



Stockland

13 December 2004

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157 Liverpool Street  
SYDNEY NSW 2000

Companies Announcement Officer  
Australian Stock Exchange  
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Sydney NSW 2000

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**Stockland Trust Management Limited takeover offer for  
General Property Trust ("Offer") - despatch of Bidder's Statement**

In accordance with section 633(1) Item 8 of the Corporations Act 2001, we advise that Stockland Trust Management Limited has today completed the despatch of its bidder's statement ("**Bidders Statement**") relating to the Offer, as required by section 633(1) Item 6 of the Corporations Act.

The Bidder's Statement was despatched together with an Acceptance Form and a copy of the Supplementary Bidder's Statement lodged with ASIC on 9 December 2004.

We attach a copy of the above documents as despatched to unitholders of General Property Trust.

Yours faithfully,

Phillip Hepburn  
Group Secretary

Tel: 02 9561 2630  
Fax: 02 9561 2627

Stockland Corporation Limited  
ACN 000 181 733  
Stockland Trust Management Limited  
ACN 001 900 741  
AFSL No. 241190  
As Responsible Entity for Stockland Trust  
ARSN 092 897 348



# First Supplementary Bidder's Statement and Corrective Statement Replacements for pages 6 and 7

Offer by Stockland Trust Management Limited (ABN 86 001 900 741) as Responsible Entity for Stockland Trust (ARSN 092 897 348) to purchase all your ordinary units in General Property Trust (ARSN 090 110 357)

This document is a supplementary bidder's statement ("**Supplementary Bidder's Statement**") to the Bidder's Statement dated 24 November 2004 ("**Bidder's Statement**") issued by Stockland Trust Management Limited (as responsible entity for Stockland Trust) ("**STML**") and lodged at the Australian Securities and Investments Commission ("**ASIC**") on 24 November 2004, in relation to STML's offer ("**Offer**") for all of the ordinary units in General Property Trust ("**GPT**"), a copy of which accompanies this document.

This Supplementary Bidder's Statement is to be read together with the Bidder's Statement. Unless the context requires otherwise, defined terms in the Bidder's Statement have the same meaning in this Supplementary Bidder's Statement.

**This Supplementary Bidder's Statement contains certain corrections and additional items of disclosure required by the Takeovers Panel in order to overcome what would otherwise be material omissions and misstatements in the Bidder's Statement. STML has given undertakings to the Takeovers Panel to provide this Supplementary Bidder's Statement, corrective statement and replacements for pages 6 and 7.**

**THE BIDDER'S STATEMENT IS AMENDED BY REPLACING PAGES 6 AND 7 WITH PAGES 3 AND 4 OF THIS DOCUMENT. GPT UNIT HOLDERS SHOULD DISREGARD PAGES 6 AND 7 IN THE BOOKLET ACCOMPANYING THIS DOCUMENT.**

**THIS SUPPLEMENTARY BIDDER'S STATEMENT ALSO PROVIDES INFORMATION CONCERNING NET TANGIBLE ASSETS AND THE TREATMENT OF FUTURE DISTRIBUTIONS.**

## 1 NET TANGIBLE ASSETS PER GPT UNIT

The net tangible assets ("**NTA**") of GPT, last valued in June 2004, are \$2.74 per GPT Unit. If STML acquires 100% of GPT, the NTA of the Merged Entity will be \$4.12 per Stockland Security. This means that the effect of the Offer if STML acquires 100% of GPT is to reduce the NTA per GPT Unit from \$2.74 to \$2.50 per GPT Unit.

Please refer to page 66 of the Bidder's Statement for more information.

## 2 OFFER VALUE NOT ADJUSTED FOR DECEMBER DISTRIBUTIONS

The Offer value set out above has been calculated without deducting the expected distribution of about 19 cents per security on Stockland Securities for the six months to 31 December 2004, and without adding the expected distribution of 5.5 cents on GPT Units for the three months to 31 December 2004. GPT Unit Holders who accept the Offer will be entitled to receive the GPT distribution up to 5.5 cents, but will not receive the expected Stockland distribution of about 19 cents.

There is no evidence to suggest that STML should adjust the Offer value for these expected distributions in the present circumstances. The following table shows five day VWAPs of Stockland Securities calculated one month before and one month after the last four Stockland distributions. There is no correlation between these prices and the amount of the distribution.

	Amount of distribution	VWAP 1 month pre	VWAP 1 month post
Ex Distribution date of 24 June 2004	\$0.19	\$5.24	\$5.49
Ex Distribution date of 23 December 2003	\$0.18	\$4.87	\$5.26
Ex Distribution date of 24 June 2003	\$0.165	\$5.16	\$5.03
Ex Distribution date of 23 December 2002	\$0.156	\$4.76	\$4.87

**3 CHANGED OFFER DATE**

The date of the Offer is changed from 9 December to 13 December 2004. All other dates in the Bidder's Statement remain unchanged.

**Authorisation**

A copy of this Supplementary Bidder's Statement was lodged with ASIC on 9 December 2004. Neither ASIC nor any of its officers takes any responsibility for the contents of this Supplementary Bidder's Statement.

**SIGNED** by **HUGH THORBURN** on behalf of STML, who is authorised to sign this Supplementary Bidder's Statement pursuant to a resolution passed by all the directors of STML on 8 December 2004.

Dated: 9 December 2004

A handwritten signature in black ink, appearing to read 'H Thorburn', with a long horizontal flourish extending to the right.

**HUGH THORBURN**  
Director

## Why you should accept the Offer

THIS PAGE REPLACES PAGE 6 OF THE BIDDER'S STATEMENT

### A

#### OFFER VALUE

The Offer Value used in the Bidder's Statement is \$3.65 per GPT Unit, based on the five day volume weighted average price ("VWAP") of Stockland Securities to 5 November 2004 of \$6.00. The Offer Value was calculated by multiplying the Stockland Securities VWAP of \$6.00 by 0.608, without adjustment for future distributions.

The Stockland Securities VWAP for the five trading days to 7 December 2004, being the most recent period available prior to the printing of this Supplementary Bidder's Statement, was \$5.93. Based on that price, the value of the Offer is \$3.61 per GPT Unit, without adjustment for future distributions. However, the value of the Offer will continue to change during the Offer Period as the Stockland Security price changes.

The value of the Offer at 7 December 2004 of \$3.61 is less than the five day VWAP of \$3.66 for GPT Units for the same period. The market price of GPT Units is affected by takeover speculation and Stockland's Offer. The value of the Offer as at 7 December 2004:

- represents a premium of 32% to the net tangible asset backing of GPT of \$2.74 per Unit as at 30 June 2004
- represents a premium of 19% to the three-month GPT Unit VWAP of \$3.03 to 19 May 2004, the day before trading in GPT Units was suspended prior to the initial Lend Lease Stapling Proposal announcement
- is 1.4% less than the five day VWAP of GPT Units to 7 December 2004.

### B

#### INCREASED EARNINGS AND DISTRIBUTIONS

Annualised increases for the year to 30 June 2005 compared to GPT standalone:

- 8.4% increase in earnings per unit; and
- 7.1% increase in distribution per unit

### C

#### LEADING DIVERSIFIED PROPERTY GROUP

- The merger will create Australia's leading diversified property group with more than \$15 billion in tangible assets
- Stockland's business model is complementary to that of GPT
- Integrated operating platform from which to grow
- Access to a high quality, well diversified Australian residential development business
- Lower gearing than GPT's current levels

### D

#### STOCKLAND'S SECURITY HOLDER RETURNS

- Stockland has consistently outperformed its peers and the overall LPT sector
- Stockland has a successful track record of integrating and creating value from LPT mergers

### E

#### STOCKLAND'S PERFORMANCE RECORD

- Stockland has delivered 22 years of consecutive profit growth (before significant items)
- Growth is forecast to continue in 2005
- Depth and stability of management
- Experienced in internalised management structure

### F

#### FULLY ALIGNED MANAGEMENT

- Assets managed by the owner
- No management fees paid to third parties for wholly owned properties
- All returns remain with Stockland Security Holders

# A

## OFFER VALUE

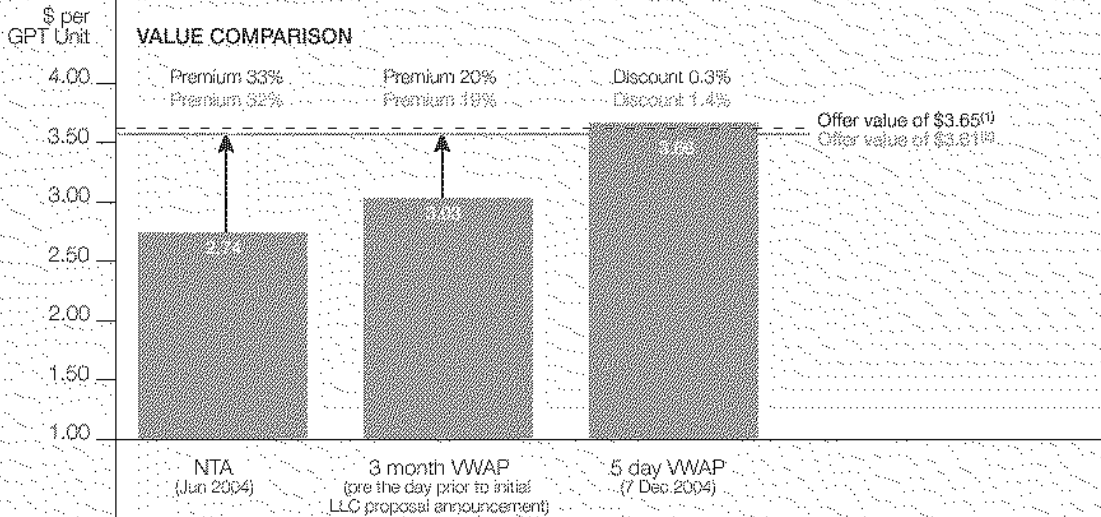
**THIS PAGE REPLACES PAGE 7 OF THE BIDDER'S STATEMENT.**

The Offer Value used in the Bidder's Statement is \$3.65 per GPT Unit, based on the five day volume weighted average price ("VWAP") of Stockland Securities to 5 November 2004 of \$6.00. The Offer Value was calculated by multiplying the Stockland Securities VWAP of \$6.00 by 0.608, without adjustment for future distributions.

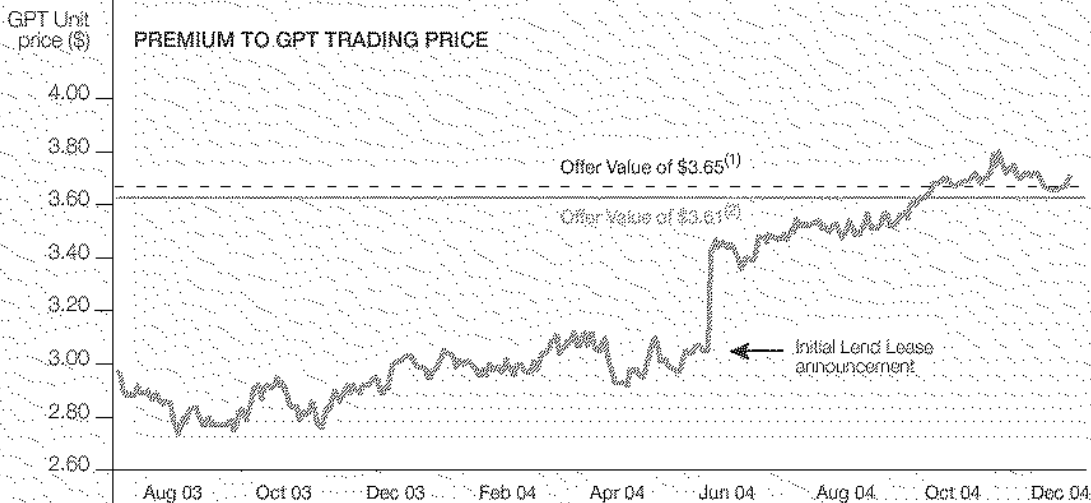
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- is 1.4% less than the five day VWAP of GPT Units to 7 December 2004.



(1) Based on 5 day VWAP of Stockland Securities to 5 November 2004 of \$6.00.  
 (2) Based on 5 day VWAP of Stockland Securities to 7 December 2004 of \$5.93.  
 Source: IRESS and GPT Explanatory Memorandum dated 15 October 2004.



(1) Based on 5 day VWAP of Stockland Securities to 5 November 2004 of \$6.00.  
 (2) Based on 5 day VWAP of Stockland Securities to 7 December 2004 of \$5.93.  
 Source: IRESS

# Bidder's Statement

Offer by Stockland Trust Management Limited (ABN 86 001 900 741)  
as Responsible Entity for Stockland Trust (ABN 50 022 897 318) to purchase  
all your ordinary units in General Property Trust (ABN 50 000 110 357)

You will receive 0.608 Stockland Securities for each ordinary GPT Unit you hold.



**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.  
IF YOU ARE IN ANY DOUBT AS TO HOW TO ACT, YOU SHOULD CONSULT YOUR FINANCIAL  
OR LEGAL ADVISER AS SOON AS POSSIBLE.**

Please call 1800 070 133 (callers in Australia) or International +61 3 9415 4232 (callers outside Australia) if you require assistance with your acceptance.

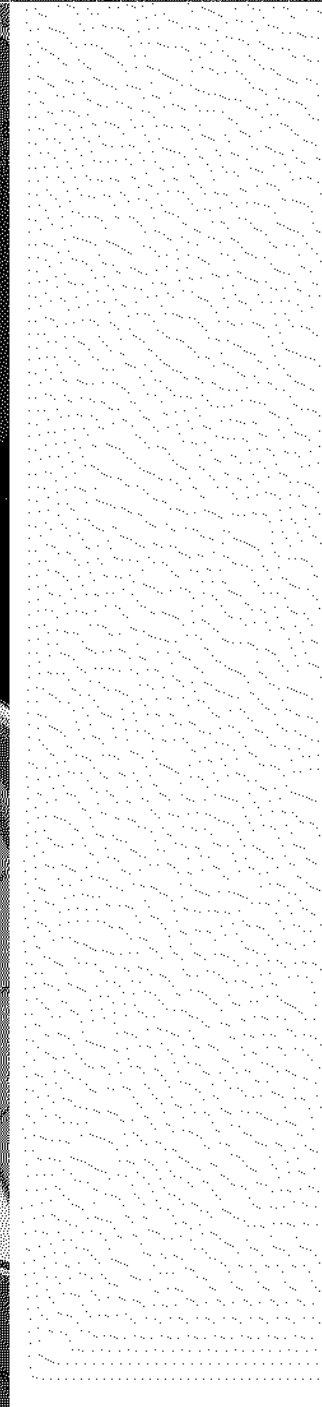
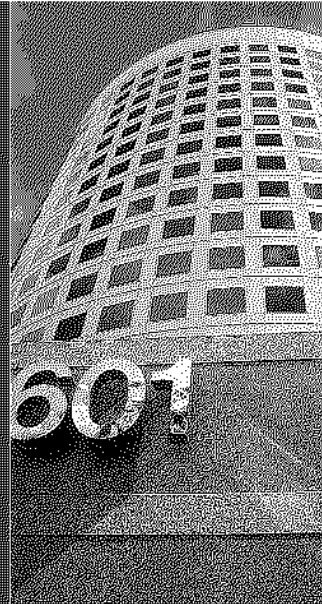
The Offer is dated 9 December 2004 and will close at 7.00pm (Eastern Summer Time) on 14 January 2005, unless extended.



**Stockland**

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# Key dates

ANNOUNCEMENT OF OFFER – 8 NOVEMBER 2004

BIDDER'S STATEMENT LODGED WITH ASIC – 24 NOVEMBER 2004

DATE OF OFFER – 9 DECEMBER 2004

CLOSE OF OFFER PERIOD (UNLESS EXTENDED) – 14 JANUARY 2005

## Important notice

This booklet contains the Bidder's Statement given by Stockland Trust Management Limited ("**STML**"), as Responsible Entity of the Stockland Trust to General Property Trust ("**GPT**") under Part 6.5 of the Corporations Act and sets out certain disclosures required by the Corporations Act together with the terms of the Offers to acquire your GPT Units.

This Bidder's Statement is dated 24 November 2004. It includes an Offer dated 9 December 2004 on the terms set out in Appendices 1 and 2 of this Bidder's Statement.

A copy of this Bidder's Statement was lodged with the Australian Stock Exchange ("**ASX**") and with the Australian Securities and Investments Commission ("**ASIC**") on 24 November 2004. ASIC takes no responsibility for the content of this Bidder's Statement.

### DEFINED TERMS

A number of terms used in this Bidder's Statement are defined in the Glossary. Otherwise, unless the contrary intention appears, terms in this Bidder's Statement have the same meaning as in the Corporations Act.

### INVESTMENT DECISIONS

This Bidder's Statement does not take into consideration the individual investment objectives, financial situation or particular needs of each GPT Unit Holder. You may wish to seek independent financial and taxation advice before deciding whether or not to accept the Offer for your GPT Units.

### FORWARD LOOKING STATEMENTS

This Bidder's Statement includes information that is historical in character. This Bidder's Statement also includes forward looking statements.

You should consider that as such statements relate to future matters they are subject to various inherent risks and uncertainties. Those risks and uncertainties are described in section 7 of this Bidder's Statement. Actual events or results may differ materially. None of STML, its Directors or any other person named with their consent in the Bidder's Statement can assure you that forecast or implied results will be achieved.

### PRIVACY STATEMENT

Stockland has collected your information from the GPT register of Unit Holders for the purpose of making this offer and, if accepted, administering your holding of Stockland Securities. The Corporations Act requires the name and address of Unit Holders to be held in a public register. Your information may be disclosed on a confidential basis to Stockland's related bodies corporate and external service providers, and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by Stockland, please contact us at the address shown below. Stockland's privacy policy is available at [www.stockland.com.au](http://www.stockland.com.au).

The registered address of Stockland Trust Management Limited is as follows:

Level 16  
157 Liverpool Street  
Sydney NSW 2000

# Letter from the Chairman

9 December 2004

Dear GPT Unit Holder,

On behalf of the Directors of Stockland, I am pleased to make this Offer to acquire all of your units in GPT to effect a merger of Stockland and GPT to create Australia's leading diversified property group.

We believe our Offer provides significant benefits to you in terms of simplicity, enhanced value and improved prospects for strong and sustainable future returns.

We note Lend Lease's ASX announcement on 17 November 2004 that "Lend Lease does not propose to put any further merger proposals to GPT Unit Holders", following the rejection of the Lend Lease merger proposal by GPT Unit Holders earlier that day.

## OUR OFFER

Our Offer is **straightforward**. For each one GPT Unit you hold you will receive 0.608 Stockland Securities. This means that Stockland and GPT will effectively merge. You will continue to participate in returns from GPT as well as Stockland.

You will be entitled to receive the December quarterly distribution on your GPT Units of up to 5.5 cents per unit. By accepting our Offer, you will be entitled to receive distributions on your Stockland Securities accruing for periods commencing on 1 January 2005.

## VALUE

The Offer equates to a **significant premium** to both the published net tangible asset backing of GPT and the average GPT Unit price prior to the initial announcement of the Lend Lease Stapling Proposal.

## YOUR FUTURE INVESTMENT

The merger of Stockland and GPT will create the leading diversified property group in Australia and a Top 20 listed entity on ASX with an indicative market capitalisation of \$15 billion and total tangible assets of approximately \$15 billion. This will create a solid foundation for generating strong and reliable future returns for GPT Unit Holders.

We believe our Offer represents a compelling proposition for GPT Unit Holders:

- Proven management expertise with an excellent track record of 22 years of consecutive profit growth (before significant items) and total security holder compound returns of +19.8% per annum over the five years to 31 October 2004, strongly outperforming industry benchmarks
- Distributions per unit to be higher than GPT's standalone forecast by 7.1% on an annualised basis for the year to 30 June 2005
- A like focus on high quality Australian property, coupled with growth from our diversified and long established Australian residential development business
- Alignment of security holder and management interests as well as increased investor returns, through our internalised management structure (rather than GPT's present payment of fees to outside parties)

I encourage you to read the Bidder's Statement for more details about the Offer, its terms and benefits. Please contact the Offer information line on 1800 070 133 (from inside Australia) or International +61 3 9415 4232 (from outside Australia) if you have any questions.

We look forward to your acceptance of the Offer and welcoming you as a fellow Stockland Security Holder.

Yours faithfully,



PETER DALY  
Chairman of Stockland Trust Management Limited



# Overview

- 1.1 Who is Stockland?
- 1.2 Why you should accept the Offer
- 1.3 Key Offer terms
- 1.4 How to accept the Offer
- 1.5 Frequently asked questions

# 1.1 Who is Stockland?

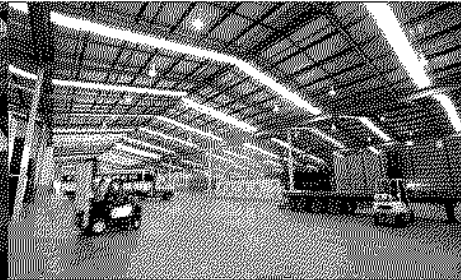
Stockland is one of Australia's leading diversified property investment, management and development groups, with a proven track record of success

## STOCKLAND GROUP

- Total gross assets of \$7.2 billion
- Market capitalisation of \$7.5 billion
- Approximately 41,000 security holders

## SHOPPING CENTRES

## COMMERCIAL & INDUSTRIAL



### Shopping Centres

- 40 properties
- 898,505m<sup>2</sup> of net lettable area
- Portfolio valued at over \$2.7 billion
- 7 centres ranked in the top 10 nationally by specialty shop turnover per square metre for their category
- Centres generate in excess of \$4.2 billion in retail sales per year, with over 127 million shopper visitations

### Commercial Office

- 32 properties
- 562,288m<sup>2</sup> of net lettable area
- Portfolio valued at \$1.9 billion
- 69% of portfolio situated in Sydney

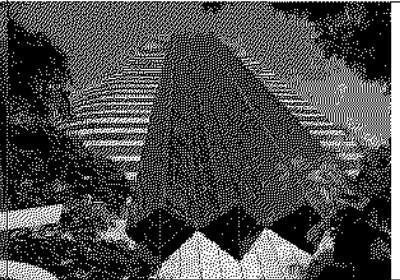
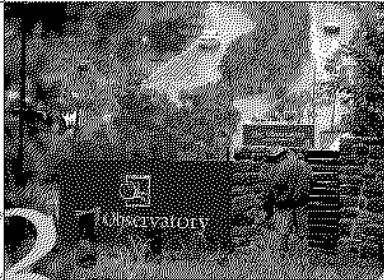
### Industrial and Office Parks

- 23 properties
- Portfolio valued at \$758 million
- Portfolio comprises:
  - 7 large distribution parks
  - 9 office/warehouse properties
  - 7 office parks

## DEVELOPMENT

## HOTELS

## UNLISTED PROPERTY FUNDS



### Residential Estates

- 68 land estate projects, comprising over 34,500 lots
- End value of current projects in excess of \$6 billion
- Annual lot sales in excess of 3,000
- Book value in excess of \$1.2 billion

### Apartments

- Portfolio of 11 projects
- Concentration on Brisbane, Sydney and Melbourne
- End value of current projects in excess of \$2 billion

### Hotels

- Saville branded hotels
- 9 hotels across Australia with 1,430 suites

### Unlisted Property Funds

- Recently successfully completed its first syndicated fund – Stockland Direct Office Trust No. 1 (SDOT1)

## 1.2 Why you should accept the Offer

# A

### PREMIUM VALUE

The Offer Value of \$3.65 (based on the 5 day VWAP of Stockland Securities to 5 November 2004 of \$6.00) represents a premium of:

- 33% to the NTA of GPT Units
- 20% to the 3-month VWAP of GPT Units prior to the Initial Lend Lease Stapling Proposal announcement

# B

### INCREASED EARNINGS AND DISTRIBUTIONS

Annualised increases for the year to 30 June 2005 compared to GPT standalone:

- 8.4% increase in earnings per unit; and
- 7.1% increase in distribution per unit

# C

### LEADING DIVERSIFIED PROPERTY GROUP

- The merger will create Australia's leading diversified property group with more than \$15 billion in tangible assets
- Stockland's business model is complementary to that of GPT
- Integrated operating platform from which to grow
- Access to a high quality, well diversified Australian residential development business
- Lower gearing than GPT's current levels

# D

### STOCKLAND'S SECURITY HOLDER RETURNS

- Stockland has consistently outperformed its peers and the overall LPT sector
- Stockland has a successful track record of integrating and creating value from LPT mergers

# E

### STOCKLAND'S PERFORMANCE RECORD

- Stockland has delivered 22 years of consecutive profit growth (before significant items)
- Growth is forecast to continue in 2005
- Depth and stability of management
- Experienced in internalised management structure

# F

### FULLY ALIGNED MANAGEMENT

- Assets managed by the owner
- No management fees paid to third parties for wholly owned properties
- All returns remain with Stockland Security Holders



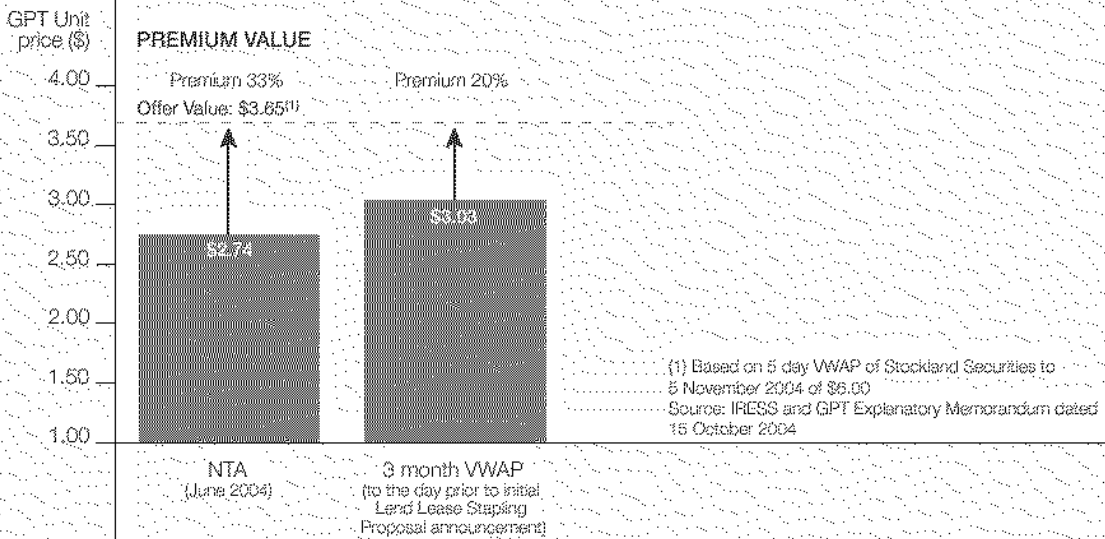
## PREMIUM VALUE

Stockland's Offer provides a significant premium to key indicators of value for GPT Unit Holders

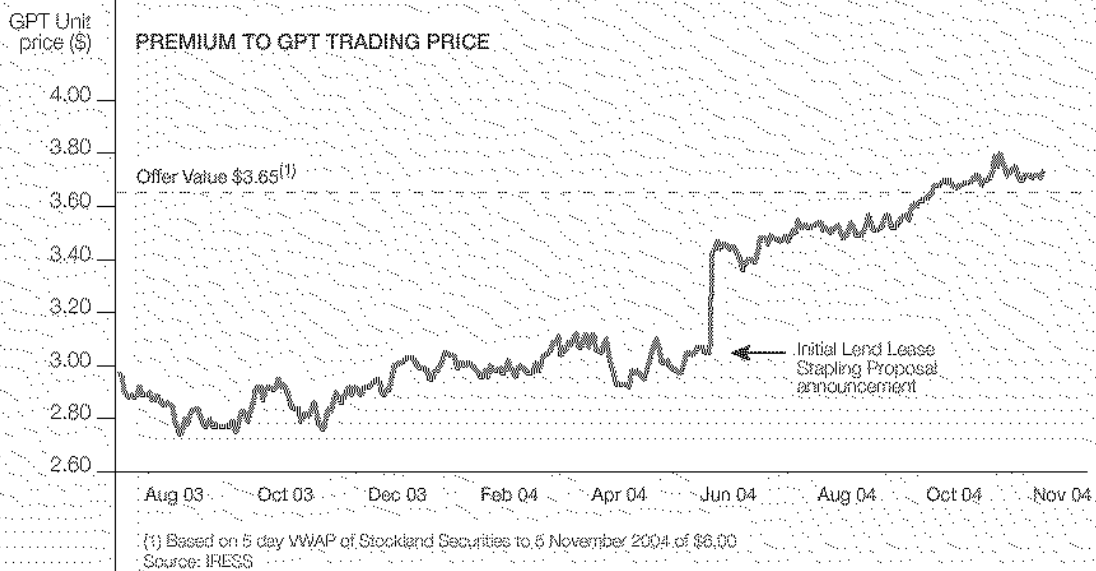
The Offer values GPT Units at \$3.65 (based on the 5 day VWAP of Stockland Securities to 5 November 2004 of \$6.00) or \$3.70 (based on the closing price of Stockland Securities on 5 November 2004 of \$6.09). In this Bidder's Statement, an Offer Value of \$3.65 is used. The actual value of the Offer depends upon the value of Stockland Securities from time to time.

The Offer Value of \$3.65 represents a premium of:

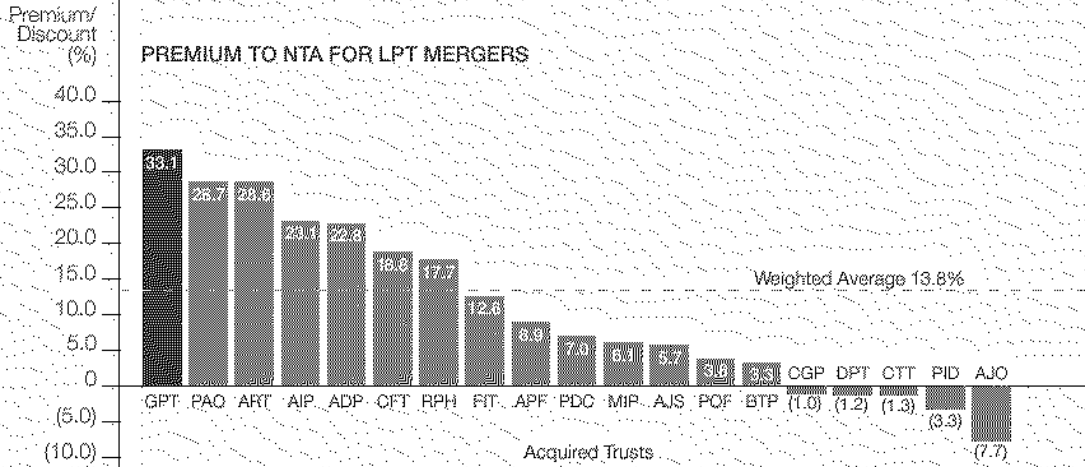
- 33% to the net tangible asset backing of GPT of \$2.74 per unit as at 30 June 2004
- 20% to the 3-month GPT Unit VWAP of \$3.03 to 19 May 2004, the day before trading in GPT Units was suspended prior to the initial Lend Lease Stapling Proposal announcement



The Offer provides a significant premium over the GPT Unit price prior to the initial announcement of the Lend Lease Stapling Proposal



The premium offered to NTA compares favourably to mergers in the LPT sector



The table below illustrates how the equivalent value of the Offer would vary with changes in the price of Stockland Securities

Stockland Security price	\$5.70	\$5.80	\$5.90	\$6.00	\$6.10	\$6.20	\$6.30
Value per GPT Unit	\$3.47	\$3.53	\$3.59	\$3.65	\$3.71	\$3.77	\$3.83

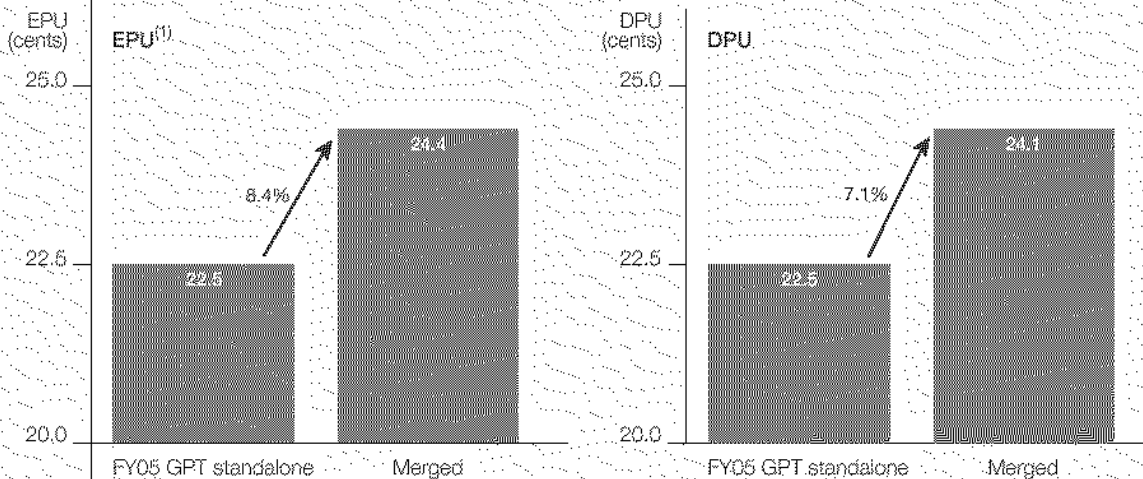
# B

## INCREASED EARNINGS AND DISTRIBUTIONS

Stockland's Offer provides a significant uplift in earnings and distributions to GPT's Unit Holders

Stockland forecasts that the Offer will provide:

- An 8.4% increase in earnings per unit compared to GPT's 2005 standalone forecast earnings of 22.5 cents per unit
- A 7.1% increase in distributions per unit compared to GPT's 2005 standalone forecast distributions of 22.5 cents per unit (see Section 6)



(1) Before significant items and on an annualised basis

Source: GPT standalone 2005 forecasts for EPU and DPU from GPT Explanatory Memorandum dated 15 October 2004. GPT numbers on a post merger basis per Stockland calculations. See section 6.

Significant synergies are forecast if Stockland acquires 100% of GPT (see Section 6):

- The largest component of the synergies are savings of fees payable to Lend Lease group in relation to the Responsible Entity fees currently paid by GPT
- Synergies are also assumed with respect to property management fees
- The Merged Entity will operate an internalised management structure whereby Responsible Entity and management fees will remain in Stockland and not be paid out to third parties
- Further savings will occur in relation to borrowing costs for the Merged Entity



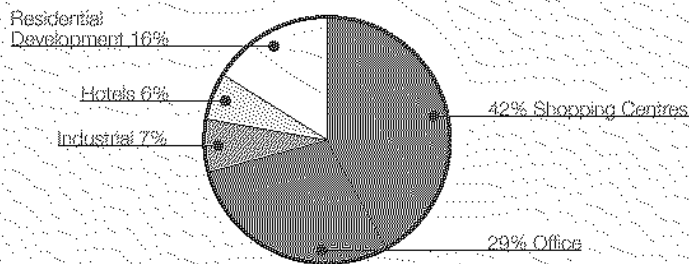
## LEADING DIVERSIFIED PROPERTY GROUP

The merger of Stockland and GPT will create Australia's leading diversified property group with an integrated operating platform from which to grow

### Complementary Business

- Retention of a consistent business philosophy, with a focus primarily on investment assets and well diversified residential development
- Total tangible assets of approximately \$15 billion, comprising 69 shopping centres, 42 office buildings and 30 office parks/industrial estates
- The highly diversified portfolio composition reduces exposure to market segments, individual assets and business and market cycles

### MERGED ENTITY PRO FORMA EBIT – FY2005



Source: Stockland internal estimates. See Section 6

- Complementary mix of regional and sub-regional shopping centres
- Highly diversified, quality office portfolio across various states
- Strong exposure to a mix of high growth business park precincts
- Diversified hotel portfolio ranging from business suite hotels to unique, high quality tourist resorts
- High quality, diversified residential development business

### Platform for Growth

- Increased scale and diversity will further enhance stability of platform
- Stable platform will allow consideration of new opportunities
- Underweight Stockland Corporation earnings position presents an opportunity to re-weight Stockland Corporation earnings contribution – residential land development, apartments and unlisted funds management – all higher growth
- Stockland has a record of successfully re-weighting its portfolio following major acquisitions

### **Proven Development Business**

- One of Australia's most experienced residential developers
- Long history of strong returns over a number of cycles
- Owner of a well diversified land bank
- Consistent with GPT's disclosed strategy of diversifying into this market segment for growth enhancement
- Reduced development weighting for Stockland as a result of the merger creates the potential for further growth of the Development Division

### **Australian Focus**

- Minimal exposure to currency fluctuations and foreign business cycles

### **Minimal Construction Exposure**

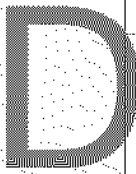
- Stockland does not undertake a third party construction business

### **Capital Market Enhancement**

- Will create the second largest property group in S&P/ASX 200 Property Trust Index and a top 20 ASX listed entity
- Greater market liquidity and index positioning
- "A-" CreditWatch positive rating from S&P and gearing below GPT's current level

### **Internalised Management Structure**

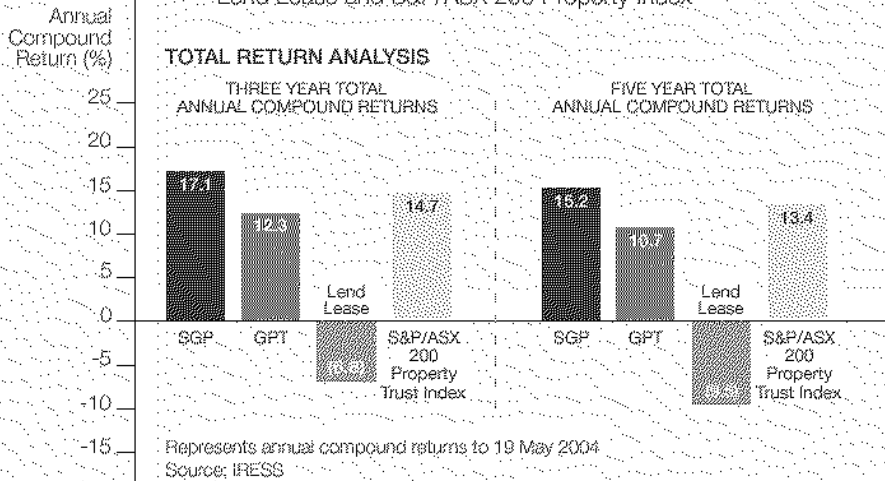
- Alignment of interests between owner and manager
- Highly scaleable platform for growth with in-house property and asset management capability
- Cost savings through internalised management estimated to be in the order of \$40 million per annum if Stockland acquires 100% of GPT



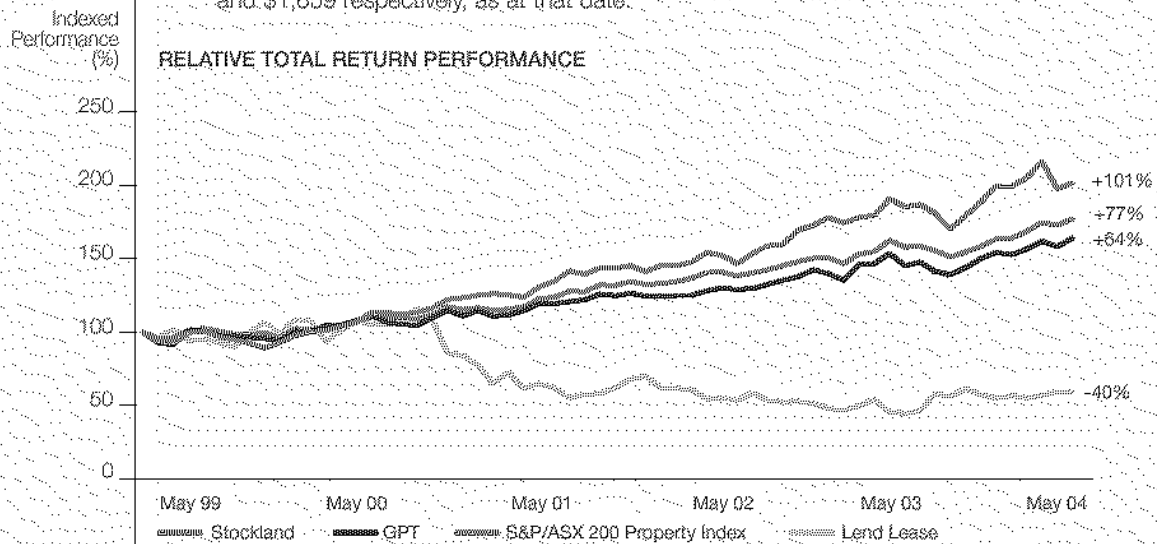
## STOCKLAND'S SECURITY HOLDER RETURNS

Stockland has consistently delivered superior performance to its security holders over the long term

- Stockland has consistently outperformed its peers and the LPT Index
- The charts below illustrate Stockland's total return performance over three years and five years to 19 May 2004, the day before trading in GPT Units was suspended prior to the initial announcement of the Lend Lease Stapling Proposal
- Also shown in the charts is the performance of the S&P/ASX 200 Property Index, GPT and Lend Lease (the ultimate parent company of GPT's Responsible Entity) over the same periods to 19 May 2004
- The charts clearly demonstrate that the returns enjoyed by Stockland Security Holders over the three year and five year periods to 19 May 2004 are superior to those experienced by the GPT, Lend Lease and S&P/ASX 200 Property Index



- Stockland's total return performance compared to the S&P/ASX 200 Property Index, GPT and Lend Lease over the five year period to 19 May 2004, is shown below. The value of \$1,000 invested in each of Stockland and GPT, over the five years to 19 May 2004, would be \$2,029 and \$1,659 respectively, as at that date.

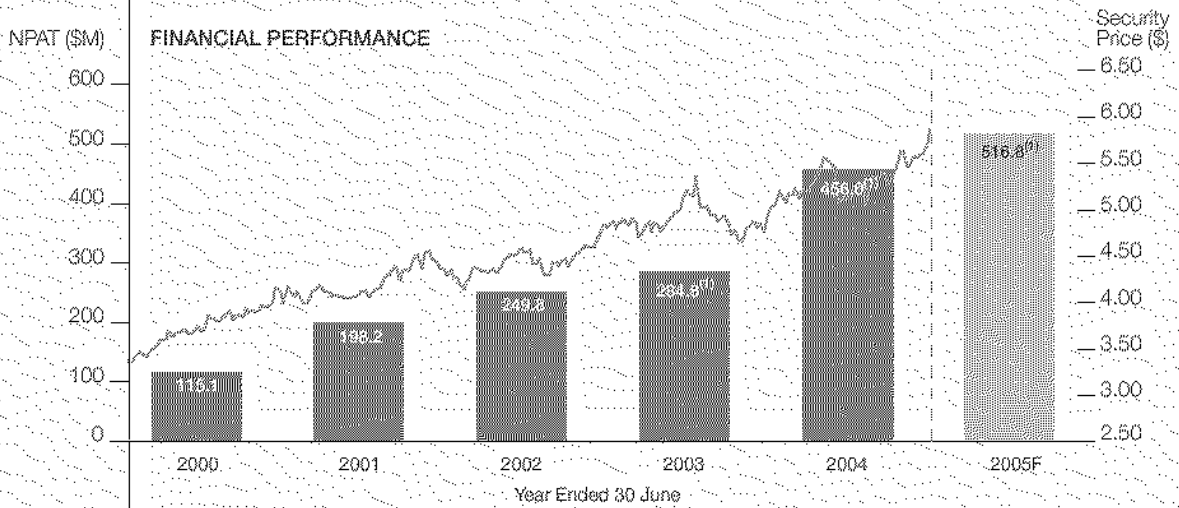


# STOCKLAND'S PERFORMANCE RECORD

Stockland's excellent security holder returns have been driven by its strong financial performance, which has resulted from strong management, growth in its underlying businesses and the successful integration of businesses it has acquired

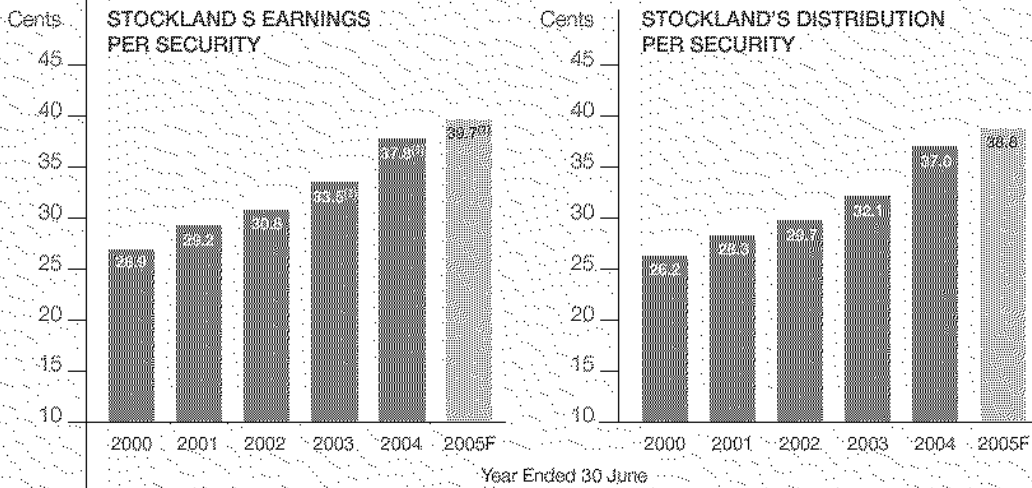
## Financial Performance

- Stockland has delivered 22 years of consecutive profit growth, with strong growth forecast to continue in FY2005 (see section 6)



(1) Before Significant Items  
 Source: Historical financial data sourced from Stockland Annual Reports. 2005 financial data based on Stockland forecasts prior to positive impact of the GPT Merger. See section 6. Share prices sourced from IRESS.

