

# **Stockland Trust and its controlled entities**

Interim Report  
31 December 2010

Registered office:

133 Castlereagh Street  
Sydney NSW 2000

# **Stockland Trust and its controlled entities**

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# **Stockland Trust and its controlled entities**

## **Directors' Report**

### **For the half year ended 31 December 2010**

The Directors of Stockland Trust Management Limited ("STML"), the Responsible Entity of Stockland Trust, present their report together with the Interim Financial Report of Stockland Trust ("the Trust") and its controlled entities ("the consolidated entity") for the half year ended 31 December 2010 and the Independent Auditor's Review Report thereon. The consolidated entity, together with Stockland Corporation Limited (and its controlled entities) ("Corporation") forms part of the stapled group, Stockland ("Stockland").

#### **Directors**

The Directors of the Responsible Entity at any time during or since the end of the half year ("the Directors") are:

##### **Non-Executive Directors**

Mr Graham Bradley, Chairman

Mr Nicholas Greiner, Deputy Chairman                      Retired 19 October 2010

Mr Duncan Boyle

Ms Carolyn Hewson

Mr Barry Neil

Ms Carol Schwartz    Appointed 1 July 2010

Mr Peter Scott

Mr Terry Williamson

##### **Executive Directors**

Mr Matthew Quinn, Managing Director

#### **Review and results of operations**

The consolidated entity recorded a profit attributable to unitholders calculated in accordance with Australian Accounting Standards ("AASBs") of \$326.8 million for the half year ended 31 December 2010 (\$153.8 million for the half year ended 31 December 2009). This profit includes a number of certain significant items that, in the opinion of the Directors, need adjustment to enable unitholders to obtain an understanding of the consolidated entity's Underlying profit (refer to next page).

The Underlying profit for the half year was \$335.1 million (\$326.5 million for the half year ended 31 December 2009), reflecting a 3 per cent increase from the prior period.

**Stockland Trust and its controlled entities**  
**Directors' Report**  
**For the half year ended 31 December 2010**

**Review and results of operations (continued)**

The following table provides information to unitholders that reconciles Underlying profit to statutory profit. 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 the consolidated entity, in accordance with AICD/Finsia principles for reporting Underlying profit.

		<b>Half year ended</b>	
		<b>2010</b>	2009
	<b>Notes</b>	<b>\$M</b>	<b>\$M</b>
Underlying profit		<b>335.1</b>	326.5
<b>Certain significant items:</b>			
<i><b>Fair value adjustment of investment properties</b></i>			
Net gain/(loss) from fair value adjustment of investment properties		<b>47.7</b>	(266.4)
Share of net gain/(loss) from fair value adjustment of investment properties in associates and joint ventures		<b>0.6</b>	(43.2)
<i><b>Fair value adjustment of other financial assets and net loss on sale of other non-current assets</b></i>			
Net gain from fair value adjustment of other financial assets		-	44.9
Net loss on sale of other non-current assets		<b>(0.5)</b>	(14.3)
<i><b>Fair value adjustment of financial instruments and foreign exchange movements</b></i>			
Net gain on fair value movement of hedged items and financial instruments treated as fair value hedges	4	<b>99.9</b>	17.9
Net loss on fair value movement of financial instruments that do not qualify as effective under hedge accounting rules	4	<b>(127.5)</b>	(28.7)
Net gain on fair value movement of other financial instruments that do not qualify as effective under hedge accounting rules	11	-	102.3
Net loss on exit of exposure to GPT	11	<b>(24.9)</b>	-
Net unrealised foreign exchange (loss)/gain	4	<b>(3.6)</b>	14.8
<b>Profit for the half year attributable to unitholders of the consolidated entity</b>		<b>326.8</b>	153.8

Basic Underlying earnings per unit was 14.1 cents, an increase of 3 per cent from 13.7 cents in the previous corresponding period. Basic earnings per unit was 13.7 cents.

	<b>Half year ended</b>	
	<b>2010</b>	2009
	<b>Cents</b>	<b>Cents</b>
<b>Basic Underlying earnings per unit</b>	<b>14.1</b>	13.7
Diluted Underlying earnings per unit	<b>13.9</b>	13.6
<b>Basic earnings per unit</b>	<b>13.7</b>	6.5
Diluted earnings per unit	<b>13.6</b>	6.4

Refer to Note 5 of the accompanying Financial Statements for further information regarding the earnings per unit calculations.

**Stockland Trust and its controlled entities**  
**Directors' Report**  
**For the half year ended 31 December 2010**

	<b>Half year ended</b>	
	<b>2010</b>	2009
	<b>Cents</b>	Cents

**Distribution per unit**

The distribution payable is 11.8 cents per unit, up 9.3 per cent from 10.8 cents paid for the previous corresponding period. The payable comprises:

Trust distribution	<b>11.8</b>	10.8
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Registers closed at 5.00pm on 31 December 2010 to determine entitlement to the half year distribution, which will be paid on 28 February 2011.

**Events subsequent to the end of the half year**

There has not arisen in the interval between the end of the current half year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the consolidated entity, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

The Directors have considered the impact of the January 2011 floods and the February 2011 cyclone on the consolidated entity's operations and assets in the Queensland, New South Wales and Victoria regions. The operations of some retail and office assets were temporarily interrupted but the impact of this is not material to the consolidated entity.

**Operational highlights**

***Commercial Property***

- Net operating income of \$275 million
- The comparable net income growth was 3.2%
- Weighted average capitalisation rates tightened slightly period on period
- 42% of investment property assets, excluding assets under development, were independently valued.

***Retail***

- Net operating income of \$143 million
- Comparable net income growth of 4.3%
- High portfolio occupancy of 99.6%
- Sustainable specialty occupancy costs of 13.8%

***Office and Industrial***

- Net operating income of \$94 million in Office and \$38 million in Industrial
- Comparable net income growth of 1.5% in Office and 3.7% in Industrial
- High portfolio occupancy of 97% in Office (92% including space under refurbishment) and 98% in Industrial
- Weighted average lease expiry of 4.2 years in Office and 3.6 years in Industrial

**Stockland Trust and its controlled entities**  
**Directors' Report**  
**For the half year ended 31 December 2010**

**Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001**

The external auditor's independence declaration is set out on page 6 and forms part of the Directors' Report for the half year ended 31 December 2010.

**Rounding off**

The consolidated entity is an entity of the kind referred to in ASIC Class Order 98/100 (as amended) and in accordance with that Class Order, amounts in the Financial Report and Directors' Report have been rounded to the nearest hundred thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors:



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Graham Bradley  
*Chairman*

Dated at Sydney, 9 February 2011



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Matthew Quinn  
*Managing Director*



***Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001***

To: the directors of Stockland Trust Management Limited, the Responsible Entity of Stockland Trust

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2010 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Andrew Dickinson  
*Partner*

Sydney

9 February 2011

**Stockland Trust and its controlled entities**  
**Consolidated Interim Statement of Comprehensive Income**  
**For the half year ended 31 December 2010**

		<b>Half year ended</b>	
		<b>2010</b>	<b>2009</b>
	<b>Notes</b>	<b>\$M</b>	<b>\$M</b>
<b>Revenue</b>			
Rent from investment properties		<b>334.8</b>	328.9
Dividend and distribution income		<b>7.4</b>	8.6
Other revenue		<b>0.7</b>	2.2
<b>Total revenue</b>		<b>342.9</b>	339.7
Finance income	4	<b>245.0</b>	164.4
Net gain/(loss) from fair value adjustment of investment properties <sup>1</sup>	8	<b>47.7</b>	(266.4)
Share of gains/(losses) of investments accounted for using the equity method		<b>36.8</b>	(9.3)
Investment property expenses		<b>(96.2)</b>	(94.8)
Net gain from fair value adjustment of other financial assets	11	<b>149.2</b>	44.9
Net (loss)/gain on fair value movement of other financial instruments that do not qualify as effective under hedge accounting rules	11	<b>(174.1)</b>	102.3
Net loss on sale of other non-current assets		<b>(0.5)</b>	(14.3)
Trust management fees		<b>(6.4)</b>	(3.6)
Other expenses		-	(2.6)
Finance expense	4	<b>(217.6)</b>	(106.5)
<b>Profit for the half year</b>		<b>326.8</b>	153.8
<b>Other comprehensive expense</b>			
Currency translation differences	13	-	(0.2)
Effective portion of changes in fair value cash flow hedges	13	<b>(14.1)</b>	(6.9)
Change in fair value of cash flow hedges transferred to the Statement of Comprehensive Income	13	<b>6.2</b>	(0.6)
<b>Other comprehensive expense for the half year</b>		<b>(7.9)</b>	(7.7)
<b>Total comprehensive income for the half year</b>		<b>318.9</b>	146.1
<b>Basic earnings per unit (cents)</b>	5	<b>13.7</b>	6.5
<b>Diluted earnings per unit (cents)</b>	5	<b>13.6</b>	6.4

<sup>1</sup> The gain/(loss) from fair value adjustment of investment properties includes a loss of \$Nil (2009: \$2.2 million) on non-current assets held for sale.

