Interim Report 31 December 2012

Registered office:

133 Castlereagh Street Sydney NSW 2000

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Directors' Report

For the half year ended 31 December 2012

The Directors of Stockland Corporation Limited and the Directors of Stockland Trust Management Limited, the Responsible Entity of Stockland Trust ("the Trust"), present their report together with the Interim Financial Report of Stockland Consolidated Group and the Interim Financial Report of Stockland Trust Group for the half year ended 31 December 2012 and the Independent Auditor's Review Report thereon.

The Interim Financial Report of the Stockland Consolidated Group as at and for the half year ended 31 December 2012 comprises the consolidated Interim Financial Report of Stockland Corporation Limited ("the Company") and its controlled entities including the Trust and its controlled entities ("Stockland" or "Stockland Consolidated Group").

The Interim Financial Report of the Stockland Trust Group as at and for the half year ended 31 December 2012 comprises the consolidated Interim Financial Report of the Trust and its controlled entities ("Stockland Trust Group").

Directors

The Directors of the Company and 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 Duncan Boyle

Ms Carolyn Hewson

Mr Barry Neil

Ms Carol Schwartz

Mr Peter Scott

Mr Terry Williamson

Executive Director

Mr Matthew Quinn, Managing Director (resigned 11 January 2013)
Mark Steinert, Managing Director (appointed 29 January 2013)

Review and results of operations

Stockland's statutory loss attributable to securityholders calculated in accordance with Australian Accounting Standards ("AASBs") was \$147.1 million for the half year ended 31 December 2012 (half year ended 31 December 2011: profit \$307.6 million), being a 147.8 per cent decrease from the prior corresponding half year.

Underlying Profit is the primary measure of operating profit used by the chief operating decision maker, being the Managing Director and the Executive Committee. Underlying Profit is a non-IFRS¹ measure that is determined to present, in the opinion of the Directors, the ongoing operating activities of Stockland in a way that appropriately reflects Group's underlying performance. Underlying Profit excludes items such as fair value gains/(losses), unrealised provision gains/(losses) and adjustments arising from the effect of revaluing assets/liabilities (such as derivatives, financial instruments and investment properties). Other Underlying Profit adjustments are made for realised transactions occurring infrequently and those that are outside the course of Stockland's core ongoing business activities. Underlying Profit is also the basis on which distributions are determined.

The Underlying Profit for the half year was \$255.0 million (half year ended 31 December 2011: \$342.3² million), being a 25.5 per cent decrease from the prior half year.

Stockland Trust Group

Stockland Trust Group recorded a profit attributable to securityholders calculated in accordance with AASBs of \$292.1 million for the half year ended 31 December 2012 (half year ended 31 December 2011: \$344.5 million), a 15.2 per cent decrease from the prior year.

The Underlying Profit for the half year was \$316.4 million (2011: \$339.9 million), a 6.9 per cent decrease from the prior half year.

¹ International Financial Reporting Standards

² 31 December 2011 Underlying Profit has been restated for changes to the Retirement Living accounting to be more closely aligned to realised cash profits. Refer to page 2 and Note 18(d) for further information on the nature and impact of the change.

Review and results of operations (continued)

Underlying Profit is determined following the principles of AICD/Finsia for reporting Underlying Profit having regard to the guidance from ASIC's RG 230 Disclosing Non-IFRS information. These principles include providing clear reconciliation between statutory profit and Underlying Profit in the Directors' Report, including both positive and negative adjustments, maintaining consistency between reporting periods, and taking into consideration property industry practices.

The information in the table below has not been reviewed by PricewaterhouseCoopers (PwC). However, PwC have undertaken procedures to confirm the consistency of Stockland's books and records to the financial information which was used by the Directors in determining the Underlying Profit as set out below:

The following table is shown gross of tax.

Stockland
Stockland

8		Stockianu		Stockianu	
			lated Group		Group
		31 December	31 December	31 December	31 December
		2012	2011^{1}	2012	2011
	Notes	\$M	\$M	\$M	\$M
Underlying Profit before tax		226.8	332.4	316.4	339.9
Income tax benefit		28.2	9.9	-	-
Underlying Profit		255.0	342.3	316.4	339.9
Chachying 1 font		233.0	342.3	310.4	337.7
Certain significant items:					
Non-cash adjustment to inventories and development profits					
		(20(0)			
Net provision for write-down of inventories – Australia		(306.0)	-	-	-
Net provision for write-down of inventories – UK		(12.3)	-	-	-
Non-cash adjustment to cost of sales ²			1.9	-	-
		(318.3)	1.9	-	-
Fair value unrealised adjustment of investment properties					
Net gain from fair value adjustment of investment properties –					
Commercial Property		45.6	65.6	25.6	66.5
Share of net (loss)/gain from fair value adjustment of investment					
properties in associates and joint ventures		(11.1)	8.7	(11.1)	8.1
DMF base fees earned, unrealised ³	18(g)	0.5	4.9	-	-
Net loss from fair value adjustment of investment properties – Retirement	10(8)	0.0	,		
Living operating villages and villages under development ⁴	18(g)	(106.9)	(22.3)		
Retirement Living resident obligations fair value movement ⁴		` ,	, ,	-	-
Retirement Living resident obligations fair value movement	18(g)	45.5	26.6	-	-
		(26.4)	83.5	14.5	74.6
Fair value adjustment of other financial assets, impairment and net					
(loss)/ gain on sale of other non-current assets					
Net unrealised loss from fair value adjustment of other financial assets		(43.6)	(38.0)	-	-
Net realised (loss)/gain on sale of other non-current assets		(4.9)	15.9	(4.9)	13.9
· / 6		(48.5)	(22.1)	(4.9)	13.9
Fair value adjustment of financial instruments and foreign exchange		(1002)	(' ')	(302)	
movements					
Net loss on foreign exchange and fair value movement of financial					
instruments that do not qualify as effective under hedge accounting rules	5	(33.7)	(80.3)	(33.6)	(81.8)
Net loss from hedged items and financial instruments treated as fair value	5	(33.1)	(60.5)	(33.0)	(61.6)
	5	(0.2)	(2.1)	(0.2)	(2.1)
hedges	5	(0.3)	(2.1)	(0.3)	(2.1)
Net foreign exchange loss transferred from the foreign currency	_		(15.0)		
translation reserve	5		(15.6)		
-		(34.0)	(98.0)	(33.9)	(83.9)
Income tax benefit on significant items ⁵		25.1	-	-	-
Total net significant items		(402.1)	(34.7)	(24.3)	4.6
(Loss)/Profit for the year attributable to securityholders/unitholders		(147.1)	307.6	292.1	344.5
,		/			

¹ Stockland Consolidated Group: The basis of determining Underlying Profit for the Retirement Living business has been amended from previous periods to be more closely aligned to realised cash profits. As a result, the 31 December 2011 comparative Underlying Profit has been restated from \$350.8 million to \$342.3 million. Refer to Note 18(d). Stockland Trust Group: N/A.

² Stockland Consolidated Group: A proportion of the profit on sale of property development sold during the previous half year has been eliminated from Underlying Profit, given this profit from the development benefited from the carrying value of the property being held at depreciated cost prior to the commencement of the development. Stockland Trust Group: N/A.

⁵ An income tax benefit of \$91.8m has not been recognised relating to the write down of inventory in the six months ended 31 December 2012, as this benefit is not currently deemed to be recoverable. Refer to Note 2 Critical accounting estimates and judgements.

³ Stockland Consolidated Group: Deferred management fees ("DMF") are recognised in Underlying Profit only if they have been realised in cash. Previously, DMF were recognised in Underlying Profit on an accruals basis. The 31 December 2011 impact of this change reduced Underlying Profit (after tax) by \$12.0 million. Stockland Trust Group: N/A.

⁴ Stockland Consolidated Group: Only fair value gains and losses on Retirement Living investment properties relating to the "development profit" (defined in Note 18(a)) are recognised in Underlying Profit. Previously, fair value movements recognised in Underlying Profit included all development revaluations. The 31 December 2011 impact of this change increased Underlying Profit (after tax) by \$3.5 million. Stockland Trust Group: N/A.

Review and results of operations (continued)

Basic earnings per stapled security was (6.7) cents. Basic Underlying earnings per stapled security was 11.6 cents, a decrease of 20.0 per cent from 14.5 cents in the previous half year.

	Stockland Consolidated Group Half year ended		Stockland Trust Group Half year ended	
	2012	2011	2012	2011
	Cents	Cents	Cents	Cents
Basic earnings per security/unit Diluted earnings per security/unit	(6.7)	13.1	13.3	14.6
	(6.7)	12.9	13.3	14.5
Basic Underlying earnings per security/unit Diluted Underlying earnings per security/unit	11.6 11.6	14.5^{1} 14.4^{1}	14.4 14.4	14.4 14.3

¹ Restated for the changes to Underlying Profit as disclosed on page 2 and Note 18(d).

Refer to Note 6 of the accompanying Interim Financial Statements for further information regarding the earnings per stapled security calculations.

Stockland				
Consolidated Group				
Half year ended				
2012	2011			
Cents	Cents			

Dividend and distribution per stapled security

The dividend and distribution payable is 12.0 cents per stapled security, consistent with the 12.0 cents paid for the previous corresponding half year. The payable comprises:

Trust distribution	12.0	12.0
Corporation dividend	-	-
Total dividend and distribution	12.0	12.0

Registers closed at 5.00pm on 31 December 2012 to determine entitlement to the half year distribution, which will be paid on 28 February 2013.

On-market buyback

On 19 August 2011, Stockland announced that it would undertake an on-market buyback of up to 5% of its issued capital. Stockland however reserved the right to increase the buyback to up to 10% of its issued capital, to be funded by its ongoing asset sale program and the deferral of some uncommitted development expenditure. On 14 March 2012, Stockland announced that it would extend the on-market buyback to 10%.

On 3 August 2012, Stockland announced that it would extend the duration of the on-market buyback beyond the initial 12 months.

Securities acquired through the buyback are purchased on-market at a price no more than 5% above their last five trading day average closing market price at the time.

During the half year ended 31 December 2012, 889,265 securities (0.04% of issued capital) were bought back at a total price of \$2.8 million for an average price of \$3.15. These securities have been cancelled.

As at 31 December 2012, 180,378,754 securities (8.19% of issued capital) had been bought back at a total price of \$548.1 million for an average price of \$3.04. These securities have been cancelled.

On 13 February 2013, Stockland announced that the on-market buyback would cease with immediate effect.

Review and results of operations (continued)

FINANCIAL MANAGEMENT

- Gearing ratio (Net Debt / Total Tangible Assets) of 27.6%;
- \$0.2 billion in cash and \$0.5 billion undrawn debt facilities;
- Weighted average debt maturity 5.2 years; and
- Net tangible assets per security of \$3.49.

OPERATING RESULTS

Residential (excluding apartments)

EBIT¹: \$76 million, Operating Profit²: \$28 million

The Residential EBIT margin was down from 27% to 19% due to higher settlements from lower margin projects in NSW and a reduced contribution from higher margin Victorian projects. In addition to this, the soft market meant there was no price growth to offset normal increases in costs.

Operating profit in the half was also impacted by the change in application of the capitalised interest policy which resulted in more interest being expensed in the period. This is non-cash and will reverse over time.

Portfolio review

A review of the Residential portfolio was completed during the period, applying more conservative assumptions about the future performance of the housing market. As a result an impairment was recognised on seven trading residential communities totalling \$53 million and two apartments projects totalling \$7 million.

In addition, 13 non-core residential projects, one apartments project and two industrial land parcels are now more suited to wholesale disposal rather than long-term trade out and will require an impairment of \$234 million, \$3 million and \$9 million respectively.

Commercial Property

Retail Net Operating Income³ (NOI): \$159 million

The Retail business achieved sales growth in a challenging environment demonstrating the resilience of our portfolio. Total Moving Annual Turnover at 31 December 2012 was up 4.7% and NOI² was up 5%. High occupancy was maintained at 99.4% and retailer tenant retention on lease expiry increased to 78%. During the first half two major redevelopments at Merrylands in Sydney and Townsville in Far North Queensland were opened, significantly improving their quality and position in their trade areas.

Office Net Operating Income³: \$60 million

Overall NOI reflected the reduced number of assets in the portfolio, on a comparable basis we achieved solid NOI² growth of 6.2% in the first half. The portfolio continues to be actively managed by executing 33,000 sqm of leases in the first half and improving occupancy and the lease expiry profile.

Industrial Net Operating Income²: \$32 million

Industrial NOI was down in the first half due to one asset sale and re-letting activity, particularly at Yennora. Reletting is progressing well with 127,000 sqm of leases executed in the half and more in negotiation. This will improve occupancy and profit from our Industrial portfolio in FY14.

¹ EBIT is segment operating profit before interest expense in COGS.

² Operating Profit is segment operating profit as per Note 3 to the Financial Statements.

³ Net Operating Income is rent from investment properties less associated investment property expenses (excluding operating expenses).

Review and results of operations (continued)

OPERATING RESULTS (continued)

Retirement Living

Operating Profit⁴: \$12 million

Retirement Living achieved a solid first half profit underpinned by record new unit settlements and steady established unit settlements. The development pipeline is progressing well, with new initiatives such as the project home builder partnership strategy improving both product quality and construction efficiency. This was demonstrated at the very successful stage one launch at Selandra Rise and commencement of works at Mernda, both in Victoria.

