Appendix 4D – Half Year Report

Stockland Corporation Limited

For the half year ended 31 December 2010

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:	31 December 2010
Previous corresponding:	31 December 2009

Results for announcement to the market

				$M
Revenue and other income[1]	**Up**	**32%**	**to**	**1,645.2**
Underlying profit after income tax expense[2]	**Up**	**14%**	**to**	**380.3**
Statutory profit after income tax expense attributable to securityholders of Stockland	**Up**	**99%**	**to**	**425.1**

Distributions	**Amount per Ordinary Stapled Security**	**Total distribution payable**	**Franked amount per Security**
Interim distribution	11.8¢	$281.2 M	-¢
Previous corresponding period	10.8¢	$257.4 M	-¢
Record date for determining entitlements to the distribution		5.00pm, 31 December 2010	
Distribution payment date		28 February 2011	

[1] Refer to page 8 for the reconciliation of revenue and other income.

[2] Refer page 2 of the Stockland Interim Financial Report for 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	$2.8 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.

STOCKLAND DELIVERS STRONG HALF-YEAR PERFORMANCE

FY11 EPS growth guidance upgraded from 7% to 8.5%

- Underlying Profit[1] $380.3 million, up 14% on 1H10
- Underlying Earnings per Security 16.0 cents, up 14% on 1H10
- Distribution per security 11.8 cents, up 9% on 1H10
- Statutory profit $425.1 million, up 99% on 1H10
- Gearing (Net Debt / Total Tangible Assets) 20%

Managing Director Matthew Quinn said: "Our three operating businesses - Residential, Retirement Living and Commercial Property - all made good progress in the first half.

"Residential Communities continued to increase its geographic diversity, securing 19,150 future lots with an end value of around $6 billion. We've extended our market-leading position into new growth areas and we're now active in 20 of our 24 identified key growth corridors.

"The successful acquisition of Aevum has almost doubled our Retirement Living portfolio and will accelerate our development pipeline. The integration is progressing well and Aevum will deliver a mildly accretive earnings contribution in FY11.

"The roll out of our $2.4 billion Retail development pipeline is on track, with two retail projects completed in the first half, another five currently under construction and three new projects targeted to commence in FY12.

"We've maintained our conservative and disciplined approach to capital management; we have a strong balance sheet, good cash flows and long-dated debt," Mr Quinn said.

FY11 EPS growth guidance has been upgraded from 7% to 8.5% on FY10, reflecting stronger Commercial Property Net Operating Income (NOI) growth, a better-than-expected contribution from Aevum and higher Retirement Living Deferred Management Fee (DMF) accrual.

This upgrade to 31.6 cents per security takes into account the Queensland floods, including a potential short-term slowdown in residential activity and an estimated $3 million adverse EBIT impact to the Commercial Property business in the second half, due primarily to Waterfront Place.

OPERATING RESULTS

<u>Residential</u>

Residential Communities: EBIT $129 million, Operating Profit (incl. interest in COGS) $101 million

- Record 3,188 contracts on hand, up 70% on 1H10 (with 2,451 contracts due to settle in 2H11)
- Solid price and margin growth; EBIT margin 29%, Operating Profit margin (incl. interest in COGS) 23%
- On track for record lot settlements in FY11, with a skew to 2H11 due to weather-related production delays in Qld, Vic and NSW

Residential Communities delivered a strong first-half profit buoyed by higher margins, solid price growth and superlot settlements.

[1] Underlying Profit reflects statutory profit as adjusted to reflect the Directors' assessment of the result for the ongoing business activities of Stockland, in accordance with the AICD/Finsia principles for reporting Underlying Profit.

Buyer composition remains within Stockland's target mix, with upgraders making up the majority of leads and deposits. Low vacancy rates and rising rents have driven steady growth in investor demand, while First Home Buyers remained active despite housing affordability constraints.

Despite recent wage growth, housing affordability remains a challenge and will continue to come under pressure if mortgage rates rise. Stockland's ability to respond quickly and adapt its product offering to cater for this challenge provides it with a competitive advantage and flexibility not available in the established home market.