The above consolidated Interim Statement of Comprehensive Income should be read in conjunction with the accompanying notes.



**Stockland Trust and its controlled entities**  
**Consolidated Interim Balance Sheet**  
**As at 31 December 2010**

	Notes	31 December 2010 \$M	30 June 2010 \$M
<b>Current assets</b>			
Cash and cash equivalents		480.9	827.7
Trade and other receivables		3,673.4	3,244.2
Other financial assets	6	-	219.2
Other assets		48.5	52.5
		<b>4,202.8</b>	<b>4,343.6</b>
Non-current assets held for sale	7	49.2	36.8
<b>Total current assets</b>		<b>4,252.0</b>	<b>4,380.4</b>
<b>Non-current assets</b>			
Trade and other receivables		30.9	29.0
Investment properties	8	6,477.7	6,485.2
Other financial assets	9	33.4	31.9
Investments accounted for using the equity method		1,012.8	1,003.3
Other assets		290.7	345.1
<b>Total non-current assets</b>		<b>7,845.5</b>	<b>7,894.5</b>
<b>Total assets</b>		<b>12,097.5</b>	<b>12,274.9</b>
<b>Current liabilities</b>			
Trade and other payables		127.0	126.0
Interest-bearing loans and borrowings	10	112.2	253.7
Provisions		5.6	0.6
Other liabilities	11	313.1	528.6
<b>Total current liabilities</b>		<b>557.9</b>	<b>908.9</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	10	2,465.5	2,569.8
Other liabilities	11	636.1	400.3
<b>Total non-current liabilities</b>		<b>3,101.6</b>	<b>2,970.1</b>
<b>Total liabilities</b>		<b>3,659.5</b>	<b>3,879.0</b>
<b>Net assets</b>		<b>8,438.0</b>	<b>8,395.9</b>
<b>Unitholders' funds</b>			
Issued capital	12	7,699.9	7,696.4
Reserves	13	29.4	(367.0)
Undistributed income		708.7	1,066.5
<b>Total unitholders' funds</b>		<b>8,438.0</b>	<b>8,395.9</b>

The above consolidated Interim Balance Sheet should be read in conjunction with the accompanying notes.

**Stockland Trust and its controlled entities**  
**Consolidated Interim Statement of Changes in Equity**  
**For the half year ended 31 December 2010**

		Attributable to the unitholders of the consolidated entity			
		Issued capital	Reserves	Undistributed income	Total unitholders' funds
	Notes	\$M	\$M	\$M	\$M
<b>Balance as at 1 July 2010</b>		<b>7,696.4</b>	<b>(367.0)</b>	<b>1,066.5</b>	<b>8,395.9</b>
Profit for the half year		-	-	326.8	326.8
Other comprehensive expense		-	(7.9)	-	(7.9)
Total comprehensive (expense)/income		-	(7.9)	326.8	318.9
Net transfer to reserves from undistributed income	13	-	403.5	(403.5)	-
Vested units purchased on-market	13	-	(5.5)	-	(5.5)
Units issued during the half year	12	3.5	-	-	3.5
Distributions to unitholders <sup>1</sup>	14	-	-	(281.1)	(281.1)
Expense relating to rights and units granted under share plans	13	-	6.3	-	6.3
<b>Balance as at 31 December 2010</b>		<b>7,699.9</b>	<b>29.4</b>	<b>708.7</b>	<b>8,438.0</b>
<b>Balance as at 1 July 2009</b>		<b>7,693.6</b>	<b>(578.8)</b>	<b>1,402.5</b>	<b>8,517.3</b>
Profit for the half year		-	-	153.8	153.8
Other comprehensive income		-	(7.7)	-	(7.7)
Total comprehensive expense		-	(7.7)	153.8	146.1
Net transfer to reserves from undistributed income	13	-	208.7	(208.7)	-
Vested securities purchased on-market	13	-	(3.1)	-	(3.1)
Units issued during the half year	12	2.4	-	-	2.4
Distributions to unitholders <sup>1</sup>	14	-	-	(257.1)	(257.1)
Expense relating to rights and units granted under share plans	13	-	5.4	-	5.4
<b>Balance as at 31 December 2009</b>		<b>7,696.0</b>	<b>(375.5)</b>	<b>1,090.5</b>	<b>8,411.0</b>

<sup>1</sup> The consolidated entity has guaranteed the repayment of certain Stockland employee loans with an external financier used for the purpose of acquiring units granted under the Incentive Share Plan and Executive Share Scheme. AASB 2 "Share-based Payments" ("AASB 2") requires such guarantees to be recognised as a financial liability. The effect of this is to treat distributions paid on these units as interest payments. Refer to Note 14 for further information.

The above consolidated Interim Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**Stockland Trust and its controlled entities**  
**Consolidated Interim Cash Flow Statement**  
**For the half year ended 31 December 2010**

	<b>Half year ended</b>	
	<b>2010</b>	<b>2009</b>
	<b>\$M</b>	<b>\$M</b>
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations	<b>387.0</b>	366.8
Cash payments in the course of operations	<b>(140.3)</b>	(132.6)
Distributions received from associates and joint venture entities	<b>32.4</b>	36.3
Distributions received from other entities	<b>0.6</b>	0.6
Interest received	<b>149.9</b>	129.2
Interest paid	<b>(86.1)</b>	(62.0)
<b>Net cash inflow from operating activities</b>	<b>343.5</b>	338.3
<b>Cash flows from investing activities</b>		
Proceeds from sale of investment properties	<b>148.5</b>	158.4
Payments for investment properties	<b>(119.4)</b>	(351.7)
Payments for investments	<b>(8.3)</b>	(13.6)
Distributions received from other entities	<b>6.8</b>	8.0
Funds returned on deposit in connection with derivative contracts	<b>81.9</b>	130.3
<b>Net cash inflow/(utilised in) from investing activities</b>	<b>109.5</b>	(68.6)
<b>Cash flows from financing activities</b>		
Proceeds from vesting of equity instruments under employee share plans	<b>3.4</b>	2.8
Payments for units	<b>(5.5)</b>	(3.2)
Proceeds from borrowings	<b>540.1</b>	300.0
Repayment of borrowings	<b>(300.4)</b>	(186.4)
Payments on termination of derivatives	<b>(136.2)</b>	(110.0)
Distributions paid	<b>(262.1)</b>	(401.1)
<b>Net cash utilised in from financing activities</b>	<b>(160.7)</b>	(397.9)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>292.3</b>	(128.2)
Cash and cash equivalents at the beginning of the half year	<b>3,668.0</b>	3,830.0
<b>Cash and cash equivalents at the end of the half year</b>	<b>3,960.3</b>	3,701.8
<b>Reconciliation of cash and cash equivalents</b>		
Cash and cash equivalents per the Balance Sheet	<b>480.9</b>	960.5
Loan to related company	<b>3,479.4</b>	2,741.3
<b>Cash and cash equivalents at the end of the half year</b>	<b>3,960.3</b>	3,701.8

The above consolidated Interim Cash Flow Statement should be read in conjunction with the accompanying notes.