- Stockland's strong profit growth has translated into superior returns to security holders



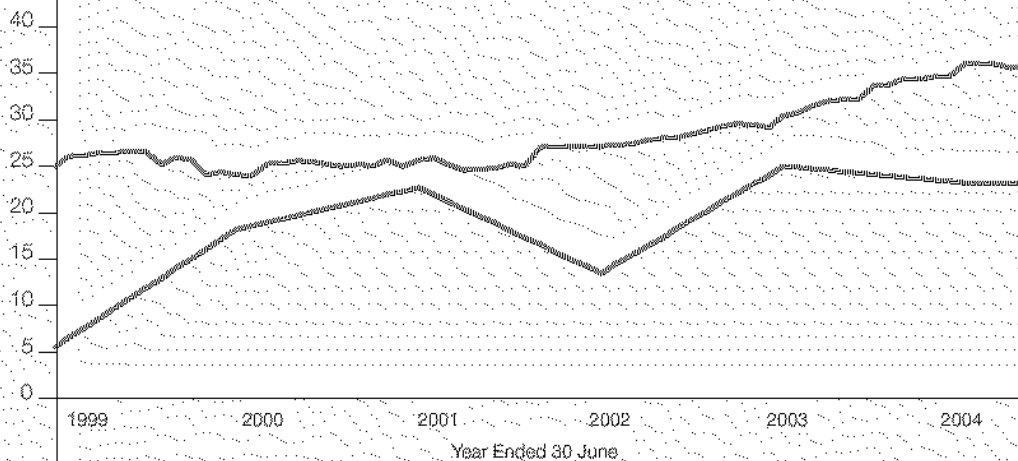
(1) Before Significant Items  
 Source: Historical financial data sourced from Stockland Annual Reports. 2005 financial data based on Stockland forecasts prior to the positive impact of the GPT merger. See section 6. Share prices sourced from IRESS.

### Capital Management

- Stockland has a proven record of disciplined financial management, growing returns and minimising risk
- Despite significant asset growth (up 464% in the past five years) Stockland has maintained its strong balance sheet and conservative gearing, providing investors with superior distribution growth
- Stockland management adopt a prudent approach to gearing and, since the announcement of the Offer, Stockland has been rated "A-" with a CreditWatch positive outlook by Standard & Poor's reflecting the prospect of a "stronger business profile"

Gearing  
(debt/total  
assets) (%)

#### GEARING – STOCKLAND vs LPT SECTOR



Source: Stockland/UBS  
Debt means external third party debt

### Strong, Disciplined Management

- Stockland's management has delivered significant financial performance over the last five years whilst maintaining sound capital management
- Stockland has considerable management depth and experience with over 1,100 employees (including hotel staff). This has helped Stockland to outperform the market over the long term
- Stockland's management undertake all aspects of property management, asset management and development
- Stockland's management has a strong record of successfully integrating major acquisitions and improving returns to Stockland Security Holders

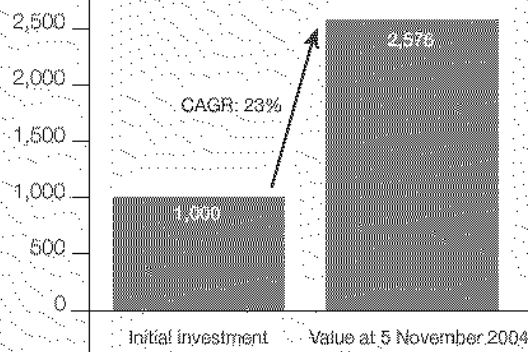
### Success in Integrating Acquisitions and Executing a Growth Strategy

- Stockland has a proven track record in executing and integrating LPT mergers in a way which adds value for its security holders, new and old
- In each of Stockland's previous three substantial mergers, significant value was created for security holders of the acquired entities who retained their Stockland Securities

Investment size (\$)

### FLINDERS INDUSTRIAL PROPERTY TRUST UNIT HOLDERS

Acquisition date: October 2000



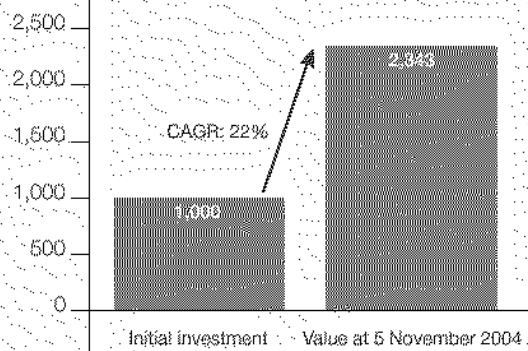
Specific transaction assumptions for Flinders Industrial Property Trust ("Flinders") Unit Holders are:

- \$1,000 worth of Flinders units were held on the day prior to the Goodman Hardie bid
- Unit Holders accepted the "all scrip" alternative offered by Stockland

Investment size (\$)

### ADVANCE PROPERTY FUND UNIT HOLDERS

Acquisition date: December 2000



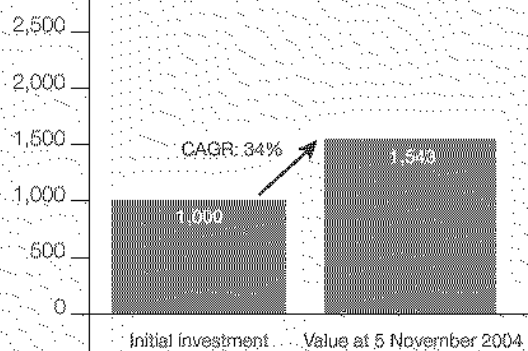
Specific transaction assumptions for Advance Property Trust ("Advance") Unit Holders are:

- \$1,000 worth of Advance units were held on the day prior to the Mirvac bid.

Investment size (\$)

### AMP DIVERSIFIED PROPERTY TRUST UNIT HOLDERS

Acquisition date: June 2003



Specific transaction assumptions for AMP Diversified Property Trust ("ADP") Unit Holders are:

- \$1,000 worth of ADP units were held on the day prior to Centro announcing a takeover bid for AMP Shopping Centre Trust, resulting in speculation of corporate activity relating to ADP.

The analysis makes the following assumptions:

- Value based on closing price of Stockland Securities on 5 November 2004 of \$6.09
  - Unit Holders retained all of their Stockland Securities issued to them during the relevant investment period
  - Where cash and options are offered as part consideration for units, the Unit Holders roll these components into the S&P/ASX 200 Property Trust Accumulation Index on the effective date of the acquisition and exercise date of options, respectively
  - All distributions paid by Stockland during the investment period were reinvested in Stockland Securities at the closing price on the day the distributions were paid.
- Source: Company announcements, IRESS

### Recent Highlights

**Shopping Centres** – Seven centres ranked in the top 10 nationally for specialty moving annual turnover per square metre for centres with a gross lettable area between 15,000 and 40,000 square metres. (Source: Shopping Centre News; Volume 21, Number 5, 2003)

**Commercial & Industrial** – On 16 November, Stockland announced that it had entered into one of the largest ever commercial office leasing deals in Australia, a 15 year leasing deal with Optus, which will move its Australian head office to Stockland's state-of-the-art, CentreCourt Estate in Macquarie Park, North Ryde which is to be developed by Stockland over the next three years and will have an expected end value of \$350 million

**Development** – Settlements to and contracts on hand as at 31 October represent 60% of Stockland's full year target and six new projects have been launched to market so far this financial year

**Unlisted Property Funds** – Successful completion of Stockland's first retail investor syndicate, Stockland Direct Office Trust No. 1, offering a 50% interest in the \$300 million Waterfront Place property, Brisbane's premier office building. The syndicate received strong demand from a range of investor types, closing oversubscribed and ahead of schedule

## FULLY ALIGNED MANAGEMENT

Stockland pioneered the development of the internalised management structure in the listed property sector in Australia and today manages all of the assets which it 100% owns

- The "stapled structure" ensures alignment of interests between the owner of the assets and the manager of the assets, eliminating conflicts of interest between the owner and any external manager
- The structure is today being emulated by many others in the listed property sector
- In the Stockland structure, Responsible Entity fees and property management fees are not paid out to third parties – accordingly, there are no conflicts of interest between the owner and manager and all returns accrue to the benefit of Stockland Security Holders
- Accepting GPT Unit Holders will benefit from this structure
- Stockland has considerable management depth and experience with over 1,100 staff across our entire business
- Stockland's management undertake all aspects of asset, property and development management across all asset classes including shopping centres, commercial and industrial, hotels and residential development

## 1.3 Key Offer Terms

<b>OFFER</b>	<p>You will receive 0.608 Stockland Securities for every GPT Unit acquired from you.</p> <p>The Offer relates to GPT Units that exist or will exist as at 30 November 2004 and GPT Units issued after that date and before the end of the Offer Period under a distribution reinvestment plan, or employee securities plan. The Offer may only be accepted for all of the GPT Units held by you.</p> <p>If the above formula results in you becoming entitled to a fraction of a Stockland Security, your entitlement will be rounded up to the nearest whole security.</p> <p>The terms of the Offer are set out in Appendices 1 and 2.</p>
<b>SCHEDULED OFFER PERIOD</b>	<p>The Offer Period will commence on 9 December 2004 and close at 7.00pm (Eastern Summer Time) on 14 January 2005, subject to STML's right to extend the Offer under the Corporations Act.</p>
<b>PAYMENT</b>	<p>You will be issued with the Stockland Securities to which you are entitled under the Offer within five Business Days of your acceptance of the Offer or within five Business Days of the Offer becoming unconditional (whichever is the later), provided that all relevant documentation has been received and correctly completed.</p>
<b>TAX CONSEQUENCES</b>	<p>If you accept the Offer, you may be eligible to receive partial CGT rollover relief on a substantial portion of the value of the Stockland Securities you receive as consideration if STML acquires at least 80% of all GPT Units. Tax considerations, including the conditions to permit election for partial rollover relief, are set out in section 9. In addition to referring to section 9, you should seek your own independent advice as to how your own personal taxation situation may be affected by accepting the Offer.</p>
<b>DISTRIBUTION</b>	<p>Stockland Securities issued as consideration under the Offer will rank for distributions in respect of periods commencing on or after 1 January 2005. GPT Unit Holders will be entitled to retain the distribution on GPT Units for the period to 31 December 2004 of up to 5.5 cents per unit.</p>
<b>NO FEES</b>	<p>No brokerage or stamp duty will be payable by you on acceptance of the Offer, unless you are a Foreign Unit Holder (see clauses 5.2 and 13 of Appendix 1 for more details).</p>

## 1.4 How to accept the Offer

In order to accept the Offer from STML you should:

- 1 Read this booklet, including the Bidder's Statement in full.
- 2 Consider the information provided on Stockland and GPT, including all the risk factors set out in section 7 of the Bidder's Statement
- 3 Consult your broker, financial or other professional adviser if you are in any doubt as to what action to take or how to accept the Offer. If you have any queries on the Offer you may also call Stockland's toll free enquiry line on 1800 070 133 (from inside Australia) or +61 3 9415 4232 (from outside Australia). In accordance with legal requirements, calls to this number will be recorded
- 4 **Validly accept this Offer**  
How you accept this Offer depends on whether your GPT Units are in a CHES Holding or an Issuer Sponsored Holding

### If you hold your GPT Units in a CHES Holding

You must comply with the ASTC Settlement Rules

If you hold your GPT Units in a CHES Holding, and you are a Market Participant or General Settlement Participant, you may initiate acceptance of the Offer in accordance with Rule 14.14 of the ASTC Settlement Rules

### If you are a sponsored CHES Holder of GPT Units, you may:

- Instruct your Controlling Participant to initiate acceptance of the Offer on your behalf in accordance with Rule 14.14 of the ASTC Settlement Rules;
- Send the completed Acceptance Form directly to your stockbroker or Controlling Participant; or
- Complete the Acceptance Form and mail or deliver it to the address below, which authorises the Bidder to instruct your Controlling Participant to initiate acceptance of the Offer on your behalf.

### If you hold your GPT Units in an Issuer Sponsored Holding

You must **complete, sign and return** the accompanying Acceptance Form in accordance with the instructions on it and deliver it or send it by post together with all other documents required by those instructions so that they are received before the expiry of the Offer Period. A reply paid envelope (not able to be used by GPT Unit Holders outside Australia) is enclosed for your convenience

If you are an Issuer Sponsored Holder your completed Acceptance Form and any associated documents should be sent by post in the reply paid envelope or mailed or delivered to the address below

### Mailing and delivery addresses

The mailing address is:

Computershare Investor Services Pty Limited  
GPO Box 52  
Melbourne VIC 8060

Alternatively you may deliver the Acceptance Form and any associated documents to:

Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067

## 1.5 Frequently asked questions

### HOW DO I ACCEPT THE OFFER?

Refer to details in section 1.4

### WHEN DOES THE OFFER CLOSE?

The Offer closes at 7.00pm (Eastern Summer Time) on 14 January 2005, unless it is extended under the Corporations Act

### WHAT WILL I RECEIVE IF I ACCEPT THE OFFER?

If you accept the Offer you will receive 0.608 Stockland Securities for every GPT Unit you hold

You may only accept the Offer in respect of all your GPT Units

The Stockland Securities are also listed on ASX. Each Stockland Security consists of one Stockland Unit and one Stockland Share, which are stapled together and jointly quoted on ASX

This equates to a total value of \$3.65 per GPT Unit based on the 5 day VWAP of Stockland Securities to 5 November 2004 of \$6.00. 5 November 2004 was the last day on which Stockland Securities traded prior to the announcement of the Offer. The value of the Offer will vary with changes in the price of Stockland Securities

The table below is a ready reckoner of how many Stockland Securities you will receive for given numbers of GPT Units

### WHAT WILL HAPPEN TO MY DISTRIBUTIONS?

The equivalent annualised distribution per GPT Unit is forecast to rise by 7.1% as a result of the Offer, as compared to GPT on a standalone basis without the Offer. The table below shows the expected equivalent annualised distributions before and after the Offer for given numbers of GPT Units

Number of GPT Units you currently hold	Stockland Securities that you will receive under the Offer	Annual distribution you are forecast to receive with no Offer <sup>(1)</sup>	Annual distribution you are forecast to receive under the Stockland Offer <sup>(2)</sup>
1,000	608	\$225	\$241
2,000	1,216	\$450	\$482
5,000	3,040	\$1,125	\$1,204
10,000	6,080	\$2,250	\$2,408
15,000	9,120	\$3,375	\$3,612
20,000	12,160	\$4,500	\$4,815
25,000	15,200	\$5,625	\$6,019
50,000	30,400	\$11,250	\$12,038
100,000	60,800	\$22,500	\$24,077

Notes: (1) Based on GPT 2005 forecast of 22.5 cents per GPT Unit in the GPT Explanatory Memorandum on a standalone basis. See section 6.

(2) Based on Stockland's annualised forecast of 39.6 cents per Stockland Security (or equivalent of 24.1 cents per GPT Unit). See section 6.

**WILL I RECEIVE GPT'S QUARTERLY DISTRIBUTION FOR THE DECEMBER 2004 QUARTER?  
WHAT HAPPENS TO MY DISTRIBUTION AFTER THEN?**

Yes, you will receive the GPT Quarterly distribution for the December 2004 quarter, of up to 5.5 cents per unit. You will be entitled to Stockland distributions from 1 January 2005 on the same basis as other Stockland Security Holders. Stockland pays its distribution every half-year. Your first Stockland distribution will be for the half year ending 30 June 2005, and is expected to be paid in August 2005.

You may also elect to participate in Stockland's Distribution and Dividend Reinvestment Plan on the same basis as other Stockland Security Holders.

**IF I ACCEPT THE OFFER, WHEN WILL I RECEIVE MY STOCKLAND SECURITIES?**

The notification of the Stockland Securities will be sent to you by the later of:

- 5 Business Days after you validly accept the Offer
- 5 Business Days after the Offer becomes unconditional

Other arrangements apply if you are a Foreign Unit Holder.

**WHAT ARE THE TAX CONSEQUENCES IF I ACCEPT THE OFFER?**

As each individual GPT Unit Holder's taxation circumstances are different, you are advised to consult your own taxation or other professional financial adviser in respect of the potential tax consequences of the Offer. Section 9 contains general information in respect of the availability of capital gains tax rollover relief and other tax implications in respect of the Offer.

**WILL I NEED TO PAY BROKERAGE OR STAMP DUTY IF I ACCEPT THE OFFER?**

No. You will not bear any brokerage or stamp duty if you accept the Offer (unless you are a Foreign Unit Holder, in which case you will receive proceeds net of sale and brokerage costs).

**WHAT IF I AM A FOREIGN UNIT HOLDER?**

If you are a Foreign Unit Holder and you accept the Offer, the Stockland Securities to which you are entitled will be issued to the Nominee. Those Stockland Securities will be offered for sale within five Business Days after the end of the Offer Period and the net sale proceeds will be paid to you in Australian currency.

Cheques for monies owing will be sent to your address set out in the register by pre-paid ordinary mail or, if you have an overseas address, by pre-paid airmail. For more detailed information please refer to section 5.2 of Appendix 1.

**IS THE OFFER SUBJECT TO CONDITIONS?**

The Offer is subject to a number of conditions that are set out in Appendix 2.

In summary, they include:

- (a) STML receives sufficient acceptances under the Offer to achieve an interest in 50.1% of GPT
- (b) the Treasurer of the Commonwealth of Australia consents under the Foreign Acquisitions and Takeovers Act 1975 to the proposed acquisition by STML of GPT
- (c) no decision is made by a Public Authority (and no action is commenced) in connection with the Offer, which restrains or prohibits or otherwise materially adversely impacts on the making of the Offer or the completion of any transaction contemplated by the Offer.

(d) no event occurs between the Announcement Date and the end of the Offer Period that could reasonably be expected to have an adverse effect on the consolidated assets or liabilities of the GPT Group exceeding \$400 million or on the consolidated net profits after tax of the GPT Group exceeding \$40 million per annum

(e) no prescribed occurrences occurring (as specified under section 652C of the Corporations Act)

(f) no distributions or redemptions between the Announcement Date and the end of the Offer Period other than quarterly distributions or redemptions less than \$50 million in the ordinary course or offers first made before the Announcement Date

(g) Lend Lease's proposal to staple its shares to GPT Units (as amended, varied or replaced) is not implemented

(h) between the Announcement Date and the end of the Offer Period, no acquisitions, disposals, or joint ventures entered into for an amount exceeding \$50 million, and no new property management contracts exceeding 12 months or construction contracts with the Lend Lease Group entered into except on arms' length terms

It is almost certain that the condition described in paragraph (g) above, concerning the Lend Lease Stapling Proposal, will be satisfied after the rejection of the proposal by GPT Unit Holders on 17 November 2004, and the subsequent statements by Lend Lease that it "does not propose to put any further merger proposals to GPT Unit Holders". As the condition was included in the announcement of the Offer on 8 November, it remains in place

Stockland is considered to be a foreign person for the purposes of the Foreign Acquisitions and Takeovers Act 1975 because of a technical application of that Act which applies to custodians that are foreign persons for the purposes of that Act holding securities for others. Westpac Custodian Nominees Limited holds more than 15% of the issued Stockland Securities. Westpac Custodian Nominees Limited is regarded as a foreign person because it is a controlled entity of Westpac Banking Corporation, which is a foreign person because J.P. Morgan Nominees Australia Limited in turn holds more than 15% of Westpac Banking Corporation shares. J.P. Morgan Nominees Australia Limited is ultimately controlled by JPMorgan Chase & Co, a US entity. Further, custodians that are foreign persons for the purposes of the Foreign Acquisitions and Takeovers Act 1975 hold in aggregate greater than 40% of the issued Stockland Securities, which is also a threshold for deeming an entity a foreign person for the purposes of the Foreign Acquisitions and Takeovers Act 1975

**WHERE CAN I OBTAIN FURTHER INFORMATION IF I HAVE OUTSTANDING QUESTIONS?**

For further information you can call the Stockland Offer Information line on 1800 070 133 (callers in Australia) or +61 3 9415 4232 (callers outside Australia)

In accordance with legal requirements, calls to these numbers will be recorded

# 2

## Profile of Stockland

- 2.1 Structure
- 2.2 Group overview
- 2.3 Principal activities of Stockland
- 2.4 Strategy and objectives
- 2.5 Financial performance
- 2.6 Merger experience
- 2.7 Management, corporate governance,  
Directors and Directors' interests
- 2.8 Further information on Stockland

## 2.1 Structure

Stockland comprises a unit trust ("Stockland Trust") and a company ("Stockland Corporation"), together with each of their controlled entities. Under this structure the governance of Stockland is conducted by the following parties:

- Stockland Trust is governed by the Responsible Entity, Stockland Trust Management Limited (STML); and
- Stockland Corporation is governed by its Board of Directors.

STML is a wholly owned subsidiary of Stockland Corporation and the corporate governance procedures for both entities are the same. The directors of Stockland Corporation and STML are also the same.

The units in Stockland Trust and the shares in Stockland Corporation are "stapled" together and listed as a single, stapled security on ASX (ASX Code: SGP).

## 2.2 Group overview

Stockland is one of Australia's leading diversified property investment, management and development groups.

Stockland is listed on ASX and currently has a market capitalisation of approximately \$7.5 billion.

Stockland has significant property investments in the shopping centre, commercial office and industrial sectors, a highly profitable residential property development business, and owns and manages the Saville brand of hotels. With the exception of three New Zealand shopping centres, all of Stockland's property investments are located in Australia.

Stockland's business model is aimed at delivering stable and secure income and growth to Stockland Security Holders through a mix of ownership, management and development of high quality investment properties and higher returning residential development activities.

Stockland aims to derive the majority of its earnings (60%–80%) from rental returns on its investment properties and the balance (20%–40%) from its corporate activities which consist of residential land subdivisions, apartment development, property and hotel management and third party funds management in Australia.

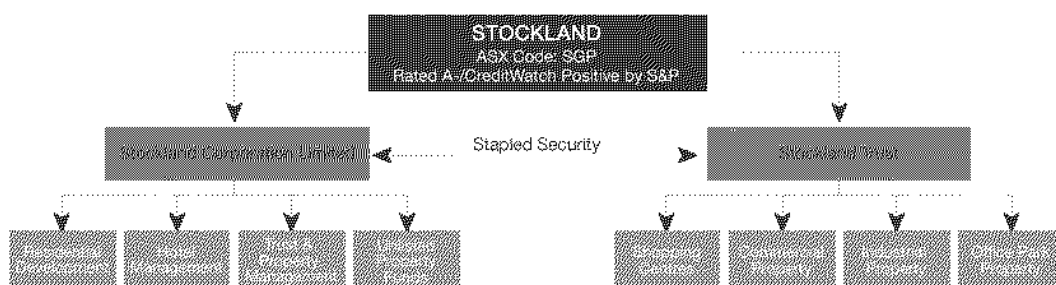
Stockland management adopts a prudent approach to gearing and Stockland is rated "A-" with a positive outlook by Standard & Poor's. Following the announcement of the Offer, Standard & Poor's advised that it had placed Stockland on CreditWatch with positive implications.

Stockland was formed in 1956 and has grown to become a market leader in the Australian property industry. Stockland pioneered the development of stapled securities in the 1980s and the stapled structure is today being emulated by others in the listed property sector.

Both Stockland management and Stockland Security Holders are familiar with the stapled structure and the significant benefits it provides in ensuring alignment of interests between management and Stockland Security Holders. This serves to minimise the potential for conflicts of interest in areas of property management and property services and reduces costs by preventing the leakage of fees to external managers.

Within Stockland's stapled structure, distributions paid are derived mainly from Stockland Trust (which pays a tax deferred portion) with the balance from Stockland Corporation (which currently pays fully franked dividends).

Stockland's structure is illustrated below.



## 2.3 Principal activities of Stockland

Stockland's principal activities include:

- The ownership of a diversified portfolio of quality investment properties throughout Australia, comprising:
  - Shopping centres;
  - Commercial office buildings;
  - Office parks; and
  - Industrial buildings;
- Property management, leasing, design and project management of all redevelopment and refurbishment of investment properties;
- Provision of all trust management (responsible entity) services for Stockland's trusts;
- The development and sale of Australian-based:
  - Residential estates (land subdivided for construction of housing by third parties);
  - Apartments; and
  - Smaller retail projects, such as convenience and bulky goods outlets;
- The management of a portfolio of hotels under the Stockland-owned "Saville" brand; and
- Third party funds and property management for its unlisted property funds and joint venture partners.

## 2.4 Strategy and objectives

Stockland's strategy is aimed at delivering stable and secure income and growth to Stockland Security Holders. This is achieved through an appropriate balance of ownership of investment properties delivering stable and predictable rental returns, and higher returning corporate activities.

- The investment asset strategy revolves around the ownership and active "in-house" management of a portfolio of quality investment properties, diversified by both asset class and geography, and accounting for between 60% and 80% of EBIT; and
- The corporate earnings strategy is largely based on a level of active participation in higher returning businesses, which currently is the development and sale of residential estates predominantly and apartments and retail projects and accounts for between 20% and 40% of EBIT.

Consistent with this business model, Stockland outsources the higher risk activities of construction to third parties.

Stockland continually assesses new business opportunities that will allow it to leverage its existing asset and skill base and further broaden its earnings base. Most recently, Stockland successfully launched and closed early fully subscribed its first offering to the unlisted retail market ("SDOT1"). This demonstrates Stockland's ability to leverage its property experience and access to deal flow to further broaden its corporate earnings.

Stockland has been operating with this strategy for many years and considers that its diversified approach provides several advantages, including an ability to:

- Mitigate risk relative to performance and returns, since different property sectors (and to a lesser extent different regions) have different cycles of performance and profitability;
- Take advantage of complementary markets and synergies between sectors, for example, the ownership of shopping centres and the development of adjoining residential land to increase the shopper base for the centres; and
- Ensure that the benefit of management expertise accrues to Stockland Security Holders and not to third parties.

In pursuing its growth strategy, Stockland focuses on:

- The delivery of secure income and consistent growth in both capital value and income;
- Investments where Stockland has management expertise;
- Disciplined management of commercial and financial risks;

- Maintenance of a conservative level of gearing (Stockland's current policy is to maintain the ratio of debt to total tangible assets within the range of 25% to 35%); and
- Attracting and retaining outstanding people, who are employed by Stockland, not a third party.

## 2.5 Financial performance

### (A) STRONG TRACK RECORD IN EARNINGS GROWTH

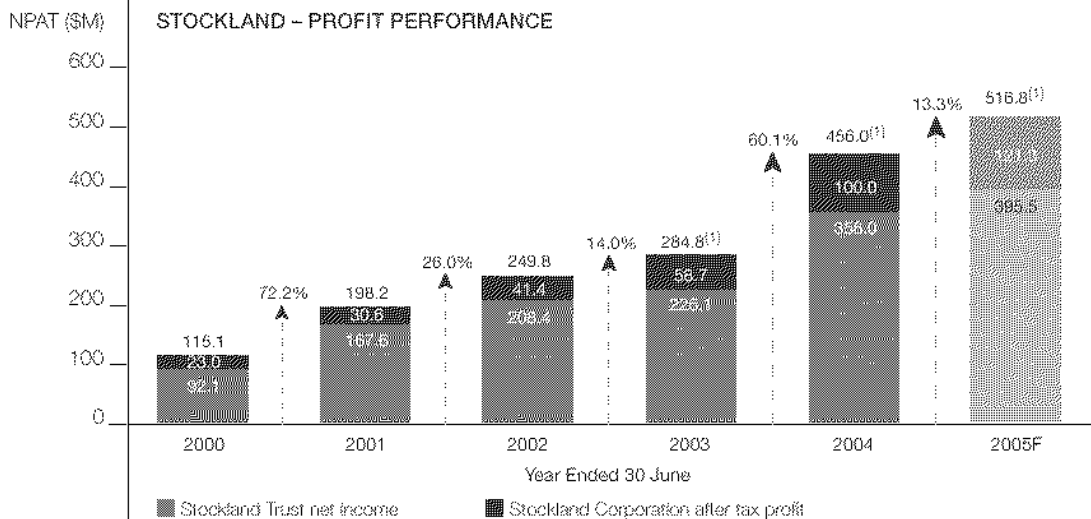
Stockland has a sustained and consistent record of strong financial performance, with 22 years of consecutive profit growth (excluding significant items).

In the four years to 2004, earnings per Stockland Security have grown at an average annual compound rate of 8.9%. Stockland's Directors are forecasting Stockland's earnings per Stockland Security to grow by a further 5.0% in FY2005 on a standalone basis.

The chart below illustrates Stockland's actual net profit over the last four years and its forecast for 2005.

Profits earned by the Stockland Trust are derived from investment income-producing retail, commercial, industrial and office park properties and are distributed on an untaxed basis, with a tax deferred component which varies from year to year.

Profits earned by Stockland Corporation are derived from property management, property trust management, residential property development, development of retail and commercial properties, third party funds management and hotel management, and are subject to income tax at corporate rates. The profit details set out below are based on Stockland Trust distributions and after-tax profits of Stockland Corporation and exclude applicable franking credits.



(1) Before significant items

Source: Historical data sourced from Stockland Annual Reports. 2005 data based on Stockland forecasts prior to the positive impact of the GPT merger. See section 6.

### (B) STRONG TRACK RECORD OF DISTRIBUTION GROWTH

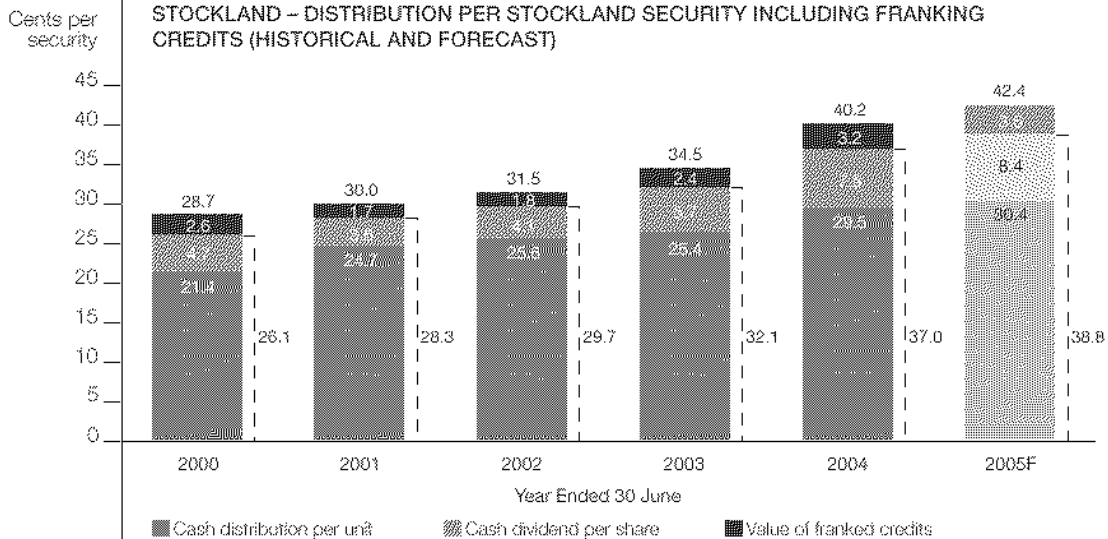
Stockland Security Holders have enjoyed consistent growth in distributions. In the last decade Stockland has not lowered its distribution per security.

In the four years to 2004, Stockland's distributions per security grew at an average annual rate of 9.1%. Stockland's Directors are forecasting Stockland's distributions per Stockland Security to grow by a further 4.9% in FY2005 on a standalone basis prior to the positive impact of the GPT merger.

Stockland's distributions are based on a payout ratio of 100% of Stockland Trust earnings and only 90% of Stockland Corporation earnings. Adopting this approach has meant that Stockland has accumulated approximately \$84 million in retained earnings in its balance sheet.

Due to the stapled Stockland Security structure, Stockland's distributions comprise both an untaxed distribution component from Stockland Trust and a franked dividend component from Stockland Corporation. The chart below illustrates the level of distributions/dividends per security (including the amount of franking credits) that Stockland Security Holders have received since 2000 and are expected to receive in the 2005 financial year.

The dividends paid by Stockland Corporation are currently fully franked and are expected to continue to be fully franked.



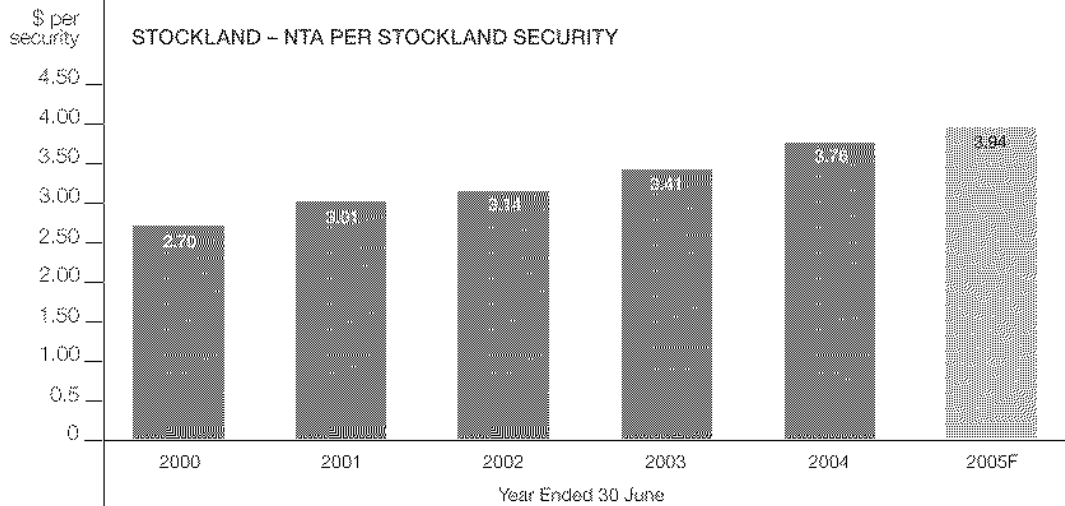
Sources: Historical data sourced from Stockland Annual Reports. 2005 data based on Stockland forecasts prior to the positive impact of the GPT merger. See section 6.

As shown in the chart above, in the 2004 financial year, approximately 80% of Stockland's Security Holder distributions were paid from the Stockland Trust, with the remainder being paid as a dividend from Stockland Corporation.

**(C) NET TANGIBLE ASSET BACKING**

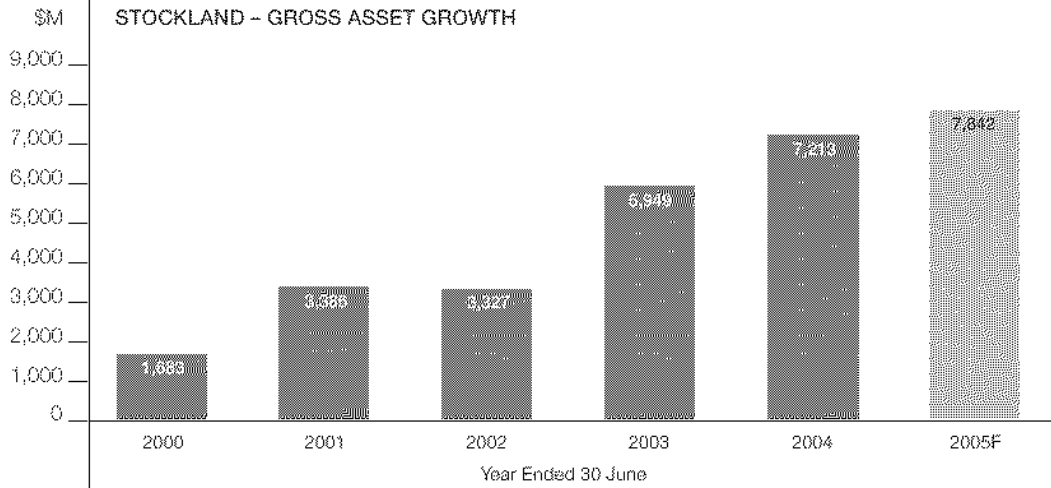
Stockland has a long history of growth in net tangible asset ("NTA") per Stockland Security. Since 2000, Stockland's NTA per Stockland Security has increased by 39%.

Stockland's security price has generally traded at a premium to its NTA. The premium at which Stockland trades to NTA is due to several factors including Stockland's ownership of residential land, which is carried in its accounts at historic cost. Stockland currently has over \$1.2 billion of residential land and apartment projects held for development and sale.



Sources: Historical data sourced from Stockland Annual Reports. 2005 data based on Stockland forecasts prior to the positive impact of the GPT merger. See section 6.

Since 2000, Stockland has achieved substantial growth in total assets as shown in the chart below.

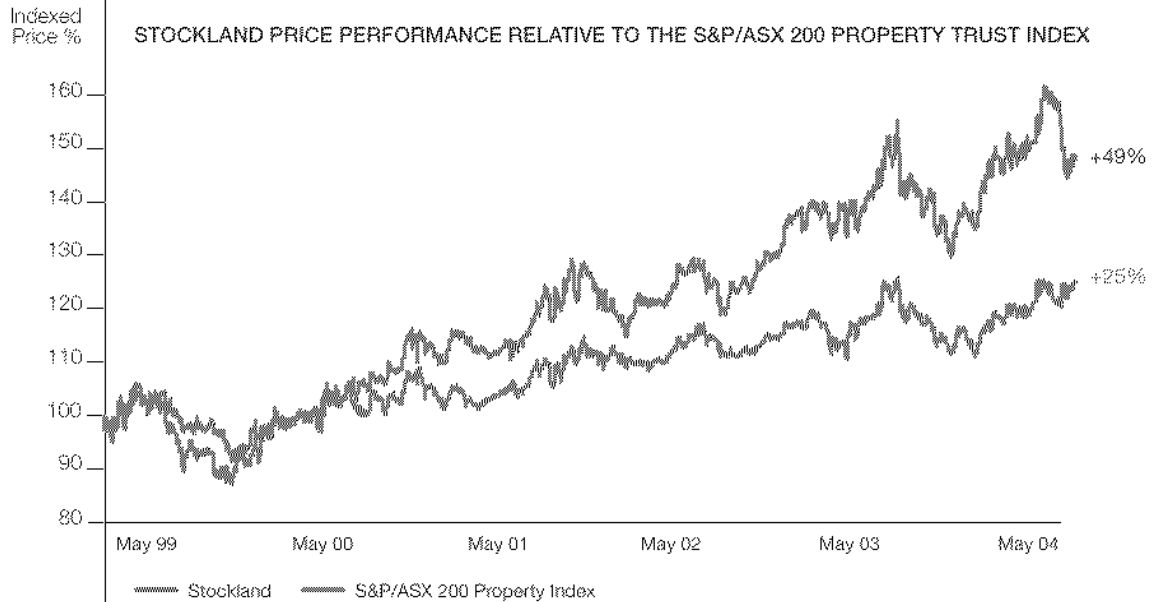


Sources: Historical data sourced from Stockland Annual Reports. 2005 data based on Stockland forecasts prior to the positive impact of the GPT merger. See section 6.

**(D) OUT-PERFORMANCE RELATIVE TO INDUSTRY BENCHMARKS**

Stockland's security price has a history of strong performance relative to its property trust sector peers and industry benchmarks.

The graph below illustrates that Stockland's security price has significantly outperformed the S&P/ASX 200 Property Trust Index in the five years to 19 May 2004, the day before trading in GPT Units was suspended prior to the initial announcement of the Lend Lease Stapling Proposal.

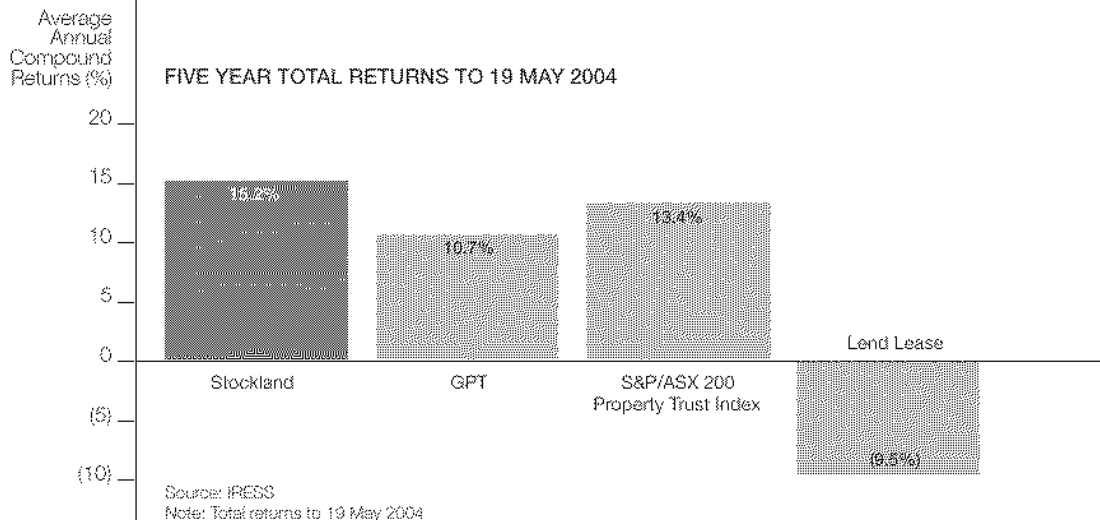


Source: IRESS

**(E) TOTAL SECURITY HOLDER RETURNS**

In the five years to 19 May 2004, Stockland has delivered to Stockland Security Holders total returns of 15.2% per annum. Total returns include growth in security price, distributions and reinvestment of distributions.

This compares to total returns of 13.4% per annum generated by the S&P/ASX 200 Property Trust Accumulation Index.



## 2.6 Merger experience

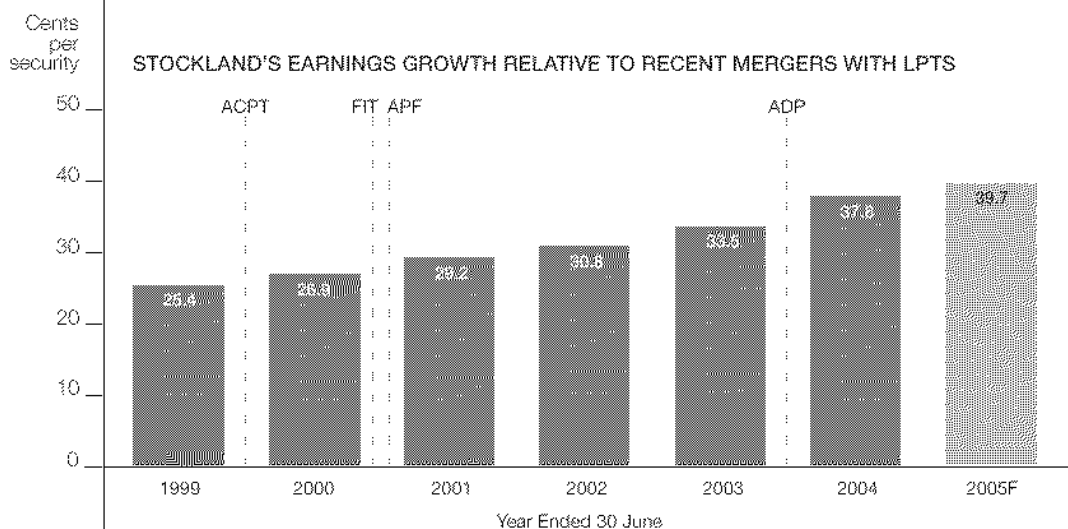
Stockland has a proven track record in merging and successfully integrating property trusts and property management and development businesses.

