Stockland Corporation Limited and its controlled entities

(including Stockland Trust)

Half Year Consolidated Financial Report
31 December 2008

Registered office:

133 Castlereagh Street
Sydney NSW 2000

Stockland Corporation Limited and its controlled entities (including Stockland Trust)
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Stockland Corporation Limited and its controlled entities (including Stockland Trust)
Directors' Report
For the half year ended 31 December 2008

The Directors of Stockland Corporation Limited present their report together with the Financial Report of Stockland for the half year ended 31 December 2008 and the Independent Auditor's Review Report thereon. The Financial Report of Stockland comprises the Financial Report of Stockland Corporation Limited ("the Company") and its controlled entities, including Stockland Trust and its controlled entities ("the Trust") which together form the consolidated entity ("Stockland" or "the consolidated entity").

Directors

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

Non-Executive Directors	
Mr Graham Bradley, Chairman	Appointed February 2004 Appointed Chairman October 2005
Mr Nicholas Greiner, Deputy Chairman	Appointed September 1992
Mr Duncan Boyle	Appointed August 2007
Mr Bruce Corlett	Appointed October 1996 Resigned October 2008
Ms Lyn Gearing	Appointed November 2005 Resigned December 2008
Mr Barry Neil	Appointed October 2007
Mr Peter Scott	Appointed August 2005
Mr Terry Williamson	Appointed April 2003
Executive Directors	
Mr Matthew Quinn, Managing Director	Appointed October 2000
Mr Hugh Thorburn, Finance Director	Appointed July 2004

Review and results of operations

Stockland recorded a loss attributable to security holders calculated in accordance with Australian Accounting Standards ("AASBs") of $726.9 million for the half year ended 31 December 2008 (profit of $672.5 million for the half year ended 31 December 2007). This loss includes a number of certain significant items, such as investment property revaluations that, in the opinion of Directors, need adjustment to enable security holders to obtain an understanding of Stockland's result from operations (refer to table on the next page).

The profit available for distribution (before certain significant items), as assessed by the Directors, for the half year was $127.9 million ($324.6 million for the half year ended 31 December 2007), reflecting a 60.6% decrease from the previous corresponding period.

Stockland Corporation Limited and its controlled entities (including Stockland Trust) Directors' Report For the half year ended 31 December 2008

Review and results of operations (continued)

To provide information to security holders that reflects the Directors' assessment of the profit attributable to security holders calculated in accordance with AASBs, certain significant items that are relevant to an understanding of Stockland's result have been identified. The effect of these items is set out below.

		Half year ended	
		2008	2007
	Notes	**$M**	$M
Profit from operations as assessed by the Directors		**286.9**	324.6
Significant items:			
Provision for write-down of inventories – Australia, net of tax		**(105.0)**	-
Provision for write-down of inventories – UK, net of tax		**(54.0)**	-
Profit available for distribution as assessed by the Directors		**127.9**	324.6
Certain significant items:			
Fair value adjustment of investment properties			
Net (loss)/gain from fair value adjustment of investment properties (excluding retirement living and minority interest), net of tax[1]		**(322.5)**	348.5
Share of net (loss)/gain from fair value adjustment of investment properties in associates and joint ventures		**(66.4)**	117.5
Capital growth of operational retirement living communities	20	**34.2**	23.2
Existing retirement living resident obligations fair value movement	20	**(34.5)**	(24.1)
Impairment and net (loss)/gain on sale of non-current assets			
UK goodwill impairment and deferred tax asset write-down[2]		**(125.4)**	-
Impairment of other financial assets, net of tax		**(125.7)**	-
Impairment of other investments		**(3.9)**	-
Net (loss)/gain on sale of non-current assets		**(24.2)**	11.3
Fair value adjustment of financial instruments and foreign exchange movements			
Net unrealised (loss)/gain from hedged items and financial instruments treated as fair value hedges	5	**(34.9)**	1.9
Net realised loss on financial instruments that do not qualify as effective under hedge accounting rules		**(13.6)**	-
Net unrealised loss on financial instruments that do not qualify as effective under hedge accounting rules	5	**(94.3)**	(131.1)
Share of net unrealised loss on derivatives in associates and joint ventures		**(8.5)**	-
Net realised gain on other financial instruments that do not qualify as effective under hedge accounting rules		**-**	1.9
Net unrealised loss on other financial instruments that do not qualify as effective under hedge accounting rules		**(7.9)**	-
Net realised foreign exchange gain	5	**0.4**	0.1
Net unrealised foreign exchange loss	5	**(27.6)**	(1.3)
(Loss)/profit for the half year attributable to security holders of Stockland		**(726.9)**	672.5
Attributable to:			
Security holders of Stockland		**(726.9)**	672.5
Minority interest		**0.9**	(7.0)
(Loss)/profit for the half year		**(726.0)**	665.5

[1] The net (loss)/gain from fair value adjustment of investment properties (excluding retirement living communities and minority interest) includes a tax benefit of $6.2 million.

[2] Includes Stockland UK goodwill impairment of $107.4 million and deferred tax asset write-down of $18.0 million.

Review and results of operations (continued)

Basic earnings per stapled security was a loss of 48.0 cents. Basic earnings per security before certain significant items, as listed on the previous page, was 8.5 cents, a decrease of 62.1% from 22.4 cents in the previous corresponding period.

	Half year ended	
	2008 Cents	2007 Cents
Basic earnings per security before certain significant items	**8.5**	22.4
Diluted earnings per security before certain significant items	**8.4**	22.3
Basic earnings per security	**(48.0)**	46.4
Diluted earnings per security	**(47.6)**	46.2

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

Dividend and distribution per security

The dividend and distribution payment is 17.0 cents per stapled security, down 24.8% from 22.6 cents paid for the previous corresponding period. The payment comprises:

Trust distribution, estimated 2.0% tax preferred (prior year actual 6.0% tax preferred)	**16.9**	22.1
Corporation dividend, fully franked	**0.1**	0.5
Total dividend and distribution	**17.0**	22.6

Registers closed at 5.00 pm on 31 December 2008 to determine entitlement to the half year dividend and distribution, which will be paid on 27 February 2009. The Dividend and Distribution Reinvestment Plan is in operation for this payout and will be underwritten to approximately 56% in addition to the natural take-up.

Events subsequent to the end of the half year

Subsequent to 31 December 2008, Stockland signed a new bank facility agreement on 15 January 2009 with a facility limit of $350.0 million maturing on 31 October 2009. The facility is unsecured.

Financial Position

- Gearing ratio: (Debt / Total Tangible Assets) of 31.0%

  Total Liabilities / Total Tangible Assets (TL / TTA) of 38.1%
- Headroom within debt covenants of $1.6 billion
- $0.6 billion of committed available facilities in place at 31 December 2008
- Average weighted debt maturity of 5.8 years
- $388.9 million loss from fair value adjustment of investment properties
- Net tangible assets per security of $4.86

Review and results of operations (continued)

Operational highlights

Residential

- Operating profit of $100.3 million before inventory write-down
- Previously flagged inventory write-downs of $150 million before tax in the Communities and Apartments businesses

Communities

- Operating profit of $77 million
- 1,434 lots settled
- Net margin of 22%
- Five projects launched, with 42 currently active

Apartments

- Operating loss of $5 million
- 59 units settled
- Construction of current projects on track with good level of pre-sales
- Positive cashflows to be generated over the next two years

Retirement Living

- Operating profit of $28 million
- 62 new units sold
- 99% occupancy
- 8.7% average price growth from existing villages
- 104 existing units turned over
- 103 units under construction, with 44% pre-sold

Commercial Property

Office and Industrial

- Operating profit of $136.0 million
- Comparable net rental income growth of 4.1%
- High portfolio occupancy of over 96%
- Only 10% of leases expiring in 2H09
- 7.3% average capitalisation rate in Office, a 55bps increase since 30 June 2008; 8.1% average capitalisation rate in Industrial, a 45bps increase since 30 June 2008.
- Asset sales of $140 million

Retail

- Operating profit of $121.0 million
- Comparable net rental income growth of 5.8%
- Only 19 shops vacant and no significant arrears
- Specialty store occupancy costs remain relatively low at 12.7% of sales
- 6.8% average capitalisation rate, a 50bps increase since 30 June 2008
- Asset sales of $81 million

Stockland UK

- Operating loss before provision for write-downs of inventories $0.3 million
- Operating loss after provision for write-downs of inventories $75.2 million

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 2008.

Rounding off

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 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:

Graham Bradley
Chairman

Matthew Quinn
Managing Director

Dated at Sydney, 11 February 2009

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

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

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2008 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Michael J Coleman
Partner

Sydney, 11 February 2009

Stockland Corporation Limited and its controlled entities (including Stockland Trust)
Consolidated Interim Income Statement
For the half year ended 31 December 2008

	Notes	Half year ended 2008 $M	2007 $M
Revenue			
Property development sales		**454.4**	630.5
Rent from investment properties		**325.1**	355.1
Dividend and distribution income		**3.2**	1.5
Other revenue		**17.6**	31.1
Total revenue		**800.3**	1,018.2
Finance income	5	**3.5**	7.6
Net realised gain on other financial instruments that do not qualify as effective under hedge accounting rules		-	1.9
Net (loss)/gain from fair value adjustment of investment properties[1,2]	10	**(251.1)**	388.9
Share of (losses)/profits of investments accounted for using the equity method[3]		**(85.0)**	149.1
Cost of property developments sold		**(299.7)**	(415.4)
Provision for write-down of inventories	7, 9	**(183.1)**	-
Goodwill impairment	12	**(107.4)**	-
Investment property expenses		**(88.4)**	(92.8)
Existing retirement living resident obligations fair value movement	20	**(34.5)**	(24.1)
Impairment of other financial assets[4]		**(145.5)**	-
Net realised loss on financial instruments that do not qualify as effective under hedge accounting rules		**(13.6)**	-
Net unrealised loss on other financial instruments that do not qualify as effective under hedge accounting rules		**(7.9)**	-
Net (loss)/gain on sale of non-current assets		**(24.2)**	11.3
Management, administration, marketing and selling expenses[5]		**(161.6)**	(164.8)
Finance expense	5	**(209.0)**	(187.3)
(Loss)/profit before income tax benefit/(expense)		**(807.2)**	692.6
Income tax benefit/(expense)		**81.2**	(27.1)
(Loss)/profit for the half year		**(726.0)**	665.5
Attributable to:			
Security holders of Stockland		**(726.9)**	672.5
Minority interest		**0.9**	(7.0)
(Loss)/profit for the half year		**(726.0)**	665.5
Basic earnings per security (cents)	6	**(48.0)**	46.4
Diluted earnings per security (cents)	6	**(47.6)**	46.2

[1] The net gain/net loss from fair value adjustment of investment properties includes fair value loss of $20.4 million (2007: gain of $47.4 million) on Assets held for sale.

[2] The net gain/net loss from fair value adjustment of investment properties includes a loss of $328.7 million on Commercial Property and a gain of $77.6 million on retirement living communities (2007: gain of $341.9 million on Commercial Property and gain of $47.0 million on retirement living communities).

[3] Includes provision for write-down of inventories of $41.8 million (2007: $Nil).

[4] The impairment of other financial assets includes an impairment of $78.8 million in respect of Assets held for sale.