**Stockland Trust and its controlled entities**  
**Notes to the Consolidated Interim Financial Statements**  
**For the half year ended 31 December 2010**

**1 Summary of significant accounting policies**

Stockland Trust (“the Trust”) and its controlled entities (together “the consolidated entity”) form part of the combined entity, Stockland. Stockland was established for the purpose of facilitating a joint quotation of Stockland Corporation Limited and its controlled entities (“the Corporation”) and Stockland Trust and its controlled entities on the Australian Securities Exchange (“ASX”). Both the Corporation and the Trust were incorporated/formed and are domiciled in Australia. The Constitutions of Stockland Corporation Limited and Stockland Trust ensure that, for so long as the two entities remain jointly quoted, the number of shares in the Corporation and the number of units in the Trust shall be equal and that shareholders and unitholders be identical. Both the Corporation and the Responsible Entity must at all times act in the best interest of Stockland. The stapling arrangement will cease upon the earliest of either the winding up of the Corporation or the Trust or either entity terminating the stapling arrangements.

The accounting policies applied by the consolidated entity in this Interim Financial Report are the same as those applied by the consolidated entity in the Annual Financial Report of the consolidated entity as at and for the year ended 30 June 2010 except for the accounting policies impacted by the new or amended Accounting Standards detailed in Note 1(b).

The Interim Financial Report as at and for the half year ended 31 December 2010 was authorised for issue by the Directors on 9 February 2011.

**(a) Statement of compliance**

The Interim Financial Report is a general purpose interim financial report which has been prepared in accordance with AASB 134 “Interim Financial Reporting” and the Corporations Act 2001. The Financial Report also complies with the International Reporting Standards (“IFRSs”).

The Interim Financial Report does not include all of the information required for a full Annual Financial Report, and should be read in conjunction with the Annual Financial Report of the consolidated entity as at and for the year ended 30 June 2010.

**(b) Changes in Accounting Standards**

There are a number of new and amended accounting standards issued by the Australian Accounting Standards Board which are applicable for reporting period beginning on or before 1 July 2010. The Trust has adopted all the mandatory new and amended accounting standards issued that are relevant to its operation and effective from the current reporting period.

There was no material impact on the Interim Financial Report as a result of the mandatory new and amended accounting standards adopted.

# **Stockland Trust and its controlled entities**

## **Notes to the Consolidated Interim Financial Statements**

### **For the half year ended 31 December 2010**

#### **2 Accounting estimates and assumptions**

The preparation of the consolidated Interim Financial Statements requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these consolidated Interim Financial Statements the significant judgements made by the Directors in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Annual Financial Report of the consolidated entity as at and for the year ended 30 June 2010. Due to the change in market conditions since 30 June 2010, certain assumptions underlying management's estimates of fair value have changed which have been detailed below.

##### **Key sources of estimation uncertainty**

###### ***Assumptions underlying management's estimates of fair value***

###### ***Investment property including properties classified as held for sale***

In determining the fair value, the capitalisation of net market income method and discounting of future cash flows to their present value have been used. These approaches require assumptions and judgement in relation to the future receipt of contractual rentals, expected future market rentals, void periods, maintenance requirements, property capitalisation rate or estimated yield and make reference to market evidence of transaction prices for similar properties. If such prices are not available then the fair value of investment properties is determined using assumptions that are mainly based on market conditions existing at each balance date.

These valuations are regularly compared to market yield data, actual transactions by the consolidated entity and those reported by the market.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

The weighted average capitalisation rates for Commercial Property assets by category are as follows:

- Retail assets – 7.3% (30 June 2010: 7.4%);
- Office assets – 7.8% (30 June 2010: 7.9%); and
- Industrial assets – 8.5% (30 June 2010: 8.6%).

The lease vacancy rates for Commercial Property assets by category are as follows:

- Retail assets – 0.4% (30 June 2010: 0.5%);
- Office assets – 8.3% (30 June 2010: 8.1%); and
- Industrial assets – 1.8% (30 June 2010: 4.9%).

The weighted average lease term for Commercial Property assets by category are as follows:

- Retail assets (speciality shops) – 3.0 years (30 June 2010: 3.3 years);
- Retail assets (majors) – 7.9 years (30 June 2010: 8.1 years);
- Office assets – 4.2 years (30 June 2010: 4.6 years); and
- Industrial assets – 3.6 years (30 June 2010: 3.4 years).

#### **3 Operating segments**

The consolidated entity has one operating segment, being Commercial Property.

**Stockland Trust and its controlled entities**  
**Notes to the Consolidated Interim Financial Statements**  
**For the half year ended 31 December 2010**

	<b>Half year ended</b>	
	<b>2010</b>	<b>2009</b>
	<b>\$M</b>	<b>\$M</b>
<b>4 Finance income and expense</b>		
Interest income – related parties	<b>129.8</b>	117.1
Interest income – other parties	<b>15.3</b>	12.1
Net gain on fair value movement of hedged items and financial instruments treated as fair value hedges <sup>1</sup>	<b>99.9</b>	17.9
Net unrealised foreign exchange gain	<b>-</b>	14.8
<b>Finance income</b>	<b>245.0</b>	161.9
Interest expense relating to interest-bearing financial liabilities <sup>2</sup>	<b>86.6</b>	75.9
Less interest capitalised to investment properties	<b>(0.1)</b>	(0.6)
<b>Net borrowing costs</b>	<b>86.5</b>	75.3
Net loss on fair value movement of financial instruments that do not qualify as effective under hedge accounting rules	<b>127.5</b>	28.7
Net unrealised foreign exchange loss	<b>3.6</b>	-
<b>Finance expense</b>	<b>217.6</b>	104.0

<sup>1</sup> The net gain from hedged items and financial instruments treated as fair value hedges includes a loss arising on the fair value movement of the derivatives of \$182.9 million (2009: \$129.7 million) and a gain arising on the fair value movement of the interest-bearing liabilities of \$282.8 million (2009: \$147.6 million).

<sup>2</sup> Of this amount \$51.4 million (2009: \$38.9 million) relates to interest-bearing financial liabilities at amortised cost.

**Stockland Trust and its controlled entities**  
**Notes to the Consolidated Interim Financial Statements**  
**For the half year ended 31 December 2010**

**5 Earnings per unit**

		<b>Half year ended</b>	
	<b>Notes</b>	<b>2010</b>	<b>2009</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per unit	(a)	<b>13.7</b>	6.5
Diluted earnings per unit	(a)	<b>13.6</b>	6.4
Basic Underlying earnings per unit	(b)	<b>14.1</b>	13.7
Diluted Underlying earnings per unit	(b)	<b>13.9</b>	13.6

**(a) Earnings per unit**

Basic earnings per unit is calculated by dividing profit attributable to unitholders of the consolidated entity by the weighted average number of ordinary units outstanding during the half year. Diluted earnings per unit is calculated by dividing the profit attributable to unitholders by the weighted average number of ordinary units outstanding during the half year after adjusting for the effect of dilutive units granted under share plans accounted for as options and rights granted under employee share plans.

The following reflects the income and unit data used in the basic and diluted earnings per unit computations:

	<b>Half year ended</b>	
	<b>2010</b>	<b>2009</b>
	<b>\$M</b>	<b>\$M</b>
<b>Basic and diluted earnings</b>		
Profit for the half year attributable to unitholders of the consolidated entity	<b>326.8</b>	153.8
	<b>2010</b>	<b>2009</b>
	<b>No.</b>	<b>No.</b>
<b>Weighted average number of units (basic)</b>		
Weighted average number of units as at 31 December	<b>2,381,039,759</b>	2,379,976,438
<b>Weighted average number of units (diluted)</b>		
Weighted average number of units (basic) as at 31 December	<b>2,381,039,759</b>	2,379,976,438
Effect of rights and units granted under share plans accounted for as options	<b>25,507,535</b>	20,165,787
Weighted average number of units (diluted) as at 31 December	<b>2,406,547,294</b>	2,400,142,225

As at 31 December 2010, all Performance Rights Plan ("PRP") rights were dilutive. In addition 1,612,333 Executive Share Scheme ("ESS") securities were not dilutive and therefore excluded from the calculation. There were no Incentive Security Plan ("ISP") securities outstanding as at 31 December 2010.

As at 31 December 2009, 2,671,333 PRP rights, ISP and ESS securities were not dilutive and therefore excluded from the above calculation.

**Stockland Trust and its controlled entities**  
**Notes to the Consolidated Interim Financial Statements**  
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**5 Earnings per unit (continued)**

**(b) Earnings per unit calculated on the Underlying profit**

The following table provides information to unitholders that reconciles the Underlying profit to statutory profit. 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 the consolidated entity, in accordance with AICD/Finsia principles for reporting Underlying profit.

