



30 June 2011

Our purpose

a better way to live.

At North Shore we proved that bringing forward the creation of community facilities such as the shopping centre and aquatic centre benefits both the community and our business, with residential sales leads tripling.

Results

The year in review

UNDERLYING PROFIT	\$M	UNDERLYING EARNINGS PER SECURITY	¢	DIVIDEND/DISTRIBUTION PER SECURITY	¢	STATUTORY PROFIT	\$M	WEIGHTED AVERAGE COST OF DEBT %
FY11	752.4	FY11	31.6	FY11	23.7	FY11	754.6	5.7
FY10	692.3	FY10	29.1	FY10	21.8	FY10	478.4	WEIGHTED AVERAGE DEBT MATURITY YRS
FY09	631.4	FY09	36.5	FY09	34.0	(1,801.9)	FY09	5.9
FY08	674.0	FY08	46.2	FY08	46.5	FY08	704.6	GEARING %
FY07	611.0	FY07	44.0	FY07	44.3	FY07	1,716.3	22

Underlying Profit

We achieved an 8.7 per cent increase in Underlying Profit. This reflects the profit we realise through our daily business operations. The result is underpinned by growth in each of our three core businesses and a particularly strong performance from Residential Communities.

Earnings per security

Our underlying earnings per security was 31.6 cents, up 8.6 per cent on last year.

Dividend and distribution per security

Total distributions for the year were 23.7 cents per security, which represents a total payout of \$564.8 million. The Board's policy is to pay to securityholders the greater of 75 per cent of Underlying Profit or Trust Taxable Income.

Statutory Profit

Our Statutory Profit takes into account fair value changes of our investment properties and other significant items set out fully in the Financial Report. The improvement of 57.7 per cent reflects increased operating returns and more stable investment property values.

Balance sheet

We maintained a conservative balance sheet with gearing below our target range of 25 to 35 per cent, but up from 18 per cent last year. This gearing level is appropriate given the challenges faced by global financial markets.

Community focus

We recognise the importance of contributing to the social and economic development of communities



P5

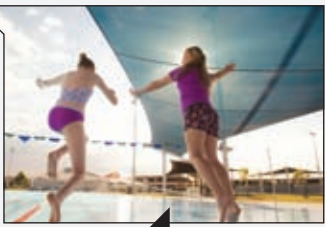


P2

THE HOUSING AFFORDABILITY CHALLENGE

Customer satisfaction

In the past year we continued our focus on understanding customer needs to better tailor our products and services



P6

Our purpose

Long and proud history

Ervin Graf founded Stockland in 1952 with a vision to “not merely achieve growth and profits but to make a worthwhile contribution to the development of our cities and great country”.

Pursuing that vision has seen Stockland grow to become one of Australia’s leading diversified property groups – developing and managing a large portfolio of residential communities, retirement living villages, retail, office and industrial assets.

With the benefit of our diverse property skills, we connect different types of properties in shared locations, to create places that inspire people to gather, to share and to live life. We recognise our responsibilities to the environment and are a leader in sustainable business practices.

For over half a century, we’ve worked hard to grow our diverse portfolio of assets and projects while maintaining a conservative balance sheet. It’s proven a sound approach and we’re now Australia’s largest diversified property group and a top 50 ASX-listed company.

Ervin Graf
We have a long and proud history of creating places that meet the needs of our customers and communities.

A PROUD HISTORY
1952

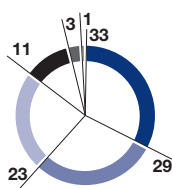


Bellevue Gardens Retirement Village, NSW.

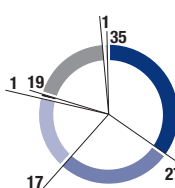
We believe there is

a better way to live.

We have a guiding purpose to create a better way to live. Whether improving the wellbeing of our retirement residents through social programs, creating a shopping centre that is the hub of the local community or providing the right schools and parks in a residential community, we aim to improve the lives of our customers.



BUSINESS BY GEOGRAPHY (REVENUE) %	
NEW SOUTH WALES	33
VICTORIA	29
QUEENSLAND	23
WESTERN AUSTRALIA	11
UNITED KINGDOM	3
AUSTRALIAN CAPITAL TERRITORY & SOUTH AUSTRALIA	1



BUSINESS BY ASSETS (ASSET VALUE) %	
COMMERCIAL PROPERTY	
RETAIL	35
OFFICE & INDUSTRIAL	27
RESIDENTIAL	
COMMUNITIES	17
APARTMENTS	1
RETIREMENT LIVING	19
UK	1



Stockland North Shore, Townsville.

We are tackling the challenges of the current market conditions by managing our costs, responding to customers and through proactive risk management.

Responding to the challenges

Challenge

- WEAK CONSUMER CONFIDENCE AND STRONG HOUSEHOLD SAVINGS

Response

- Deliver the right products and services desired by our value-conscious customers
- Manage working capital and costs tightly
- Keep our debt low and long-dated

Households were naturally cautious after the global financial crisis, and this has been amplified by current global market uncertainty and the increased price of living. Weakness in consumer spending is not homogeneous across all consumer categories however, and we will continue to deliver on our long-term strategy, focusing on affordable products and services, meeting day-to-day household needs.

Challenge

- SOFT HOUSING MARKET IN SHORT TERM
- HOUSING AFFORDABILITY IN LONG TERM

Response

Focus on the basics – product, price, customer service

Maintain affordability through product innovation

The housing market has come under pressure in the last year. In our view it is a cycle not a structural correction, and pent-up demand should emerge in 2012. In the long-term the main challenge is affordability due to undersupply. State governments are being more proactive in freeing up supply, but this will take some time to flow through to sales.

To respond to the housing market challenges we are focused on maintaining affordability through product innovation.

In the last three years we have reduced our average lot sizes by almost 20 per cent to help buyers meet the affordability challenge.

