Appendix 4E – Annual Report

Stockland Consolidated Group

For the year ended 30 June 2012

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 2012
Previous corresponding:	30 June 2011

Results for announcement to the market

				$M
Revenue and other income[1]	**Down**	**20.8%**	**to**	**2,216.3**
Statutory profit after income tax benefit attributable to securityholders of Stockland	**Down**	**35.5%**	**to**	**487.0**
Underlying Profit after income tax expense[2]	**Down**	**6.9%**	**to**	**676.1**

Distributions	**Amount per Ordinary Stapled Security**	**Total distribution payable**	**Franked amount per Security**
Final distribution	12.0¢	$264.4 M	-¢
Previous corresponding period	11.9¢	$283.6 M	-¢

Record date for determining entitlements to the distribution	5.00pm, 30 June 2012
Distribution payment date	31 August 2012

The Dividend and Distribution Reinvestment Plan is not operational for this distribution.

[1] Refer to page 7 for the reconciliation of revenue and other income.

[2] Refer to page 24 of the Stockland Consolidated Group Annual Report for the reconciliation between Underlying Profit and Statutory profit. The basis of determining Underlying Profit for the Retirement Living business has been amended from previous periods to be more closely aligned to realised cash profits. As a result, the 30 June 2011 comparative Underlying Profit has been restated from $752.4 million to $726.3 million.

The AGM will be held on Wednesday 17 October, 2012.

STOCKLAND ANNOUNCES FY12 RESULTS

Stockland today reported its results for the year ended 30 June 2012. Statutory Profit was $487.0 million, down 35% on the prior year, due to a combination of factors, predominantly unrealised mark to market adjustments on financial instruments.

Underlying Profit was $676.1 million, down 7% on FY11, and Underlying Earnings per Security was 29.3 cents, down 4%. Stockland's Distribution per Security rose 1% to 24.0 cents.

Key metrics

- Statutory Profit: $487.0 million
- Statutory Earnings per Security: 21.1 cents
- Underlying Profit[1]: $676.1 million
- Underlying Earnings per Security: 29.3 cents
- Distribution per Security: 24.0 cents
- Gearing (Net Debt / Total Tangible assets): 25.8%
- Return on Equity[2]: 8.2%

Managing Director Matthew Quinn said: "This is a reasonable result in what continues to be a very challenging operating environment.

"We have managed prudently in response to the current environment with conservative balance sheet management, sharpened focus on understanding our customers, delivering innovative products that meet their needs and executing our strategy to position our business for future growth.

"We have retained relatively low gearing and tight control of costs, and have undertaken significant restructuring to improve our efficiency in FY13.

"We have maintained our focus on improving returns through active capital management – investing the capital we release from non-core asset sales to keep our debt low, buy back shares and invest in growing our core businesses.

"Our strategy of delivering high quality and affordable residential, shopping and retirement living for middle Australia continues to prove sound in the current market, with solid results in our Retail and Retirement Living businesses and strong Residential sales volumes in a very soft market.

"A highlight of this result was the solid performance of our Retail business reflecting its focus on providing value and convenience and the skew towards growing regional areas.

"While our Residential business still achieved a record number of settlements for the year, margins came under pressure in the soft market conditions. Our ability to increase sales volumes in this environment reflects the appeal of our affordable product and our strategy of operating in targeted growth corridors.

"Our Retirement Living business achieved a significant lift in profit with strong sales of both existing and new units driven by our high quality offering that is affordable to enter and affordable to live in.

"Each of these core businesses is well positioned for the future with a secure pipeline of projects and strong market fundamentals, including population growth, creating demand for our products."

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1 Underlying Profit is a non-IFRS measure that presents, in the opinion of the Directors, the ongoing operating activities of Stockland in a way that appropriately reflects its underlying performance. Underlying Profit excludes items such as unrealised fair value gains/losses, unrealised provision gains/losses and adjustments arising from the effect of revaluing assets/liabilities, such as derivatives, financial instruments and investment property. Other Underlying Profit adjustments are made for realised transactions occurring infrequently and those that are outside the course of Stockland's core ongoing business activities. Underlying Profit is also the basis on which distributions are determined. The reconciliation between Statutory Profit and Underlying Profit is set out in the Financial Report.