The following reflects the income and unit data used in calculating the basic and diluted Underlying earnings per unit:

		<b>Half year ended</b>	
		<b>2010</b>	<b>2009</b>
	<b>Notes</b>	<b>\$M</b>	<b>\$M</b>
Underlying profit		<b>335.1</b>	326.5
<b>Certain significant items:</b>			
<i><b>Fair value adjustment of investment properties</b></i>			
Net gain/(loss) from fair value adjustment of investment properties		<b>47.7</b>	(266.4)
Share of net gain/(loss) from fair value adjustment of investment properties in associates and joint ventures		<b>0.6</b>	(43.2)
<i><b>Fair value adjustment of other financial assets and net loss on sale of other non-current assets</b></i>			
Net gain from fair value adjustment of other financial assets		-	44.9
Net loss on sale of other non-current assets		<b>(0.5)</b>	(14.3)
<i><b>Fair value adjustment of financial instruments and foreign exchange movements</b></i>			
Net gain on fair value movement of hedged items and financial instruments treated as fair value hedges	4	<b>99.9</b>	17.9
Net loss on fair value movement of financial instruments that do not qualify as effective under hedge accounting rules	4	<b>(127.5)</b>	(28.7)
Net gain on fair value movement of other financial instruments that do not qualify as effective under hedge accounting rules	11	-	102.3
Net loss on exit of exposure to GPT	11	<b>(24.9)</b>	-
Net unrealised foreign exchange (loss)/gain	4	<b>(3.6)</b>	14.8
<b>Profit for the half year attributable to unitholders of the consolidated entity</b>		<b>326.8</b>	153.8
<b>Basic and diluted earnings</b>			
Underlying profit		<b>335.1</b>	326.5
		<b>2010</b>	<b>2009</b>
		<b>No.</b>	<b>No.</b>
<b>Weighted average number of units (basic)</b>			
Weighted average number of units as at 31 December		<b>2,381,039,759</b>	2,379,976,438
<b>Weighted average number of units (diluted)</b>			
Weighted average number of units (basic) as at 31 December		<b>2,381,039,759</b>	2,379,976,438
Effect of rights and units granted under share plans accounted for as options		<b>25,507,535</b>	20,165,787
Weighted average number of units (diluted) as at 31 December		<b>2,406,547,294</b>	2,400,142,225



**Stockland Trust and its controlled entities**  
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	<b>31 December 2010 \$M</b>	30 June 2010 \$M
<b>6 Current assets – Other financial assets</b>		
Securities in listed entity <sup>1</sup>	-	219.2
<sup>1</sup> On 27 October 2010, the consolidated entity exited its 13.1% exposure to GPT Group (“GPT”) by extinguishing the off-balance sheet equity derivative structure. As a result, the investment balance and the associated liability (refer to Note 11) qualified for derecognition under Australian Accounting Standards. Refer to Note 11 for further information regarding the consolidated entity’s exit of its exposure to GPT.  The prior period balance related to an investment in GPT which, although legally sold, did not qualify for derecognition under Australian Accounting Standards as a result of an ongoing exposure to movements in the GPT share price that were provided by certain equity derivative contracts. Refer to Note 11 for details in relation to the associated liability recognised in the prior period.		
<b>7 Non-current assets held for sale</b>		
Stockland Lilydale, Lilydale VIC <sup>1</sup>	<b>28.2</b>	-
3676 Ipswich Road, Wacol QLD <sup>1</sup>	<b>21.0</b>	-
333 Kent Street, Sydney NSW <sup>2</sup>	-	36.8
Total	<b>49.2</b>	36.8

<sup>1</sup> These commercial properties are presented as held for sale in view of the intention of management to sell these properties during the period ending 31 December 2011.

<sup>2</sup> This commercial property was disposed of during the period.

**Stockland Trust and its controlled entities**  
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**8 Non-current assets – Investment properties**

Description	Acquisition date	Original purchase price \$M	Cost including additions \$M	Independent valuation date	Independent valuation \$M	Book value 31 Dec 2010 <sup>1</sup> \$M	Book value 30 June 2010 <sup>1</sup> \$M
<b>Retail</b>							
Stockland Rockhampton, Rockhampton QLD	Jun 2003	132.6	251.0	Dec 2010	340.0	<b>340.0</b>	303.7
Stockland Wetherill Park, Western Sydney NSW	Aug 1983	12.0	111.2	Dec 2010	328.6	<b>328.6</b>	325.3
Stockland Shellharbour, Shellharbour NSW <sup>5</sup>	Jun 2003	140.2	158.0	Dec 2009	265.0	<b>271.4</b>	265.5
Stockland Merrylands, Western Sydney NSW <sup>5</sup>	Sep 1982	18.0	214.4	Dec 2006	151.0	<b>259.5</b>	254.0
Stockland Green Hills, East Maitland NSW	Dec 2000	51.7	116.3	Dec 2009	247.6	<b>248.9</b>	248.3
Stockland Glendale, Newcastle NSW	Mar 1996	50.6	86.0	Dec 2009	227.6	<b>228.3</b>	228.1
Stockland Cairns, Cairns QLD	Jun 1992	47.8	165.4	Dec 2010	204.0	<b>204.0</b>	197.1
Stockland Townsville, Townsville QLD <sup>5</sup>	Jun 1987	27.7	102.2	Jun 2010	200.0	<b>200.1</b>	200.0
Stockland Bay Village, Bateau Bay NSW	Oct 2000	63.9	112.0	Dec 2010	162.0	<b>162.0</b>	168.9
Stockland Burleigh Heads, Burleigh Heads QLD	Aug 2003	82.4	115.6	Jun 2010	137.0	<b>137.2</b>	137.0
Stockland The Pines, Doncaster East VIC	Nov 2004	122.5	127.0	Jun 2010	136.5	<b>136.9</b>	136.5
Stockland Forster, Forster NSW	Jul 2003/ May 2010	53.9	113.2	Dec 2010	129.0	<b>129.0</b>	128.9
Stockland Jesmond, Newcastle NSW	Feb 1984	9.2	42.9	Dec 2010	118.5	<b>118.5</b>	117.1
Stockland Balgowlah, Balgowlah NSW	Jun 2009/ Nov 2009	135.4	135.4	Jun 2010	113.0	<b>112.8</b>	113.0
Stockland Baulkham Hills, Baulkham Hills NSW	Sep 1982	15.5	85.1	Dec 2010	106.0	<b>106.0</b>	99.0
Stockland Caloundra, Caloundra QLD	Jun 2003/ Dec 2009	64.4	69.6	Dec 2010	98.8	<b>98.8</b>	95.3
Stockland Wendouree, Wendouree VIC	Jun 2003	42.0	64.9	Dec 2009	98.0	<b>98.2</b>	98.1
Stockland Gladstone, Gladstone QLD	Oct 2000	52.2	60.7	Dec 2009	93.0	<b>96.0</b>	95.9
Stockland Bull Creek, Bull Creek WA	Jun 2003	53.0	54.9	Dec 2009	76.0	<b>78.1</b>	76.4
Stockland Nowra, Nowra NSW	Jun 2003	49.7	61.8	Dec 2009	76.3	<b>77.3</b>	76.8
Stockland Traralgon, Traralgon VIC	Jun 2003	44.0	47.8	Dec 2010	76.5	<b>76.5</b>	73.5
Stockland Cleveland, Cleveland QLD	Oct 2002	63.3	69.7	Dec 2009	75.5	<b>76.4</b>	75.9
Stockland Bathurst, Bathurst NSW	Jun 2003	40.4	55.5	Dec 2009	73.8	<b>74.7</b>	74.6
Stockland Corrimal, Corrimal NSW	Jun 2003	36.5	39.3	Dec 2009	59.2	<b>59.7</b>	59.4
Stockland Wallsend, Wallsend NSW	Sep 2007	56.2	62.4	Dec 2010	51.0	<b>51.0</b>	49.0
Stockland Tooronga, Tooronga VIC <sup>2</sup>	Aug 2010	44.4	44.5	Dec 2010	47.8	<b>47.8</b>	-
Stockland Riverton, Riverton WA (50%) <sup>3</sup>	Aug 2006	35.0	52.6	Jun 2010	47.0	<b>47.0</b>	47.0
Stockland Shellharbour Retail Park, Shellharbour NSW	Jun 2003	33.5	34.6	Dec 2009	43.5	<b>43.5</b>	43.5
Stockland Baldivis, Baldivis WA	Aug 2006	5.6	30.9	Dec 2009	39.9	<b>40.0</b>	40.0
Stockland Cammeray, Cammeray NSW	Dec 2008	46.2	54.8	Dec 2010	29.8	<b>29.8</b>	29.3
Jimboomba Village Shopping Centre, Jimboomba QLD (50%)	Jan 2007	24.8	25.2	Dec 2009	17.5	<b>17.6</b>	17.6