Challenge

- CARBON PRICE

Response

Not directly liable for the new carbon price as we are not a major emitter

Continuing our focus on improving energy efficiency in Commercial Property buildings

We are well prepared for the introduction of a carbon price and expect minimal initial impact.

We are not a big direct emitter of carbon so there is no direct cost through the requirement to purchase carbon credits. Our emissions are mostly indirect and associated with energy consumption in our office buildings and shopping centres. We are pleased to report that between FY06 and FY11 we reduced our GHG intensity by 34 per cent in our Office business and 16 per cent in our Retail business.

We expect the average increase in the cost of a house and land package will be approximately \$2,500.

Challenge

- IMPACT OF ONLINE RETAILING

Response

Create social and community hubs

Focus on value and convenience shopping

Flexible development plans and retail mix

In FY11 we undertook significant research to understand the impact of online shopping on consumer behaviour. Our research shows that online sales account for only 4.8 per cent of total sales in Australia. We found that high and premium-end products are seeing bigger increases in online spending than value and mid-end products. In response to this, our historical focus on value and convenience shopping will continue. We are also differentiating our centres by creating spaces that act as social and community hubs and building in flexibility to our development plans and retail mix.

To our securityholders

FROM THE

Chairman



I am pleased to report that Stockland has again delivered solid results for the 2011 financial year (FY11) with an 8.7 per cent increase in Underlying Profit. This profit growth was achieved despite uncertain economic conditions and the impact of local and international natural disasters that affected the Australian economy.

During the past year we also made good progress aligning our asset portfolio with our growth strategy focused on the 3-Rs – Residential, Retirement Living and Retail.

Our results

The Group delivered an Underlying Profit of \$752.4 million, up 8.7 per cent from \$692.3 million in FY10. The result was underpinned by growth in all three of our core businesses, with particularly strong performance from Residential Communities.

Underlying Profit is the most meaningful indicator of our performance, as it measures profit from ongoing operations, adjusted for non-recurring items such as investment property revaluations.

Our Statutory Profit was \$754.6 million, 57.7 per cent above last year's result of \$478.4 million, with the improvement reflecting increased operating returns and more stable investment property values.

Our underlying earnings per security in FY11 was 31.6 cents, up 8.6 per cent on last year. Distributions for the full year were 23.7 cents, a total payout of \$564.8 million, an increase of 8.7 per cent over FY10. Distributions represented 75 per cent of Underlying Profit, in line with our stated distribution policy.

Stockland maintained a conservative balance sheet policy throughout FY11, with low gearing and ample liquidity. Our gearing at 30 June 2011 was 22 per cent measured by net debt to

total tangible assets net of cash on deposit. This gearing was below our target range, but up from 18 per cent last year. We view our conservative gearing policy as being prudent at the current time given the challenges faced by global financial markets.

During the year we made good progress towards our strategic portfolio realignment with a number of capital efficient acquisitions, non-core asset sales and swaps, and substantial investment in redeveloping retail centres in our target growth areas.

Capital management

Falling consumer confidence and concerns about the Australian housing market weighed heavily on our security price in the second half of FY11. Disappointingly, the price of Stockland securities in the July–August 2011 period fell to a level which in the Board's view did not reflect the underlying value of our business and our strong capital position. In response, in August we announced our intention to undertake an on-market buy-back of up to 5 per cent of issued Stockland securities.

The buy-back will be funded largely through the sale of non-core assets as part of our ongoing asset management program and by deferral of some uncommitted development expenditure. The buy-back will be value accretive for securityholders. Due to our conservative debt position the buy-back will not materially affect our gearing or our ability to pursue acquisition opportunities should they arise.

Corporate responsibility & sustainability

Increasingly we are seeing the business benefits of our commitment to sustainability. Creating places that are environmentally sound and focused on community wellbeing is appealing to our customers and a source of competitive advantage for Stockland. You can read about this in more detail in our Corporate Responsibility & Sustainability Report on the Stockland website.

Once again, our sustainability approach received wide domestic and international recognition. Stockland was recognised as the most sustainable property company in the world in the 2011/12 Dow Jones Sustainability Index. We were also ranked 55th in the Corporate Knights Global 100 Most Sustainable Corporations announced at the 2011 World Economic Forum in Davos, Switzerland.

Board and management

I would like to thank my Board and executive colleagues for their engagement and hard work throughout the past year. The Board and its committees continue to provide sound governance for the Group. During the year we created a new Risk Committee of the Board to strengthen our operational and treasury risk management on a more integrated basis, and I thank Carolyn Hewson for assuming the Chair of this new committee.

The Board continues to view managing executive remuneration as a key

responsibility and we recognise that this is a particularly important issue for investors given the performance of our securities. Our Board Human Resources Committee meets regularly to ensure that remuneration is managed appropriately and in the interests of our securityholders. I invite you to read about our policies and approach in our Remuneration Report available on the Stockland website.

Outlook

As I write this report, world economies and markets are once again highly volatile. Despite the strength of Australia's resources and energy sectors, underpinned by strong growth in China, India and other developing nations, continued uncertainty about sovereign debt levels in Europe, the USA and elsewhere are weighing heavily on consumer and business confidence.

We remain confident, however, that the medium-term drivers of the Australian economy – continued population growth, skilled immigration and major capital investment – all indicate that, with the right policy settings, our economy should perform comparatively well. If so, our operating businesses are positioned to deliver good returns as confidence improves and as we maintain our disciplined approach to managing our balance sheet, our assets and our critically important employee talent in the year ahead.

Graham Bradley

Graham Bradley
Chairman

FROM THE

Managing Director



Stockland's FY11 result reflects the success of our strategy to be a leader in the delivery of residential communities, retail centres and retirement villages across Australia. While the year ahead will be a challenging one for our business, we have put ourselves in a strong position to manage through this cycle and improve our performance as conditions recover.