Residential Communities continued to outperform the market, achieving a 6% increase in market share to 30%[2] in its active corridors, driven by increasing brand recognition and an ongoing focus on value-for-money product.

Recent acquisitions have further enhanced geographic diversity and will underpin continued profit growth for Residential Communities, which enters the second half with record contracts on hand and good sales momentum.

Apartments: Operating Profit (incl. interest in COGS) $32 million

- 286 units settled
- Completion of existing projects and disposal of undeveloped sites on track

Stockland achieved a good level of Apartments pre-sales and settlements in the first half. The solid profit result was primarily due to The Hyde in Sydney and having completed this project, it is expected that 1H11 will represent the final period of meaningful profit contribution from Apartments.

Cash flow from the exit of Apartments will be reinvested into Residential Communities. The focus continues to be on acquiring shorter dated Residential Communities projects that deliver profits within two years, enabling Stockland to replace the Apartments contribution and drive continued profit growth in the Residential business.

Retirement Living

Operating Profit $19 million, $23 million including two month contribution from Aevum

- 52 new units and 113 established units settled[3]
- High portfolio occupancy of 97%[3]

Turnover in established Stockland villages was slightly lower than last year due to a slowdown in the Queensland market. Settlements in new villages are expected to be skewed to the second half due to the timing of project launches and wet weather.

Aevum

The newly acquired Aevum portfolio delivered a $4 million contribution to Operating Profit in the first half (two month contribution). The acquisition of Aevum has added scale and diversity to Stockland's portfolio, with an additional 30 villages comprising 3,146 independent living units.

The combined Stockland and Aevum development pipeline comprises 3,400 independent living units, including eight projects currently under construction in three states.

Following the acquisition, Stockland has further simplified its DMF accrual to better reflect the average tenure of Stockland and Aevum residents, adding $5 million to Operating Profit.

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[2] Source: Charter Keck Cramer, Research4, Stockland Research. Proportion of vacant land sales in all of Stockland's active corridors where deposits taken in 1H11 (excluding North Queensland). Comparison based on 4Q10 figures.

[3] Stockland only

The integration is progressing well, with Aevum expected to be around 0.6% EPS accretive in FY11 and around 2.5% EPS accretive in FY12. Cost synergies of circa 15% of the combined cost base per annum are expected to be achieved by the end of FY12.

Stockland is currently looking to partner with an experienced provider for the small aged care component of the Aevum villages.

Commercial Property

Retail: Net Operating Income $143 million

- Comparable net income growth of 4.3%
- High portfolio occupancy of 99.6%
- Sustainable specialty occupancy costs of 13.8%

A stronger-than-expected Retail performance was driven primarily by comparable rent growth of 4.3%. It also reflects the impact of newly-completed developments.

Good progress is being made on the $2.4 billion Retail development pipeline, with Rockhampton in Qld and Tooronga in Vic both completed during the first half. There are currently five projects under construction, including three regional shopping centres (Merrylands and Shellharbour in NSW and Townsville in Qld) and two neighbourhood centres (North Shore in Qld and Highlands in Vic).

In addition, three new projects are targeted to commence in FY12, including the expansion of the Wetherill Park and Green Hills shopping centres in NSW.

Similar comparable NOI growth is expected in the second half.

Office and Industrial: Net Operating Income of $94 million in Office; $38 million in Industrial

- Comparable net income growth of 1.5% in Office; 3.7% in Industrial[4]
- Portfolio occupancy of 97% in Office (92% including space under refurbishment); 98% in Industrial
- Weighted Average Lease Expiry (WALE) of 4.2 years in Office; 3.6 years in Industrial

Office occupancy remained unchanged at 97%, with good leasing results and minimal expiry risk in an improving market.

Solid leasing performance has lifted Industrial occupancy and WALE.

Stockland expects to see slightly higher comparable NOI growth for both Office and Industrial in the second half.

Revaluations

Capitalisation rates have tightened slightly and Commercial Property capital values are rising. Stockland had 42%[5] of its investment property assets independently valued during the first half, resulting in a total net valuation increment of $42 million.

