

Appendix 4E – Full Year Report
Stockland Corporation Limited
For the year ended 30 June 2009

Stapling arrangement

Stockland was established for the purpose of facilitating a joint quotation of Stockland Corporation Limited (ABN 43 000 181 733) and its controlled entities (“the Corporation”), and Stockland Trust (ARSN 092 897 348) and its controlled entities (“the Trust”) on the Australian Stock Exchange. Stockland Trust Management Limited (ABN 86 001 900 741) is the Responsible Entity of Stockland Trust.

The Financial Report has been prepared based upon a business combination of the parent entity, Stockland Corporation Limited, and Stockland Trust and their controlled entities, in accordance with AI 1013 “Consolidated Financial Reports in relation to Pre-Date-of Transition Stapling Arrangement”.

Details of reporting periods

Current:	30 June 2009
Previous corresponding:	30 June 2008

Results for announcement to the market

Revenue and other income¹	Down	28.0%	to	\$M 1,932.3
Underlying profit²	Down	6.3%	to	631.4
Loss after income tax benefit attributable to securityholders of Stockland	Down	355.6%	to	1,802.8
Dividends/distributions	Amount per Ordinary Stapled Security	Amount per SGPNA Stapled Security	Franked amount per Security	
Final dividend/distribution	17.0¢	11.3¢	Refer to Note 39 of the Stockland Full Year Report	
Previous corresponding period	23.9¢	15.9¢	Refer to Note 39 of the Stockland Full Year Report	
The amount per Ordinary Stapled Security of 17.0¢ is split: dividend 0.1¢ (fully franked) and distribution 16.9¢. The Dividend and Distribution Reinvestment Plan (“DRP”) will not operate for this payment.				
Record date for determining entitlements to the dividend/distribution		5.00 pm, 30 June 2009		
Dividend/distribution payment date		31 August 2009		

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

² Profit after tax attributable to securityholders of Stockland, before provision for write-down of inventories – Australia, provision for write-down of inventories – UK, net (loss)/gain from fair value adjustment of investment properties (excluding retirement living and minority interest), share of net (loss)/gain from fair value adjustment of investment properties in associates and joint ventures, capital growth of operational retirement living communities, existing retirement living resident obligations fair value movement, UK goodwill impairment and deferred tax asset write-down, other goodwill impairment, impairment of other financial assets, impairment of other investments, net loss on sale of other non-current assets, net loss on disposal of foreign operations, net unrealised loss on financial instruments that do not qualify as effective under hedge accounting rules, net unrealised gain/(loss) from hedged items and financial instruments treated as fair value hedges, net unrealised loss on other financial instruments that do not qualify as effective under hedge accounting rules, share of net unrealised loss on derivatives in associates and joint ventures, net realised loss on financial instruments that do not qualify as effective under hedge accounting rules, net realised gain on other financial instruments that do not qualify as effective under hedge accounting rules, net realised foreign exchange gain and net unrealised foreign exchange gain.

Stockland
Notes to the Annual Report
For the year ended 30 June 2009

STOCKLAND 2009 FULL YEAR RESULTS

- Underlying profit* \$631.4 million
- Underlying earnings per security:
 - before accounting adjustment 38.8c
 - after accounting adjustment** 36.5c
- Distributions per security 34.0 cents
- Statutory accounting loss \$1.8 billion
- \$2.7 billion new equity raised
- Gearing (Net Debt / Total Tangible Assets) 16%

Stockland Managing Director Matthew Quinn said that despite the large headline accounting loss, the company had delivered a reasonable operating result given the difficult economic conditions.

“It has been a tough year and our FY09 results reflect the challenges we faced.

“Throughout the year we have focused on debt reduction, streamlining our business and driving cost and operational efficiencies to ensure we come out of the downturn in a strong position.

“We enter this financial year with record Residential contracts on hand, good profits from Retirement Living and a strong lease expiry profile in our Commercial Property business,” Mr Quinn said.

Stockland’s FY09 statutory accounting result is a loss of \$1.8 billion. This is primarily the result of a number of negative non-cash items, including:

- \$1,126 million – Downward revaluation of investment properties
- \$462 million – Inventory impairment (post tax)
- \$362 million – Goodwill impairment
- \$334 million – Impairment of strategic investments
- \$95 million – Fair value adjustments of financial instruments and foreign exchange movements

* Underlying profit reflects statutory profit as adjusted to reflect the Directors’ assessment of the result for the ongoing business activities of Stockland, in accordance with AICD / Finsia principles for reporting underlying profit.

** The number of securities has been adjusted for ex-rights TERP discount factor in accordance with requirements of accounting standards following the rights equity raising.