Residential

Our Residential Communities business achieved an excellent result. Although settlement volumes were lower than expected, this was offset by strong price and margin growth. Operating Profit was up 9 per cent to \$233 million and we increased market share to 29 per cent in our chosen active corridors. We continued to expand our geographic footprint, with significant acquisitions that position us well for future growth.

While market conditions remain challenging, we start the year with a record number of contracts on hand. Our focus on creating value for our customers through product affordability and the early delivery of key community facilities will continue to help differentiate our projects and build the value of the Stockland brand. To underpin future sales growth, we plan to launch a record nine new projects in FY12.

In our Apartments business our trade-out of existing projects and disposal of undeveloped sites continues to progress well, with \$350 million cash released this year for reinvestment in Residential Communities.

Retirement Living

Our Retirement Living business increased Operating Profit by 47 per cent to \$53 million 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.

Underlying demand for Retirement Living units remains strong, but in recent months the time to complete sales has extended as potential residents are taking longer to sell their homes. Demand for new developments is, however, expected to grow strongly over the next 20 years, and the industry is likely to struggle to meet demand, particularly given its fragmented structure. This presents a major opportunity for Stockland to grow and become a market leader in this industry.

Commercial Property

Commercial Property delivered an Operating Profit of \$524 million, an increase of 2.9 per cent, due in part to the completion of several retail developments and improvement in the office market.

The Net Operating Income from our Retail business was ahead of expectations, up 7.5 per cent due to \$300 million of new developments coming on stream including Rockhampton, North Shore Townsville and Merrylands. Occupancy in our retail portfolio remains high at 99.5 per cent.

Office and Industrial continues to provide solid recurring income. As expected, there was a small decrease in Office Net Operating Income, reflecting asset disposals as we re-weighted our portfolio towards Retail. In line with our strategy, 82 per cent of our Office portfolio is now A-grade.

Active portfolio management

During the past year we made a number of significant investments to strengthen our leadership position in the Residential, Retirement Living and Retail sectors, and sold or swapped office properties valued at \$380 million.

Our acquisitions included:

- Aevum (which almost doubled the size of our Retirement Village portfolio) and three villages bought from RVG,
- Several major new residential projects, including The Vale and Whiteman Edge in WA, East Leppington in NSW, and the substantial Lockerbie project north of Melbourne,
- Subregional shopping centres at Harvey Bay in Queensland and Point Cook in Victoria.

Purpose

A key competitive advantage for our business is our ability to create communities through both built and social infrastructure. We now express this as our company purpose – *we believe there is a better way to live*. In our residential communities and retirement villages this means putting community infrastructure on the ground ahead of our competitors, which leads to higher sales rates and prices. In our retail centres it means creating a community hub through provision of quality facilities and services – and being a community hub attracts tenants and customers. And it also means bringing these three businesses together where we can, to support truly integrated communities.

People

Our high-performing team is the key to our success and I would like to thank all our employees for their efforts. We are proud to have a highly engaged workforce with a passion for delivering a better way for our customers. This year we have continued to focus on diversity as we know this leads to better business outcomes. We have further improved the rate of return to work from parental leave (which enables us to retain our talented employees and also delivers savings in recruitment and training costs) which is now 94 per cent.

The year ahead

The short-term challenges arising from weak consumer sentiment and cautious consumer spending 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.

The weakness in household spending is not homogeneous across all 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.

Although FY12 will be a challenging year, we are well placed to achieve around the same earnings per security as FY11, without taking into account the impact of our buy-back. We expect our Residential and Retirement Living businesses to perform well and Commercial Property results should be steady before adjustment for asset sales. With each of our core businesses in great shape, the long-term outlook for our Group is very positive.

Matthew Quinn

Matthew Quinn
Managing Director

Core businesses deliver strong result

RESIDENTIAL
OPERATING
PROFIT
\$M

233



Mark Hunter **CEO – Residential**

Residential

The Residential Communities business achieved an excellent result with strong price and margin growth. We increased market share to 29 per cent in the corridors where we operate and continued to expand our geographic footprint with significant land acquisitions in Perth and Melbourne.

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

We are responding by creating value for customers through our focus on affordability and the early delivery of key community facilities including open space and social infrastructure, which help differentiate our projects.

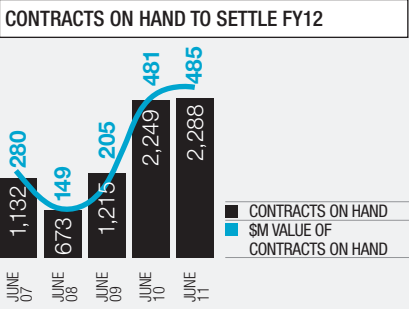
OPERATING PROFIT UP %	9	CONTRACTS ON HAND VALUE \$M	485
CONTRACTS ON HAND (A RECORD)	2,288	STRONG EBIT MARGIN %	29

First Home Buyer leads are strengthening as a result of our affordable offering, while Upgraders (second plus home buyers) remain a key source of leads despite being impacted by an underperforming established housing market.

We continued our withdrawal from the Apartments business with 560 units settled and approximately \$350 million in cash reinvested in Residential Communities. Existing projects and the sale of undeveloped sites is expected to contribute a further \$180 million by FY15. To underpin sales growth in FY12, we have a record nine new residential communities to be launched.

MORE AFFORDABLE PRODUCT¹		
PROPORTION OF SUB-\$200K LOTS		%
14	32	NSW
22	35	QLD
38	47	VIC
38	33	WA

1. Source: National Land Survey Program, Charter Keck Cramer/Research4 and Stockland Research. Total lots supplied for market, and total deposits for Stockland.