As at 31 December 2012 the net accumulated Deferred Management Fee (DMF) revaluation gain on our retirement village portfolio was \$177 million. The DMF asset declined over the six months by \$69 million, due to a reduction in unit prices and changes to forecast growth in unit prices for the remainder of FY13 and FY14, reflecting the soft housing market conditions.

Events subsequent to the end of the half year

On 12 February 2013, Stockland exchanged contracts on 9 Castlereagh Street classified as Held for Sale in the Financial Report. The proceeds are in line with the 31 December book value.

On 13 February 2013, Stockland noted that whilst the Group's capital position remains strong, following the residential inventory impairments Stockland will need to move capital between the Trust and Corporation. As a result, it is anticipated that shareholders will be asked to support at the AGM in October 2013 a reallocation of around \$500 million of capital from the Trust to Corporation.

On 13 February 2013, Stockland announced that the on-market buyback would cease with immediate effect.

There were no other material events subsequent to the end of the half year.

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⁴ Operating Profit is segment operating profit as per Note 3 to the Financial Statements.

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

The external auditor's independence declaration is set out on page 7 and forms part of the Directors' Report for the half year ended 31 December 2012.

Rounding off

Chairman

Stockland 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 Interim 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		_ N

Dated at Sydney, 13 February 2013



Auditor's Independence Declaration

As lead auditor for the review of Stockland Consolidated Group and Stockland Trust Group for the half year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Stockland Consolidated Group and the entities it controlled during the period and Stockland Trust Group and the entities it controlled during the period.

I L Hammond

Partner

PricewaterhouseCoopers

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Sydney 13 February 2013

Stockland Consolidated Interim Statements of Comprehensive Income For the half year ended 31 December 2012

		Stock Consolidat Half year	ed Group	Stockl Trust G Half year	roup
		2012	2011	2012	2011
	Notes	\$M	\$M	\$M	\$M
Revenue			· · · · · · · · · · · · · · · · · · ·		<u> </u>
Property development sales		411.1	573.8	_	_
Rent from investment properties		335.0	334.3	336.2	339.0
Deferred Management Fees from Retirement Living	18(f)	23.8	27.1	•	-
Dividend and distribution income	10(1)	0.5	2.8	0.5	0.4
Other revenue		21.5	25.1	-	0.4
Total revenue		791.9	963.1	336.7	339.8
Finance income	5	3.8	5.0	171.6	178.5
	3	3.0	5.0	171.0	170.5
Net gain/(loss) from fair value adjustment of investment properties	0(-)	45.6	<i>(5 (</i>	25.6	((5
- Commercial Property	9(a)	45.6	65.6	25.6	66.5
- Retirement Living	18(f)	(98.1)	(15.2)	-	-
Share of profits of investments accounted for using the equity					
method	19, 20	9.3	51.9	8.2	43.3
Cost of property developments sold:					
- Land development		(291.5)	(396.4)	-	-
- Capitalised interest	2(iii)	(50.6)	(35.8)	-	-
- Utilisation of provision for write-down of inventories		17.2	23.4	-	-
Provision for write-down of inventories	7(b)	(318.3)	-	-	-
Existing Retirement Living resident obligations fair value					
movement	18(f)	45.5	26.6	-	-
Net loss from fair value adjustment of other financial assets		(43.6)	(38.0)	-	-
Net (loss)/gain on sale of other non-current assets		(4.9)	18.9	(4.9)	13.9
Investment property expenses		(108.8)	(106.6)	(105.6)	(105.9)
Management, administration, marketing and selling expenses ¹		(129.6)	(140.1)	(5.5)	(5.4)
Finance expense	5	(68.3)	(124.7)	(134.0)	(186.2)
(Loss)/Profit before income tax benefit	J	$\frac{(00.5)}{(200.4)}$	297.7	292.1	344.5
Income tax benefit		53.3	9.9	272.1	577.5
		33.3		-	
(Loss)/Profit for the half year attributable to		(147.1)	207.6	202.1	2445
securityholders/unitholders		(147.1)	307.6	292.1	344.5
Other comprehensive income/(expense)					
Net exchange differences on translation of foreign controlled entity ²		1.3	26.2	_	-
Effective portion of changes in fair value of cash flow hedges					
during the half year		(4.7)	(0.2)	(4.7)	(0.2)
Change in fair value of cash flow hedges transferred to profit		(1.3)	-	(1.3)	-
Other comprehensive (expense)/income for the half year, net of		(200)		(200)	
tax		(4.7)	26.0	(6.0)	(0.2)
		(4.7)	20.0	(0.0)	(0.2)
Total comprehensive (expense)/income for the half year					
attributable to securityholders/unitholders		(151.8)	333.6	286.1	344.3
Davis saminas non samita harit (conta	_		10.1	12.2	146
Basic earnings per security/unit (cents)	6	(6.7)	13.1	13.3	14.6
Diluted earnings per security/unit (cents)	6	(6.7)	12.9	13.3	14.5
1					

¹ Includes indirect property management expenses, leasing expenses, project expenses and development management expenses.

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

Includes \$nil (2011: \$24.2 million) which relates to net realised foreign exchange gain transferred to the Statement of Comprehensive Income on partial redemption of foreign controlled entity and \$1.3 million (2011: \$2.0 million) which relates to net exchange differences on translation of foreign controlled entity.

Stockland Consolidated Interim Balance Sheets As at 31 December 2012

		Stock	Stockl	Stockland		
		Consolidat	ed Group	Trust G	roup	
		31 December	30 June	31 December	30 June	
		2012	2012	2012	2012	
	Notes	\$M	\$M	\$M	\$M	
Current assets		•	·	•	·	
Cash and cash equivalents		165.3	135.6	69.7	40.6	
Trade and other receivables		172.7	186.0	4,053.0	3,871.2	
Inventories	7	828.4	907.2	-,0000	-	
Other assets	·	116.5	104.4	63.8	55.2	
oner assets		1,282.9	1,333.2	4,186.5	3,967.0	
Non-current assets held for sale	8	226.6	194.5	221.3	191.4	
Total current assets	O	1,509.5	1,527.7	4,407.8	4,158.4	
Non-current assets		1,507.5	1,327.7	4,407.0	4,130.4	
Trade and other receivables		105.6	98.2	53.9	38.9	
Inventories	7		1,798.0	33.9	36.9	
		1,572.9	7,020.6	- - 062 5	7.012.2	
Investment properties – Commercial Property	9(a)	6,957.3	*	6,963.5	7,013.2	
Investment properties – Retirement Living	18(e)	2,730.2	2,747.4	- 55(5	- 562.2	
Investments accounted for using the equity method	10	602.7	608.9	556.7	563.2	
Other financial assets	11	77.4	91.1	25.0	24.8	
Property, plant and equipment		217.4	214.6	-	-	
Intangible assets		116.6	116.6	-	-	
Deferred tax assets		38.1	-	-	-	
Other assets		323.7	310.8	328.0	315.5	
Total non-current assets		12,741.9	13,006.2	7,927.1	7,955.6	
Total assets		14,251.4	14,533.9	12,334.9	12,114.0	
Current liabilities						
Trade and other payables		280.3	365.5	99.8	106.6	
Interest-bearing loans and borrowings	12	288.6	144.5	288.6	144.5	
Retirement Living resident obligations ¹	18(e)	1,559.7	1,531.5	-	-	
Provisions		183.7	140.5	12.1	0.6	
Other liabilities	13	568.0	342.3	555.3	324.1	
Total current liabilities		2,880.3	2,524.3	955.8	575.8	
Non-current liabilities						
Other payables		24.8	39.0	-	-	
Interest-bearing loans and borrowings	12	2,720.7	2,723.1	2,720.7	2,723.1	
Retirement Living resident obligations ¹	18(e)	209.8	221.9	´ -	-	
Deferred tax liabilities	. ,	_	15.2	_	_	
Provisions		4.3	4.0	_	_	
Other liabilities	13	607.1	779.0	607.1	779.0	
Total non-current liabilities		3,566.7	3,782.2	3,327.8	3,502.1	
Total liabilities		6,447.0	6,306.5	4,283.6	4,077.9	
Net assets		7,804.4	8,227.4	8,051.3	8,036.1	
		7,007.7	0,227.4	0,031.3	0,030.1	
Securityholders'/unitholders' funds	1 /	7 050 2	7.062.5	A 1858	7 170 0	
Issued capital	14	7,958.3	7,962.5	7,175.7	7,179.8	
Reserves		(12.6)	(5.2)	12.5	21.0	
Retained earnings/undistributed income		(141.3)	270.1	863.1	835.3	
Total equity/unitholders' funds		7,804.4	8,227.4	8,051.3	8,036.1	

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Based on actuarial turnover calculations, 9% of residents are estimated to leave each year and therefore it is not expected that the majority of the obligation to residents will fall due within one year. In the vast majority of cases, the resident obligations are able to be repaid by receipts from incoming residents. However, resident obligations are classified as current per the Australian Accounting Standards as there is no unconditional contractual right to defer settlement for at least twelve months (residents may give notice of their intention to vacate their unit with immediate effect). In contrast, the offsetting Retirement Living assets are classified as non-current under Australian Accounting Standards as they are not expected to be realised within twelve months.

Of the existing resident obligation balance, \$1,465.8 million (30 June 2012: \$1,441.4 million) does not represent an anticipated net cash outflow as it is expected to be covered by receipts from incoming residents.

Of the non-current balance, \$195.4 million (30 June 2012: \$204.3 million) does not represent an anticipated net cash outflow as it is expected to be covered by receipts from incoming residents.

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

Stockland Consolidated Interim Statements of Changes in Equity For the half year ended 31 December 2012

Attributable to securityholders of the Stockland Consolidated Group

	Notes	Issued capital \$M	Executive remuneration reserve \$M	Cash flow hedge reserve \$M	Foreign currency translation reserve \$M	Retained earnings \$M	Total equity \$M
Balance as at 1 July 2012		7,962.5	19.7	3.4	(28.3)	270.1	8,227.4
Loss for the period	_	-	-	-	-	(147.1)	(147.1)
Other comprehensive (expense)/income		-	-	(6.0)	1.3	-	(4.7)
Total comprehensive (expense)/income	_	-	-	(6.0)	1.3	(147.1)	(151.8)
Securities bought back during on-market buyback, net of transaction costs	14	(2.8)	-	-	-	-	(2.8)
Securities purchased and held in Employee Share Plan (Treasury Shares)	14	(1.4)	-	-	-	-	(1.4)
Expense relating to rights and securities granted under share plans, net of tax		-	(2.7)	-	-	-	(2.7)
Dividends and distributions to securityholders	15	-	-	-	-	(264.3)	(264.3)
	_	(4.2)	(2.7)	-	-	(264.3)	(271.2)
Balance as at 31 December 2012	<u> </u>	7,958.3	17.0	(2.6)	(27.0)	(141.3)	7,804.4
Balance as at 1 July 2011		8,504.6	23.7	6.6	(60.1)	324.6	8,799.4
Profit for the period		-	-	-	-	307.6	307.6
Other comprehensive (expense)/income	_		-	(0.2)	26.2	_	26.0
Total comprehensive (expense)/income	_	-	-	(0.2)	26.2	307.6	333.6
Securities bought back during on-market buyback, net of transaction costs	14	(197.0)	-	-	-	-	(197.0)
Equity issued during the half year, net of transaction costs	14	4.5	-	-	-	-	4.5
Securities exercised under share plans transferred to retained earnings		-	(0.9)	-	-	0.9	-
Vested securities purchased on-market		-	(7.1)	-	-	-	(7.1)
Expense relating to rights and securities granted under share plans, net of tax		-	6.4	-	-	-	6.4
Dividends and distributions to securityholders	15 _	_	-	-	-	(278.0)	(278.0)
	_	(192.5)	(1.6)	-	-	(277.1)	(471.2)
Balance as at 31 December 2011	_	8,312.1	22.1	6.4	(33.9)	355.1	8,661.8

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

Stockland Consolidated Interim Statements of Changes in Equity For the half year ended 31 December 2012

Attributable to unitholders of the Stockland Trust Group

	Notes	Issued capital \$M	Executive remuneration reserve \$M	Cash flow hedge reserve \$M	Undistributed income \$M	Total unitholders' funds \$M
Balance as at 1 July 2012		7,179.8	17.6	3.4	835.3	8,036.1
Profit for the period	_	-	-	-	292.1	292.1
Other comprehensive expense		-	-	(6.0)	-	(6.0)
Total comprehensive income	_	-	-	(6.0)	292.1	286.1
Units bought back during on-market buyback, net of transaction costs	14	(2.8)	-	-	-	(2.8)
Units purchased and held in Employee Share Plan (Treasury Shares)	14	(1.3)	-	-	-	(1.3)
Expense relating to rights and units granted under share plans, net of tax		-	(2.5)	-	-	(2.5)
Distributions to unitholders	15		-	-	(264.3)	(264.3)
	_	(4.1)	(2.5)	-	(264.3)	(270.9)
Balance as at 31 December 2012	- -	7,175.7	15.1	(2.6)	863.1	8,051.3
Balance as at 1 July 2011	_	7,700.3	21.3	6.6	771.2	8,499.4
Profit for the period		-	-	-	344.5	344.5
Other comprehensive expense		-	-	(0.2)	-	(0.2)
Total comprehensive income	_	-	-	(0.2)	344.5	344.3
Units bought back during on-market buyback, net of transaction costs	14	(189.1)	-	-	-	(189.1)
Units issued during the half year, net of transaction costs	14	4.2	-	-	-	4.2
Units exercised under share plans transferred to undistributed income		-	(0.3)	-	0.3	-
Vested units purchased on-market		-	(7.3)	-	-	(7.3)
Expense relating to rights and units granted under share plans, net of tax		-	6.3	-	-	6.3
Distributions to unitholders	15 _	-		_	(278.0)	(278.0)
	_	(184.9)	(1.3)	-	(277.7)	(463.9)
Balance as at 31 December 2011	_	7,515.4	20.0	6.4	838.0	8,379.8