OPERATING RESULTS

Residential Development

Communities: operating profit \$184 million

- Strong net margin of 21.1%
- 4,303 lots settled and record contracts on hand to settle in FY10

Despite the overall decrease in Australian residential building approvals, Residential Communities single lot sales were up 3% in FY09 reflecting Stockland's ability to quickly adapt its product mix to suit changing market dynamics and increase its market share.

Clearing of aged inventory, the delivery of a more affordable product mix and price discounting at certain Sydney and Perth projects resulted in a 13% reduction in the average sales price. However, cost efficiencies and price growth in Melbourne resulted in better than expected margins.

FY10 margins are expected to be at the lower end of the Group's 20% to 25% target range.

Apartments: operating loss \$9 million

- 175 units settled
- Cleared finished inventories at lower prices
- Construction of current projects on track with a good level of pre-sales

The performance of the Apartments business was once again disappointing. Results are being improved in this business through a range of measures including the realignment of several projects to better meet market demand. Planning approvals will continue to be obtained for projects yet to start, but development will only commence if appropriate returns can be achieved. If not, vacant sites will be sold in an orderly fashion over the next two to three years.

The business is expected to be profitable in FY10 based on settlements from projects due for completion this financial year.

Inventory impairments

A full review of Residential inventory carrying values and Apartments projects resulted in pre-tax impairments of \$425 million against seven of 66 Residential Communities projects and six of nine Apartments projects. These impairments related primarily to projects in NSW, where the market was particularly poor, and those at the high end of the market where prices have fallen. No further impairments are expected unless market conditions materially deteriorate further.

The balance of unimpaired projects (82% by value) remain in the books at historic cost, which is below their net realisable value.

Retirement Living

- Operating profit \$43 million
- 163 new units sold
- 217 existing units settled
- High portfolio occupancy of 99%
- 4% average price growth from existing villages

This business continues to perform well, with good sales and price growth.

Retirement Living has recently been reorganised as a standalone business unit to give it greater focus and accountability. This move reflects Stockland's strategic commitment to growing this business both organically and through acquisition, providing high quality villages to cater for the growing ageing demographic.

Commercial Property

Retail: operating profit \$254 million

- Comparable net rental income growth of 6.8%
- High portfolio occupancy of over 99%
- Sustainable specialty occupancy costs 12.8%

Retail sales held up better than expected in FY09 and the business performed well. Vacancies have not materially increased, however rental growth has slowed.

Office and Industrial: operating profit \$287 million

- Comparable net rental income growth of 5.7% in Office and 4.2% in Industrial
- High portfolio occupancy of over 97% in Office and 96% in Industrial

Increases in direct vacancy and sub-lease space continue to put downward pressure on rents, but Stockland has actively managed its lease expiry profile to minimise downside income risk in FY10.

Revaluations

Stockland's FY09 Commercial Property revaluation decrements totalled \$1.1 billion, representing a 100 bps expansion in capitalisation rates. The weighted average capitalisation rate for Office, Industrial and Retail moved from 6.7% to 7.7% for the year.

Capitalisation rates are anticipated to move out by a further 25 to 50 bps by the end of 2009. Such a movement would take Stockland's average capitalisation rate to around FY04 levels and, in the absence of material rent reductions or a large overcorrection in values, stabilisation around these levels is expected.

Stockland UK

- Operating loss \$0.7 million
- Pre-tax inventory impairment in FY09 of \$186 million

Market conditions in the UK remain difficult, but the property futures market is pricing in a modest recovery in FY10.

In light of the changed market conditions and investor sentiment towards offshore expansion, Stockland has decided to embark on an orderly sale of assets over the next two to three years. In the meantime, the Group will complete projects underway and manage its assets tightly to maximise returns.

CAPITAL MANAGEMENT AND LIQUIDITY

- Gearing: Net Debt / Total Tangible Assets 16%
- Average weighted debt maturity 6.6 years
- Over \$1 billion of cash on deposit in addition to \$1.3 billion of available committed debt facilities
- S&P rating: A-/ Stable

Stockland has responded to the difficult capital market conditions with a range of measures designed to minimise risk and improve liquidity. The balance sheet is extremely strong following almost \$0.6 billion in Commercial Property asset sales, \$2 billion of debt refinancing and \$2.7 billion of new equity raised in FY09.

STRATEGY

Stockland has consistently operated within its stated long-term strategic weightings:

- Recurring income 60 to 80% of EBIT
- Trading profits 20 to 40% of EBIT

Expected organic growth from each of Stockland's operating businesses over the next few years will ensure the Group remains in line with these weightings.

Potential growth opportunities are assessed in the context of these weightings. It is evident that good buying opportunities are starting to emerge in all key sectors, however Stockland is conscious of its higher cost of capital following the recent capital raising and accordingly, hurdle rates for investment will be set at appropriate levels.