**Stockland Trust and its controlled entities**  
**Notes to the Consolidated Interim Financial Statements**  
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**8 Non-current assets – Investment properties (continued)**

Description	Acquisition date	Original purchase price \$M	Cost including additions \$M	Independent valuation date	Independent valuation \$M	Book value 31 Dec 2010 <sup>1</sup> \$M	Book value 30 June 2010 <sup>1</sup> \$M
<b>Retail (continued)</b>							
Burleigh Central, Burleigh Heads QLD	Aug 2003	14.8	15.1	Jun 2010	15.0	<b>15.0</b>	15.0
Adelaide Street Plaza, Fremantle WA	Dec 2009	16.8	17.8	Jun 2010	13.3	<b>13.4</b>	13.3
Woolworths Toowong, Toowong QLD	Oct 2000	4.8	4.9	Dec 2010	13.2	<b>13.2</b>	13.2
Vincentia Shopping Centre, Vincentia NSW	Jan 2007	13.7	15.1	Dec 2009	11.0	<b>11.0</b>	11.0
Merrylands Court, Merrylands NSW	Dec 2002	15.8	17.6	Dec 2009	9.0	<b>8.9</b>	9.0
Townsville Kingsvale & Sunvale, Townsville QLD	Aug 2007	13.1	18.2	Dec 2010	4.7	<b>4.7</b>	5.3
Stockland Lilydale, Lilydale VIC <sup>6</sup>	Sep 2007	29.4	34.0	Dec 2009	26.0	-	26.2
<b>Retail total</b>						<b>4,061.8</b>	3,967.7
<b>Office</b>							
Piccadilly Complex, 133-145 Castlereagh Street, Sydney NSW <sup>4, 7</sup>	Oct 2000	210.1	254.0	Dec 2010	354.0	<b>354.0</b>	330.8
Waterfront Place, Eagle Street, Brisbane QLD (50%) <sup>3</sup>	Feb 2004	151.6	159.0	Jun 2010	219.0	<b>216.4</b>	219.0
Riverside Plaza, 452 Flinders Street, Melbourne VIC	Oct 2000	124.5	134.3	Dec 2010	169.0	<b>169.0</b>	159.7
Colonial Centre, 52 Martin Place, Sydney NSW (50%) <sup>3, 7</sup>	Jun 2003	173.8	176.5	Dec 2009	167.5	<b>167.4</b>	167.6
9 Castlereagh Street, Sydney NSW	Mar 2008	202.6	207.9	Dec 2009	157.0	<b>160.4</b>	159.9
Trinity Business Campus, North Ryde NSW	Jun 2001	16.0	151.7	Dec 2009	156.2	<b>157.4</b>	156.3
Durack Centre, 263 Adelaide Terrace, Perth WA <sup>7</sup>	Oct 2006	49.1	106.2	Dec 2010	140.5	<b>140.5</b>	133.4
135 King Street, Sydney NSW (50%) <sup>3, 4</sup>	Jun 2003	96.5	109.1	Dec 2010	137.5	<b>137.5</b>	133.0
Exchange Plaza, 2 The Esplanade, Perth WA (50%) <sup>3, 7</sup>	Jun 2003	67.8	71.2	Jun 2010	136.3	<b>136.9</b>	136.3
BankWest Tower, 108 St. Georges Terrace, Perth WA (50%)	Apr 2007	139.0	149.0	Dec 2009	127.5	<b>129.8</b>	128.3
Optus Centre, Macquarie Park, NSW (31%) <sup>3</sup>	Jul 2000	68.7	105.7	Jun 2010	114.7	<b>115.1</b>	114.7
601 Pacific Highway, St Leonards NSW	Jun 2003	61.1	64.7	Dec 2009	71.0	<b>71.4</b>	71.2
60-66 Waterloo Road, Macquarie Park NSW	Oct 2000	20.8	51.9	Jun 2010	69.8	<b>69.1</b>	69.8
78 Waterloo Road, Macquarie Park NSW	Aug 2007	12.0	76.3	Dec 2010	63.5	<b>63.5</b>	63.2
175-181 Castlereagh Street, Sydney NSW	Sep 1982	18.0	36.0	Dec 2009	53.0	<b>54.2</b>	53.9
77 Pacific Highway, North Sydney NSW	Jan 2000	25.9	54.6	Dec 2009	53.0	<b>52.6</b>	53.0
7 Macquarie Place, Sydney NSW (50%) <sup>3</sup>	Jun 2003	48.1	49.6	Dec 2010	52.5	<b>52.5</b>	48.2
45 St Georges Terrace, Perth WA	Mar 2007	57.2	60.8	Jun 2010	51.0	<b>51.1</b>	51.0
40 Cameron Avenue, Belconnen ACT <sup>7</sup>	Feb 2007/ Nov 2009	56.8	61.4	Jun 2010	45.0	<b>45.2</b>	45.0
Macquarie Technology Centre, Macquarie Park NSW	Oct 2000	36.5	39.8	Dec 2009	35.2	<b>37.8</b>	36.8

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**8 Non-current assets – Investment properties (continued)**

Description	Acquisition date	Original purchase price \$M	Cost including additions \$M	Independent valuation date	Independent valuation \$M	Book value 31 Dec 2010 <sup>1</sup> \$M	Book value 30 June 2010 <sup>1</sup> \$M
<b>Office (continued)</b>							
Garden Square, Mt Gravatt QLD	Feb 2007	57.0	62.4	Dec 2010	37.6	<b>37.6</b>	37.3
Myuna Complex, Canberra ACT <sup>7</sup>	Oct 2000/ Aug 2003	43.1	51.1	Jun 2010	47.1	<b>35.0</b>	47.1
16 Giffnock Avenue, Macquarie Park NSW	Jul 2000	25.7	29.1	Dec 2009	32.0	<b>32.3</b>	32.3
150 Charlotte Street, Brisbane QLD	Jan 2006	45.0	47.2	Dec 2009	30.0	<b>29.9</b>	29.9
255-267 St Georges Terrace, Perth WA	Jul 2007	26.1	27.8	Dec 2010	23.5	<b>23.5</b>	22.8
110 Walker Street, North Sydney NSW	Oct 2000	22.7	24.2	Dec 2009	23.0	<b>23.0</b>	23.1
118-120 Pacific Highway, St Leonards NSW	Oct 2000	19.1	21.5	Dec 2010	20.0	<b>20.0</b>	22.5
80-88 Jephson Street, Toowong QLD	Jun 2006	23.9	24.5	Jun 2010	17.5	<b>17.6</b>	17.5
23 High St, Toowong QLD	Jan 2008	7.8	8.3	Dec 2009	4.2	<b>4.2</b>	4.2
27-29 High Street, Toowong QLD	Jul 2006	4.5	4.8	Dec 2009	3.5	<b>3.6</b>	3.6
72 Christie Street, St Leonards NSW <sup>8</sup>	Jun 2003	46.0	-	-	-	-	60.0
1 Havelock Street, West Perth WA <sup>8</sup>	Apr 2007	28.8	-	-	-	-	31.2
<b>Office Total</b>						<b>2,608.5</b>	2662.6
<b>Industrial</b>							
Yennora Distribution Centre, Yennora NSW	Jul 2000	141.9	236.7	Jun 2010	330.1	<b>335.2</b>	330.1
Defence National Storage and Distribution Centre, Moorebank NSW (55%) <sup>3</sup>	Dec 2007	165.6	166.3	Jun 2010	130.6	<b>130.7</b>	130.6
Port Adelaide Distribution Centre, Port Adelaide SA	Jul 2000	42.9	46.9	Dec 2010	82.4	<b>82.4</b>	77.1
Hendra Distribution Centre, Brisbane QLD	Jul 2000	41.7	48.2	Dec 2010	81.5	<b>81.5</b>	80.5
Brooklyn Estate, Brooklyn VIC	Jun 2003	52.4	62.5	Dec 2009	72.0	<b>75.8</b>	73.9
9-11a Ferndell Street, Granville NSW	Apr 2003/ Jun 2003	47.3	52.8	Dec 2010	44.9	<b>44.9</b>	48.0
1090-1124 Centre Road, Oakleigh VIC	Feb 2007	42.6	50.9	Jun 2010	32.5	<b>32.9</b>	32.5
20-50 Fillo Drive & 10 Stubb Street, Somerton VIC	Sep 2006	43.1	46.9	Dec 2009	30.5	<b>31.1</b>	31.1
Altona Distribution Centre, Altona VIC	Jul 2000	19.0	22.0	Dec 2009	19.9	<b>20.5</b>	20.0
11-25 Toll Drive, Altona North VIC	Sep 2006	21.4	22.6	Dec 2009	17.3	<b>17.4</b>	17.4
2 Davis Road, Wetherill Park NSW	Apr 2003	15.6	15.9	Dec 2009	16.2	<b>16.3</b>	16.3
56-60 Toll Drive, Altona North VIC	Sep 2006	18.8	19.9	Dec 2009	14.2	<b>15.0</b>	14.5
32-54 Toll Drive, Altona VIC	Sep 2006	18.1	19.6	Dec 2010	15.0	<b>15.0</b>	14.1
76-82 Fillo Drive, Somerton VIC	Jul 2006	15.8	16.9	Dec 2009	13.7	<b>13.7</b>	13.7
Export Park, 9-13 Viola Place, Brisbane Airport QLD <sup>7</sup>	Nov 2007	15.0	16.0	Dec 2009	11.3	<b>11.4</b>	11.3
M1 Yatala Enterprise Park, Yatala QLD	Nov 2006	20.0	26.7	Dec 2009	10.3	<b>10.7</b>	10.5