Recent mergers by Stockland have included Australian Commercial Property Trust (September 1999), Flinders Industrial Property Trust (October 2000), Advance Property Fund (December 2000), Taylor Woodrow Pty Limited (July 2001) and AMP Diversified Property Trust (June 2003).

Applying Stockland's internalised approach to the responsible entity and property management has enabled Stockland to extract additional value from the underlying assets of the property businesses it has acquired. In turn, this has generated significant value for Stockland Security Holders, including the many new security holders who have accepted scrip offers from Stockland as part of these mergers.

The success of these mergers, coupled with the scrip Stockland has issued to fund these acquisitions, has increased Stockland's market capitalisation, providing Stockland with a greater representation in major ASX market indices, improving liquidity for investors and helping to lower Stockland's cost of capital.

As shown in the chart below, following the integration of these mergers, Stockland has achieved substantial growth in earnings per Stockland Security for all Stockland Security Holders.



Sources: Historical data sourced from Stockland Annual Reports. 2005 data based on Stockland forecasts prior to the positive impact of the GPT merger. See section 6.  
Note: ACPT: Australian Commercial Property Trust  
FIT: Flinders Industrial Property Trust  
APF: Advance Property Fund  
ADP: AMP Diversified Property Trust

## 2.7 Management, corporate governance, Directors and Directors' interests

### (A) STOCKLAND TRUST MANAGEMENT LIMITED (STML)

STML is the Responsible Entity for, and is responsible for the operation of, Stockland Trust. The role of STML is to provide active management of all Stockland Trust's assets and liabilities in the interests of Stockland Security Holders. It is responsible for the implementation of investment proposals and for the financial, management and accounting functions of Stockland Trust. It is also responsible for marketing, investor relations and strategic planning for Stockland Trust. STML is responsible for operating the Stockland Trust in accordance with the Stockland Trust Constitution and the Corporations Act. In accordance with the Corporations Act, STML also ensures that all expenses are properly and reasonably incurred and appoints Stockland Trust's valuers and auditor.

### (B) COMPLIANCE COMMITTEE

STML has a formally constituted Compliance Committee consisting of one executive, one non-executive Director and an independent member. The Compliance Committee monitors STML's compliance with the Stockland Trust Constitution, the compliance plan for the Stockland Trust and the provisions of the Corporations Act.

### (C) CUSTODIAN

Trust Company of Australia Limited, as custodian, holds the legal title to all of Stockland Trust's directly-held assets on behalf of STML.

### (D) DIRECTORS OF STML AND STOCKLAND CORPORATION

STML's Directors are responsible for the overall corporate governance of Stockland Trust. The Directors meet on a monthly basis, or more often if required, to discuss relevant business matters, review the financial statements of the Stockland Trust and consider other matters relating to Stockland Trust.

STML and Stockland Corporation have the same Directors. Details of these Directors are set out below.

There are regular reviews of the performance of the Directors and the chairman of Directors pursuant to a formal review process.

### PROFILES OF DIRECTORS

#### PETER DALY

Chairman (Non-Executive)

B.E., M.I.E. Aust

Mr Daly was appointed Chairman of the Board in October 2000. He was Managing Director of Stockland from March 1990 to October 2000, prior to which he was Group General Manager.

Mr Daly has been involved in the real estate industry for the past 33 years, serving in a number of executive positions within Stockland over that time. He is a member of the Nominations and Remuneration Committee.

#### NICHOLAS GREINER

Deputy Chairman (Non-Executive)

B.E.C. (Hons), M.B.A.

Mr Greiner has been Deputy Chairman of the Board since his appointment in September 1992.

He was a Member of the New South Wales Parliament from 1980 to 1992 and Premier for the last five years of that period. Prior to entering Parliament, and after a distinguished academic career, he held executive positions in the United States of America and in Australia. Mr Greiner is Chairman of Bilfinger Berger Australia and Bradken Limited, and a director of McGuigan Simeon Wines Limited and QBE Insurance Group and a number of other private groups. Mr Greiner is Chairman of the Nominations and Remuneration Committee.

#### MATTHEW QUINN

Managing Director

B.SC. (Hons), A.C.A., A.F.I.C.S., F.A.P.I.

Mr Quinn has an extensive background in commercial, retail, industrial and residential property investment and development.

He began his career in the United Kingdom as a chartered accountant and moved to Australia in 1987 with Price Waterhouse. In 1988 he joined the Rockingham Park Group, a substantial Western Australian private property group. Mr Quinn joined Stockland in 1999 and was appointed to his current role of Managing Director in October 2000. Mr Quinn was appointed National President of the Property Council of Australia in March 2003. Mr Quinn is a Fellow of the Australian Property Institute.

**GRAHAM BRADLEY**

Non-Executive Director

B.A., LL.B. (Hons), LL.M., FAICD.

Mr Bradley was appointed to the Board on 9 February 2004.

He is Chairman of Film Finance Corporation Australia Limited, Proteome Systems Limited, Po Valley Energy Limited, Garvan Research Foundation and Sydney Community Foundation. He is also a director of MBF Australia Limited, MBF Life Limited, HSBC Bank Australia Limited, Queensland Investment Corporation, Singapore Telecommunications Limited, Brandenburg Ensemble Limited and the Garvan Institute of Medical Research.

Mr Bradley was the Managing Director of Perpetual Trustees Australia Limited for eight years until 2003 and was the national Managing Partner of Blake Dawson Waldron and a Principal of McKinsey & Company prior to that.

Mr Bradley became a member of the Audit Committee on 9 February 2004 and is Chairman of Stockland Funds Management Limited, the Responsible Entity for Stockland's unlisted property trust business.

**BRUCE CORLETT**

Non-Executive Director

B.A., LL.B.

Mr Corlett was appointed to the Board in November 1996.

He is Chairman of Adsteam Marine Limited, Servcorp Limited and Trust Company of Australia Limited. He is also a Senate Fellow at the University of Sydney. Mr Corlett is a member of the Audit Committee and the Nominations and Remuneration Committee.

**DAVID FAIRFULL**

Non-Executive Director

B.COMM., C.P.A., A.C.I.S., A.S.I.A., FAICD.

Mr Fairfull was appointed to the Board in March 1990. He is Joint Managing Director of Pitt Capital Partners Limited, a Soul Pattinson-controlled merchant bank.

He is a non-executive director of Australian Pharmaceutical Industries Limited, SP Telemedia Limited, Washington H Soul Pattinson & Company Limited and New Hope Corporation Ltd.

Mr Fairfull is the Chairman of the Compliance Committee and was the Chairman of the Audit Committee until 28 July 2003.

**TERRY WILLIAMSON**

Non-Executive Director

M.B.A., B.E.C., F.C.A. F.C.I.S., M.A.C.S.

Mr Williamson was appointed to the Board in April 2003.

He is a director of St. Vincent's and Mater Health Group Sydney, Excel Coal Limited and a member of the University of Sydney Faculty of Economics and Business Studies Advisory Board. Mr Williamson was previously the Chief Financial Officer of Bankers Trust Australia Limited/BT Financial Group Pty Limited from 1997 to 2002 and prior to that, he was a partner of Price Waterhouse for 17 years.

Mr Williamson became Chairman of the Audit Committee on 28 July 2003 and is a director of Stockland Funds Management Limited, the Responsible Entity for Stockland's unlisted property trust business.

**HUGH THORBURN**

Finance Director

B.COMM., F.C.A.

Mr Thorburn was appointed to the Board as Finance Director on 1 July 2004, having been Chief Financial Officer since his commencement at Stockland on 16 February 2004.

Mr Thorburn is a chartered accountant and has held a number of senior financial and general management roles in Australian companies.

## 2.8 Further information on Stockland

Stockland Trust and Stockland Corporation are disclosing entities for the purposes of the Corporations Act. As disclosing entities, Stockland Trust and Stockland Corporation are subject to regular reporting and disclosure obligations. Stockland Trust and Stockland Corporation are required to lodge various documents with ASIC. Copies of any documents lodged in relation to Stockland Trust and Stockland Corporation with ASIC may be obtained from, or inspected at any office of ASIC. Information as to what documents have been lodged with ASIC may be obtained from the ASIC website at [www.asic.gov.au](http://www.asic.gov.au).

Stockland is subject to the listing rules of ASX which require Stockland to comply with continuous disclosure rules. Copies of documents lodged by Stockland are available for inspection at ASX during normal business hours and can be viewed on ASX website at [www.asx.com.au](http://www.asx.com.au).

GPT Unit Holders are entitled under the Corporations Act to obtain and STML will provide, a copy of the following documents free of charge to any person who requests them during the Offer Period:

- (a) the annual financial report of Stockland Trust and Stockland Corporation most recently lodged with ASIC (being for the year ended 30 June 2004); and
- (b) any continuous disclosure notices given by STML and Stockland Corporation in the period between lodgement of the annual financial report referred to in paragraph (a) above and the lodgement of this Bidder's Statement with ASIC. The following is a list of such notices:

Date	Announcement Title
23 November 2004	Change of Director's Interest Notice (x2)
23 November 2004	Appendix 3B: New issue announcement – Incentive Share Plan
19 November 2004	Change of Director's Interest Notice
17 November 2004	Stockland's Offer Remains Open
17 November 2004	Trading Halt
16 November 2004	Change of Director's Interest Notice
16 November 2004	Optus Signs 15 Year Lease at Stockland Property in Nth Ryde
12 November 2004	Offer to GPT Unit Holders
12 November 2004	Open Letter to GPT Unit Holders from Peter Daly, Chairman of Stockland
10 November 2004	Stockland maintains offer for GPT
9 November 2004	Stockland welcomes S&P CreditWatch positive
8 November 2004	Announcement and presentation on Stockland's announcement of its Offer for GPT
8 November 2004	Trading halt prior to Stockland announcing its offer for GPT
1 November 2004	Stockland Direct Office Trust No. 1
27 October 2004	Final Director's Interest Notice
26 October 2004	Amended Deed Poll to the Constitution
26 October 2004	Amended Constitution adopted at the AGM
26 October 2004	Results of AGM
26 October 2004	Chairman's Address to Shareholders/Presentation
22 September 2004	Notice of Annual General Meeting
13 September 2004	Launch of unlisted property funds business
8 September 2004	Change of Director's Interest Notice
3 September 2004	Change of Director's Interest Notice
3 September 2004	Change of Director's Interest Notice
3 September 2004	Change of Director's Interest Notice
2 September 2004	Top 20 SGPNA security holders and range report

A request for copies of these documents may be made to the Company Secretary of STML, Level 16, 157 Liverpool Street, Sydney, NSW 2000 or by contacting the toll free enquiry line on 1800 070 133 (from inside Australia) or +61 3 9415 4232 (from outside Australia).

Stockland also has a website, [www.stockland.com.au](http://www.stockland.com.au), which includes a wide range of information on Stockland (including copies of the above documents) and its activities.

# 3

## Stockland's Business

- 3.1 Stockland's operating divisions
- 3.2 Shopping Centre Division
- 3.3 Commercial & Industrial Division
- 3.4 Development Division
- 3.5 Hotel Division
- 3.6 Unlisted Property Funds Division

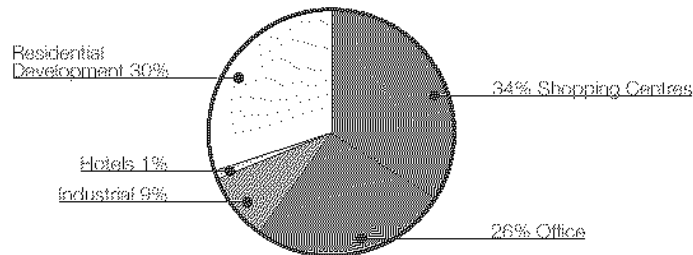
## 3.1 Stockland's operating divisions

Stockland's portfolio of properties is divided into five primary operating divisions:

- Shopping Centre Division;
- Commercial & Industrial Division;
- Development Division;
- Hotel Division; and
- Unlisted Property Funds Division.

The composition of Stockland's forecast earnings before interest and tax (EBIT) for FY2005 on a standalone basis is illustrated in the graph below.

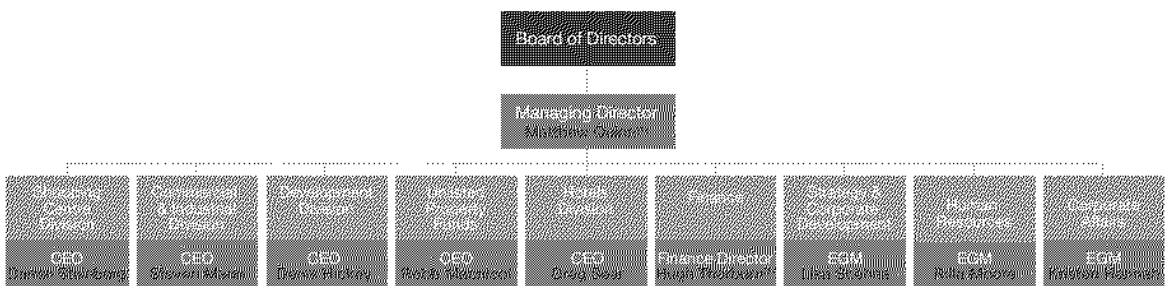
STOCKLAND FORECAST EBIT – FY2005



Source: Stockland forecasts – See section 6.

Stockland has a total full time staff of over 1,100 (including hotel staff), with strong depth of management in all divisions. The operating divisions are supported by corporate services which include legal, financial, information technology, risk management, internal audit, and treasury. Furthermore, the operating groups are complemented by the functions of strategy and corporate development, corporate affairs and human resources.

The executive team responsible for managing Stockland's business is illustrated below, together with the experience and responsibilities of each individual (excluding Executive Directors – see section 2.7).



(1) Executive Director

### DARREN STEINBERG, CEO – SHOPPING CENTRE DIVISION

Darren is the Chief Executive Officer – Shopping Centre Division and is responsible for managing a portfolio which has now grown to in excess of \$2.7 billion.

Darren has been involved with the property industry for over 15 years and is a specialist in the management, development and leasing of shopping centres.

Darren commenced his career with Baillieu Knight Frank as a Commercial Property/Asset Manager. Since 1993, Darren has focused on retail property, previously holding senior positions with Westfield, Lend Lease and Jones Lang Wootton. During this period he has worked in all mainland states of Australia on all classes of retail property. He has also been involved in a wide range of retail developments throughout Australia.

Darren is a representative member of the Shopping Centre Council of Australia.

### STEVEN MANN, CEO – COMMERCIAL & INDUSTRIAL DIVISION

Steven is the Chief Executive Officer – Commercial & Industrial, managing a portfolio of Australian assets which has now increased to \$2.7 billion.

Steven has 15 years experience in the property industry working in a variety of roles including professional valuer, negotiator, rental consultant, commercial and industrial asset manager, strategic portfolio manager and funds manager.

Steven commenced his career at Jones Lang Wootton, before moving in 1994 to Schroders Australia Property Management Limited as their Commercial and Industrial Asset Manager, later being promoted to Associate Director – Head of Commercial Asset Management. Steven subsequently moved to Westpac Investment Property Limited as Fund Manager of the Industry Superannuation Property Trust No. 1.

#### **DENIS HICKEY, CEO – DEVELOPMENT DIVISION**

Denis is the Chief Executive Officer – Development and is responsible for more than 75 residential estate and apartment projects across Australia with an end market value of over \$8 billion.

Denis has 15 years experience in all aspects of urban development including the delivery of large-scale urban communities, built form housing and mixed use developments.

He has overseen the creation and delivery of a number of major development projects and has extensive experience in delivering joint venture partnerships with both the private and public sectors throughout Australia.

Denis previously held the position of Managing Director of AV Jennings. He is the current Chairman of the Property Council of Australia – National Residential Committee and a member of the UDIA.

#### **ROBB MACNICOL, CEO – UNLISTED PROPERTY FUNDS DIVISION**

Robb joined Stockland to establish the Unlisted Property Funds Division and is responsible for growing the Stockland retail syndication and wholesale property funds management business.

Robb has over 14 years investment banking and accounting experience across a range of asset classes. He has expertise in capital raising, corporate advisory, transaction structuring, property acquisitions, finance and funds management.

Prior to joining Stockland, Robb held a senior position with Macquarie Bank for six years, specialising in the securitisation of real estate for the unlisted investment markets.

#### **GREG SEAR, CEO – HOTELS DIVISION**

Greg is Chief Executive Officer of Stockland's Saville Hotel Group and is responsible for the management of the group's 'Saville' hotels across Australia. He also oversees the financial performance, marketing direction and strategic growth and development strategies for the 'Saville' group.

Greg has over 15 years experience in the hospitality industry.

Prior to joining Stockland, Greg was Group Operations Manager for All Seasons Hotels. In this position he was responsible for the management of 28 hotels and was actively involved in numerous acquisitions and launches to the All Seasons portfolio.

#### **LISA SCENNA, EGM – STRATEGY & CORPORATE DEVELOPMENT**

Lisa is responsible for Stockland Group's Strategy and Corporate Development activities.

Lisa has more than 15 years of financial and commercial experience, with the last 10 years developed within the property sector.

Prior to joining Stockland, Lisa held a number of senior financial positions within Westfield Holdings working closely with the executive directors on both the ongoing operations, and the international expansion of the group into the UK, US and New Zealand.

#### **RILLA MOORE, EGM – HUMAN RESOURCES**

Rilla has worked at senior levels of Human Resources for the past 15 years, with Westpac, AMP and ANZ and brings a wealth of experience in every aspect of Human Resources. She has led many organisational changes including large mergers.

Rilla also has broad business experience in sales, customer service, consulting, commercial lending and internal communications.

#### **KRISTEN HANNAH, EGM – CORPORATE AFFAIRS**

Kristen is responsible for managing the group's brand, reputation and relationships with stakeholders.

Kristen has extensive experience covering stakeholder and issues management, brand and reputation management, community and Government relations and internal communications in Australia and Asia.

Kristen has held senior Corporate Communications positions with Qantas, British Telecommunications Plc and Telstra.

## 3.2 Shopping Centre Division

### PROFILE

Stockland owns and manages one of Australia's largest shopping centre portfolios. The portfolio consists of 40 properties with a current value of over \$2.7 billion. The portfolio comprises in excess of 2,700 tenancies, has a moving annual turnover exceeding \$4.2 billion and is the subject of over 127 million shopper visitations per year.

The portfolio is diversified in terms of both size and location with shopping centres located in all mainland Australian states.

The full shopping centre portfolio is detailed in the table below.

### Shopping Centre — Property Portfolio

Property	Location	NLA (m <sup>2</sup> )	Book Value (\$m)	% of Shopping Centre Portfolio
Stockland Wetherill Park	NSW	57,165	190.7	7.0%
Stockland Shellharbour	NSW	39,220	163.0	5.9%
Stockland Townsville	QLD	32,876	160.3	5.8%
Stockland Rockhampton	QLD	53,070	138.1	5.0%
Stockland Green Hills	NSW	32,177	132.0	4.8%
Stockland Cairns	QLD	48,110	131.1	4.8%
Stockland The Pines	VIC	25,409	122.6	4.5%
Stockland Glendale	NSW	46,259	121.4	4.4%
Stockland Merrylands	NSW	25,620	110.5	4.0%
Botany Town Centre <sup>#</sup>	NZ	51,020	105.7	3.9%
Karinyup Shopping Centre <sup>**</sup>	WA	55,300	85.2	3.1%
Stockland Burleigh Heads <sup>^</sup>	QLD	32,737	83.9	3.1%
Stockland Jesmond	NSW	21,400	82.1	3.0%
Stockland Bay Village	NSW	22,082	79.6	2.9%
Stockland Gladstone	QLD	27,318	71.1	2.6%
Stockland Cleveland	QLD	15,844	64.1	2.3%
Stockland Batemans Bay	NSW	14,942	62.6	2.3%
Stockland Nowra	NSW	16,000	62.3	2.3%
Lynnmall Shopping Centre <sup>#</sup>	NZ	29,610	62.2	2.3%
Stockland Parabanks	SA	24,040	61.8	2.2%
Stockland Bull Creek	WA	16,700	59.0	2.2%
Stockland Baukham Hills	NSW	11,670	57.3	2.1%
Stockland Wendouree	VIC	22,590	54.0	2.0%
Stockland Traragon	VIC	19,300	51.0	1.9%
Stockland Caloundra	QLD	15,710	49.4	1.8%
Stockland Forster	NSW	15,325	48.5	1.8%
Stockland Bathurst <sup>^^</sup>	NSW	21,250	47.3	1.7%
Stockland Cominal	NSW	9,860	41.4	1.5%
Shellharbour Supa Centre	NSW	22,140	40.0	1.5%
Stockland Glenrose	NSW	8,952	39.8	1.4%
Piccadilly, Sydney <sup>**</sup>	NSW	5,354	30.5	1.1%
Manukau Supa Centre <sup>#</sup>	NZ	27,210	27.1	1.0%
136 King Street, Sydney <sup>***</sup>	NSW	3,820	23.3	0.8%
Benowa Gardens Shopping Centre	QLD	5,902	22.0	0.8%
Merrylands Court	NSW	6,302	16.0	0.6%
Burleigh Central	QLD	7,914	15.0	0.5%
Bridge Plaza	NSW	6,032	14.5	0.5%
Stockland Vincentia	NSW	N/A	7.4	0.3%
Woolworths Toowong	QLD	2,275	5.3	0.2%
Auckland Creek, Gladstone	QLD	N/A	3.2	0.1%
<b>TOTAL SHOPPING CENTRES</b>		<b>898,505</b>	<b>2,742.3</b>	<b>100.0%</b>

<sup>#</sup> Book value represents Stockland's 50% ownership interest

<sup>\*\*</sup> Book value represents Stockland's 25% ownership interest

<sup>\*\*</sup> Retail component only, refer to Commercial portfolio for balance

<sup>^</sup> Estimated area on completion of extension

<sup>^^</sup> To be Surveyed

Stockland's strategy has been to apply a regional shopping centre management approach to the sub-regional sector of the retail market. Stockland was one of the first groups to focus on the sub-regional sector, identifying it as an undervalued opportunity. Today, Stockland is one of the largest and most successful sub-regional owner/managers with an estimated 12%<sup>(1)</sup> share of the Australian sub-regional retail market.

Stockland's pre-eminent position in the sub-regional sector has been independently acknowledged with seven of Stockland's centres now ranked in the top 10 nationally on the basis of specialty moving annual turnover per square metre for centres with a gross lettable area between 15,000m<sup>2</sup> and 40,000m<sup>2</sup> (Shopping Centre News; Vol. 21, Number 5, 2003).

Stockland has delivered strong retail results over the last few years as a result of its strong management capabilities, its ability to successfully acquire and integrate assets, implement sound management practices and identify development opportunities.

The division's strategy remains focused on acquiring regional, sub-regional, district and specialty centres which offer expansion potential and improved returns through active management.

The division employs approximately 245 personnel across property management, marketing, leasing and development.

#### REGIONAL CAPABILITIES

Stockland's senior shopping centre personnel have a significant amount of regional shopping centre management, leasing and development experience.

Our top eight executives have an average of 20 years experience and collectively, have had involvement in over \$5 billion in retail development programs, and 41 of our key executives have held senior positions with one or more of Westfield, Lend Lease or AMP.

#### PORTFOLIO INTEGRATION

Stockland has been an active acquirer of shopping centre assets over the last few years. Since June 2002 we have acquired 26 shopping centres – 16 via the merger of the AMP Diversified Trust and a further 10 that were acquired individually.

All acquisitions have been integrated seamlessly into Stockland's pre-existing portfolio. In the case of the AMP Diversified Trust merger, the majority of AMP Diversified's shopping centre staff were employed by Stockland.

#### GROWTH

Stockland has achieved significant growth from its retail assets over the last few years as a result of identifying value adding opportunities through efficient centre management, leasing, development and marketing initiatives and implementing best practice.

The Division recently implemented a highly successful re-branding program applied to all Stockland shopping centres to bring them under the common Stockland brand and approach to centre management.

#### DEVELOPMENT

One of the key drivers of growth in returns has been our retail development program. Since July 2001 Stockland has successfully undertaken six separate developments, with total capital expenditure of around \$274 million.

Stockland currently has a short to medium term retail development pipeline exceeding \$600 million.

#### RETAIL PROJECTS

The division is also engaged in the development and sale of small to medium sized bulky goods, homemaker, supermarket and convenience based centres. The business is well positioned to leverage off Stockland's extensive retail client base and expertise in mixed use projects.

(1) Stockland estimate based on PCA data.

## 3.3 Commercial & Industrial Division

### PROFILE

Stockland is a significant owner and manager of commercial office buildings, industrial properties and office parks across Australia. As at 2 November 2004 our Commercial and Industrial portfolio comprises 55 properties with a current value exceeding \$2.7 billion. The portfolios are detailed in the tables below.

#### Commercial — Property Portfolio

Property	Location	NLA (m <sup>2</sup> )	Book Value (\$m)	% of Office Portfolio
Piccadilly Complex <sup>^</sup>	NSW	39,450	219.3	11.5%
Colonial Centre <sup>**</sup>	NSW	38,910	175.2	9.2%
Northpoint	NSW	34,653	169.9	8.9%
Waterfront Place <sup>**</sup>	QLD	58,865	151.7	8.0%
Riverside, 452 Flinders Street	VIC	38,789	122.5	6.4%
Edmund Barton Building	ACT	48,064	85.6	4.5%
135 King Street <sup>** ^</sup>	NSW	27,098	74.5	3.9%
Exchange Plaza <sup>**</sup>	WA	34,015	68.9	3.6%
601 Pacific Highway	NSW	12,708	61.2	3.2%
37-49 Pitt Street <sup>#</sup>	NSW	12,131	49.2	2.6%
77 Pacific Highway	NSW	9,373	48.6	2.5%
50 Pitt Street	NSW	10,078	48.5	2.5%
7 Macquarie Place <sup>**</sup>	NSW	13,830	48.3	2.5%
157 Liverpool Street	NSW	13,460	47.8	2.5%
367 George Street <sup>**</sup>	NSW	11,587	46.2	2.4%
175 Castlereagh Street	NSW	11,930	46.0	2.4%
234 Sussex Street	NSW	11,118	43.2	2.3%
81-95 Waymouth Street	SA	17,890	41.0	2.2%
72 Christie Street	NSW	11,208	37.0	1.9%
50 Miller Street	NSW	10,589	36.1	1.9%
333 Exhibition Street	VIC	7,768	30.9	1.6%
75 George Street	NSW	9,690	30.1	1.6%
333 Kent Street	NSW	8,938	30.0	1.6%
Myuna Complex	ACT	14,481	28.7	1.5%
Amory Gardens, 2-6 Cavill Avenue	NSW	10,598	25.9	1.4%
110 Walker Street	NSW	4,495	23.2	1.2%
Chessier House	SA	11,370	22.6	1.2%
541 St. Kilda Road, Melbourne	VIC	8,235	22.3	1.2%
68 Northbourne Avenue	ACT	9,536	21.5	1.1%
118-120 Pacific Highway	NSW	5,152	20.1	1.1%
51-57 Pitt Street <sup>#</sup>	NSW	5,037	20.1	1.1%
6-8 Underwood Street <sup>#</sup>	NSW	3,232	10.0	0.5%
<b>TOTAL COMMERCIAL</b>		<b>562,288</b>	<b>1,906.1</b>	<b>100.0%</b>

<sup>^</sup> Book value and NLA represents commercial component only. Retail component included in Shopping Centre Portfolio.

<sup>\*\*</sup> Book value represents Stockland's 50% ownership interest.

<sup>#</sup> Stockland has entered into put and call options to sell these properties.

The Pitt Street properties will settle in December 2004 and 6-8 Underwood in June 2005.

<sup>\*\*</sup> Contracts have been exchanged for the sale of this property. Settlement is delayed until March 2005.

## Industrial – Property Portfolio

Property	Location	GLA (m <sup>2</sup> )*	Book Value (\$m)	% of Industrial Portfolio
Yennora Distribution Centre, Yennora	NSW	266,572	205.6	36.5%
Brooklyn Estate, 413 Francis Street, Brooklyn	VIC	127,572	55.8	9.9%
Port Adelaide Distribution Centre, Adelaide	SA	167,227	47.6	8.5%
Hendra Distribution Centre, Brisbane	QLD	83,444	43.5	7.7%
9-11 Ferndell Street, Granville	NSW	31,038	36.2	6.4%
Century Estate, 476 Gardeners Road, Alexandria	NSW	16,538	25.0	4.4%
Defence Distribution Centre, Moorebank **	NSW	238,875	22.2	3.9%
55-63 Bourke Road, Alexandria	NSW	15,846	20.4	3.6%
Sydney Orbital Park, Smeaton Grange	NSW	11,000	19.5	3.5%
Altona Distribution Centre, Melbourne	VIC	40,000	18.7	3.3%
2 Davis Road, Wetherill Park	NSW	16,813	15.6	2.8%
11A Ferndell, Granville	NSW	17,548	14.5	2.6%
11 Amour Street, Revesby	NSW	12,969	13.2	2.3%
159-163 Newton Road, Wetherill Park	NSW	12,264	11.1	2.0%
509 Boundary Road, Richlands	QLD	9,193	8.1	1.5%
60 Fulcrum Street, Richlands	QLD	7,819	5.9	1.1%
<b>TOTAL INDUSTRIAL</b>		<b>1,074,716</b>	<b>562.9</b>	<b>100%</b>

\* Excludes hardstand

\*\* Stockland has an interest through a 24.9% holding in the Moorebank Property Trust

## Office Parks – Property Portfolio

Property	Location	NLA (m <sup>2</sup> )	Book Value (\$m)	% of Office Park Portfolio
Centrecourt Estate, North Ryde	NSW	37,068	82.8	42.5%
Macquarie Technology Centre, North Ryde	NSW	15,085	38.9	20.0%
60-66 Waterloo Road, North Ryde	NSW	8,167	27.2	14.0%
Lot 21, Riverside Corporate Park, North Ryde	NSW	N/A	16.8	8.6%
28 Rodborough Road, Frenchs Forest	NSW	5,486	13.1	6.7%
3 Byfield Street, North Ryde	NSW	2,695	8.0	4.1%
18 Rodborough Road, Frenchs Forest	NSW	3,813	7.9	4.1%
<b>TOTAL OFFICE PARKS</b>		<b>72,314</b>	<b>194.7</b>	<b>100.0%</b>

Stockland is an active owner-manager and is responsible not only for property management but also targeting redevelopment opportunities within the portfolio as well as sourcing new development projects.

The division employs 88 personnel across property management, finance, marketing, facilities management, leasing and development.

It comprises two portfolios, as follows:

### COMMERCIAL PORTFOLIO

- 32 commercial offices, valued at \$1.9 billion and comprising 562,288m<sup>2</sup> of NLA;
- Premium, A-grade and B-grade assets with a diversified tenant base;
- Strong weighting towards the robust Sydney market, 69% by asset value.

### INDUSTRIAL & OFFICE PARKS PORTFOLIO

- 16 industrial properties valued at \$563 million and comprising 1.07 million m<sup>2</sup> of GLA;
- 7 office parks, valued at \$195 million and comprising 72,314m<sup>2</sup> of NLA;
- A diverse range of properties strategically positioned adjacent to major transport, underpinning long-term demand;
- Strong weighting towards the robust Sydney market, 76% by asset value.

Stockland's long term commercial strategy is to continue to concentrate its investment in Sydney properties, due to the city's international appeal as the centre for business and finance in Australia. Tactical investments, predominantly in the other eastern seaboard markets, may be considered where enhanced risk and return performance can be achieved.

Exposure to the suburban commercial office markets is predominantly limited to Sydney's North Shore as it has a diverse and high quality tenant base. North Ryde forms a critical part of Stockland's suburban investment strategy given its potential to produce superior returns in the medium term, particularly due to new rail access scheduled to begin operation in 2007/08.

Stockland has achieved significant results in its Commercial & Industrial Division business over the last few years as a result of our strong in-house management capabilities, and our commitment to treat our tenants as customers and deliver optimum accommodation solutions.

#### MANAGEMENT CAPABILITIES

Stockland's senior Commercial & Industrial Division personnel have a significant amount of commercial and industrial experience, with the CEO and four General Managers having an average of 17 years experience in the property industry.

The significant expertise of the management team has underpinned the superior performance of the portfolio.

In the three months to September 2004 the Commercial and Industrial Division team leased 96,000m<sup>2</sup>, further reducing Commercial vacancy to 1.6% and Industrial & Office Park vacancy to 0.1%. Strong tenant retention of 92% has been achieved in FY2004.

#### PORTFOLIO INTEGRATION

Stockland has been an active acquirer of commercial and industrial assets over the last few years. Since June 2002, we have acquired 28 properties – 19 via the merger of the AMP Diversified Trust and nine strategic acquisitions.

The properties acquired as part of the AMP Diversified Trust transaction have been successfully integrated. Stockland utilised the opportunity to reposition the commercial and industrial portfolios, creating a scaleable platform with increased management depth and service capability to drive future growth.

The Commercial & Industrial portfolio has been actively repositioned since the AMP Diversified Trust merger with the disposal of eight<sup>(2)</sup> non-core assets and the acquisition of prime quality properties including a 50% interest in the premium office building, Waterfront Place in Brisbane.

#### IN-HOUSE MANAGEMENT CAPABILITIES

Stockland provides a high level of integrated property services, comprising property management, leasing and development which enable tenants to deal directly with Stockland as the owner of the property.

In September 2003, Stockland launched its internally managed and centralised facilities management operation to its office tenants, known as Stockland Service Centre (SSC). Now fully operational, the SSC is performing above customer service industry benchmarks.

Stockland's expertise as an owner-manager provides a key point of difference to our competitors and also serves to minimise fee leakage to third parties and maximise contact points with our tenants.

#### DEVELOPMENT CAPABILITIES

Stockland has recently been selected by Optus as their partner to develop, own and manage the new Optus Australian headquarters in North Ryde, Sydney.

Stockland will utilise its in-house development expertise to complete the globally benchmarked campus style workplace which is expected to have an end value of \$350 million.

The 84,000m<sup>2</sup> development will comprise six low rise office buildings. Stockland will manage the completed facility having secured the largest commercial leasing deal in Australia. Stockland has entered into a fixed time and fixed term contract with Baulderstone Hornibrook to undertake the construction works.

Last year the Industrial team completed the innovative re-development of Building 7 at Yennora Distribution Centre. The major component of the re-development involved raising 75,000m<sup>2</sup> of the roof by four metres, making it the most significant roof raising project completed in Australia. The project performed above expectations, achieving a 9.6% return on investment and the strong leasing performance secured a 12% increase in the valuation for Yennora after development costs. Yennora currently presents further DA approved greenfield development and existing building re-development opportunities.

The Office Park and Industrial portfolio has the ability to deliver future organic growth through a development book exceeding 250,000m<sup>2</sup> and a total value of \$600 million.

(2) Includes properties settled at 2 November 2004.

## 3.4 Development Division

### PROFILE

Stockland has over 50 years of experience across many market cycles in delivering a range of development projects around Australia and is regarded as one of the country's leading residential developers.

Stockland's Development Division is engaged in the development of masterplanned residential communities, integrated housing developments and large scale mixed use apartment projects.

Stockland's residential business model is focused on the discerning residential owner-occupier market.

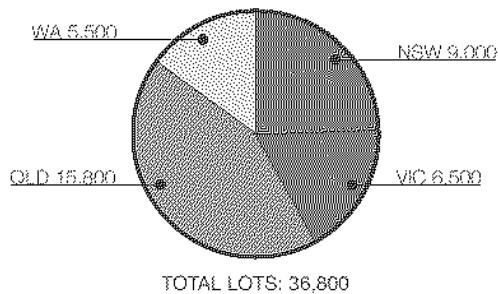
As at 31 October 2004 Stockland had 36,800 lots under its control with a book value of approximately \$1.2 billion and an end market value of over \$8 billion. Whilst Stockland does enter into development agreements with third parties, Stockland's preference is to own the underlying land which it develops so that it can capture all of the value uplift it creates as projects move through their life cycle. Stockland owns approximately 95% of the lots it has under its control and has a further pipeline of projects/lots under "option" to purchase.

The division employs approximately 250 people and has an experienced and highly regarded management team which have significant expertise in all aspects of project acquisition, urban planning and design, landscape architecture, marketing, development management and financial joint ventures/partnerships.

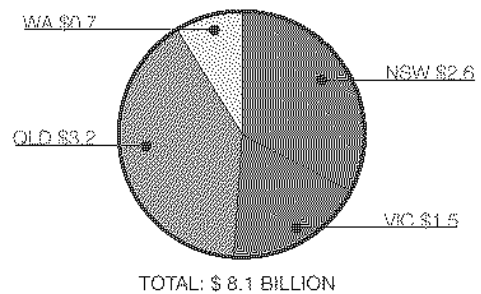
Through Stockland Design House, the Division's in-house team of senior design professionals who manage all aspects of urban environmental and social design outcomes, Stockland is at the forefront of residential development in Australia. This allows us to remain focused on achieving market leading, best practice design outcomes with environmental sustainability.

The charts below depict the division's assets by lot number and end value as at 31 October 2004.

LOTS CONTROLLED – NUMBER



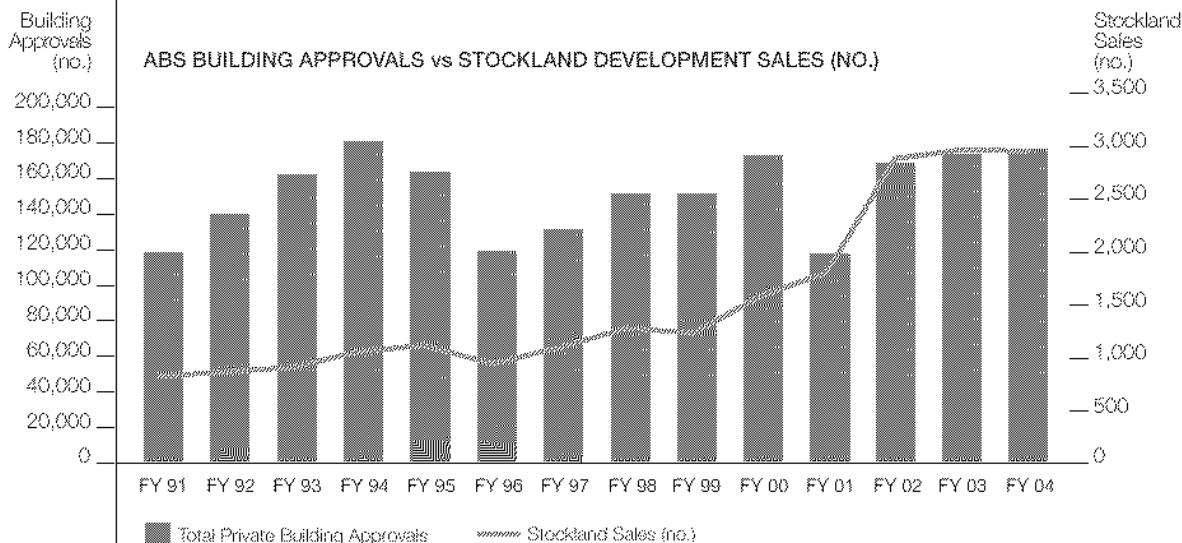
LOTS CONTROLLED – END VALUE (\$ BILLION)



Source: Stockland

The highly geographically and sectorally diversified nature of Stockland's residential portfolio, coupled with its significant development experience, enables Stockland to manage market cycles within the residential sector with greater certainty. The quantum of projects under Stockland's control enables the business to maximise the opportunities that exist within markets to maintain consistent performance, even when the market fluctuates.

The chart below compares Stockland's development sales revenue over the last ten years to the most commonly recognised statistical benchmark, the ABS Building Approvals, showing steady expansion of the Stockland residential business, despite several market cycles over that time.



A brief description of the three types of development activities undertaken by the division is set out below.

• **Residential estates**

Stockland's residential estates business specialises in the design and development of master planned and mixed use communities throughout Australia. Stockland is regarded as one of Australia's largest and most successful developers.

Stockland's portfolio comprises over 68 projects containing more than 34,500 lots with an end market value in excess of \$6 billion. The business accounts for the majority of the Development Division's earnings and has been a consistent profit driver for over a decade.

The business has experienced strong profit growth over recent years as a result of its strategic positioning, branding and the high quality of its developments.

• **Integrated housing**

Stockland's integrated housing business specialises in the design and delivery of medium density and urban infill housing developments. This involves maximising the efficiency of dwellings on parcels of land that are generally surrounded by existing services and amenities.

• **Apartments**

Stockland's apartment business specialises in the development of premium quality developments. The strategic focus for this business is to concentrate on undertaking projects located in premium locations where supply is tightly held, with the business focusing on the Sydney, Brisbane and Melbourne markets.

Stockland's apartment business has 11 apartment projects located throughout Australia, comprising more than 2,300 units and with an end market value in excess of \$2 billion.

**STRONG TRACK RECORD**

Stockland has created a consistent and enviable track record of strong profit growth and over the last four years Stockland's Development Division has grown operating profits 364% from \$36 million to \$167 million.

The Development Division's key executives have an average of 15 years experience within the development industry and collectively have been instrumental in creating and delivering some of Australia's leading development projects.

**RISK MITIGATION AND DIVERSIFICATION**

Stockland has a strong focus on managing risk across all aspects of its development business and the division has a series of well defined systems that monitor our exposure at any point in time. Our experienced management regularly review the quantitative and qualitative performance of each project on a monthly basis and the division conducts detailed five year forecasts every six months to ensure its target of profitable outcomes is achieved.

To ensure the division accurately forecasts market trends and movements there is a dedicated in-house research team who pro-actively analyse residential markets and macroeconomic trends. Great emphasis is placed on monitoring and researching all aspects of the market and economy to ensure that trends and movements are recognised early and strategies developed to take advantage of opportunities as they arise.

Stockland further mitigates risk in its Development business by ensuring its portfolio is highly diversified in terms of size and location of projects.

Importantly, Stockland does not undertake any building construction activity, but rather has a policy of entering into fixed price contracts with specialised construction companies prior to projects being taken to market. This practice effectively mitigates exposure to labour and building material issues that can occur during the construction period.

#### GROWTH

The residential development market in Australia has traditionally been very fragmented with the top 10 companies only controlling approximately 20% of the market. With the increasing complexities associated with undertaking projects and a tightening supply of future developable land, the barriers to entry will rise. Accordingly, Stockland is well positioned to capitalise on any industry consolidation that will occur out of this changing marketplace.

Stockland intends to retain its core focus on expanding its residential estates business, maintaining its exposure to high population growth corridors with products aimed at the discerning owner-occupier market. Stockland will continue to restock its land bank via organic and corporate acquisitions with an aim to increase market share over time, and drive economies of scale.

Stockland also plans to undertake controlled growth of its Apartments business and will build its Retirement Living business over the next few years.

#### LENSWORTH

Stockland has submitted a tender to acquire the Lensworth residential development business from Foster's Group Limited, and has been short listed as a preferred tenderer. Final bids are due to be submitted on 2 December 2004.

## 3.5 Hotel Division

#### PROFILE

Stockland's wholly owned Saville Hotel division manages apartment style hotels in each mainland capital city.

The division currently manages in excess of 1,430 apartments in nine properties across Australia comprising Deluxe, 4 – 4½ star and 3 star properties.

Stockland has operated in the hospitality industry since the early 1980s and through a number of market cycles.

Saville is widely recognised as a premium hotel company that delivers consistent quality accommodation and excellent service levels.

#### MANAGEMENT CAPABILITY

The division has achieved record results over the past 12 months through its focus on yield management and the provision of exceptional service and value.

The division's latest project, Saville Southbank in Brisbane, combines residential, commercial and hotel accommodation. The project is due for completion in 2005 and will be a significant addition to the Saville network.