[5] Also includes indirect property management, leasing, project and development management expenses.

The above Income Statement should be read in conjunction with the accompanying notes.

Stockland Corporation Limited and its controlled entities (including Stockland Trust)
Consolidated Interim Balance Sheet
As at 31 December 2008

	Notes	**31 December 2008 $M**	30 June 2008 $M
Current assets			
Cash and cash equivalents		**52.3**	65.1
Trade and other receivables		**110.5**	164.5
Income tax receivable		**1.5**	27.5
Inventories	7	**1,108.3**	1,235.1
Other assets		**73.8**	55.9
		1,346.4	1,548.1
Assets held for sale[1]	8	**570.9**	149.6
Total current assets		**1,917.3**	1,697.7
Non-current assets			
Trade and other receivables		**39.6**	39.6
Inventories	9	**2,344.2**	2,177.9
Investment properties	10	**8,384.3**	8,610.1
Other financial assets	11	**68.2**	21.2
Property, plant and equipment		**272.7**	264.0
Investments accounted for using the equity method		**1,212.3**	1,299.1
Intangible assets	12	**344.6**	440.7
Deferred tax assets		**5.2**	3.0
Other assets		**586.0**	107.4
Total non-current assets		**13,257.1**	12,963.0
Total assets		**15,174.4**	14,660.7
Current liabilities			
Trade and other payables		**358.0**	459.9
Interest-bearing loans and borrowings	13	**18.0**	617.8
Retirement living resident obligations[2]		**539.7**	474.8
Provisions		**41.2**	51.1
Other liabilities[1]	14	**671.0**	373.2
Total current liabilities		**1,627.9**	1,976.8
Non-current liabilities			
Other payables		**142.2**	155.2
Interest-bearing loans and borrowings	15	**4,444.3**	2,819.0
Retirement living resident obligations[3]		**381.2**	391.9
Deferred tax liabilities		**41.5**	117.0
Provisions		**11.0**	16.0
Other liabilities		**492.5**	701.2
Total non-current liabilities		**5,512.7**	4,200.3
Total liabilities		**7,140.6**	6,177.1
Net assets		**8,033.8**	8,483.6
Security holders' funds			
Issued capital	16	**6,345.6**	5,821.3
Reserves	17	**(351.8)**	(201.1)
Retained earnings		**2,040.0**	2,864.0
Total equity attributable to the security holders of Stockland		**8,033.8**	8,484.2
Minority interest		**-**	(0.6)
Total equity		**8,033.8**	8,483.6

[1] These balances include an asset of $358.8 million and a liability of $358.8 million which are a result of a sale of an investment that did not qualify for derecognition under accounting standards. These amounts do not represent an anticipated net cash outflow as they will be offset upon termination of the related equity derivative contract.

[2] Of this balance $534.1 million (30 June 2008: $470.1 million) does not represent an anticipated net cash outflow as it will be covered by receipts from incoming residents. Refer to Note 20.

[3] Of this balance $351.9 million (30 June 2008: $360.0 million) does not represent an anticipated net cash outflow as it will be covered by receipts from incoming residents. Refer to Note 20.

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

Stockland Corporation Limited and its controlled entities (including Stockland Trust)
Consolidated Interim Statement of Changes in Equity
For the half year ended 31 December 2008

		Attributable to security holders of Stockland					
	Notes	Issued capital $M	Reserves $M	Retained earnings $M	Total security holders' funds $M	Minority Interest $M	Total equity $M
Balance at 1 July 2008		**5,821.3**	**(201.1)**	**2,864.0**	**8,484.2**	**(0.6)**	**8,483.6**
Currency translation differences	17	**-**	**(3.9)**	**-**	**(3.9)**	**-**	**(3.9)**
Effective portion of changes in fair value of cash flow hedges, net of tax	17	**-**	**25.7**	**-**	**25.7**	**-**	**25.7**
Unrealised loss on other financial assets, net of tax	17	**-**	**(4.9)**	**-**	**(4.9)**	**-**	**(4.9)**
Total income and expenses recognised directly in equity for the half year		**-**	**16.9**	**-**	**16.9**	**-**	**16.9**
Loss for the half year		**-**	**-**	**(726.9)**	**(726.9)**	**0.9**	**(726.0)**
Total recognised income and expenses for the half year		**-**	**16.9**	**(726.9)**	**(710.0)**	**0.9**	**(709.1)**
Net transfer to reserves from retained earnings		**-**	**(172.0)**	**172.0**	**-**	**-**	**-**
Equity issued for the half year	16	**524.3**	**-**	**-**	**524.3**	**-**	**524.3**
Dividends and distributions to security holders[1]	18	**-**	**-**	**(269.1)**	**(269.1)**	**-**	**(269.1)**
Expense relating to rights and securities granted under share plans	17	**-**	**4.3**	**-**	**4.3**	**-**	**4.3**
Tax expense on rights and securities granted under share plans	17	**-**	**0.1**	**-**	**0.1**	**-**	**0.1**
Disposal of minority interest		**-**	**-**	**-**	**-**	**(0.3)**	**(0.3)**
Balance at 31 December 2008		**6,345.6**	**(351.8)**	**2,040.0**	**8,033.8**	**-**	**8,033.8**

[1] Stockland has guaranteed the repayment of certain Stockland employee loans with an external financier used for the purpose of acquiring securities granted under the Incentive Share Plan and Executive Securities Scheme. AASB 2 "Share-based Payments" ("AASB 2") requires such guarantees to be recognised as a financial liability. The effect of this is to treat dividends and distributions paid on these securities as interest payments.

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

Stockland Corporation Limited and its controlled entities (including Stockland Trust)
Consolidated Interim Statement of Changes in Equity
For the half year ended 31 December 2008

		Attributable to security holders of Stockland					
	Notes	**Issued capital $M**	**Reserves $M**	**Retained earnings $M**	**Total security holders' funds $M**	**Minority Interest $M**	**Total equity $M**
Balance at 1 July 2007		5,570.9	83.4	2,563.6	8,217.9	-	8,217.9
Currency translation differences	17	-	1.1	-	1.1	-	1.1
Effective portion of changes in fair value of cash flow hedges, net of tax	17	-	2.3	-	2.3	-	2.3
Realised gain on other financial assets, net of tax	17	-	(3.8)	-	(3.8)	-	(3.8)
Total income and expenses recognised directly in equity for the half year		-	(0.4)	-	(0.4)	-	(0.4)
Profit for the half year		-	-	672.5	672.5	(7.0)	665.5
Total recognised income and expenses for the half year		-	(0.4)	672.5	672.1	(7.0)	665.1
Net transfer to reserves from retained earnings		-	(121.0)	121.0	-	-	-
Equity issued for the half year	16	137.6	-	-	137.6	-	137.6
Dividends and distributions to security holders[1]	18	-	-	(327.6)	(327.6)	-	(327.6)
Expense relating to rights and securities issued under share plans	17	-	5.9	-	5.9	-	5.9
Units issued by group entity to minority interest		-	-	-	-	120.4	120.4
Balance at 31 December 2007		5,708.5	(32.1)	3,029.5	8,705.9	113.4	8,819.3

[1] Stockland has guaranteed the repayment of certain Stockland employee loans with an external financier used for the purpose of acquiring securities granted under the Incentive Share Plan and Executive Securities Scheme. AASB 2 "Share-based Payments" ("AASB 2") requires such guarantees to be recognised as a financial liability. The effect of this is to treat dividends and distributions paid on these securities as interest payments.

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

Stockland Corporation Limited and its controlled entities (including Stockland Trust)
Consolidated Interim Cash Flow Statement
For the half year ended 31 December 2008

	Note	Half year ended 2008 $M	2007 $M
Cash flows from operating activities			
Cash receipts in the course of operations		**969.7**	1,140.8
Cash payments in the course of operations		**(936.7)**	(1,183.1)
Distributions received from associates and joint venture entities		**32.8**	29.7
Distributions received from other entities		**3.3**	4.7
Receipts from retirement living residents		**50.5**	48.3
Payments to retirement living residents, net of deferred management fees		**(24.6)**	(19.7)
Cash received from joint venture entities		**-**	5.6
Interest received		**3.1**	5.1
Interest paid		**(160.7)**	(136.8)
Income tax refund/(income taxes paid)		**28.1**	(59.8)
Net cash utilised in operating activities	21	**(34.5)**	(165.2)
Cash flows from investing activities			
Acquisition of businesses, net of cash acquired		**(46.6)**	-
Proceeds from sale of investment properties		**253.7**	-
Payments for investment properties		**(277.9)**	(517.6)
Proceeds from sale of plant and equipment		**-**	0.4
Payments for plant and equipment		**(31.9)**	(68.4)
Proceeds from sale of investments and other assets		**368.4**	210.7
Payments for investments		**(368.3)**	(37.8)
Proceeds of loans to other entities		**2.1**	-
Payments for controlled entities		**-**	(3.8)
Net cash utilised in investing activities		**(100.5)**	(416.5)
Cash flows from financing activities			
Proceeds from issue of securities[1]		**294.9**	120.9
Proceeds from vesting of equity instruments under employee share plans		**0.6**	8.1
Proceeds from sale of equity instruments forfeited under Stockland share plans		**1.4**	7.3
Proceeds from borrowings		**5,781.9**	3,957.8
Repayment of borrowings		**(5,604.2)**	(3,217.1)
Dividends and distributions paid[1]		**(351.6)**	(323.6)
Net cash inflow from financing activities		**123.0**	553.4
Net decrease in cash and cash equivalents		**(12.0)**	(28.3)
Cash and cash equivalents at the beginning of the half year		**65.1**	96.6
Effect of exchange rate fluctuations on cash held		**(0.8)**	(0.2)
Cash and cash equivalents at the end of the half year		**52.3**	68.1

[1] The 2007 cash flows include the effect of additional securities issued under the Dividend and Distribution Reinvestment Plan.

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

1 Summary of significant accounting policies

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

The Financial Report of Stockland as at and for the half year ended 31 December 2008 comprises the consolidated Financial Report of Stockland Corporation Limited ("the Company") and its controlled entities including the Trust, which form the consolidated entity ("Stockland" or "the consolidated entity").

This Financial Report has been prepared based upon a business combination of the parent entity, the Company, and Stockland Trust and their controlled entities, in accordance with Australian Interpretation ("AI") 1013 "Consolidated Financial Reports in relation to Pre-Date-of-Transition Stapling Arrangements".

The Financial Report was authorised for issue by the Directors on 11 February 2009.

(a) Statement of compliance

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

The Financial Report does not include all of the information required for a full Annual Financial Report, and should be read in conjunction with the Financial Report of Stockland as at and for the year ended 30 June 2008.

(b) Significant accounting policies

The accounting policies applied by the consolidated entity in this consolidated Financial Report are the same as those applied by the consolidated entity in the Financial Report of Stockland as at and for the year ended 30 June 2008.

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 Financial Report have been rounded to the nearest hundred thousand dollars, unless otherwise stated.

2 Accounting estimates and assumptions

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

In preparing these consolidated Interim Financial Statements the significant judgements made by the Directors in applying Stockland's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Financial Report of Stockland as at and for the year ended 30 June 2008.