Market conditions are improving, with low retail vacancy driven by solid demand and office rents recovering, especially in Melbourne and Perth.

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[4] Excluding space under refurbishment

[5] Excluding assets under development

UK

UK: Operating Loss $0.7 million

As expected, the UK business achieved a virtually break-even result.

The work-out plan is progressing well, with the remaining book value of $184 million expected to be realised unless market conditions materially deteriorate.

Stockland expects a small profit contribution in the second half and in FY12 from the sale of London projects.

FINANCIAL MANAGEMENT

- Gearing: Net Debt / Total Tangible Assets 20% (net of cash on deposit)
- Weighted average debt maturity 6.2 years
- $0.6 billion of cash on deposit and $0.5 billion of available committed debt facilities

Stockland's balance sheet remains strong. The Group has prudently and proactively managed its debt and liquidity profile, having issued $310 million domestic MTNs and refinanced $230 million of upcoming June 2011/May 2013 debt maturities.

Gearing is expected to progressively move towards the lower end of the Group's target range of 25% to 35% to fund growth in line with the 3-R strategy.

Business unit and corporate costs have remained steady and the Group will continue to maintain a disciplined approach to cost management.

STRATEGY AND OUTLOOK

Stockland has a simple and clearly articulated 3-R growth strategy focusing on Residential Communities, Retirement Living and Retail development, with good progress on delivering against the strategy in the first half.

Stockland's growth is fully funded from cash flows from the trade-out of the Apartments and UK businesses, the sale of non-core office and industrial assets and retained earnings.

In line with its strategy to re-weight and enhance the quality of its Commercial Property portfolio, and self-fund its retail development pipeline, Stockland sold $148.5 million of non-core office and industrial assets during the first half. In the next five to seven years, Stockland aims to own and manage a quality Commercial Property portfolio comprising around 10% industrial assets, 15% to 20% office assets and 70% to 75% retail assets.

Sustainability

Stockland recognises that its continued investment in sustainability is crucial to its long-term success, and energy efficiency and adapting to climate change remain key priorities for the Group.

The Dow Jones Sustainability Index named Stockland as the second highest ranking property company globally. The Group was ranked 55th in the Corporate Knights Global 100 Most Sustainable Corporations at the 2011 World Economic Forum in Davos, Switzerland.

People

Stockland continues to invest in its high performing people and culture, with a focus on leadership development and employee diversity. The Group has consistently outperformed the Global High Performing Norm for employee engagement, achieving scores above 82% for the past six years.

Stockland was an early adopter of the ASX Corporate Governance Council's Principles and Recommendations on gender diversity. The Group currently has 36% women in management and has lifted its target to 40% by FY15.

Outlook

Stockland has upgraded its FY11 guidance to EPS growth of 8.5% on FY10.

Continued profit growth is expected from Residential Communities, Commercial Property and Retirement Living in FY12. However, FY11 is the final year of meaningful contribution from Apartments and this will lead to more modest overall FY12 EPS growth.

Stockland's 2011 half year results presentation will be webcast via www.stockland.com.au on Wednesday 9 February 2011 at 11.30am (AEDST).

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RATIOS

	December 2010	December 2009
(a) Underlying profit[1] before tax attributable to securityholders of Stockland/revenue and other income[2]	**30.6%**	35.3%
Profit before tax attributable to securityholders of Stockland/revenue and other income	**27.5%**	17.8%
(b) Underlying profit[1] after tax attributable to securityholders of Stockland/issued capital	**4.5%**	3.9%
Profit after tax attributable to security holders of Stockland/issued capital	**5.0%**	2.5%

	December 2010	June 2010
(c) Net Tangible Assets ("NTA") per security		
NTA backing per security	**$3.63**	$3.59

[1] Refer page 2 of Stockland Interim Report for reconciliation between Underlying profit and Statutory profit.

