HOW TO COMPLETE YOUR TAX RETURN USING YOUR STOCKLAND ANNUAL TAX STATEMENT

2014 TAX RETURN FOR INDIVIDUALS (INCLUDING SUPPLEMENTARY SECTION)

2014 TAX RETURN

QUESTION 13: PARTNERSHIPS AND TRUSTS - NON-PRIMARY PRODUCTION INCOME

STEPS

1. Add the amount of non-primary production income (13U) on your Stockland Annual Tax Statement to any other non-primary production income you received from other trust investments.
2. Write the total income at 13U of your 2014 tax return for individuals (supplementary section).
3. Add together any deduction you can claim in respect of non-primary production income that you recorded at 13U.
4. Write the total deductions at 13Y of your 2014 tax return for individuals (supplementary section).
5. Add the amounts at 13U (or subtract loss amounts) and subtract the amounts at 13Y.
6. Write this amount in the ‘Net non-primary production amount’ box beneath and to the right of 13Y. If this amount is a loss, write ‘L’ in the small box to the right of this figure.

NOTE:

- The types of deductions you can claim are shown on page 34 of the Individual Tax Return Instructions 2014 and include:
  i. interest on loans used to finance your investment
  ii. bank charges

QUESTION 18: CAPITAL GAINS

Your Stockland Annual Tax Statement includes amounts referred to as Net Capital Gains. This Guide outlines the disclosures required in an individual unit holder’s tax return in respect of a capital gain (distributed or otherwise) from Stockland Trust. If you have sold your stapled securities you should obtain advice from your accountant or taxation advisor and refer to relevant ATO publications.

STEPS

1. As Stockland Trust derived capital gains during the year, you are required to separately disclose your share of these capital gains on your income tax return. You will need to complete Question 18 of the 2014 tax return for individuals (supplementary section).
2. As you are entitled to a share of the capital gain derived by Stockland Trust, print X in the YES box at 18G of your 2014 tax return for individuals (supplementary section).
3. If you only have a capital gain from Stockland Trust, and no other capital gains, then include the ‘Gross Capital Gain’ from your Stockland Annual Tax Statement at Item 18H and include the total ‘Net Capital Gain’ amounts from your Stockland Annual Tax Statement at Item 18A.
4. If you have capital gains and losses from other shares, units in a unit trust or managed investment fund or other assets, you will need to calculate your total current year capital gains (after taking into account capital losses) to complete Items 18H & 18A.
5. If total current year capital gains are more than the total current year and net prior year capital losses, use the ATO guide to help you calculate your net capital gain to include at 18A of your 2014 tax return for individuals (supplementary section).
6. If total current year capital gains are less than the total current year and net prior year capital losses, you have made a net capital loss. Write this amount at 18V of your 2014 tax return for individuals (supplementary section).

Please refer to the ATO publication ‘Personal Investors Guide to Capital Gains Tax 2014’ for more details.

TFN WITHHOLDING CREDITS

STEPS

1. Add the amount of TFN withholding credits (13R) on your Stockland Annual Tax Statement relating to the Stockland Trust distributions (if any), to any TFN withholding tax deducted from other trust or partnership investment income.
2. Write the total at 13R of your 2014 tax return for individuals (supplementary section).

NOTE:

- TFN withholding tax has been deducted from distributions at the rate of 46.5% where Stockland did not receive a tax file number (TFN) or TFN exemption. The tax withheld will be offset against the tax payable on your taxable income or refunded.

ATO LINKS

Relevant ATO publications:

You and Your Shares 2013 - 14

Personal Investors guide to Capital Gains Tax 2013 - 14

Guide to Capital Gains Tax 2013 - 14

“Individual Tax Return Instructions 2014” including the “2014 Supplement”

To obtain copies of these publications from the ATO please phone the ATO publications ordering service on 1300 720 092 or obtain the information from the ATO website at www.ato.gov.au.

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A GUIDE TO YOUR STOCKLAND 30 JUNE 2014 ANNUAL TAX STATEMENT

Stockland Corporation Limited
ACN 000 181 733
Stockland Trust Management Limited
ABN 86 001 900 741
AFSL No. 241190
As Responsible Entity for
Stockland Trust ARSN 092 897 348
ABN 12 706 208 920
Level 25
133 Castlereagh Street
Sydney NSW 2000
www.stockland.com.au

Dear Investor

This guide has been prepared to assist you and your tax advisor to complete your income tax return for the year ended 30 June 2014 using your ‘Stockland Annual Tax Statement’.

