

# Stockland Property Management Limited

Incorporated in New South Wales  
Manager of Stockland Trust

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Dear Unitholder,

## RE: STOCKLAND TRUST RECONSTRUCTION

By now, you should have received details of the proposed reconstruction of the Stockland Trust, accompanied by a Notice of Meeting of Unitholders to be held on 11th February 1988. If you have not received these documents, please contact this office.

If you have not already mailed your Proxy indicating how you wish to vote on the resolutions to be put to the Meeting, we urge you to do this immediately. Alternatively, if you are attending the Meeting, you should return the R.S.V.P. card to advise your attendance.

### Taxation

In the Statement of Information forwarded to Unitholders, we set out some taxation information for Unitholders and advised that we were awaiting further advice on our application to the Australian Taxation Office and The Treasury to have the capital gains tax rollover provisions of the Income Tax Legislation extended to include the proposed Stockland Trust reconstruction.

We are pleased to advise that a Statement by the Treasurer on 28th January, 1988 included the rollover relief we had sought. Part of the Treasurer's Statement is as follows:

"The Government has decided to amend the existing CGT provisions to provide rollover relief for a type of reorganisation under which such a unit trust makes a proportionate distribution in specie to its unitholders of shares held by the trust in a company where the shares were acquired before 20 September 1985. This change will apply in respect of a transfer of shares after today and before 1 July, 1988."

In general, the effect of this amendment is as follows:

- a. Where units were acquired prior to 20th September, 1985, the shares in Stockland Corporation Limited ("Corporation") to be distributed in specie will be deemed to have been acquired before that date, so that the shares will be exempt from capital gains tax.
- b. In the case of units acquired on 20th September, 1985 or later, shares in Corporation will be subject to capital gains tax as are the units.

A more detailed explanation of the taxation position of Unitholders will be set out in the next Annual Report of the Trust and Corporation.

### Distribution Reinvestment Plan

Many Unitholders participate in the Stockland Trust's Distribution Reinvestment Plan. All other Unitholders would be aware of the operation of this Plan. As Manager of the Trust, we are entitled to vary the terms of this Plan. We therefore wish to advise amendments to the Plan which will be conditional upon Unitholders approving the reconstruction to be put to the Meeting on 11th February, 1988.

The dominant principle of the joint quotation of Stockland Trust units and Corporation shares is that Unitholders must at all times hold equal numbers of units and shares. Under the Distribution Reinvestment Plan, Unitholders receive units in the Trust in lieu of the distribution of income. If an issue of Corporation shares is not made concurrently with any such issue of units, this necessary principle cannot prevail.

Stockland Trust income distributions will in future be allocated partly towards the acquisition of units and partly towards the acquisition of shares. We have determined that, until further advice, we will allocate 85% towards units and 15% towards shares.

There will be no change in the discount which is 5% from the joint market price. There will also be no change in the number of units which would be acquired. The only difference will be that units will be acquired at 85% of the price at which they would have been acquired previously and, in addition, the same number of shares in Corporation will be acquired (representing the balance of 15% of the discounted market price).

Under the varied terms of the Plan, Unitholders will be deemed to have directed to Corporation 15% of the income to which they are entitled from Stockland Trust, to provide the funds to acquire shares in that company.

Unitholders presently participating in the Plan who wish to continue to participate in the Plan, notwithstanding these technical changes, need take no action. Unitholders who are unsure of their position should contact their own advisers or the undersigned. Unitholders wishing to discontinue their participation in the Plan should sign the enclosed cancellation advice and mail, in the reply paid envelope provided, to arrive at our office prior to 5 p.m. on 18th February, 1988.

Yours faithfully,  
STOCKLAND PROPERTY MANAGEMENT LIMITED

J.L. PETTIGREW  
SECRETARY

1st February, 1988