#### GROWTH

Saville's strategy is to continue focusing on opportunities that will expand the Saville brand across Australia through the development of new hotel product and acquisition of existing properties.

## 3.6 Unlisted Property Funds Division

### PROFILE

Stockland recently established its Unlisted Property Funds Division. The rationale for the establishment of the division is to leverage Stockland's core expertise in property acquisitions, property management, development and sales to generate additional, annuity style income for Stockland.

Stockland's strategy is to become a leading Australian provider and manager of wholesale and retail unlisted property funds. By establishing a reputation for high quality and innovative investment products, Stockland aims to deliver superior returns to investors through its property expertise and management capability.

The business focus includes the syndication of quality investment assets for retail investors, property development funds for wholesale investors and the establishment of longer-term wholesale investment funds targeting core and niche property sectors.

Stockland has applied its strong corporate governance principles to the business by establishing Stockland Funds Management Limited ("SFML"), a wholly owned subsidiary through which its unlisted fund activities are undertaken. To ensure the interests of investors are adequately represented, the board of SFML comprises five highly experienced directors, of whom two are independent of Stockland. All transactions between Stockland and the unlisted funds are required to be approved by a unanimous vote.

With its strong philosophy of fund co-investment, well defined fund investment strategies and transparent reporting, Stockland is focused on ensuring that the interests of its security holders are well aligned with those of its unlisted investors.

### RECENT KEY ACHIEVEMENTS

Stockland recently successfully closed its first retail investor property syndicate, SDOT1, offering a 50% interest in the \$300 million Waterfront Place property, Brisbane's premier office building. The syndicate received strong demand from Stockland Security Holders, the general public, corporate entities and superannuation funds and closed oversubscribed and ahead of schedule.

### GROWTH

Stockland aims to grow the business and funds under management by delivering quality investment products designed to meet specific investor demand. Stockland will leverage the significant transaction pipelines of its commercial and industrial, shopping centre, development and hotel operations to identify properties suitable for unlisted property funds.

# 4

## Profile of GPT

- 4.1 Overview
- 4.2 GPT property portfolio
- 4.3 Recent financial position and performance of GPT
- 4.4 ASX announcements by GPT and GPT Split Trust
- 4.5 Recent price performance of GPT Units
- 4.6 Distribution history
- 4.7 GPT's Responsible Entity fee structure
- 4.8 Further information on GPT
- 4.9 Substantial Unit Holders

#### DISCLAIMER

The following profile of GPT has been prepared using publicly available information including the Explanatory Memorandum issued by GPT in relation to the Lend Lease Stapling Proposal. Accordingly, this information concerning GPT has not been independently verified. Stockland Group does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

## 4.1 Overview

GPT is Australia's largest, externally managed, listed property trust by market capitalisation having listed in 1971. As at 30 June 2004, GPT's property portfolio comprised approximately \$8.2 billion of retail, office, hotel, industrial and business park assets throughout Australia.

More recently GPT entered into the masterplanned urban communities sector with two investments secured in 2003. These investments presently contribute an insignificant proportion of profit.

The Responsible Entity of GPT's portfolio is GPT Management Limited, a wholly owned subsidiary of Lend Lease. GPT Management Limited also acts as custodian of the Trusts' assets.

## 4.2 GPT Property Portfolio

### Shopping Centres

Property	Location	Share owned	Book value <sup>(1)</sup> (\$m)
<b>Regional centres</b>			
Charlestown Square	Newcastle, NSW	100%	339.0
Dandenong Plaza	Melbourne, VIC	100%	205.4
Erina Fair	Central Coast, NSW	50%	335.1
Macarthur Square	Sydney, NSW	50%	174.6
Melbourne Central <sup>(2)</sup>	Melbourne, VIC	100%	346.9
Penrith Plaza	Sydney, NSW	100%	546.7
Sunshine Plaza	Maroochydore, QLD	50%	181.7
Woden Plaza	Canberra, ACT	100%	388.0
Wollongong Central	Wollongong, NSW	100%	158.4
<b>Sub-regional centres</b>			
Carlingford Court	Sydney, NSW	100%	136.2
Casuarina Square	Darwin, NT	100%	267.5
Chimside Park	Melbourne, VIC	100%	132.3
Parkmore Shopping Centre	Melbourne, VIC	100%	127.1
<b>Community centres</b>			
Floreat Forum	Perth, WA	100%	95.0
Forestway Shopping Centre	Sydney, NSW	100%	51.8
<b>Other</b>			
Homemaker Portfolio	NSW/VIC/QLD	100%	438.3
<b>TOTAL</b>			<b>3,924.0</b>

(1) As at 30 June 2004. Includes latest valuation together with additions (at cost) since latest valuation

(2) Melbourne Central is currently being redeveloped and has not been revalued since the commencement of development. It is expected to have a total NLA of 56,778m<sup>2</sup> at completion.

**Commercial assets**

Property	Location	Share owned	Book value <sup>(1)</sup> (\$m)
Australia Square	Sydney, NSW	50%	178.0
800 Bourke Street Stage 1	Melbourne, VIC	100%	140.2
800 Bourke Street Stage 2	Melbourne, VIC	100%	90.0
Brisbane Transit Centre	Brisbane, QLD	50%	46.1
Citicorp Centre	Sydney, NSW	50%	286.5
530 Collins Street & 120 King Street	Melbourne, VIC	100%	320.5
Darling Park Stages 1 and 2	Sydney, NSW	50%	457.3
Darling Park Stage 3	Sydney, NSW	100%	49.4
179 Elizabeth Street	Sydney, NSW	100%	82.2
1 Farrer Place	Sydney, NSW	25%	259.6
HSBC Centre	Sydney, NSW	100%	227.0
Melbourne Central	Melbourne, VIC	100%	294.3
MLC Centre	Sydney, NSW	50%	285.0
10 & 12 Mort Street	Canberra, ACT	100%	50.0
Riverside Centre	Brisbane, QLD	100%	264.7
<b>TOTAL</b>			<b>3,030.8</b>

(1) As at 30 June 2004. Includes latest independent valuations plus additions (at cost) since the latest independent valuation

**Industrial assets**

Property	Location	Share owned	Book value <sup>(1)</sup> (\$m)
Austrak Business Park	Somerton, VIC	50%	59.1
15 Berry Street	Granville, NSW	100%	10.8
19 Berry Street	Granville, NSW	100%	20.5
Citiwest Industrial Estate	Altona North, VIC	100%	62.0
11 Grand Avenue	Camelia, NSW	100%	59.1
2-4 Harvey Road	Kings Park, NSW	100%	24.9
7 Parkview Drive	Homebush Bay, NSW	100%	16.1
Quad Business Park	Homebush Bay, NSW	100%	54.3
Herb Elliott Avenue	Homebush Bay, NSW	100%	8.5
Figtree Drive	Homebush Bay, NSW	100%	10.2
<b>TOTAL</b>			<b>325.5</b>

(1) As at 30 June 2004. Includes latest independent valuations plus additions (at cost) since the latest independent valuation

**Hotel assets**

Property	Location	Share owned	Book value <sup>(1)</sup> (\$m)
Ayers Rock Resort	Central Australia, NT	100%	384.0
Cape Tribulation Resorts	Far North Queensland	100%	19.1
Four Points by Sheraton	Sydney, NSW	100%	140.6
Holiday Inn (Brisbane Transit Centre)	Brisbane, QLD	50%	9.5
Nature Based Resorts (formerly P&O Resorts)	Various	100%	225.0 <sup>(2)</sup>
<b>TOTAL</b>			<b>778.2</b>

(1) As at 30 June 2004. Includes latest independent valuations plus additions (at cost) since the latest independent valuation

(2) Acquired in July 2004.

## 4.3 Recent financial position and performance of GPT

GPT lodged its half yearly report for the six months ended 30 June 2004 with ASX on 29 July 2004.

In summary, the GPT mid-year report for 30 June 2004 indicated:

- Total assets increased by 6.5% from \$7.7 billion to \$8.2 billion (adjusted for the acquisition of P&O Resorts in July 2004)

- Retail assets valued at \$3.9 billion
- Office assets valued at \$3.0 billion
- Industrial assets valued at \$0.3 billion
- Hotel and Tourism assets valued at \$0.8 billion
- Other assets valued at \$0.2 billion
- Earnings per unit for the half year ended June 2004 increased by 1.9% from the previous corresponding period ("pcp") to 10.9 cents (with the 2003 earnings incorporating the impact of the change in Responsible Entity fee structure during 2003)
- Operating profit after tax increased by 3.8% to \$216.5 million (\$208.6 million pcp)
- Distributions per unit for the half year were 10.9 cents, increasing by 3.8% on the distribution for the six months to 30 June 2003
- Net tangible assets increased from \$2.73 to \$2.74
- Gearing (debt/total assets) increased from 27.6% to 29.5% (adjusted for the acquisition of P&O Resorts in July 2004)
- In the six months to 31 December 2003, GPT's major transactions included:
  - acquisition of a 25% interest in 1 Farrer Place (which includes the Governor Phillip and Governor Macquarie Towers) for \$240 million (announced 9 December 2003)
  - practical completion of stage 1 of the new National Australia Bank development in Docklands, Melbourne, achieved in October 2003
  - \$57.3 million acquisition (including acquisition costs) of a 50% interest in the Austrak Business Park in Somerton, Victoria (announced 21 August 2003)
  - completion of the \$106 million (GPT's 50% interest) expansion of Erina Fair
  - acquisition of a 49% interest to acquire and redevelop the Twin Waters Resort for an initial cost of \$20.6 million (plus acquisition costs), announced on 31 October 2003
  - confirmation as joint developer (with Lend Lease) of the \$1 billion Rouse Hill regional centre, announced on 3 October 2003
  - raised \$452 million through a 3, 5 and 10 year note issue on 19 August 2003 under its existing Medium Term Note Program. The proceeds from the issue were used to retire short term debt
- In the six months to 30 June 2004, GPT's major transactions included:
  - practical completion of stage 2 of the National Australia Bank development in Docklands, Melbourne in May 2004. The total cost of the development, including enhancements agreed with National Australia Bank was approximately \$242 million
  - completion of a placement of 67 million new GPT ordinary units to raise \$230 million on 2 April 2004. The proceeds of the placement were used to pay down existing debt facilities and fund the development pipeline
  - acquisition of 100% of the third stage of the Darling Park Complex from Lend Lease for a total of \$225 million (including land, vacancy allowance and acquisition costs), announced on 1 April 2004
  - acquisition of a land parcel on which Stage 2 of the Homemaker City Fortitude Valley, Brisbane will be developed for approximately \$49 million (for the completed centre, including land), announced 18 March 2004
- For the year ending 30 June 2005, highlights for the year so far currently include:
  - acquisition of the P&O Resorts in July 2004 for \$225 million, including acquisition costs, at an expected year 1 yield of 9%
  - unwinding the Sunshine Plaza joint venture arrangement on 30 September 2004 at a cost of approximately \$57 million which will result in the existing ground lease on the property being removed
  - redevelopment of Melbourne Central retail complex is expected to be completed in late 2004. The total cost of the development is anticipated to be approximately \$245 million
  - expansion of the Penrith Plaza shopping centre commenced in June 2004 and is expected to be completed in late 2005. The total cost is anticipated to be approximately \$140 million

## ASX announcements by GPT, GPT Split Trust and Lend Lease

A list of the public announcements GPT, GPT Split Trust and Lend Lease have released since the lodgement of its last annual report for the year ended 31 December 2003 is summarised below (excluding substantial holder notices). This information may be relevant to your assessment of the Offer.

Date	Announcement title
23 November 2004	Letter to Unit Holders following Unit Holder meeting
19 November 2004	Ceasing to be a substantial shareholder from AMP
17 November 2004	Lend Lease announcement: Merger Blocked Despite Clear Support
17 November 2004	GPT & Lend Lease Merger Not Approved by Shareholders
17 November 2004	Chairman's address for Unit Holder Meeting
17 November 2004	Trading Halt
15 November 2004	Lend Lease: Inclusion of proposed Merged Entity in S&P Prop. Tst. Index
15 November 2004	GPT Split Trust – Results of Unit Holder Meeting
15 November 2004	Address to Meeting of Unit Holders
15 November 2004	Lend Lease: Lend Lease/GPT Merger
12 November 2004	Clarification of Westfield's announcement regarding its holding in GPT
12 November 2004	Further Information in relation to Merger Proposal
11 November 2004	Lend Lease: Welcomes Confirmation-GPT Independent Director's Recommendation
11 November 2004	Lend Lease Amendment to Letter to Shareholders re Merger
10 November 2004	Lend Lease Letter to Shareholders re Merger
10 November 2004	GPT Split Trust Letter to Unit Holders
10 November 2004	Letter to Unit Holders
10 November 2004	Considers Stockland Offer Not Superior to Lend Lease Proposal
10 November 2004	Request for Trading Halt
10 November 2004	Trading Halt
8 November 2004	Lend Lease: Last Minute Conditional Proposal from SGP Inferior to Lend Lease
8 November 2004	GPT Split Trust's announcement: GPT Advised of Stockland Proposal
8 November 2004	Advised of Stockland Proposal
8 November 2004	Trading Halt
4 November 2004	Letter to Shareholders
4 November 2004	Lend Lease: Letter to Shareholders re Proposed Lend Lease & GPT Merger
2 November 2004	September Quarter Operational Update
27 October 2004	Lend Lease: Off Market Buy-Back Documents re Merger with GPT
26 October 2004	Response to Press Commentary
26 October 2004	Lend Lease's announcement: Clarification re: GPT Merger Proposal
26 October 2004	September Quarter Distribution Ex-Date
21 October 2004	GPT Split Trust Notice of Meeting & Explanatory Memorandum
21 October 2004	Appendix 3B
20 October 2004	Letter to certain Shareholders resident offshore
20 October 2004	Lend Lease's Announcement: Letter to Non-Resident Shareholders
15 October 2004	Lend Lease: Documents for Scheme Meeting re Proposed Merger
15 October 2004	Documentation for Proposed Merger
13 October 2004	September Quarter Distribution
8 October 2004	First Court Approval
8 October 2004	Lend Lease's announcement: First Court Approval
1 October 2004	Lend Lease's announcement: Lend Lease Proposes to acquire all Units in GPT Split Trust
1 October 2004	GPT Split Trust: Lend Lease Proposal to Acquire all Units in GPT Split Trust
30 September 2004	Unwinds Joint Venture Arrangement at Sunshine Plaza
27 September 2004	Commences Macarthur Square Expansion
16 September 2004	Lend Lease & GPT Joint Market Briefing
16 September 2004	Merged Group Presentation
26 August 2004	Merger Implementation Agreement signed for merged Lend Lease
23 August 2004	GPT 2004 Mid Year Report
17 August 2004	Senior Management Structure for Merged Group

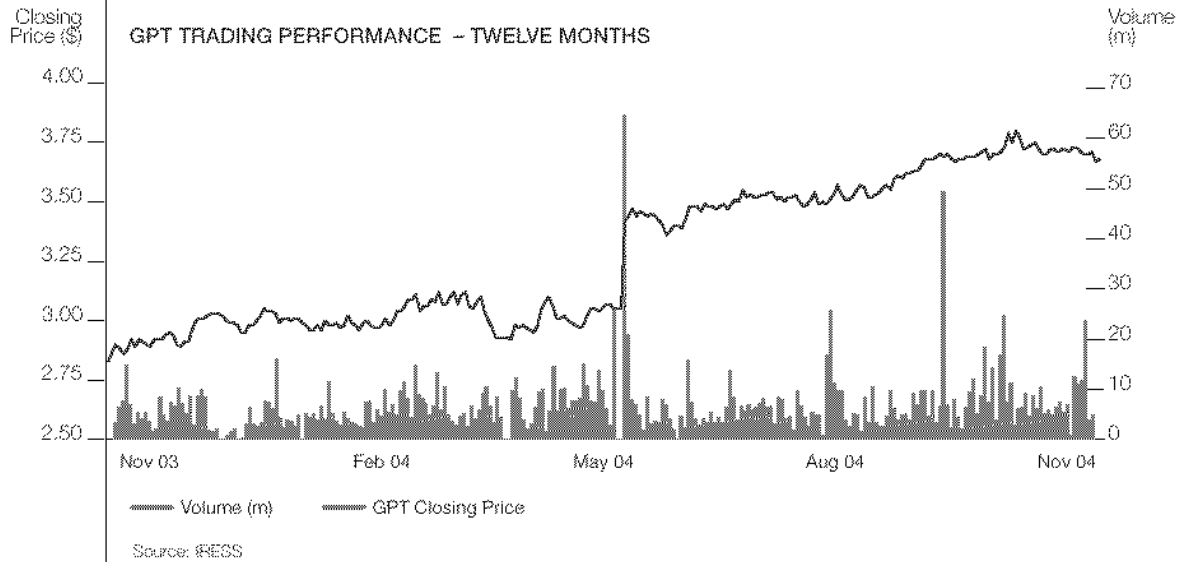
Date	Announcement title
6 August 2004	Agreement of Lend Lease and GPT merger terms
6 August 2004	Trading Halt
29 July 2004	Presentation correction
29 July 2004	Half year results presentation
29 July 2004	Quality portfolio delivers strong growth
29 July 2004	Half yearly report/half year accounts
27 July 2004	Lend Lease: Proposal to merge with GPT remains only offer available
27 July 2004	GPT unable to agree merger terms with Lend Lease
27 July 2004	Trading halt
7 July 2004	Acquisition of P&O Australian Resorts
5 July 2004	Letter to Unit Holders
25 June 2004	New company secretary
23 June 2004	Lend Lease: Market Briefings – Re-Shaping Our Future, Ron Oakley
23 June 2004	Lend Lease: Market Briefings – Re-Shaping Our Future, A Chamberlain
23 June 2004	Lend Lease: Market Briefings – Re-Shaping Our Future
15 June 2004	Lend Lease Letter to Shareholders re merger proposal
2 June 2004	Lend Lease: Implied value of Lend Lease's proposed merger with GPT
31 May 2004	Further expands Homebush Bay Presence
25 May 2004	Lend Lease: Presentation re Merger with GPT
24 May 2004	GPT Split Trust's: Effect of Lend Lease/GPT Merger Proposal on GPT Split Trust
24 May 2004	Response to Lend Lease Corporation Merger Proposal
24 May 2004	Lend Lease: Proposes Merger with GPT to Create Property Powerhouse
20 May 2004	Trading Halt
4 May 2004	March Quarterly Update
3 May 2004	Initial Director's Interest Notice
29 April 2004	AGM Presentation
29 April 2004	March Quarter Distribution
29 April 2004	CEO and Fund Manager's Address to AGM
29 April 2004	Chairman's AGM Address to Shareholders
29 April 2004	Results of AGM
28 April 2004	Appointment of Ross Taylor to GPT Board
13 April 2004	Leasing Update
2 April 2004	Completes successful placement
2 April 2004	Notification under ASIC Class Order 02/1180
2 April 2004	Appendix 3B – To fund development pipeline
1 April 2004	Presentation
1 April 2004	To Acquire Premium Sydney Office Asset
29 March 2004	Notice of Meeting

## 4.5 Recent price performance of GPT Units

The closing price at which GPT units traded on:

- 23 November 2004, being the last trading day prior to the lodgement of this Bidder's Statement, was \$3.64
- 5 November 2004, being the last trading day prior to the Announcement, was \$3.73
- 20 May 2004, being the last trading day prior to the initial Lend Lease Stapling Proposal announcement, was \$3.05

A graph of GPT's unit price and volume traded on ASX for the twelve months to 16 November 2004 is illustrated below.



## 4.6 Distribution history

Over the past 10 years, distributions paid by GPT have increased by a total of 7.6% or at a compound average annual growth rate of 0.7% from 19.7 cents per unit in 1993 to 21.2 cents per unit in 2003.

The following graph illustrates the distributions paid to GPT Unit Holders on their units over the past 10 years.



## 4.7 GPT's Responsible Entity fee structure

GPT is managed externally, with GPT Management, a wholly owned subsidiary of Lend Lease, being the Responsible Entity and is paid a management fee by GPT. In 2003, the management fee structure that GPT pays was changed.

The new fee structure comprises:

- A 40 basis point (per annum) base fee, payable based on gross assets, semi-annually; and
- A performance component of a maximum of an additional 15 basis points (per annum) of gross assets paid semi-annually, based on GPT's out performance compared to the S&P/ASX Property 200 Accumulation Index.

As GPT underperformed the S&P/ASX Property 200 Accumulation Index for the half year to 30 June 2003 and the year to 31 December 2003, no performance fee was paid in 2003. The implementation of the fee structure reduced GPT's Responsible Entity fee by \$8.3 million to \$25.6 million in 2003.

## 4.8 Further information on GPT

Further general and historical information in relation to GPT is available from ASIC or ASX or from the GPT website at [www.gpt.com.au](http://www.gpt.com.au).

## 4.9 Substantial Unit Holders

Based on the annual report of GPT and substantial shareholder notices lodged with ASX as of 23 November 2004, each of the following persons (on behalf of itself and its related bodies corporate) had the following substantial unitholdings (holdings in excess of 5%) in the issued ordinary units of GPT, consisting of 2,016,716,610 units, as at 30 July 2004.

Unit Holder	Units Held	%
Commonwealth Bank of Australia	139,833,437	6.93%
Westfield Group	131,755,640	6.53%
Lend Lease Corporation	128,785,332	6.4%
National Australia Bank	121,262,559	6.0%
Barclays Group	104,662,625	5.2%

# 5

## Intentions of Stockland and STML

- 5.1 Overview
- 5.2 Stockland's intentions in relation to continuation of GPT's business and assets
- 5.3 STML's intentions
- 5.4 Stockland's intentions in relation to GPT's assets
- 5.5 Stockland's intentions in relation to the replacement of the Responsible Entity of GPT
- 5.6 Stockland's intentions in relation to compulsory acquisition and delisting of GPT

## 5.1 Overview

This section sets out the intentions of Stockland and STML (as Responsible Entity of Stockland Trust) on the basis of facts and information concerning GPT which are publicly available to Stockland at the time of preparation of this Bidder's Statement, and the existing circumstances affecting the business of GPT, in relation to the following:

- Intentions with regard to GPT's assets;
- The continuation of GPT's business and assets;
- Any plan to remove the current Responsible Entity of GPT and appoint a new Responsible Entity; and
- Compulsory acquisition and de-listing of GPT.

Stockland and STML have not had access to non-public information in relation to GPT in preparing the Offer. Final decisions will only be reached by these entities in light of material facts and circumstances at the relevant time.

Accordingly, the statements set out in this section are statements of current intention only which may vary as circumstances require.

## 5.2 Stockland's intentions in relation to continuation of GPT's business and assets

Except for the changes and intentions set out in this section 5 and in section 6, it is the present intention of Stockland (based on the information presently available to it):

- To continue the business of GPT; and
- Not to make any major changes to the operations of GPT or deployment of GPT property.

## 5.3 STML's intentions

The intentions of STML are the same as the intentions of Stockland described in this section 5 and in section 6.

## 5.4 Stockland's intentions in relation to GPT's assets

### (A) REVIEW

Promptly upon appointment of a Stockland group entity as Responsible Entity of GPT, Stockland will undertake a detailed review of GPT's assets (and proposed activities in relation to those assets) to evaluate their performance, profitability, prospects and strategic position in light of the more detailed information then available to it.

Stockland will also, in the ordinary course of its management of GPT's assets, continually review those assets to evaluate performance, profitability and prospects. This could lead to operational changes, further acquisitions or disposals, or changes to development programs in due course. However, at present, Stockland has no specific intentions in relation to these matters.

### (B) EXISTING PROPERTY MANAGEMENT AND DEVELOPMENT AGREEMENTS

If a Stockland Group entity is appointed as Responsible Entity of GPT, the new Responsible Entity will, to the extent consistent with the Corporations Act and its obligations to act in the best interests of all GPT Unit Holders, seek to discontinue existing property management agreements (including ancillary arrangements such as leasing and development) between GPT and various third parties in relation to GPT's assets which are majority owned by GPT. The new Responsible Entity will seek to appoint entities within the Stockland Group to undertake those activities on commercial arm's length terms.

The new Responsible Entity will also seek the appointment of entities within the Stockland Group to perform those services in relation to other assets which are in part owned by GPT but its ability to do so may be limited.

As STML has not had an opportunity to review the precise terms of GPT's existing property service arrangements, it cannot state with certainty whether it will be entitled to terminate any particular service arrangements and appoint a Stockland group entity as provider of those services, even if the relevant assets are majority owned by GPT. Its ability to do so is likely to be limited by the terms of pre-existing contracts with third parties.

**(C) REFINANCING OF GPT INDEBTEDNESS**

Upon appointment of a Stockland group entity as Responsible Entity of GPT, it is Stockland's intention, so far as it is permitted under the terms of the relevant arrangements, to undertake a strategic review of GPT's indebtedness and if appropriate, seek to refinance the existing debt of GPT with new debt on terms no less favourable to GPT.

**Effect on Stockland's existing financing arrangements**

If GPT becomes a Subsidiary of Stockland, GPT may have to become a guarantor under the Stockland Guarantees.

The Stockland Facilities contain financial ratios that apply to the Stockland Trust or the Stockland Group, which include GPT if it became a Subsidiary of Stockland. If GPT becomes a Subsidiary of Stockland, Stockland intends to review the financial arrangements to ensure compliance with these financial ratios.

Further, depending on the identity of GPT's financiers, Stockland may need to obtain the consent of its own financiers to any increase in indebtedness to those financiers as a result of the acquisition of GPT.

**Intention to refinance**

Stockland understands that GPT has a short term note program, medium term note program and CPI Indexed Bonds in place, and that under these arrangements, if GPT is delisted (for example, following a takeover), and, as a result, GPT's ability to make payments under the notes is materially and adversely affected, noteholders may redeem their notes as the delisting may constitute an event of default. If these notes are redeemed, it is STML's objective to seek other sources of debt to replace such financing.

Break costs may be incurred by GPT as a result of this process, which have been allowed for in the Directors' Forecasts set out in section 6 of this Bidder's Statement.

**(D) INTENTIONS IN RELATION TO GPT EMPLOYEES**

GPT employs no staff. Staff employed in relation to GPT are employees of Lend Lease related entities and other third parties.

In the event that a Stockland group entity is appointed as Responsible Entity of GPT and Stockland entities are subsequently appointed as managers of GPT's assets, Stockland's present intention is to interview existing staff where possible and Stockland may offer employment to those staff who are employed in roles related to GPT, if they are available to be employed by Stockland.

Stockland has undertaken numerous acquisitions in the past and, in doing so, has taken on many new employees. With regard to these acquisitions and acquisitions generally in the property trust and property management sector, staff employed in property management roles directly related to specific property assets normally remain in employment associated with those particular property assets, albeit with a different employer.

## 5.5 Stockland's intentions in relation to the replacement of the Responsible Entity of GPT

If, as a result of the Offer, STML acquires control of GPT, then, regardless of whether it is entitled to proceed compulsorily to acquire all outstanding GPT Units, STML will seek to remove the current Responsible Entity and appoint an appropriately-licensed Stockland group entity as the Responsible Entity of GPT. STML may vote on both matters. In addition, subject to expiry or termination of existing contracts, Stockland and STML will seek the appointment of an appropriately-licensed Stockland group entity to manage GPT's assets (in return for an appropriate management fee on arm's length terms).

## 5.6 Stockland's intentions in relation to compulsory acquisition and delisting of GPT

### (A) INTENTIONS UPON ACQUISITION OF 90% OR MORE OF GPT

This clause sets out Stockland's intentions if STML acquires a relevant interest in 90% or more of the GPT Units and is entitled to proceed to compulsory acquisition of the outstanding GPT Units.

#### (i) Compulsory acquisition and de-listing

If STML becomes entitled compulsorily to acquire the outstanding GPT Units under Part 6A.1 Division 1 of the Corporations Act (as a result of acquisitions of GPT Units during the Offer Period), it intends to exercise that right and then procure the removal of GPT from the official list of ASX.

If STML does not become entitled compulsorily to acquire GPT Units under Part 6A.1 Division 1 of the Corporations Act, it may nevertheless become entitled to exercise general compulsory acquisition rights under Part 6A.2 Division 1 of the Corporations Act.

STML intends to exercise those rights if they become available and then procure the removal of GPT from the official list of ASX.

#### (ii) Structure

If STML acquires all GPT Units, STML's current intention is that GPT will be retained as a separate, wholly owned sub-trust of Stockland Trust.

### (B) INTENTIONS UPON STML PROCURING APPOINTMENT OF AN APPROPRIATELY LICENSED STOCKLAND GROUP ENTITY AS RESPONSIBLE ENTITY, BUT ACQUIRING LESS THAN 90% OF GPT

This clause sets out the intentions of Stockland if a Stockland group entity is appointed as Responsible Entity of GPT, but STML does not acquire a relevant interest in 90% or more of the GPT Units.

#### (i) ASX listing

Subject to maintaining a sufficient spread of holders of GPT Units, STML will seek to retain the listing of GPT Units on ASX.

However, GPT Unit Holders should be aware that in these circumstances, if they do not accept the Offer, they may become a 'locked-in' minority after the end of the Offer Period, unable to obtain the terms available under the Offer for their GPT Units.

GPT Unit Holders should also note that the resulting decrease in the free float of GPT Units may have a material adverse effect on the liquidity and market value of the GPT Units.

#### (ii) Structure

If STML does not acquire all the GPT Units, STML's current intention is that GPT will remain as a separate sub-trust of the Stockland Trust. In such circumstances, STML intends that if a Stockland group entity is appointed as Responsible Entity of GPT, that entity would be appointed on the same fee basis as those currently in place with the Lend Lease Group, which are outlined in section 4.7 of this Bidder's Statement. STML will recover from GPT any costs properly incurred in fulfilling its obligation as Responsible Entity.

#### (iii) Limitation on intentions

If STML acquires control of GPT and a Stockland group entity is appointed as Responsible Entity of GPT but STML does not acquire a relevant interest in 90% or more of GPT Units, STML and Stockland will seek to implement the intentions and objectives outlined in the remainder of this section 5 to the extent that they are able to do so.

However, the implementation of Stockland's and STML's intentions in the event that STML acquires less than 100% ownership of GPT will be subject to the Corporations Act, the Listing Rules and the GPT constitution, and to the Responsible Entity's obligation at all times to act in the best interests of all GPT Unit Holders (and not just Stockland group entities).

### (C) INTENTIONS UPON ACQUIRING LESS THAN 50.1% OF GPT

If Stockland waives its 50.1% minimum acceptance condition and acquires less than 50.1% of GPT Units, and a Stockland group entity is not appointed as Responsible Entity of GPT, the GPT Units acquired by Stockland will become an investment of Stockland which would be reviewed by Stockland in accordance with its usual investment policies.

# 6

## Profile of the Merged Entity

- 6.1 Stockland's strategy and rationale for the Offer
- 6.2 The merged Stockland / GPT entity
- 6.3 Financial profile of the Merged Entity
- 6.4 Basis of preparation of the Directors' Forecasts
- 6.5 Basis of preparation of Statements of Financial Position
- 6.6 Statements of Financial Performance
- 6.7 Statements of Financial Position
- 6.8 Directors' best estimate assumptions underlying the Stockland Forecast
- 6.9 Directors' best estimate assumptions underlying the Pro Forma Merged Entity Forecast
- 6.10 Sensitivity analysis
- 6.11 Pro forma adjustments underlying the preparation of the Pro Forma Merged Entity Statements of Financial Position
- 6.12 Accounting policies used in preparation of the historical and pro forma financial information
- 6.13 IFRS

## 6.1 Stockland's strategy and rationale for the Offer

Stockland believes there are many compelling strategic and financial benefits that will arise from Stockland's merger with GPT. Given that Stockland is offering to issue Stockland Securities to GPT Unit Holders for their GPT Units, both GPT Unit Holders and Stockland Security Holders will share in these benefits going forward.

Stockland considers that the following strategic and financial benefits will flow to Stockland Security Holders if Stockland's acquisition of GPT is successful.

- The combination will create Australia's leading diversified property group. The merged group will be diversified by both asset class and geography within Australia and will continue to retain a strong domestic focus. The merged group will continue to enjoy growth in both its earnings and distributions.
- The merger will further enhance Stockland's already strong operations which, coupled with the increased asset diversity of the merged entity, is expected to further enhance Stockland's existing growth strategy, through expansion of the Development Division and other opportunities available to it including through its Unlisted Property Funds Division.
- The combination will create Australia's second largest listed property group by market capitalisation. This increase in scale should enhance Stockland's index weightings and provide increased liquidity to Stockland Securities which may potentially result in a lower cost of capital.
- The merged entity will have a greater overall debt capacity than Stockland alone, potentially leading to increased liquidity for Stockland's noteholders and an enhancement of Stockland's borrowing capability and/or a reduction in the cost of debt.
- The combination will be immediately accretive to Stockland's earnings per security and distribution per security.
- The merger is expected to deliver significant synergy benefits through an internalised management structure which includes savings of the Responsible Entity fee, and property management and leasing costs, currently paid to third parties.
- The combination is expected to result in significant economies of scale, with Stockland's existing scaleable management structure able to absorb the GPT portfolio with minimal additional head office expenditure.
- The combined shopping centre portfolio will be more diversified with exposure to both the regional and sub-regional markets and create a substantial pipeline of future shopping centre redevelopments.
- Stockland has a proven track record in successfully acquiring and integrating property portfolios. Its disciplined management approach and internal management structure should serve to achieve future profitable growth for the combined entity.

## 6.2 The merged Stockland/GPT entity

This section sets out a description of the Merged Entity from an operational perspective and details the impact of the transaction for Stockland's three primary operating divisions: Shopping Centres, Commercial & Industrial, and Development.

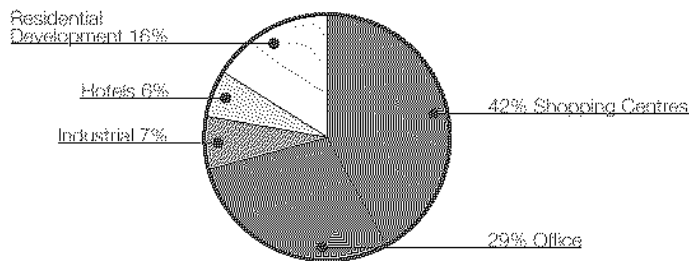
### (A) EBIT AND PREFERRED EBIT WEIGHTINGS

Stockland has a strategy of investing in shopping centres, commercial and industrial buildings, office parks, hotels and the residential sector of the property market. The following table sets out the targeted proportions of such investments post the acquisition of GPT.

Type of Income	% of Group EBIT	Business
Rent from Investment Properties	60 - 65%	Shopping Centres Office Buildings Distribution Centres Industrial Buildings
Corporate activities	20 - 40%	Residential Development Hotel Management Trust Management Property Management Funds Management

Stockland estimates that EBIT for the Merged Entity in FY05 would have comprised contributions from assets as illustrated in the chart below.

**MERGED ENTITY  
PRO FORMA EBIT – FY2005**



Source: Stockland internal estimates

**(B) THE SHOPPING CENTRE DIVISION PLUS GPT**

GPT's shopping centre assets are predominantly in the regional category, whilst Stockland's existing asset base is largely in the sub-regional category.

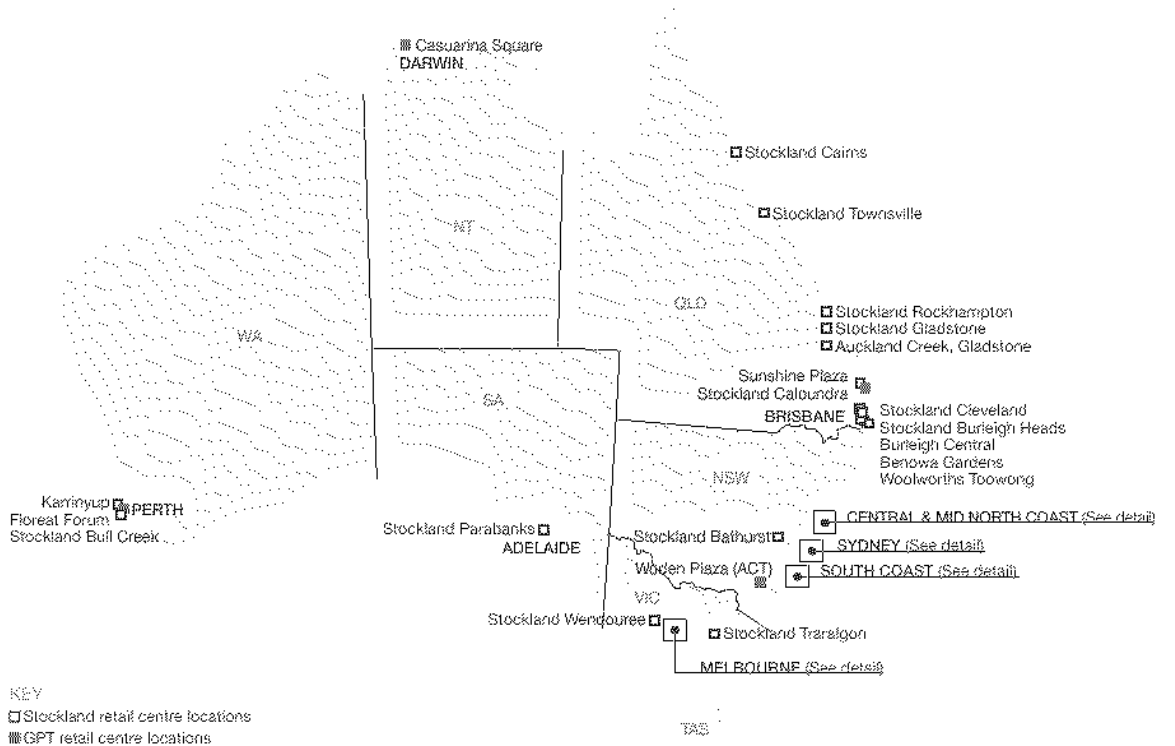
The combination of the two categories is highly complementary and allows further geographic and sector diversification. It also creates wider diversification across consumer spending cycles. The sub-regional market targets non-discretionary household spending and by its very nature is less cyclical. Regional centres focus on a higher mix of discretionary versus non-discretionary spending patterns.

The GPT portfolio is a good geographic fit with Stockland's shopping centre portfolio, with consistent exposure to New South Wales and an increase in exposure to Victoria. This will provide the combined entity with economies of scale in terms of management, marketing, leasing and tenancy relationships.

The integration of GPT also introduces exposure to the Homemaker sector. GPT has one of the leading Homemaker portfolios in Australia.

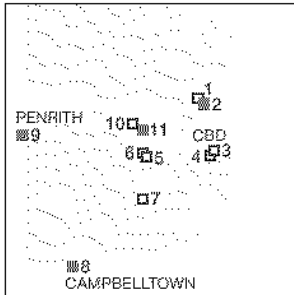
The map below indicates the location of the current Stockland and GPT properties and demonstrates the complementary nature of the portfolios.

STOCKLAND AND GPT AUSTRALIAN RETAIL CENTRE LOCATIONS



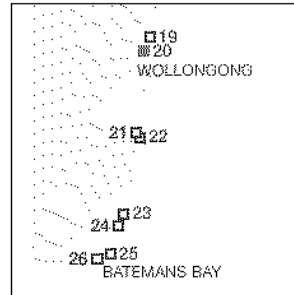
Note: Excludes Homemaker Portfolio and New Zealand Shopping Centres

SYDNEY



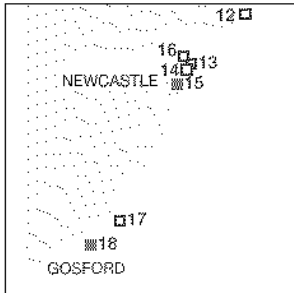
- 135 King Street (3)
- Stockland Baulkham Hills (10)
- Stockland Glenrose (1)
- Stockland Merrylands (5)
- Merrylands Court (6)
- Piccadilly (4)
- Stockland Wetherill Park (7)
- ▣ Carlingford Court (11)
- ▣ Forestway Shopping Centre (2)
- ▣ Macarthur Square (8)
- ▣ Penrith Plaza (9)

SOUTH COAST



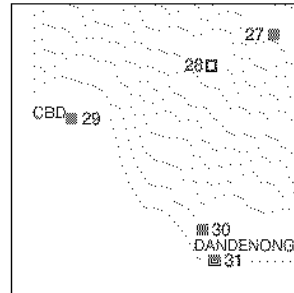
- Stockland Batemans Bay (25)
- Stockland Bridge Plaza (26)
- Stockland Corrimal (19)
- Stockland Nowra (23)
- Stockland Shellharbour (21)
- Shellharbour Supa Centre (22)
- Stockland Vincentia (24)
- ▣ Wollongong Central (20)

CENTRAL & MID NORTH COAST



- Stockland Bay Village (17)
- Stockland Forster (12)
- Stockland Glendale (14)
- Stockland Green Hills (16)
- Stockland Jesmond (13)
- ▣ Charlestown Square (15)
- ▣ Erina Fair (18)

MELBOURNE



- Stockland The Pines (28)
- ▣ Chirnside Park (27)
- ▣ Dandenong Plaza (30)
- ▣ Melbourne Central (29)
- ▣ Parkmore (31)

The Shopping Centre Division has created a scaleable organisational structure that is sufficiently flexible to allow additional properties to be acquired and managed with minimal increase in head office overhead. Stockland believes that it can successfully integrate the GPT shopping centre portfolio with the Stockland shopping centre portfolio for reasons that include:

- Proven track record of integration of portfolios, including the recent AMP Diversified Property Trust and Advance Property Trust mergers;
- All senior executives in the Shopping Centre Division have a high level of experience in the day to day running and strategic direction of large property portfolios across all classes of retail;
- The division has extensive experience in setting strategic direction and delivery of major retail projects across all classes of retail;
- The leasing and development teams have extensive experience in all facets of the leasing and developing of major shopping centres including design, retail planning, leasing and lease administration. The teams have a successful track record in the delivery of major retail developments; and
- An outstanding track record in the management of existing centres: seven of Stockland's centres are ranked in the top 10 for specialty MAT per square metre for centres with a gross lettable area over 15,000m<sup>2</sup> and under 40,000m<sup>2</sup> (Shopping Centre News; Vol. 21, Number 5, 2003).

On completion of the Offer, further benefits to the Shopping Centre Division will include:

- The number of properties under Stockland management will increase from 40 to 69 and the number of tenancies from approximately 2,700 to approximately 5,400. This will deliver economies of scale and an enhanced ability for Stockland to improve performance;
- Extensive development pipeline across numerous centres;
- Stockland's approach to branding its centres will enable a more effective use of shopping centre marketing funds on a regional and national basis; and
- Stockland's approach to branding its centres will also enable additional income to be derived from the shopping centre assets, through leveraging its brand via methods such as the sale of gift vouchers on a national basis and additional casual mall leasing initiatives.

#### (C) THE COMMERCIAL & INDUSTRIAL DIVISION PLUS GPT

GPT's commercial and industrial portfolio is an excellent strategic fit with Stockland's current portfolio. The acquisition will increase geographic diversification, enhance the asset quality and provide opportunities for savings and leverage due to economies of scale.

For the commercial office portfolio, the GPT assets will increase the value of the portfolio to approximately \$4.9 billion with a total of 45 properties, making Stockland by far the largest listed property trust owner of commercial office assets in Australia.

The combined portfolio will continue Stockland's preferred weighting to the Sydney market (64%) with increased exposure to the strong Sydney CBD market.

The high quality of the GPT assets will continue Stockland's strategy of increasing exposure towards prime grade buildings (84%). The portfolio will boast landmark assets in every Australian mainland capital city.

With a larger and more diverse portfolio, our ability to attract and retain tenants is significantly enhanced as we can be increasingly responsive to their changing accommodation needs.

The Stockland Service Centre (SSC) provides a scaleable facilities management model that will deliver savings in management overheads and procurement. The SSC is the key platform to provide seamless transition of assets to Stockland management, as demonstrated with the recent acquisition of the premium office tower, Waterfront Place in Brisbane.

The combined Industrial and Office Park portfolio will have a total of 33 properties and a value of \$1.1 billion making Stockland one of the largest listed property trust owners of industrial & office parks in Australia.

The increased scale and diversity of the combined portfolio will improve our ability to provide national tenants with interstate accommodation solutions, enhancing our ability to attract and retain tenants.