IN THE PAST YEAR WE HAVE RESPONDED TO THE HOUSING AFFORDABILITY CHALLENGE BY WORKING WITH OUR BUILDER PARTNERS TO DELIVER NEW INNOVATIVE PRODUCT



The housing affordability opportunity

At Highlands residential community we worked with Henley Property Group to deliver a three bedroom house and land package for \$300,000. Five pilot homes were initially completed, and due to the positive market feedback a further 37 were built. We now have another 70 under construction across three projects.

COMMERCIAL
OPERATING
PROFIT
\$M

524



John Schroder **CEO – Commercial Property**

Commercial Property

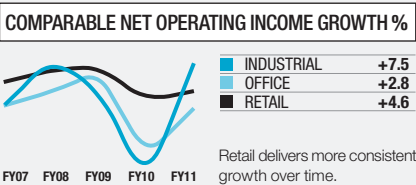
Commercial Property delivered a good result, underpinned by a higher than expected contribution from Retail due in part to development completions and growth in our stable retail assets.

We continued to deliver on our strategy of re-weighting our portfolio towards high quality retail assets in areas with good population growth and strong retail trading. We disposed of Office and Industrial assets worth \$308 million and acquired \$241 million of quality retail assets in Point Cook and Hervey Bay.

RETAIL NET OPERATING INCOME \$M	286	PORTFOLIO OCCUPANCY %	99.5
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Retail

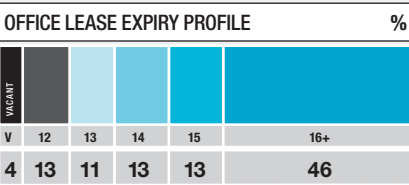
New developments at Rockhampton, North Shore, Townsville and Merrylands (stage three) opened in FY11 and delivered higher than expected returns. We have a further \$935 million of development projects under construction with large retail tenants secured to lease space in all centres.



OFFICE NET OPERATING INCOME \$M	183	PORTFOLIO OCCUPANCY %	96.0
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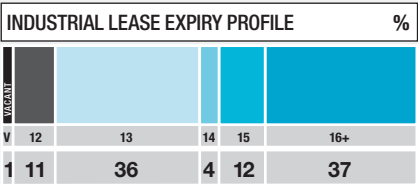
Office and Industrial

Office and Industrial continued to provide good recurring income for the business with high occupancy rates. Through good lease expiry management and re-tenanting, we have low rent risk in the coming three years.



INDUSTRIAL NET OPERATING INCOME \$M	77	PORTFOLIO OCCUPANCY %	99.8
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The decrease in overall operating income is a reflection of the Office and Industrial assets we have sold to re-weight our portfolio to Retail and only retain high quality assets. 82 per cent of our Office portfolio is now A-grade quality.



UK

Our wind down of the UK business is on track for completion by 30 June 2012, subject to no decline in market conditions. We expect a profit contribution of around \$10 million in FY12 from the sale of London assets.

RETIREMENT
OPERATING
PROFIT
\$M

53



David Pitman **CEO – Retirement Living**

Retirement Living

Retirement Living performed very well during FY11, achieving efficiency gains as well as major strategic milestones.

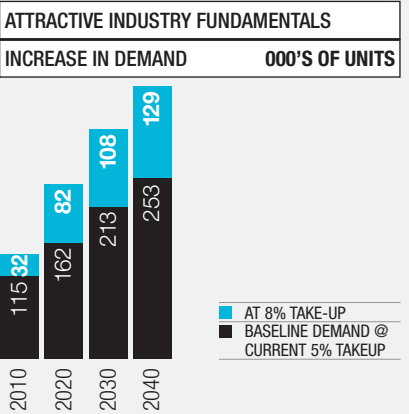
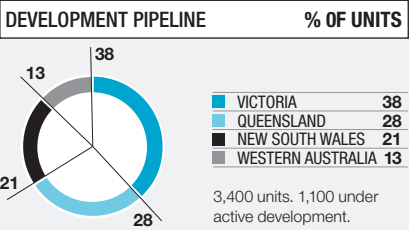
The Aevum acquisition was transformational, and delivered a significant increase in economies of scale and geographic diversification. We also acquired three villages from Retirement Villages Group (RVG) in June. As a result, we now operate 59 villages in six states and territories that are home to over 10,000 residents.

We continue to grow through organic development, creating new homes and villages at 10 sites in four states through

OPERATING PROFIT UP BY %	47	HIGH PORTFOLIO OCCUPANCY %	94
ESTABLISHED UNITS SETTLED	416	NEW UNITS SETTLED	192

village extensions and greenfield development using the Stockland landbank. At the same time, we are investing in operational improvements to enhance resident satisfaction and further improve efficiency. Our growth and operational initiatives are underpinned by the transfer of best practice from our Residential and Commercial Property businesses.

One current challenge is the time it is taking customers to sell their homes to move into a village. Despite this, demand remains strong in the long term and we are in a good position to capitalise on the ageing population. Our objective is to be a market leader in this sector.



DON McQUEEN AND HIS WIFE HAVE LIVED IN THE COMMUNITY SINCE 2008 AND IN THAT TIME HAVE REFERRED 14 OF THEIR FRIENDS



Friends for life

In our Retirement Living business referral by existing residents is one of our key sales drivers. The annual resident survey shows 30 per cent of sales result from referral. At Gowanbrae, 13 kilometres from Melbourne, referrals have contributed to 29 sales since it opened in 2008. Don McQueen and his wife have referred 14 of their friends. Don said: "The whole atmosphere is wonderful. It's great to see how people really come alive here."

How we achieve growth

WHAT WE AIM FOR

To be a trusted partner with government to deliver vibrant and sustainable communities, retail centres and social hubs

To deliver our customers “a better way to live”

To be Australia’s pre-eminent greenfield community developer

HOW WE DO IT

By creating market-leading capabilities for the development and management of residential communities, retirement villages and retail centres across Australia

Where possible, by bringing all three businesses together in major projects under the one brand

By working with government to facilitate the provision of early infrastructure (transport, education, jobs) to embed community wellbeing

OUR COMPETITIVE ADVANTAGES

Faster speed to market by building trust with key approval authorities and other stakeholders

Higher Residential and Retirement Living sales rates and prices by putting infrastructure on the ground ahead of our competitors

Higher occupancy in our retail centres through our focus on day-to-day convenience and by not over-building

Delivering on our growth strategy

In FY11 we continued to execute our 3-R growth strategy focused on Retail, Retirement Living and Residential development.