[2] Revenue and other income as set out on page 8 excluding net gain from fair value adjustment of investment properties (excluding Retirement Living), share of net gain from fair value of investment properties in associates and joint ventures, net gain from fair value adjustment of other financial assets, net gain from hedged items and financial instruments treated as fair value hedges, net gain on other financial instruments that do not qualify as effective under hedge accounting rules, net realised foreign exchange gain and net unrealised foreign exchange gain.

RECONCILIATION OF REVENUE AND OTHER INCOME

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

	Half year ended	
	2010	2009
	$M	$M
Property development sales	**796.1**	584.8
Rent from investment properties	**336.4**	331.8
Dividend and distribution income	**10.6**	9.8
Other revenue	**12.3**	15.7
Total revenue	**1,155.4**	942.1
Finance income	**140.4**	90.5
Net gain from fair value adjustment of investment properties	**117.0**	-[2]
Share of profits of investments accounted for using the equity method	**37.8**	-[2]
Net gain from fair value adjustment of other financial assets	**194.6**	115.1
Net gain on other financial instruments that do not qualify as effective under hedge accounting rules	**-[1]**	102.3
Total revenue and other income	**1,645.2**	1,250.0

1 Balances are losses for the half year ended 31 December 2010 and are therefore excluded from the calculation of revenue and other income on page 1.

2 Balances are losses for the half year ended 31 December 2009 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 profits/(losses)**	
	31 Dec 2010 %	31 Dec 2009 %	**31 Dec 2010 $M**	31 Dec 2009 $M
Investments in associates				
Moorebank Industrial Property Trust[1]	**55**	55	**4.3**	4.2
Macquarie Park Trust	**31**	31	**6.1**	3.8
The Anglo Halladale Limited Partnership[2]	**-**	25	**-**	-
Hammersmith Grove Limited Partnership	**30**	19	**-**	-
Tyburn Stockland No.2 LP[2]	**-**	30	**-**	-
Tyburn Stockland No.3 LP	**30**	30	**-**	-
Halladale Nelson Limited Partnership	**9**	9	**-**	-
Tyburn Halladale No.4 Limited Partnership[2]	**-**	30	**-**	-
Cumbernauld Retail Park Limited Partnership	**50**	50	**-**	-
Cockhedge Retail Limited Partnership[2]	**-**	32	**-**	-
CReAM Trust and subsidiary limited partnerships	**10**	10	**-**	(0.8)
Capita Portfolio Limited Partnership	**30**	30	**-**	-
Gracechurch Street Unit Trust	**25**	25	**-**	-
Nailsea Unit Trust[3]	**-**	8	**-**	-
			10.4	7.2
Investments in joint ventures				
SDOT Sub Trust No.1	**50**	50	**4.5**	(10.7)
Martin Place Property Trust	**50**	50	**6.9**	(0.7)
Esplanade Property Trust	**50**	50	**4.8**	(1.3)
The King Trust	**50**	50	**4.1**	(0.8)
M Property Trust	**50**	50	**4.3**	(0.2)
Willeri Drive Trust	**50**	50	**1.8**	(3.6)
Stockland Ormeau Trust	**50**	50	**-**	-
Compam Property Management Pty Limited	**50**	50	**-**	-
Martin Place Management Limited	**50**	50	**-**	-
Subiaco Joint Venture	**33**	33	**-**	-
Stockland Ventures Limited	**50**	50	**-**	-
Stockland Anglo Ventures Limited	**50**	50	**-**	-
Stockland Muir Limited	**50**	50	**1.0**	1.0
Halladale Opportunity Fund Limited Partnership[2]	**-**	50	**-**	-
Halladale Opportunity Fund Limited No.2 Partnership	**50**	50	**-**	-
			27.4	(16.3)
			37.8	(9.1)

[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] Joint venture or associate was liquidated or dissolved during the period.

[3] Interest in associate was disposed of during the period.

COMPLIANCE STATEMENT

- The Interim 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 Interim 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 reviewed Interim Financial Report.
- Stockland has a formally constituted Audit Committee.

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Matthew Quinn
Managing Director

Dated at Sydney, 9 February 2011