**Stockland Trust and its controlled entities**  
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**8 Non-current assets – Investment properties (continued)**

Description	Acquisition date	Original purchase price \$M	Cost including additions \$M	Independent valuation date	Independent valuation \$M	Book value 31 Dec 2010 <sup>1</sup> \$M	Book value 30 June 2010 <sup>1</sup> \$M
<b>Industrial (continued)</b>							
40 Scanlon Drive, Epping VIC	Sep 2007	1.8	8.8	Dec 2009	6.7	<b>6.8</b>	6.8
3676 Ipswich Road Wacol QLD <sup>6,9</sup>	Aug 2006	23.1	53.8	Dec 2009	29.8	-	29.9
Preston Industrial Estate, Prestons NSW <sup>8</sup>	May 2005	21.6	-	Dec 2009	-	-	16.4
<b>Industrial total</b>						<b>941.3</b>	974.7
<b>Commercial Property total</b>						<b>7,611.6</b>	7,605.0
<b>Other</b>							
Capital work in progress and sundry properties						<b>33.8</b>	24.1
<b>Less amounts classified as:</b>							
- Other assets (including lease incentives)						<b>(135.2)</b>	(120.7)
- Other assets (including lease incentives) attributable to investments accounted for using the equity method						<b>(16.9)</b>	(15.7)
- Other receivables (straight-lining of operating lease rental income)						<b>(29.0)</b>	(27.1)
- Other receivables (straight-lining of operating lease rental income) attributable to investments accounted for using the equity method						<b>(10.9)</b>	(10.3)
<b>Total investment properties (including share of investment property held by associates and joint ventures)</b>						<b>7,453.4</b>	7,455.3

<sup>1</sup> Book value includes capital expenditure incurred and amortisation since latest independent valuation.

<sup>2</sup> This property was acquired during the half year.

<sup>3</sup> Property held by associates and joint venture entities.

<sup>4</sup> Includes Retail.

<sup>5</sup> Capital works are in progress. Fair value as at 31 December 2010 has been assessed by the Directors after consideration of the latest valuation and capital works incurred to 31 December 2010. An independent valuation of the property will be undertaken upon completion of the works.

<sup>6</sup> Included in non-current assets held for sale.

<sup>7</sup> This property is a leasehold property.

<sup>8</sup> This property was disposed of during the half year.

<sup>9</sup> Part of this property was transferred to non-current assets held for sale during the period with the residual transferred to sundry properties.

Directors' valuations have been undertaken as at 31 December 2010 for all properties (including properties classified as held for sale) when determining fair value. In arriving at fair value, the Directors consider the discounted cash flows of the investment property based on estimates of future cash flows; other contracts and recent prices for similar properties; and capitalised income projections based on the property's net market income. In addition, independent valuations are performed at regular intervals appropriate to the nature of the investment property and movement in market values. These valuations are also considered by the Directors when determining fair value.

**Stockland Trust and its controlled entities**  
**Notes to the Consolidated Interim Financial Statements**  
**For the half year ended 31 December 2010**

	<b>31 December 2010 \$M</b>	<b>30 June 2010 \$M</b>
<b>8 Non-current assets – Investment properties (continued)</b>		
<b>Reconciliation of ownership</b>		
<b>Consolidated investment properties</b>	<b>6,477.7</b>	<b>6,485.2</b>
The consolidated entity's share of investment properties held by associates and joint venture entities	<b>975.6</b>	<b>970.1</b>
<b>Total interest in investment properties</b>	<b>7,453.3</b>	<b>7,455.3</b>
<b>Reconciliation – investment properties<sup>1</sup></b>		
<i>Direct investments and controlled entities</i>		
Carrying amount at the beginning of the financial period	<b>6,485.2</b>	<b>6,661.6</b>
Acquisitions	<b>50.1</b>	<b>100.3</b>
Expenditure capitalised	<b>56.4</b>	<b>292.4</b>
Transfers to assets classified as held for sale, net	<b>(161.7)</b>	<b>(264.1)</b>
Net gain/(loss) from fair value adjustment of investment properties	<b>47.7</b>	<b>(305.0)</b>
Carrying amount at the end of the financial period	<b>6,477.7</b>	<b>6,485.2</b>
<sup>1</sup> Current period represents movements during the six month period to 31 December 2010. Prior period represents movements during the twelve months to 30 June 2010.		
<b>9 Non-current assets – Other financial assets</b>		
<b>Investments in other entities</b>		
Units in unlisted entities	<b>33.4</b>	<b>31.9</b>
<b>10 Current and Non-current liabilities – Interest-bearing loans and borrowings</b>		
<b>Current liabilities – Interest-bearing loans and borrowings</b>		
<b>Unsecured</b>		
Domestic medium term notes	<b>91.0</b>	<b>253.7</b>
Foreign medium term notes <sup>1</sup>	<b>21.2</b>	<b>-</b>
	<b>112.2</b>	<b>253.7</b>
<b>Non-current liabilities – Interest-bearing loans and borrowings</b>		
<b>Unsecured</b>		
Domestic medium term notes	<b>688.7</b>	<b>448.8</b>
Foreign medium term notes <sup>1</sup>	<b>1,776.8</b>	<b>2,121.0</b>
	<b>2,465.5</b>	<b>2,569.8</b>

<sup>1</sup> The above movements in foreign medium term notes are due to the change in fair value recorded in accordance with AASB 139. No foreign medium term notes were repurchased/issued during the period.