3 Segment reporting

Stockland comprises the following business segments, based on its management reporting system:

- Residential (including retirement living);
- Commercial Property (including Stockland Capital Partners division);
- UK; and
- Other (including the Responsible Entity fees relating to the Trust management).

Stockland Corporation Limited and its controlled entities (including Stockland Trust)
Notes to the Consolidated Interim Financial Statements
For the half year ended 31 December 2008

3 Segment reporting (continued)

Half year ended 31 December 2008 Primary reporting – business segments	Residential $M	Commercial Property $M	UK $M	Other $M	Eliminations $M	Consolidated $M
External segment revenue	**453.4**	**322.6**	**18.0**	**6.0**	**-**	**800.0**
Inter-segment revenue	**-**	**-**	**-**	**5.7**	**(5.7)**	**-**
Unallocated revenue	**-**	**-**	**-**	**-**	**-**	**0.3**
Total segment revenue	**453.4**	**322.6**	**18.0**	**11.7**	**(5.7)**	**800.3**
Segment result before interest, share of profits/(losses) of investments accounted for using the equity method, fair value adjustment of investment properties[2], provisions for write-down of inventories, impairment and net loss on sale of non-current assets	**121.2**	**222.0**	**2.2**	**7.0**	**-**	**352.4**
Interest expense included in cost of sales	**(20.9)**	**-**	**-**	**-**	**-**	**(20.9)**
Share of profits/(losses) of investments accounted for using the equity method (before fair value adjustment of investment properties, provision for write-down of inventories, impairment and net loss on sale of non-current assets)[1]	**-**	**34.2**	**(2.5)**	**-**	**-**	**31.7**
Segment result before fair value adjustments, provisions for write-downs, impairment and net loss on sale of non-current assets	**100.3**	**256.2**	**(0.3)**	**7.0**	**-**	**363.2**
Fair value adjustment of investment properties[3]	**(0.3)**	**(328.7)**	**-**	**-**	**-**	**(329.0)**
Share of fair value adjustment of investment properties in associates and joint ventures[1]	**-**	**(59.5)**	**(6.9)**	**-**	**-**	**(66.4)**
Share of net unrealised loss on derivatives in associates and joint ventures[1]	**-**	**-**	**(8.5)**	**-**	**-**	**(8.5)**
Share of provision for write-down of inventories in associates and joint ventures[1]	**-**	**-**	**(41.8)**	**-**	**-**	**(41.8)**
Provision for write-down of inventories	**(150.0)**	**-**	**(33.1)**	**-**	**-**	**(183.1)**
Goodwill impairment	**-**	**-**	**(107.4)**	**-**	**-**	**(107.4)**
Impairment of investments	**-**	**-**	**(3.9)**	**-**	**-**	**(3.9)**
Net loss on sale of non-current assets	**-**	**(24.2)**	**-**	**-**	**-**	**(24.2)**
Segment result	**(50.0)**	**(156.2)**	**(201.9)**	**7.0**	**-**	**(401.1)**
Impairment of other financial assets						**(145.5)**
Net loss on financial instruments and foreign exchange						**(177.9)**
Unallocated corporate other income and expenses						**(33.6)**
Interest income						**3.1**
Finance costs						**(52.2)**
Loss before income tax benefit						**(807.2)**
Income tax benefit						**81.2**
Loss for the half year						**(726.0)**
[1] Total share of loss on investments accounted for using the equity method	**-**	**(25.3)**	**(59.7)**	**-**	**-**	**(85.0)**

[2] Other than fair value movement of deferred management fee contracts and revaluation upon completion of newly constructed retirement living communities.

[3] Includes capital growth of operational retirement living communities offset by existing retirement living resident obligations fair value movement (refer Note 20) and excludes items in footnote 2 above.

Stockland Corporation Limited and its controlled entities (including Stockland Trust)
Notes to the Consolidated Interim Financial Statements
For the half year ended 31 December 2008

3 Segment reporting (continued)

Half year ended 31 December 2007 Primary reporting – business segments	Residential $M	Commercial Property $M	UK $M	Other $M	Eliminations $M	Consolidated $M
External segment revenue	633.4	355.9	21.6	4.8	-	1,015.7
Inter-segment revenue	114.4	36.6	-	7.6	(158.6)	-
Unallocated revenue	-	-	-	-	-	2.5
Total segment revenue	747.8	392.5	21.6	12.4	(158.6)	1,018.2
Segment result before interest, share of profits of investments accounted for using the equity method, fair value adjustment of investment properties[2] and net gain on sale of investment properties	175.2	255.1	5.7	1.6	-	437.6
Interest expense included in cost of sales	(23.7)	-	-	-	-	(23.7)
Share of profits of investments accounted for using the equity method (before fair value adjustment of investment properties and derivatives)[1]	-	30.8	0.8	-	-	31.6
Segment result before fair value adjustment and net loss on sale of non-current assets	151.5	285.9	6.5	1.6	-	445.5
Fair value adjustment of investment properties[3]	(0.9)	341.9	-	-	-	341.0
Share of fair value adjustment of investment properties and derivatives in associates and joint ventures[1]	-	120.5	(3.0)	-	-	117.5
Net gain from sale of non-current assets	0.4	10.9	-	-	-	11.3
Segment result	151.0	759.2	3.5	1.6	-	915.3
Net loss on financial instruments and foreign exchange						(128.5)
Unallocated corporate other income and expenses						(44.9)
Interest income						5.6
Finance costs						(54.9)
Profit before income tax expense						692.6
Income tax expense						(27.1)
Profit for the half year						665.5
[1] Total share of profits/(loss) on investments accounted for using the equity method	-	151.3	(2.2)	-	-	149.1

[2] Other than fair value movement of deferred management fee contracts and revaluation upon completion of newly constructed retirement living communities.

[3] Includes capital growth of operational retirement living communities offset by existing retirement living resident obligations fair value movement (refer Note 20) and excludes items in footnote 2 above.

4 Business combinations and disposals

Acquisition of businesses

Rylands retirement living business

On 17 July 2008 Stockland acquired the Rylands retirement living business ("Rylands"), a privately owned retirement living business, for an amount of $34.7 million. The Rylands business includes two recently completed apartment-style retirement villages comprising 153 independent living units.

The assets recognised on acquisition were at their fair values and had the following effect on the consolidated entity's assets and liabilities on acquisition date:

	Recognised value on acquisition $M
Property, plant and equipment	**0.6**
Investment properties	**24.0**
Net identifiable assets and liabilities	**24.6**
Goodwill on acquisition	**10.1**
Total cost of acquisition[1]	**34.7**
Deferred consideration	**(18.6)**
Net cash outflow	**16.1**

[1] Included within the total cost of acquisition are transaction costs of $0.5 million.

The goodwill recognised on acquisition is attributable to a premium paid to assist Stockland to further grow the retirement living offering. Rylands has a highly desirable retirement living asset profile offering medium density apartment-style retirement living in highly sought after inner-city areas of Kew and Hawthorn in Melbourne.

Disposal of businesses

There were no disposals of businesses during the half year.

	Half year ended 2008 $M	2007 $M
5 Finance income and expense		
Interest income	**3.1**	5.6
Net unrealised gain from hedged items and financial instruments treated as fair value hedges[1]	**-**	1.9
Net realised foreign exchange gain	**0.4**	0.1
Finance income	**3.5**	7.6
Interest expense relating to interest-bearing financial liabilities carried at:		
- amortised cost	**73.2**	41.5
- fair value	**73.5**	81.5
Interest paid or payable on other financial liabilities at amortised cost	**7.2**	17.4
Less interest capitalised to property developments in inventories	**(86.5)**	(79.5)
Less interest capitalised to investment properties	**(15.2)**	(6.0)
Net borrowing costs	**52.2**	54.9
Net unrealised loss from hedged items and financial instruments treated as fair value hedges[1]	**34.9**	-
Net unrealised loss on financial instruments that do not qualify as effective under hedge accounting rules	**94.3**	131.1
Net unrealised foreign exchange loss	**27.6**	1.3
Finance expense	**209.0**	187.3
Capitalised finance costs to external parties included in cost of property developments sold	**20.9**	23.7

[1] The net unrealised loss/gain from hedged items and financial instruments treated as fair value hedges includes an unrealised gain arising on the fair value movement of the derivatives of $781.9 million (2007: $54.0 million) and an unrealised loss arising on the fair value movement of the interest-bearing liabilities of $816.8 million (2007: $52.1 million).

6 Earnings per security

	Notes	Half year ended 2008 Cents	2007 Cents
Basic earnings per security	(a)	**(48.0)**	46.4
Diluted earnings per security	(a)	**(47.6)**	46.2
Basic earnings per security before certain significant items	(b)	**8.5**	22.4
Diluted earnings per security before certain significant items	(b)	**8.4**	22.3

(a) Earnings per security

Basic earnings per security is calculated by dividing (loss)/profit attributable to security holders of Stockland by the weighted average number of ordinary securities outstanding during the half year. Diluted earnings per security is calculated by dividing the (loss)/profit attributable to security holders (after adding back the after-tax effect of interest on share-based payments) by the weighted average number of ordinary securities outstanding during the half year after adjusting for the effect of dilutive securities granted under share plans accounted for as options and rights granted under employee share plans.

The following reflects the income and securities data used in the basic and diluted earnings per security computations.

	Half year ended 2008 $M	2007 $M
Basic earnings		
(Loss)/profit for the half year attributable to security holders of Stockland	**(726.9)**	672.5
Diluted earnings reconciliation		
(Loss)/profit for the half year attributable to security holders of Stockland	**(726.9)**	672.5
After-tax effect of interest expense related to share-based payments	**0.3**	0.6
Diluted (loss)/profit attributable to security holders	**(726.6)**	673.1

	2008 No.	2007 No.
Weighted average number of securities (basic)		
Weighted average number of securities as at 31 December	**1,513,371,618**	1,449,027,442
Weighted average number of securities (diluted)		
Weighted average number of securities (basic) as at 31 December	**1,513,371,618**	1,449,027,442
Effect of rights and securities granted under share plans accounted for as options	**12,817,086**	8,305,556
Weighted average number of securities (diluted) as at 31 December	**1,526,188,704**	1,457,332,998

As at 31 December 2008, all Performance Rights Plan ("PRP") rights, 132,000 Incentive Security Plan ("ISP") and no Executive Securities Plan ("ESS") securities were dilutive. As at 31 December 2007 all PRP rights, ISP and ESS securities were dilutive.

6 Earnings per security (continued)

(b) Earnings per security calculated on the profit available for distribution before certain significant items as assessed by the Directors

To provide information to security holders that reflects the Directors' assessment of the profit attributable to security holders, certain significant items that are relevant to an understanding of Stockland's results have been identified. The effect of these items are set out below.