Your investment in Stockland consists of shares in Stockland Corporation Limited and units in Stockland Trust (referred to as ‘Stapled Securities’). The Stockland Annual Tax Statement provides the trust distributions to which you are entitled, and these amounts should be used in the preparation of your income tax return.

The Guide has been prepared for general information only and should be read in conjunction with the Australian Taxation Office’s (‘ATO’) instructions and publications which are listed at the end of this Guide. This Guide does not constitute the giving of tax or financial product advice. Each investor’s particular circumstances will be different and accordingly, you may wish to seek independent taxation advice.

Further information regarding Stockland’s distributions and dividends is available on our website at www.stockland.com.au/Investor.

Thank you for investing with Stockland. For further information about your investment, please contact your adviser or call Computershare on 1800 804 985 (within Australia), between 8.00am and 6.30pm, Sydney time, Monday to Friday.

Yours sincerely,

TIERNAN O’ROURKE
Chief Financial Officer

Stockland

A GUIDE TO YOUR STOCKLAND 30 JUNE 2014 ANNUAL TAX STATEMENT

THIS GUIDE APPLIES TO YOU IF:

- You are an individual Australian resident investor in Stockland.
- You hold your stapled securities for the purpose of investment, rather than for resale at a profit, and the capital gains tax ('CGT') provisions apply to you.

STOCKLAND ANNUAL TAX STATEMENT

STOCKLAND TRUST DISTRIBUTION

Your Stockland Annual Tax Statement relates to the Stockland Trust Distributions paid to you in February 2014 and August 2014.

For an individual Australian resident taxpayer, the distributions from Stockland Trust are recognised for tax purposes on a present entitlement basis and not on a receipts basis.

For tax purposes the distribution from Stockland Trust comprises of different components of taxable income.

Taxable Income

Under the tax legislation, as a unitholder of Stockland Trust, you are subject to tax on your proportionate share of the 'net income' of Stockland Trust which includes interest, other income, and assessable capital gains.

Capital Gains

Stockland Trust has realised capital gains as a result of disposing of investments.

In accordance with the provisions of the Constitution of Stockland Trust, the responsible entity of Stockland Trust has determined this year that it will distribute in cash a portion of the realised profits from the sale of investments.

The Stockland Annual Tax Statement reflects your share of the net capital gains derived by Stockland Trust which (where applicable) comprise the following:

(i) Discount Capital Gains

This represents your share of Stockland Trust's realised net capital gains as determined under the CGT 50% discount method. Such gains have arisen from investments that have been held by Stockland Trust for more than 12 months and are assessable.

(ii) CGT Concession Component

This represents the 'non-assessable' amounts of the realised gains determined under the CGT 50% discount method and does not reduce the CGT cost base of your unitholding.

Tax Deferred

Your Stockland Annual Tax Statement reflects the 'tax deferred' amount of your gross cash distribution. This amount has arisen because the gross cash distribution from Stockland Trust exceeds the taxable income from Stockland Trust.

The 'tax deferred' amount has generally arisen because Stockland Trust has been able to claim tax deductions for depreciation and capital allowances.

The 'tax deferred' amount is not immediately taxable but will reduce the CGT cost base of the units held by you. Once the tax deferred distributions reduce your CGT cost base to nil, any additional tax deferred distributions will give rise to an immediate capital gain. However, this gain may be reduced on account of the CGT 50% discount.

STOCKLAND GROUP CAPITAL REALLOCATION

On 29 November 2013, Stockland reallocated 22 cents of capital per security from Stockland Trust to Stockland Corporation Ltd. The distribution of capital by Stockland Trust should not to be included in your assessable income. The cost base for your units in Stockland Trust should be reduced by 22 cents per unit. To the extent that the capital payment exceeds your cost base in a unit, a capital gain will be made equal to that excess. The cost base for your shares in Stockland Corporation Ltd should be increased by the capital contribution.

The Australian Tax Office issued a Class Ruling CR 2013/82 which outlines in further detail the tax implications of the Capital Reallocation for securityholders.