The combined industrial portfolio continues our strong weighting towards Sydney (71%) with additional exposure to the Melbourne market. The industrial portfolio gains increased development opportunity in Melbourne, balancing the current Sydney development pipeline.

The office park portfolio gains diversification across the Sydney region with excellent exposure to North Ryde and Homebush, including development pipelines in both precincts.

The management of the combined Commercial & Industrial portfolios will fit well with Stockland's existing structure of predominantly internal property management, with minimal additional head office overheads.

Stockland's organisational structure provides a high calibre senior management team as well as specialised operational resources located around the country.

Stockland's excellent track record in achieving minimal vacancy will provide additional scope to deliver rental growth in the GPT portfolio. The strength and depth of this capability will add significant value to the performance of the GPT assets.

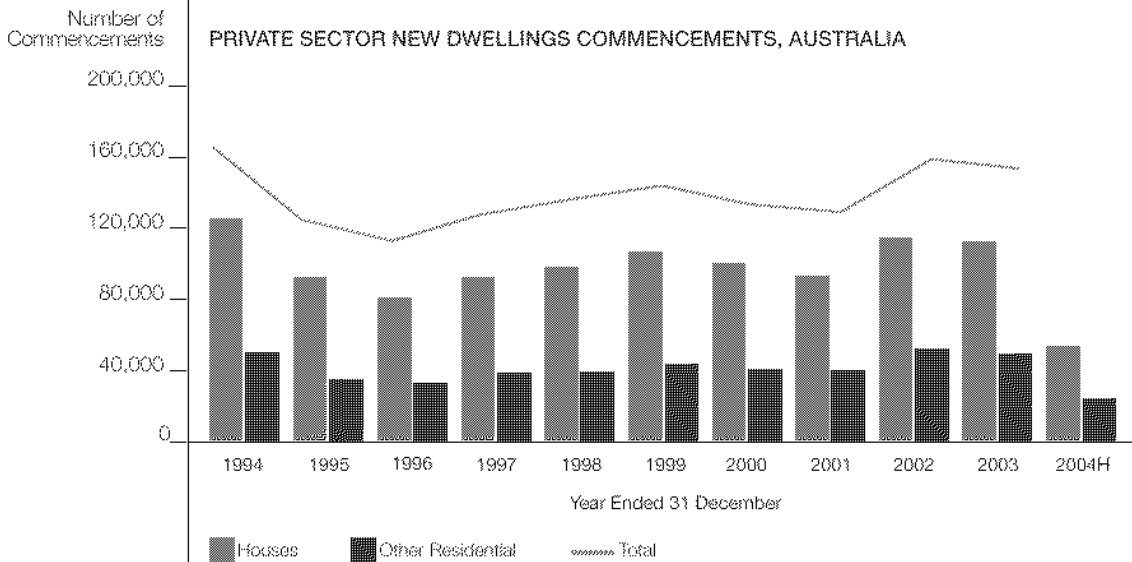
**(D) THE DEVELOPMENT DIVISION PLUS GPT**

Stockland's Development Division is a profitable and sustainable business that is supported by a highly capable and experienced management team. It has a proven track record over a long period of consistently creating and delivering outstanding returns from its high quality residential developments.

The integration of GPT into Stockland will add approximately \$8 billion in investment assets to Stockland. As a result of the merger with GPT, EBIT from the Development Division will decrease from 28% of Group EBIT in FY04 to approximately 16% of pro forma merged EBIT in FY05. Stockland's preferred range is around 20% – 40% with the balance of between 60% and 80% coming from investment property rents.

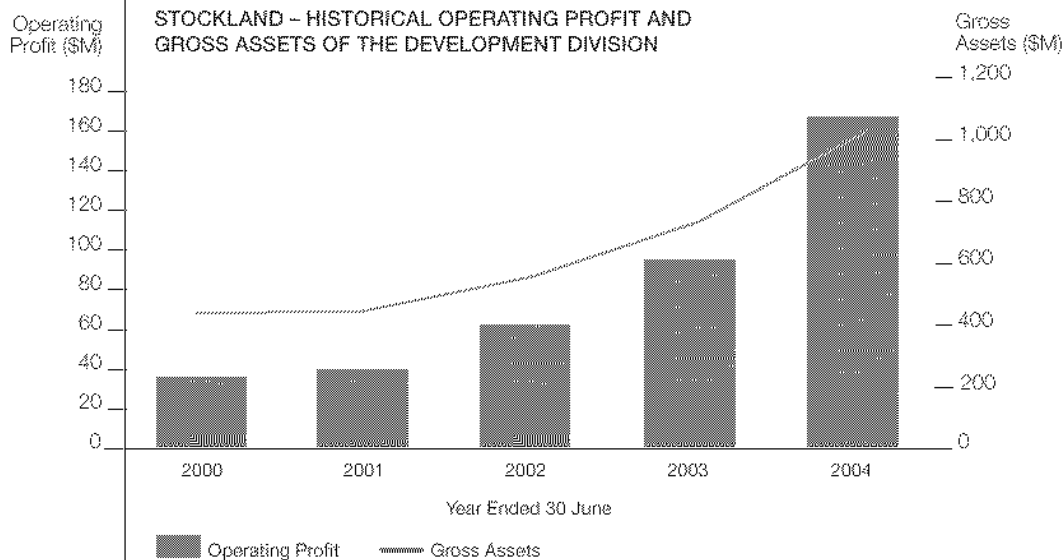
Stockland's initial target post-merger is to reweight the Division's EBIT to between 25% and 30% of Group EBIT within three years. Stockland believes this is an achievable objective given the underlying demand for new dwellings and barriers to entry in a fragmented market. This, coupled with our demonstrated capacity to grow this part of our business, presents significant opportunities for the Merged Entity.

- Population growth, underpinned by projected net immigration levels and structural change in household formation is leading to a decline in the average number of people per household and is generating substantial demand for new housing in Australia. Based on these fundamentals, there is an underlying demand for new household dwellings in Australia of over 140,000 per annum.



Source: ABS  
H: Preliminary data for the half year to 30 June 2004 only

- The Australian residential development market is highly fragmented. Stockland's market share is less than 3% and the top 10 developers only control approximately 20% of the market. With the increasing complexities associated with undertaking projects and tightening supply of future developable land, the barriers to entry will rise. Accordingly, the Merged Entity will be well positioned to capitalise on any industry consolidation that is likely to occur out of this changing market place.
- Stockland's management has continually demonstrated an ability to grow this part of the business incrementally. In FY04, following the merger with AMP Diversified Property Trust, the Development Division's EBIT was restored to its pre-acquisition EBIT contribution level of 28%.



Source: Stockland

The Division has an intense focus on both financial and risk management practices and has extensive management systems and procedures that enable it to continuously monitor and drive both the short term and long term profitability of the business.

- The business is research driven. By analysing and mapping population growth corridors, we are able to take advantage of opportunities ahead of the cycle thereby creating first mover advantages.
- Stockland's competitive cost of capital in a sector which has increasing barriers to entry, ensures that it is well positioned to capitalise on opportunities to further expand its land bank, which currently stands at 36,800 lots and dwellings.

The Division is well positioned to deliver strong earnings to Stockland over the next three to five years. The Division has a demonstrated capability in mixed use residential, retail, commercial and integrated housing which when combined create new opportunities for expansion with increased diversity of earnings.

**(E) THE HOTEL DIVISION PLUS GPT**

The combined hotel portfolio becomes a major domestic hotel owner and manager, with exposure to both the business traveller and resort markets.

Stockland has a highly experienced management team with a track record of success with its "Saville" branded hotels. The combination with GPT introduces some of Australia's most prestigious resort facilities.

No change is proposed to the Voyages business at this time.

However, significant benefits are anticipated from the combination of the two groups.

**(F) THE UNLISTED PROPERTY FUNDS DIVISION PLUS GPT**

The existing Stockland portfolio and operations present a solid platform from which to grow the unlisted property funds business.

The combined GPT and Stockland portfolio will comprise approximately \$15 billion of investment and development assets. The combined portfolio may present further opportunities as Stockland may seek to tailor the composition of the portfolio in line with optimal property sector and risk weightings for the combined group.

The unlisted property funds platform provides a logical partner for Stockland to co-own assets while retaining property management and at the same time generating additional funds and property management income streams. The fee income generated from this business remains to benefit Stockland Security Holders under the stapled structure.

The opportunities presented by the combined GPT and Stockland portfolio would serve to complement Stockland's existing pipeline of unlisted products and accelerate the growth of the business and earnings forecasts.

#### (G) DISTRIBUTION POLICY

It is Stockland's policy to ensure that distributions to security holders are not affected by accounting adjustments, such as goodwill amortisation. It is intended that this policy will be applied if necessary to allow for the effect of pre-acquisition profits from 1 January 2005 to the date of the effective control. A similar adjustment may be necessary in respect of any material Responsible Entity fees paid to Lend Lease after the date of effective control.

Stockland will maintain its half-yearly distribution policy.

## 6.3 Financial profile of the Merged Entity

This section sets out the following financial information:

- The forecast statements of financial performance of Stockland for the year ending 30 June 2005 (the "Stockland Forecast") and of the Merged Entity for the year ending 30 June 2005 ("the Pro Forma Merged Entity Forecast") are set out at section 6.6. The Pro Forma Merged Entity Forecast assumes that Stockland and GPT had been merged for the entire period and also utilises a 30 June 2005 reporting period for GPT, which ordinarily reports for the year ending 31 December;
- The pro forma statements of financial position of the Merged Entity as at 30 June 2004 ("Pro Forma Merged Entity Statements of Financial Position") are set out in section 6.7 and the related Directors' pro forma adjustments are set out in section 6.11;
- The Directors' best estimate assumptions underlying the Stockland Forecast (refer section 6.8) and the Pro Forma Merged Entity Forecast (refer section 6.9); and
- A sensitivity analysis setting out the effect of certain variables on the Merged Entity (refer section 6.10).

The financial information has been prepared in accordance with Australian GAAP and the specific accounting policies discussed in section 6.12. The financial information is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act.

Section 6.13 details the key potential implications of adopting IFRS. The Merged Entity will report under IFRS for the first time in the year ending 30 June 2006.

The Stockland Forecast and Pro Forma Merged Entity Forecast (the "Directors' Forecasts") and the Pro Forma Merged Entity Statements of Financial Position have been reviewed by Deloitte Corporate Finance Pty Limited. Their report is set out in section 8. GPT Unit Holders should note the comments made in relation to the scope and limitations of this review.

The Directors do not guarantee the future performance of Stockland with or without the acquisition of GPT.

## 6.4 Basis of preparation of the Directors' Forecasts

The Directors' Forecasts have been prepared using:

- All relevant information available to the Directors, including publicly available information relating to the historical financial performance and prospective financial performance of GPT; and
- Certain best estimate assumptions by the Directors regarding the future financial performance of Stockland and the Merged Entity, as described in further detail in sections 6.8 and 6.9.

In preparing the Pro Forma Merged Entity Forecast, Stockland has been restricted to publicly available information in relation to GPT and its assets, including the GPT pro forma forecast for the year ending 30 June 2005 issued in conjunction with the GPT Explanatory Memorandum (the "GPT Forecast"). Since that date GPT has not amended that forecast. The Directors have

used this information and other publicly available information in compiling the forecast of GPT through to 30 June 2005. Stockland has not conducted due diligence on GPT. Accordingly, any reliance on this information is necessarily limited. The Directors have prepared the Pro Forma Merged Entity Forecast in order to provide investors with a guide to the potential performance of the Merged Entity for the year ending 30 June 2005 on the assumption that the acquisition had taken place on 1 July 2004.

(A) PRO FORMA MERGED ENTITY FORECAST

For statutory purposes, results of GPT will only be consolidated from the date that control passes. The presentation of a Pro Forma Merged Entity Forecast on the assumption that the acquisition occurred on 1 July 2004 is designed to illustrate an annual combined pro forma forecast based on publicly available information, information available to the Directors and the Directors' best estimates. It does not purport to represent a forecast of results that would actually be reported by a new combined group for the year ending 30 June 2005.

(B) UNFORESEEN EVENTS

The Directors' Forecasts reflect the Directors' assessment of Stockland based on present circumstances, anticipated economic and operating conditions, the implementation of Stockland's business strategy and certain financial information disclosed in publicly available documents in relation to GPT.

While the Directors believe the assumptions used in preparing the Directors' Forecasts are appropriate and reasonable at the time of preparation, some factors that affect the actual results cannot be foreseen or accurately predicted and many of these factors are beyond the control of the Directors. Events and circumstances often do not occur as expected, therefore actual results may differ from the Directors' Forecasts and the differences may be material. Consequently, the Directors cannot and do not guarantee that the Directors' Forecasts will be achieved and GPT Unit Holders are advised to carefully consider both the risk factors in section 7 of this Bidder's Statement and the assumptions used in preparing the Directors' Forecasts.

It is assumed that there are no changes in federal, state or local government laws, regulations or policies which will have a material impact on the performance of Stockland or the Merged Entity.

(C) FORECAST FINANCIAL INFORMATION

The forecast financial information as set out in section 6.6 comprises:

- The Stockland Forecast based on three months actual results to 30 September 2004 and nine months forecast. (The year to date actual management accounts to 31 October are in line with expectations to achieve the full year result);
- The Pro Forma Merged Entity Forecast assuming the acquisition occurred on 1 July 2004 and Stockland acquires 100% of the GPT Units; and
- The Pro Forma Merged Entity Forecast assuming the acquisition occurred on 1 July 2004 and Stockland acquires 50.1% of the GPT Units.

The Pro Forma Merged Entity Forecast comprises:

- The Stockland Forecast;
- The GPT Forecast; and
- The best estimate assumptions on which the Stockland Forecast and the Pro Forma Merged Entity Forecast are based as set out in sections 6.8 and 6.9.

The estimated distribution/dividend for the half year ended 31 December 2004 will be announced on 14 December 2004 and a supplementary bidder's statement lodged with ASIC.

## 6.5 Basis of preparation of Statements of Financial Position

The Pro Forma Merged Entity Statements of Financial Position have been compiled from:

- The audited statement of financial position of Stockland as at 30 June 2004 as extracted from the Appendix 4E as lodged with ASX on 10 August 2004;
- The audited statement of financial position of GPT as at 30 June 2004 as extracted from the interim financial report as lodged with ASX on 29 July 2004; and
- The Directors' pro forma adjustments as set out in section 6.11.

## 6.6

## Statements of Financial Performance

	ACTUAL		FORECAST	
	Stockland	Stockland'	Pro Forma Merged Entity (100%) <sup>2,3</sup>	Pro Forma Merged Entity (50.1%) <sup>2,4</sup>
	Year ended 30 June 2004 Notes \$000	Year ending 30 June 2005 \$000	Year ending 30 June 2005 \$000	Year ending 30 June 2005 \$000
Trust net income	355,441	395,499	878,547	850,704
Corporation profit before tax	143,875	174,313	193,780	214,585
Profit from ordinary activities before income tax expense	499,316	569,812	1,072,327	1,065,289
Income tax expense	(43,836)	(53,050)	(58,890)	(65,131)
<b>Net profit</b>	<b>5</b>	<b>455,480</b>	<b>1,013,437</b>	<b>1,000,158</b>
Net profit attributable to outside equity interest	—	—	—	(222,305)
<b>Net profit attributable to the Stapled Security Holders of Stockland before significant items</b>		<b>455,480</b>	<b>1,013,437</b>	<b>777,853</b>
Significant items:				
Profit on sale of investment properties	533	14,127	14,127	14,127
Correction of prior period treatment	220,387	—	—	—
Amortisation of goodwill on acquisition	(106,940)	(106,970)	(206,647)	(157,482)
Unrealised gain on financial instruments	5,245	957	957	957
<b>Net profit attributable to the Stapled Security Holders of Stockland after significant items</b>		<b>574,705</b>	<b>821,874</b>	<b>635,455</b>
Retained profits at the beginning of the financial year	74,504	83,694	83,694	83,694
Total available for appropriation	649,209	508,570	905,568	719,149
Dividends/distributions provided for or paid	(446,291)	(504,555)	(1,000,519)	(762,054)
Aggregate amount transferred (to)/from reserves/capital	(119,224)	91,886	191,563	142,398
<b>Retained profits at the end of the financial year</b>	<b>83,694</b>	<b>95,901</b>	<b>96,612</b>	<b>99,493</b>
Weighted average securities (000's)	6	1,205,135	1,300,400	2,526,564
Earnings per security (cents) (before significant items)	7			
— Trust EPU		29.5	30.4	34.8
— Corporation EPS		8.3	9.3	7.8
<b>Total earnings per security (cents)</b>		<b>37.8</b>	<b>39.7</b>	<b>40.6</b>
<i>Annual growth in earnings per security</i>		<i>12.8%</i>	<i>5.0%</i>	<i>6.1%</i>
Distributions per security (cents)				
— Trust distribution	8	29.5	30.4	34.8
— Corporation dividend	9	7.5	8.4	4.8
<b>Total distribution per security (cents)</b>		<b>37.0</b>	<b>38.8</b>	<b>39.6</b>
<i>Annual growth in distribution per security</i>		<i>15.3%</i>	<i>4.9%</i>	<i>7.0%</i>

**Notes to the Statements of Financial Performance**

- The Stockland Forecast assumes no holding in GPT and includes actual unaudited results for the three months ended 30 September 2004.
- The Pro Forma Merged Entity Forecast assumes that the acquisition of GPT occurred with effect from 1 July 2004.
- Based on acceptance of 100% of the Offer.
- Based on acceptance of 50.1% of the Offer.
- The Pro Forma Merged Entity Forecast includes assumed net profits for GPT of \$454 million.
- Weighted average securities for the year ending 30 June 2005 for Stockland and the Merged Entity are based on securities on issue at 30 June 2004, assuming subsequent equity issues and acceptance of the Offer on 1 July 2004 but excluding the recent issue under the Incentive Share Plan.
- Earnings per security is calculated as net profit before significant items attributable to the Stockland Security Holders divided by the weighted average securities.
- Trust payout ratio 100%.
- Corporation payout ratio 90%.

## 6.7 Statements of Financial Position

	Audited GPT		Audited Stockland		Pro Forma Merged Entity	
	Note	As at 30 June 2004 \$000	As at 30 June 2004 \$000	As at 30 June 2004 \$000	As at 30 June 2004 \$000	As at 30 June 2004 \$000
<b>Current assets:</b>						
Cash assets		52,500	206,652	183,852	183,852	183,852
Receivables		48,500	67,148	115,648	115,648	115,648
Inventories		-	300,888	300,888	300,888	300,888
Other assets		12,000	44,800	56,800	56,800	56,800
<b>Total current assets</b>		<b>113,000</b>	<b>619,488</b>	<b>657,188</b>	<b>657,188</b>	<b>657,188</b>
<b>Non current assets:</b>						
Receivables		-	87,716	104,292	104,292	104,292
Inventories		-	794,883	794,883	794,883	794,883
Investment properties		7,758,900	4,750,045	12,806,445	12,806,445	12,806,445
Other financial assets		-	22,230	22,230	22,230	22,230
Property, plant and equipment		-	21,762	21,762	21,762	21,762
Investments accounted for using the equity method		9,200	627,466	636,666	636,666	636,666
Intangible assets		-	269,685	2,283,222	1,279,924	1,279,924
Deferred tax assets		-	8,345	8,345	8,345	8,345
Other assets		99,700	11,348	111,048	111,048	111,048
<b>Total non-current assets</b>		<b>7,867,800</b>	<b>6,593,480</b>	<b>16,768,893</b>	<b>15,785,595</b>	<b>15,785,595</b>
<b>Total assets</b>		<b>7,980,800</b>	<b>7,212,968</b>	<b>17,426,081</b>	<b>16,442,783</b>	<b>16,442,783</b>
<b>Current liabilities:</b>						
Payables		149,300	125,744	275,044	275,044	275,044
Interest bearing liabilities		1,170,000	150,000	1,320,000	1,320,000	1,320,000
Current tax liabilities		-	28,287	28,287	28,287	28,287
Distribution/dividend payable		110,900	236,410	211,697	211,697	211,697
Other provisions		-	12,737	12,737	12,737	12,737
Other liabilities		-	24,909	24,909	24,909	24,909
<b>Total current liabilities</b>		<b>1,430,200</b>	<b>578,087</b>	<b>1,872,674</b>	<b>1,872,674</b>	<b>1,872,674</b>
<b>Non-current liabilities:</b>						
Payables		-	58,007	58,007	58,007	58,007
Interest bearing liabilities		1,027,000	1,523,717	2,822,717	2,822,717	2,822,717
Deferred tax liabilities		-	19,248	19,248	19,248	19,248
Provisions		-	857	857	857	857
<b>Total non-current liabilities</b>		<b>1,027,000</b>	<b>1,601,829</b>	<b>2,900,829</b>	<b>2,900,829</b>	<b>2,900,829</b>
<b>Total liabilities</b>		<b>2,457,200</b>	<b>2,179,916</b>	<b>4,773,503</b>	<b>4,773,503</b>	<b>4,773,503</b>
<b>Net assets</b>		<b>5,523,600</b>	<b>5,033,052</b>	<b>12,652,578</b>	<b>11,669,280</b>	<b>11,669,280</b>
<b>Equity:</b>						
Contributed equity		4,598,500	4,373,508	11,993,259	8,267,058	8,267,058
Reserves		918,200	575,850	575,850	575,850	575,850
Retained profits		6,900	83,694	83,469	83,469	83,469
<b>Total parent entity interest</b>		<b>5,523,600</b>	<b>5,033,052</b>	<b>12,652,578</b>	<b>8,926,377</b>	<b>8,926,377</b>
Outside equity interest	1	-	-	-	2,742,903	2,742,903
<b>Total equity</b>		<b>5,523,600</b>	<b>5,033,052</b>	<b>12,652,578</b>	<b>11,669,280</b>	<b>11,669,280</b>
Securities on issue (000's)		2,016,717	1,265,632	2,519,616	1,908,701	1,908,701
Gearing		27.5%	24.1%	27.3%	27.3%	27.3%
<b>NTA per security (\$)</b>		<b>2.74</b>	<b>3.76</b>	<b>4.12</b>	<b>4.01</b>	<b>4.01</b>

### Note to the Statements of Financial Position

1. If Stockland achieves control of GPT, but not 100%, it will consolidate the whole of GPT and the non-Stockland interest in GPT will be reflected in outside equity interest.

## 6.8 Directors' best estimate assumptions underlying the Stockland Forecast

### (A) REVENUE

The principal assumptions relating to revenue and profit of the Stockland Forecast are:

#### (i) Net property income

Stockland net property income includes property rental income, recoverable and non-recoverable property expenses and other income earned from properties in the industrial, commercial and retail sectors. A summary of the key assumptions relating to property income and expenses is set out below:

##### • *Rental income*

Rental income is based on current and expected leases and, where applicable, the Directors' expectations for any changes on review and renewal. Where rental reviews occur during the period covered by the Stockland Forecast, it has been assumed that rentals will be escalated in accordance with the relevant lease terms either by fixed percentages, market rental escalation or Consumer Price Index ("CPI") depending on the time of the review. Factors taken into account include the Directors' assessments of likely market conditions, competing properties, inflation levels and lease incentives that may be necessary and capital expenditure.

Appropriate market rental assumptions have been made on a property by property basis having regard to specific market conditions affecting each property. Appropriate allowance has been made for vacancies upon expiry of leases on a property by property basis.

##### • *Expenses*

An individual assessment of both recoverable and non-recoverable expenses for each property has been made and an appropriate growth factor has been applied where relevant.

#### (ii) Development income

The Stockland Forecast includes sales and profit forecasts for residential estates, apartments and retail projects being developed by Stockland Corporation.

The Stockland Forecast includes an assessment of likely revenues and costs for each project having regard to:

- Historical performance of sales revenue, costs to complete and time to complete; and
- A specific and detailed analysis, project by project of forecast revenue including current sales not yet settled, costs to complete and time to complete for all projects in hand.

#### (iii) Hotel income

The Stockland Forecast has been compiled on an individual hotel basis having regard to specific market conditions and underlying lease agreements for each property.

### (B) INVESTMENT PROPERTY, DISPOSALS, ACQUISITIONS AND DEVELOPMENTS

The Stockland Forecast includes the profit on sale of 90 Mount Street, Sydney (\$1.9 million) and Imperial Arcade, Sydney (\$12.2 million). No other planned investment property disposals materially affect the Stockland Forecast.

The Stockland Forecast includes the acquisition of The Pines, Melbourne in November 2004 which was part of an asset swap with the Westfield Group for Imperial Arcade.

The Stockland Forecast allows for developments that have already commenced and are budgeted to commence during the forecast period. Where development projects are completed outside the forecast period, only that amount of the estimated capital expenditure incurred prior to 30 June 2005 has been included in the Stockland Forecast.

The Directors have made no assumptions with regard to changes in the fair value of investment properties.

### (C) TAXATION

Stockland Trust is not liable for taxation, provided that:

- The taxable income of the trusts is fully distributed to Stockland Unit Holders each year; and
- Any taxable capital gain derived from the sale of a trust asset acquired after 19 September 1985 is fully distributed to Stockland Unit Holders.

Stockland Corporation Limited has elected to enter tax consolidation from 1 July 2003. The effect is that Stockland Corporation Limited, as the head entity will recognise all the current and deferred tax balances relating to wholly-owned subsidiaries included in the Tax Consolidation Group ("TCG").

The tax liabilities of the entities included in the TCG will be governed by the Deed of Cross Guarantee already in place and agreement between Stockland Corporation Limited and the entities in the TCG of the methodology under which the Group's current tax liability and income tax expense will be allocated to individual entities within the TCG.

All financial information has been stated as the forecast net cost to Stockland. Where GST will be paid and a refund is to be obtained, the expense has been shown net of GST. Where a full refund will not be obtained, the expense includes the non-recoverable GST.

**(D) TAX DEFERRED**

Stockland's distributions have historically included a tax deferred component. Both the half-yearly distributions for the year ended 30 June 2004 included a tax deferred component of 20.1%.

The Stockland Forecast tax deferred position, excluding adjustments for disposals of investment properties, is expected to be in the range of 17.5 to 20%. The Stockland Forecast tax deferred position including investment property disposals is expected to be in the range of 7.5 to 10%.

Stockland expects that dividends will be fully franked for the year ending 30 June 2005.

## 6.9 Directors' best estimate assumptions underlying the Pro Forma Merged Entity Forecast

**(A) DATE OF ACQUISITION**

For the purposes of presenting the Pro Forma Merged Entity Forecast, it has been assumed that the acquisition occurred on 1 July 2004. For statutory purposes the results of GPT will be consolidated from the date control passes. In addition, at that time, information will be available to enable a more accurate assessment of the fair value of the consideration offered and of the assets and liabilities acquired (and therefore the final quantum of goodwill on acquisition that emerges); and of the net synergies that may be derived from the combination of the two entities.

**(B) ESTIMATION OF SYNERGIES AND OTHER BENEFITS**

The estimated synergy benefits, based on 100% acceptance of the Offer, are \$40 million after tax per annum comprising:

- Responsible Entity fee savings of \$22 million per annum;
- Property management and leasing fee savings of \$15 million per annum including the benefit of the elimination of profits on internalisation; and
- Other cost savings of \$3 million per annum.

These estimated synergy benefits are based only on publicly available information in relation to GPT. Accordingly, any reliance on this information is necessarily limited and may change if additional information is available.

**(i) Responsible Entity fee savings**

On the basis of 100% acceptance of the Offer and Stockland's appointment as Responsible Entity, no Responsible Entity fee will be paid by GPT to external parties.

As soon as Stockland has effective control of GPT it is intended that STML will seek to become the Responsible Entity of GPT. Responsible Entity fees will be charged to GPT and will result in fees being paid to Stockland. Stockland will include the income from these fees in its earnings and distributions.

The synergy benefit is calculated as the difference between the current Responsible Entity fee (including performance fee) charged by GPT Management and the additional costs that Stockland will incur from assuming the Responsible Entity role. GPT Management charged a Responsible Entity fee of \$19.7 million for the six months ended 30 June 2004 and have forecast to charge \$34.0 million (including performance fee) for the year ending 30 June 2005.

**(ii) Property management and leasing fee savings**

The Directors expect that savings will be made by managing the property portfolio of GPT "in-house" rather than by external service providers. Property management fees are assumed to be saved for wholly owned properties.

The synergy benefit is calculated as the difference between the current property management and leasing fee charged to GPT for wholly owned properties and the additional costs that Stockland will incur from assuming the property management and leasing of those properties.

**(iii) Other cost savings**

Other cost savings totalling \$3 million have been assumed relating to listing fees, unit registry costs, audit fees, annual report costs and other administration costs which would occur as a result of the 100% acquisition.

On the basis of more than 50.1% but less than 90% acceptance of the Offer, Stockland would seek to assume the role of Responsible Entity of GPT and property manager of GPT wholly-owned properties. In this scenario, Stockland would charge the same fees as those currently charged by GPT Management. This would result in additional income to Stockland to be included in earnings and distributions. There would be no additional cost to GPT.

Other cost savings noted in subparagraph (iii) above would not arise under this scenario as Stockland and GPT would remain separate legal and reporting entities.

**(C) BORROWING COSTS**

The Directors consider that it may be inappropriate to continue GPT's existing debt arrangements if a Stockland group entity is appointed to replace GPT Management as the Responsible Entity of GPT. Accordingly, upon the appointment of an appropriately-licensed Stockland group entity as Responsible Entity, it is Stockland's intention to restructure the existing debt of GPT.

In any event, it has been assumed that costs would be incurred by GPT in restructuring its existing debt facilities and that these costs would deliver future benefits to GPT in the form of lower future borrowing costs.

The cost likely to be incurred by GPT in restructuring its existing fixed rate debt and swap facilities has been estimated at approximately \$8.5 million. This reflects the current market rates of GPT's existing funding arrangements. The estimated net benefit to GPT in the form of lower borrowing costs is forecast at \$2.4 million for the year ending 30 June 2005.

In addition, and as a result of aligning GPT's distribution profile with Stockland's six-monthly profile, the Merged Entity will save a further \$3.4 million per annum.

The interest expense for the Merged Entity is forecast to be \$235 million on the basis of 100% acceptance of the Offer for the year ending 30 June 2005.

Standard & Poor's has made an announcement with respect to the Offer and indicated the potential for a debt ratings upgrade, the impact of which has not been included.

**(D) GOODWILL ON ACQUISITION**

Goodwill on acquisition represents the future benefits from unidentifiable assets measured as the excess of the proposed purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired. Future financial and strategic benefits that will arise from the acquisition of GPT include the following:

- Enhanced earnings and distributions to Stockland Security Holders;
- The acquisition will result in Stockland becoming the second largest vehicle in the S&P/ASX 200 Property Index, with an indicative market capitalisation of approximately \$15 billion and total tangible assets of approximately \$15 billion. With this enlarged scale and diverse, high quality asset base, Stockland will be ideally positioned to actively pursue further growth opportunities to create value for its security holders;
- The increased scale will enhance Stockland's index weighting and provide increased weighting in Stockland Securities, potentially leading to an upward re-rating of the price of a Stockland Security, which will further enhance Stockland's ability to pursue growth opportunities;
- The Merged Entity would have a greater overall debt capacity potentially leading to an enhancement of Stockland's borrowing capacity and/or a reduction in the cost of debt;
- Additional value expected to be captured in the integration of GPT across the property value chain through operational efficiencies of scale and purchasing power, expansion of tenant relationships, additional development opportunities and additional revenues to be generated from funds management activities; and
- Synergies arising from the internalisation of management services currently supplied to GPT, particularly in the areas of asset, property and development management.

The Directors' forecast includes amortisation of the goodwill on acquisition over a 20 year period.

The Pro Forma Merged Entity Forecast net profit for the year ending 30 June 2005, after amortisation of goodwill relating to the acquisition of AMP Diversified Property Trust and GPT of \$206.8 million, but before other significant items, would be \$806.8 million based on 100% acceptance of the Offer.

To ensure that the Stockland Security Holders' distributions are not adversely affected by the amortisation of goodwill, an equivalent amount of \$206.8 million will be transferred from reserves to the Distribution Account so that security holders' cash distribution will not be affected.

**(E) CO-OWNERSHIP RIGHTS**

GPT has interests in certain properties which are subject to co-ownership agreements.

These agreements may allow the co-owner to exercise acquisition rights over these properties. It is assumed that if these rights are exercised, the proceeds are reinvested in additional properties at a similar yield resulting in no material impact on forecast earnings.

In the case of co-owned properties under development and generating no net income, no additional income has been forecast.

**(F) DIVIDEND/DISTRIBUTION**

The Stockland Forecast assumes 100% and 50.1% acquisition scenarios on 1 July 2004 and that the ownership interest is valid for the entire period. Where STML acquires a controlling interest after this date, there is a likelihood that the Merged Entity's earnings will be affected by pre-acquisition profits.

Stockland will make transfers from reserves to compensate for any pre-acquisition profits.

**(G) CHANGE OF FINANCIAL YEAR END**

Following appointment of STML (or an appropriately licensed Stockland Group entity) as Responsible Entity of GPT, application will be made to change the financial year end of GPT from 31 December to 30 June (to align its financial year with that of Stockland) resulting in the first financial period for GPT following the Offer being the six months ending 30 June 2005.

## 6.10 Sensitivity analysis

This section provides a sensitivity analysis of the forecast financial results of the Merged Entity under both the 100% and 50.1% ownership scenarios on the basis of a variation in the forecast Merged Entity earnings (trust net income and Stockland Corporation profit before tax).

It is important to note that a number of factors may bear upon the results achieved and that changes in one variable may cause or influence changes in another variable. GPT Unit Holders should also consider the risks described in section 7 of the Bidder's Statement.

The sensitivity analysis set out below should not be taken to imply any likely level of change in the relevant variable over the forecast period, nor is it meant to imply the likely level of variation in earnings that could occur or that it is the only variable that could change.

A variation in the underlying earnings of the Merged Entity will have an impact on the earnings per security ("EPS") of the Merged Entity as shown below.

Variation in Merged Entity earnings	EPS at 100% acceptance of the Offer (cents per security)	EPS at 50.1% acceptance of the Offer (cents per security)
Forecast earnings per security	40.1	40.6
Forecast Merged Entity trust earnings plus/minus 1%	40.5/39.8	40.9/40.3
Forecast Merged Entity trust earnings plus/minus 2%	40.8/39.4	41.3/40.0
Forecast Merged Entity corporation earnings plus/minus 5%	40.4/39.8	41.0/40.2
Forecast Merged Entity corporation earnings plus / minus 10%	40.6/39.6	41.4/39.8

## 6.11 Pro forma adjustments underlying the preparation of the Pro Forma Merged Entity Statements of Financial Position

The Pro Forma Merged Entity Statements of Financial Position have been based on the audited statements of financial position of Stockland and GPT as at 30 June 2004 as adjusted for the impact of the Offer ((a) to (c) below) and material Stockland and GPT transactions announced subsequent to 30 June 2004 ((d) and (e) respectively) below.

### (A) THE ACQUISITION OCCURRED ON 1 JULY 2004

For the purposes of the Pro Forma Merged Entity Statements of Financial Position, the acquisition is assumed to have occurred on 1 July 2004. It is market practice to base the pro forma statement of financial position on the most recent audited or reviewed financial statements.

### (B) GOODWILL ARISING FROM THE ACQUISITION

Determining the actual fair value adjustments can only be made with full access to the underlying accounting and property records of GPT. Any increase or decrease in net assets acquired, or fair value of Stockland Securities, will cause a corresponding decrease or increase in goodwill on acquisition.

The Directors have undertaken a preliminary assessment of the fair value of the consideration and the fair value of the net assets to be acquired under the Offer. The Directors have based their estimate of the fair value of the consideration on the Stockland Security price prior to the announcement of the Offer. The Directors have also considered the market value of the GPT properties and based on the publicly available information disclosed by GPT, consider the value to be at least equal to the value disclosed in the GPT statement of financial position as at 30 June 2004.

The Directors are of the opinion that 20 years is the appropriate period over which to amortise the goodwill on acquisition.

The issue price of the Stockland Securities which are to be issued under the Offer will be equal to the weighted average market price of Stockland Securities during the five Business Days immediately prior to the date on which or as at which the application price for the Stockland Securities is to be calculated. As a consequence, goodwill amounting to approximately \$2 billion (100% acceptance) would arise assuming Stockland Securities are issued at \$6.09 being the closing price on the day immediately prior to Stockland's announcement of its bid for GPT.

The Directors' Forecasts assume goodwill on acquisition of approximately \$2 billion (under the 100% ownership scenario) and approximately \$1 billion (under the 50.1% ownership scenario). Amortisation of goodwill on acquisition has been included in the Pro Forma Merged Entity Forecast (refer to section 6.9(d) for further details).

### (C) ADDITIONAL BORROWINGS

Under both the 50.1% and the 100% ownership scenario, additional borrowings of \$47 million have been assumed to arise in the Merged Entity to fund various transaction costs of both Stockland and GPT.

### (D) SIGNIFICANT STOCKLAND TRANSACTIONS ANNOUNCED SUBSEQUENT TO 30 JUNE 2004

The Pro Forma Merged Entity Statements of Financial Position include the impact of the following material Stockland transactions announced subsequent to 30 June 2004:

- Issue of 25,587,391 securities under the Stockland Distribution/Dividend Reinvestment Plan on 31 August 2004 at an issue price of \$5.30 per security, raising \$135.6 million;
- Issue of 3,173,504 securities under the Stockland Executive Security and Staff Security Schemes on 31 August 2004 at an issue price of \$5.30 per security, raising \$16.8 million;
- The sale of Imperial Arcade, Sydney (proceeds \$90 million) and the acquisition of The Pines, Melbourne (purchase price \$116 million) by way of an asset swap with the Westfield Group. The price differential of \$26 million was paid by Stockland to Westfield on the settlement date (1 November 2004).

(E) SIGNIFICANT GPT TRANSACTIONS ANNOUNCED SUBSEQUENT TO 30 JUNE 2004

The Pro Forma Merged Entity Statements of Financial Position include the impact of the following material GPT transactions announced subsequent to 30 June 2004:

- Acquisition of P&O Australia Resorts ("POAR") for \$225 million in July 2004;
- Termination, on 30 September 2004, of the Joint Venture Investment Agreement ("JVIA") in respect of Sunshine Plaza, Maroochydore, giving GPT and APPF Retail full entitlement to all future income from the centre. GPT's cost to terminate the JVIA was \$57 million; and
- Sale, in November 2004, of the IKEA Building, Prospect (proceeds \$7.5 million) and Springwood Homemaker Centre (proceeds \$13 million).

## 6.12 Accounting policies used in preparation of the historical and pro forma financial information

The accounting policies previously disclosed by Stockland and GPT have, in their respective financial statements, been consistently applied in preparing the Directors' Forecasts. No material departure from these policies has occurred.

The principal accounting policies of Stockland are:

(A) PRINCIPLES OF COMBINATION

The financial statements of Stockland combine the separate consolidated financial statements of Stockland Trust and its controlled entities and Stockland Corporation and its controlled entities.

For the purposes of the Directors' Forecasts, the acquisition of all the units in GPT by Stockland is assumed to have occurred at 1 July 2004. The financial statements have been prepared on a combined basis in accordance with the requirements of the Urgent Issues Group Consensus View 13 "The presentation of the Financial Report of Entities whose securities are stapled".

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full.

Associates are those entities over which the Merged Entity exercises significant influence, but not control. Investments in associates are accounted for using equity accounting principles. The Merged Entity's equity accounted share of the associate's net profit or loss is recognised in the pro forma Statement of Financial Performance from the date significant influence commences until the date significant influence ceases. Other movements in reserves are recognised directly in reserves.

(B) CONSOLIDATION PRINCIPLES

On Stockland acquiring control of GPT it will compare the cost of acquisition to the net fair values of the underlying assets and liabilities of GPT and account for it in accordance with the applicable accounting standard.

The actual operating results of GPT will only be included in the Merged Entity results from the date control commences. For the purposes of the pro forma Forecast Statement of Financial Performance for the Merged Entity for the year ending 30 June 2005, this has been assumed to be 1 July 2004.

(C) REVENUE RECOGNITION

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

**Rental revenue**

Rent is brought to account when legally due and, if not received at balance date, is reflected in the Statement of Financial Position as a receivable. Turnover rent and charges for the recovery of certain outgoings are brought to account when invoiced to the respective tenants.

**Property development sales**

*(i) Residential land sales*

Revenue from residential land sales is recognised when contracts are settled.

*(ii) High and medium density residential property development sales*

High and medium density residential property development revenues and expenses are recognised on a project basis by applying the percentage of completion method to the proportion of exchanged sales when the project outcome can be reliably estimated.

Stage of completion is measured by reference to project costs (excluding land costs) to date as a percentage of estimated total costs for the project and the proportion of exchanged sales is measured as the value of exchanged sales to date as a percentage of total estimated sales for the project.

An expected loss on a project is recognised immediately as an expense.

For reliable measurement of revenues and expenses to occur the following conditions must be satisfied before any profit is recognised:

- A signed construction contract is in place and Development Approval received;
- Financing for the development has been arranged; and
- Construction is substantially underway.

At each reporting date all projects on which pre-sales have occurred are analysed to establish the level of reliability on which profits may be accurately reported.

#### ***Hotel operations and management income***

Revenue from hotel and property management is recognised when service is rendered.

#### ***Interest revenue***

Interest revenue is brought to account when earned and, if not received at balance date, is reflected in the Statement of Financial Position as a receivable.

### **(D) TAXATION**

Stockland Corporation adopts the liability method of tax effect accounting, whereby income tax expense is calculated on profit from ordinary activities adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the Statement of Financial Position as a future income tax benefit or a deferred tax liability, at the rates which are expected to apply when those timing differences reverse.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to tax losses and capital losses are only brought to account when their realisation is virtually certain.

### **(E) INVESTMENT PROPERTIES**

Investment properties comprise investment interests in land and buildings (including integral plant and equipment) held for the purpose of letting to produce rental income. Land and buildings, comprising investment properties, are regarded as composite assets. Directors' valuations of investment properties are performed for each financial period or where the consolidated entity considers that there has been a significant change in the value of the property. Where property is acquired during the reporting period and not revalued at balance date, the costs of acquisition are capitalised and included in the book value of the property. Where a property is undergoing redevelopment it is carried at the latest valuation with subsequent additions at cost. Included in the cost of redevelopment (if the project is taking more than 12 months to complete) are the borrowing costs incurred on funds used to finance the development.

#### ***Valuation***

Stockland's accounting policy is to carry these investment properties at fair value. In addition, the Stockland Trust Constitution requires independent valuations to be performed at regular intervals appropriate to the nature of the property. These valuations are considered by the Directors when determining fair value. When assessing fair value, the Directors will also consider the discounted cash flow of the property, the highest and best use of the property and sales of similar properties. Fair value is based on the price at which a property might reasonably be expected to be sold at the date of valuation, assuming:

- A willing, but not anxious, buyer and seller on an arm's length basis;
- A reasonable period in which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind;
- That the property will be reasonably exposed to that market;
- That no account is taken of the value or other advantage or benefit, additional to market value, to the buyer incidental to ownership of the property being valued; and
- It only takes into account instructions given by Stockland and is based on all the information that the valuer needs for the purposes of the valuation being made available by or on behalf of Stockland.

Revaluation increments are credited directly to the asset revaluation reserve. Revaluation decrements are taken to the asset revaluation reserve to the extent that such losses are covered by amounts previously credited to the reserve and still available in that reserve. Revaluation decrements in excess of the amounts available in the reserves are first charged to the Statement of Financial Performance. Subsequent revaluation increments which recover amounts previously charged to the Statement of Financial Performance are to that extent, credited to the Statement of Financial Performance and then transferred to the asset revaluation reserve.

**(F) RECOVERABLE AMOUNT OF NON-CURRENT ASSETS VALUED ON A COST BASIS**

The carrying amounts of non-current assets valued on a cost basis are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is expensed in the reporting period in which it occurs. Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets. In assessing recoverable amounts of non-current assets, the relevant cash flows have not been discounted to their present value, except where specifically stated. Except where specifically stated, non-current assets are recorded at the lower of cost and recoverable amount.

**(G) DEPRECIATION**

Non-financial assets, having limited useful lives, are depreciated/amortised using the diminishing value or the straight line method over their estimated useful lives. Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use. Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation and amortisation are expensed, except to the extent that they are included in the carrying amount of another asset as an allocation of production overheads.