The following reflects the income and securities data used in calculating the basic and diluted earnings per security as assessed by the Directors:

	Notes	Half year ended 2008 $M	Half year ended 2007 $M
Profit from operations as assessed by the Directors		**286.9**	324.6
Significant items:			
Provision for write-down of inventories – Australia, net of tax		**(105.0)**	-
Provision for write-down of inventories – UK, net of tax		**(54.0)**	-
Profit available for distribution as assessed by the Directors		**127.9**	324.6
Certain significant items:			
Fair value adjustment of investment properties			
Net (loss)/gain from fair value adjustment of investment properties (excluding retirement living and minority interest), net of tax[1]		**(322.5)**	348.5
Share of net (loss)/gain from fair value adjustment of investment properties in associates and joint ventures		**(66.4)**	117.5
Capital growth of operational retirement living communities	20	**34.2**	23.2
Existing retirement living resident obligations fair value movement	20	**(34.5)**	(24.1)
Impairment and net (loss)/gain on sale of non-current assets			
UK goodwill impairment and deferred tax benefit write-down[2]		**(125.4)**	-
Impairment of other financial assets, net of tax		**(125.7)**	-
Impairment of other investments		**(3.9)**	-
Net (loss)/gain on sale of non-current assets		**(24.2)**	11.3
Fair value adjustment of financial instruments and foreign exchange movements			
Net unrealised (loss)/gain from hedged items and financial instruments treated as fair value hedges	5	**(34.9)**	1.9
Net realised loss on financial instruments that do not qualify as effective under hedge accounting rules		**(13.6)**	-
Net unrealised loss on financial instruments that do not qualify as effective under hedge accounting rules	5	**(94.3)**	(131.1)
Share of net unrealised loss on derivatives in associates and joint ventures		**(8.5)**	-
Net realised gain on other financial instruments that do not qualify as effective under hedge accounting rules		**-**	1.9
Net unrealised loss on other financial instruments that do not qualify as effective under hedge accounting rules		**(7.9)**	-
Net realised foreign exchange gain	5	**0.4**	0.1
Net unrealised foreign exchange loss	5	**(27.6)**	(1.3)
(Loss)/profit for the half year attributable to security holders of Stockland		**(726.9)**	672.5
Attributable to:			
Security holders of Stockland		**(726.9)**	672.5
Minority interest		**0.9**	(7.0)
(Loss)/profit for the half year		**(726.0)**	665.5

[1] The net (loss)/gain from fair value adjustment of investment properties (excluding retirement living communities and minority interest) includes a tax benefit of $6.2 million.

[2] Includes Stockland UK goodwill impairment of $107.4 million and deferred tax asset write-down of $18.0 million.

6 Earnings per security (continued)

(b) Earnings per security calculated on the profit available for distribution before certain significant items as assessed by the Directors (continued)

	Half year ended 2008 $M	2007 $M
Basic earnings from operations before certain significant items		
Profit available for distribution as assessed by the Directors	**127.9**	324.6
Diluted earnings from operations before certain significant items reconciliation		
Profit available for distribution as assessed by the Directors	**127.9**	324.6
After tax effect of interest expense related to share-based payments	**0.3**	0.6
Diluted profit available for distribution as assessed by the Directors	**128.2**	325.2

	31 December 2008 $M	30 June 2008 $M
7 Current assets – Inventories		
Land and property held for resale[1]		
- cost of acquisition	**88.5**	101.8
- development costs	**234.6**	240.4
- other costs[2]	**40.5**	36.7
	363.6	378.9
Development work in progress[1]		
Residential communities under development[3]		
- cost of acquisition	**213.3**	241.2
- development costs	**73.5**	113.0
- other costs[2]	**80.8**	78.3
	367.6	432.5
Apartments		
- cost of acquisition	**118.5**	126.0
- development costs	**137.1**	107.0
- other costs[2]	**49.8**	46.1
	305.4	279.1
Retail projects		
- cost of acquisition	**18.9**	43.8
- development costs	**1.6**	1.6
- other costs[2]	**0.1**	2.0
	20.6	47.4
Office and Industrial projects		
- cost of acquisition	**28.7**	59.9
- development costs	**17.6**	30.6
- other costs[2]	**4.8**	6.7
	51.1	97.2
	1,108.3	1,235.1

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

[2] Other costs include finance costs, rates and taxes. Finance costs were capitalised at an interest rate of 7.9% for July 2008, 7.1% for August 2008, 7.0% for September 2008, 6.8% for October 2008, 6.7% for November 2008 and 6.4% for December 2008 (30 June 2008: 6.4% from 1 July 2007 to 31 August 2007, 6.5% for September 2007, 6.7% for October 2007, 6.9% for November 2007, 7.1% for December 2007, 7.2% from 1 January 2008 to 29 February 2008 and 7.5% from 1 March 2008 to 30 June 2008).

[3] Residential communities under development include land which is legally owned by Stockland, however Stockland Residential Estates Equity Fund No.1 has an interest in a number of development projects. Stockland Residential Estates Funds No.1 has a 50% interest in the development rights in stages 2-5 of the Vertu Private Estate Project, a 50% interest in the development rights of stages 4, 6, 7 & 9 of the Boardwalk Project, a 50% interest in the development rights of all stages of the Hundred Hills Project, a 80% interest in the development rights of all stages of the Freshwater Project, and a 50% interest in the development rights of the Newbury Village stage of the Highlands Project.

Only Stockland's interest is recognised in this Financial Report. A value of $15.9 million (30 June 2008: $16.2 million) of the Vertu Private Estate Project, $11.2 million (30 June 2008: $8.6 million) of the Boardwalk Project, $1.1 million (30 June 2008: $Nil) of the Hundred Hills Project, $3.5 million (30 June 2008: $5.2 million) of the Freshwater Project and $21.0 million (30 June 2008: $2.5 million) of the Highlands Project has been recognised as Current assets - Inventories by Stockland in this Financial Report.

During the current period Stockland recognised a provision of $64.1 million (30 June 2008: $4.1 million) to write down current inventories on hand to net realisable value. The total provision for write-down of inventories is separately disclosed in the Income Statement. Refer to Note 3 Segment Reporting for the split of the provision between the UK and Australian business.

8 Current assets – Assets held for sale

	31 December 2008 $M	30 June 2008 $M
Edmund Barton Building, Canberra ACT[1]	**108.7**	-
81-95 Waymouth Street, Adelaide SA[1]	**51.0**	-
Chesser House, 91-97 Grenfell Street, Adelaide SA[1]	**34.5**	-
514 Boundary Road, Richlands QLD[1]	**16.8**	-
Stockland Batemans Bay, Batemans Bay NSW[2]	**-**	67.4
Amory Gardens, 2-6 Cavill Avenue, Ashfield NSW[2]	**-**	29.1
Lidcombe Industrial Park, 42 Birnie Avenue, Lidcombe NSW[3]	**-**	13.6
159-163 Newton Road, Wetherill Park NSW[3]	**-**	13.2
Bridge Plaza, Batemans Bay NSW[2]	**-**	13.1
Engadine, Wollongong NSW[3]	**-**	11.6
Cnr Overton Lea Boulevard and Trickey Avenue, Sydenham VIC[1]	**1.1**	1.1
Securities in listed entity[4]	**358.8**	-
Units in unlisted fund held for sale	**-**	0.5
	570.9	149.6

[1] These properties were presented as held for sale in view of the intention of Stockland to sell these properties during the twelve months ending 31 December 2009.

[2] These properties were sold in the six months ending 31 December 2008.

[3] These properties were transferred to investment properties in the six months ending 31 December 2008 as management no longer intends to sell these properties. These properties continue to be held at fair value.

[4] The $358.8 million relates to an investment which did not qualify for derecognition under accounting standards. The balance is offset by an equal liability – refer Note 14. The asset and liability will be offset during the twelve months ending 31 December 2009 upon the settlement of the related equity derivative contract.

	31 December 2008 $M	30 June 2008 $M
9 Non-current assets - Inventories		
Land and property held for resale[1]		
- cost of acquisition	**30.3**	-
- development costs	**4.3**	-
- other costs[2]	**0.2**	-
	34.8	-
Development work in progress[1]		
Residential communities under development[3]		
- cost of acquisition	**1,066.0**	1,108.9
- development costs	**250.3**	226.5
- other costs[2]	**290.0**	183.8
	1,606.3	1,519.2
Apartments		
- cost of acquisition	**209.3**	260.5
- development costs	**109.6**	83.7
- other costs[2]	**39.1**	31.2
	358.0	375.4
Retail projects		
- cost of acquisition	**173.8**	158.2
- development costs	**7.9**	6.2
- other costs[2]	**1.1**	0.6
	182.8	165.0
Office and Industrial projects		
- cost of acquisition	**116.4**	92.9
- development costs	**41.3**	18.4
- other costs[2]	**4.6**	7.0
	162.3	118.3
	2,344.2	2,177.9

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

[2] Other costs include finance costs, rates and taxes. Finance costs were capitalised at an interest rate of 7.9% for July 2008, 7.1% for August 2008, 7.0% for September 2008, 6.8% for October 2008, 6.7% for November 2008 and 6.4% for December 2008 (30 June 2008: 6.4% from 1 July 2007 to 31 August 2007, 6.5% for September 2007, 6.7% for October 2007, 6.9% for November 2007, 7.1% for December 2007, 7.2% from 1 January 2008 to 29 February 2008 and 7.5% from 1 March 2008 to 30 June 2008).

[3] Residential communities under development include land which is legally owned by Stockland, however Stockland Residential Estates Equity Fund No.1 has an interest in a number of development projects. Stockland Residential Estates Equity Funds No.1 has a 50% interest in the development rights in stages 2-5 of the Vertu Private Estate Project, a 50% interest in the development rights of stages 4, 6, 7 & 9 of the Boardwalk Project, a 50% interest in the development rights of all stages of the Hundred Hills Project, a 80% interest in the development rights of all stages of the Freshwater project, and a 50% interest in the development rights of the Newbury Village stage of the Highlands Project.

Only Stockland's interest is recognised in this Financial Report. A value of $Nil (30 June 2008: $4.3 million) of the Vertu Private Estate Project, $2.5 million (30 June 2008: $Nil) of the Boardwalk Project, $12.4 million (30 June 2008: $10.6 million) of the Hundred Hills Project, $Nil (30 June 2008: $0.6 million) of the Freshwater Project and $Nil (30 June 2008: $6.4 million) of the Highlands Project has been recognised as Non-current assets - Inventories by Stockland in this Financial Report.

Residential communities under development also includes land which is legally owned by Stockland, however an external party has a 50% interest in the development project. Only Stockland's interest is recognised in this Financial Report. A value of $36.0 million (30 June 2008: $Nil) of the Brookdale Project has been recognised as Non-current assets - Inventories by Stockland in this Financial Report.

During the current period Stockland recognised a provision of $119.0 million (30 June 2008: $Nil) to write down non-current inventories on hand to net realisable value. The total provision for write-down of inventories is separately disclosed in the Income Statement. Refer to Note 3 Segment Reporting for the split of the provision between the UK and Australian business.

