
Development Prospects

Stockland has a significant portfolio of residential properties currently under development. Refer to Section 2.3 for further details on Stockland's residential development property portfolio.

1.6 CGT Rollover Relief

Flinders Unitholders who as a result of accepting the Offer trigger a capital gain event may be eligible to claim capital gains tax roll-over relief in respect of the Stockland Units received as part of the Stockland Stapled Securities, if Stockland acquires 80% or more of the Flinders Units and the Commissioner of Taxation exercises his discretion to deem Stockland Trust and Flinders to satisfy the relevant requirements of the tax legislation. The Commissioner of Taxation has confirmed that if the Merger Proposal is successful, capital gains tax rollover relief should be available.

If you make an election for roll-over relief, the capital gain realised on the disposal of your Flinders Units, to the extent you receive Stockland Units in exchange, will be disregarded for capital gains tax purposes. The Directors consider that for the purposes of determining how much of the capital gain is attributable to Stockland Units, it is reasonable to attribute approximately 83% of the market value of Stockland Stapled Securities to Stockland Units, based on the net tangible assets of Stockland Trust and Stockland Corporation. To the extent that your Flinders Units are exchanged for Stockland Shares, or you receive cash, no roll-over relief will be available and tax may be payable on the capital gain.

For example;

An investor who acquired Flinders Units from the original prospectus in October 1998 for \$1.00 would have an adjusted cost base of \$0.945 per unit, after receipt of the distribution for the six months ending 30 June, 2000 (assuming the distribution is for 5.6 cents per unit and that 28% is annual non-building depreciation or other tax deferred components).

Assuming a market value of \$3.53 per Stockland Stapled Security at the time of accepting the Offer, the disposal value and amount subject to capital gains tax per Flinders Unit would be approximately:

	Disposal Value	Taxable Capital Gain
■ Full Scrip Alternative	\$1.26	2.7 cents
■ Cash and Scrip Alternative	\$1.21	6.7 cents

This example has been prepared by Stockland as an example only. Flinders Unitholders should seek independent taxation advice to ascertain their own tax position.

See Section 8 for further details.