In accordance with AASB 1021 "Depreciation", investment properties are not depreciated. The properties are subject to continued maintenance and regularly revalued on the basis set out above.

**(H) GOODWILL ON ACQUISITION**

Goodwill on acquisition represents the future benefits from unidentifiable assets measured as the excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired. To the extent that this does not constitute goodwill, such excess is recognised immediately as an expense.

**(I) ACQUISITION OF ASSETS**

Assets acquired are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. When equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value, except where the notional price at which they could be placed in the market is a better indication of fair value.

Where settlement of any part of cash consideration is deferred, the amounts payable are recorded at their present value, discounted at the rate applicable to the Merged Entity if similar borrowings were obtained from an independent financier under comparable terms and conditions. The discount is treated as interest expense and is amortised over the deferred period.

Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the Merged Entity in future years. Costs that do not meet the criteria for capitalisation are expensed as incurred.

Expenditure, including that on internally generated assets, other than research and development costs, is only recognised as an asset when the entity controls future economic benefits as a result of the costs incurred, it is probable that those future economic benefits will eventuate and the costs can be measured reliably. Costs attributable to feasibility and alternative approach assessments are expensed as incurred. Borrowing costs in relation to qualifying assets are capitalised.

Other than in respect of investments accounted for using the equity method, the Directors are not aware of any material inconsistencies in the accounting policies historically adopted by Stockland and GPT.

GPT has adopted the equity method of accounting for its property investments held via associates. The Responsible Entity of GPT believes that including these amounts in investment properties appropriately reflects the nature and substance of GPT's operations.

This different treatment results in no material difference to net assets and no adjustment has been made in preparing the Pro Forma Merged Entity Statements of Financial Position.

**COMPLIANCE WITH ACCOUNTING STANDARDS**

Stockland and GPT are required to prepare statements of financial performance and statements of financial position that comply with applicable accounting standards.

**ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The financial information presented in the Bidder's Statement is based on Australian Accounting Standards effective at the date of the Bidder's Statement and does not reflect the effect of the transition to IFRS.

The Financial Reporting Council and the Australian Accounting Standards Board has committed to the adoption of IFRS equivalent standards in Australia for financial years beginning on or after 1 January 2005. Although Australia has been undertaking a harmonisation policy for several years, there are still significant differences between IFRS and Australian GAAP, and conversion to IFRS will result in many changes to accounting policies and therefore a consequential impact on financial performance and position.

Stockland will be required to comply with IFRS for the financial year ending 30 June 2006 and will be required to restate the comparative information in financial reports for that financial year. The transitional rules apply to the statement of financial position as at the date of transition, being 1 July 2004, and require IFRS to be retrospectively applied when first adopted, with certain limited mandatory and optional exceptions. This may affect the carrying value of assets and liabilities as at the date of transition and may therefore result in adjustments in retained earnings. Stockland management has not yet come to a decision on which, if any, of these optional exceptions will be adopted and therefore the impact cannot be determined as at this date.

As the Australian equivalents to IFRS ("A-IFRS") do not apply until financial years beginning on or after 1 January 2005, only an initial assessment of the impact of IFRS from 1 July 2005 has been performed. The differences identified by management as potentially having a significant effect on the financial position and financial performance of Stockland are summarised below. The summary should not be taken as an exhaustive list of all the differences between Australian GAAP and A-IFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or other events are presented.

***Investment property revaluation***

Under Australian GAAP, changes in the fair value of Stockland's investment properties are credited directly to the asset revaluation reserve. Revaluation decrements are also taken to the asset revaluation reserve to the extent that such losses are covered by amounts previously credited to the reserve and still available in that reserve.

Under A-IFRS, changes in the fair value of investment properties must be taken through the statement of financial performance.

***Lease incentives***

The Merged Entity will recognise the aggregate cost of incentives in the form of cash or lessee owned fitout as a reduction of rental income over the lease term on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished. Incentives in the form of lessor owned fitouts will remain capitalised as investment property.

***Financial instruments and derivatives******Interest rate derivatives***

Under Australian GAAP, Stockland's interest rate swaps which are used to hedge exposure to fluctuations in floating interest rates are not measured at fair value. Instead interest payments and receipts under interest rate swap contracts are recognised on an accruals basis, in the statement of financial performance as an adjustment to borrowing costs during the period.

Under A-IFRS, interest rate hedges must be brought to account in the statement of financial position at fair value with gains or losses arising from fair value movements taken to the income statement unless specific hedging criteria are met. If the specific hedging criteria are fully met, movements in the fair value of the interest rate swaps are reflected directly in equity which results in a similar statement of financial performance result as under current Australian GAAP.

***Other financial instruments and derivatives***

Under A-IFRS, all derivatives, including in certain circumstances derivatives embedded within contracts, and most financial instruments, must be separated and measured at fair value. This differs from Australian GAAP and may result in more volatility as a result of movements in fair value being reflected in the statement of financial performance.

### ***Taxation***

Under Australian GAAP, the tax charge in the statement of financial performance is based on taxable profit adjusted for permanent differences between taxable and accounting income of Stockland Corporation and its controlled entities. The tax effect of timing differences in these entities, which arise from items being brought to account in different periods, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Under A-IFRS, the balance sheet liability method of accounting for taxation must be applied. This may result in additional deferred tax balances being recognised in the statement of financial position. Deferred tax is the tax expected to be payable or recoverable, by the entity, on differences between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

### ***Business combinations***

#### ***Recognition of intangibles***

Under Australian GAAP and A-IFRS, goodwill is the difference between the fair value of the net assets acquired and the fair value of the consideration paid for a business.

Under A-IFRS, the fair value of the net assets acquired may differ from that calculated under Australian GAAP. This difference may arise due to, amongst other things, the recognition of additional intangible assets, the recognition of the fair value of contingent liabilities and the recognition of additional deferred tax balances in the acquired entity under A-IFRS as at the date of acquisition. This may result in a different amount of goodwill being recognised on acquisition under A-IFRS.

#### ***Amortisation of intangibles***

Under Australian GAAP, intangibles, including goodwill and management rights, having limited useful lives, are amortised over their estimated useful lives. Assets are amortised from the date of acquisition.

Under expected A-IFRS, goodwill will no longer be amortised but will be subject to an annual impairment test. Intangibles, which have a limited useful life, will continue to be amortised over that useful life. Intangibles which have an indefinite useful life are not required to be amortised but will be subject to an annual impairment test. Any impairment write down will be reflected directly in the statement of financial performance.

#### ***Stapled Entities***

Stockland is an existing stapled entity. Under Australian GAAP Stockland complies with the requirements of UIG Abstract 13 "Presentation of the Financial Report of Entities whose Securities are "stapled".

There is a level of uncertainty regarding the accounting for stapled entities under IFRS. The International Accounting Standards Board is reviewing the accounting for business combinations and their applicability to stapled transactions. The application of any subsequent guidance on stapling transactions may impact on the financial performance and position of Stockland and the Merged Entity.



# Risk factors

- 7.1 Risk factors that affect the general economy and stock market
- 7.2 Risk factors that affect the property market
- 7.3 Specific risk factors that affect the Merged Entity
- 7.4 Risk factors that arise from the Offer

There are a number of factors which may have an impact on the future performance of Stockland. Investors should be aware that an investment in Stockland Securities has risks which are associated with the general economy and investing in both the property market and stock market. The future level of income distributions, value of the assets and the market value of Stockland Securities quoted on ASX may be influenced by any of these risks. Although the Directors have endeavoured to ensure that the assumptions made in the preparation of forecasts are reasonable, there are a number of factors which may affect the achievement of these forecasts, some of which are beyond the control of the Directors.

Many of the risks discussed in this section are common to the listed property sector and already affect GPT. However, some of them (for example, those relating to Stockland's property development business) will be new or significantly greater in potential impact than currently exist in GPT. GPT Unit Holders should read the entirety of this section 7 before deciding whether or not to accept the Offer.

## 7.1 Risk factors that affect the general economy and stock market

The price at which Stockland Securities trade on ASX may be determined by a range of factors including movements in international and local stock markets, inflation, interest rates, general economic conditions, sentiment in the housing market, changes in government, fiscal, monetary and regulatory policies and changes in the supply of listed property trust securities. In the future, these factors may cause Stockland Securities to trade below current prices and below NTA and may affect the income and expenses of Stockland and GPT.

Future earnings, asset values, and the relative attractiveness of Stockland Securities may be affected by changes in law and government policy in the jurisdictions in which the Merged Entity will operate, in particular changes to taxation laws (including stamp duty and GST). In addition, accepting the Offer may involve tax considerations that may differ for each GPT Unit Holder. Each GPT Unit Holder is encouraged to seek professional tax advice in connection with accepting the Offer. (See also section 9 in respect of tax considerations.)

## 7.2 Risk factors that affect the property market

The general risks to which participants in the property investment and development industry are exposed include:

### (A) RETURNS FROM INVESTMENTS

The value, expectations of capital growth, and returns from Stockland's and GPT's property assets will fluctuate depending on property market conditions. Rental and occupancy levels may change as a result of changes in the property market and general economic conditions (including conditions relating to retail, commercial, industrial, development and tourism assets), and this may affect the distributions paid by Stockland and the market price of Stockland Securities.

The ability to procure tenants (including timing and rental paid), demand for property from investors, expenses in operating, refurbishing and maintaining properties, and timing of receiving sale proceeds may influence the value of the Merged Entity's assets. The supply of competing buildings, both existing or new, may also affect the ability to secure lease renewals, retain existing tenants or obtain new tenants.

### (B) CHANGING INVESTOR DEMAND FOR PROPERTY INVESTMENTS

The demand for property and listed property securities may change as investor preferences for particular sectors and asset classes change. The demand for property as an asset class changes over time and can be influenced by general economic factors such as interest rates and stock market cycles.

### (C) LAND VALUES

From time to time unanticipated events occur that affect the value of land or development costs which may in turn affect the financial returns from property investments, projects and property related businesses. For example, land resumption, major infrastructure requirements or unanticipated environmental issues may affect these financial returns.

**(D) TIME DELAYS**

Development approvals, slow decision-making by counterparties, complex construction specifications, changes to design briefs, legal issues and other documentation changes may give rise to delays in completion of projects, loss of revenue and cost overruns. Additionally, delays in completion of projects may, in turn, result in liquidated damages and termination of lease agreements and pre-sale agreements.

Other time delays that may arise in relation to construction and development projects include supply of labour, scarcity of construction materials, lower than expected productivity levels, inclement weather conditions, land contamination, difficult site access or industrial relations issues.

Objections raised by community interest groups, environmental groups and neighbours may also delay the granting of planning approvals or the overall progress of a project.

## 7.3 Specific risk factors that affect the Merged Entity

Specific risk factors potentially affecting the performance of the Merged Entity and the value of Stockland Securities if the Offer is accepted include:

**(A) RENTAL AND OTHER DEMAND**

A reduction in rental and/or occupancy levels in the Merged Entity's properties may adversely impact on revenue levels of the Merged Entity. A failure to lease properties owned by the Merged Entity at the expected rentals or in the expected timeframe may have a material adverse effect on the Merged Entity.

Hotels owned or operated by the Merged Entity may be affected by changes in demand or downturns in the hospitality industry which may affect revenue and occupancy.

A general decline, or declines in the specific markets in which Stockland operates, in the level of demand for residential developments may adversely impact the Merged Entity's residential and other property development activities.

**(B) DEVELOPMENT RISKS**

The development activities of the Merged Entity are dependent on the supply and demand dynamics of specific markets.

It is proposed that the Merged Entity will continue with Stockland's existing model which outsources construction activities to third party constructors via a tender process. Delivery risks may arise from the reliance on third party contractors specific to the markets in which the Merged Entity will operate, from time to time, depending on the financial and work load capacity of various constructors operating in those markets.

Stockland is involved in the development and sale of residential estates, apartments and smaller retail projects such as convenience and bulky goods outlets. GPT currently has substantially less exposure to these activities. Risks associated with these developments include industrial disputes, inclement weather, supply shortages or construction difficulties and market forces including supply and demand.

There is the risk that tenants will not be obtained for the redeveloped space. There is the risk that the Merged Entity may not secure buyers for a developed property, or buyers at expected prices and/or expected timeframes. The Merged Entity's income could be adversely affected if these risks were to eventuate.

**(C) DISPUTES AND DEFAULTS**

From time to time in the ordinary course of its business, the Merged Entity will be involved in disputes and possible litigation. The extent of those disputes and litigation cannot be ascertained at this time but there exists a risk that a material or costly dispute or litigation could affect the value of the assets or expected income in the Merged Entity.

The possibility that tenants or other groups may default on their obligations to the Merged Entity may lead to a loss of income and increased costs as a result of enforcement action being required.

**(D) FUNDING**

The business relies on both equity and debt funding in order to function and grow. Albeit that some reconstruction may be required if the Offer is successful, the Directors are not currently aware of any reason why this funding should not continue to be made available to the business. However, an inability to obtain the necessary funding for the business or a material increase in the cost of the funding through an increase in interest rates may have a material adverse impact on the Merged Entity's activities and financial position.

**(E) LIQUIDITY**

The Merged Entity will invest in assets that are not listed on a stock exchange or for which there are only a limited number of potential investors. As a consequence, the realisable value of an asset may be less than its expected value.

**(F) COUNTERPARTIES**

There is always risk that, notwithstanding appropriate safeguards, parties with whom the Merged Group has dealings may experience financial or other difficulties, with consequential adverse effects for the relevant project or asset.

**(G) FORCE MAJEURE**

Acts of terrorism and other events of force majeure may affect projects of, or properties owned by, the Merged Entity and insurance may not fully cover these risks.

**(H) VOYAGES HOTELS & RESORTS PTY LTD**

Voyages Hotels & Resorts Pty Ltd operates a number of hotels and resorts owned by GPT. The entire beneficial interest in Voyages Hotels & Resorts Pty Ltd is held by Unit Holders of GPT<sup>(1)</sup>. However, the ability of GPT to control this entity is unclear.

**(I) OTHER POTENTIAL RISKS**

Other risks that may arise in relation to the Merged Entity include, but are not limited to:

- Unforeseen capital expenditure requirements that would increase the Merged Entity's funding costs;
- Environmental or government regulation issues which may affect the Merged Entity's assets or projects; and
- The Merged Entity's expenses being greater or revenues being less than anticipated, reducing the amount available for distributions (see sensitivity analysis in section 6.10).

Whilst the Stockland Directors believe that the assumptions underlying the forecasts relating to Stockland and the Merged Entity are appropriate and reasonable, there is a risk that they may prove to be incorrect. If this were to occur, such forecasts may be materially affected.

(1) As disclosed in the Bidder's Statement dated 22 October 2003 in relation to GPT's takeover bid for Hamilton Island.

## 7.4 Risk factors that arise from the Offer

Risks that may arise as a result of the Offer include:

**(A) ACQUISITION OF LESS THAN 100% OF GPT**

It is possible that Stockland will acquire less than 100% of GPT Units under the Offer. The impact on Stockland of acquiring less than 100% of GPT Units will depend on the ultimate level of ownership acquired but, in any event, the existence of a minority interest in GPT may have an adverse impact on Stockland's capacity to extract synergies from the acquisition of GPT. STML will still seek to have an appropriately licensed Stockland group entity appointed as Responsible Entity of GPT even if it does not acquire 100% of GPT Units, which should allow some synergies to be realised.

Section 6.10 contains a sensitivity analysis including the effect on earnings per stapled security of acquiring only 50.1% of GPT.

The change of Responsible Entity of GPT is a key assumption underlying many of the assumptions contained in this Statement and section 5 in particular.

If Stockland waives its 50.1% minimum acceptance condition and acquires less than 50.1% of GPT Units, and a Stockland group entity is not appointed as Responsible Entity of GPT, the GPT Units acquired by Stockland will become an investment of Stockland which would be reviewed by Stockland in accordance with its usual investment policies.

As noted in section 5.6, subject to maintaining a sufficient spread of holders in GPT Units, if STML is not entitled to proceed to compulsorily acquire all outstanding GPT Units, it will seek to retain the quotation of GPT Units on ASX. GPT Unit Holders should note that a resulting decrease in the free float of GPT Units may have a material adverse effect on their liquidity and market value.

**(B) ISSUE OF STOCKLAND SECURITIES**

Stockland will issue a significant number of Stockland Securities to GPT Unit Holders accepting the Offer. Some GPT Unit Holders may not wish to retain the Stockland Securities and may subsequently sell them on ASX. If such sales are substantial, there may be an over-supply of Stockland Securities which may have an adverse effect on the market price of Stockland Securities.

**(C) CAPITAL GAINS TAX**

If, after the Offer, STML does not hold 80% or more of the GPT Units, Australian resident GPT Unit Holders who would make a capital gain from their disposal of GPT Units will be unable to elect for a partial roll-over of that capital gain in a capital gain crystallising at the time of sale of the GPT Units. Rollover relief for capital gains is discussed further in section 9.

**(D) INTEGRATION RISKS**

Combining two groups the size of Stockland and GPT may produce some integration risks, including difficulties in integrating management and information systems and the possible loss of knowledge of the properties and key customers.

However, due to Stockland's previous experience with successful integration of listed property trusts following merger, together with the experience of the existing property management team at Stockland, the Directors believe that such risks can be effectively managed through the integration process.

On change of responsible entity of a managed investment scheme, section 601FR of the Corporations Act requires the former responsible entity to give the new responsible entity any books in relation to this scheme and other reasonable assistance to facilitate change of the responsible entity. Further, clause 14.1(b) of the GPT constitution requires the former responsible entity to give the new responsible entity all books, documents and records relating to GPT.

**(E) FORECASTS**

A number of financial and commercial assumptions have been included in the preparation of Directors' Forecasts. Factors which could alter the assumptions and have an impact on the achievability of these forecasts include:

- Level of rental growth;
- Government policy or changes in tax;
- Movements in tenancy and occupancy levels and the possibility that tenants may default on these obligations;
- Ability to sell completed development properties at satisfactory prices within the forecast period;
- Access to continued debt funding and changes in interest rates on debt;
- Ability to recover expenses and incurring expenses greater than anticipated; and
- Property valuations and growth (i.e. properties are valued on the basis of a willing buyer and a willing seller, and properties may not be sold at such valuations).

**(F) ASSUMED FINANCIAL INFORMATION FOR GPT/NO DUE DILIGENCE**

There is a risk that the assumed financial and other information for GPT is not correct and, in particular, that the assumed financial forecasts will not be realised.

**(G) GPT BECOMING A GUARANTOR**

If GPT becomes a Subsidiary of Stockland, it may have to become a guarantor under the Stockland Guarantees. This guarantee must be given on arm's-length terms.

**(H) REFINANCING OF GPT DEBT FACILITIES AND MTN PROGRAM**

Stockland understands that GPT has a short term note program, medium term note program and CPI Indexed Bonds, and that under these arrangements, if GPT is delisted (for example, following a takeover), noteholders are able to redeem their notes as the delisting constitutes an event of default.

GPT's debt facilities and medium term note program may require refinancing as a result of the Offer. There is a risk that the terms of the refinancing will not be as favourable as the terms of the existing indebtedness or not achieved at all.

(I) EXERCISE BY CO-OWNERS OF PRE-EMPTIVE RIGHTS/CO-OWNERSHIP ARRANGEMENTS

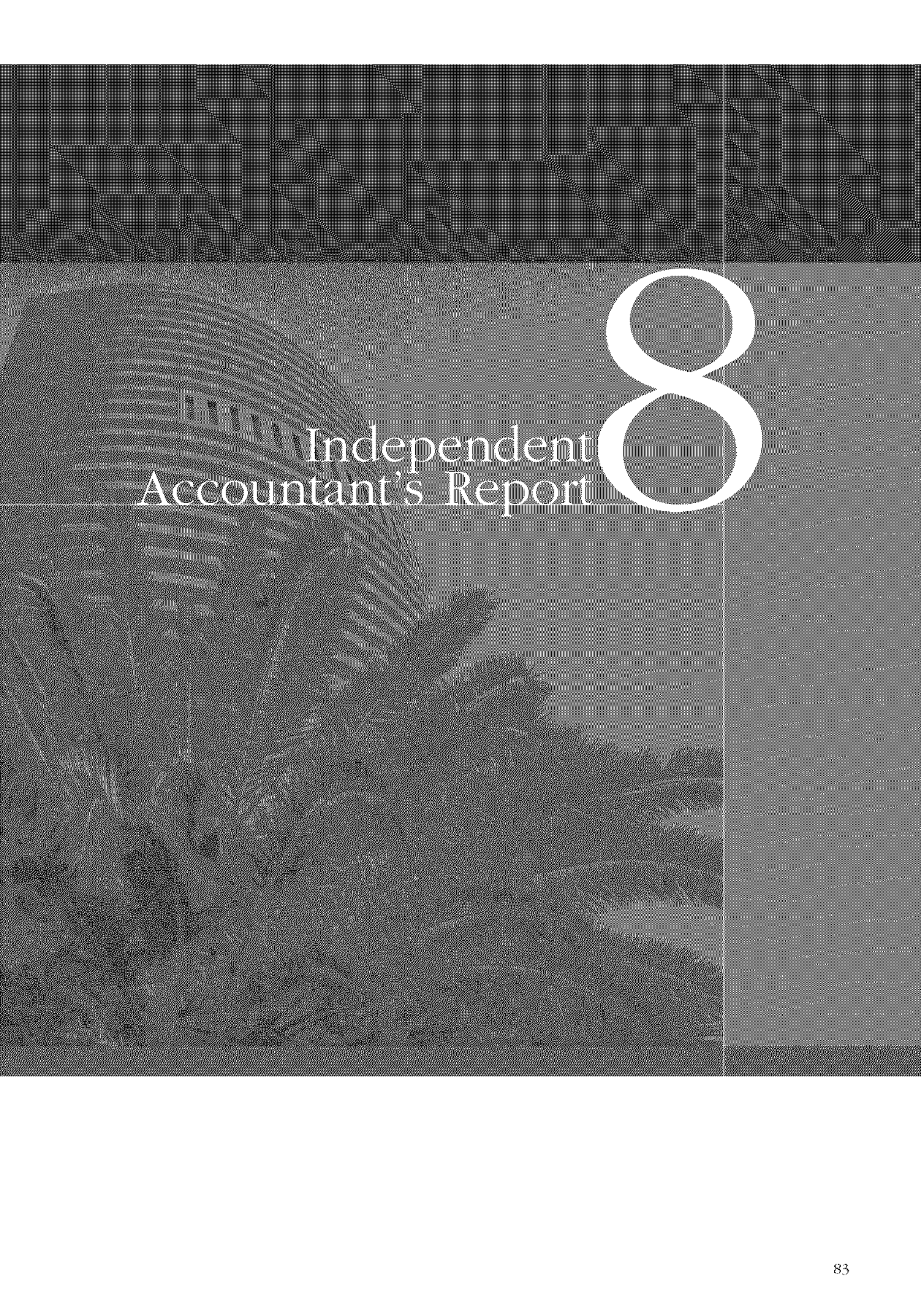
The following properties of GPT are held subject to co-ownership arrangements containing pre-emptive rights which may allow co-owners to acquire GPT's interest in the property at valuation in accordance with the relevant arrangement as a result of the Offer succeeding. (Values are as disclosed in the GPT Explanatory Memorandum). Book values are as at 30 June 2004.

- Erina Fair – in which GPT has a 50% interest, valued at \$335.1 million. The co-owner is Australian Prime Property Fund, for which Lend Lease Real Estate Investments Limited is the responsible entity. GPT disclosed to ASX on 11 April 2003 that the property was subject to a co-ownership agreement which has “pre-emption clauses which are capable of different interpretations. One of those interpretations is to give a pre-emptive right to the co-owner should there be a change of responsible entity or a change of control of the responsible entity”. However in the same announcement, GPT stated that, “we believe that the provisions in the co-ownership agreements are not of themselves material to the Trust”.
- Darling Park stages 1 and 2 – in which GPT has a 50% interest, valued at \$457.3 million. Like Erina Fair, GPT disclosed to ASX on 11 April 2003 that the property was subject to a co-ownership agreement which has “pre-emption clauses which are capable of different interpretations. One of those interpretations is to give a pre-emptive right to the co-owner should there be a change of responsible entity or a change of control of the responsible entity”. However in the same announcement, GPT stated that, “we believe that the provisions in the co-ownership agreements are not of themselves material to the Trust.”
- Citigroup Centre – in which GPT has a 50% interest, valued at \$286.5 million. GPT on 11 April 2003 made the same disclosure regarding pre-emptive rights in respect of Citigroup Centre as for Darling Park stages 1 and 2 and Erina Fair. GPT stated also in regard to this property, “we believe that the provisions in the co-ownership agreements are not of themselves material to the Trust.”
- Rouse Hill – in which GPT has a 49% interest. Lend Lease Group owns the remaining 51% interest. GPT disclosed on 3 October 2003 that Lend Lease has “a call option to acquire GPT's interest in the event of a change in control of either GPT or GPT Management Limited (including a non-Lend Lease company becoming responsible entity)”.
- Twin Waters – in which GPT has an interest of 49%. Lend Lease Group owns the remaining 51% interest. GPT disclosed on 31 October 2003 that Lend Lease has “a call option to acquire GPT's interest in the event of a change in control of either GPT or GPT Management Limited (including a non-Lend Lease company becoming responsible entity)”.
- Lend Lease has stated that it intends to exercise its pre-emptive rights in relation to Twin Waters and Rouse Hill. The effect of this exercise is not expected to be material in the current financial year.
- Governor Phillip Tower and Governor Macquarie Tower – in which GPT has a 25% interest, valued at \$259.6 million. The other co-owners are APFF Commercial (for which Lend Lease Real Estate Investments Limited is the responsible entity) and Deutsche Office Trust. GPT disclosed on 9 December 2003 that the joint owners would “each have pre-emptive rights over each owner's interest in the asset”.
- Austrak Business Park – in which GPT has a 50% interest, valued at \$59.1 million. On 21 August 2003, GPT disclosed to ASX that GPT and Austrak would each have “pre-emptive rights over the transfer of each other's interest”.

It is Stockland's understanding, based on publicly available information, that GPT's interests in Australia Square, MLC Centre and the Brisbane Transit Centre are not subject to pre-emptive rights exercisable on a change of Responsible Entity, or a change of control of the Responsible Entity of GPT.

While these pre-emptive rights provide that the co-owners may acquire the relevant properties at fair market value, any such acquisition may have an adverse effect on Stockland because, through the Offer, Stockland is paying a premium over market value for these assets.

As a consequence of the existence of these rights going forward, there are a number of limitations on the ability of GPT to deal in its interest in the co-owned properties and entities and to manage those properties and entities. Conversely, there are also certain limitations on the ability of GPT to restrict a dealing by a co-owner in its interest in a co-owned property or entity.



Independent  
Accountant's Report

8



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## Financial Services Guide

### WHAT IS A FINANCIAL SERVICES GUIDE?

This Financial Services Guide ("FSG") is an important document whose purpose is to assist you in deciding whether to use any of the general financial product advice provided by Deloitte Corporate Finance Pty Limited (ABN 19 003 833 127). The use of "we", "us" or "our" is a reference to Deloitte Corporate Finance Pty Limited as the holder of Australian Financial Services Licence ("AFSL") No. 241457. The contents of this FSG include:

- Who we are and how we can be contacted
- What services we are authorised to provide under our AFSL
- How we (and any other relevant parties) are remunerated in relation to any general financial product advice we may provide
- Details of any potential conflicts of interest
- Details of our internal and external dispute resolution systems and how you can access them.

### INFORMATION ABOUT US

We have been engaged by Stockland Trust Management Limited to give general financial product advice in the form of a report to be provided to you in connection with the offer for all of the units in the General Property Trust (GPT) through the issue of 0.608 Stockland Securities for each GPT Unit. You are not the party or parties who engaged us to prepare this report. We are not acting for any person other than the party or parties who engaged us. We are required to give you an FSG by law because our report is being provided to you. You may contact us using the details located above.

Deloitte Corporate Finance Pty Limited is ultimately owned by the Australian partnership of Deloitte Touche Tohmatsu. The Australian partnership of Deloitte Touche Tohmatsu and its related entities provide services primarily in the areas of audit, tax, consulting, and financial advisory services. Our directors may be partners in the Australian partnership of Deloitte Touche Tohmatsu.

The Australian partnership of Deloitte Touche Tohmatsu is a member firm of the Deloitte Touche Tohmatsu Verein. As the Deloitte Touche Tohmatsu Verein is a Swiss Verein (association), neither it nor any of its member firms has any liability for each other's acts or omissions. Each of the member firms is a separate and independent legal entity operating under the names "Deloitte," "Deloitte & Touche," "Deloitte Touche Tohmatsu," or other related names.

The financial product advice in our report is provided by Deloitte Corporate Finance Pty Limited and not by the Australian partnership of Deloitte Touche Tohmatsu, its related entities, or the Deloitte Touche Tohmatsu Verein.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and the Australian partnership of Deloitte Touche Tohmatsu (and its related bodies corporate) may from time to time provide professional services to financial product issuers in the ordinary course of business.

#### WHAT FINANCIAL SERVICES ARE WE LICENSED TO PROVIDE?

The AFSL we hold authorises us to provide the following financial services to both retail and wholesale clients:

- To provide financial product advice in respect of:
  - debentures, stocks or bonds to be issued or proposed to be issued by a government
  - interests in managed investment schemes including investor directed portfolio services
  - securities.
- To deal in a financial product by arranging for another person to apply for, acquire, vary or dispose of financial products in respect of:
  - debentures, stocks or bonds issued or to be issued by a government
  - interests in managed investment schemes including investor directed portfolio services
  - securities.

#### INFORMATION ABOUT THE GENERAL FINANCIAL PRODUCT ADVICE WE PROVIDE

The financial product advice provided in our report is known as “general advice” because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our report is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is being provided to you in connection with the acquisition or potential acquisition of a financial product issued another party, we recommend you obtain and read carefully the relevant Product Disclosure Statement (“PDS”) or offer document provided by the issuer of the financial product. The purpose of the PDS is to help you make an informed decision about the acquisition of a financial product. The contents of the PDS will include details such as the risks, benefits and costs of acquiring the particular financial product.

#### HOW ARE WE AND OUR EMPLOYEES REMUNERATED?

Our fees are usually determined on an hourly basis; however they may be a fixed amount or derived using another basis. We may also seek reimbursement of any out-of-pocket expenses incurred in providing the services.

Fee arrangements are agreed with the party or parties who actually engage us, and we confirm our remuneration in a written letter of engagement to the party or parties who actually engage us.

Neither Deloitte Corporate Finance Pty Limited nor its directors and officers, nor any related bodies corporate or associates and their directors and officers, receives any commissions or other benefits, except for the fees for services rendered to the party or parties who actually engage us. Our fee is estimated at \$700,000 exclusive of GST and will also be disclosed in the relevant PDS or offer document prepared by the issuer of the financial product.

All of our employees receive a salary. Our employees are eligible for annual salary increases and bonuses based on overall performance but do not receive any commissions or other benefits arising directly from services provided to you. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits in connection with our advice.

We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

#### WHAT SHOULD YOU DO IF YOU HAVE A COMPLAINT?

If you have any concerns regarding our report, you may wish to advise us. Our internal complaint handling process is designed to respond to your concerns promptly and equitably. Please address your complaint in writing to:

The Complaints Officer  
Practice Protection Group  
PO Box N250  
Grosvenor Place  
Sydney NSW 1220

If you are not satisfied with the steps we have taken to resolve your complaint, you may contact the Financial Industry Complaints Service ("FICS"). FICS provides free advice and assistance to consumers to help them resolve complaints relating to members of the financial services industry.

Complaints may be submitted to FICS at:

Financial Industry Complaints Service  
PO Box 579  
Collins Street West  
Melbourne VIC 8007  
Telephone: 1300 780 808  
Fax: +61 3 9621 2291  
Internet: <http://www.fics.asn.au>

If your complaint relates to the professional conduct of a person who is a Chartered Accountant, you may wish to lodge a complaint in writing with the Institute of Chartered Accountants in Australia ("ICAA"). The ICAA is the professional body responsible for setting and upholding the professional, ethical and technical standards of Chartered Accountants and can be contacted at:

The Institute of Chartered Accountants  
GPO Box 3921  
Sydney NSW 2001  
Telephone: +61 2 9290 1344  
Fax: +61 2 9262 1512

Specific contact details for lodging a complaint with the ICAA can be obtained from their website at <http://www.icaa.org.au/about/index.cfm>.

The Australian Securities and Investments Commission ("ASIC") regulates Australian companies, financial markets, financial services organisations and professionals who deal and advise in investments, superannuation, insurance, deposit taking and credit. Their website contains information on lodging complaints about companies and individual persons and sets out the types of complaints handled by ASIC. You may contact ASIC as follows:

Info line: 1300 300 630  
Email: [info@asic.gov.au](mailto:info@asic.gov.au)  
Internet: <http://www.asic.gov.au/asic/asic.nsf>



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The Directors  
Stockland Trust Management Limited  
157 Liverpool Street  
Sydney NSW 2000

Dear Sirs

#### 1. INTRODUCTION

This report has been prepared at the request of the Directors of Stockland Trust Management Limited for inclusion in the Bidder's Statement to be dated 24 November 2004 in relation to the offer for all of the units in General Property Trust (GPT) through the issue of 0.608 Stockland Securities for each GPT Unit.

Deloitte Corporate Finance Pty Limited ("Deloitte") is wholly owned by Deloitte Touche Tohmatsu and holds the appropriate Australian Financial Services licence for the issue of this report. References to Stockland and other terminology used in this report have the same meaning as defined in the Bidder's Statement.

#### 2. SCOPE OF REPORT

We have been requested to review:

- The historical financial information, as set out in sections 6.3 to 6.13 of the Bidder's Statement, which comprises:
  - the Statement of Financial Performance of Stockland for the year ended 30 June 2004;
  - the Statement of Financial Position of Stockland as at 30 June 2004and report whether anything has come to our attention which causes us to believe that the historical financial information has not been correctly extracted from the audited financial statements of Stockland for the year ended 30 June 2004; and
- The pro forma historical financial information, as set out in sections 6.3 to 6.13 of the Bidder's Statement, which comprises:
  - the pro forma unaudited Statement of Financial Position of the Merged Entity as at 30 June 2004 assuming the acquisition occurred on 1 July 2004 and Stockland acquires 100% of the GPT units; and
  - the pro forma unaudited Statement of Financial Position of the Merged Entity as at 30 June 2004 assuming the acquisition occurred on 1 July 2004 and Stockland acquires 50.1% of the GPT units;

and report whether anything has come to our attention which causes us to believe that the pro forma historical financial information, as set out in sections 6.3 to 6.13 of the Bidder's Statement, has not been accurately compiled on the basis of:

- the audited Statement of Financial Position of Stockland as at 30 June 2004 ("the Stockland Statement of Financial Position");
- the audited Statement of Financial Position of GPT as at 30 June 2004 ("the GPT Statement of Financial Position"); and
- the Directors' pro forma adjustments set out in section 6.11 of the Bidder's Statement.

- The forecast financial information, as set out in sections 6.3 to 6.13 of the Bidder's Statement ("Directors' Forecasts"), which comprises:
  - the forecast Statement of Financial Performance of Stockland for the year ending 30 June 2005 ("the Stockland Forecast");
  - the pro forma forecast Statement of Financial Performance of the Merged Entity for the year ending 30 June 2005 assuming the acquisition occurred on 1 July 2004 and Stockland acquires 100% of the GPT units;
  - the pro forma forecast Statement of Financial Performance of the Merged Entity for the year ending 30 June 2005 assuming the acquisition occurred on 1 July 2004 and Stockland acquires 50.1% of the GPT units;

and report whether anything has come to our attention which causes us to believe that:

- i) the Directors' best estimate assumptions do not provide reasonable grounds for the preparation of the Directors' Forecasts;
- ii) in all material respects, the Directors' Forecasts are not properly compiled on the basis of the Directors' best estimate assumptions, consistent with the accounting policies adopted and used by Stockland and in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements in Australia; and
- iii) the Directors' Forecasts are not based on reasonable grounds.

Our review of the historical financial information, the pro forma historical financial information and the forecast financial information has been conducted in accordance with AUS 902 "Review of Financial Reports" applicable to review engagements.

Our review is substantially less in scope than an audit examination conducted in accordance with Australian Auditing Standards and provides less assurance than an audit. Accordingly, we have not performed an audit and do not express an audit opinion. In addition, prospective financial information, such as the Directors' Forecasts, relates to events and actions that have not yet occurred and may not occur. While evidence may be available to support the assumptions on which the Directors' Forecasts are based, those assumptions are generally future-orientated and therefore speculative in nature. Accordingly, actual financial performance may vary from the prospective financial information presented in the Bidder's Statement and such variations may be material.

### 3. FINANCIAL INFORMATION AND PROCEDURES APPLIED

#### 3.1 Stockland historical financial information

The historical financial information set out in sections 6.3 to 6.13 of the Bidder's Statement has been extracted from the financial statements of Stockland for the year ended 30 June 2004.

The financial statements of Stockland for the year ended 30 June 2004 were audited by KPMG in accordance with Australian Auditing Assurance Standards. The audit opinion issued to the members of Stockland relating to those financial statements was unqualified.

The historical financial information is presented in an abbreviated form in so far as it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001 ("Corporations Act"). The financial statements, as audited at 30 June 2004, are available on the Stockland website.

For the purposes of the Bidder's Statement, Deloitte has undertaken such procedures as it considered necessary in the circumstances for the purpose of ensuring that the information has been correctly extracted from the audited financial statements and appropriately presented in the Bidder's Statement.

#### 3.2 GPT historical financial information

The historical financial information set out in sections 6.3 to 6.13 of the Bidder's Statement has been extracted from the GPT Interim Financial Report for the half year ended 30 June 2004.

The Interim Financial Report of GPT for the half year ended 30 June 2004 was audited by PricewaterhouseCoopers in accordance with Australian Auditing Assurance Standards. The audit opinion issued to the Unit Holders of GPT relating to that financial report was unqualified.

The historical financial information is presented in an abbreviated form in so far as it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act. The Interim Financial Report, as audited at 30 June 2004, is available on the GPT website.

For the purposes of the Bidder's Statement, Deloitte has undertaken such procedures as it considered necessary in the circumstances for the purpose of ensuring that the information has been correctly extracted from the GPT Interim Financial Report for the half year ended 30 June 2004 and appropriately presented in the Bidder's Statement.

### **3.3 Pro forma historical financial information**

The pro forma Statement of Financial Position has been based on the aggregation of:

- The Stockland Audited Statement of Financial Position as at 30 June 2004;
- The GPT Audited Statement of Financial Position at 30 June 2004;

The Pro Forma Statement of Financial Position has been prepared as at 30 June 2004 assuming the acquisition occurs on 1 July 2004. The adjustments and assumptions to reflect the impact of the proposed acquisition are described in section 6.11 of the Bidder's Statement.

The Directors are responsible for the preparation and presentation of the pro forma statement of financial position.

We have reviewed:

- The extraction of the Stockland Statement of Financial Position from the Stockland financial statements for the year ended 30 June 2004;
- The extraction of the GPT Statement of Financial Position from the GPT Interim Financial Report for the half year ended 30 June 2004; and
- The compilation of the pro forma Statement of Financial Position on the basis of the Stockland Statement of Financial Position, the GPT Statement of Financial Position and the Stockland Directors' pro forma adjustments set out in section 6.11 of the Bidder's Statement.

### **3.4 Directors' Forecasts**

The Directors' Forecasts are set out in section 6.6 of the Bidder's Statement and comprise both the Stockland Forecast and the Pro Forma Merged Entity Forecasts.

The Stockland Forecast comprises the forecast financial performance of Stockland for the year ending 30 June 2005 and the assumptions on which it is based.

The Pro Forma Merged Entity Forecasts comprise:

- The Stockland Forecast for the year ending 30 June 2005;
- The forecast Statement of Financial Performance of GPT for the year ending 30 June 2005 ("the GPT Forecast"), as prepared by the Directors on the basis of information made publicly available by the directors of GPT; and
- The Directors' best estimate assumptions as to the impact of synergies to be extracted from the combined financial performance of the Merged Entity as discussed in section 6.9 of the Bidder's Statement.

The Directors are responsible for the preparation and presentation of the Directors' Forecasts, including the best estimate assumptions on which the Directors' Forecasts are based and the sensitivity of the Directors' Forecasts to changes in key assumptions.

The Directors' Forecasts have been prepared by management and adopted by the Directors in order to provide the GPT Unit Holders with a guide to the potential financial performance of Stockland and the pro forma Merged Entity for the year ending 30 June 2005. There is a considerable degree of subjective judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties and contingencies which are often outside the control of Stockland. The Stockland Forecast has been prepared using assumptions summarised in section 6.8 of the Bidder's Statement which are based on best estimate assumptions relating to future events that management expect to occur and actions that management expect to take.

The sensitivity analysis set out in section 6.10 of the Bidder's Statement demonstrates the impacts on the pro forma forecast financial performance of changes in key assumptions. The prospective financial information is therefore only indicative of the financial performance which may be achievable.

We have reviewed:

- The Directors' best estimate assumptions underlying the Stockland Forecast for the year ending 30 June 2005; and
- The Directors' best estimate assumptions as to the impact on the combined financial performance of the Merged Entity of synergies expected to be extracted from the proposed acquisition as discussed in section 6.9(b) of this Bidder's Statement;
- The compilation of the Stockland Forecast for the year ending 30 June 2005; and
- The compilation of the Pro Forma Merged Entity Forecasts

Our review of the Directors' Forecasts has been conducted in accordance with AUS 902 "Review of Financial Reports" applicable to review engagements. Our review consisted primarily of enquiry, comparison and analytical review procedures including discussions with management and Directors of Stockland of the factors considered in determining their assumptions. Our procedures included examination, on a test basis, of evidence supporting the assumptions, amounts and other disclosures in the Directors' Forecasts and the evaluation of accounting policies used in the Directors' Forecasts.

#### 4. STATEMENTS

##### 4.1 Historical financial information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the historical financial information, as set out in sections 6.3 to 6.13 of the Bidder's Statement, has not been correctly extracted from the audited financial statements of Stockland for the year ended 30 June 2004.

##### 4.2 Pro forma historical financial information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the pro forma historical financial information, as set out in sections 6.3 to 6.13 of the Bidder's Statement, has not been accurately compiled on the basis of:

- The Stockland Audited Statement of Financial Position at 30 June 2004;
- The GPT Audited Statement of Financial Position at 30 June 2004; and
- The Directors' pro forma adjustments set out in section 6.11 of the Bidder's Statement.

##### 4.3 Directors' Forecasts

###### *Stockland Forecast*

Based on our review of the Stockland Forecast, nothing has come to our attention which causes us to believe that:

- i) the Directors' best estimate assumptions, as set out in section 6.8 of the Bidder's Statement, do not provide reasonable grounds for the preparation of the Stockland Forecast;
- ii) in all material respects, the Stockland Forecast is not properly compiled on the basis of the Directors' best estimate assumptions, consistent with the accounting policies adopted and used by Stockland and in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements in Australia; and
- iii) the Stockland Forecast is not based on reasonable grounds.

Actual financial performance is likely to be different from the Stockland Forecast since anticipated events frequently do not occur as expected and the variations may be material. Accordingly, we express no opinion as to whether the Stockland Forecast will be achieved.

We disclaim any responsibility for any reliance on this statement or on the Stockland Forecast to which it relates for any purpose other than that for which it was prepared.

###### *Pro Forma Merged Entity Forecasts*

The Directors have prepared the GPT Forecast, a component of the Pro Forma Merged Entity forecast, on the basis of publicly available GPT information. That information includes the pro forma forecast financial performance of GPT for the year ending 30 June 2005, as disclosed in the GPT Explanatory Memorandum. Neither the Directors or Deloitte have had access to the Directors or management of GPT, or to any GPT information, accounting records or other GPT documentation.

Based on our review of the Pro Forma Merged Entity Forecasts, nothing has come to our attention which causes us to believe that:

- i) the Directors' best estimate assumptions, as set out in section 6.9 of the Bidder's Statement do not provide reasonable grounds for the preparation of the Pro Forma Merged Entity Forecasts;
- ii) in all material respects, the Pro Forma Merged Entity Forecasts are not properly compiled on the basis of the Directors' best estimate assumptions, consistent with the accounting policies adopted and used by Stockland and in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements in Australia; and
- iii) the Pro Forma Merged Entity Forecasts are not based on reasonable grounds.