10 Non-current assets – Investment properties

Description	Acquisition date	Original purchase price $M	Cost including additions $M	Independent valuation date	Independent valuation $M	**Book value 31 Dec 2008 $M**	Book value 30 June 2008 $M
Retail							
Stockland Wetherill Park, Western Sydney NSW[1]	Aug 1983	12.0	108.8	Dec 2008	339.0	**339.0**	341.4
Stockland Shellharbour, Shellharbour NSW	Jun 2003	140.2	149.8	Dec 2008	295.0	**295.0**	281.2
Stockland Green Hills, East Maitland NSW[1]	Dec 2000	51.7	114.7	Dec 2008	256.0	**256.0**	243.8
Stockland Townsville, Townsville QLD[1]	Jun 1987	27.7	100.6	Dec 2008	245.0	**245.0**	231.5
Stockland Merrylands, Western Sydney NSW[1,3,6]	Sep 1982	18.0	114.6	Dec 2006	151.0	**228.1**	152.3
Stockland Glendale, Newcastle NSW[1]	Mar 1996	50.6	84.6	Dec 2008	228.0	**228.0**	240.8
Stockland Rockhampton, Rockhampton QLD[3,6]	Jun 2003	132.6	142.2	Dec 2007	193.0	**200.5**	195.4
Stockland Cairns, Cairns QLD[1,3,6]	Jun 1992	47.8	155.0	Dec 2006	181.0	**191.9**	184.8
Stockland Bay Village, Bateau Bay NSW	Oct 2000	63.9	109.4	Dec 2008	179.5	**179.5**	187.5
Stockland Burleigh Heads, Burleigh Heads QLD[1]	Aug 2003	82.4	113.5	Dec 2008	152.0	**152.0**	159.0
Stockland The Pines, Doncaster East VIC[1]	Nov 2004	122.5	127.6	Dec 2008	151.0	**151.0**	151.8
Stockland Baulkham Hills, Baulkham Hills NSW[1]	Sep 1982	15.5	81.6	Dec 2008	123.0	**123.0**	137.0
Stockland Jesmond, Newcastle NSW[1]	Feb 1984	9.2	41.2	Dec 2008	120.0	**120.0**	123.8
Stockland Forster, Forster NSW[1]	Jul 2003	39.0	96.7	Dec 2008	119.0	**119.0**	126.5
Stockland Wendouree, Wendouree VIC	Jun 2003	42.0	64.0	Dec 2008	110.0	**110.0**	115.0
Stockland Gladstone, Gladstone QLD	Oct 2000	52.2	55.7	Dec 2008	99.0	**99.0**	102.0
Stockland Nowra, Nowra NSW	Jun 2003	49.7	52.9	Dec 2008	85.5	**85.5**	90.2
Stockland Bull Creek, Bull Creek WA	Jun 2003	53.0	53.8	Dec 2008	83.0	**83.0**	88.2
Stockland Caloundra, Caloundra QLD	Jun 2003	46.5	49.8	Dec 2008	82.5	**82.5**	82.5
Stockland Bathurst, Bathurst NSW	Jun 2003	40.4	54.4	Dec 2008	80.4	**80.4**	84.0
Stockland Cleveland, Cleveland QLD[1]	Oct 2002	63.3	68.6	Dec 2008	80.0	**80.0**	87.5
Stockland Traralgon, Traralgon VIC	Jun 2003	44.0	46.2	Dec 2008	77.0	**77.0**	78.6
Stockland Corrimal, Corrimal NSW	Jun 2003	36.5	37.6	Dec 2008	62.0	**62.0**	65.1
Stockland Wallsend, Wallsend NSW[3]	Sep 2007	56.2	61.3	Jun 2008	57.1	**58.1**	57.1
Shellharbour Retail Park, Shellharbour NSW	Jun 2003	33.5	34.6	Dec 2008	46.0	**46.0**	51.6
Stockland Baldivis, Baldivis WA[1]	Aug 2006	5.6	31.0	Dec 2008	42.5	**42.5**	46.5
Stockland Riverton, Riverton WA (50%)[3,4,6]	Aug 2006	35.0	35.4	Jun 2007	38.8	**39.2**	39.2
Stockland Cammeray, Cammeray NSW[1,14]	Dec 2008	46.2	51.3	Dec 2008	32.3	**32.3**	-
Stockland Lilydale, Lilydale VIC[3]	Sep 2007	29.4	31.7	Jun 2008	29.4	**29.4**	29.4
Jimboomba Village Shopping Centre, Jimboomba QLD (50%)[3]	Jan 2007	24.8	24.8	Jun 2008	18.2	**18.2**	18.2

10 Non-current assets – Investment properties (continued)

Description	Acquisition date	Original purchase price $M	Cost including additions $M	Independent valuation date	Independent valuation $M	**Book value 31 Dec 2008 $M**	Book value 30 June 2008 $M
Retail (continued)							
Burleigh Central, Burleigh Heads QLD[1]	Aug 2003	14.8	14.9	Dec 2008	16.0	**16.0**	18.0
Vincentia Shopping Centre, Vincentia NSW[1,3]	Jan 2007	13.7	15.1	Jun 2008	15.0	**15.1**	15.0
Stockland Glenrose, Belrose NSW[1,3]	Jan 2003	39.6	46.1	Dec 2007	20.0	**12.0**	20.1
Merrylands Court, Merrylands NSW[1]	Dec 2002	15.8	16.1	Dec 2008	10.7	**10.7**	16.3
Woolworths Toowong, Toowong QLD[3]	Oct 2000	4.8	4.9	Jun 2007	10.0	**10.0**	10.0
Townsville Kingsvale & Sunvale, Townsville QLD[1,3]	Aug 2007	13.1	13.8	Jun 2008	6.5	**6.5**	6.5
Auckland Creek, Gladstone QLD	Oct 2000	6.7	8.2	Dec 2008	3.9	**3.9**	3.9
Retail total						**3,927.3**	3,881.7
Office							
Piccadilly Complex, 133-145 Castlereagh Street, Sydney NSW[5,9]	Oct 2000	210.1	254.4	Dec 2008	358.5	**358.5**	357.7
Waterfront Place, Eagle Street, Brisbane QLD (50%)[4]	Feb 2004	151.6	155.5	Dec 2008	267.5	**267.5**	285.0
9 Castlereagh Street, Sydney NSW[3]	Mar 2008	202.6	203.3	Feb 2008	212.0	**213.2**	212.0
Colonial Centre, 52 Martin Place, Sydney NSW (50%)[4,9]	Jun 2003	173.8	175.9	Dec 2008	192.5	**192.5**	209.8
Riverside Plaza, 452 Flinders Street, Melbourne VIC	Oct 2000	124.5	132.0	Dec 2008	182.0	**182.0**	192.4
135 King Street, Sydney NSW (50%)[3,4,5]	Jun 2003	96.5	105.3	Jun 2008	158.5	**158.8**	158.5
BankWest Tower, 108 St. George's Terrace, Perth WA (50%)	Apr 2007	139.0	146.8	Dec 2008	154.0	**154.0**	184.9
Exchange Plaza, 2 The Esplanade, Perth WA (50%)[4,9]	Jun 2003	67.8	69.3	Dec 2008	153.5	**153.5**	164.7
Triniti Business Campus, North Ryde NSW[6]	Jun 2001	16.0	117.5	Dec 2008	121.2	**121.2**	24.4
Optus Centre, Macquarie Park, NSW (31%)[4]	Jul 2000	68.7	105.5	Dec 2008	114.7	**114.7**	124.0
Durack Centre, 263 Adelaide Terrace, Perth WA[1,3,6,9]	Oct 2006	49.1	66.0	Jun 2008	111.5	**112.1**	111.5
60-66 Waterloo Road, Macquarie Park NSW	Oct 2000	20.8	52.2	Dec 2008	75.8	**75.8**	81.5
601 Pacific Highway, St Leonards NSW	Jun 2003	61.1	63.6	Dec 2008	75.7	**75.7**	77.8
72 Christie Street, St Leonards NSW	Jun 2003	46.0	63.6	Dec 2008	65.0	**65.0**	68.4
45 St Georges Terrace, Perth WA[1]	Mar 2007	57.2	60.4	Dec 2008	63.5	**63.5**	70.0
77 Pacific Highway, North Sydney NSW[3]	Jan 2000	25.9	54.5	Jun 2008	64.0	**63.2**	64.0
175-181 Castlereagh Street, Sydney NSW[1]	Sep 1982	18.0	35.1	Dec 2008	59.0	**59.0**	66.0
7 Macquarie Place, Sydney NSW (50%)[4]	Jun 2003	48.1	49.1	Dec 2008	58.0	**58.0**	61.6
234 Sussex Street, Sydney NSW	Oct 2000	42.0	44.0	Dec 2008	53.0	**53.0**	62.0
150 Charlotte Street, Brisbane QLD	Jan 2006	45.0	47.0	Dec 2008	52.5	**52.5**	59.0
333 Kent Street, Sydney NSW	Jan 2000	32.8	35.8	Dec 2008	47.0	**47.0**	50.5
Garden Square, Mt Gravatt QLD[1]	Feb 2007	57.0	60.2	Dec 2008	45.0	**45.0**	60.3

10 Non-current assets – Investment properties (continued)

Description	Acquisition date	Original purchase price $M	Cost including additions $M	Independent valuation date	Independent valuation $M	**Book value 31 Dec 2008 $M**	Book value 30 June 2008 $M
Office (continued)							
Macquarie Technology Centre, Macquarie Park NSW	Oct 2000	36.5	38.9	Dec 2008	43.0	**43.0**	47.2
16 Giffnock Avenue, Macquarie Park NSW[3]	Jul 2000	25.7	29.0	Jun 2008	41.6	**42.6**	41.6
1 Havelock Street, West Perth WA	Apr 2007	28.8	30.7	Dec 2008	36.6	**36.6**	39.0
40 Cameron Avenue, Belconnen ACT (50%)[9]	Feb 2007	28.5	33.2	Dec 2008	30.1	**30.1**	31.7
110 Walker Street, North Sydney NSW	Oct 2000	22.7	23.6	Dec 2008	29.0	**29.0**	29.4
68 Northbourne Avenue, Canberra ACT[1,3,9]	Aug 2003	21.5	22.2	Jun 2008	28.0	**28.0**	28.0
118-120 Pacific Highway, St Leonards NSW	Oct 2000	19.1	20.9	Dec 2008	25.5	**25.5**	28.4
80-88 Jephson Street, Toowong QLD[3]	Jun 2006	23.9	24.2	Jun 2007	24.6	**24.8**	24.8
267 St Georges Terrace, Perth WA	Jul 2007	19.6	20.7	Dec 2008	20.6	**20.6**	20.7
Cox & Drakeford Buildings Northbourne Avenue & Mort Street, Canberra ACT[3,9]	Oct 2000	11.0	13.3	Jun 2008	20.0	**20.0**	20.0
Trace/Todd Buildings Cooyong & Mort Streets, Canberra ACT[3,9]	Oct 2000	10.6	15.5	Jun 2008	18.6	**18.7**	18.6
78 Waterloo Road, Macquarie Park NSW[2,3,6]	Aug 2007	12.0	13.7	Jul 2007	12.0	**13.7**	13.2
255 St Georges Terrace, Perth WA	Jul 2007	6.5	6.9	Dec 2008	6.9	**6.9**	6.9
23 High St, Toowong QLD	Jan 2008	7.8	8.3	Dec 2008	4.5	**4.5**	6.5
27-29 High Street, Toowong QLD	Jul 2006	4.5	4.8	Dec 2008	4.2	**4.2**	4.8
3 Byfield Street, Macquarie Park NSW[10]	Jan 2000	9.0	9.9	Dec 2007	11.3	**-**	11.3
300 Ann Street, Brisbane QLD[10]	Dec 2006	40.4	43.2	Dec 2007	45.0	**-**	45.1
Edmund Barton Building, Canberra ACT[7]	Oct 2000	76.9	118.3	Dec 2004	87.5	**-**	79.5
81-95 Waymouth Street, Adelaide SA[7]	Jun 2003	41.0	43.5	Dec 2006	50.0	**-**	50.0
Chesser House, 91-97 Grenfell Street, Adelaide SA[7]	Jun 2003	22.6	26.8	Jun 2008	37.3	**-**	37.3
Office total						**3,033.9**	3,330.0
Industrial							
Yennora Distribution Centre, Yennora NSW[3]	Jul 2000	141.9	228.0	Jun 2008	345.0	**346.4**	345.0
Defence Distribution Centre, Moorebank NSW (60%)[3,4]	Dec 2007	180.6	180.6	Jun 2008	160.8	**161.1**	160.8
Hendra Distribution Centre, Brisbane QLD	Jul 2000	41.7	47.3	Dec 2008	84.0	**84.0**	92.4
Brooklyn Estate, Brooklyn VIC[3]	Jun 2003	52.4	58.8	Jun 2008	81.1	**81.3**	81.1
Port Adelaide Distribution Centre, Port Adelaide SA[3]	Jul 2000	42.9	46.1	Dec 2007	78.5	**78.3**	78.5
9-11 Ferndell Street, Granville NSW	Jun 2003	32.9	37.6	Dec 2008	38.5	**38.5**	40.9
1090-1124 Centre Road, Oakleigh VIC	Feb 2007	42.6	49.8	Dec 2008	36.0	**36.0**	38.5
3676 Ipswich Road Wacol QLD[1]	Aug 2006	23.1	42.1	Dec 2008	33.5	**33.5**	24.7