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

Stockland Consolidated Interim Cash Flow Statements For the half year ended 31 December 2012

		Stock Consolidat Half year	ed Group	Stockl Trust C Half year	Froup
		2012	2011	2012	2011
	Notes	\$M	\$M	\$M	\$M
Cash flows from operating activities		•		·	
Cash receipts in the course of operations (including GST)		789.2	1,021.4	384.1	393.9
Cash payments in the course of operations (including GST)		(506.6)	(690.7)	(185.4)	(166.4)
Payments for land		(74.1)	(338.0)	-	-
Distributions received from associates and joint venture					
entities		15.4	37.0	14.6	35.9
Distributions received from investments in managed funds		0.3	0.4	0.3	0.4
Receipts from Retirement Living residents		126.0	104.7	-	-
Payments to Retirement Living residents, net of DMF		(56.2)	(58.9)	-	-
Interest received		3.8	5.0	171.6	178.5
Interest paid	_	(108.4)	(105.7)	(107.7)	(105.5)
Net cash inflow from/(utilised in) operating activities	21	189.4	(24.8)	277.5	336.8
Cash flows from investing activities					
Net proceeds from sale of investment properties		270.5	394.7	270.5	394.7
Payment for and development of investment properties			(20.0)		(
- Commercial Property		(213.2)	(291.0)	(212.2)	(228.0)
- Retirement Living		(60.3)	(95.7)	-	-
Payments for plant and equipment		(10.6)	(13.5)	-	-
Net proceeds from sale of investments and other assets		-	350.4	-	328.6
Payments for investments, including joint ventures and					
associates		(30.9)	(5.5)	(1.1)	(5.1)
Distributions received from other entities	_	2.5	2.8	-	-
Net cash (utilised in)/inflow from investing activities	_	(42.0)	342.2	57.2	490.2
Cash flows from financing activities					
Payments for securities/units under employee share plans		(1.4)	(6.8)	(1.3)	(6.8)
Payments for on-market buyback		(2.8)	(197.0)	(2.7)	(189.1)
Proceeds from vesting of equity instruments under		(2.0)	(177.0)	(2.1)	(10).1)
employee share plans		-	4.5	_	4.2
Proceeds from borrowings		2,393.3	1,247.9	2,393.3	1,405.7
Repayments of borrowings		(2,232.2)	(1,192.4)	(2,232.2)	(1,192.4)
Loans to related entities		(=,===,=, <u>=</u>	-	(188.1)	(632.5)
(Payments)/proceeds on termination of derivatives		(10.2)	11.9	(10.2)	
Dividends and distributions paid		(264.4)	(283.6)	(264.4)	(283.3)
Net cash utilised in financing activities	_	(117.7)	(415.5)	(305.6)	(894.2)
· ·	_	, ,	. ,	, ,	· · · · · · · · · · · · · · · · · · ·
Net increase/(decrease) in cash and cash equivalents		29.7	(98.1)	29.1	(67.2)
Cash and cash equivalents at the beginning of the half year		135.6	194.6	40.6	88.6
Effect of exchange rate fluctuations on cash held		<u>-</u>	(1.3)		
Cash and cash equivalents at the end of the half year	_	165.3	95.2	69.7	21.4
-	_				

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

Condensed Notes to the Consolidated Interim Financial Statements For the half year ended 31 December 2012

1 Summary of significant accounting policies

Stockland was established for the purpose of facilitating a joint quotation of Stockland Corporation Limited ("the Company") and its controlled entities and Stockland Trust ("the Trust") and its controlled entities on the Australian Securities Exchange ("ASX"). Both the Company and the Trust (collectively referred to as the "Entities") 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 Company and the number of units in the Trust shall be equal and that the shareholders and unitholders be identical. Both the Company and the Responsible Entity of the Trust must at all times act in the best interest of Stockland. The stapling arrangement will continue until either the winding up of the Company or the Trust, or either entity terminates the stapling arrangements.

The Interim Financial Report of the Stockland Consolidated Group as at and for the half year ended 31 December 2012 comprises the consolidated Interim Financial Report of Stockland Corporation Limited ("the Company") and its controlled entities including the Trust and its controlled entities ("Stockland" or "Stockland Consolidated Group").

The Interim Financial Report of the Stockland Trust Group as at and for the half year ended 31 December 2012 comprises the consolidated Interim Financial Report of Stockland Trust ("the Trust") and its controlled entities ("Stockland Trust Group").

The accounting policies applied by the Stockland Consolidated Group and the Stockland Trust Group in these Interim Financial Reports are the same as those applied in the Annual Financial Report of the Stockland Consolidated Group as at and for the year ended 30 June 2012 except for the accounting policies impacted by the new or amended Accounting Standards detailed in Note 1(*ii*).

The Interim Financial Reports as at and for the half year ended 31 December 2012 were authorised for issue by the Directors on 13 February 2013.

(i) Statement of compliance

The Interim Financial Reports are general purpose interim financial reports which have been prepared in accordance with AASB 134 "Interim Financial Reporting" and the Corporations Act 2001 and IAS 34 "Interim Financial Reporting".

The Interim Financial Reports do 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 Stockland Consolidated Group as at and for the year ended 30 June 2012.

As permitted by Class Order 05/642, issued by the Australian Securities and Investments Commission, this Financial Report is a combined financial report that presents the financial statements and accompanying notes of both the Stockland Consolidated Group and the Stockland Trust Group.

(ii) Changes in Accounting Standards and Regulatory requirements

There are a number of new and amended Accounting Standards issued by the Australian Accounting Standards Board which are applicable for reporting periods beginning on or before 1 July 2012. The Stockland Consolidated Group has adopted all the mandatory new and amended Accounting Standards issued that are relevant to its operations and effective for the current reporting period.

There was no material impact on the Interim Financial Reports as a result of the mandatory new and amended Accounting Standards adopted.

(iii) Comparatives

No comparatives have been amended from those reported in the prior year except for those reclassified to conform to the current financial year's presentation. Refer to Note 18(d) for information on the reclassification of Retirement Living.

Condensed Notes to the Consolidated Interim Financial Statements For the half year ended 31 December 2012

2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Stockland makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are disclosed in the Annual Financial Report of the Stockland Consolidated Group as at and for the year ended 30 June 2012. Due to the change in market conditions since 30 June 2012, certain assumptions underlying management's estimates of fair value have changed, as set out below.

(i) Estimates of net realisable value ("NRV") of inventories

The NRV of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and cost to sell. NRV is estimated based on the most reliable evidence available at the time, of the amount the inventories are expected to realise (using estimates such as revenue escalations) and the estimate of total costs (including costs to complete). These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. The key estimates require the use of management judgement and are reviewed on a frequent basis.

Consistent with previous periods, key estimates have been reviewed including the estimated costs of completion, estimated dates of completion and estimated revenue escalations. As a result of this review, impairment provisions of \$318.3 million have been recognised in the Statement of Comprehensive Income related to:

- \$12.3 million (2011: \$Nil) in relation to actual and estimated selling prices and costs of properties in the UK;
- \$53.0 million (2011: \$Nil) in relation to changes in estimates of future selling prices and costs of certain residential communities' projects;
- \$234.0 million (2011: \$Nil) to reduce the carrying value to net estimated sales proceeds for certain residential communities' projects which have been identified for disposal as a result of the review;
- \$10.0 million (2011: \$Nil) in relation to apartments; and
- \$9.0 million (2011: \$Nil) in relation to industrial land identified for disposal as a result of the review.

The net impact of these provisions was to reduce current and non-current inventories by \$318.3 million.

(ii) Recoverability of deferred tax assets ("DTA")

Stockland has recognised DTA relating to carried forward losses and deductible temporary differences to the extent these are expected to be realised in future periods and to the extent there are sufficient taxable temporary differences (deferred tax liabilities("DTL")) against which the unused tax losses can be utilised.

An assessment of the recoverability of the resulting net DTA has been made to determine if the carrying value of the net DTA should be reduced. The assessment for the period has determined that a tax benefit of \$91.8 million (2011: \$Nil) is not considered to be recoverable with sufficient certainty and accordingly has not been recognised. The DTA not recognised during the period relates to the write down of inventory in Australia. The remaining net DTA of \$38.1 million (June 2012: N/A as net DTL) is deemed to be recoverable.

At each reporting period, the recovery of the net DTA will be reassessed. Depending on the outcome, this may lead to the partial or full recognition of this \$91.8 million unrecognised tax benefit in future reporting periods.

Condensed Notes to the Consolidated Interim Financial Statements For the half year ended 31 December 2012

2 Critical accounting estimates and judgements (continued)

(iii) Change in accounting estimate for capitalised interest

Inventories are expensed within "Cost of property developments sold" upon sale. Management uses its judgement in determining the apportionment of cost of property development sales through percentage of revenue and the quantum of total cost of property development sales, which includes both costs incurred to date and forecast final costs.

Forecast final costs include project wide costs such as infrastructure, capitalised interest and other rates and taxes. The capitalised interest allocation methodology changed effective 1 July 2012 to now allocate a share of incurred and future interest for each lot sold, rather than a share of incurred interest to date. This change in estimate has resulted in an increase in cost of property development sales recognised during the period of \$16.6 million. This change in estimate is deemed a more reasonable and appropriate method to allocate costs across projects, and leads to interest spread more evenly over the life of the project.

3 Operating segments

The Stockland Consolidated Group has four reportable segments, as listed below.

- Residential delivers a range of master planned and mixed use residential communities in growth areas and apartment developments;
- Retirement Living designs, develops and manages communities for retirees and also operates Aged Care facilities:
- Commercial Property invests in, develops and manages retail, office and industrial properties; and
- UK develops and manages retail, office and mixed use properties.

Other includes Responsible Entity fees relating to property asset management and dividends/distributions from strategic investments. None of these segments meet any of the quantitative thresholds for determining reporting segments for the current and comparative reporting periods.

Stockland determine and present operating segments based on the information that is internally provided to the Managing Director and the Executive Committee, whom are Stockland's chief operating decision makers.

Underlying Profit is the primary measure provided to the Managing Director and the Executive Committee in relation to the performance of the group. Segment Operating Profit, which excludes interest and tax, is the primary measure provided to the Managing Director and Executive Committee to assess segment performance.

The Stockland Trust Group has one reportable segment in which it operates, being Commercial Property. The reportable measure is Underlying Profit and all revenues are external, therefore no separate segment note has been prepared for the Stockland Trust Group.

Condensed Notes to the Consolidated Interim Financial Statements For the half year ended 31 December 2012

3 Operating segments (continued)

Stockland Consolidated Group 31 December 2012	Residential \$M	Retirement Living \$M	Commercial Property \$M	UK \$M	Other \$M	Elimination \$M	Consolidated \$M
External segment revenue	415.0	36.4 ³	337.7	2.8	-	•	791.9
Inter-segment revenue ²	-	-	-	-	4.4	(4.4)	-
Total segment revenue	415.0	36.4	337.7	2.8	4.4	(4.4)	791.9
Segment Operating Profit ¹	26.2	12.0^{4}	239.7	2.7	-	-	280.6
Interest income							3.8
Net borrowing costs							(34.3)
Unallocated corporate other income a	and expenses						(23.3)
Underlying Profit before tax benef	it						226.8
Income tax benefit on Underlying Pro	ofit						28.2
Underlying Profit after tax benefit							255.0
¹ Included within Segment Operating Pro Interest expense in cost of sales		-	-	(0.8)	-		(50.6)
Share of profits of investments accounted for using the equity method (excluding fair value gains/(losses))	0.1	-	20.1	0.2	-		20.4
Total share of profit on investments accounted for using the equity method	0.1	-	9.0	0.2	-	. <u>-</u>	9.3

31 December 2011	Residential \$M	Retirement Living ⁵ \$M	Commercial Property \$M	UK \$M	Other \$M	Elimination \$M	Consolidated \$M
External segment revenue	516.7	38.9^{3}	341.6	63.5	2.4	-	963.1
Inter-segment revenue ²	-	-	-	-	5.1	(5.1)	-
Total segment revenue	516.7	38.9	341.6	63.5	7.5	(5.1)	963.1
Segment Operating Profit ¹	91.8	10.9^4	257.7	16.8	2.4	-	379.6
Interest income							5.0
Net borrowing costs							(26.7)
Unallocated corporate other income a	nd expenses						(25.5)
Underlying Profit before tax benefi	t						332.4
Income tax benefit on Underlying Pro	ofit						9.9
Underlying Profit after tax benefit							342.3
¹ Included within Segment Operating Prof Interest expense in cost of sales	fit: (33.8)	-	-	(2.0)	-	-	(35.8)
Share of profits of investments accounted for using the equity method (excluding fair value gains/(losses))	0.6		35.6	7.0	-	_	43.2
Total share of profit on investments accounted for using the equity method	0.6	-	43.7	7.6	-	-	51.9

² Transactions between segments are completed on an arm's length basis.