RESIDENTIAL

We entered three new growth corridors in Residential, acquiring projects with an end value of \$4.8 billion on capital-efficient terms.

RETIREMENT LIVING

We diversified geographically and established a national platform by entering WA, SA and the ACT markets. We now have critical mass in Vic, NSW and Qld. Through the acquisition of Aevum and three RVG villages we are now achieving economies of scale.

RETAIL

We continued to re-weight the Commercial Property portfolio towards high quality retail assets with the acquisition of Hervey Bay and Point Cook shopping centres. Both centres are well located in strong growing markets and can be expanded over time. Our retail development pipeline to improve existing centres is on schedule and budget. As at 1 July we had disposed of a further \$380 million of generally smaller and management-intensive office and industrial assets.

Community


Community focus creates competitive advantage

Investing in local employment at Stockland Shellharbour

During FY11, work commenced on a major redevelopment of our shopping centre at Shellharbour, 21 kilometres south of Wollongong. The project will see the centre double in size by 2013 and become the leading shopping and entertainment destination in the region. With such a large investment in the local community we recognise the importance of contributing to the social and economic development of the region.

Youth unemployment in the Shellharbour region is very high at 35 per cent. To try to tackle this problem we have partnered with The Salvation Army and Brookfield Multiplex to provide employment and training solutions within our centre. The ‘Connectivity Centre’ will operate for the next three years, providing a space for candidate screening, training and job matching to support the employment of local people.

In its first seven weeks of operation 700 people approached the ‘Connectivity Centre’ and 17 people have already been successfully placed in jobs.



On-the-job training at Stockland Shellharbour development site.

WE RECOGNISE THE IMPORTANCE OF CONTRIBUTING TO THE SOCIAL AND ECONOMIC DEVELOPMENT OF THE REGION

Community development

We aim to positively influence the communities in which we operate, creating places where people experience a better way to live. All of our assets have community development plans focused on building places with the right balance of social, environmental and economic factors.

In the Residential business, minimum community development standards were introduced in FY11. These standards include initiatives that support health and wellbeing, leisure and recreation, arts and culture and community life.

In the Retirement Living business, community is fundamental to our success. The community that retirees live in has a 50 per cent influence on their level of happiness. We introduce programs at each of our villages to foster connections between residents and the local community.

Community Development Toolkits were introduced in our Commercial Property business in FY11. These toolkits ensure that we consider hard infrastructure at each of our retail centres, providing places for people to meet, as well as soft infrastructure programs that connect people together.

Employee giving and volunteering

Stockland’s employee giving and volunteering program was launched in 2008 and since then we have seen a 59 per cent increase in the number of employees volunteering their time for community activities. In the past year we introduced skilled mentoring and better aligned our giving and volunteering with the needs of the local communities in which we operate. These needs include:

- Affordable housing,
- Disadvantaged youth, and
- Creating pathways to employment through training and development.

EMPLOYEES WHO VOLUNTEERED	%
FY11	70
FY10	62
FY09	44

5



An emotional journey

For our Retirement Living customers, the task of downsizing and selling the family home can be a very emotional and stressful process. We carefully guide our customers along the entire journey from first point of contact, to the move-in process and settling into village life.

We connect with local real estate agents, removalists and solicitors to build a trusted network to refer our customers to should they need assistance. Incoming residents are encouraged to attend village activities prior to moving in to give them the opportunity to meet other residents and establish friendships.

Our aim is simple: to deliver a better way to live. In our Retirement Living business, our approach to customer service makes this a reality.

“Quite often what we do starts with a tissue box. When people come to us they don’t always come on a positive note, as events in their life such as the death of a partner or health concerns have forced them to consider life in a Stockland Village. So not only do we have to listen to our customers, but also actually hear what they’re saying. We do a lot of hand-holding, but also ‘heart holding’. And quite often, our customers become our friends.”

Mary Scott
Sales Professional, Highlands Retirement Village

INCOMING RESIDENTS ARE ENCOURAGED TO ATTEND VILLAGE ACTIVITIES PRIOR TO MOVING IN TO GIVE THEM THE OPPORTUNITY TO MEET OTHER RESIDENTS AND ESTABLISH FRIENDSHIPS

Customers

Customer satisfaction key to success

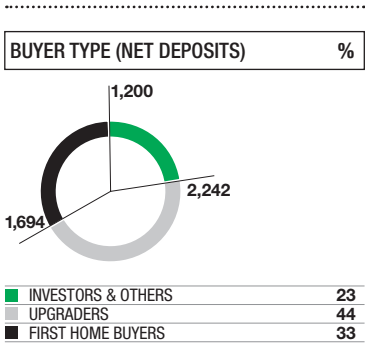
We have a diverse range of customers including:

- Retail, office and industrial tenants,
- Retail shoppers,
- Residents in our communities, and
- Retirement village residents.

Residential

In the past year we continued our focus on understanding customer needs so that we can better tailor our product offering and services. Over 4,600 interviews were conducted with people who inquired at our residential communities and the results were used to help forecast our upcoming customer mix.

In addition to phone interviews, we also track buying patterns through an online system. This enables us to proactively respond to market trends.



In FY11 our customers were a mix of first home buyers, upgraders and, to a lesser extent, investors.

We recently saw a growing demand for smaller homes and were able to quickly work with our partner builders to offer housing packages meeting this need.