2 Return on Equity is a measure that accumulates individual business ROAs and incorporates the cash interest paid and average drawn debt for the period. Refer to Results Pack slide 17 for a detailed breakdown of methodology.

OPERATING RESULTS

Retail

Profit (Net Operating Income): $310 million

- Net Income growth 8%; Comparable Net Income[3] growth of 3.8%
- Comparable moving annual turnover growth of 2.9%
- Portfolio occupancy of 99.4%
- Return on Assets[4]: 8.0%

The performance of our Retail centres demonstrates the effectiveness of our focus on creating community hubs with a clear value and convenience offering. This strategy helps insulate us from the threat of online shopping.

We continue to invest in our development pipeline to ensure our centres are more resilient and to grow our returns. We currently have three major projects under construction – Merrylands, Townsville and Shellharbour – each on track to open on time and substantially leased.

Office and Industrial

Profit (Net Operating Income): $142 million in Office; $77 million in Industrial

- NOI down 16% due to asset sales and weak demand; Comparable NOI: Office flat and Industrial up 4%
- Portfolio occupancy of 94.5% in Office; 97.3% in Industrial
- Return on Assets[4]: 7.8%

We also remain very focused on optimising the performance of our remaining assets. We have outsourced day-to-day property management to a specialist provider to achieve cost savings, while retaining internal control of strategic asset management to focus on maximising returns.

We continued to reweight our Commercial Property portfolio with the sale of $964 million of Office and Industrial assets in FY12 at prices on average slightly above book value.

Residential Communities

EBIT $270 million, Operating Profit (incl. interest in COGS) $198 million

- Lots settled: 5,388, up 6% on FY11
- Contracts on hand at 30 June 2012: 1,561, around 700 lower than last year
- EBIT Margin 25%, at the low end of our target range
- Return on Assets[4]: 11.3%

We achieved a record number of settlements in FY12, despite the residential market being at a deep cyclical low, but pressure on our margins impacted our profit result.

Interest rate cuts have not stimulated activity in the way they have in the past and new home buyers remain cautious. Our ability to bring affordable product to the market has been central to maintaining our high market share in our chosen corridors in this challenging environment.

We are well placed to achieve strong future growth with the launch of 16 new projects in the next three years including Marsden Park and East Leppington in NSW, Caloundra South in Queensland and Lockerbie in Victoria.

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[3] Post-AIFRS

[4] Return on Assets is cash profit returns (excluding the impact of non-cash elements such as capitalised interest, impairment release, lease incentive amortisation) divided by average cash invested for each asset class. Refer to Results Pack slide 17 for a detailed breakdown of methodology.

Retirement Living

Operating Profit: $36 million

- Operating Profit up $20 million from FY11
- Record number of sales: 519 existing units and 268 new units
- Return on Assets[4]: 4.2%

Our Retirement Living business progressed well in FY13, achieving operational efficiencies and increased revenue. We enter FY13 in a strong position with 200 reservations on hand and on track to deliver a record number of sales including over 300 new unit sales, with 12 active developments in four states.

Cash returns from this business are growing steadily (ROA up from 2.9% in FY11) and we continue to focus on lifting these further through development of new product, increased efficiency in our development process and as village maturity increases.

Other businesses: UK and Apartments

UK: Operating Profit $17 million, Apartments: Nil Operating Profit

Our exit from these businesses is on track and no further meaningful profit contribution is expected from UK and Apartments.

FINANCIAL MANAGEMENT

- Gearing: Net Debt / Total Tangible assets 25.8%
- Weighted average debt maturity 5.3 years

We have continued to manage our business prudently and conservatively, given ongoing uncertainty in global credit markets. Our balance sheet remains strong with relatively low gearing, comfortably within our target range of 20-30%.

Cash flow has been impacted by a range of factors including a lower contribution from Residential and accretive acquisitions. We expect to better balance our cash flows in FY13 with continued asset sales, less acquisitions, selective re-investment and stronger operating cash flow.