³ Includes \$12.6 million (31 December 2011: \$11.8 million) of revenue from Aged Care properties.

⁴ Includes \$2.0 million (31 December 2011: \$1.9 million) of profit from Aged Care properties.

⁵ Retirement living segment result for 31 December 2011 has been restated due to the change in accounting. Refer to note 18(d) for details of the change.

Condensed Notes to the Consolidated Interim Financial Statements For the half year ended 31 December 2012

3 Operating segments (continued)

Reconciliation of Underlying Profit to statutory profit

Underlying Profit is determined following the principles of AICD/Finsia for reporting Underlying Profit having regard to the guidance from ASIC's RG 230 and in accordance with AASB 8 *Operating Segments*. These principles include providing clear reconciliation between statutory profit and Underlying Profit in the Directors' Report and Financial Report, including both positive and negative adjustments, maintaining consistency between reporting periods, and taking into consideration property industry practices.

The following table is shown gross of tax.		Stockland Consolidated Group		Stockland Trust Group		
				31 December		
		2012	2011^{1}	2012	2011	
	Notes	\$M	\$M	\$M	\$M	
Underlying Profit before tax		226.8	332.4	316.4	339.9	
Income tax benefit		28.2	9.9	-	-	
Underlying Profit		255.0	342.3	316.4	339.9	
Certain significant items:						
Non-cash adjustment to inventories and development profits						
Net provision for write-down of inventories – Australia		(306.0)	-	-	-	
Net provision for write-down of inventories – UK		(12.3)	-	-	-	
Non-cash adjustment to cost of sales ²		-	1.9	-	-	
·		(318.3)	1.9	-	-	
Fair value unrealised adjustment of investment properties						
Net gain from fair value adjustment of investment properties –						
Commercial Property		45.6	65.6	25.6	66.5	
Share of net (loss)/gain from fair value adjustment of investment						
properties in associates and joint ventures		(11.1)	8.7	(11.1)	8.1	
DMF base fees earned, unrealised ³	18(g)	0.5	4.9	-	-	
Net loss from fair value adjustment of investment properties – Retirement						
Living operating villages and villages under development ⁴	18(g)	(106.9)	(22.3)	-	-	
Retirement Living resident obligations fair value movement ⁴	18(g)	45.5	26.6	-	-	
		(26.4)	83.5	14.5	74.6	
Fair value adjustment of other financial assets, impairment and net						
(loss)/ gain on sale of other non-current assets						
Net unrealised loss from fair value adjustment of other financial assets		(43.6)	(38.0)	-	-	
Net realised (loss)/gain on sale of other non-current assets		(4.9)	15.9	(4.9)	13.9	
		(48.5)	(22.1)	(4.9)	13.9	
Fair value adjustment of financial instruments and foreign exchange movements						
Net loss on foreign exchange and fair value movement of financial						
instruments that do not qualify as effective under hedge accounting rules	5	(33.7)	(80.3)	(33.6)	(81.8)	
Net loss from hedged items and financial instruments treated as fair value		, ,		, ,		
hedges	5	(0.3)	(2.1)	(0.3)	(2.1)	
Net foreign exchange loss transferred from the foreign currency						
translation reserve	5	-	(15.6)	-	-	
		(34.0)	(98.0)	(33.9)	(83.9)	
Income tax benefit on significant items ⁵		25.1	_			
		25.1	-	-	-	
Total net significant items		$\frac{25.1}{(402.1)}$	(34.7)	(24.3)	4.6	

¹ Stockland Consolidated Group: The basis of determining Underlying Profit for the Retirement Living business has been amended from previous periods to be more closely aligned to realised cash profits. As a result, the 31 December 2011 comparative Underlying Profit has been restated from \$350.8 million to \$342.3 million. Refer to Note 18(d). Stockland Trust Group: N/A.

² Stockland Consolidated Group: A proportion of the profit on sale of property development sold during the previous half year has been eliminated from Underlying Profit, given this profit from the development benefited from the carrying value of the property being held at depreciated cost prior to the commencement of the development. Stockland Trust Group: N/A.

³ Stockland Consolidated Group: Deferred management fees ("DMF") are recognised in Underlying Profit only if they have been realised in cash. Previously, DMF were recognised in Underlying Profit on an accruals basis. The 31 December 2011 impact of this change reduced Underlying Profit (after tax) by \$12.0 million. Stockland Trust Group: N/A.

⁴ Stockland Consolidated Group: Only fair value gains and losses on Retirement Living investment properties relating to the "development profit" (defined in Note 18(a)) are recognised in Underlying Profit. Previously, fair value movements recognised in Underlying Profit included all development revaluations. The 31 December 2011 impact of this change increased Underlying Profit (after tax) by \$3.5 million. Stockland Trust Group: N/A.

⁵ An income tax benefit of \$91.8m has not been recognised relating to the write down of inventory in the six months ended 31 December 2012, as this benefit is not currently deemed to be recoverable. Refer to Note 2 Critical accounting estimates and judgements.

Condensed Notes to the Consolidated Interim Financial Statements For the half year ended 31 December 2012

4 Business combinations and disposals

There have been no business combinations or disposals for the Stockland Consolidated Group or Stockland Trust Group during the current or previous half year.

	Stockland Consolidated Group Half year ended		Stockl Trust G	Froup
	2012	2011	Half year ended 2012 2011	
	2012 \$M	\$M	\$M	\$M
Finance income and expense				
Interest income from related parties	-	-	170.8	175.9
Interest income from other parties	3.8	5.0	0.8	2.6
Finance income	3.8	5.0	171.6	178.5
Interest expense relating to interest-bearing financial				
iabilities ¹	107.2	103.6	106.8	103.6
Interest paid or payable on other financial liabilities at amortised cost	3.0	5.6	_	-
Less interest capitalised to property developments in				
nventories	(63.8)	(69.9)	-	-
Less interest capitalised to investment properties	(12.1)	(12.6)	(6.7)	(1.3
Net borrowing costs	34.3	26.7	100.1	102.3
Net loss on fair value movement of hedged items and				
financial instruments treated as fair value hedges ²	0.3	2.1	0.3	2.1
Net loss on fair value and foreign exchange movement of				
financial instruments that do not qualify as effective under	22.5	00.2	22.6	01.6
hedge accounting rules ^{3,4}	33.7	80.3	33.6	81.8
Net foreign exchange loss transferred from the foreign		15.6		
currency translation reserve	68.3	124.7	134.0	186.2
Finance expense	00.3	124.1	134.0	100.2

Stockland Consolidated Group and Stockland Trust Group: Of this amount, \$67.0 million (2011: \$70.2 million) relates to interest bearing financial liabilities at amortised cost.

² Stockland Consolidated Group and Stockland Trust Group: The net loss from hedged items and financial instruments treated as fair value hedges includes a loss arising on the fair value movement of the interest-bearing liabilities of \$13.5 million (2011: gain of \$70.7 million) and a gain arising on the fair value movement of the derivatives of \$13.2 million (2011: loss of \$72.8 million).

³ Stockland Consolidated Group: The net loss on fair value movement of financial instruments that do not qualify for hedge accounting is \$60.0 million (2011: loss of \$33.0 million) and the net foreign exchange gain from financial instruments that do not qualify for hedge accounting is \$26.3 million (2011: loss of \$47.3 million).

Stockland Trust Group: The net loss on fair value movement of financial instruments that do not qualify for hedge accounting is \$59.9 million (2011: loss of \$30.7 million) and the net foreign exchange loss for financial instruments that do not qualify for hedge accounting of \$26.3 million (2011: loss of \$51.1 million).

⁴ Stockland Consolidated Group: During the period financial instruments were realised at a cash cost of \$10.2 million (2011: \$11.9 million income). As fair value losses of \$12.5 million had previously been recognised in the income statement, a gain of \$2.3 million was recognised for the current period (2011: \$0.1 million gain). The remaining \$36.0 million (2011: \$80.4 million) is unrealised.

Stockland Trust Group: During the period financial instruments were realised at a cash cost of \$10.2 million (2011: \$Nil). As fair value losses of \$12.5 million had previously been recognised in the income statement, a gain of \$2.3 million was recognised for the current period (2011: \$Nil). The remaining \$35.9 million (2011: \$81.8 million) is unrealised.

Condensed Notes to the Consolidated Interim Financial Statements For the half year ended 31 December 2012

6 Earnings per security/unit

	Stock	Stockland		
	Consolidat	_	Trust Group Half year ended	
	Half year	r ended		
	2012	2011	2012	2011
	Cents	Cents	Cents	Cents
Basic earnings per security/unit	(6.7)	13.1	13.3	14.6
Diluted earnings per security/unit	(6.7)	12.9	13.3	14.5
Basic Underlying earnings per security/unit	11.6	14.5 ¹	14.4	14.4
Diluted Underlying earnings per security/unit	11.6	14.4 ¹	14.4	14.3

¹ Restated for the changes to Underlying Profit as disclosed on page 2 and Note 18(d).

Basic earnings per security/unit is calculated by dividing profit by the weighted average number of ordinary securities/units outstanding during the half year.

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

(a) Reconciliation of earnings used in calculating earnings per security/unit

Basic and diluted earnings¹

(Loss)/Profit for the half year attributable to securityholders/unitholders	(147.1)	307.6	292.1	344.5
Basic and diluted Underlying earnings ¹				
Underlying Profit ²	255.0	342.3^{3}	316.4	339.9

For the current and previous half year, there was no dilution impact of interest expense related to share-based payments on earnings and Underlying earnings.

(b) Weighted average number of securities/units used as the denominator

		Stockland Consolidated Group and Stockland Trust Group		
	31 December 2012	31 December 2011		
Weighted average number of securities/units (basic) Weighted average number of securities/units for the period ended	2,202,899,903	2,353,717,938		
Weighted average number of securities/units (diluted)	2,202,000,000	2,555,717,550		
Weighted average number of securities/units (basic) for the period ended Effect of rights and securities/units granted under share plans Weighted average number of securities/units (diluted) for the period ended	2,202,899,903 188,312 2,203,088,215	2,353,717,938 27,283,084 2,381,001,022		

The weighted average number of securities/units has been impacted by the on-market buyback undertaken during the previous and current half year.

The decrease in dilutive securities/units has been driven by the Stockland Consolidated Group not meeting hurdles for contingently issuable share-based payment rights.

Underlying Profit is a non-IFRS measure that is determined to present, in the opinion of the Directors, the ongoing operating activities of Stockland in a way that appropriately reflects its underlying performance. Refer to the Directors' Report for further information.

³ Restated for the changes to Underlying Profit as disclosed on page 2 and Note 18(d).

Stockland **Condensed Notes to the Consolidated Interim Financial Statements** For the half year ended 31 December 2012

		Current Inventories		Non-current	Inventorie
		31 December	30 June	31 December	30 June
		2012	2012	2012	2012
		\$M	\$M	\$M	\$M
In	ventories				
In	ventories				
St	ockland Consolidated Group				
Fi	nished development stock held for sale ^{1,4,5}				
-	cost of acquisition	108.2	102.7	-	11.3
-	development and other costs ²	246.2	263.7	-	9.7
-	interest capitalised ³	61.2	40.5	-	6.3
-	impairment provision	(57.1)	(25.0)	-	(8.7
		358.5	381.9	-	18.6
	evelopment work in progress ¹				
Re	sidential Communities under development	200 =	177.0	4.450.4	1 1 60 7
-	cost of acquisition	200.7	175.2	1,159.1	1,168.6
-	development and other costs ²	130.2	164.4	431.3	326.7
-	interest capitalised ³	68.4	63.8	408.2	392.8
-	impairment provision	(49.8)	(34.1)	(426.2)	(182.4
Α		349.5	369.3	1,572.4	1,705.7
Ap	partments	65.4	46.1		20.0
-	cost of acquisition	67.4	46.1	-	20.2
-	development and other costs ²	38.2	26.5 7.7	-	12.3
-	interest capitalised ³	9.8		-	2.8
-	impairment provision	(60.1) 55.3	(40.1) 40.2	<u> </u>	(13.2
Re	tail projects ⁴	33.3	40.2	<u> </u>	22.1
_	cost of acquisition	100.7	99.0	_	_
_	development and other costs ²	8.4	7.6	0.5	0.5
_	interest capitalised ³	-	_	_	_
-	impairment provision	(67.7)	(58.9)		
		41.4	47.7	0.5	0.5
Of	fice and Industrial projects ⁴				
-	cost of acquisition	34.7	57.7	-	31.3
-	development and other costs ²	3.5	18.1	-	16.9
-	interest capitalised ³	2.7	5.7	-	2.9
-	impairment provision	(17.2)	(13.4)	-	
		23.7	68.1	-	51.1
		828.4	907.2	1,572.9	1,798.0

¹ Inventories are held at the lower of cost and net realisable value.

² Other costs include rates and taxes.

³ Finance costs were capitalised at interest rates within the range of 5.9% to 6.4% during the half year ended 31 December 2012 (year ended 30 June 2012: 6.0% to 6.4%).