Actual financial performance is likely to be different from the Pro Forma Merged Entity Forecasts since anticipated events frequently do not occur as expected and the variations may be material. Accordingly, we express no opinion as to whether the Pro Forma Merged Entity Forecasts will be achieved.

We disclaim any responsibility for any reliance on this statement or on the Pro Forma Merged Entity Forecasts to which it relates for any purpose other than that for which it was prepared.

#### 5. INDEPENDENCE

Deloitte has no interest in the outcome of the Offer. In connection with the Bidder's Statement, Deloitte has been engaged to provide a report on the historical financial information, the pro forma historical information and the forecast financial information. In all cases, normal professional fees will be received which are not contingent upon the outcome of the Offer.

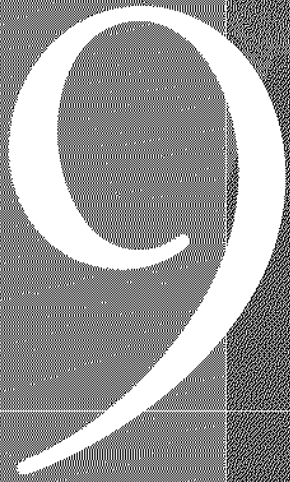
Yours faithfully



Mark Pittorino  
Director



Ian Thatcher  
Director



# Tax considerations

# MALLESONS STEPHEN JAQUES

The Directors  
Stockland Trust Management Limited  
157 Liverpool Street  
Sydney NSW 2000

23 November 2004

Dear Sirs

## TAX CONSIDERATIONS FOR GPT UNIT HOLDERS

### 1 INTRODUCTION

We have been asked to advise on the Australian income tax and capital gains tax ("CGT"), stamp duty and GST consequences of the acceptance of the Offer for GPT Unit Holders and their acquisition and continued holding of Stockland Securities.

The discussion in this opinion relates only to GPT Unit Holders who are Australian residents and who hold the GPT Units (and any Stockland Securities acquired under the Offer) as capital assets; that is, the GPT Unit Holder does not hold those securities in the course of the business of trading or dealing in such securities.

The discussion in this opinion is necessarily general in nature and GPT Unit Holders should seek and rely on their own specific professional taxation advice. The taxation consequences associated with the acceptance of the Offer will depend upon the particular circumstances of the GPT Unit Holder.

Provisions of the Income Tax Assessment Act 1936 ("**1936 Tax Act**") and the Income Tax Assessment Act 1997 ("**1997 Tax Act**") are referred to in this section.

Capitalised terms not otherwise defined have the same meaning as in the rest of the Bidder's Statement.

### 2 ACCEPTANCE OF OFFER AND SALE OF GPT UNITS

Acceptance of the Offer will involve the disposal of GPT Units held by the accepting GPT Unit Holders.

The CGT consequences for a GPT Unit Holder from the disposal of their GPT Units will depend on:

- Whether the GPT units were acquired by the GPT Unit Holder prior to 20 September 1985 (such GPT Units are referred to as "**pre-CGT assets**"). (Note, however, there are circumstances where a GPT Unit Holder which is a company or trust may be deemed to have acquired those GPT Units on or after 20 September 1985, so that such units would not be pre-CGT assets); and
- Whether Stockland Trust acquires 80% or more of the GPT Units after the Offer so that partial scrip-for-scrip rollover under Subdivision 124-M of the 1997 Tax Act may be available.

#### 2.1 GPT Units are pre-CGT assets

GPT Unit Holders whose GPT Units are pre-CGT assets would not be taxable on any capital gains on disposal of those GPT Units.

Any later dealings by a GPT Unit Holder in a Stockland Security will be subject to the CGT rules. See the discussions of cost base in section 3 and sale of Stockland Securities in section 5 below.

#### 2.2 GPT Units are post CGT assets and Stockland Trust does not acquire 80% of GPT units

If after the Offer, Stockland Trust does not acquire 80% or more of the GPT Units, partial scrip-for-scrip rollover would not be available.

GPT Unit Holders who are Australian residents and who have acquired their GPT Units on or after 20 September 1985 (such units are "**post-CGT assets**") may make a capital gain or capital loss from acceptance of the Offer, depending on whether their capital proceeds from the disposal of their GPT Units are greater than their cost bases for those units or whether the capital proceeds are less than their reduced cost bases for those units.

The capital proceeds will be the market value of the Stockland Securities received following acceptance of the Offer. The market value of the Stockland Securities is to be worked out as at the date of acceptance of the Offer.

The cost base of the GPT Units would generally be the amount paid by the GPT Unit Holder to acquire the GPT Units as well as costs associated with the acquisition and disposal of the GPT Units (such as brokerage). The cost base of the GPT Units may already be reduced for certain tax-deferred distributions the GPT Unit Holder may have received in the past (for example, part of a distribution which represents an amount paid from the capital of GPT).

If the GPT Units were acquired at or before 11:45 am on 21 September 1999, a GPT Unit Holder who is an individual, a complying superannuation entity, the trustee of a trust or a listed investment company may elect to adjust the cost base of their GPT Units to include indexation by reference to changes in the Consumer Price Index from the calendar quarter in which the GPT Units were acquired until the quarter ending 30 September 1999. GPT Unit Holders who are companies will be entitled to include the inflation adjustment (without making an election) if their GPT Units were acquired at or before 11:45 am on 21 September 1999. The inflation adjustments may only be taken into account for calculating any capital gain; they are not included for any GPT Unit Holder when calculating the reduced cost base used for calculating the amount of any capital loss.

Certain types of GPT Unit Holders may be entitled to discounts of capital gains arising from the disposal of the GPT Units if the GPT Units have been held for at least 12 months prior to disposal and they do not elect to make the indexation election referred to above. If the GPT Unit Holder is an individual in these circumstances, the GPT Unit Holder will only be required to include one-half of their capital gains (that is, after application of any available capital losses) in their assessable income. If the GPT Unit Holder is a superannuation fund, or a life insurance company holding the units as virtual PST assets, in these circumstances, only two-thirds of the capital gains (after application of any available capital losses) are included in assessable income. If the GPT Unit Holder is the trustee of a trust, in these circumstances only one half of the capital gains (after application of any available capital losses) will be used to determine the net income of that trust for Australian income tax purposes.

Capital gains, capital losses and any carry forward capital losses are aggregated to determine whether there is net capital gain. That net capital gain (after application of any applicable discount as discussed above) is included in assessable income. Capital losses may not be deducted against other income for income tax purposes, but may be offset against capital gains in the same income year or be carried forward to offset against future capital gains.

### **2.3 GPT Units are post-CGT assets and Stockland Trust acquires at least 80% of GPT Units**

If after the Offer Stockland Trust acquires 80% or more of the GPT Units, an optional partial scrip-for-scrip rollover would be available. The rollover only applies if the GPT Unit Holder would (but for the rollover) make a capital gain on disposal of their GPT Units **and** it elects the rollover to apply. The rollover is not available if the GPT Unit Holder has a capital loss on disposal of their GPT Units. (See section 2.2 above for determining whether there is a capital gain or capital loss on disposal of GPT Units).

If the rollover is available and the GPT Unit Holder elects for the rollover to apply, the capital gains which are attributable to the exchange of GPT Units which are post-CGT assets for Stockland Units will be disregarded and effectively deferred until they dispose of those Stockland Units. No rollover relief will be available in respect of that part of any capital gain which is attributable to the Stockland Shares received as part of the Offer in exchange for the GPT Units.

As the Stockland Units and Stockland Shares are not traded separately on ASX, it should be appropriate to determine the relative values of the Stockland Units and Stockland Shares based on the net tangible assets of the Stockland Trust and Stockland Corporation in their last published annual accounts. On this basis, 92% of the market value of the Stockland Stapled Security is attributable to the Stockland Unit and is available for rollover.

To the extent the consideration received by GPT Unit Holders is in the form of Stockland Shares in exchange for GPT Units which are post-CGT assets, then the accepting GPT Unit Holders would be required to recognise any capital gain arising from their disposal of the appropriate proportion of these GPT Units. The cost base of the GPT Units should be apportioned into eligible and ineligible components, on the basis of the proportions of net tangible assets of Stockland Shares and Stockland Units as at 30 June 2004 (ie 92% to Stockland Units and 8% to Stockland Shares). That portion of the cost base of the GPT Units attributable to the Stockland Shares ('the ineligible portion') will form part of the cost base of the GPT Units disposed of to acquire the Stockland Shares. This cost base is then compared to the market value of the Stockland Shares received to determine whether the GPT Unit Holder makes a capital gain or loss from the disposal of the ineligible portion of the GPT Units which is not able to be rolled over.

### 3 COST BASE FOR STOCKLAND UNITS AND STOCKLAND SHARES

Although stapled, the Stockland Units and Stockland Shares are regarded as separate assets for CGT purposes. The cost bases for the Stockland Units and Stockland Shares acquired under the Offer needs to be determined. The later sale or other dealing in the Stockland Units and Stock Shares will be subject to the CGT provision – see further at section 5 below.

#### 3.1 Cost base of Stockland Unit

The CGT cost base for Stockland Units acquired by an accepting GPT Unit Holder will depend upon whether or not their GPT Units are pre-CGT assets, and whether the partial scrip-for-scrip rollover is available.

**(a) GPT Units are pre-CGT assets and Stockland Trust does not acquire 80% of GPT Units**

If after the Offer, Stockland Trust did not acquire 80% or more of the GPT Units, then for GPT Unit Holders whose GPT Units are pre-CGT assets, the cost base of the Stockland Units acquired after the Offer will be calculated as set out under section 3.1(c) below.

**(b) GPT Units are pre-CGT assets and Stockland Trust acquires at least 80% of GPT Units**

If, after the Offer, Stockland Trust acquired 80% or more of the GPT Units, then GPT Unit Holders whose GPT Units are pre-CGT assets should have a cost base in Stockland Units acquired under the Offer equal to the market value of those Stockland Units at the time of acceptance of the Offer.

**(c) GPT Units are post-CGT assets and no rollover applies**

If the partial scrip-for-scrip rollover is not available (because Stockland Trust has acquired less than 80% of GPT), or the GPT Unit Holder does not choose to apply the rollover, the cost base for the Stockland Units will be the value of the consideration provided by the GPT Unit Holder to acquire those interests in the Stockland Units. As the consideration provided by the GPT Unit Holder will be in the form of GPT Units, the market value of the GPT Units is to be determined as at the time of acceptance of the Offer. That market value then needs to be reasonably attributed to the separate assets (Stockland Units and Stockland Shares) acquired by the GPT Unit Holder to determine the cost base of the Stockland Shares and Stockland Units. The part attributable to the Stockland Units will be the GPT Unit Holder's original cost base in those Units. Based on the net tangible assets, the part attributable to the Stockland Units should be 92% of the market value of the GPT Units provided.

**(d) GPT Units are post-CGT assets and rollover applies**

If after the Offer, Stockland Trust acquires 80% or more of the GPT Units, and the GPT Unit Holder elects for the partial scrip-for-scrip rollover to apply, then the cost bases for the Stockland Units they acquire will reflect the rollover and will be calculated as follows.

To the extent the GPT Unit Holder elects for the partial rollover in respect of the disposal of the GPT Units, the cost base for their Stockland Units will be based on their respective cost bases for their original GPT Units; ie based on the net tangible assets, the GPT Unit Holder's cost base for the Stockland Units should be 92% of its cost bases for the original GPT Units.

#### 3.2 Cost base of Stockland Shares

The cost base of the Stockland Shares will be the value of the consideration provided by the GPT Unit Holder to acquire those Stockland Shares. Based on the net tangible assets, this should be 8% of the market value of the GPT Units, determined as at the date of acceptance of the Offer.

### 4 TAXATION OF AUSTRALIAN-RESIDENT STOCKLAND SECURITY HOLDERS

#### 4.1 Taxation of Stockland Corporation dividends

**(a) Individuals and trustees of complying superannuation funds**

A dividend received from Stockland Corporation by a Stockland Security Holder who is a resident of Australia for tax purposes and is either an individual or the trustee of a complying superannuation fund will need to be included in the holder's assessable income for the income year in which the dividend is paid.

Where the dividend is franked and the holder will be entitled to the benefit of the franking credit (see section 4.1(d) below), then:

- The holder will also be required to include an amount equal to the franking credit attached to the dividend in its assessable income; and
- A tax offset equal to the amount of the franking credit should normally be available for offset against the tax payable by the holder. Any excess tax offset (after offset against the holder's tax payable) should normally be refundable to the holder.

**(b) Companies**

A dividend received from Stockland Corporation by a Stockland Security Holder who is a resident of Australia for tax purposes and is a company will need to be included in the recipient's assessable income for the income year in which the dividend is paid.

Where the dividend is unfranked, the Stockland Security Holder will, in effect, be taxed on the dividend unless it has current year losses or outgoings, or losses brought forward from earlier years, which can be set off against it.

Where the dividend is fully franked, and provided the Stockland Security Holder will be entitled to the benefit of the franking credit (see section 4.1(d) below) it should, in effect, not be taxed on the dividend.

Provided the company is entitled to the benefit of the franking credit (see section 4.1(d) below), it should be able to credit its franking account with the franking credit received in respect of the dividend.

**(c) Other investors**

Stockland Security Holders who are residents of Australia for tax purposes and who are neither individuals, nor trustees of complying superannuation funds, nor companies, should consider how they would be treated in relation to the taxation of dividends paid to them by Stockland Corporation. Such investors include exempt bodies and the trustees of trusts other than complying superannuation funds.

**(d) Rules to obtain benefit of imputation/franking credits**

A Stockland Security Holder may not obtain the benefit of imputation in respect of a franked dividend received unless that holder is a "qualified person" in relation to a dividend paid on the Stockland Share. The Stockland Security Holder will be a qualified person if they satisfy the "related payments" rule in relation to the particular dividend paid under the Stockland Share and the "holding period" rule (or alternative rules) in relation to the Stockland Share.

The related payments rule requires the Stockland Security Holder to have held the Stockland Share (or interest in the share) continuously for more than 45 days at risk within a qualification period around the ex-dividend day or requires the Stockland Security Holder to not make a related payment in respect of the dividend which would pass the benefit of the dividend to other persons.

The holding period rule requires the Stockland Security Holder to have held the Stockland Share (or interest in the share) continuously for more than 45 days at risk, that is, without a material diminution of risk. These at risk rules are affected by positions which a Stockland Security Holder may have in relation to the Stockland Share (or other shares issued by Stockland Corporation).

A blanket exemption from these rules is available for individuals whose claim for tax offsets relating to franking in any year of income (in respect of the entire share portfolio of the taxpayer) will not exceed \$5,000, and the individual (or an associate) does not make a related payment in respect of the dividend.

The application of the "related payments" and "holding period" rules are complicated and Stockland Security Holders should, where appropriate, seek their own advice as to whether these rules affect them.

## **4.2 Taxation of Stockland Trust distributions**

**(a) Individuals, trustees of superannuation funds, and companies**

A Stockland Security Holder who is a resident of Australia for tax purposes and is an individual, a trustee of a superannuation fund, or a company will be required to include the full amount of its share of the taxable income of the Stockland Trust in its assessable income in the income year in which entitlement to Stockland Trust income arises. A Stockland Security Holder's share of the taxable income of the trust for a year ending 30 June must therefore be treated as assessable income of that Stockland Security Holder for the income year ending on that date (assuming, in the case of companies and trustees of superannuation funds, that their tax balance date is 30 June). This applies even if distributions of that income by the Stockland Trust are physically paid in the following income year, or are reinvested in further Stockland Securities.

A distribution from the Stockland Trust may include different components, the taxation of which may differ. For example, a Stockland Trust distribution may include a tax-deferred component, a CGT concession component and a net capital gain component.

Tax-deferred distributions arise from property investments which attract building allowances, depreciation allowances and other tax timing differences. Tax-deferred distributions are generally not assessable when received, but should reduce the Stockland Security Holder's cost base in its Stockland Units and thereby affect the holder's capital gains/loss on disposal of its Stockland Units. If the cumulative total of the tax-deferred amounts received by a holder were sufficient to reduce the holder's cost base in its Stockland Units to nil, any further tax-deferred amounts received should be treated as capital gains.

The CGT concession component and net capital gain component relate to any gains made by a trust on the disposal of its assets. The net effect is that any discount capital gains made by the Stockland Trust (on disposals of assets held for 12 months or more) should be fully available to Stockland Security Holders depending on their own circumstances. This means that, assuming the

12-month minimum holding period test and the other anti-avoidance provisions in Division 115 of the 1997 Act are met, a capital gain made by the Stockland Trust or a subsidiary trust on the disposal of property should be capable of qualifying for the relevant CGT discount when taxed in the hands of a Stockland Security Holder (that discount being 50% in the case of an individual or a trust which is not a "complying superannuation entity" and 33% in the case of a "complying superannuation entity" and certain other entities).

If the Stockland Trust or a subsidiary trust invests in properties outside Australia, the income from those properties may suffer foreign tax. While the treatment of such tax would need to be addressed on a case by case basis, it would generally be expected that holders who received distribution of such foreign-sourced income would be capable of claiming foreign tax credits for purposes of Australian tax, and would be assessable on the pre-tax amount of that income.

**(b) Other investors**

Stockland Security Holders who are residents of Australia for tax purposes but are neither individuals nor trustees of superannuation funds nor companies should consider how they would be treated for income tax purposes in relation to an entitlement to distributions from Stockland Trust.

## 5 SALE OF STOCKLAND SECURITIES

Where a holder who is a resident of Australia for tax purposes disposes of a Stockland Security, the holder will, for CGT purposes, be disposing of both the Stockland Share and the Stockland Unit which together comprise that Stockland Security. A CGT calculation will be required in respect of each of the Stockland Share and the Stockland Unit. Any resultant capital gain or loss will need to be taken into account in determining the net capital gain to be included in the assessable income of the Stockland Security Holder in the year of income in which the contract for the disposal is entered into. A net capital gain for a year will be included in assessable income. A net capital loss for a year may be carried forward until the Stockland Security Holder has realised capital gains against which the net capital loss can be offset. Such carry forward and offset by persons other than individuals and trustees is subject to satisfaction of certain tests.

The consideration for the disposal of each of the Stockland Share and the Stockland Unit should be calculated as the total consideration received in respect of the Stockland Security apportioned on a reasonable basis between the Stockland Share and the Stockland Unit.

The capital gain or loss on the disposal of a Stockland Share or Stockland Unit is calculated as follows:

- The disposal proceeds are compared with the cost base (as reduced, in the case of a Stockland Unit, by certain prior tax-deferred distributions).
- The capital gain or loss is the difference between the disposal proceeds and the cost base (as reduced where relevant) of the Stockland Share or Stockland Unit.
- If the Stockland Share or Stockland Unit has been held for less than 12 months, this difference is the amount of the gain or loss included in the net capital gain calculation in respect of that Stockland Share or Stockland Unit.
- If the Stockland Share or Stockland Unit has been held for 12 months or more and there is a loss, this loss is included in the net capital gain calculation.
- If the Stockland Share or Stockland Unit has been held for 12 months or more and there is a gain, a discounting factor may be available to certain Stockland Security Holders. The discounting factor is as follows:
  - Individuals and trusts – 50%;
  - Complying superannuation entities and certain other entities – 33%.

For the purposes of the 12 month rule, a Stockland Unit that is acquired under partial scrip-for-scrip rollover should be deemed to have been acquired by the GPT Unit Holder at the time that they acquired their original GPT Unit (which they disposed of under the Offer). A Stockland Unit that is acquired under the Offer in exchange for a GPT Unit that was acquired prior to 20 September 1985 will be taken to be acquired at the time of exchange.

Where a Stockland Security is acquired by a GPT Unit Holder under the Offer, the cost bases of the Stockland Share and Stockland Unit should be determined as discussed in section 3 above.

## 6 TAX FILE NUMBERS

A GPT Unit Holder need not quote a Tax File Number ("TFN") in relation to the acquisition of Stockland Securities under the Offer. However, if a resident of Australia for tax purposes does not quote a TFN or claim an exemption, tax is required to be deducted from Stockland Trust income distribution entitlements and from any unfranked part of a dividend from Stockland Corporation. The deduction rate is the highest marginal rate plus Medicare levy (currently 48.5%).

A GPT Unit Holder can quote an Australian Business Number ("ABN") instead of a TFN if the GPT Unit Holder acquired the Stockland Security in the course of furtherance of an enterprise carried on by it.

## 7 STAMP DUTY

### ***Acceptance of Offer and Sale of GPT Units***

Acceptance of the Offer and the transfer of GPT Units will not give rise to a liability to stamp duty in any Australian State or Territory subject to the following provisos:

- (a) A liability to ad valorem duty at land transfer rates could arise under the stamp duties legislation in Western Australia ("**WA Act**") if GPT has a direct or indirect interest in land in that State and the consequence of acceptance of offers or the acceptance of offers and compulsory acquisition is that GPT ceases to satisfy certain spread tests under the WA Act. The duty would be calculated at land transfer rates by reference to the market value of land and chattels in Western Australia (if any) in which GPT has a direct or indirect interest. It is possible that the Western Australian stamp duty authority may accept a submission that such a liability to duty would not arise on the basis that the Stockland Trust satisfies the spread tests under the WA Act. Any such liability for duty would be imposed upon the Responsible Entity for GPT.
- (b) A liability to ad valorem duty at land transfer rates could arise under the stamp duties legislation of each other State or Territory in which GPT has a direct or indirect interest in land in relation to a transfer of GPT Units to TCA, as STML's custodian, or a prior agreement for transfer in either case occurring after GPT is delisted (in the case of New South Wales, Victoria, Queensland and the ACT) or after GPT ceases to satisfy certain spread tests (in the case of South Australia and the Northern Territory) and whether as a result of compulsory acquisition or otherwise. The duty (if any) would be calculated at land transfer rates by reference to that proportion of the unencumbered market value of the land represented by the units acquired after delisting or failing the spread tests. The liability for duty (if any) would be imposed upon TCA or, under the Queensland stamp duties legislation, upon TCA and the transferring GPT Unit Holder jointly or, under the Victorian stamp duties legislation, upon TCA and the Responsible Entity for GPT jointly and severally.
- (c) A liability to ad valorem duty at marketable security duty rates (namely: 0.6%) could arise under the stamp duties legislation of the State in which the GPT unit register is located in relation to a transfer of GPT Units to TCA, as STML's custodian, or a prior agreement of transfer in either case occurring after GPT is delisted and whether as a result of compulsory acquisition or otherwise. The duty (if any) would be calculated at the rate of 0.6% by reference to the value of the consideration provided to the GPT Unit Holder. The liability for duty (if any) would be imposed upon TCA or, under the Queensland stamp duties legislation, upon TCA and the transferring GPT Unit Holder jointly or, under the South Australian stamp duties legislation, upon TCA and transferring GPT Unit Holder jointly and severally.

**If, and to the extent that, any liability for duty would be imposed upon a GPT Unit Holder or upon the Responsible Entity of GPT in respect of the acceptance of the Offer or other transfer or agreement for transfer of a GPT Unit, STML will bear the cost of that duty.**

### ***Acquisition by GPT Unit Holder of Stockland Securities***

The issue of Stockland Securities to a GPT Unit Holder will not give rise to any liability for stamp duty.

## 8 GST

Neither the disposal of GPT Units to STML nor the issue of Stockland Securities to a GPT Unit Holder will give rise to a liability for GST since they will comprise input taxed financial supplies. If a GPT Unit Holder acquires any service from a third party (e.g. an adviser) in relation to the disposal of GPT Units to STML, it is likely that the service provided to the GPT Unit Holder will be a taxable supply attracting a liability to GST by the third party supplier who would generally seek reimbursement of its GST liability from the GPT Unit Holder. The GPT Unit Holder would not be entitled to an input tax credit to offset against the cost of such reimbursement obligation unless that Unit Holder is registered for GST and would not exceed the financial acquisitions threshold. STML likewise would not be entitled to an input tax credit in respect of acquisitions by STML from a third party relating to the Offer, the acquisition of GPT Units or the issue of Stockland Securities.

Yours faithfully

*Mallerson Stephen Jacques*

# Information regarding GPT Units

# 10

- 10.1 Capital structure
- 10.2 Details of relevant interests in GPT securities
- 10.3 Details of voting power in GPT
- 10.4 Consideration provided for GPT Units during previous four months
- 10.5 Inducing benefits given during previous four months
- 10.6 GPT Units issued before the end of the Offer Period

## 10.1 Capital structure

According to documents lodged by GPT Management with ASX and ASIC:

- The total number of units in GPT as at the date of this Bidder's Statement is 2,016,716,610; and
- There are no other GPT equity securities (including options) on issue.

Source: Appendix 3B notice dated 2 April 2004.

## 10.2 Details of relevant interests in GPT securities

STML and its associates have no relevant interests in the securities of GPT.

## 10.3 Details of voting power in GPT

STML and its associates have no voting power in GPT as at the date of this Bidder's Statement.

STML's and its associates' voting power in GPT as at the date immediately before the first Offer is sent is nil%.

## 10.4 Consideration provided for GPT Units during previous four months

STML and its associates have not acquired or disposed of GPT Units during the period of four months up to and including on the day immediately before the date of the Offer.

## 10.5 Inducing benefits given during previous four months

Neither STML or any of its associates has, during the period of four months ending on the day immediately before the date of the Offer, given, offered or agreed to give, a benefit to another person and the benefit was likely to induce the other person, or an associate, to:

- (a) accept an Offer; or
- (b) dispose of GPT Units,

which benefit was not offered to all GPT Unit Holders under the Offer.

## 10.6 GPT Units issued before the end of the Offer Period

The Offer is made for all GPT Units on issue as at 30 November 2004. In addition, the Offer will extend to all GPT Units issued after 30 November 2004 and before the end of the Offer Period under a distribution reinvestment plan for GPT Unit Holders, or under a securities plan for employees.

The ASIC declaration concerning the application of the Corporations Act to Offers for GPT Units issued after 30 November 2004 is set out in Appendix 3.

# Additional information

# 11

- |       |   |       |  |
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| 11.1  | Certain investment considerations                                   | 11.12 | Disclosure of interests or fees of certain persons             |
| 11.2  | Statements based on publicly available information                  | 11.13 | Disclosure of payments or benefits received by certain persons |
| 11.3  | Arrangements with GPT   | 11.14 | Expiry date  |
| 11.4  | Directors' interests in Stockland Securities                        | 11.15 | ASIC modifications   |
| 11.5  | Stockland's issued securities                                       | 11.16 | Foreign Acquisitions and Takeovers Act                         |
| 11.6  | Trading of Stockland Securities                                     | 11.17 | Other regulatory matters                                       |
| 11.7  | Dividend and Distribution History                                   | 11.18 | Consents   |
| 11.8  | Summary of rights and liabilities attaching to Stockland Securities | 11.19 | Other material information                                     |
| 11.9  | Sources of consideration  | 11.20 | Approval of Bidder's Statement                                 |
| 11.10 | Foreign Unit Holders  |       |  |
| 11.11 | GPT Split Trust   |       |  |

## 11.1 Certain investment considerations

In view of the nature of property investment, STML does not take account of labour standards or social or ethical considerations in selecting investments for Stockland Trust. Environmental issues will only be taken into account in the selection of investments as part of normal property due diligence as they relate to whether the land comprising part of a prospective investment is contaminated.

## 11.2 Statements based on publicly available information

This Bidder's Statement contains statements which are made in, or based on statements made in, the documents lodged with ASIC or given to ASX by GPT as set out in section 4.4, the annual report of GPT for the year ended 31 December 2003 and the GPT Explanatory Memorandum.

Any GPT Unit Holder who would like to receive a copy of those documents may obtain a copy free of charge during the Offer Period by calling the Stockland offer information line on 1800 070 133 (callers in Australia) or International +61 3 9415 4232 (callers outside Australia).

## 11.3 Arrangements with GPT

Neither Stockland or its controlled entities have any existing arrangements with GPT.

## 11.4 Directors' interests in Stockland Securities

As at the date of this Bidder's Statement, the directors of Stockland had the following relevant interests in Stockland Securities:

Director	Class of security	Number	Nature of relevant interest
Mr Peter Daly	SGP	1,873,968	Direct and Indirect Holding
Mr Nicholas Greiner	SGP SGPNA	39,095 1,387	Indirect Holding
Mr Matthew Quinn	SGP	2,511,000	Direct Holding
Mr Graham Bradley	SGP	44,780	Direct and Indirect Holding
Mr Bruce Corlett	SGP SGPNA	121,741 721	Direct and Indirect Holding
Mr David Fairfull	SGP SGPNA	11,882 422	Indirect Holding
Mr Hugh Thorburn	SGP	290,000	Direct Holding
Mr Terry Williamson	SGP SGPNA	18,192 220	Direct Holding

Stockland Development Pty Ltd, a wholly owned controlled entity of Stockland Corporation, has made loans to Messrs Quinn and Thorburn to purchase Stockland Securities pursuant to various share plans. Interest bearing loans totalling \$10,305,400 and a non-interest bearing loan of \$955,200 have been made to Mr Quinn. Interest bearing loans totalling \$1,059,890 and a non-interest bearing loan of \$537,300 have been made to Mr Thorburn. Interest is payable on the interest-bearing loans equal to the dividends and distributions receivable in respect of the relevant Stockland Securities. The effective rates for the year to 30 June 2004 were between 7.37% and 8.96%. Each loan has a term of or about 5 years, and is secured by the relevant Stockland Securities.

At the annual general meeting on 26 October 2004, Stockland Security Holders approved the new Stockland Incentive Share Plan and the issue of Stockland Securities under the plan to Matthew Quinn and Hugh Thorburn. 180,000 Stockland Securities were issued to Mr Quinn and 90,000 to Mr Thorburn, at an issue price of \$5.97 (being the 5-day VWAP for the 5 trading days after the Stockland Announcement on 8 November 2004), funded by non-interest bearing loans as described above.

## 11.5 Stockland's issued securities

As at the date of this Bidder's Statement Stockland's issued securities consisted of 1,295,427,011 fully paid Stockland Securities (each comprising one Stockland Share and one Stockland Unit). This includes all Stockland Securities issued under the terms of the Stockland Incentive Share Plan on 23 November 2004.

## 11.6 Trading of Stockland Securities

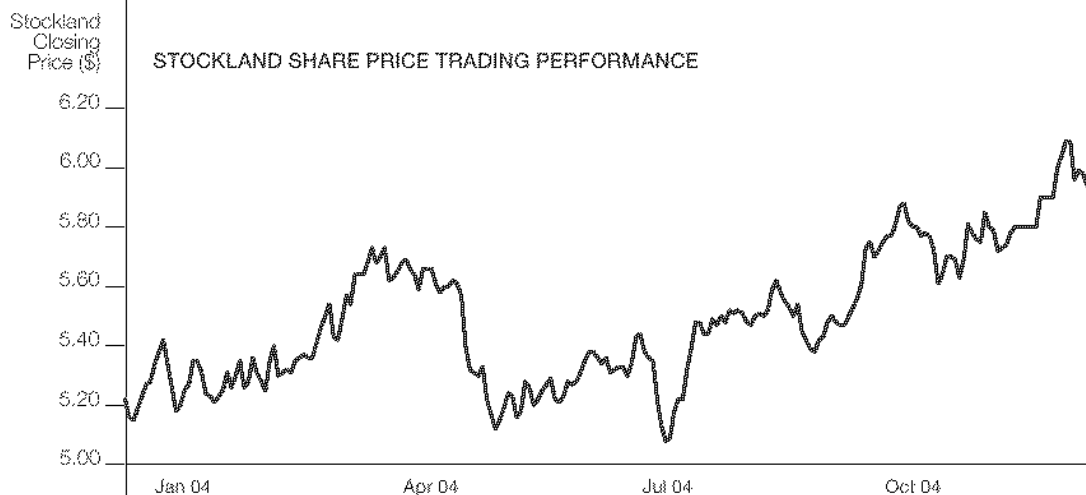
The latest recorded sale price of Stockland Securities on ASX before the Announcement Date was \$6.09 (excluding SGPNA securities).

The latest recorded sale price of Stockland Securities on ASX before the date on which this Bidder's Statement was lodged with ASIC was \$5.76.

The highest recorded sale price of Stockland Securities on ASX in the four months before this Bidder's Statement was lodged with ASIC was \$6.10.

The lowest recorded sale price of Stockland Securities on ASX in the four months before this Bidder's Statement was lodged with ASIC was \$5.38.

The following graph sets out the trading price of Stockland Securities on ASX from 1 January 2004 to 16 November 2004.



Source: IRESS

## 11.7 Dividend and distribution history

The following distributions (being the aggregate of dividends paid on each Stockland Share and distributions on each Stockland Unit) have been paid by Stockland:

Distribution Period End Date	Amount per Stockland Security (cents)	Tax Deferred/ Tax Advantaged % of Stockland Trust Distributions	% Franked of Stockland Corporation Dividend
30 June 1999	12.6	22.43	100
31 December 1999	12.9	19.85	100
30 June 2000	13.2	18.10	100
31 December 2000	13.9	23.70	100
30 June 2001	14.4	32.00	100
31 December 2001	14.5	24.00	100
30 June 2002	15.2	27.83	100
31 December 2002	15.6	25.10	100
30 June 2003	16.5	22.40	100
31 December 2003	18.00	20.10	100
30 June 2004	19.00	20.10	100

The tax deferred and tax advantaged percentage of Stockland Trust distributions represents the following: Prior to 1 July 2001, distributions by trusts of non-assessable amounts associated with building allowances did not result in any adjustment to the cost base for capital gains tax ("CGT") of units in the trust unless a capital loss would arise on disposal. Accordingly, Stockland Trust's interim distribution for the 2000 year (and prior years) comprised of a tax free, tax-deferred and taxable component.

Legislative changes introduced by Taxation Laws Amendment Act (No.5) 2001 ("TLAA No.5") require CGT cost base adjustment in respect of trust distributions representing non-assessable amounts associated with building allowances (for distributions paid on or after 1 July 2001). As a result of these amendments, the distinction between tax-free and tax-deferred distributions were no longer relevant, as tax-free distributions are effectively treated in the same manner as tax-deferred distributions for tax. Therefore, Stockland Trust's distribution for the 2001 year comprises only tax-deferred and taxable components.

In the years ended 30 June 2003 and 2004, the tax advantaged and tax deferred percentage of the distribution is represented by the total of the Tax Deferred component and CGT Concession component.

The tax deferred component generally arises when tax depreciation and capital allowances have been allowed as tax deductions to Stockland Trust. The tax deferred component is not assessable and reduces your cost base for capital gains tax purposes. The CGT Concession component represents the non-assessable component of the capital gains tax derived by Stockland Trust which has been calculated under the 50% discount method.

## 11.8 Summary of rights and liabilities attaching to Stockland Securities

There are separate rights and liabilities which attach to the Stockland Units and the Stockland Shares which are stapled to form a Stockland Security. The rights and liabilities for the Stockland Units are contained in the Stockland Trust Constitution and the rights and liabilities of the Stockland Shares are contained in the Stockland Corporation Constitution.

### STOCKLAND TRUST CONSTITUTION

#### (a) Introduction

Stockland Trust is a unit trust governed by the Stockland Trust Constitution, as a registered managed investment scheme, and by the Corporations Act. This section provides a brief summary of the Stockland Trust Constitution.

#### (b) Stockland Trust Constitution

Stockland Trust was established by a trust deed dated 9 June 1982. On 18 May 2000 Stockland Trust was registered as a managed investment scheme under the Corporations Act with the trust deed being amended so that it took the form of the Stockland Trust Constitution.

The Stockland Trust Constitution binds STML in its capacity as the Responsible Entity of the Stockland Trust under the Corporations Act. STML holds an Australian Financial Services Licence and is authorised to manage and operate the Stockland Trust. STML holds all of the assets on trust for the Stockland Unit Holders.

STML may amend the Stockland Trust Constitution pursuant to **section 601GC** of the Corporations Act by special resolution of the Stockland Unit Holders or by a deed executed by STML if STML reasonably considers the change will not adversely affect Stockland Unit Holders' rights.

#### (c) Duration of the Stockland Trust

Stockland Trust commenced on 9 June 1982 and terminates on the day immediately preceding the earliest of the 21st anniversary of the date of death of the last survivor of the descendants of His late Majesty King George V living at 9 June 1982, or the date of delisting, or if the Stockland Trust is terminated in accordance with the law or the Stockland Trust Constitution. If permitted by law STML may extend the life of the Stockland Trust if in its opinion it is in the best interests of Stockland Unit Holders to do so. In addition, if any law is passed which has the effect of materially diminishing the amount of income of the Stockland Trust available for distribution to Stockland Unit Holders then STML may terminate the Stockland Trust.

#### (d) Powers of STML

STML has all the powers in respect of the Stockland Trust that it is possible under the law to confer on a trustee and as though it were the absolute owner of the Assets and acting in its personal capacity. Other powers conferred on STML include the power to borrow and raise money, and to incur all types of obligations and liabilities including guarantees, and the power to invest in, dispose of or otherwise deal with property and rights in its absolute discretion.

**(e) Retirement of STML**

STML may retire as the Responsible Entity of the Stockland Trust as permitted by law. STML must retire as the Responsible Entity of the Stockland Trust when required by law.

**(f) Rights and liabilities of STML**

STML and its associates may hold Stockland Units and Stockland Shares in any capacity. STML is not liable in contract, tort or otherwise to members for any loss suffered in any way relating to the Stockland Trust except to the extent that the Corporations Act imposes such liability. STML is entitled to be indemnified out of the Assets for any liability incurred by it in properly performing or exercising any of its powers or duties in relation to the Stockland Trust.

**(g) Valuation of Assets**

STML may cause an Asset to be valued at any time, and must do so as and when required by the Corporations Act.

**(h) Stockland Units**

The beneficial interest in the Stockland Trust is divided into Stockland Units.

Subject to compliance with the Listing Rules, STML may create and issue:

- (i) classes of Stockland Units with such rights, obligations and restrictions attaching to the units of such classes as it determines; and
- (ii) options to subscribe for Stockland Units on such terms and conditions as it determines.

While stapling applies STML may not issue any Stockland Units or options over Stockland Units unless there is a contemporaneous offer of an identical number of Stockland Shares or options over Stockland Shares. An offeree can only accept an offer of Stockland Units or options over Stockland Units if they also accept the contemporaneous offer of Stockland Shares or the options over them.

**(i) Members of the Stockland Trust**

A member is the person registered as the holder of a Stockland Unit.

**(j) Rights attaching to Stockland Units**

A Stockland Unit Holder holds a Stockland Unit subject to the rights, restrictions and obligations attaching to that Stockland Unit. A Stockland Unit confers an interest in the Assets as a whole, subject to the Liabilities. It does not confer an interest in a particular Asset.

**(k) Meeting of Stockland Unit Holders**

STML may at any time convene a meeting of Stockland Unit Holders or a class of Stockland Unit Holders and must do so if required by the Corporations Act.

**(l) Liability of Stockland Unit Holders**

The liability of a Stockland Unit Holder is limited to the amount if any which remains unpaid in relation to the Stockland Unit Holder's subscription for their Stockland Units. A Stockland Unit Holder must not interfere with any rights or powers of STML under the Stockland Trust Constitution or exercise a right in respect of an Asset or lodge a caveat or other notice affecting an Asset or otherwise claim any interest in an Asset.

**(m) Application price for Stockland Units**

The application price for a Stockland Unit varies according to the circumstances in which it is to be issued, as set out below.

*(i) Stockland Units issued while Stockland Trust is not listed on ASX*

While the Stockland Trust is not listed:

$$\frac{\text{Net Asset Value} + \text{Transaction Costs}}{\text{Number of Stockland Units on issue}}$$

*(ii) Units issued while Stockland Trust is listed on ASX*

While the Stockland Trust is listed, and stapling applies, subject to paragraph (v) below, the application price is the proportion of the average market price of a Stockland Security determined by STML in accordance with the Stockland Trust Constitution. The average market price of a Stockland Security is the price determined by STML, being 90% to 110% of their weighted average market price during the ten ASX trading days immediately prior to the commencement of the seven day period immediately preceding the relevant date ("Average Market Price").

*(iii) Rights issues*

If STML offers Stockland Units for subscription to all Stockland Unit Holders on a date determined by STML then STML may do so at an application price as follows while stapling applies in respect of Stockland Securities:

- The Stockland Trust is not listed on ASX, the application price must be at least 80% of the price calculated under paragraph (i) above; or
- While Stockland Securities are quoted on ASX, the application price of the Stockland Securities must be at least 80% of the proportion of the Average Market Price of the Stockland Securities on the day preceding the date of the offer as STML determines in accordance with the Stockland Trust Constitution.

*(iv) Reinvestment of Distribution*

The application price payable for each Stockland Unit upon reinvestment of distributions is the application price determined by STML as at the date of distribution of income provided that:

- While the Stockland Trust is not listed on ASX, the application price is calculated in accordance with the above formula in paragraph (i) less such discount, if any, not exceeding 10% as STML may determine;
- While the Stockland Trust is listed on ASX and stapling does not apply, the application price payable for each additional Stockland Unit is the Average Market Price of a Stockland Unit less such discount, if any, not exceeding 10%, as STML may determine;
- While the Stockland Trust is listed and stapling does apply, the application price is that part of the Average Market Price of Stockland Securities determined by STML in accordance with the Stockland Trust Constitution, less such discount, if any, not exceeding 10% as STML may determine.

*(v) Stockland Units issued as consideration under the Offer*

The application price for Stockland Securities issued under the Offer is one GPT Unit per 0.608 Stockland Securities.

*(vi) Issue of Stockland Units with different income entitlements*

STML may issue Stockland Units which:

- Participate fully for net income of the Stockland Trust in respect of the distribution period in which they are issued;
- Participate for net income of the Stockland Trust in respect of the distribution period in which they are issued from a date specified by the Responsible Entity;
- Do not entitle the Stockland Unit Holder to receive any distribution of the net income of the Stockland Trust in respect of the distribution period in which such Stockland Units are issued; or
- Entitle the Stockland Unit Holder to receive a distribution of net income of the Stockland Trust from the first day of the month immediately following the allotment of the Stockland Unit, apportionable in respect of time accordingly.

**(n) Redemption price of Stockland Units**

Whilst stapling applies STML may not redeem any Stockland Units unless Stockland Corporation also redeems or buys back the corresponding stapled Stockland Shares.

**(o) Withdrawal of Stockland Units**

A Stockland Unit Holder's right to make a redemption request is suspended whilst the Stockland Trust is listed on ASX. If the Stockland Trust ceases to be listed on ASX, the Stockland Trust Constitution makes provisions for Stockland Unit Holders to request that some or all of their Stockland Units be redeemed and the terms of that redemption.

**(p) Transfer of Stockland Securities**

Stockland Security Holders may transfer Stockland Units. Subject to the rules applicable while Stockland Trust is admitted to an uncertificated trading system, the transfer must be in a form approved by STML. Subject to the Listing Rules, STML may refuse to register any transfer. Additionally, while stapling applies and subject to the Corporations Act and the Listing Rules, STML must not register any transfer of Stockland Units unless it is a single instrument of transfer of Stockland Securities.

**(q) Income distributions**

STML must distribute the net income of the Stockland Trust during the half yearly period ending on the last day of December and June. The net income must be distributed within two months of the closing of the register for the purpose of determining distribution entitlements. STML may also decide to distribute capital to Stockland Unit Holders in proportion to their holding of Stockland Units or, if Stockland Units are issued with a different distribution entitlement, apportioned according to the time during which the Stockland Unit is taken to have been created or issued during the distribution period.

Stockland Unit Holders as at the end of each half yearly period are generally entitled to a share of the net income for the relevant half year as follows:

- The net income accrues in respect of a Stockland Unit from the first day of the month immediately following the allotment of the unit and accrues from month to month; and
- Is apportionable in respect of time accordingly.

This is, however, subject to any Stockland Units issued with different income entitlements to that stated above, which shall, for the relevant period, carry the different income entitlement.

All Stockland Securities issued to GPT Unit Holders who accept the Offer shall be entitled to income for periods commencing on 1 January 2005, regardless of the date of allotment.

**(r) Partly paid Stockland Units**

The Stockland Trust Constitution allows STML to offer Stockland Units for sale on terms where the application price is payable by instalments.

If a Stockland Unit Holder fails to pay in full any instalment due on any partly paid Stockland Unit, the Stockland Unit Holder must pay interest. If after a further period of time notified to the Stockland Unit Holder by STML, a Stockland Unit Holder fails to pay any instalment due on any partly paid Stockland Unit, the partly paid Stockland Units in respect of which the instalment or part instalment remains unpaid will be liable to be forfeited. If a partly paid Stockland Unit is forfeited, STML obtains certain rights over the forfeited unit.