**Stockland Trust and its controlled entities**  
**Notes to the Consolidated Interim Financial Statements**  
**For the half year ended 31 December 2010**

**10 Current and Non-current liabilities – Interest-bearing loans and borrowings (continued)**

Details of maturity dates and security for facilities are set out below:

<b>Facility</b> <b>31 December 2010</b>	<b>Facility</b> <b>30 June 2010</b>			<b>Utilised at</b> <b>31 December 2010</b>	<b>Utilised at</b> <b>30 June 2010</b>
<b>\$M</b>	<b>\$M</b>	<b>Security</b>	<b>Maturity date</b>	<b>\$M</b>	<b>\$M</b>
-	200.0	Unsecured	November 2010	-	-
-	200.0	Unsecured	February 2011	-	-
-	600.0	Unsecured	July 2011	-	-
-	200.0	Unsecured	August 2011	-	-
<b>275.0</b>	-	Unsecured	November 2014	-	-
<b>300.0</b>	-	Unsecured	November 2015	-	-
<b>175.0</b>	-	Unsecured	December 2015	-	-
<b>750.0<sup>1</sup></b>	<b>1,200.0<sup>1</sup></b>			<b>-</b>	<b>-</b>

<sup>1</sup> Includes bank guarantee facility of \$275.0 million (30 June 2010: \$795.0 million).

***Interest rate swaps***

As part of its ongoing management of interest rate risk, during the half year the consolidated entity restructured, terminated and entered into a number of interest rate swaps at nil cost (31 December 2009: \$110.0 million). The fair value of the new swaps at 31 December 2010 is \$4.9 million included in non-current assets – other assets and \$33.0 million included in non-current liabilities – other liabilities.

***Domestic medium term notes***

During the half year, the consolidated entity repurchased medium term notes from the domestic private placement market. The total face value of these notes was \$230.6 million comprising of \$164.1 million and \$66.5 million due to mature in June 2011 and May 2013 respectively. The consolidated entity also issued \$150.0 million and \$160.0 million in the domestic private placement market which matures in July 2016 and November 2020 respectively.

	<b>31 December</b> <b>2010</b>	<b>30 June</b> <b>2010</b>
<b>Maturity date</b>	<b>\$M</b>	<b>\$M</b>
June 2011	<b>91.5</b>	255.6
May 2013	<b>83.5</b>	150.0
February 2015	<b>300.0</b>	300.0
July 2016	<b>150.0</b>	-
November 2020	<b>160.0</b>	-
Total	<b>785.0</b>	705.6
Less: attributable transaction costs	<b>(5.3)</b>	(3.1)
Total Balance Sheet carrying amount at amortised cost	<b>779.7</b>	702.5

**Stockland Trust and its controlled entities**  
**Notes to the Consolidated Interim Financial Statements**  
**For the half year ended 31 December 2010**

		<b>31 December 2010 \$M</b>	<b>30 June 2010 \$M</b>
	<b>Note</b>		
<b>11 Current and Non-current liabilities – Other liabilities</b>			
<b>Current liabilities – Other liabilities</b>			
Distributions payable <sup>1</sup>	14	<b>276.3</b>	257.1
Rents in advance		<b>20.5</b>	18.0
Liability in respect of transfer of investment and equity derivative contracts <sup>2</sup>		-	252.0
Derivatives that do qualify as effective under hedge accounting rules		<b>10.7</b>	-
Derivatives that do not qualify as effective under hedge accounting rules		<b>1.4</b>	1.5
Other		<b>4.2</b>	-
		<b>313.1</b>	528.6

<sup>1</sup> Distributions disclosed in Note 14 include \$0.1 million (31 December 2009: \$0.3 million) in relation to distributions payable on ESS and ISP units not vested or refinanced.

<sup>2</sup> On 27 October 2010, the consolidated entity exited its 13.1% exposure to GPT by extinguishing the off-balance sheet equity derivative structure. As a result, the liability in respect of transfer of investment and equity derivative contracts is \$Nil for the half year ended 31 December 2010.

Of the prior period balance of \$252.0 million, \$368.4 million related to cash received on transfer of an investment which did not qualify for derecognition under Accounting Standards. The balance was offset by \$81.3 million of cash on deposit with the counterparty of the associated equity derivative contracts. The remaining balance of \$35.1 million asset related to the fair value of a number of equity derivative contracts held over the underlying investment.

**Non-current liabilities – Other liabilities**

Derivatives that do qualify as effective under hedge accounting rules	<b>335.1</b>	172.2
Derivatives that do not qualify as effective under hedge accounting rules	<b>300.5</b>	226.9
Other liabilities	<b>0.5</b>	1.2
	<b>636.1</b>	400.3

**Equity derivative contracts**

From time to time the consolidated entity uses other derivative financial instruments to diversify and/or assist in the management of strategic investments. In prior years, the consolidated entity entered into a series of equity derivative contracts, under two forms of instrument, which provide an exposure to the movement in the GPT security price. One form of derivative contract is net cash settled and the other form of instrument can be net cash settled or physically settled with the delivery of GPT securities at the option of the consolidated entity. All equity derivative contracts were due to expire in May 2010.

On 9 February 2010, with the agreement of the consolidated entity and its counterparty, the maturity date of all the equity derivative contracts was extended to expire in May 2011. As part of the arrangement, the consolidated entity was required to provide a certain level of credit support (permitted to be cash and/or bank guarantee) to the counterparty. Where cash is provided as credit support, the amount on deposit is netted against the obligation to the counterparty recognised on the Balance Sheet.

These derivatives were recorded on the Balance Sheet at fair value in accordance with AASB 9 “Financial Instruments” with movements in the fair value of these instruments recognised in the Statement of Comprehensive Income. These instruments were not designated as hedges for accounting purposes.

On 27 October 2010, the consolidated entity exited its 13.1% exposure to GPT by extinguishing the off-balance sheet equity derivative structure. In closing out the derivatives with the counter-party, the consolidated entity was required to cash settle the difference between entry price and exit price. This led to an incremental net cash outflow of \$135.3 million offset by the return of \$47.3 million in cash on deposit with the counterparty which resulted in a net cash payment of \$88.0 million.



**Stockland Trust and its controlled entities**  
**Notes to the Consolidated Interim Financial Statements**  
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**11 Current and Non-current liabilities – Other liabilities (continued)**

*Equity derivative contracts (continued)*

The net impact to the Statement of Comprehensive Income for the current half year was a loss of \$24.9 million comprising of a \$174.1 million loss relating to the mark-to-market difference between the exit price and the market price of GPT securities at 30 June 2010 of \$2.81 (including transaction costs) and \$149.2 million gain in derecognising the investment in GPT securities and the associated liability that previously did not qualify for derecognition under Australian Accounting Standards.

This \$24.9 million loss has been recorded in the Statement of Comprehensive Income as \$174.1 million in net (loss)/gain on other financial instruments that do not qualify as effective under hedge accounting rules and \$149.2 million in net gain from fair value adjustment of other financial assets.

As at 31 December 2010, the consolidated entity has no exposure to GPT securities (30 June 2010: 243 million securities or 13.1% of the issued securities of GPT). The prior period's exposure to GPT was through these now extinguished equity derivative contracts and other financial assets (included in current assets – other financial assets in the prior period).

**12 Issued capital**

	<b>Number of units</b>			
	<b>31 December 2010</b>	<b>30 June 2010</b>	<b>31 December 2010 \$M</b>	<b>30 June 2010 \$M</b>
Ordinary Units - Issued and fully paid	<b>2,381,424,384</b>	2,380,428,384	<b>7,699.9</b>	7,696.4

The following table provides details of movements in the consolidated entity's issued units.

<b>Date</b>	<b>Details</b>	<b>Number of units</b>	<b>Issue price</b>	<b>\$M</b>
<b>Movement of units issued</b>				
1 July 2009	Opening balance	2,379,317,384		7,693.6
1 July 2009	Less: transaction costs from June 2009 placement			(0.4)
31 December 2009	Issued units which have either matured, been sold or forfeited and sold under share plans	980,000	-	2.8
31 December 2009	Balance	2,380,297,384		7,696.0
30 June 2010	Issued units which have either matured, been sold or forfeited and sold under share plans	131,000	-	0.4
30 June 2010	Balance	2,380,428,384		7,696.4
31 December 2010	Issued units which have either matured, been sold or forfeited and sold under share plans	996,000	-	3.5
<b>31 December 2010</b>	<b>Closing balance</b>	<b>2,381,424,384</b>		<b>7,699.9</b>

**Terms and conditions of securities**

For so long as the consolidated entity remains jointly quoted, as detailed in Note 1, the number of securities in the Corporation and the number of units in the Trust shall be equal and the securityholders and unitholders be identical. Unitholders of the Trust are only entitled to distributions and voting rights upon stapling.