⁴ Included in current inventories are net Stockland UK assets as follows: \$6.9 million (30 June 2012: \$7.7 million) of Finished development stock held for sale, \$41.4 million (30 June 2012: \$47.7 million) of Retail projects and \$23.7 million (30 June 2012: \$26.9 million) of Office and Industrial projects.

office and industrial projects.

5 Included within current finished development stock held for sale are net Apartments of \$34.3 million (30 June 2012: \$42.5 million).

Condensed Notes to the Consolidated Interim Financial Statements For the half year ended 31 December 2012

7 Inventories (continued)

(b) Impairment Provisions

Stockland Consolidated Group

		Residential		
	UK	Apartments	Communities	Total
	M	\$M	\$M	\$M
Current				
Balance as at 1 July 2012	76.8	45.5	50.4	172.7
Amounts utilised	-	(1.1)	(16.1)	(17.2)
Transferred from Non-current	-	13.2	-	13.2
Additional provisions created	12.3	10.0	60.9	83.2
Balance as at 31 December 2012	89.1	67.6	95.2	251.9
Non-current				
Balance as at 1 July 2012	-	13.2	191.1	204.3
Transferred to Current	-	(13.2)	-	(13.2)
Additional provisions created	-	-	235.1	235.1
Balance as at 31 December 2012	-	-	426.2	426.2

		Stockland Consolidated Group		Stockl Trust G	
		31 December 2012 \$M	30 June 2012 \$M	31 December 2012 \$M	30 June 2012 \$M
8	Non-current assets held for sale				
	Undeveloped Retirement Living sites ¹ 175-181 Castlereagh Street, Sydney NSW ^{1,2} 9 Castlereagh Street, Sydney NSW ¹	5.3 52.8 168.5	3.1	52.8 168.5	- - -
	Stockland Bay Village, Bateau Bay NSW ³ 255-267 St Georges Terrace, Perth WA ³	-	164.5 26.9	-	164.5 26.9
		226.6	194.5	221.3	191.4

¹ These properties are presented as held for sale in view of the intention of management to sell these properties during the twelve months ending 31 December 2013. All properties have been reclassified from investment property.

This property was exchanged on 20 December 2012.

These properties were sold during the period.

Stockland Condensed Notes to the Consolidated Interim Financial Statements For the half year ended 31 December 2012

		Stockland Consolidated Group		Stockl Trust G	Group	
		31 December 2012 \$M	30 June 2012 \$M	31 December 2012 \$M	30 June 2012 \$M	
9	Investment properties					
(a)	Commercial properties					
	Retail Office Industrial	5,218.7 1,610.3 827.8	4,746.0 1,920.4 831.4	5,176.4 1,614.5 827.8	4,715.4 1,924.6 831.4	
	Capital works in progress and sundry properties	157.0	365.7	99.4	283.3	
		7,813.8	7,863.5	7,718.1	7,754.7	
	Less amounts classified as:					
	 Property, plant and equipment Other assets (including lease incentives and lease fees) Other assets (including lease incentives and lease fees) attributable to investments accounted for using the 	(93.8) (159.7)	(94.5) (142.1)	(164.1)	(147.2)	
	equity method - Other receivables (straight-lining of operating lease	(16.9)	(18.2)	(15.9)	(17.3)	
	rental income) - Other receivables (straight-lining of operating lease rental income) attributable to investments accounted for		(34.2)	(41.1)	(38.1)	
	using the equity method	(11.9)	(11.0)	(11.6)	(10.7)	
	Total investment properties (including share of investment property held by associates and joint ventures)	7,494.4	7,563.5	7,485.4	7,541.4	
	Less: Stockland's share of investment properties held by					
	associates and joint venture entities	(537.1)	(542.9)	(521.9)	(528.2)	
	Investment property reconciliation	6,957.3	7,020.6	6,963.5	7,013.2	
	Direct investments and controlled entities					
	Carrying amount at the beginning of the financial period	7,020.6	6,890.9	7,013.2	6,924.1	
	Acquisitions	5.1	38.7	5.1	38.7	
	Expenditure capitalised	172.5	465.7	200.5	424.3	
	Transfers to assets classified as held for sale, net	(286.5)	(416.9)	(280.9)	(416.9)	
	Net gain from fair value adjustment of investment properties	45.6	42.2	25.6	43.0	
	Carrying amount at the end of the financial period	6,957.3	7,020.6	6,963.5	7,013.2	

9 Investment properties (continued)

(a) Commercial properties (continued)

Description	Independent valuation date	Independent valuation \$M	Independent Cap rate %	Book value 31 Dec 2012 ¹ \$M	Book value 30 June 2012 ¹ \$M
Retail		·		·	
Stockland Shellharbour, Shellharbour NSW ²	Dec 2009	265.0	7.00	599.1	414.3
Stockland Wetherill Park, Western Sydney NSW	Dec 2011	358.0	6.75	361.0	359.6
Stockland Merrylands, Western Sydney NSW	Dec 2012	473.7	6.25	473.7	350.9
Stockland Rockhampton, Rockhampton QLD	Dec 2012	365.0	6.50	365.0	347.9
Stockland Townsville, Townsville QLD ²	Jun 2010	200.0	7.75	373.3	287.1
Stockland Green Hills, East Maitland NSW	Jun 2012	271.0	6.75	274.2	271.0
Stockland Glendale, Newcastle NSW	Jun 2012	255.0	6.75	258.1	255.0
Stockland Cairns, Cairns QLD	Dec 2011	215.0	6.75	218.7	216.6
Stockland Point Cook, Point Cook VIC	Jun 2012	183.5	7.25	185.5	183.5
Stockland Burleigh Heads, Burleigh Heads QLD	Dec 2011	145.0	7.75	147.2	146.3
Stockland The Pines, Doncaster East VIC	Dec 2012	138.5	7.50	138.5	146.3
Stockland Forster, Forster NSW	Dec 2011	132.0	7.50	132.8	132.0
Stockland Jesmond, Newcastle NSW	Dec 2012	122.5	7.88	122.5	121.4
Stockland Wendouree, Wendouree VIC	Jun 2012	114.0	7.50	114.3	114.0
Stockland Balgowlah, Balgowlah NSW	Dec 2012	115.0	7.25	115.0	112.7
Stockland Baulkham Hills, Baulkham Hills NSW	Jun 2012	108.0	7.50	108.8	108.0
Stockland Caloundra, Caloundra QLD	Jun 2012	103.0	7.50-7.75	104.1	103.0
Stockland Gladstone, Gladstone QLD	Dec 2012	118.0	7.50	118.0	101.1
Stockland Nowra, Nowra NSW	Dec 2012	88.0	7.75	88.0	85.7
Stockland Cleveland, Cleveland QLD	Dec 2012	86.0	7.50	86.0	82.0
Stockland Bull Creek, Bull Creek WA	Dec 2011	81.0	7.75	82.1	81.9
Stockland Traralgon, Traralgon VIC	Jun 2012	79.0	7.75	79.4	79.0
Stockland Bathurst, Bathurst NSW	Dec 2011	76.0	8.00	77.1	76.8
Stockland Hervey Bay, Hervey Bay QLD	Jun 2012	63.7	7.50	63.9	63.7
Stockland Corrimal, Corrimal NSW	Dec 2012	61.1	8.00	61.1	59.6
Stockland Riverton, Riverton WA (50%) ³	Dec 2011	55.0	7.50	55.6	55.6
Stockland Wallsend, Wallsend NSW	Jun 2012	52.5	8.25	52.9	52.5
Stockland Tooronga, Tooronga VIC	Dec 2012	50.1	7.25	50.1	49.7
Shellharbour Retail Park, Shellharbour NSW	Dec 2011	46.1	8.25	46.5	46.5
Stockland Baldivis, Baldivis WA	Jun 2011	45.4	7.50	45.5	45.5
Stockland Townsville Kmart, Townsville QLD	Dec 2011	36.6	8.25	38.9	38.8
Stockland Cammeray, Cammeray NSW	Dec 2012	32.0	7.50	32.0	31.0
Stockland Highlands, Cragieburn VIC ^{4,5}	Jun 2012	25.2	8.00	25.5	25.2
North Shore Townsville, Townsville QLD	Jun 2011	19.0	7.50	19.7	19.7
Stockland Jimboomba Village Shopping Centre,					
Jimboomba QLD (50%)	Jun 2011	15.9	8.75	16.3	16.1
Stockland Harrisdale, WA ^{2, 4}	-	-	-	16.8	-
Stockland Burleigh Central, Burleigh Heads QLD	Dec 2011	15.5	9.25	15.7	15.7
Woolworths Toowong, Toowong QLD ⁵	Dec 2010	13.3	-	13.7	13.6
Adelaide Street Plaza, Fremantle WA	Jun 2012	11.3	9.75	11.4	11.3
Stockland Vincentia Shopping Centre, Vincentia NSW	Jun 2012	10.7	10.00	10.7	10.7
Stockland Merrylands Court, Merrylands NSW	Dec 2011	9.1	9.00	9.3	9.1
Townsville Kingsvale & Sunvale, Townsville QLD	Jun 2011	5.5	n/a	5.5	5.6
Hervey Bay Central Square, Hervey Bay, QLD	Aug 2012	5.1	9.00	5.2	-
Total Retail				5,218.7	4,746.0

Book value includes capital expenditure incurred and amortisation since latest independent valuation.

² Capital works are in progress. Fair value as at 31 December 2012 has been assessed by the Directors after consideration of the latest valuation and capital works incurred to 31 December 2012. An independent valuation of the property will be undertaken upon completion of the works.

Property held by associates and joint venture entities.

⁴ This property is not held by Stockland Trust.

⁵ This property is valued as land.

9 Investment properties (continued)

(a) Commercial properties (continued)

Description	Independent valuation date	Independent valuation \$M	Independent Cap rate %	Book value 31 Dec 2012 ¹ \$M	Book value 30 June 2012 ¹ \$M
Office					
133-145 Castlereagh Street, Sydney NSW ^{2, 3, 4}	Dec 2011	361.0	7.25-8.25	359.6	359.8
Waterfront Place, Eagle Street, Brisbane QLD (50%) ⁵	Jun 2012	245.0	7.50	249.7	245.0
Triniti Business Campus, North Ryde NSW	Dec 2011	169.5	7.50	167.5	168.8
Durack Centre, 263 Adelaide Terrace, Perth WA ³	Dec 2011	150.7	8.50-9.00	149.7	150.5
135 King Street, Sydney NSW (50%) ^{2, 5}	Dec 2012	137.5	6.90-7.30	128.0	139.4
Optus Centre, Macquarie Park NSW (31%) ⁵	Dec 2012	116.3	7.50	116.3	116.3
78 Waterloo Road, Macquarie Park NSW	Dec 2012	71.0	7.75	71.0	71.1
60-66 Waterloo Road, Macquarie Park NSW	Dec 2012	65.8	8.50-9.25	65.8	68.6
601 Pacific Highway, St Leonards NSW	Dec 2011	66.3	8.50	66.8	66.9
77 Pacific Highway, North Sydney NSW	Dec 2011	55.5	8.25	55.5	55.7
Garden Square, Mt Gravatt QLD	Dec 2012	37.5	9.38	37.5	38.4
Macquarie Technology Centre, Macquarie Park NSW	Dec 2012	34.0	8.5-9.25	34.0	35.1
16 Giffnock Avenue, Macquarie Park NSW	Dec 2012	35.6	8.75	35.6	34.9
40 Cameron Avenue, Belconnen ACT ^{3, 6}	Jun 2012	23.0	10.17	23.1	23.0
110 Walker Street, North Sydney NSW	Dec 2012	24.4	8.75	24.4	22.7
80-88 Jephson Street, Toowong QLD	Dec 2011	18.2	9.00	18.6	18.5
23 High St, Toowong QLD	Dec 2011	3.9	8.25	3.9	3.9
27-29 High Street, Toowong QLD	Dec 2011	3.3	8.50	3.3	3.3
9 Castlereagh Street, Sydney NSW ⁸	Dec 2012	168.5	7.25	-	172.3
45 St Georges Terrace, Perth WA ⁷	Jun 2011	54.8	8.75	-	55.2
175-181 Castlereagh Street, Sydney NSW ⁸	Jun 2012	50.5	9.00	-	50.5
118-120 Pacific Highway, St Leonards NSW ⁷	Dec 2010	20.0	9.00		20.5
Total Office				1,610.3	1,920.4

Book value includes capital expenditure incurred and amortisation since latest independent valuation.

This property was transferred to Non-Current Assets Held for Sale during the period.

