
5. THE PROPOSAL

5.1 Background

ACY was established in September 1997 by a public offer of 113 million Units of \$1 each. Trust management and property management was undertaken by member companies of the FAI Group. On 6 November 1998 a further \$42 million was raised by a 6 for 17 rights issue at an issue price of 83 cents per Unit. Later that month SPML acquired the company which was the manager of ACY from FAI Insurances Limited; Stockland Trust acquired 28.4 million Units from FAI Properties Pty Limited. Other purchases of Units were made by Stockland Trust such that its total holding was 19.7% of Units on issue.

In June 1999, Stockland Trust made an on-market takeover offer of 80 cents per Unit for all of the Units not then owned by Stockland Trust. At the close of the offer, Stockland Trust owned 55% of ACY, which has since been increased by making further on-market acquisitions to 60.7% or 118,350,010 Units as at the date of this booklet.

SPML has successfully completed the transition of ACY so that it is now governed by the managed investments regime under the Corporations Law that commenced on 1 July 2000 and SPML is the responsible entity of ACY.

All ACY properties are managed by Stockland (Properties) Pty Limited (ACN 000 059 398), a related entity of SPML.

The Proposal, if implemented, would have the effect of Stockland Trust (through Stockland Custodian) becoming the sole Unitholder in ACY and ACY therefore becoming a wholly owned subtrust of Stockland Trust. The Responsible Entity has now put the Proposal (which the Independent Expert concludes is fair and reasonable to, and in the best interest of, Unitholders other than Stockland and its associates) for consideration at a Unitholders' meeting.

Details of the Proposal, including advantages and disadvantages of the Proposal are set out below.

5.2 Summary of the proposal

Under the terms of the Proposal, if implemented:

- The Responsible Entity will cause to be issued to Stockland Trust (through Stockland Custodian) 76,473,519 Units on the Redemption Date at an issue price of 91 cents per Unit.
- All Units held by Unitholders as at the Redemption Date (other than those issued to Stockland Custodian) will be redeemed at the Offer Price of 91 cents per Unit.
- Unitholders will receive a payment of 91 cents per Unit; and
- Stockland Trust (through Stockland Custodian) will become the sole Unitholder in ACY.

The Merger Implementation Deed sets out the procedures for the implementation of the Proposal.

In summary, the Proposal will not be implemented if:

- Unitholders do not duly pass both Resolutions by the requisite majorities; or
- The Merger Implementation Deed is terminated prior to the Implementation Date.

The Merger Implementation Deed may be terminated if certain events occur such as the Proposal no longer being in the best interests of the ACY Unitholders or Stockland Trust unitholders.

A summary of the Merger Implementation Deed is included in Section 9.5 of this booklet.