Retirement Living

The happiness of our retirement residents is very important to us. Our research shows that residents who are happy with their home and satisfied in their community are more likely to refer a friend to our communities.

Each year we conduct a Residents' Voice Survey in all villages to find out how residents feel about life in a Stockland retirement village. This year we also surveyed residents from the newly acquired Aevum villages.

Results of the survey showed a continued high level of satisfaction:

- 87 per cent are happy with their community centre.
- 86 per cent are happy with their village.
- 90 per cent are happy with their home.

Commercial Property

Customer satisfaction of retail shoppers improved this year with an average satisfaction rating of 91 per cent. Both the facilities and services provided at centres were rated through a mystery shopper program and through feedback gathered by interactive touch pads located in centres.

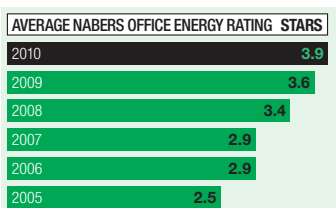
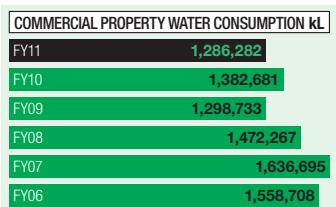
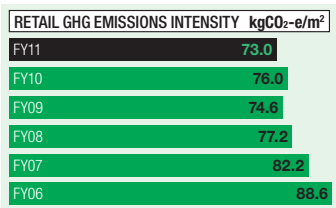
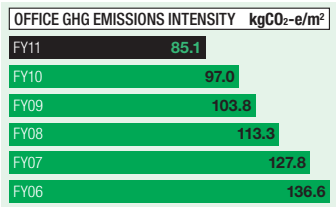
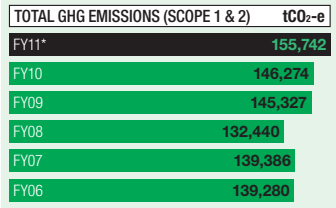
In FY11 we established a customer satisfaction tracking program with our retail tenants. Over 350 retail tenants were interviewed or surveyed and the results showed that tenants rank Stockland as number two in market leadership. We will use the results of these surveys to improve our tenant services.



Stockland Merrylands tenant reference group.

Environment

Environmental efficiency reduces costs



Improving our understanding of environmental risks and impacts benefits all areas of our business, from project design to investment decision making.

Over the past 12 months we have focused on:

- Mitigating and adapting to perceived climate change risk,
- Minimising carbon emissions,
- Improving energy and water efficiency,
- Improving diversion of waste from landfill, and
- Managing our use of, and impact on, natural resources.

Note to Total GHG Emissions graph

*FY11 is first year without estimating Residential and Retirement Living emissions.



Sustainability design tool reduces cost of living

Amberton, located on Perth's northern beaches, is a masterplanned community that will ultimately include more than 2,000 houses, schools, shops and parks. What will make this community different is our use of the Kinesis CCAP Precinct tool to measure the performance of sustainability initiatives to determine which ones will deliver cost savings to home owners.

The Kinesis tool uses price data from service providers such as Water Corporation to quantify the sustainability of a new development across five elements:

- Land use and transport,
 - Embodied CO₂e,
 - Energy consumption,
 - Water use, and
 - Financial analysis and affordability.
- With this approach we have been able to select the sustainability initiatives that will be most effective at Amberton. For example, the findings have shown that water efficient appliances such as front load washing machines will deliver almost twice the water savings of small to medium sized rainwater tanks and for a lower cost.

Eco efficiency

One area where we have made good progress is improving our energy, water and waste efficiency, which is the most cost-effective way for us to improve environmental outcomes. Since setting efficiency goals in FY09 we have significantly lowered our carbon emissions and improved other environmental outcomes such as water use and waste reduction. In many cases we've also reduced our costs and those of our tenants. And increasingly we are working with our partner builders to deliver housing through our residential communities and retirement villages that is less expensive for residents to run.

Reducing energy use in our retail portfolio has been particularly challenging, with increased trading hours and the need to upgrade assets

seeing an increase in our energy use in FY10. We've since turned this around and we're now achieving some impressive outcomes in efficiency improvement by using detailed analysis to determine the most effective lighting solutions for individual centres. This analysis has revealed that what works in one centre may not be the best solution for another. This means we can make the most effective investments in efficiency.

Our actions, how they benefit the environment, our stakeholders and our business, are all outlined in our detailed Corporate Responsibility and Sustainability Report at www.stockland.com.au



The outcome is a community that will outperform others on environmental measures with homeowners enjoying the benefits of reduced household operating costs.

WHAT WILL MAKE THIS COMMUNITY DIFFERENT IS OUR ABILITY TO MEASURE THE PERFORMANCE OF SUSTAINABILITY INITIATIVES TO DETERMINE WHICH ONES WILL DELIVER COST SAVINGS TO HOME OWNERS

High employee engagement drives better outcomes

EMPLOYEE ENGAGEMENT	%
FY11	84
FY10	82
FY09	83



1. Matthew Quinn Managing Director
2. Tim Foster Chief Financial Officer
3. Mark Hunter CEO – Residential
4. Karyn Munsie EGM – Corporate Affairs
5. David Pitman CEO – Retirement Living
6. Michael Rosmarin EGM – Human Resources
7. John Schroder CEO – Commercial Property

Employee engagement

For the seventh consecutive year, we asked employees how they feel about working at Stockland through the annual ‘Our Voice’ employee survey. This year we achieved a high employee engagement score of 84 per cent, up two points from last year and three points higher than the norm for Global High Performing Companies. The drivers of this increase included improvements in balancing work and life, working relationships, collaboration and communication.

Diversity

We are focused on developing a more flexible and diverse workplace to ensure we make more informed decisions and reflect the customers we service. This year we introduced a leadership program to reduce unconscious bias and improve awareness of stereotypical beliefs.