Description	Independent valuation	Independent valuation	Independent Cap rate	Book value 31 Dec 2012 ¹	Book value 30 June 2012 ¹
	date	\$M	%	\$M	\$M
Industrial					
Yennora Distribution Centre, Yennora NSW	Jun 2012	343.0	8.00	344.1	343.0
Port Adelaide Distribution Centre, Port Adelaide SA	Dec 2010	82.4	9.50	83.3	83.3
Brooklyn Estate, Brooklyn VIC	Dec 2012	79.7	9.25	79.7	82.8
Hendra Distribution Centre, Brisbane QLD	Dec 2012	81.5	9.25	81.5	81.8
9-11a Ferndell Street, Granville NSW	Dec 2012	42.2	9.25-10.00	42.2	42.1
1090-1124 Centre Road, Oakleigh VIC	Dec 2012	31.8	9.25	31.8	33.6
20-50 Fillo Drive & 10 Stubb Street, Somerton VIC	Dec 2011	33.0	9.25	32.5	32.8
Altona Distribution Centre, Altona VIC	Dec 2011	26.2	9.25	26.8	26.5
11-25 Toll Drive, Altona North VIC	Dec 2012	16.4	8.25	16.4	17.3
2 Davis Road, Wetherill Park NSW	Dec 2011	16.0	9.25	16.0	16.0
32-54 Toll Drive, Altona VIC	Dec 2012	15.4	8.25	15.4	15.8
76-82 Fillo Drive, Somerton VIC	Dec 2011	13.9	9.00	13.9	13.9
56-60 Toll Drive, Altona North VIC	Dec 2012	15.4	8.50	15.4	13.7
Export Park, 9-13 Viola Place, Brisbane Airport QLD ²	Dec 2011	12.6	9.00	12.6	12.6
M1 Yatala Enterprise Park, Yatala QLD	Dec 2011	8.5	n/a	8.5	8.5
40 Scanlon Drive, Epping VIC	Jun 2011	7.7	8.75	7.7	7.7
Total Industrial			·	827.8	831.4

Book value includes capital expenditure incurred and amortisation since latest independent valuation.

² Includes Retail.

This property is a leasehold property.

⁴ \$4.2 million (June 2012: \$4.2 million) of this property is not held by the Stockland Consolidated Group.

Property held by associates and joint venture entities.

⁶ Capital works are in progress.

⁷ This property was sold during the period.

This property is a leasehold property.

Condensed Notes to the Consolidated Interim Financial Statements For the half year ended 31 December 2012

9 Investment properties (continued)

(b) Fair values

Directors' valuations are undertaken every reporting period. External valuations are performed at the earlier of every three years or if the Directors' valuation results in a revaluation movement of 5% or greater either way. Directors' valuations have been undertaken as at 31 December 2012 for all properties (including properties classified as Non-current assets held for sale) when determining fair value using the assumptions below. The best evidence of fair value is current prices in an active market for similar investment properties. Where such information is not available, Stockland determines a property's value within a range of reasonable fair value estimates. In making its judgement, Stockland considers information from a variety of sources including:

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different leases or other contracts), adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices;
- (iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the term of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of cash flows; and
- (iv) capitalised income projections based upon a property's estimated net market income, which is assumed to
 be a level annuity in perpetuity, and a capitalisation rate derived from analysis of market evidence.
 Reversions associated with short-term leasing risks/costs, incentives and capital expenditure may be
 deducted from the capitalised net income figure.

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 and actual transactions by Stockland 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 key assumptions that have been used for each period are as follows:

	Retail		Office		Industrial	
	31 December 2012	30 June 2012	31 December 2012	30 June 2012	31 December 2012	30 June 2012
Weighted average capitalisation rates Lease vacancy rates Weighted average lease expiry	7.0% 0.6% 6.1 years	7.1% 0.6% 5.9 years	7.9% 3.7% 4.6 years	7.9% 5.5% 4.1 years	8.7% 6.7% 2.8 years	8.7% 2.7% 2.7 years

Investment property assets under development

In determining the fair value of investment property assets under development, consideration is given to:

- percentage completion of the development;
- future anticipated net rental income;
- risks associated with the forecast completion of the asset;
- forecast cost of the development; and
- current market evidence for similar assets.

Stockland Condensed Notes to the Consolidated Interim Financial Statements For the half year ended 31 December 2012

			Stockland Consolidated Group		Stockl Trust G		
			31 December	30 June	31 December	30 June	
			2012	2012	2012	2012	
		Notes	\$M	\$M	\$M	\$M	
10	Investments accounted for using	g the equi	ty method				
	Investments in associates	19	109.2	108.4	116.2	115.4	
	Interests in joint venture entities	20	493.5	500.5	440.5	447.8	
	•	-	602.7	608.9	556.7	563.2	
11	Other financial assets						
	Investments in other entities at fair v	alue throug	h Statement of	Comprehen	sive Income		
	Units in unlisted entities		25.4	25.2	25.0	24.8	
	Securities in listed entities	. -	52.0	65.9	-	-	
		-	77.4	91.1	25.0	24.8	
12	Interest-bearing loans and born	owings					
	(a) Current						
	Unsecured						
	Domestic medium term notes		75.4	75.4	75.4	75.4	
	Foreign medium term notes ¹		135.6	69.1	135.6	69.1	
	Commercial Paper		54.6	-	54.6	-	
	Bank facilities	12(c)	23.0	-	23.0	-	
		•	288.6	144.5	288.6	144.5	
	(b) Non-current						
	Unsecured						
	Domestic medium term notes		607.1	606.6	607.1	606.6	
	Foreign medium term notes ¹		1,553.6	1,581.5	1,553.6	1,581.5	
	Bank facilities	12(c)	560.0	535.0	560.0	535.0	
		<u>-</u>	2,720.7	2,723.1	2,720.7	2,723.1	

¹ The above movement in foreign medium term notes is due to the change in fair value recorded in accordance with effective hedge accounting under AASB 139 "Financial Instruments: Recognition and Measurement" ("AASB 139") as well as the repayment and issue of certain foreign medium term notes during the financial year. Refer to Note 12(c) below on foreign medium term notes for further detail.

Condensed Notes to the Consolidated Interim Financial Statements For the half year ended 31 December 2012

12 Interest-bearing loans and borrowings (continued)

(c) Financing arrangements

Stockland Consolidated Group and Stockland Trust Group

Bank facilities

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

Facility	limit			Utilis	sed
31 December	30 June			31 December	30 June
2012	2012			2012	2012
\$M	\$M	Security	Maturity date	\$M	\$M
-	120.0	Unsecured	August 2012	-	-
-	450.0	Unsecured	September 2012	-	-
-	25.0	Unsecured	November 2012	-	-
120.0	-	Unsecured	August 2013	23.0	-
200.0	-	Unsecured	September 2013	-	-
100.0	-	Unsecured	November 2013	-	-
100.0	-	Unsecured	December 2013	-	-
-	175.0	Unsecured	November 2014	-	125.0
100.0	100.0	Unsecured	November 2015	60.0	100.0
175.0	175.0	Unsecured	December 2015	175.0	175.0
150.0	150.0	Unsecured	February 2017	150.0	135.0
175.0	-	Unsecured	November 2017	175.0	-
$1,120.0^1$	1,195.0 ¹	_		583.0	535.0

¹ Excludes bank guarantee facility of \$300.0 million (30 June 2012: \$300.0 million), of which \$211.0 million (30 June 2012: \$292.3 million) has been utilised.

Domestic medium term notes

There have been no changes to the domestic medium term notes during the half year.

Foreign medium term notes

US private placement

During the half year, Stockland repaid USD 70.0 million (AUD 97.2 million) of its notes that were issued in the US private placement market that matured in July and October 2012. In addition, during the half year, Stockland issued USD 40.5 million (AUD 40.4 million) and AUD 65.0 million of 10 year notes and USD 50.0 million (AUD 49.9 million) of 12 year notes in the US private placement market. The principal and interest of the foreign denominated notes have been swapped back to Australian dollars through Cross Currency Interest Rate Swaps ("CCIRS").

		Stockl Consolidate		Stockl Trust G		
	3	31 December	30 June	31 December	30 June	
		2012	2012	2012	2012	
	Note	\$M	\$M	\$M	\$M	
13 Other liabilities						
(a) Current						
Dividends and distributions payable	15	264.3	264.4	264.3	264.4	
Rents in advance		14.0	14.7	13.8	14.7	
Derivative liabilities		249.6	30.6	254.2	35.0	
Other liabilities		40.1	32.6	23.0	10.0	
		568.0	342.3	555.3	324.1	
(b) Non-current						
Derivative liabilities		607.1	779.0	607.1	779.0	
		607.1	779.0	607.1	779.0	

14 Issued capital

		Stockland Consolidated Group and Stockland Trust Group		Stockland Consolidated Group		Stockland Trust Group	
	31 December 2012 Number of securities/units	30 June 2012 Number of securities/units	31 December 2012 \$M	30 June 2012 \$M	31 December 2012 \$M	30 June 2012 \$M	
(a) Ordinary securities/ Issued and fully paid		2,203,547,228	·	7,962.5	7,177.0	7,179.8	
(b) Other equity securities/units Treasury shares (382,113) - (1.4) - (1.3)						-	
Total Issued Capital	2,202,275,850	2,203,547,228	7,958.3	7,962.5	7,175.7	7,179.8	

(a) Ordinary securities/ units

The following table provides details of movements in the Stockland Consolidated Group's issued securities and the Stockland Trust Group's issued units.

Movement of issued and fully paid securities/units

		Stockland Consolidated		
		Group and	Stockland	
		Stockland Trust Group		Stockland
Details	Note	Number of securities/units	Group \$M	Trust Group \$M
Opening balance as at 1 July 2011		2,381,564,384	8,504.6	7,700.3
Issued securities/units which have either matured, been sold or forfeited and sold under share plans		1,472,333	4.5	4.2
Securities/units bought back as part of the on- market buyback and cancelled	a(ii)	(179,489,489)	(545.3)	(523.5)
Less: transaction costs from on-market buyback	a(ii)	-	(1.3)	(1.2)
Balance as at 1 July 2012		2,203,547,228	7,962.5	7,179.8
Issued securities/units which have either matured, been sold or forfeited and sold under share plans	('' <u>)</u>	-	-	
Securities/units bought back as part of the on- market buyback and cancelled	a(ii)	(889,265)	(2.8)	(2.8)
Less: transaction costs from on-market buyback	a(ii)	-	-	
Balance as at 31 December 2012		2,202,657,963	7,959.7	7,177.0

(i) Par value

Ordinary shares have no par value and Stockland does not have a limited amount of authorised share capital.

Condensed Notes to the Consolidated Interim Financial Statements For the half year ended 31 December 2012

14 Issued capital (continued)

(a) Ordinary securities/ units (continued)

(ii) On-market buyback

On 19 August 2011, Stockland announced that it would undertake an on-market buyback of up to 5% of its issued capital. Stockland however, reserved the right to increase the buyback to up to 10% of its issued capital, to be funded by its ongoing asset sale program and the deferral of some uncommitted development expenditure. On 14 March 2012, Stockland announced that it would extend the on-market buyback to 10%.

On 3 August 2012, Stockland announced that it would extend the duration of the on-market buyback beyond the initial 12 months.

Securities acquired through the buyback are purchased on-market at a price no more than 5% above their last five trading day average closing market price at the time.

During the half year 31 December 2012, 889,265 securities (0.04% of issued capital) were bought back at a total price of \$2.8 million for an average price of \$3.15. These securities have been cancelled.

As at 31 December 2012, 180,378,754 securities (8.19% of issued capital) had been bought back at a total price of \$548.1 million for an average price of \$3.04. These securities have been cancelled.

On 13 February 2013, Stockland announced that the on-market buyback would cease with immediate effect.

(iii) Terms and conditions of securities

As detailed in Note 1 of the Consolidated Annual Report for the year ended 30 June 2012, for so long as the Stockland Consolidated Group remains jointly quoted the number of shares in the Company and the number of units in the Trust shall be equal and the shareholders 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 security holder 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.

(b) Other equity securities/units

Movement of other equity securities/units

		Stockland Consolidated Group and Stockland Trust Group Number of	Stockland Consolidated Group	Stockland	
Details	Note	securities/units	\$M	Trust Group \$M	
Opening balance as at 1 July 2012		-	-	-	
Acquisition of securities/units by the Trust	(i)	(382,113)	(1.4)	(1.3)	
Issuance of securities/units on vesting	(i)	-	-	-	
Balance as at 31 December 2012		(382,113)	(1.4)	(1.3)	

(i) Treasury Shares

Treasury shares are securities/units in Stockland that are held by the Stockland Employee Securities Plan Trust for the purpose of issuing shares under the Deferred Short Term Incentive ("DSTI") scheme.

The securities/units are held on behalf of Executives and Senior Management eligible under the scheme until the end of the vesting period. During the vesting period, the Executives and Senior Management are entitled to the distributions and dividends.

Condensed Notes to the Consolidated Interim Financial Statements For the half year ended 31 December 2012

15 Dividends and distributions

Dividends and distributions recognised in the half year by the Stockland Consolidated Group and the Stockland Trust Group are detailed below.

Stockland Corporation Limited

There was no dividend from Stockland Corporation Limited during the current or previous half year.

Stockland Trust

	Cents per unit/share	Total amount \$M	Date of payment
31 December 2012 Interim distribution	12.0	264.3	28 February 2013
31 December 2011 Interim distribution	12.0	278.0	29 February 2012

The tax preferred % will be determined at year end.

All dividends/distributions were approved and declared prior to 31 December 2012 and 31 December 2011 respectively, and have been included in the Statement of Changes in Equity with no reconciling items. The final dividends and distributions for the six months to 30 June 2012 and 30 June 2011, which were recognised during the previous financial years and paid by the Company and Trust during the current period, are detailed below.

Stockland Corporation Limited

There was no final dividend from Stockland Corporation Limited during the current or previous financial year.