The Group holds stakes in GPT, FKP and Aevum which also provide strategic option value for future growth in line with these weightings. No corporate transactions will be contemplated unless they clearly show value enhancement for Stockland's securityholders.

OUTLOOK

“There are signs the economic downturn in Australia may not be as bad as expected and recent trading results in our business reflect increased consumer and business confidence,” Mr Quinn said.

“We enter this financial year with each of our core operating businesses in a strong position and this gives us confidence for the year ahead, although we remain cautious about the speed of the recovery and will continue to prudently manage our business.”

Barring material adverse change to economic conditions, Stockland provides the following guidance for FY10:

- EPS 28 cents
- Adjusted Funds From Operations (AFFO) 27 cents

FY10 distributions are expected to be 80% of AFFO in line with the Group’s revised distribution policy as this is expected to be higher than Total Taxable Income (unless material assets are sold generating significant capital gains).

Stockland’s 2009 full year results presentation will be webcast via www.stockland.com.au on Wednesday 12 August at 11.30am.

For media enquiries contact

Karyn Munsie
EGM – Corporate Affairs
Stockland

T +61 (0)2 9035 2180
M +61 (0)421 050 430

Katie Lennon
Media Relations Manager
Stockland

T +61 (0)2 9035 2552
M +61 (0)406 316 907

For investor enquiries contact

Karyn Munsie
EGM – Corporate Affairs
Stockland

T +61 (0)2 9035 2180
M +61 (0)421 050 430

Joanne Trimboli
Investor Relations Manager
Stockland

T +61 (0)2 9035 2553
M +61 (0)403 972 736

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

Stockland
Notes to the Annual Report (continued)
For the year ended 30 June 2009

RATIOS

	June 2009	June 2008
(a) Underlying profit¹ before tax attributable to securityholders of Stockland/revenue and other income²	34.0%	31.0%
(Loss)/profit before tax attributable to securityholders of Stockland/revenue and other income	(101.4%)	27.4%
(b) Underlying profit¹ after tax attributable to securityholders of Stockland/issued capital	7.4%	11.6%
(Loss)/profit after tax attributable to securityholders of Stockland/issued capital	(21.2%)	12.1%
(c) Net Tangible Asset (NTA) per security		
NTA backing per security	\$3.61	\$5.46

¹ Profit after tax attributable to securityholders of Stockland, before provision for write-down of inventories – Australia, provision for write-down of inventories – UK, net (loss)/gain from fair value adjustment of investment properties (excluding retirement living and minority interest), share of net (loss)/gain from fair value adjustment of investment properties in associates and joint ventures, capital growth of operational retirement living communities, existing retirement living resident obligations fair value movement, UK goodwill impairment and deferred tax asset write-down, other goodwill impairment, impairment of other financial assets, impairment of other investments, net loss on sale of other non-current assets, net loss on disposal of foreign operations, net unrealised loss on financial instruments that do not qualify as effective under hedge accounting rules, net unrealised gain/(loss) from hedged items and financial instruments treated as fair value hedges, net unrealised loss on other financial instruments that do not qualify as effective under hedge accounting rules, share of net unrealised loss on derivatives in associates and joint ventures, net realised loss on financial instruments that do not qualify as effective under hedge accounting rules, net realised gain on other financial instruments that do not qualify as effective under hedge accounting rules, net realised foreign exchange gain and net unrealised foreign exchange gain.

² 2008 revenue and other income excluding net gain from fair value adjustment of investment properties (including share of associates and joint ventures, revaluation upon completion/redevelopment/contract conversion of retirement living communities and fair value movement of deferred management fee contracts), net realised gain on other financial instruments that do not qualify as effective under hedge accounting rules and net unrealised foreign exchange gain.

2009 revenue and other income excluding net unrealised gain from hedged items and financial instruments treated as fair value hedges, net realised foreign exchange gain and net unrealised foreign exchange gain.

Stockland
Notes to the Annual Report (continued)
For the year ended 30 June 2009

RECONCILIATION OF REVENUE AND OTHER INCOME

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

	2009 \$M	2008 \$M
Property development sales	1,146.4	1,381.7
Rent from investment properties	655.0	701.3
Dividend and distribution income	13.1	2.3
Other revenue	32.9	48.7
Total revenue	1,847.4	2,134.0
Finance income	84.9	11.5
Share of profits of investments accounted for using the equity method*	-	141.6
Net realised gain on other financial instruments that do not qualify as effective under hedge accounting rules*	-	1.9
Net gain from fair value adjustment of investment properties*	-	395.4
Total revenue and other income	1,932.3	2,684.4

* Balances are losses for the year ended 30 June 2009 and are therefore excluded from calculation of revenue and other income on page 1.