The number of women in management roles increased to 37 per cent in FY11, up from 35 per cent the previous year. We have introduced two new programs to help us reach our target of 40 per cent women in management by 2015: ‘The Future Women Leaders Program’ and the ‘Senior Women Leaders Program’. The number of employees returning to work after parental leave increased from 82 per cent to 94 per cent.

Occupational health and safety

98 per cent of employees reported that their work area is a safe place to work in FY11. Over the past year we interviewed over 100 frontline managers to simplify our OH&S procedures and identified the key risks facing the business. This information informed an OH&S strategy for the organisation.

WE ARE
FOCUSED ON
DEVELOPING A
MORE FLEXIBLE
AND DIVERSE
WORKPLACE
TO ENSURE WE
MAKE MORE
INFORMED
DECISIONS
AND REFLECT
THE
CUSTOMERS
WE SERVICE



Stockland Head Office, Sydney.

Board

Our Board of Directors



The Stockland Board has the right balance of skill and experience to govern the business.

We don't just rely on formal governance practices and policies but also have a high level of informal engagement. Through additional meetings, site visits and briefings we are able to ensure we are involved in making the right strategic decisions for the business.

GRAHAM BRADLEY
Age 63
BA, LLB (Hons 1), LLM, FAICD
Chairman
(Non-Executive)
Mr Bradley was appointed to the Board on 9 February 2004 and was appointed Chairman on 25 October 2005. He is President of the Business Council of Australia, Chairman of HSBC Bank Australia Limited, Anglo American Australia Limited and Po Valley Energy Limited. He is a Director of GI Dynamics Inc. Mr Bradley is a member of the Human Resources Committee.

Stockland Board meetings FY11
Meetings held: 12
Meetings attended: 12

DUNCAN BOYLE
Age 60
BA (Hons), FCII, FAICD
(Non-Executive)
Mr Boyle was appointed to the Board on 7 August 2007. He has over 36 years experience as a Senior Executive and Director within the insurance industry in Australia, New Zealand and the United Kingdom. Mr Boyle is a Director of QBE Insurance Group Limited, Clayton Utz and O'Connell Street Associates Pty Limited. He is Chairman of the Corporate Responsibility & Sustainability Committee and a member of the Risk Committee.

Stockland Board meetings FY11
Meetings held: 12
Meetings attended: 12

CAROLYN HEWSON
Age 56
B.Ec (Hons), Ec., FAICD
(Non-Executive)
Ms Hewson was appointed to the Board on 1 March 2009. She has over 30 years experience in the financial sector, with extensive financial markets, risk management and investment management expertise. She is a Director of Westpac Banking Corporation, BT Investment Management and BHP Billiton. Ms Hewson is Chair of the Risk Committee and a member of the Human Resources Committee.

Stockland Board meetings FY11
Meetings held: 12
Meetings attended: 12

BARRY NEIL
Age 63
B.Eng (Civil)
(Non-Executive)
Mr Neil was appointed to the Board on 23 October 2007 and has over 37 years experience in property, both in Australia and overseas. He is a Director of Dymocks Holdings Pty Limited and Terrace Tower Group Pty Ltd and was previously Director of Property for Woolworths Limited. Mr Neil is Chairman of Stockland Capital Partners Limited, the Responsible Entity for Stockland's unlisted funds and a member of the Stockland Audit and Corporate Responsibility and Sustainability Committees.

Stockland Board meetings FY11
Meetings held: 12
Meetings attended: 12

MATTHEW QUINN
Age 49
B.Sc (Hons), ACA, ARCS, FAPI, FRICS
Managing Director
Mr Quinn joined Stockland in 1999 and was appointed to his current role of Managing Director in October 2000. He is a Fellow of the Australian Property Institute and the Royal Institute of Chartered Surveyors. He is a Director of Australian Business and Community Network Limited and Carbonxt Group Limited. Mr Quinn is a member of the Corporate Responsibility and Sustainability Committee, a Director of Stockland Capital Partners Limited, the Responsible Entity for Stockland's unlisted funds and a member of the Stockland Residential Estates Equity Fund No. 1 Investment Committee.

Stockland Board meetings FY11
Meetings held: 12
Meetings attended: 12

CAROL SCHWARTZ
Age 56
BA, LLB, MBA, FAICD
(Non-Executive)
Ms Schwartz was appointed to the Board on 1 July 2010. She has extensive experience in business, property and community organisations and is Executive Chairman of Qualitas Property Partners and on the Board of a number of organisations including Yarra Capital Partners, The Sydney Institute and the City of Melbourne's Enterprise Melbourne Advisory Board. Her other appointments include Executive in Residence at Melbourne Business School and Chairman of Our Community. Ms Schwartz is a member of the Stockland Audit and Corporate Responsibility and Sustainability Committees.

Stockland Board meetings FY11
Meetings held: 12
Meetings attended: 11

PETER SCOTT
Age 57
B.E (Hons), M.Eng Sc, FIE, Aust, CPEng, MICE
(Non-Executive)
Mr Scott was appointed to the Board on 9 August 2005. He is Chairman of Sinclair Knight Merz Holdings Limited and Perpetual Limited. He is a Director of Pilotlight Australia and O'Connell Street Associates Pty Limited and was appointed on the Advisory Board of Laing O'Rourke Australia from August 2008 to August 2011. Mr Scott is Chairman of the Human Resources Committee and a member of the Risk Committee.

Stockland Board meetings FY11
Meetings held: 12
Meetings attended: 12

TERRY WILLIAMSON
Age 63
B.Ec, MBA, FCA, FCIS, MACS
(Non-Executive)
Mr Williamson was appointed to the Board in April 2003. He is a Director of Avant Insurance Limited, OnePath Life Limited, OnePath General Insurance Pty Limited, a member of the Audit Committee of the Reserve Bank of Australia, and a member of the University of Sydney School of Business Advisory Board. Mr Williamson is Chair of the Stockland Audit Committee and Stockland Capital Partners Audit and Risk Committee and the Stockland and Stockland Capital Partners Financial Services Compliance Committees.