Stockland Trust

	Cents per unit/share	Total amount \$M	Date of payment	Tax preferred %
30 June 2012 Final distribution	12.0	264.4	31 August 2012	2.3
30 June 2011 Final distribution	11.9	283.6	31 August 2011	22.0

Condensed Notes to the Consolidated Interim Financial Statements For the half year ended 31 December 2012

Stock	land	Stockland Trust Group	
Consolidate	ed Group		
31 December	30 June	31 December	30 June
2012	2012	2012	2012
\$M	\$M	\$M	\$M

16 Commitments

Inventories commitments¹

Commitments for future development costs not recognised in the Financial Statements at balance date:

Within one year	144.5	197.8	-	-
Later than one year but not later than five years	-	14.8	-	-
	144.5	212.6	-	-

At balance sheet date, a number of "call options" for the future acquisition of land are held. These are not included in commitments as there is no obligation to exercise the option.

Capital expenditure commitments

Commitments for the acquisition and development of investment properties and capital expenditure not recognised in the Financial Statements at balance date:

Within one year	100.5	193.7	69.3	149.0
Later than one year but not later than five years	0.6	1.4	0.5	1.4
	101.1	195.1	69.8	150.4

Operating lease commitments

Commitments for the operating lease expenditure not recognised in the Financial Statements at balance date:

Within one year	4.0	4.7	-	-
Later than one year but not later than five years	8.6	10.3	-	-
Later than five years	-	0.1	-	-
	12.6	15.1	-	-

During the half year, \$2.5 million was recognised as an expense in the Stockland Consolidated Group's Statement of Comprehensive Income in respect of operating leases (twelve months ended 30 June 2012: \$6.1 million).

Non-cancellable operating lease receivable from investment property tenants

Non-cancellable operating lease receivable not recognised in the Financial Statements at balance date:

Within one year	506.1	505.4	513.1	510.1
Later than one year but not later than five years	1,374.4	1,344.9	1,394.9	1,363.4
Later than five years	789.6	686.0	789.6	678.2
	2,670.1	2,536.3	2,697.6	2,551.7

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

17 Contingent Liabilities

There are no known contingent liabilities other than the bank guarantees (as disclosed in Note 12 (c)) at 31 December 2012.

Condensed Notes to the Consolidated Interim Financial Statements For the half year ended 31 December 2012

18 Retirement Living

Stockland Trust Group

There are no Retirement Living Communities balances in the Stockland Trust Group.

Stockland Consolidated Group

Stockland owns 62 Retirement Living villages (30 June 2012: 62 Retirement Living villages).

When residents move into retirement units, they lend Stockland an amount equivalent to the value of the unit. This loan is recorded as a resident obligation liability. In exchange for the loan, Stockland gives the resident a lease to live in the unit and to access the community facilities. During the resident's tenure, Stockland earns Deferred Management Fees ("DMF") recognised as revenue over the length of tenure. DMF is calculated based on the individual resident contract ("DMF contract"). There are various contractual arrangements, however a typical contract will provide for an annual management fee for a fixed period, plus a share of any capital gain when the unit is re-leased. When a resident's tenure ends, the unit is re-leased to a new resident and Stockland receive the associated accumulated DMF in cash.

(a) Retirement Living investment properties

Retirement Living investment properties comprise retirement villages (both operating villages and villages under development) held to earn revenue and capital appreciation over the long-term. Retirement villages comprise independent living units, serviced apartments, community facilities and integral plant and equipment. The fair value of Retirement Living investment properties is the value of these assets and of the future cashflows associated with the DMF contracts. Changes in fair value of investment properties are recognised directly in the Statement of Comprehensive Income.

The fair value is determined by the Directors' using a discounted cash flow methodology and is based on projected cash flows using the current value of individual units and DMF contracts.

Operating villages and villages under development

To support the Directors' valuation of operating villages, independent valuations are undertaken at least every three years. The most recent independent valuations were obtained at 30 June 2011. During the intervening periods, management assesses the valuation of individual units on a six-monthly basis to revise valuations based on current market values.

The Directors' valuation of villages under development is based on future cash flows discounted to their present value.

The key assumptions used for operating villages and villages under development are:

- weighted average discount rate of 12.8% (June 2012: 12.8%);
- weighted average future growth rate 3.8% (June 2012: 3.9%);
- expected average turnover rate of future residents: 9% for independent living units (June 2012: 9%);
- future anticipated contract terms between Stockland and future residents;
- forecast cost of village developments;
- risks associated with the forecast completion of these developments; and
- current market evidence for similar villages.

Recognition of development profit

Settled development margin represents the development profit from newly developed units, being the unit price realised on first lease less cost of development. Settled development margin is recognised in Underlying Profit. Profit recognised for the creation of the associated DMF entitlement is recognised in the "Net gain/(loss) from fair value adjustment of investment properties – operating villages and villages under development" line.

Condensed Notes to the Consolidated Interim Financial Statements For the half year ended 31 December 2012

18 Retirement Living (continued)

(b) Deferred Management Fees from Retirement Living

DMF base fees earned but unrealised

DMF base fees earned represent the DMF income earned on the entry price of the unit, recognised annually as Stockland becomes contractually entitled to it.

DMF base fees earned and realised

DMF base fees are realised when the resident departs and a new contract is executed, and recognised in the Retirement Living segment result.

DMF contingent income realised

DMF contingent income realised represents the DMF income earned on the exit price of the unit, recognised at the end of the resident's tenure as Stockland becomes contractually entitled to it. This amount includes additional income earned on the conversion of certain legacy contracts to current contract terms ("conversion profit").

(c) Resident obligations

Resident obligations represent the net amount owed by Stockland to current and former residents. Resident obligations are non-interest bearing and recognised at fair value. Fair value is the amount payable on demand and comprises the initial loan amount plus the resident's share of any capital gains in accordance with their contracts less DMF earned to date. Changes in fair value of resident obligations are recognised directly in the Statement of Comprehensive Income. Resident obligations are expected to be covered by receipts from incoming residents, refer to Note 18 (e)(ii).

Current resident obligations

Based on actuarial turnover calculations, 9% of residents are estimated to leave each year and therefore it is not expected that the full obligation to residents will fall due within one year. In the vast majority of cases, the resident obligations are able to be repaid by receipts from incoming residents.

However, resident obligations are classified as current as any resident may give notice of their intention to vacate their unit with immediate effect and there is no unconditional contractual right to defer settlement for at least twelve months.

Non-current resident obligations

Certain legacy contracts are classified as non-current as these contracts give Stockland a right to defer settlement for up to eight years.

(d) Reclassification change for segment reporting

During the year ended 30 June 2012, the classification of Retirement Living income and expenses was changed in order to align Underlying Profit more closely with operating cashflows. This has no impact on the statutory profit.

The net impact of the change is an increase in fair value of Retirement Living investment properties of \$12.1 million with a corresponding decrease in DMF Revenue. This reduced the 31 December 2011 Retirement Living segment result and Underlying Profit by the same amount as disclosed in Note 3.

Previously DMF were recognised on an accrual basis in accordance with Stockland's legal entitlement under resident contracts. This accrual included a variable DMF component based on current market price estimates, and formed a component of the "Net gain/(loss) from fair value adjustment of Retirement Living investment properties" in the Consolidated Statement of Comprehensive Income.

18 Retirement Living (continued)

			Stockland Co Gro		Stockland Trust Group 31	
		Notes	December 2012 \$M	30 June 2012 \$M	December 2012 \$M	30 June 2012 \$M
(e)	Stockland's net investment in Retirement I	Living				
	Operating villages Villages under development	18(a) 18(a) 18(e)(i)	2,470.2 260.0 2,730.2	2,494.1 253.3 2,747.4	- -	- - -
	Existing resident obligations Net investment in Retirement Living villages	18(e)(ii)	(1,661.2) 1,069.0	(1,645.7) 1,101.7	-	-
	Plant, property and equipment – Aged Care Aged Care accommodation bonds Net investment in Aged Care Net investment in Retirement Living	18(e)(ii)	83.4 (54.3) 29.1 1,098.1	83.5 (53.5) 30.0 1,131.7	- - -	- - - -
(i)	Comprising of the following: Retirement Living investment properties					
(i)	Carrying amount at the beginning of the financial year Acquisitions Expenditure capitalised Realised fair value movements Change in fair value of investment properties Carrying amount at the end of the financial year	18(f) 18(f)	2,747.4 57.6 23.3 (98.1) 2,730.2	2,495.8 29.5 181.0 56.0 (14.9)	- - - - -	- - - - -
(ii)	Current and Non-current liabilities – Retirement Li	ving resider	nt obligations			
	Current resident obligations Existing resident obligations Ex-resident obligations Aged Care accommodation bonds		1,465.8 39.6 54.3	1,441.4 36.6 53.5	- - -	- - -
			1,559.7	1,531.5	-	-
	Non-current resident obligations					
	Existing resident obligations Ex-resident obligations		195.4 14.4 209.8	204.3 17.6 221.9	- - -	- - -
	Total resident obligations					
	Existing resident obligations Ex-resident obligations Aged Care accommodation bonds		1,661.2 54.0 54.3 1,769.5	1,645.7 54.2 53.5 1,753.4	- - -	- - -
			1,709.3	1,/33.4	-	

Condensed Notes to the Consolidated Interim Financial Statements For the half year ended 31 December 2012

18 Retirement Living (continued)

Retirement Living statutory profit

			Stockland Stock Consolidated Group Trust O			
			Half year 2012	_	Half yea 2012	_
		Notes	\$M	\$M	\$M	\$M
(f)	Retirement Living contribution to the Statement of Co	omprehensive	e Income			
	Revenue					
	Total realised revenue ¹	18(e)(i)	23.3	22.2	_	_
	DMF base fees earned, unrealised	18(g)	0.5	4.9	_	_
		18(b)	23.8	27.1	-	-
	Net gain/(loss) from fair value adjustment of investment proper	rties:				
	– settled development margin ²		8.8	7.1	_	_
	 operating villages and villages under development 	18(g)	(106.9)	(22.3)	_	_
	operating things and things and determine	18(a),18(e)(i)		(15.2)	_	_
	Net gain from change in fair value of resident obligations	18(c),(g)	45.5	26.6	_	_
	Investment property expenses		(2.6)	(0.8)	-	-
	Management, administration, marketing and selling expenses		(19.5)	(19.5)	-	-
	Net contribution from Retirement Living villages		(50.9)	18.2	-	-
	Net contribution from Aged Care		2.0	1.9	-	-
	Retirement Living statutory profit		(48.9)	20.1	-	-
(g)	Reconciliation of Retirement Living statutory profit to	segment res	ults			
	Total realised revenue ¹		23.3	22.2	-	-
	Net gain from fair value adjustment of investment properties –		0.0	7.1		
	settled development margin ²		8.8	7.1	-	-
	Investment property expenses Management, administration, marketing and selling expenses		(2.6) (19.5)	(0.8) (19.5)	-	-
	Net contribution from Aged Care		2.0	1.9	_	_
	Retirement Living segment result	3	12.0	10.9	_	_
	Testing segment result	-	1200	10.5		
	Add:		0.5	4.0		
	DMF base fees earned, unrealised Net loss from change in fair value of Retirement Living		0.5	4.9	-	-
	investment properties – operating villages and villages under					
	development		(106.9)	(22.3)	-	-
	Net gain from change in fair value of resident obligations	_	45.5	26.6	-	
			(40.0)	20.1		

¹ Includes realised profit on conversion of certain legacy contracts to current contract terms of \$3.0 million (31 December 2011: \$3.9 million).

(48.9)

20.1

35

² Settled development margin represents the "development profit" achieved upon settlement of the first lease on newly developed units excluding the fair value gain recognised on the creation of the DMF entitlement. The profit recognised for creation of the DMF entitlement is included within "Net loss from fair value adjustment of investment properties – Operating villages and villages under development". The profit recognised in relation to DMF creation is \$7.9 million (2011: \$11.8 million).

19 Investments in associates

(a) Summarised financial information of associates

		Ownership				
	-	interest		Liabilities ¹		
Associates	Location	%	\$M	\$M	\$M	\$M
31 December 2012						
Stockland Trust Group						
Macquarie Park Trust	Australia	31	117.6	(1.4)	5.1	4.3
		_	117.6	(1.4)	5.1	4.3
Stockland Consolidated Group		-				
Tyburn Stockland No. 2 LP ^{2, 5}	UK	30	-	-	-	-
Tyburn Stockland No. 3 LP ^{2, 5}	UK	30	-	-	-	-
Halladale Nelson Limited Partnership ^{5, 7}	UK	9	-	-	-	-
CReAM Trust and subsidiary limited partnerships ⁵ ,	⁷ UK	10	-	-	-	-
Capita Portfolio Limited Partnership ^{2, 5}	Jersey	30	-	-	-	-
Elimination ⁸		_	(7.0)	-	-	-
		_	110.6	(1.4)	5.1	4.3
30 June 2012		_				
Stockland Trust Group						
Moorebank Industrial Property Trust ^{3,4}	Australia	-	-	_	11.4	7.9
Macquarie Park Trust	Australia	31	116.9	(1.5)	10.2	6.6
		-	116.9	(1.5)	21.6	14.5
Stockland Consolidated Group		-				
Hammersmith Grove Limited Partnership ⁴	UK	-	-	-	2.2	(0.5)
Tyburn Stockland No. 2 LP ^{5, 6}	UK	30	-	-	-	-
Tyburn Stockland No. 3 LP ^{5, 6}	UK	30	-	-	-	-
Halladale Nelson Limited Partnership ^{5, 7}	UK	9	-	-	-	-
CReAM Trust and subsidiary limited partnerships ⁷	UK	10	-	-	6.1	1.1
Capita Portfolio Limited Partnership ^{5, 6}	Jersey	30	-	-	-	-
Elimination ⁸		<u>-</u>	(7.0)	_	-	-
		_	109.9	(1.5)	29.9	15.1

Stockland Consolidated Group and/or Stockland Trust Group's share of assets, liabilities, revenues and profits. Current period represents revenue and profits during the six months to 31 December 2012. Prior period represents revenue and profits during the twelve months to 30 June 2012.