For personal use only

Stockland

Notes to the Annual Report (continued)

For the year ended 30 June 2009

ASSOCIATES AND JOINT VENTURE ENTITIES

	Ownership interest		Share of net (losses)/profits	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	%	%	\$M	\$M
Investments in associates				
KSC Trust ¹	-	-	-	25.5
Moorebank Industrial Property Trust ²	55.0	60.0	(0.7)	(8.4)
Macquarie Park Trust	31.0	31.0	(8.1)	3.6
The Anglo Halladale Limited Partnership	25.0	25.0	-	-
Tyburn Stockland No.2 LP ³	30.0	30.0	(5.4)	(1.1)
Tyburn Stockland No.3 LP ⁴	30.0	30.0	(1.7)	0.1
Tyburn Halladale No.4 Limited Partnership ⁵	30.0	30.0	(0.1)	-
Halladale Nelson Limited Partnership	9.0	9.0	(1.5)	(0.3)
Cumbernauld Retail Park Limited Partnership	50.0	50.0	-	(2.2)
CRAM Trust and subsidiary limited partnerships	10.0	10.0	(10.4)	(3.0)
Hammersmith Grove Limited Partnership	19.0	30.0	(2.5)	(0.2)
Capita Portfolio Limited Partnership	30.0	30.0	(6.0)	(0.1)
Gracechurch Street Unit Trust	25.0	25.0	(0.7)	(1.4)
Nailsea Unit Trust	8.0	8.0	(0.2)	(0.1)
Cockhedge Retail Limited Partnership	32.0	6.0	-	-
			(37.3)	12.4
Investments in joint ventures				
Compam Property Management Pty Limited	50.0	50.0	-	-
Esplanade Property Trust	50.0	50.0	(18.3)	28.8
Martin Place Management Limited	50.0	50.0	-	-
Martin Place Property Trust	50.0	50.0	(21.5)	13.2
M Property Trust	50.0	50.0	(8.6)	3.0
SDOT Sub Trust No.1	50.0	50.0	(35.5)	52.9
Subiaco Joint Venture	33.3	33.3	-	-
The King Trust	50.0	50.0	(13.9)	26.4
Stockland Ormeau Trust ⁶	50.0	-	-	-
Willeri Drive Trust	50.0	50.0	(2.7)	2.5
Stockland Ventures Limited	50.0	50.0	(15.4)	(1.3)
Halladale Opportunity Fund Limited Partnership	50.0	50.0	(0.5)	-
Halladale Opportunity Fund Limited No.2 Partnership	50.0	50.0	-	3.7
Stockland Anglo Ventures Limited ⁷	50.0	50.0	(5.4)	-
Stockland Muir Limited	50.0	50.0	0.5	-
Nevsky Property Investors LP ⁸	-	25.0	-	-
Farworth Basingstoke Limited ⁹	-	50.0	-	-
			(121.3)	129.2
			(158.6) ¹⁰	141.6

¹ KSC Trust was sold in January 2008.

² Moorebank Industrial Property Trust ("MIPT") interest was acquired in December 2007. Stockland has significant influence over MIPT, but not control due to Stockland having less than half the voting rights.

³ The Anglo Halladale No. 2 Limited Partnership changed its name to Tyburn Stockland No. 2 LP during the financial year.

⁴ The Anglo Halladale No. 3 Limited Partnership changed its name to Tyburn Stockland No. 3 LP during the financial year.

⁵ The Anglo Halladale No. 4 Limited Partnership changed its name to Tyburn Halladale No. 4 Limited Partnership during the financial year.

⁶ During the financial year, Stockland acquired a 50% interest in Stockland Ormeau Trust.

⁷ Halladale Anglo Ventures Limited changed its name to Stockland Anglo Ventures Limited during the financial year.

⁸ Nevsky Property Investors LP was sold during the financial year.

⁹ Farworth Basingstoke Limited was liquidated.

¹⁰ Share of (losses)/profits before impairment of Stockland UK investments \$47.6 million (2008: \$Nil), \$16.3 million related to associates and \$31.3 million related to joint ventures, and the additional provision of \$3.1 million (2008: \$Nil) offset against Current liabilities – Provisions. Share of losses on investments accounted for using the equity method per Income Statement is \$209.3 million (2008: profit \$141.6 million).

Stockland

Notes to the Annual Report (continued)

For the year ended 30 June 2009

COMPLIANCE STATEMENT

- The Financial Report is a general purpose financial report which has been drawn up for the purposes of fulfilling the requirements of the Australian Securities Exchange and Corporations Act 2001. The Financial Report has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001.
- This report presents fairly the matters disclosed.
- This report is based on the attached audited Annual Financial Report.
- Stockland has a formally constituted Audit and Risk Committee.



Matthew Quinn
Managing Director

Dated at Sydney, 12 August 2009

For personal use only