Buyback

We have acquired through our buyback 179.5 million securities (7.5% of issued capital) at an average price of $3.04. The total EPS accretion in FY12 was 0.3 cents (1%), and the impact for a full year should be over 2%. We plan to continue our security buyback up to 10% of issued capital, managed prudently taking into account the progress of our asset sales.

OUTLOOK

FY13 will be a difficult year with ongoing residential market headwinds and the impact of the transition of our business as we position it for growth in FY14 and beyond.

While our Retail and Retirement Living businesses remain well placed to deliver increased returns in FY13, there will be no contribution from UK and Apartments and income from our Office portfolio will be lower due to asset sales. We are also anticipating lower Residential margins due to less sales of high margin lots in Victoria as the market slows, and increased sales of low margin or impaired lots in NSW.

The major uncertainty in our outlook is the state of the residential market. The new housing market remains soft and lower mortgage rates are not yet having the same positive impact as occurred in previous cycles. As a result, the short-term earnings outlook remains highly uncertain and, unless residential market conditions improve significantly within the next few months, FY13 EPS is likely to be lower than FY12. The extent will depend on the timing and strength of recovery in the affordable end of the housing market and we will provide a further update at our AGM in October following our first quarter of trading.

We are confident that EPS will improve in FY14 as major new Residential and Retail projects come on line. Given the transitional nature of FY13 and our improved outlook for FY14, the Board expects to maintain Stockland's distribution at 24 cents in FY13, even if above our target 75-85% payout ratio.

Stockland's FY12 results presentation will be webcast via *www.stockland.com.au* on Wednesday 8 August 2012 at 11.30am (AEST).

For enquiries contact

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AFSL 241190 As Responsible Entity for Stockland Trust ARSN 092 897 348.

RATIOS

	June 2012	June 2011[1]
(a) Profit before tax attributable to securityholders of Stockland/revenue and other income	**20.6%**	28.7%
Underlying Profit[2] before tax attributable to securityholders of Stockland/revenue and other income[3]	**31.5%**	29.3%
(b) Profit after tax attributable to security holders of Stockland/issued capital	**6.1%**	8.9%
Underlying Profit[2] after tax attributable to securityholders of Stockland/issued capital	**8.5%**	8.5%
(a) Net Tangible Asset ("NTA") per security		
NTA backing per security	**$3.68**	$3.65

1 Accounting for Retirement Living has been amended from previous periods to be more closely aligned to realised cash profits. This has had the impact of decreasing revenue by $55.4 million and Underlying Profit from $752.4 million to $726.3 million. Refer to Note 35 of the Stockland Consolidated Group Annual Report for further information on the change in accounting.
Unrealised/realised gains on fair value and foreign exchange movements on financial instruments have been included on a net basis. This has been amended from previous periods where gains were shown gross to reflect the current year financial statements presentation. This had the impact of decreasing revenue by $162.7 million. Refer to Note 6 of the Stockland Consolidated Group Annual Report for further information.

2 Refer to page 24 of the Stockland Consolidated Group Annual Report for the reconciliation between Underlying Profit and Statutory profit.

3 Revenue and other income as set out on page 7 excluding net gain from fair value adjustment of investment properties (Commercial Property and Retirement Living – operating villages and villages under development); share of net gain from fair value adjustment of investment properties in associates and joint ventures; Existing Retirement Living resident obligations fair value movement; DMF base fees earned (unrealised); net unrealised gain from financial instruments that do not qualify for hedge accounting; net gain from fair value of other financial assets; and net unrealised gain on fair value movement of hedged items and financial instruments treated as fair value hedges.