² As at 31 December 2012, this associate is in liquidation.

During the time Stockland owned an interest in the Moorebank Industrial Property Trust ("MIPT"), Stockland had significant influence over MIPT, but not control due to Stockland having less than half the voting rights. Stockland Trust Group/Stockland Consolidated Group sold its interest in MIPT during the year ended 30 June 2012.

Stockland Trust Group/Stockland Consolidated Group sold its interest in this associate during the year ended 30 June 2012.

⁵ Equity accounting has ceased for associates with a carrying value of \$Nil.

⁶ As at 30 June 2012, this entity was in liquidation.

Stockland has significant influence over the operating decisions of these associates due to a combination of its role as asset manager, presence on advisory committees and participation in general partners.

Elimination of \$7.0 million (30 June 2012: \$7.0 million) in retained earnings within the Stockland Consolidated Group in relation to previously unrealised profit on the sale of assets from Macquarie Park Trust to a joint venture.

19 Investments in associates (continued)

(b) Movements in carrying amount of investment in associates¹

	Stockland Consolidated Group		Stockl Trust G		
	31 December	1 December 30 June 31 December		30 June	
	2012	2012	2012	2012	
	\$M	\$M	\$M	\$M	
Carrying amount at the beginning of the financial period	108.4	254.9	115.4	251.2	
Contributions to associates	-	0.4	-	-	
Disposal of associate	-	(145.1)	-	(133.5)	
Share of net profit (excluding fair value adjustment of					
investment properties)	4.3	16.5	4.3	16.5	
Share of fair value adjustment of investment properties	(0.1)	(1.4)	(0.1)	(2.0)	
Distributions received/receivable	(3.4)	(16.8)	(3.4)	(16.8)	
Effect of movements in exchange rates	-	(0.1)	-	-	
Carrying amount at the end of the financial period	109.2	108.4	116.2	115.4	

¹ Current period represents movements during the six month period to 31 December 2012. Prior period represents movements during the twelve months to 30 June 2012.

20 Investments in joint venture entities

(a) Joint venture entities

		31		31	
		December	30 June	December	30 June
		2012	2012	2012	2012
	Location	%	%	\$M	\$M
Stockland Trust Group					
SDOT Sub Trust No. 1	Australia	50.0	50.0	253.9	249.0
The King Trust	Australia	50.0	50.0	128.2	140.4
Willeri Drive Trust	Australia	50.0	50.0	58.4	58.4
				440.5	447.8
Stockland Consolidated Group					
Stockland Ormeau Trust ¹	Australia	50.0	50.0	24.4	24.4
Eagle Street Pier Pty Limited	Australia	50.0	50.0	17.4	17.4
Compam Property Management Pty Limited	Australia	50.0	50.0	-	-
Subiaco Joint Venture	Australia	33.3	33.3	-	-
Stockland Ventures Limited ²	UK	50.0	50.0	-	0.2
Stockland Anglo Ventures Limited ²	UK	50.0	50.0	-	-
Stockland Muir Limited	UK	50.0	50.0	11.2	10.7
Halladale Opportunity Fund Limited Partnership ²	UK	50.0	50.0	-	-
·- · · · · · · · · · · · · · · · · · ·				493.5	500.5

Stockland Ormeau Trust is a Residential related joint venture entity. All other Australian located joint venture entities are Commercial Property related.

As at 30 June 2012 and 31 December 2012, this joint venture entity is in liquidation.

20 Investments in joint venture entities (continued)

(b) Movements in carrying amount of investments in joint venture entities¹

	Stockl	and	Stockland		
	Consolidate	ed Group	Trust G	roup	
	31 December	30 June	31 December	30 June	
	2012	2012	2012	2012	
	\$M	\$M	\$M	\$M	
Carrying amount at the beginning of the financial				_	
period	500.5	840.1	447.8	783.2	
Contributions to the joint venture entities	8.9	4.3	8.9	4.3	
Disposal of joint venture entities	-	(383.1)	-	(371.9)	
Share of net profit (excluding fair value adjustment of					
investment properties)	16.1	52.1	15.0	42.7	
Share of fair value adjustment of investment properties	(11.0)	24.9	(11.0)	24.4	
Distributions received/receivable	(21.0)	(37.9)	(20.2)	(34.9)	
Effects of movements in exchange rates	-	0.1	-	-	
Carrying amount at the end of the financial period	493.5	500.5	440.5	447.8	

¹ Current period represents movements during the six month period to 31 December 2012. Prior period represents movements during the twelve months to 30 June 2012.

(c) Share of joint venture entities' assets and liabilities¹

Current assets Non-current Investment Property assets Other non-current assets Total assets	54.0	61.5	11.6	22.1
	446.6	426.7	433.2	412.0
	1.6	19.6	1.6	19.6
	502.2	507.8	446.4	453.7
Current liabilities Non-current liabilities	(7.9)	(6.5)	(5.8)	(5.6)
	(0.8)	(0.8)	(0.1)	(0.3)
Total liabilities	(8.7)	(7.3)	(5.9)	(5.9)
Net assets	493.5	500.5	440.5	447.8

¹ Equity accounting has ceased for joint ventures with carrying values of \$Nil.

(d) Share of joint venture entities' revenues, expenses and results¹

	Stock	land	Stockland		
	Consolidate	ed Group	Trust Group		
	Half year	Half year Financial		Financial	
	ended	year ended	ended	year ended	
	31 December	30 June	31 December	30 June	
	2012	2012	2012	2012	
	\$M	\$M	\$M	\$M	
Revenues	30.0	106.9	21.0	83.5	
Expenses	(24.9)	(29.9)	(17.0)	(16.4)	
Net profit accounted for using the equity method	5.1	77.0	4.0	67.1	

¹ Equity accounting has ceased for joint ventures with carrying values of \$Nil.

		Stockland Consolidated Group Half year ended		Stock Trust (Half yea	Group
		2012	2011	2012	2011
		\$M	\$M	\$M	\$M
21	Notes to the Cash Flow Statements				
	Reconciliation of profit to net cash (utilised in)/inflow from o	perating acti	vities:		
	(Loss)/Profit	(147.1)	307.6	292.1	344.5
	Add/(less) items classified as investing/financing activities: Net loss on fair value movement of hedged items and	(=)			
	financial instruments treated as fair value hedges	0.3	2.1	0.3	2.1
	Net loss on fair value movement of financial instruments				
	that do not qualify as effective under hedge accounting rules	60.0	33.0	59.9	30.7
	Net loss/(gain) on sale of other non-current assets	4.9	(18.9)	4.9	(13.9)
	Interest capitalised to investment properties	(12.1)	(12.6)	(6.7)	(1.4)
	Medium term note interest capitalised	-	0.4	-	0.4
	Net loss from fair value adjustment of other financial assets	43.6	38.0	-	-
	Add/(less) non-cash items:				
	Fair value adjustment for investment properties (including				
	associates and joint ventures)	18.1	(97.5)	(14.6)	(74.7)
	Net loss/(gain) on foreign exchange	(26.3)	62.9	(26.3)	51.2
	Depreciation	7.1	12.8	-	-
	Provision for write-down of inventories	318.3	-	-	-
	Straight-line rent adjustment	(5.6)	(1.3)	(5.5)	(1.3)
	Equity-settled share-based payments	(2.6)	7.2	(2.5)	5.4
	Other items	(0.4)	2.2	-	
	Net cash inflow from operating activities before change in				
	assets and liabilities	258.2	335.9	301.6	343.0
	Decrease/(increase) in receivables	5.9	(6.0)	(2.8)	(4.3)
	(Increase)/decrease in other assets	(17.7)	(99.1)	11.8	15.4
	Increase in prepayments	(7.6)	(5.3)	(3.7)	(3.3)
	Increase in inventories	(14.5)	(318.0)	-	-
	Increase in deferred tax assets	(53.4)	-	-	-
	(Decrease)/increase in payables and other liabilities	(25.1)	67.8	(29.4)	(14.0)
	Increase/(decrease) in other provisions	43.6	(0.1)	-	-
	Net cash inflow/(utilised in) from operating activities	189.4	(24.8)	277.5	336.8

Condensed Notes to the Consolidated Interim Financial Statements For the half year ended 31 December 2012

22 Related party disclosures

A development management deed was executed between Stockland Trust (Trust) and Stockland Development Pty Limited (a controlled entity of Stockland Corporation Limited) effective 1 July 2012 in relation to a management fee in respect of Retail developments. The fee represents remuneration for Corporation's property development expertise and is calculated as 50 per cent of the total valuation gain or loss on the completion of a development. During the period, a fee of \$29.1 million (2011: \$Nil) was paid by Stockland Trust to Stockland Development Pty Limited.

Subsequent to the period end, Stockland Trust Management Limited as responsible entity for Stockland Trust has agreed to not demand payment of the intercompany debt with Stockland Corporation (\$4,019.4 million at 31 December 2012) and provide financial and other support until the earliest of the time Stockland Corporation has net assets of at least \$100 million, or twenty months from the date of this letter (which is 12 February 2013).

There were no other new significant related party arrangements during the half year of a nature other than those disclosed in the Annual Report of the Stockland Consolidated Group as at and for the year ended 30 June 2012.

Stockland Trust Management Limited (a controlled entity of Stockland Corporation Limited) has provided loan facility offers to two unlisted property funds managed by Stockland on market terms and conditions available at the date of acceptance of the loan facility offer. The loan facility offers have not yet been accepted by the related parties. A loan facility offer to Stockland Direct Retail Trust No. 1 ("SDRT No. 1") of \$40.0 million expires on 28 February 2015. SDRT No. 1 is charged a line fee of 30 basis points on this facility offer. A loan facility offer to Stockland Residential Estates Equity Fund No. 1 ("SREEF No.1") of \$52.0 million expires on 28 February 2015. SREEF No. 1 is not charged a line fee on this facility offer.

23 Events subsequent to the end of the half year

On 12 February 2013, Stockland exchanged contracts on 9 Castlereagh Street classified as Held for Sale in the Financial Report. The proceeds are in line with the 31 December book value.

On 13 February 2013, Stockland noted that whilst the Group's capital position remains strong, following the residential inventory impairments Stockland will need to move capital between the Trust and Corporation. As a result, it is anticipated that shareholders will be asked to support at the AGM in October 2013 a reallocation of around \$500 million of capital from the Trust to Corporation.

On 13 February 2013, Stockland announced that the on-market buyback would cease with immediate effect.

There were no other material events subsequent to the end of the half year.

Directors' Declaration

For the half year ended 31 December 2012

- 1. In the opinion of the Directors of Stockland Corporation Limited ("the Company"), and the Directors of the Responsible Entity of Stockland Trust ("the Trust"), Stockland Trust Management Limited (collectively referred to as "the Directors"):
 - (a) the Financial Statements and Notes of Stockland Corporation Limited and its controlled entities, including Stockland Trust and its controlled entities ("Stockland Consolidated Group") and Stockland Trust and its controlled entities ("Stockland Trust Group"), set out on pages 8 to 40, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of Stockland Consolidated Group's and Stockland Trust Group's financial position as at 31 December 2012 and of their performance, for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 "Interim Financial Reporting", the Corporations Regulations 2001 and other mandatory reporting requirements;
 - (b) there are reasonable grounds to believe that the Stockland Consolidated Group and the Stockland Trust Group will be able to pay their debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Graham Brush

Graham Bradley *Chairman*

Dated at Sydney, 13 February 2013

111000

Mark Steinert Director



Independent auditor's review report to the stapled securityholders of Stockland Consolidated Group and the unitholders of Stockland Trust Group

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report which comprises:

- the Consolidated Balance Sheet as at 31 December 2012, and the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the half-year ended on that date, selected explanatory notes and the directors' declaration for Stockland Consolidated Group, being the consolidated stapled entity ("Stockland Consolidated Group"). The consolidated stapled entity, as described in Note 1 to the interim financial report, comprises Stockland Corporation Limited and the entities it controlled during that half-year, including Stockland Trust and the entities it controlled during that half year, and
- the Consolidated Balance Sheet as at 31 December 2012, and the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the half-year ended on that date, selected explanatory notes and the directors' declaration for Stockland Trust Group, being the consolidated entity ("Stockland Trust Group"). The consolidated entity comprises Stockland Trust and the entities it controlled during that half-year.

Directors' responsibility for the interim financial report

The directors of Stockland Corporation Limited and the directors of Stockland Trust Management Limited, the Responsible Entity of Stockland Trust (collectively referred to as "the directors") are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim 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 interim 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 interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Stockland Consolidated Group and Stockland Trust Group's financial positions as at 31 December 2012 and their performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Stockland Consolidated Group and Stockland Trust Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



A review of an interim 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 interim financial report of Stockland Consolidated Group and Stockland Trust Group is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of Stockland Consolidated Group and Stockland Trust Group's financial positions as at 31 December 2012 and of their performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

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I L Hammond S J Hadfield

Partner Partner 13 February 2013

Sydney