STOCKLAND CORPORATION LIMITED DIVIDENDS

For an individual Australian resident taxpayer, dividends from Stockland Corporation Limited are recognised on a receipts basis. No dividend was paid by Stockland Corporation Limited in the current year.

TFN AMOUNTS WITHHELD

Where you have not provided your Tax File Number or claimed a relevant exemption, income tax has been withheld from the income distributed to you by Stockland Trust at 46.5%. The tax withheld should be claimed as a credit in your return.

A GUIDE TO YOUR STOCKLAND 30 JUNE 2014 ANNUAL TAX STATEMENT

DISPOSAL OF YOUR STAPLED SECURITIES

The following summary will assist you to determine whether you have any liability to CGT on account of the sale of your stapled securities. However, you should obtain your own independent tax advice.

Your Investment in Stockland Stapled Securities

For tax purposes, the sale of a stapled security is treated as a disposal of a share in Stockland Corporation Limited ('SCL') and a unit in Stockland Trust. Upon disposal of a stapled security, you will realise a capital gain if the consideration exceeds the CGT cost base of the share and unit.

Cost Base of Shares and Units

Generally, the cost base of your shares and units is the amount you paid for them including the incidental costs of acquisition and disposal.

In the case of your units, the cost base will be reduced by any tax deferred distributions. Details of tax deferred distributions are available from the Shareholders' section of the Investor Centre on the Stockland website at www.stockland.com.au by going to the Distribution, dividends and tax link.

For capital gains tax purposes, the cost of each Stockland stapled security and the consideration received on disposal of each Stockland stapled security will need to be apportioned between the share in SCL and the unit in Stockland Trust.

One possible method of apportionment is on the basis of the relative Net Assets of SCL and Stockland Trust. The Net Assets for SCL and Stockland Trust are available from the Shareholders' section of the Investor Centre on the Stockland website at www.stockland.com.au by going to the Distribution, dividends and tax link.

Calculation of Capital Gain/Loss

Your capital gains or capital losses from the disposal of your stapled securities may be ascertained as follows:

- **Indexed Capital Gains** Where the stapled securities were acquired prior to 21 September 1999 the taxable capital gain may be calculated as the difference between the sale proceeds and indexed cost base (using the frozen indexation factor at 30 September 1999). Alternatively, you may choose to apply the CGT 50% discount method below.
- **Discount Capital Gains (>12 months)** Where the stapled securities have been held for more than 12 months, you may choose to reduce your taxable capital gain by the CGT discount of 50% for individuals.
- **Other Capital Gains (<12 months)** Where the stapled securities have been held for 12 months or less, no discount is available and accordingly such gains are assessable in full.
- **Capital Losses** The capital loss comprises the difference between the sale proceeds and the reduced cost base of your stapled securities. You can offset capital losses against capital gains. Current year capital losses are applied before prior year's capital losses.

If you choose to apply the capital losses against any discount capital gains, you must apply the capital losses against the grossed up capital gain amount (that is, your 50% discount capital gain x 2) before applying the discount percentage.

DISCOUNT CAPITAL GAINS ADJUSTMENTS FOR COMPLYING SUPERANNUATION FUNDS, COMPANIES AND TRUSTS

The 'Net Capital Gain - 50% Discount' amount detailed on your Stockland Annual Tax Statement is based on the CGT 50% discount method which has been applied by Stockland Trust in calculating its net capital gain for tax purposes for the year ended 30 June 2014. This CGT 50% discount is available only to individuals and trusts in respect of the disposal of assets which have been held for more than 12 months.

The following additional information may be of assistance to securityholders of Stockland that are complying superannuation funds, companies and trusts.

Complying Superannuation Funds

In general, complying superannuation funds are entitled to a CGT discount of one third.

Companies

Companies are not entitled to any CGT discount.

Trusts

In general, trusts are entitled to a CGT discount of 50%.

Please note: The above information assumes that you do not have any current year or prior year capital losses or revenue losses to offset against your share of the capital gains arising from your investments in Stockland Trust. For further information on the impact of capital losses on your 'Net Capital Gain' amount, please contact your tax advisor.

If you require more information please consult your tax advisor or the ATO.