Stockland Board meetings FY11
Meetings held: 12
Meetings attended: 12

Our approach to remuneration

The Board views setting remuneration policies as one of its most important responsibilities – ensuring that Stockland’s remuneration policies and practices are fair, responsible, competitive and effective.

Our remuneration approach is designed to attract, motivate and retain the best people. Employee remuneration is directly linked to business performance and aligns incentive payments to securityholder interests via business outcomes such as total securityholder returns (TSR) and earnings per security (EPS).

Short-term incentives awarded in FY11 reflected the strong company performance against our preset targets including 8.6 per cent uplift in EPS (above our target of 7 per cent).

Long-term incentives (LTIs) are aligned to securityholder interests and they will only vest if three-year total TSR and stretch EPS hurdles are exceeded. In FY11 eligible executives received 50 per cent of their LTIs awarded in 2008 while the remaining 50 per cent lapsed as the EPS hurdle was not met.

Given the current challenging business climate, the Board has decided to continue restraint on the Managing Director’s fixed pay with no increase for FY12 as we have done for the past four years.

In FY12 an EPS growth target of 6 per cent has been set which is a significant stretch compared to market guidance that EPS is expected to be around the same as FY11, without taking into account the impact of the buy-back. This target applies to the Managing Director, Executive Committee and General Managers, with 40 per cent of the Managing Director’s total short-term incentive award based on this target.

You can read the full details of our policies and approach in our Remuneration Report on the Stockland website.

EXECUTIVE REMUNERATION (REALISED VALUE)						
		FIXED PAY \$'000	SHORT-TERM INCENTIVES \$'000	LONG-TERM INCENTIVES \$'000	TOTAL REMUNERATION \$'000	LAPSED LTI \$'000
EXECUTIVE DIRECTOR						
Matthew Quinn Managing Director	2011 2010	1,900 1,900	2,200 1,750	1,233 735	5,333 4,385	1,233 735
SENIOR EXECUTIVES						
Tim Foster CFO (commenced February 2010)	2011 2010	875 365	710 322	– –	1,585 687	– –
Mark Hunter CEO Residential	2011 2010	800 750	740 646	138 92	1,678 1,488	138 92
Karyn Munsie EGM Corporate Affairs	2011 2010	500 420	405 305	– –	905 725	– –
David Pitman CEO Retirement Living	2011 2010	700 670	570 475	237 145	1,507 1,290	237 145
Michael Rosmarin EGM Human Resources (commenced July 2010)	2011 2010	550 –	415 –	– –	965 –	– –
John Schroder CEO Commercial Property	2011 2010	1,030 1,030	955 850	529 318	2,514 2,198	529 318

The table above sets out the cash and other benefits actually received by the Managing Director and Senior Executives during FY11. The full Remuneration Report including statutory tables can be viewed in the Financial Report on the Stockland website.



Stockland employees.

OUR REMUNERATION
APPROACH IS DESIGNED
TO ATTRACT, MOTIVATE AND
RETAIN THE BEST PEOPLE

NON-EXECUTIVE DIRECTORS REMUNERATION					
		BOARD AND COMMITTEE FEES	NON-MONETARY BENEFITS	SUPER- ANNUATION	TOTAL REMUNERATION
Graham Bradley Chairman	2011 2010	442,810 365,250	– –	32,430 32,873	475,240 398,123
Duncan Boyle	2011 2010	172,349 167,900	– –	15,199 15,111	187,548 183,011
Carolyn Hewson	2011 2010	175,440 171,900	– –	15,199 15,471	190,639 187,371
Barry Neil	2011 2010	189,673 155,000	– –	17,027 13,950	206,700 168,950
Carol Schwartz (appointed July 2010)	2011 2010	165,619 –	– –	14,906 –	180,525 –
Peter Scott	2011 2010	188,616 189,500	– –	15,199 17,055	203,815 206,555
Terry Williamson	2011 2010	224,045 223,700	– –	15,199 20,133	239,244 243,833
Nicholas Greiner (retired October 2010)	2011 2010	69,900 232,500	7,500 –	6,291 20,925	83,691 253,425

Contact

Details

Head office

Stockland
Level 25
133 Castlereagh Street
Sydney NSW 2000
Toll free: 1800 251 813
T: (61 2) 9035 2000

Corporation/ Responsible Entity

Stockland Corporation
Limited
ACN 000 181 733

Stockland Trust
Management Limited
ACN 001 900 741
AFSL 241190

Share registry

Computershare Investor
Services Pty Ltd
Level 4
60 Carrington Street
Sydney NSW 2000
T: (61 3) 9415 4000
Toll free: 1800 804 985
E: Stockland@
computershare.com.au



Stockland Merrylands, NSW.

Securityholder

Information

Key dates

25 October 2011
Annual General Meeting
Swissotel Hotel,
68 Market St
Sydney NSW 2000
at 2.30pm

19 December 2011
Announcement of
estimated dividend/
distribution

31 December 2011
Record date

9 February 2012
Half-year result
announcement

30 June 2012
Record date

8 August 2012
Full-year result
announcement

Your securityholding

If you would like to update your personal details or change the way you receive communications from Stockland please contact Computershare on the details provided. Computershare will also be able to provide you with information on your holding.

Further information

For more information on Stockland including the latest financial information, announcements, property news and corporate governance information visit our website at www.stockland.com.au.

Report centre

Detailed information about our financial performance, properties and sustainability initiatives can be found at www.stockland.com.au.



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Note: All figures are in Australian dollars unless otherwise indicated.

Dow Jones Sustainability Indexes
Member (2011/12)
Stockland was recognised as the most sustainable property company in the world in the 2011/12 Dow Jones Sustainability Index.

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