10 Non-current assets – Investment properties (continued)

Description	Acquisition date	Original purchase price $M	Cost including additions $M	Independent valuation date	Independent valuation $M	**Book value 31 Dec 2008 $M**	Book value 30 June 2008 $M
Industrial (continued)							
20-50 Fillo Drive & 10 Stubb Street, Somerton VIC	Sep 2006	43.1	45.7	Dec 2008	32.9	**32.9**	36.7
Altona Distribution Centre, Altona VIC[3]	Jul 2000	24.3	25.7	Jun 2008	30.0	**30.0**	30.0
55-63 Bourke Road, Alexandria NSW[3]	Jun 2003	20.1	20.5	Jun 2008	29.3	**29.3**	29.3
M1 Yatala Enterprise Park, Yatala QLD[1,2,3,6]	Nov 2006	20.0	23.1	Sep 2006	20.0	**23.1**	22.7
509 Boundary Road, Richlands QLD	Jun 2003	8.1	17.0	Dec 2008	19.9	**19.9**	23.2
2 Davis Road, Wetherill Park NSW[1]	Apr 2003	15.6	15.8	Dec 2008	19.0	**19.0**	19.2
Preston Industrial Estate, Prestons NSW[1]	May 2005	21.6	21.7	Dec 2008	18.7	**18.7**	19.8
11-25 Toll Drive, Altona North VIC	Sep 2006	21.4	22.6	Dec 2008	18.3	**18.3**	20.7
32-54 Toll Drive, Altona VIC	Sep 2006	18.1	19.6	Dec 2008	17.1	**17.1**	19.2
56-60 Toll Drive, Altona North VIC	Sep 2006	18.8	19.9	Dec 2008	16.1	**16.1**	18.2
11A Ferndell Street, Granville NSW[1]	Apr 2003	14.4	15.0	Dec 2008	15.5	**15.5**	16.7
Export Park, 9-13 Viola Place, Brisbane Airport QLD[1]	Nov 2007	15.0	16.0	Dec 2008	14.8	**14.8**	16.0
11 Amour Street, Revesby NSW[1]	Jun 2003	11.0	13.4	Dec 2008	14.3	**14.3**	13.5
76-82 Fillo Drive, Somerton VIC	Jul 2006	15.8	16.9	Dec 2008	13.9	**13.9**	15.0
159-163 Newton Road, Wetherill Park NSW[1,13]	Oct 2003	11.1	11.3	Dec 2008	13.7	**13.7**	-
Lidcombe Industrial Park, 42 Birnie Avenue, Lidcombe NSW[1,13]	Jun 2005	15.0	15.4	Dec 2008	13.4	**13.4**	-
73-91 Lenore Lane, Erskine Park NSW[1]	Feb 2007	15.3	16.2	Dec 2008	12.9	**12.9**	14.0
735 Boundary Road, Richlands QLD	Oct 2005	11.8	12.4	Dec 2008	12.5	**12.5**	15.7
72 Formation Street, Wacol QLD[1]	Jun 2007	12.2	12.9	Dec 2008	11.5	**11.5**	12.4
17 Scanlon Drive, Epping VIC	Jun 2007	2.1	10.3	Dec 2008	10.2	**10.2**	10.7
17 McNaughton Road, Clayton VIC	Jul 2006	11.4	12.3	Dec 2008	9.7	**9.7**	12.3
60 Fulcrum Street, Richlands QLD	Jun 2003	5.7	6.0	Dec 2008	8.4	**8.4**	10.7
1 Amour Street, Revesby NSW[1]	Sep 2007	8.2	8.9	Dec 2008	7.5	**7.5**	8.1
40 Scanlon Drive, Epping VIC	Sep 2007	1.8	7.9	Dec 2008	7.1	**7.1**	8.0
9-11 Somerton Park Drive, Somerton VIC	Jul 2006	7.1	7.7	Dec 2008	6.8	**6.8**	7.3
M4 Greystanes Industrial Park, Greystanes NSW[10]	Jun 2005	15.2	56.8	Jun 2008	58.0	-	58.0
9 Orielton Park, Smeaton Grange NSW[10]	Sep 2003	11.9	11.7	Jun 2008	12.5	-	12.5
514 Boundary Road, Richlands QLD[1,7]	Oct 2005	17.2	18.0	Dec 2008	17.2	-	23.2
Industrial total						**1,255.7**	1,355.0
Commercial Property total						**8,216.9**	8,566.7

10 Non-current assets – Investment properties (continued)

Description	Acquisition date	Original purchase price $M	Cost including additions $M	Independent valuation date	Independent valuation $M	**Book value 31 Dec 2008 $M**	Book value 30 June 2008 $M
Stockland UK assets[12]							
CPI Retail Active Management Programme						**35.6**	43.1
Halladale Nelson						**4.3**	4.8
Stockland UK assets total						**39.9**	47.9
Retirement living community assets total[11]						**1,166.7**	1,051.7
Other							
Capital works in progress						**290.2**	344.0
Mantra Hotel (formerly Saville South Bank), 161 Grey Street, Brisbane QLD	Apr 2007	38.6	38.7	Jun 2007	39.0	**39.0**	39.0
Other total						**329.2**	383.0
Total investment properties (including amounts classified in other assets, receivables and property, plant and equipment)						**9,752.7**	10,049.3
Less amounts classified as:							
- Property, plant and equipment						**(83.3)**	(83.3)
- Other assets (including lease incentives)						**(77.4)**	(80.9)
- Other assets attributable to investments accounted for using the equity method						**(21.6)**	(22.9)
- Other receivables (straight-lining of operating lease rental income)						**(22.4)**	(23.5)
- Other receivables (straight-lining of operating lease rental income) attributable to investments accounted for using the equity method						**(8.7)**	(7.2)
Total investment properties (including share of investment property held by associates and joint ventures)						**9,539.3**	9,831.5

[1] Property held by Stockland Trust.

[2] Date of latest valuation preceding acquisition by the Trust.

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

[4] Property held by associates and joint venture entities.

[5] Includes Retail.

[6] Capital works are in progress. Fair value at 31 December 2008 has been assessed by the Directors after consideration of the latest valuation and capital works incurred to 31 December 2008. An independent valuation of the property will be undertaken upon completion of the works.

[7] Included in Assets held for sale.

[8] Property held for development.

[9] These properties are leasehold properties.

[10] These properties were disposed of during the financial period.

[11] Refer to Note 20 for details.

[12] Share of investment properties held by funds in the UK.

[13] These properties were transferred from Assets held for sale during the six months ending 31 December 2008.

[14] These properties were acquired during the six months ending 31 December 2008.

Directors' valuations have been undertaken as at 31 December 2008 for all properties when determining fair value. In arriving at fair value, the Directors consider the discounted cash flows of the investment property based on reliable estimates of future cash flows; other contracts and recent prices for similar properties; and capitalised income projections based on the property’s net market income. In addition, Stockland is required to ensure that independent valuations are performed at regular intervals appropriate to the nature of the investment property and movement in market values. These valuations are also considered by the Directors when determining fair value.

10 Non-current assets – Investment properties (continued)

	31 December 2008 $M	30 June 2008 $M
Reconciliation of ownership		
Consolidated investment properties	**8,384.3**	8,610.1
Stockland's share of investment properties held by associates and joint venture entities	**1,155.0**	1,221.4
Total interest in investment properties	**9,539.3**	9,831.5
Reconciliation – investment properties[1]		
Direct investments and controlled entities		
Carrying amount at the beginning of the financial period	**8,610.1**	8,232.8
Acquisitions	**52.6**	401.2
Acquisitions through business combination	**24.0**	-
Expenditure capitalised	**236.8**	315.7
Transfers to assets classified as held for sale	**(300.8)**	(759.9)
Transfers from property, plant and equipment	**17.5**	70.6
Net (loss)/gain on fair value adjustment of investment properties[2]	**(251.1)**	395.4
Deferred management fees collected on retirement living contracts	**(4.8)**	(13.9)
Effect of movements in foreign exchange	**-**	(31.8)
Carrying amount at the end of the financial period	**8,384.3**	8,610.1

[1] Current period represents movements during the six month period to 31 December 2008. Prior period represents movements during the twelve months to 30 June 2008.

[2] Includes fair value adjustment of retirement living communities. Refer to Note 20.

11 Non-current assets – Other financial assets

	31 December 2008 $M	30 June 2008 $M
Investments in other entities		
Units in unlisted entities	**23.5**	21.2
Securities in listed entities	**44.7**	-
	68.2	21.2

12 Non-current assets – Intangible assets

		Consolidated		
		Goodwill	**Other[1]**	**Total**
	Note	**$M**	**$M**	**$M**
Cost				
Balance at 1 July 2007		580.5	1.2	581.7
Write-off on disposal of investment properties[2]		(23.9)	-	(23.9)
Effects of movements in exchange rates		(27.3)	-	(27.3)
Balance as at 30 June 2008		529.3	1.2	530.5
Balance at 1 July 2008		**529.3**	**1.2**	**530.5**
Acquisition through business combinations	4	**10.1**	**-**	**10.1**
Write-off on disposal of investment properties[2]		**(8.1)**	**-**	**(8.1)**
Effects of movements in exchange rates		**9.3**	**-**	**9.3**
Balance as at 31 December 2008		**540.6**	**1.2**	**541.8**
Amortisation and impairment losses				
Balance at 1 July 2007		3.7	-	3.7
Impairment loss		86.1	-	86.1
Balance as at 30 June 2008		89.8	-	89.8
Balance at 1 July 2008		**89.8**	**-**	**89.8**
Impairment loss		**107.4**	**-**	**107.4**
Balance as at 31 December 2008		**197.2**	**-**	**197.2**
Carrying Amounts				
At 1 July 2007		576.8	1.2	578.0
At 30 June 2008		439.5	1.2	440.7
At 1 July 2008		439.5	1.2	440.7
At 31 December 2008		**343.4**	**1.2**	**344.6**

[1] Other intangibles consists of Heritage Floor Space of $1.2 million (30 June 2008: $1.2 million).