RECONCILIATION OF REVENUE AND OTHER INCOME

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

	2012 $M	2011[1] $M
Property development sales	**1,243.5**	1,640.9
Rent from investment properties	**672.5**	669.1
Deferred Management Fees from Retirement Living	**60.8**	43.8
Dividend and distribution income	**6.1**	14.2
Other revenue	**46.8**	39.0
Total revenue	**2,029.7**	2,407.0
Interest income from other parties	**8.1**	27.3
Net unrealised foreign exchange gain from financial instruments that do not qualify for hedge accounting[2]	**-**	0.4
Net realised gain on fair value and foreign exchange movement of financial instruments	**2.1**	0.9
Net unrealised gain on fair value movement of hedged items and financial instruments treated as fair value hedges[2]	**-**	0.4
Net gain from fair value adjustments:		
- Commercial Property	**42.2**	56.1
- Retirement Living Settled development margin	**18.1**	13.8
- Retirement Living operating villages and villages under development[2]	**-**	33.0
Existing Retirement Living resident obligations fair value movement[3]	**19.3**	**-**
Share of profits of investments accounted for using the equity method	**92.1**	90.5
Net gain from fair value adjustment of other financial assets[2]	**-**	167.7
Net gain on sale of non-current assets[3]	**4.7**	**-**
Total revenue and other income	**2,216.3**	2,797.1

1 Accounting for Retirement Living has been amended from previous periods to be more closely aligned to realised cash profits. This has had the impact of decreasing revenue by $55.4 million. Refer to Note 35 of the Stockland Consolidated Group Annual Report for further information on the change in accounting.
Unrealised/realised gains on fair value and foreign exchange movements on financial instruments have been included on a net basis. This has been amended from previous periods where gains were shown gross to reflect the current year financial statements presentation. This had the impact of decreasing revenue by $162.7 million.

2 Balances are losses for the year ended 30 June 2012 and are therefore excluded from the calculation of revenue and other income.

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

ASSOCIATES AND JOINT VENTURE ENTITIES

	Ownership interest		Share of net profit/(loss)	
	2012	2011	**2012**	2011
	%	%	**$M**	$M
Investments in associates				
Moorebank Industrial Property Trust[1]	**-**	55.0	**7.9**	10.3
Macquarie Park Trust	**31.0**	31.0	**6.6**	11.0
Hammersmith Grove Limited Partnership[2]	**-**	30.0	**(0.5)**	-
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	**-**	-
CReAM Trust and subsidiary limited partnerships	**10.0**	10.0	**1.1**	-
Capita Portfolio Limited Partnership	**30.0**	30.0	**-**	-
Gracechurch Street Unit Trust[3]	**-**	25.0	**-**	-
			15.1	21.3
Investments in joint ventures				
SDOT Sub Trust No. 1	**50.0**	50.0	**35.0**	11.0
Martin Place Property Trust[2]	**-**	50.0	**4.6**	13.5
Esplanade Property Trust[2]	**-**	50.0	**5.2**	22.1
The King Trust	**50.0**	50.0	**8.0**	8.4
M Property Trust[2]	**-**	50.0	**2.6**	7.6
Willeri Drive Trust	**50.0**	50.0	**11.9**	3.8
Stockland Ormeau Trust	**50.0**	50.0	**1.0**	0.7
Eagle Street Pier Pty Limited	**50.0**	50.0	**1.2**	1.4
Compam Property Management Pty Limited	**50.0**	50.0	**-**	-
Martin Place Management Limited[2]	**-**	50.0	**-**	-
Subiaco Joint Venture	**33.3**	33.3	**-**	-
Stockland Ventures Limited	**50.0**	50.0	**7.3**	-
Stockland Anglo Ventures Limited	**50.0**	50.0	**0.2**	-
Stockland Muir Limited	**50.0**	50.0	**-**	0.7
Halladale Opportunity Fund Limited Partnership	**50.0**	50.0	**-**	-
Halladale Opportunity Fund Limited No.2 Partnership[3]	**-**	50.0	**-**	-
			77.0	69.2
			92.1	90.5

[1] During the time Stockland owned an interest in the Moorebank Industrial Property Trust ("MIPT"), Stockland had significant influence over MIPT, but not control due to Stockland having less than half the voting rights.

[2] Stockland Consolidated Group sold its interest in this investment during the financial year.

[3] This investment was liquidated during the year ended 30 June 2012.

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, 8 August 2012