centres.

We have reduced our carbon emissions intensity (CO₂/m²) by 34% for Office and 16% for Retail from FY06 to FY11. We are targeting a further reduction of 7% for Office and 20% for Retail by FY14.

STRONG BALANCE SHEET

- Gearing: Net Debt / Total Tangible Assets 22% (net of cash on deposit)
- Weighted average debt maturity 5.9 years
- \$0.2 billion of cash on deposit and \$0.45 billion of available committed debt facilities⁵
- Only \$32 million debt maturing in FY12

Stockland's FY11 results presentation will be webcast via www.stockland.com.au on Wednesday 10 August at 11.30am (AEDST).

For media enquiries contact		For investor enquiries contact	
Sally-ann Parker Senior Manager Communications Stockland	Brett Zarb Media Relations Manager Stockland	Karyn Munsie EGM – Corporate Affairs Stockland	Alex Abell Senior Manager Investor Relations Stockland
T +61 (0)2 9035 2462 M +61 (0)402 167 401	T +61 (0)2 9035 2552 M +61 (0)417 256 563	T +61 (0)2 9035 2180 M +61 (0)421 050 430	T +61 (0)2 9035 2553 M +61 (0) +61 (0)403 972 736

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

⁵ Prior to the acquisition of The Vale and Whiteman Edge and the sale of Stockland's interest in BankWest Tower in Western Australia.

RATIOS

	June 2011	June 2010
(a) Underlying profit¹ before tax attributable to securityholders of Stockland/revenue and other income²	31.4%	33.6%
Profit before tax attributable to securityholders of Stockland/revenue and other income	26.6%	21.4%
(b) Underlying profit¹ after tax attributable to securityholders of Stockland/issued capital	8.8%	8.1%
Profit after tax attributable to security holders of Stockland/issued capital	8.9%	5.6%
(c) Net Tangible Asset (“NTA”) per security		
NTA backing per security	\$3.65	\$3.59

¹ Refer to page 25 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, share of net gain from fair value adjustment of investment properties in associates and joint ventures, net gain from fair value adjustment of other financial assets, write-back of impairment of other investments, net gain on other financial instruments that do not qualify as effective under hedge accounting rules, net gain on fair value movement of hedged items and financial instruments treated as fair value hedges and net foreign exchange gain.

RECONCILIATION OF REVENUE AND OTHER INCOME

Revenue and Other Income – as extracted from the Consolidated Statement of Comprehensive Income

	2011 \$M	2010 \$M
Property development sales	1,640.9	1,348.5
Rent from investment properties	669.1	658.6
Dividend and distribution income	14.2	20.3
Other revenue	39.0	32.7
Total revenue	2,363.2	2,060.1
Finance income	191.7	104.9
Net gain from fair value adjustment of investment properties	202.1	- ²
Share of profits of investments accounted for using the equity method	90.5	33.1
Net gain from fair value adjustment of other financial assets	167.7	73.9
Impairment of other investments	- ¹	0.4
Net gain on other financial instruments that do not qualify as effective under hedge accounting rules	- ¹	63.7
Total revenue and other income	3,015.2	2,336.1

¹ Balances are losses for the year ended 30 June 2011 and are therefore excluded from the calculation of revenue and other income on page 1.

² Balances are losses for the year ended 30 June 2010 and are therefore excluded from the calculation of revenue and other income on page 1.

ASSOCIATES AND JOINT VENTURE ENTITIES

	Ownership interest		Share of net profit	
	30 June	30 June	30 June	30 June
	2011	2010	2011	2010
	%	%	\$M	\$M
Investments in associates				
Moorebank Industrial Property Trust ¹	55.0	55.0	10.3	0.3
Macquarie Park Trust	31.0	31.0	11.0	13.8
The Anglo Halladale Limited Partnership	25.0	25.0	-	-
Hammersmith Grove Limited Partnership	30.0	30.0	-	-
Tyburn Stockland No.2 LP	30.0	30.0	-	-
Tyburn Stockland No.3 LP	30.0	30.0	-	-
Halladale Nelson Limited Partnership	9.0	9.0	-	-
Tyburn Halladale No.4 Limited Partnership	-	30.0	-	-
Cumbernauld Retail Park Limited Partnership	-	50.0	-	-
Cockhedge Retail Limited Partnership	-	32.0	-	-
CRaM Trust and subsidiary limited partnerships	10.0	10.0	-	(1.0)
Capita Portfolio Limited Partnership	30.0	30.0	-	-
Gracechurch Street Unit Trust	25.0	25.0	-	-
			21.3	13.1
Investments in joint ventures				
SDOT Sub Trust No. 1	50.0	50.0	11.0	(2.1)
Martin Place Property Trust	50.0	50.0	13.5	6.2
Esplanade Property Trust	50.0	50.0	22.1	5.9
The King Trust	50.0	50.0	8.4	9.9
M Property Trust	50.0	50.0	7.6	1.2
Willeri Drive Trust	50.0	50.0	3.8	(2.3)
Stockland Ormeau Trust	50.0	50.0	0.7	-
Eagle Street Pier Pty Limited ²	50.0	-	1.4	-
Compam Property Management Pty Limited	50.0	50.0	-	-
Martin Place Management Limited	50.0	50.0	-	-
Subiaco Joint Venture	33.3	33.3	-	-
Stockland Ventures Limited	50.0	50.0	-	-
Stockland Anglo Ventures Limited	50.0	50.0	-	-
Stockland Muir Limited	50.0	50.0	0.7	1.2
Halladale Opportunity Fund Limited Partnership	50.0	50.0	-	-
Halladale Opportunity Fund Limited No.2 Partnership	50.0	50.0	-	-
			69.2	20.0
			90.5	33.1

¹ Moorebank Industrial Property Trust ("MIPT") interest was acquired in December 2007. Stockland has significant influence over MIPT, but not control due to Stockland having less than half the voting rights.

² During the current financial year, 50% of Eagle Street Pier Pty Limited was sold and has been reclassified from a 100% owned controlled entity to a joint venture entity.

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.



Matthew Quinn
Managing Director

Dated at Sydney, 10 August 2011