[2] A portion of ADP goodwill is required to be written off when an investment property measured at fair value is sold.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	31 December 2008 $M	30 June 2008 $M
Stockland UK	**31.4**	129.5
Stockland Retirement Living	**108.4**	98.3
Diversified property assets ("ADP")	**194.8**	202.9
Other	**8.8**	8.8
	343.4	439.5

Goodwill is tested for impairment annually, or more frequently if there are indicators of impairment. Impairment losses of $107.4 million have been recognised in the current half year (year ended 30 June 2008: $86.1 million).

The Stockland UK goodwill impairment test was based on the fair value less costs to sell method. This involves using cash flow projections of the Stockland UK business based on formal budgets approved by management covering a seven year period. A discount rate of 10% and terminal growth rate of 3% has been applied to these cash flows to arrive at a fair value of the business. The downturn in the UK property market has impacted short-term revenue forecasts within the cash flow projections of the Stockland UK business. Management believe that due to the long-term nature of property development and asset management within the Stockland UK business, it is reasonable to use a cash flow period of greater than five years.

12 Non-current assets – Intangible assets (continued)

As a result, an impairment loss of $107.4 million was recognised in the current half year (year ended 30 June 2008: $86.1 million) relating to the purchase of Stockland UK. The impairment loss has been recognised in "Goodwill impairment" in the Income Statement and the cash-generating unit is the reportable UK segment.

The Stockland Retirement Living (formerly "Stockland ARC") goodwill arose on the acquisition of the retirement living division of Australian Retirement Communities on 28 February 2007 and the acquisition of the Rylands retirement living business on 17 July 2008. The goodwill impairment test was based upon the value in use method. This involves using cash flow projections for future Stockland retirement living communities based on formal budgets approved by management covering a seven year period at a discount rate of 15%. Cash flows beyond the seven year period have been determined by applying a steady 3% p.a. capital growth rate assumption for future Stockland retirement living communities once complete and projecting the costs and selling price for retirement living communities in the development pipeline. This growth rate does not exceed the long-term average rate for the Australian retirement living property market. Management believe that due to the long-term nature of retirement living communities and the ability to manage assets over that extended period, it is reasonable to use a cash flow period of greater than five years. No impairment loss has been recognised in the current half year in respect of Stockland Retirement Living goodwill (year ended 30 June 2008: $Nil).

The ADP goodwill arose on the acquisition of the AMP Diversified Property Trust in 2003. The annual goodwill impairment test, performed in June 2008, was based on the fair value less costs to sell method. This involves identifying other competitors in the market place that appear to have similar cash flows. An assessment, based on available market information in relation to a portfolio premium which would reasonably be expected to be included in the fair value. A comparison is then made to the underlying assets to which the ADP goodwill relates to assess any potential impairment of goodwill. No impairment loss has been recognised in the current half year in respect of ADP goodwill (year ended 30 June 2008: $Nil).

	31 December 2008 $M	30 June 2008 $M

13 Current liabilities – Interest-bearing loans and borrowings

	31 December 2008 $M	30 June 2008 $M
Unsecured		
Domestic medium term notes	**-**	250.0
Bank facilities	**-**	350.0
	-	600.0
Secured		
Bank facilities	**18.0**	17.8
	18.0	617.8

Details of the weighted average effective interest rate on the domestic medium term notes and the bank facilities are set out in Note 15.

14 Current liabilities – Other liabilities

	31 December 2008 $M	30 June 2008 $M
Dividends and distributions payable	**269.1**	351.4
Rents in advance	**17.5**	17.1
Liability in respect of sale of investment and related equity derivative contract[1]	**379.1**	-
Other	**5.3**	4.7
	671.0	373.2

[1] $368.4 million relates to cash received on sale of an investment which did not qualify for derecognition under accounting standards. The balance has been adjusted by $9.6 million to $358.8 million to reflect the value of the asset against which the liability will be offset upon settlement of the related equity derivative contract. The remaining balance of $20.3 million relates to the fair value of the related equity derivative contract.

	31 December 2008 $M	30 June 2008 $M
15 Non-current liabilities – Interest-bearing loans and borrowings		
Unsecured		
Domestic medium term notes	**595.2**	594.2
Foreign medium term notes[1]	**2,632.5**	1,781.7
Bank facilities	**1,209.1**	435.4
	4,436.8	2,811.3
Secured		
Bank facilities	**7.5**	7.7
	4,444.3	2,819.0

[1] The above movement in foreign medium term notes is due to the change in fair value recorded in accordance with AASB 139 "Financial Instruments: Recognition and Measurement". No additional notes were issued during the period.

The weighted average effective interest rate on domestic medium term notes at 31 December 2008 was 6.2% (30 June 2008: 7.7%).

The weighted average effective interest rate on foreign medium term notes at 31 December 2008 was 6.0% (30 June 2008: 8.1%).

The weighted average effective interest rate on bank facilities at 31 December 2008 was 4.6% (30 June 2008: 7.3%) for unsecured facilities and 6.4% (30 June 2008: 7.2%) for secured facilities.

Except as noted below, there have been no significant changes in the financing arrangements from those described in the Financial Report of Stockland as at and for the year ended 30 June 2008.

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

Facility 31 December 2008 $M	Facility 30 June 2008 $M	Security	Maturity date	**Utilised at 31 December 2008 $M**	Utilised at 30 June 2008 $M
-	17.6	Secured	October 2008	-	17.4
-	350.0	Unsecured	December 2008	-	350.0
17.7	-	Secured	January 2009	**17.5**	-
50.0	250.0	Unsecured	January 2009	-	-
200.0	-	Unsecured	February 2009	-	-
75.0	-	Unsecured	June 2009	-	-
-	550.0	Unsecured	July 2009	-	-
-	200.0	Unsecured	November 2009	-	-
208.5	207.1	Unsecured	June 2010	**206.1**	187.4
150.0	-	Unsecured	July 2010	-	-
150.0	-	Unsecured	August 2010	**60.0**	-
200.0	200.0	Unsecured	November 2010	**103.0**	103.0
200.0	200.0	Unsecured	February 2011	**200.0**	145.0
600.0	-	Unsecured	July 2011	**440.0**	-
200.0	-	Unsecured	August 2011	**200.0**	-
9.4	9.6	Secured	November 2014	**8.0**[1]	8.1[1]
2,060.6[2]	1,984.3			**1,234.6**	810.9

[1] Of this balance, $0.5 million (30 June 2008: $0.4 million) is included in Current liabilities - Interest-bearing loans and borrowings.

[2] Subsequent to 31 December 2008, Stockland signed a new bank facility agreement on 15 January 2009 with a facility limit of $350.0 million maturing on 31 October 2009. The facility is unsecured.

15 Non-current liabilities – Interest-bearing loans and borrowings (continued)

Interest rate swap contracts

During the half year, Stockland entered into a number of new interest rate swaps with a total face value of $600.0 million. The fair value of these swaps at 31 December 2008 is $0.4 million included in Non-current assets – Other assets and $1.5 million included in Non-current liabilities – Other liabilities.

The impact of all the interest rate swaps held by Stockland results in a weighted average interest rate for the half year ended 31 December 2008 of 6.8% (full year ended 30 June 2008: 6.7%).

Equity derivative contracts

During the half year, Stockland entered into a series of net cash settled equity derivative contracts, under two forms of instrument, which provide an exposure to the movement in the GPT Group security price.

The fair value of these derivative contracts at 31 December 2008 is $12.4 million included in Current assets – Other assets and $20.3 million included in Current liabilities – Other liabilities. The net movement during the half year of $7.9 million has been recorded in the Income Statement as a "Net unrealised loss on other financial instruments that do not qualify as effective under hedge accounting rules."

The two forms of derivative contracts, both being net cash settled with one being linked to the sale of an underlying instrument which did not qualify for derecognition, provide an overall economic exposure to GPT of 12% of the total securities on issue at 31 December 2008.

16 Issued capital

	Number of securities			
	31 December 2008	30 June 2008	**31 December 2008 $M**	30 June 2008 $M
Ordinary Securities - Issued and fully paid	**1,582,917,589**	1,472,602,981	**6,345.6**	5,821.3

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

Date	**Details**	**Number of securities**	**Issue price**	**$M**
Movement of securities issued				
1 July 2007	Balance	1,437,595,986		5,570.9
29 August 2007	Dividend and Distribution Reinvestment Plan	15,069,337	$7.98	120.2
05 September 2007	Employee share plan	85,527	$8.52	0.7
31 December 2007	Issued securities which have either matured, been sold or forfeited and sold under share plans	2,920,667		16.7
31 December 2007	Balance	1,455,671,517		5,708.5
28 February 2008	Dividend and Distribution Reinvestment Plan	14,940,464	$7.07	105.6
30 June 2008	Issued securities which have either matured, been sold or forfeited and sold under share plans	1,991,000		7.2
30 June 2008	Balance	1,472,602,981		5,821.3
30 September 2008	Employee share plan	174,834	$5.04	0.9
8 October 2008	Placement	56,603,774	$5.30	300.0
	Less: transaction costs			(6.0)
11 November 2008	Placement	51,000,000	$4.37	222.9
31 December 2008	Issued securities which have either matured, been sold or forfeited and sold under share plans	2,536,000		6.5
31 December 2008	**Closing balance**	**1,582,917,589**		**6,345.6**

16 Issued capital (continued)

The following table provides details of equity instruments granted pursuant to Stockland share plans accounted for as options[1]

Date	Details	Number of securities
1 July 2007	Balance	12,861,500
31 December 2007	Issued securities which have either matured, been sold or forfeited and sold under share plans	(2,920,667)
31 December 2007	Balance	9,940,833
30 June 2008	Issued securities which have either matured, been sold or forfeited and sold under share plans	(1,991,000)
30 June 2008	Balance	7,949,833
31 December 2008	Issued securities which have either matured, been sold or forfeited and sold under share plans	(2,536,000)
31 December 2008	**Balance**	**5,413,833**
31 December 2008	**Issued capital**	**1,582,917,589**
	Issued capital issued on ASX[2]	**1,588,331,422**

[1] Under AASB 2, the Executive Securities Scheme and the Incentive Share Plan equity instruments are required to be accounted for as options. Refer accounting policy in Note 1(bb)(vi) to the Financial Report of Stockland as at and for the year ended 30 June 2008. The value of the securities granted under these share plans represents the fair value of those shares at grant date calculated using either the Black Scholes or Monte-Carlo Simulation option pricing models which takes into account the terms and conditions upon which the share were granted. The fair value is expensed in the Income Statement when granted over the vesting period, with a corresponding increase in the Executive remuneration reserve.

[2] Represents the aggregate of “issued capital” and securities accounted for as options.

Terms and conditions of securities

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.