Holders of stapled securities are entitled to receive dividends and distributions as declared from time to time and are entitled to one vote per stapled security at securityholder meetings. The liability of a member is limited to the amount, if any, remaining unpaid in relation to a member's subscription for securities. A member is entitled to receive a distribution following termination of the stapling arrangement (for whatever reason). The net proceeds of realisation must be distributed to members, after making an allowance for payment of all liabilities (actual and anticipated) and meeting any actual or anticipated expenses of termination.

**Stockland Trust and its controlled entities**  
**Notes to the Consolidated Interim Financial Statements**  
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	31 December 2010 \$M	31 December 2009 \$M
<b>13 Reserves</b>		
Realised capital profits reserve	-	-
Executive remuneration reserve	20.7	15.1
Cash flow hedge reserve	8.7	15.6
Unrealised financial instruments reserve	-	(406.2)
	<b>29.4</b>	<b>(375.5)</b>
<b>Movement in reserves</b>		
<i><b>Realised capital profits reserve</b></i>		
Balance at the beginning of the financial period	-	(84.2)
Transfer to undistributed income	-	84.2
Balance at the end of the financial period	-	-
<i><b>Executive remuneration reserve</b></i>		
Balance at the beginning of the financial period	20.4	12.8
Expense relating to rights and units granted under share plans	6.3	5.4
Vested units purchased on-market	(5.5)	(3.1)
Securities exercised under share plans transferred to retained earnings	(0.5)	-
Balance at the end of the financial period	20.7	15.1
<i><b>Cash flow hedge reserve</b></i>		
Balance at the beginning of the financial period	16.6	23.1
Effective portion of changes in the fair value of cash flow hedges during the period	(14.1)	(6.9)
Change in fair value of cash flow hedges transferred to the Statement of Comprehensive Income	6.2	(0.6)
Balance at the end of the financial period	8.7	15.6
<i><b>Unrealised financial instruments reserve</b></i>		
Balance at the beginning of the financial period	(404.0)	(530.7)
Unrealised gain on financial instruments transferred to undistributed income	404.0 <sup>1</sup>	101.5
Realised loss on financial instruments transferred to undistributed income	-	23.0
Balance at the end of the financial period	-	(406.2)
<i><b>Foreign currency translation reserve</b></i>		
Balance at the beginning of the financial period	-	0.2
Net exchange differences on translation of foreign controlled entity	-	(0.2)
Balance at the end of the financial period	-	-

<sup>1</sup> The unrealised financial instruments reserve was historically used to transfer unrealised gains and losses on financial instruments which have been recorded in the Statement of Comprehensive Income to reserves until such time as they are realised. The reserve is no longer utilised effective 1 July 2010 with the balance transferred to retained earnings.

**Stockland Trust and its controlled entities**  
**Notes to the Consolidated Interim Financial Statements**  
**For the half year ended 31 December 2010**

**14 Distributions**

Distributions recognised in the half year by the Trust are detailed below.

<b>Interim</b>	<b>Cents per unit</b>	<b>Total amount \$M</b>	<b>Date of payment</b>	<b>Tax preferred %</b>
<b>31 December 2010</b>				
Trust distribution	11.8 <sup>1</sup>	281.2	28 February 2011	-

**31 December 2009**

Trust distribution	10.8	257.4	26 February 2010	-
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<sup>1</sup> Amount includes estimated interim distribution of 11.6 cents per unit (\$276.4 million) as announced on 17 December 2010 and a further 0.2 cents per unit (\$4.8 million) following approval on 8 February 2011.

The following table reconciles the total distributions paid and payable to the amounts reported in the Statement of Changes in Equity:

	<b>Half year ended</b>	
	<b>2010 \$M</b>	<b>2009 \$M</b>
Total dividends and distributions payable in relation to current period	281.2	257.4
Total dividends and distributions paid in relation to previous period	4.8	-
Less:		
Adjustment to interim distribution <sup>1</sup>	(4.8)	-
Dividends and distributions relating to share-based payment loans	(0.1)	(0.3)
Dividends and distributions payable to unitholders as per Statement of Changes in Equity	281.1	257.1

<sup>1</sup> Change to the interim distribution approved on 8 February 2011, not accrued at 31 December 2010.

The final distributions for the six months to 30 June 2010, which were recognised during the previous financial year and paid by the Trust during the current period are detailed below.

<b>Final</b>	<b>Cents per unit</b>	<b>Total amount \$M</b>	<b>Date of payment</b>	<b>Tax preferred %</b>
<b>30 June 2010</b>				
Trust distribution	11.0 <sup>1</sup>	262.1	31 August 2010	30.6
<b>30 June 2009</b>				
Trust distribution	16.9	401.7	31 August 2009	31.9

<sup>1</sup> Amount includes estimated final distribution of 10.8 cents per unit (\$257.3 million) announced on 17 June 2010 and a further 0.2 cents per unit (\$4.8 million) following the introduction of a revised distribution policy as announced on 11 August 2010.

**Stockland Trust and its controlled entities**  
**Notes to the Consolidated Interim Financial Statements**  
**For the half year ended 31 December 2010**

	<b>31 December 2010 \$M</b>	30 June 2010 \$M
<b>15 Commitments</b>		
<b>Capital expenditure commitments</b>		
Commitments for the acquisition and development of properties and capital expenditure not recognised in the Financial Statements at balance date:		
Within one year	<u>3.9</u>	20.2
<b>Non-cancellable operating lease receivable from investment property tenants</b>		
Non-cancellable operating lease commitments receivable not recognised in the Financial Statements at balance date:		
Within one year	<b>582.8</b>	583.8
Later than one year but not later than five years	<b>1,517.3</b>	1,534.1
Later than five years	<b>740.4</b>	782.7
	<u><b>2,840.5</b></u>	<u>2,900.6</u>

Annual rent receivable by the consolidated entity under current leases from tenants is from property held by the Commercial Property business.

***Exchange Plaza, Perth WA***

There is a contractual commitment for ground rent on Exchange Plaza of 10% p.a. (the Trust's share 5% p.a.) of the net income of the leased premises for each lease year, or \$0.8 million (the Trust's share: \$0.4 million), whichever is greater. This commitment expires in 2122.

**16 Related party disclosures**

Arrangements with related parties continue to be in place. There were no significant arrangements during the half year of a nature other than those disclosed in the Financial Report of the consolidated entity as at and for the year ended 30 June 2010.

**17 Events subsequent to the end of the half year**

There has not arisen in the interval between the end of the current half year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the consolidated entity, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of the affairs of the consolidated entity in future financial years.

The Directors have considered the impact of the January 2011 floods and the February 2011 cyclone on the consolidated entity's operations and assets in the Queensland, New South Wales and Victoria regions. The operations of some retail and office assets were temporarily interrupted but the impact of this is not material to the consolidated entity.

**Stockland Trust and its controlled entities**  
**Directors' Declaration**  
**For the half year ended 31 December 2010**

- 1 In the opinion of the Directors of Stockland Trust Management Limited, the Responsible Entity of the Stockland Trust ("the Trust"):
- (a) the Financial Statements and notes set out on pages 7 to 27 are in accordance with the Corporations Act 2001 including:
    - (i) giving a true and fair view of the Trust's financial position as at 31 December 2010 and of its performance, for the half year ended on that date; and
    - (ii) complying with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001.
  - (b) the Directors draw attention to note 1(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.
- 2 There are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



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Graham Bradley  
*Chairman*

Dated at Sydney, 9 February 2011



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Matthew Quinn  
*Managing Director*



## **Independent auditor's review report to the unit holders of Stockland Trust**

We have reviewed the accompanying half-year financial report of Stockland Trust (the "Trust") and its controlled entities, which form the consolidated entity ("the consolidated entity"), which comprises the consolidated interim balance sheet as at 31 December 2010, the consolidated interim statement of comprehensive income, the consolidated interim statement of changes in equity and consolidated interim cash flow statement for the half-year ended on that date, notes 1 to 17 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Trust and the entities it controlled at the half-year's end or from time to time during the half-year.

### *Directors' responsibility for the half-year financial report*

The directors of Stockland Trust Management Limited, the Responsible Entity of Stockland Trust, are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Stockland Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Stockland Trust is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

Andrew Dickinson  
*Partner*

Sydney

9 February 2011