17 Reserves

	31 December 2008 $M	31 December 2007 $M
Realised capital profits reserve	**(19.6)**	38.6
Executive remuneration reserve	**19.2**	14.9
Cash flow hedge reserve	**36.4**	24.4
Unrealised financial instruments reserve	**(369.9)**	(109.3)
Foreign currency translation reserve	**(15.0)**	(0.2)
Financial assets revaluation reserve	**(2.9)**	(0.5)
	(351.8)	(32.1)

17 Reserves (continued)

Movements in reserves

	31 December 2008 $M	31 December 2007 $M
Realised capital profits reserve		
Balance at the beginning of the financial period	**4.6**	27.7
(Loss)/profit on sale of investment properties transferred from retained earnings	**(24.2)**	10.9
Balance at the end of the financial period	**(19.6)**	38.6
Executive remuneration reserve		
Balance at the beginning of the financial period	**18.2**	9.8
Expense relating to rights and securities granted under share plans	**4.3**	5.9
Tax expense on rights and securities granted under share plans	**0.1**	-
Securities exercised under share plans transferred to retained earnings	**(3.4)**	(0.8)
Balance at the end of the financial period	**19.2**	14.9
Cash flow hedge reserve		
Balance at the beginning of the financial period	**10.7**	22.1
Effective portion of changes in fair value of cash flow hedges during the period, net of tax	**25.7**	2.3
Balance at the end of the financial period	**36.4**	24.4
Unrealised financial instruments reserve		
Balance at the beginning of the financial period	**(225.5)**	21.8
Unrealised loss on financial instruments transferred from retained earnings	**(137.1)**	(131.1)
Realised loss on financial instruments transferred to retained earnings	**(7.3)**	-
Balance at the end of the financial period	**(369.9)**	(109.3)
Foreign currency translation reserve		
Balance at the beginning of the financial period	**(11.1)**	(1.3)
Net exchange differences on translation of foreign controlled entity	**(3.9)**	1.1
Balance at the end of the financial period	**(15.0)**	(0.2)
Financial assets revaluation reserve		
Balance at the beginning of the financial period	**2.0**	3.3
Realised loss on other financial assets, net of tax	**-**	(3.8)
Unrealised loss on other financial assets, net of tax	**(4.9)**	-
Balance at the end of the financial period	**(2.9)**	(0.5)

18 Dividends and distributions

Dividends and distributions recognised in the half year by the Company and the Trust are detailed below.

Interim	**Cents per unit/share**	**Total amount $M**	**Date of payment**	**Tax rate for franking credit %**	**Percentage franked %**	**Tax preferred %**
31 December 2008						
Corporation dividend	**0.1**	**1.6**	27 February 2009	30.0	100	-
Trust distribution	**16.9**	**268.4**	27 February 2009	-	-	2.0
Total	**17.0**	**270.0**				
31 December 2007						
Corporation dividend	0.5	7.2	29 February 2008	30.0	100	-
Trust distribution	22.1	322.1	29 February 2008	-	-	3.0
Total	22.6	329.3				

The final dividends and distributions for the six months to 30 June 2008, which were recognised during the previous financial year and paid by the Company and Trust during the current period are detailed below.

Final	**Cents per unit/share**	**Total amount $M**	**Date of payment**	**Tax rate for franking credit %**	**Percentage franked %**	**Tax preferred %**
30 June 2008						
Corporation dividend	0.5	7.4	29 August 2008	30.0	100	-
Trust distribution	23.4	345.3	29 August 2008	-	-	6.0
Total	23.9	352.7				
30 June 2007						
Corporation dividend	4.7	67.2	31 August 2007	30.0	100	-
Trust distribution	18.1	258.8	31 August 2007	-	-	19.0
Total	22.8	326.0				

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

	Half year ended 2008 $M	Half year ended 2007 $M
Total dividends and distributions paid and payable	**270.0**	329.3
Less:		
Interest expense related to share-based payments	**(0.3)**	(0.7)
Dividends and distributions relating to share-based payment loans	**(0.6)**	(1.0)
Dividends and distributions payable to security holders as per Statement of Changes in Equity	**269.1**	327.6

	31 December 2008 $M	30 June 2008 $M

19 Commitments

Inventories commitments

Commitments for the acquisition of development land and future development costs not recognised at balance date:

Within one year	**313.3**	275.1
Later than one year but not later than five years	**167.6**	89.8
Later than five years	**-**	1.2
Commitments not recognised in the Financial Statements	**480.9**	366.1

Capital expenditure commitments

Commitments for the acquisition of properties and capital expenditure not recognised at balance date:

Within one year	**265.6**	440.0
Later than one year but not later than five years	**21.2**	66.5
Commitments not recognised in the Financial Statements	**286.8**	506.5

Operating lease commitments

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

Within one year	**3.0**	1.7
Later than one year but not later than five years	**8.6**	4.0
Later than five years	**81.6**	1.0
Commitments not recognised in the Financial Statements	**93.2**	6.7

Non-cancellable operating lease receivable from investment property tenants

Non-cancellable operating lease commitment receivable:

Within one year	**531.4**	504.6
Later than one year but not later than five years	**1,337.5**	1,256.1
Later than five years	**672.8**	704.2
	2,541.7	2,464.9

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

20 Retirement living

Stockland owns 22 operational retirement living communities. The contracts entered into between Stockland and the resident, entitle Stockland to earn a resident fee which is linked to the resale value of the resident's unit or apartment and their period of occupancy. Under the contracts the residents are entitled to receive their ingoing payment plus any increase in the value of the property on turnover. The timing for settlement of this obligation upon turnover depends on whether the contract is an exit fee or deferred repayment contract.

Under an exit fee contract, Stockland does not have an unconditional right to defer settlement greater than twelve months after the resident turnover date.

Under a deferred repayment contract, the terms of the contract allow Stockland to defer settlement for a maximum of eight years after the resident turnover date based upon the resident's tenure period. In the event the loan is settled early the nominal value of the obligation is discounted at a rate in accordance with the contract for a maximum of eight years.

No interest is payable to the residents on these obligations.

Given the resident contracts are either loan/lease or loan and repurchase agreements, the accounting standards require the amount payable to residents to be recorded as a liability and the capital value of the retirement living communities to be recorded on the Balance Sheet as part of the fair value of the investment property.

The following table represents the net investment by Stockland in operational retirement living communities:

	31 December 2008 $M	30 June 2008 $M
Fair value of deferred management fee contracts	**272.2**	213.9
Capital value of operational retirement living communities	**894.5**	837.8
Total book value	**1,166.7**	1,051.7
Existing retirement living resident obligations	**(886.0)**	(830.1)
Net investment in operational retirement living communities	**280.7**	221.6

The retirement living communities have not been independently valued. The total book value has been determined based upon Directors' valuations undertaken as at 31 December 2008 using open market values.

	Half year ended	
	2008 $M	2007 $M
The overall contribution of retirement living to the Income Statement comprises the following:		
Net gain from fair value adjustment of retirement living communities		
– Capital growth of operational retirement living communities	**34.2**	23.2
– Fair value movement of deferred management fee contracts	**35.7**	17.0
– Revaluation upon completion/redevelopment/contract conversion of retirement living communities	**7.7**	6.8
	77.6	47.0
Existing retirement living resident obligations fair value movement	**(34.5)**	(24.1)
Net fair value movement from operational retirement living communities	**43.1**	22.9

21 Notes to the Cash Flow Statement

Reconciliation of (loss)/profit to net cash utilised in operating activities:

	Half year ended 2008 $M	2007 $M
(Loss)/profit	**(726.0)**	665.5
Add/(less) items classified as investing/financing activities:		
Fair value adjustment for investment properties	**315.4**	(462.3)
Net unrealised loss/(gain) from hedged items and financial instruments treated as fair value hedges	**34.9**	(1.9)
Net gain on sale of other financial assets	**-**	(10.9)
Net loss/(gain) on sale of non-current assets	**24.2**	(0.4)
Interest capitalised to investment properties	**(15.2)**	(2.3)
Medium term note interest capitalised	**1.5**	1.7
Unwinding of present value of retirement living obligation	**1.0**	-
Add/(less) non-cash items:		
Net unrealised loss on other financial instruments that do not qualify as effective under hedge accounting rules	**7.9**	-
Net unrealised loss on financial instruments that do not qualify as effective under hedge accounting rules	**94.3**	131.1
Net realised loss on financial instruments that do not qualify as effective under hedge accounting rules	**7.3**	-
Net unrealised foreign exchange (loss)/gain	**27.6**	1.3
Depreciation	**10.1**	9.0
Goodwill impairment	**107.4**	-
Impairment of other investments	**3.9**	-
Provision for write-down of inventories	**183.1**	-
Impairment of other financial assets	**145.5**	-
Straight-line rent adjustment	**1.0**	(2.6)
Share of losses of investments accounted for using the equity method	**59.3**	9.1
Equity-settled share-based payments	**4.5**	5.9
Retirement living resident obligation fair value movement	**34.5**	(47.0)
Other items	**(3.0)**	2.5
Net cash inflow from operating activities before change in assets and liabilities	**319.2**	298.7
Decrease in receivables	**49.9**	16.0
Decrease/(increase) in other assets	**(30.9)**	(76.2)
Increase in prepayments	**(5.3)**	(4.3)
Increase in inventories	**(222.2)**	(333.6)
Decrease in payables and other liabilities	**(77.2)**	(25.8)
Increase/(decrease) in income tax payable	**26.0**	(59.7)
(Decease)/increase in deferred taxes payable	**(77.7)**	27.0
(Decrease)/increase in employee benefits	**(1.2)**	1.4
Decrease in other provisions	**(15.1)**	(8.7)
Net cash utilised in operating activities	**(34.5)**	(165.2)

Non-cash financing and investing activities

In November 2008, Stockland acquired a strategic stake in GPT via cash and the issue of Stockland securities. Stockland issued 51 million stapled securities in exchange for 195 million GPT securities with a fair value of $222.9 million.

22 Related party disclosures

Arrangements with related parties continue to be in place. There were no significant arrangements during the half year of a nature other than those disclosed in the Financial Report of Stockland as at and for the year ended 30 June 2008.

23 Events subsequent to the end of the half year

Subsequent to the end of the half year, Stockland signed a new bank facility agreement on 15 January 2009 with a facility limit of $350.0 million maturing on 31 October 2009. The facility is unsecured.

Stockland Corporation Limited and its controlled entities (including Stockland Trust) Directors' Declaration For the half year ended 31 December 2008

1 In the opinion of the Directors of Stockland Corporation Limited ("the Company"), and the Directors of the Responsible Entity of Stockland Trust, Stockland Trust Management Limited (collectively referred to as "the Directors"):

(a) the Financial Statements and notes set out on pages 8 to 41, are in accordance with the Corporations Act 2001 including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance, for the half year ended on that date; and

(ii) complying with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001.

(b) the Financial Report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

2 There are reasonable grounds to believe that Stockland will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Graham Bradley
Chairman

Matthew Quinn
Managing Director

Dated at Sydney, 11 February 2009

KPMG

Independent auditor's review report to the security holders of Stockland

Stockland comprises the consolidation of Stockland Corporation Limited ("the Company") and its controlled entities, including Stockland Trust and its controlled entities, which form the consolidated entity ("Stockland" or "the consolidated entity").

We have reviewed the accompanying half-year financial report of Stockland, which comprises the consolidated interim balance sheet as at 31 December 2008, income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies and other explanatory notes 1 to 23 and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Stockland 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 and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Stockland, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

Michael J Coleman
Partner

Sydney

11 February 2009