**(s) Sale of forfeited Stockland Units**

A forfeited Stockland Unit may be sold or otherwise disposed of as a fully paid Stockland Unit on such terms and conditions as STML determines, subject to any applicable ASIC relief in relation to the sale of forfeited Stockland Units.

**(t) Compliance Committee and complaints**

The Compliance Committee is required to monitor compliance with the Stockland Trust Constitution and with the Corporations Act. The Stockland Trust Constitution contains a provision that if any Compliance Committee member incurs a liability in that capacity in good faith, the Compliance Committee member is entitled to be indemnified out of the Assets in respect of that liability to the extent permitted by the Corporations Act.

In accordance with the Corporations Act and ASIC policy, if a member submits to STML a complaint alleging that the member has been adversely affected by STML's conduct in its management or administration of the Stockland Trust, STML must acknowledge receipt of the complaint in writing, ensure the complaint receives proper consideration, act in good faith to deal with the complaint, and communicate to the complainant the determination and/or remedies with respect to the complaint.

**RIGHTS ATTACHING TO STOCKLAND SHARES**

The Stockland Corporation Constitution sets out the rights conferred and the restrictions imposed on Stockland Shares. Set out below is a summary of the important rights attaching to Stockland Shares.

**(a) Incorporation**

Stockland Corporation was originally incorporated in New South Wales on 16 July 1956. It converted to a public company and adopted its current name with effect from 14 January 1988.

**(b) Share capital**

At the date of this Bidder's Statement, the issued share capital of Stockland Corporation was 1,295,427,011 Stockland Shares (which includes the Stockland Securities issued under the Stockland Incentive Share Plan on 23 November 2004).

**(c) Joint quotation**

Each Stockland Unit is stapled to a Stockland Share so that there is a joint market price for Stockland Securities. Accordingly, each holder of Stockland Units must hold an equal number of Stockland Shares.

**(d) Voting**

At a meeting of members of Stockland Corporation, every holder of a Stockland Share present in person or by representative has one vote on a show of hands and every holder of Stockland Share present in person or by proxy, attorney or representative has one vote per fully paid Stockland Share on a poll.

**(e) Meetings of members**

Notice of any general meeting must be given in writing to each holder of Stockland Shares entitled to receive notice of meetings of members of Stockland Corporation.

**(f) Dividends**

Subject to any special terms and conditions of issue, the profits of Stockland Corporation which the Directors from time to time determine to distribute by way of dividends must be paid to the holders of Stockland Shares in proportion to the amount paid up on the Stockland Shares held by them.

**(g) Issue of further Stockland Shares**

The Directors may, subject to any restrictions imposed by the constitution of Stockland Corporation, the Listing Rules and the Corporations Act, issue further Stockland Shares units of, rights to or options to acquire Stockland Shares, instalment receipts and other securities with rights of conversion to equity in the share capital of Stockland on such terms and conditions as they see fit. However, as noted above, each Stockland Share must be stapled to a Stockland Unit. Therefore, Stockland Corporation will only issue new Stockland Shares when new Stockland Units are issued.

**(h) Transfer of Stockland Shares**

Holder of Stockland Shares may transfer them by a proper transfer in a form approved by the Directors or otherwise permitted by the Corporations Act. However, as noted above, each Stockland Share must be stapled to a Stockland Unit. Therefore, no transfer of Stockland Shares will be registered unless a transfer of an equal number of Stockland Units is also registered.

**(i) Winding up**

Subject to the constitution of Stockland Corporation and any special rights attaching to any class of shares, holders of Stockland Shares will be entitled in a winding up to share in any surplus assets of Stockland Corporation in proportions determined by the liquidator with the sanction of a special resolution of members.

**(j) Directors**

The number of Directors of Stockland Corporation shall be a number not less than three and not more than ten. Questions arising at a meeting of Directors will be decided by a majority vote. In the event that, at a meeting of Directors, there are equal votes cast for and against any motion, the Chairman will have the casting vote.

**(k) Directors' indemnity**

Stockland Corporation, to the extent permitted by law, indemnifies each officer or any person who has been an officer of Stockland Corporation or one of its subsidiaries out of the assets of Stockland Corporation against any liability incurred or to be incurred by the officer in or arising out of the conduct of any activity of Stockland Corporation or a subsidiary of Stockland Corporation or the proper performance of the officer's duties in successfully defending any proceedings or in connection with an application in relation to such proceedings in which the Court grants relief to the person under the Corporations Act.

The summaries in this section 11.8 do not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of holders of Stockland Securities, which can involve complex questions of law arising from the interaction of the Stockland Trust Constitution, the constitution of Stockland Corporation and statutory, common law and Listing Rule requirements. For a definitive assessment of the rights and liabilities which attach to Stockland Securities in any specific circumstances a suitably qualified adviser should be consulted.

## 11.9 Sources of consideration

**(A) MAXIMUM NUMBER OF STOCKLAND SECURITIES**

The maximum number of Stockland Securities which would become issuable under the Offer if acceptances were received in respect of all GPT Units on issue as at the date of this Bidder's Statement is approximately 1,226,163,698 Stockland Securities.

Stockland has the capacity to issue the maximum number of Stockland Securities which it may be required to issue under the Offer.

Stockland Corporation has executed a Scrip Issue Deed Poll under which it has undertaken to issue Stockland Shares as a component part of Stockland Securities to GPT Unit Holders as required by STML in its capacity as Responsible Entity of the Stockland Trust under the terms of the Offer.

#### (B) RANKING OF STOCKLAND SECURITIES

Stockland Securities issued as consideration under the Offer will be entitled to distributions from 1 January 2005 (GPT Unit Holders will be entitled to the GPT quarterly distribution for the period to 31 December 2004).

This will be the case even if Stockland does not become entitled to consolidate GPT for accounting purposes until after 1 January 2005, in which event Stockland will meet such entitlements by making a distribution of capital.

### 11.10 Foreign Unit Holders

Restrictions in certain foreign countries make it impractical or unlawful to offer or receive securities in those countries. Accordingly, Foreign Unit Holders are not offered Stockland Securities under the Offer. Instead, Foreign Unit Holders who accept the Offer will receive a cash payment if the Offer becomes unconditional, in accordance with clauses 2.2 and 5.2 of the Offer Terms.

A Foreign Unit Holder is any GPT Unit Holder who has a registered address which is outside Australia and its external territories, unless Stockland is satisfied that it is not prevented from lawfully issuing Stockland Securities to them, either unconditionally or after compliance with conditions that Stockland regards as acceptable and not unduly onerous.

If Stockland becomes satisfied in accordance with the above that it is able to, and will, issue Stockland Securities under the Offer to GPT Unit Holders who have registered addresses in any foreign country, it will issue a supplementary bidder's statement disclosing that fact.

For Foreign Unit Holders who accept the Offer, STML will arrange for the issue to a nominee company (UBS Nominees Pty Limited) of the number of Stockland Securities to which the Foreign Unit Holder would have been entitled. The Nominee will then sell those Stockland Securities within five Business Days after the end of the Offer Period and will remit the proceeds of sale (net of expenses) to the Foreign Unit Holder in accordance with the formula contained in clause 5.2 of the Offer Terms. This amount will be in Australian currency.

### 11.11 GPT Split Trust

Stockland's Offer extends to the GPT Units held by the GPT Split Trust.

Stockland does not presently intend to make any offer for the issued units in the GPT Split Trust.

Unit Holders in the GPT Split Trust who are able to do so may wish to redeem their units for GPT Units and accept Stockland's Offer for those GPT Units.

### 11.12 Disclosure of interests or fees of certain persons

No director or proposed director of STML, Stockland Corporation or any person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement holds, or held at any time during the last two years, any interest in:

- The formation or promotion of Stockland;
- Property acquired or proposed to be acquired by Stockland in connection with its formation or promotion or the Offer; or
- The Stockland Securities to be issued under the Offer;

except as set out in this Bidder's Statement.

## 11.13 Disclosure of payments or benefits received by certain persons

No person has paid or agreed to pay an amount and no person has given or agreed to give any benefit to any director of Stockland Corporation, or a Director or to any person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement for services provided in connection with the formation or promotion of Stockland or the Offer other than as set out below or elsewhere in this Bidder's Statement.

Mallesons has acted as legal adviser to STML in relation to the Offer. STML estimates that it will pay approximately \$1.9 million (excluding disbursements and GST) to Mallesons. Further amounts may be paid to Mallesons in accordance with its normal time-based charges.

Deloitte has acted as independent accountant to STML. STML estimates that it will pay approximately \$700,000 (excluding disbursements and GST) to Deloitte for this assignment. Further amounts may be paid to Deloitte in accordance with its normal time-based charges.

## 11.14 Expiry date

No securities will be issued on the basis of this Bidder's Statement after the date which is 13 months after the date of the Offer.

## 11.15 ASIC modifications

STML has obtained from ASIC various exemptions from and modifications to the Corporations Act which have the effect of varying the Corporations Act in its application to the Offer as follows:

- (a) modification to allow Chapter 6 to apply to distributions by target trusts as it applies to dividends by target companies; and
- (b) modification to allow the Offer to extend to GPT Units issued during the Offer Period under a distribution reinvestment plan or employee securities plan.

Copies of the relevant instruments are included in Appendix 3.

## 11.16 Foreign Acquisitions and Takeovers Act 1975

STML is a foreign person for the purposes of Australia's Foreign Acquisitions and Takeovers Act 1975 ("FATA") and Foreign Investment Policy ("Policy") as a result of the approximate 15.6% securityholding of Westpac Custodian Nominees Limited in Stockland.

On 11 November 2004, STML applied to the Federal Treasurer for a statement of no objection to the Offer under the FATA.

As a result of foreign persons, including Westpac Custodian Nominees Limited and JPMorgan Nominees Australia Limited, holding an aggregate interest of more than 40% of the issued units of GPT, GPT is already regarded as foreign for the purposes of the FATA and Policy. STML's acquisition of 15% or more of the issued units of GPT will maintain GPT's status as foreign for the purposes of the FATA and Policy.

## 11.17 Other regulatory matters

Stockland does not believe that the acquisition would or would be likely to result in a substantial lessening of competition in any relevant market for the purposes of section 50 of the Trade Practices Act 1975. Stockland has, however, advised the Australian Competition & Consumer Commission of its intention that STML acquire all of the issued units of GPT as a courtesy.

## 11.18 Consents

The following persons have given and have not, before the date of this Bidder's Statement, withdrawn their consent to the following in this Bidder's Statement in the form and context in which it appears, and to all references in this Bidder's Statement to that information in the form and context in which it appears:

- Each Stockland Director – to be named as a Director and to the inclusion of statements made by him and each statement which is based on a statement made by him;
- Deloitte – to be named as independent accountant to Stockland and to the inclusion of the Independent Accountant's Report in section 8 of this Bidder's Statement and any statement in this Bidder's Statement based on a statement in that report;
- UBS AG, Australia Branch ("UBS") to the sourcing of data from UBS;
- Mallesons – to be named as legal adviser to Stockland and to the inclusion of the information in relation to the tax issues set out in section 9 of this Bidder's Statement;
- Stockland Corporation – to the inclusion of statements made by it, and each statement which is based on a statement made by it.

### Disclaimer regarding statements made and responsibility

Each person named above as having given its consent to the inclusion of a statement or to being named in this Bidder's Statement:

- Does not make, or purport to make, any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Bidder's Statement with the consent of that person; and
- To the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Bidder's Statement with the consent of that party.

## 11.19 Other material information

Except as set out elsewhere in this Bidder's Statement, there is no other information that is:

- (a) material to the making of a decision by a GPT Unit Holder whether or not to accept an Offer; and
- (b) known to STML,

and has not previously been disclosed to the GPT Unit Holders.

## 11.20 Approval of Bidder's Statement

The copy of this Bidder's Statement that is to be lodged with ASIC has been approved by a resolution passed by all the Directors of STML on 23 November 2004.

Signed by Hugh Thorburn of Stockland Trust Management Limited in accordance with section 351 of the Corporations Act.



Director

Date: 24 November 2004

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## Glossary

The following defined terms are used throughout this Bidder's Statement unless the contrary intention appears or the context requires otherwise:

**Acceptance Form** means the form of acceptance and transfer accompanying this Offer.

**ADP** means AMP Diversified Property Trust.

**Announcement Date** means 8 November 2004, being the date of announcement of the Offer.

**ASIC** means Australian Securities and Investments Commission.

**Assets** means all the property investments, rights and income of Stockland Trust from time to time.

**ASTC** means ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532), the body that administers the CHESS system in Australia.

**ASTC Settlement Rules** means the settlement rules of ASTC.

**ASX** means Australian Stock Exchange Limited.

**Bid Period** means the period commencing when the Bidder's Statement is given to GPT Management and ending at the end of the Offer Period.

**Bidder** means STML in its capacity as Responsible Entity of the Stockland Trust.

**Bidder's Statement** means this document, being the statement of STML under Part 6.5 Division 2 of the Corporations Act relating to the Offers.

**Board** means the board of Directors of STML.

**Business Day** means a day on which banks are open for general banking business in Sydney (not being a Saturday, Sunday or public holiday in that place).

**CAGR** means compound annual growth rate.

**CGT** means capital gains tax.

**CHESS** means the Clearing House Electronic Subregister System, which provides for electronic security transfer in Australia.

**CHESS Holding** means a holding of GPT Units on the CHESS subregister of GPT.

**Compliance Committee** means the committee established by STML to monitor compliance with the Stockland Trust Constitution and the Corporations Act.

**Controlling Participant** means the Market Participant or General Settlement Participant who is designated as the controlling participant for shares in a CHESS Holding in accordance with the ASTC Settlement Rules.

**Corporations Act** means the Corporations Act 2001 (Cwlth).

**Deloitte** means Deloitte Corporate Finance Pty Ltd.

**Directors** means each of the directors of STML acting individually or collectively (as the context requires).

**Directors' Forecasts** means the Stockland Forecast, the Pro Forma Merged Entity Forecast and Pro Forma Merged Entity Statements of Financial Position.

**DPS** means distribution per security.

**DPU** means distribution per unit.

**EBIT** means earnings before interest and taxation.

**EPS** means earnings per security.

**EPU** means earnings per unit.

**FATA** means the Foreign Acquisitions and Takeovers Act 1975.

**Foreign Unit Holder** means a GPT Unit Holder whose address as shown in GPT's register of GPT Unit Holders is a place outside Australia and its external territories, unless Stockland is satisfied that it is not precluded from lawfully issuing Stockland Securities to the GPT Unit Holders either unconditionally or after compliance with conditions which Stockland regards as acceptable and not unduly onerous.

**General Settlement Participant** means a general settlement participant under the ASTC Settlement Rules.

**GCT Deed** means the Guarantee and Common Terms Deed dated 15 June 2004.

**GLA** means gross lettable area.

**GPT** means General Property Trust (ARSN 090 110 357).

**GPT Assets** means all the property investments, rights and income of GPT from time to time.

**GPT Explanatory Memorandum** means the Explanatory Memorandum released to ASX by GPT on 15 October 2004.

**GPT Forecast** means the GPT pro forma forecast for the year ending 30 June 2005 issued on 15 October 2004 in conjunction with the GPT Explanatory Memorandum.

**GPT Group** means GPT and its controlled companies or trusts as at the date of this Bidder's Statement.

**GPT Independent Expert's Report** means the report of Grant Samuel attached to the GPT Explanatory Memorandum.

**GPT Management** means GPT Management Limited (ABN 94 000 335 473) as Responsible Entity for GPT.

**GPT Split Trust** means the GPT Split Trust (ARSN 090 110 213).

**GPT Unit Holder** means a holder of GPT Units.

**GPT Units** means fully paid ordinary units in the capital of GPT.

**IFRS** means International Financial Reporting Standards.

**Independent Accountant's Report** means the report in section 8 of this Bidder's Statement.

**Issuer Sponsored Holding** means a holding of GPT Units on GPT's issuer sponsored subregister.

**Liabilities** means all present liabilities of the Stockland Trust including any provision which STML decides should be taken into account in determining the liabilities of the Stockland Trust.

**Listing Rules** means the listing rules of ASX and any other rules of ASX which are applicable while the relevant entity is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

**Lend Lease** means Lend Lease Corporation Limited (ABN 32 000 226 228).

**Lend Lease Group** means Lend Lease and its controlled companies or trusts as at the date of this Bidder's Statement.

**Lend Lease Stapling Proposal** means the proposed stapling merger of GPT and Lend Lease set out in the Explanatory Memorandum released to ASX on 15 October 2004, as amended, varied or replaced.

**LPT** means listed property trust.

**Mallesons** means Mallesons Stephen Jaques.

**Market Participant** means a market participant under the ASTC Settlement Rules.

**MAT** means moving annual turnover.

**Merged Entity** means Stockland following the acquisition of at least 50.1% of issued GPT Units as a result of the Offer.

**MTN** means medium term note.

**MTN Program** means the Commercial Paper and Medium Term Note Program Deed Poll dated 19 March 2001.

**Net Asset Value** means the value of the assets calculated in accordance with the Stockland Trust Constitution less the liabilities.

**NLA** means net lettable area.

**Nominee** means UBS Nominees Pty Limited (ACN 001 450 522).

**NTA** means net tangible assets.

**Offer** or **Offers** means the offers by STML on the Offer Terms to acquire GPT Units referred to in section 1 of this Bidder's Statement.

**Offer Period** means the period commencing on 9 December 2004 and ending on 14 January 2005, or such later date to which the Offer has been extended.

**Offer Terms** means the terms and conditions of the Offers set out in Appendices 1 and 2 to this Bidder's Statement.

**Offer Value** means the 5 day VWAP of Stockland Securities to close of trading to 5 November 2004, being the last day on which Stockland Securities traded prior to announcement of the Offer, without adjustment for future distributions multiplied by 0.608.

**Permitted Matter** means an event, occurrence or matter:

- (a) arising as a result of general economic, regulatory or political conditions or changes in those conditions (including changes in interest rates and exchange rates and changes in tax, securities or other applicable laws);
- (b) relating to changes in business conditions of general industries in which members of GPT Group operate as at the Announcement Date; or
- (c) ascertainable from information publicly available before the Announcement Date.

**Pro Forma Merged Entity Forecast** means the forecast statements of financial performance of the Merged Entity for the year ended 30 June 2005.

**Pro Forma Merged Entity Statements of Financial Position** means the pro forma statements of the financial position of the Merged Entity as at 30 June 2004.

**Public Authority** means any government or any governmental, semi-governmental, administrative, statutory or judicial entity, authority or agency, whether in Australia or elsewhere, including any self-regulatory organisation established under statute or any stock exchange.

**Related Bodies Corporate** has the meaning given to that term in section 50 of the Corporations Act.

**Responsible Entity** means a person who acts as a responsible entity under Chapter 5C of the Corporations Act.

**Rights** means all accretions, rights or benefits of whatever kind attaching to or arising from GPT Units directly or indirectly after the date of this Bidder's Statement, including, without limitation, all distributions and all rights to receive any distributions, or to receive or subscribe for units, notes, bonds, options or other securities, declared, paid or made by GPT.

**Scrip Issue Deed Poll** means the deed poll executed by Stockland Corporation in favour of STML and dated on or about the date of this Bidder's Statement, in which Stockland Corporation undertakes to issue Stockland Shares as required by STML under the terms of the Offer.

**S&P** means Standard & Poor's.

**SDOT1** means Stockland Direct Office Trust No. 1 (ARSN 110 688 009).

**SFML** means Stockland Funds Management Limited (ABN 86 078 081 722).

**Statement of Financial Performance** means a statement of financial performance as required by the Corporations Act.

**STML** means Stockland Trust Management Limited (ABN 86 001 900 741) as Responsible Entity for Stockland Trust.

**STML's Takeover Transferee Holding** means the holding of GPT Units on the CHESS subregister of STML established for the purposes of this Offer.

**Stockland** means Stockland Corporation and Stockland Trust as stapled entities.

**Stockland Corporation** means Stockland Corporation Ltd (ABN 43 000 181 733).

**Stockland Facility** means the GCT Deed, MTN Program and the US Private Placement.

**Stockland Forecast** means the forecast statement of financial performance of Stockland for the year ending 30 June 2005.

**Stockland Guarantees** means the GCT Deed and the US Private Placement.

**Stockland Group** means Stockland Corporation and Stockland Trust and their respective controlled companies and trusts as at the date of this Bidder's Statement.

**Stockland Incentive Share Plan** means Stockland's Incentive Share Plan approved at the annual general meeting on 26 October 2004.

**Stockland Security** means one Stockland Share and one Stockland Unit which are stapled together.

**Stockland Security Holder** means a person who is registered as the holder of a Stockland Security.

**Stockland Share** means one fully paid ordinary share in the capital of Stockland Corporation.

**Stockland Trust** means Stockland Trust (ARSN 092 897 348).

**Stockland Trust Constitution** means the trust deed dated 9 June 1982 as amended from time to time. This trust deed was subsequently replaced by the current Stockland Trust Constitution as a result of Stockland Trust being registered as a managed investment scheme on 18 May 2000 and includes all variations and amendments from time to time.

**Stockland Unit** means one fully paid ordinary unit in the capital of Stockland Trust.

**Stockland Unit Holder** means a person who holds Stockland Units.

**Subsidiary** has the meaning given in the Corporations Act.

**TCA** means Trust Company of Australia Limited (ABN 59 004 027 749).

**Transaction Costs** means:

- (a) when calculating the application price of a Stockland Unit, STML's estimate of the total cost of acquiring the Assets; and
- (b) when calculating the redemption price of a Stockland Unit, STML's estimate of the total cost of selling the Assets,

provided that subject to the Corporations Act, STML may in connection with any particular application or request for redemption of Stockland Units deem these costs to be a lesser sum or zero.

**US Private Placement** means the US Note and Guarantee Agreement dated 8 October 2003.

**VWAP** means volume weighted average price.

#### GENERAL INTERPRETATION

The following rules of interpretation apply unless the contrary intention appears or the context requires otherwise:

- (a) a reference to time is a reference to Eastern Summer Time.
- (b) headings are for convenience only and do not affect interpretation.
- (c) the singular includes the plural and conversely.
- (d) a reference to a section is to a section of this Bidder's Statement.
- (e) a gender includes all genders.
- (f) where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (g) \$, or cents is a reference to the lawful currency in Australia, unless otherwise stated.
- (h) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely.
- (i) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and assigns.
- (j) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it.
- (k) a reference to any instrument or document includes any variation or replacement of it.
- (l) a term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act or the ASIC Settlement Rules, as the case may be.
- (m) a reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually.
- (n) a reference to you is to a person to whom the Offer is made under Appendix 1 to this Bidder's Statement.



# Appendices

# Appendix 1 – Formal terms of the Offer

## 1 OFFERS

- (a) STML offers to acquire all of your GPT Units together with all Rights attaching to them on the following terms and conditions. The Offer is made in respect of all GPT Units that exist as at 30 November 2004 and all GPT Units issued between that date and the end of the Offer Period under a distribution reinvestment plan or employee securities plan.
- (b) You may only accept this Offer for all of your GPT Units.
- (c) By accepting this Offer, you undertake to transfer to STML not only the GPT Units to which the Offer relates but also all Rights attached to the GPT Units (other than the GPT distribution for the period to 31 December 2004 in accordance with clause 2.4(a)).
- (d) Stockland Securities issued in accordance with this Offer will rank equally in all respects with all issued Stockland Securities on and from the date of issue, except that they will only rank for dividends and distributions in respect of periods from and after 1 January 2005.
- (e) In making this Offer, STML may nominate TCA to accept your GPT Units or act in any manner on its behalf.

## 2 CONSIDERATION

### 2.1 Consideration

The consideration offered under the Offer is 0.608 Stockland Securities for each one GPT Unit.

### 2.2 Foreign Unit Holders

If at the time this Offer is made to you, you are a Foreign Unit Holder, you will not receive Stockland Securities. Instead, you are offered and will receive a cash amount determined in accordance with clause 5.2.

### 2.3 Fractional entitlements

For the avoidance of doubt, your entitlement to Stockland Securities under the Offer will be calculated by multiplying by 0.608 the number of GPT Units in respect of which you have accepted the Offer.

If this calculation results in an entitlement to a fraction of a Stockland Security the number of Stockland Securities you are entitled to pursuant to this Offer will be rounded up to the next whole number of Stockland Securities. If STML reasonably believes that a GPT Unit Holder's holdings have been manipulated to take advantage of rounding up, then any fractional entitlement will be aggregated or rounded down to the next whole number of Stockland Securities.

### 2.4 Distributions and entitlements

- (a) STML will be entitled to all distributions and entitlements declared, paid or made by GPT or which arise or accrue after the Announcement Date in respect of the GPT Units which STML acquires pursuant to this Offer, except the distribution for the quarter ending 31 December 2004 provided that distribution does not exceed 5.5 cents per GPT Unit.
- (b) If for any reason whatsoever STML does not receive any such distributions or entitlements, STML will, to the extent permitted by applicable law, be entitled to reduce the amount of consideration to which you would otherwise be entitled in accordance with this Offer by the amount or value (as reasonably determined by STML) of the distribution or entitlement. This may include reducing the number of Stockland Securities to which you may otherwise be entitled.

## 3 OFFER PERIOD

The Offer will, unless withdrawn, remain open for acceptance during the period commencing on the date of this Offer, being 9 December 2004, and ending at 7.00pm (Eastern Summer Time) on:

- (a) 14 January 2005; or
- (b) any date to which the period of this Offer is extended in accordance with the Corporations Act, whichever is the later.

#### 4 HOW TO ACCEPT THIS OFFER

##### 4.1 All of your holding

This Offer is for all of your GPT Units.

##### 4.2 Acceptance procedure for GPT Unit Holders

The acceptance procedure will depend on whether your GPT Units are in a CHESS Holding or an Issuer Sponsored Holding.

###### **If you hold your GPT Units in a CHESS Holding**

You must comply with the ASTC Settlement Rules.

If you are a sponsored CHESS Holder of GPT Units, you may:

- Instruct your Controlling Participant to initiate acceptance of the Offer on your behalf in accordance with Rule 14.14 of the ASTC Settlement Rules; or
- Send the completed Acceptance Form directly to your stockbroker or Controlling Participant; or
- Complete the Acceptance Form and mail or deliver it to the address below and authorise the Bidder to instruct your Controlling Participant to initiate acceptance of the Offer on your behalf.

###### **If you hold your GPT Units in an Issuer Sponsored Holding**

If your GPT Units are in an Issuer Sponsored Holding, then to accept this Offer you must **complete, sign and return** the accompanying Acceptance Form in accordance with the instructions on it and deliver it or send it by post together with all other documents required by those instructions so that they are received before the expiry of the Offer Period.

###### **Mailing and delivery addresses**

The mailing and delivery addresses for completed Acceptance Forms are as follows.

The mailing address is:

Computershare Investor Services Pty Limited  
GPO Box 52  
Melbourne VIC 8060

Alternatively, you may deliver the Acceptance Form and any associated documents to:

Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067

A reply paid envelope (not able to be used by GPT Unit Holders outside Australia) is enclosed for your convenience.

###### **Acceptance Form**

The Acceptance Form which accompanies this Offer forms part of it. The requirements on the Acceptance Form must be observed in accepting this Offer in respect of your GPT Units.

##### 4.3 Power of attorney, deceased estate

When accepting this Offer, you should also forward for inspection:

- (a) if the Acceptance Form is executed by an attorney, the power of attorney; and
- (b) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased GPT Unit Holder, the relevant Grant of Probate or Letters of Administration.

##### 4.4 When acceptance is complete

Acceptance of this Offer will not be complete until the completed Acceptance Form has been received at one of the addresses set out in clause 4.2 above and the requirements of this clause have been met, provided that:

- (a) STML may in its sole discretion waive any or all of those requirements at any time; and
- (b) where such requirements have been complied with in respect of some but not all of your GPT Units, STML may, in its sole discretion, deem your acceptance of this Offer complete in respect of those GPT Units for which the requirements have been complied with but not in respect of the remainder.

## 5 PAYMENT OF CONSIDERATION

### 5.1 When consideration is paid

Subject to clause 5.2 and 5.3, if the contract resulting from your acceptance of this Offer becomes unconditional, STML will provide the consideration to which you are entitled on acceptance of this Offer on or before the earlier of:

- (a) Five Business Days after the date this Offer is validly accepted by you or, if the Offer is subject to a defeating condition when accepted, within five business days after this Offer or the contract resulting from your acceptance of this Offer becomes unconditional; and
- (b) Five Business Days after the end of the Offer Period.

### 5.2 Payments to Foreign Unit Holders

If you accept the Offer and are a Foreign Unit Holder, STML will:

- (a) arrange for the issue to the Nominee of the number of Stockland Securities to which you and all other Foreign Unit Holders would have been entitled but for clause 2.2;
- (b) cause the Nominee to offer for sale the Stockland Securities within five Business Days after the end of the Offer Period in such manner, at such price and on such other terms and conditions as are determined by the Nominee; and
- (c) cause the Nominee to pay to you the amount ascertained in accordance with the formula:

$$\frac{\text{Net Proceeds of Sales} \times \text{Stockland Securities}}{\text{Total Nominees Securities}}$$

where:

"Net Proceeds of Sale" means the amount which is received by the Nominee upon the Sale of all Stockland Securities under this clause 5.2 less brokerage and other sale expenses;

"Stockland Securities" means the number of Stockland Securities which would but for clause 2.2 otherwise have been allotted to you, and

"Total Nominee Securities" means the total number of Stockland Securities allotted to the Nominee under this clause 5.2;

- (d) you will receive your share of the proceeds of this sale in Australian currency;
- (e) payment will be made by cheque posted to you at your risk by ordinary mail at the address provided on your Acceptance Form;
- (f) under no circumstances will interest be paid on your share of the proceeds of this sale, regardless of any delay in remitting these proceeds to you;
- (g) payment of the cash amount to which you are entitled will be mailed by cheque (or otherwise as agreed by STML) in Australian currency. Cheques will be sent to the address on the Acceptance Form by pre-paid ordinary mail or, if you have an overseas address, by pre-paid airmail.

### 5.3 Where additional documents are required

Where the Acceptance Form requires additional documents to be given with your acceptance (such as a power of attorney):

- (a) if the documents are given with your acceptance, STML will provide the consideration in accordance with clause 5.1;
- (b) if the documents are given after acceptance and before the end of the Offer Period and the Offer is subject to a defeating condition at the time that STML is given the documents, STML will provide the consideration by the end of whichever period ends earlier:
  - (i) within one month after the contract resulting from your acceptance of the Offer becomes unconditional; and
  - (ii) 21 days after the end of the Offer Period;
- (c) if the documents are given after acceptance and before the end of the Offer Period and the Offer is unconditional at the time that STML is given the documents, STML will provide the consideration by the end of whichever period ends earlier:
  - (i) one month after STML is given the document; and
  - (ii) 21 days after the end of the Offer Period; or

- (c) if the documents are given after the end of the Offer Period, STML will provide the consideration within 21 days after the documents are given; but if at the time STML is given the documents, the contract resulting from your acceptance of the Offer is still subject to one or more of the conditions in Appendix 2, STML will provide the consideration within 21 days after that contract becomes unconditional.

If you do not provide STML the required additional documents within one month after the end of the Offer Period, STML may, in its sole discretion, rescind the contract resulting from your acceptance of the Offer.

#### **5.4 Where STML is entitled to any Rights**

If STML becomes entitled to any Rights on acceptance of this Offer, you must give STML all documents that STML needs to give STML title to those Rights. If you do not give those documents to STML, or if you have received the benefit of those Rights, STML will deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by STML) of those Rights.

#### **5.5 Clearances for offshore residents**

If, at the time of acceptance of this Offer, you are resident in or of a place outside Australia, you will not be entitled to receive any consideration under this Offer until all requisite authorities or clearances of the Reserve Bank of Australia (whether under the Banking (Foreign Exchange) Regulations or otherwise), or of the Australian Taxation Office, have been obtained.

### **6 CONDITIONS OF THE OFFER**

#### **6.1 Conditions**

This Offer and the contract that results from acceptance of this Offer are subject to fulfilment of the conditions set out in Appendix 2.

#### **6.2 Nature of conditions**

Each of the conditions set out in each paragraph and subparagraph of Appendix 2:

- (a) constitutes and will be construed as a separate, several and distinct condition;
- (b) is a condition subsequent (with the exception of the condition specified in paragraph (b) of Appendix 2, which is a condition precedent); and
- (c) until the expiration of the Offer Period (or in the case of the condition referred to in paragraph (e) of the Appendix 2, until three Business Days after the end of the Offer Period) will be for the benefit of STML alone and may be relied upon only by STML.

#### **6.3 Foreign Acquisitions and Takeovers Act**

The condition specified in paragraph (b) of Appendix 2 is a condition precedent. Any contract resulting from acceptance of this Offer will not become binding unless and until the condition in paragraph (b) of Appendix 2 is fulfilled. STML intends not to waive this condition.

#### **6.4 Effect of breach or non-fulfilment**

The breach or non-fulfilment of any of the conditions subsequent set out in Appendix 2 does not, until the end of the Offer Period, prevent a contract arising to acquire your GPT Units resulting from your acceptance of this Offer but, if at the end of the Offer Period (or, in the case of the conditions in paragraph (e) of Appendix 2, at the end of three Business Days after the end of the Offer Period), in respect of any condition in Appendix 2:

- (a) STML has not declared the Offers (and they have not become) free from that condition; and
- (b) that condition has not been fulfilled,

all contracts resulting from the acceptance of the Offers and all acceptances that have not resulted in binding contracts are void. In such a case, STML will return the Acceptance Form together with all documents to the address shown in the Acceptance Form and notify ASTC of the lapse of the Offers in accordance with Rule 14.19 of the ASTC Settlement Rules.

#### **6.5 STML may decide Offer is free from all or any of the conditions**

STML may at any time at its sole discretion but in compliance with section 650F and section 630 of the Corporations Act, declare the Offers free from all or any of the conditions set out in each paragraph and subparagraph of Appendix 2 by notice in writing to GPT:

- (a) in the case of the conditions referred to in paragraph (e) of Appendix 2 – not later than three Business Days after the end of the Offer Period; or
- (b) in any other case – not later than seven days before the end of the Offer Period.

## 6.6 Date for giving notice on status of conditions

The date for giving a notice on the status of the conditions as required by section 630(1) of the Corporations Act is Thursday 6 January 2005, subject to variation in accordance with section 630(2) of the Corporations Act in the event that the Offer Period is extended.

## 7 EFFECT OF ACCEPTANCE

By signing and returning the Acceptance Form, you will be deemed to have:

- (a) accepted this Offer (and each variation of this Offer) in respect of all of your GPT Units;
- (b) agreed to transfer to STML or its nominee your GPT Units, subject to this Offer being declared free from the conditions set out in Appendix 2 (or such conditions being satisfied or waived);
- (c) irrevocably authorised STML to apply for the issue to your account of that number of Stockland Securities corresponding to your entitlement under this Offer at the date of application unless you are a Foreign Unit Holder in which case you will have irrevocably authorised STML to apply for the issue to the account of the Nominee of that number of Stockland Securities corresponding to your entitlement under this Offer at the date of application;
- (d) agreed to accept the Stockland Securities to which you have become entitled by acceptance of this Offer subject to the constitutions of Stockland Corporation and Stockland Trust and have authorised Stockland to place your name on its register of security holders in respect of those Stockland Securities;
- (e) irrevocably authorised and directed GPT to pay STML or to account to STML for all Rights in respect of your GPT Units (other than the distribution in respect of the period to 31 December 2004 in accordance with clause 2.4(a)) subject, however, to any such Rights received by STML being accounted for by STML to you if this Offer is withdrawn or the contract formed by your acceptance of this Offer is rescinded or rendered void;
- (f) except where Rights have been paid or accounted for under clause 7(e), irrevocably authorised STML to adjust the number of Stockland Securities to be issued pursuant to clause 2.1 by the amount (or value as reasonably assessed by STML) of those Rights;
- (g) irrevocably authorised STML or its nominee to alter the Acceptance Form on your behalf by:
  - (i) inserting correct details of your GPT Units;
  - (ii) filling in any blanks remaining on the Acceptance Form; and
  - (iii) rectifying any errors in, and omissions from, the Acceptance Form,as may be necessary to make the Acceptance Form a valid acceptance of this Offer and to enable registration of the transfer of your GPT Units to STML or its nominee; and
- (h) if any of your GPT Units are in a CHESS Holding, irrevocably authorised STML or its nominee to:
  - (i) instruct your Controlling Participant to initiate acceptance of this Offer in respect of all such GPT Units in accordance with the ASTC Settlement Rules; and
  - (ii) give any other instructions in relation to those GPT Units to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant; and
- (i) (including where the Offer is caused to be accepted in accordance with the ASTC Settlement Rules):
  - (i) irrevocably accepted this Offer in respect of all your GPT Units despite any difference between that number and the number of GPT Units shown in the Acceptance Form;
  - (ii) represented and warranted to STML, as a condition of the contract resulting from your acceptance of the Offer, that at the time of acceptance and at the time of transfer to STML or its nominee:
    - (A) you have paid to GPT all amounts which are due for payment in respect of your GPT Units; and
    - (B) all of your GPT Units are fully paid and free from all mortgages, charges, liens and other encumbrances of any nature; and
    - (C) you have full power and capacity to sell and transfer those GPT Units;

- (iii) on this Offer or any takeover contract becoming unconditional, irrevocably appointed STML (or any nominee of STML) and each of its directors (or of any nominee of STML) from time to time severally as your agent and attorney on your behalf to:
  - (A) attend and vote in respect of your GPT Units at all general meetings of GPT;
  - (B) receive from GPT or any other party, and retain, any unit certificates which were held by GPT, or any other party; and
  - (C) sign all documents (including an instrument appointing one of STML's, or its nominee's, directors as a proxy in respect of any or all of your GPT Units and any application to GPT for a replacement certificate in respect of any unit certificate which has been lost or destroyed) and resolutions relating to your GPT Units, and generally to exercise all powers and rights which you may have as a GPT Unit Holder and perform such actions as may be appropriate in order to vest good title in your GPT Units in STML or its nominee, and to have agreed that, in exercising such powers, any such director is entitled to act in STML's interests as the beneficial owner and intended registered holder of your GPT units;
- (iv) if at the time of acceptance of this Offer your GPT Units are in a CHESS Holding, authorised, with effect from the date that this Offer or any contract resulting from acceptance of this Offer is declared free from all its conditions or those conditions are satisfied, STML to cause a message to be transmitted to ASTC in accordance with Rule 14.17.1 of the ASTC Settlement Rules so as to transfer your GPT Units to STML's Takeover Transferee Holding. STML will be so authorised even though at the time of such transfer it has not paid the consideration due to you under this Offer.

Except in relation to GPT Units in a CHESS Holding, STML may at any time deem the receipt of a signed Acceptance Form to be a valid acceptance of this Offer even though you omit to include your unit certificate(s) (if any) or there is not compliance with any one or more of the other requirements for acceptance but, if STML does so, STML is not obliged to make the consideration available to you until all of the requirements for acceptance have been met.

#### 8 WITHDRAWAL

STML may withdraw unaccepted Offers at any time with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

#### 9 VARIATION

STML may vary this Offer in accordance with the Corporations Act.

#### 10 ACCEPTANCES BY TRANSFEREES AND NOMINEES

##### 10.1 Who may accept the Offer

During the Offer Period:

- (a) any person who is able to give good title to a parcel of your GPT Units may accept (if they have not already accepted an offer in the form of this Offer) as if an offer on terms identical with this Offer has been made to them; and
- (b) any person who holds one or more parcels of GPT Units as trustee, nominee, or otherwise on account of another person, may accept as if a separate offer had been made in relation to:
  - (i) each of those parcels; and
  - (ii) any parcel they hold in their own right.

##### 10.2 Holding GPT Units

A person is taken to hold GPT Units if the person is, or is entitled to be registered as, the holder of those GPT Units.

##### 10.3 Holding GPT Units on trust or as a nominee

A person is taken to hold GPT Units on trust for, as nominee for, or on account of, another person if they:

- (a) are entitled to be registered as the holder of particular GPT Units; and
- (b) hold their interest in the GPT Units on trust for, as nominee for, or on account of, that other person.

#### **10.4 Effective acceptance**

An acceptance of an offer under clause 10.1(b) is ineffective unless:

- (a) the person who holds on account of another person, gives that other person a notice stating that the GPT Units consist of a separate parcel; and
- (b) the acceptance specifies the number of GPT Units in that parcel.

#### **10.5 Notice of acceptance**

A notice under clause 10.4(a) of these terms must be made:

- (a) if it relates to GPT Units entered on a CHESS subregister – in an electronic form approved by the ASTC Settlement Rules; or
- (b) otherwise – in writing.

A person may, at the one time, accept for two or more parcels under this clause as if there had been a single offer for a separate parcel consisting of those parcels.

### **11 OFFICIAL QUOTATION OF STOCKLAND SECURITIES**

- (a) Subject to clause 1(d) of this Appendix 1, the Stockland Securities offered by STML as consideration under the Offer will rank equally with Stockland Securities on issue at 1 January 2005.
- (b) Stockland has been admitted to the official list of ASX. Securities of the same class as those to be issued as consideration under the Offer have been granted official quotation by ASX.
- (c) An application will be made within seven days after the date of this Bidder's Statement to ASX for the granting of official quotation of the Stockland Securities to be issued. However, official quotation is not granted automatically on application.
- (d) In accordance with section 625(3) of the Corporations Act, the Offer is subject to a condition that application for admission to quotation of the Stockland Securities issued under the Offer is made within seven days after the start of the Bid Period and admission to quotation will be granted no later than seven days after the end of the Bid Period. The Offer may not be freed from this condition.

### **12 OTHER MATTERS**

#### **12.1 Notices and other communications**

Subject to the Corporations Act, a notice or other communication given by STML to you in connection with this Offer shall be deemed to be duly given if it is in writing and:

- (a) is delivered at your address as recorded on the register of members of GPT or the address shown in the Acceptance Form; or
- (b) is sent by pre-paid ordinary mail, or in the case of an address outside Australia by pre-paid airmail, to you at either of those addresses.

#### **12.2 Return of documents**

If:

- (a) this Offer is withdrawn after your Acceptance Form has been sent to STML, but before it has been received; or
- (b) for any other reason STML does not acquire the GPT Units to which your Acceptance Form relates,

STML will despatch at your risk your Acceptance Form together with all other documents forwarded by you, to your address as shown on the Acceptance Form or such other address as you may notify in writing to STML by, where such address is inside Australia, pre-paid ordinary post, or, where such address is outside Australia, pre-paid airmail.

### **13 COSTS AND EXPENSES**

All costs and expenses of the preparation, despatch and circulation of the Offers and all stamp duty payable in respect of a transfer of GPT Units payable by a GPT Unit Holder in respect of which Offers are accepted, will be paid by STML.

## Appendix 2 – Conditions of the Offer

The Offers and any contracts resulting from acceptance of the Offers are subject to fulfilment of the following conditions:

- (a) **(minimum acceptance)** That during or at the end of the Offer Period the aggregate number of GPT Units held by STML or its nominee (other than as a result of acceptances of this Offer) and the number of GPT Units in respect of which acceptances have been received by STML, as a percentage of the total number of GPT Units on issue, exceeds 50.1%;
- (b) **(Foreign Acquisitions and Takeovers Act)** The Treasurer of the Commonwealth of Australia consents under the Foreign Acquisitions and Takeovers Act 1975 ("Act") to the proposed acquisition by STML of GPT and the Treasurer is taken to have so consented:
- (i) if STML receives written advice from or on behalf of the Treasurer to the effect that the acquisition of GPT is not inconsistent with the Australian Government's foreign investment policy or is not objected to under the Act; or
  - (ii) if notice of the proposed acquisition of GPT is given to the Treasurer and the Treasurer has ceased to be empowered to make any order under Part II of the Act in relation to the proposed acquisition because of lapse of time;
- (c) **(no restraining orders)** That between the Announcement Date and the end of the Offer Period:
- (i) there is no preliminary or final decision, order or decree issued by a Public Authority; and
  - (ii) no application is made to any Public Authority (other than by any member of the Stockland Group), or action or investigation is announced, threatened or commenced by a Public Authority, in consequence of or in connection with the Offer (other than a determination by ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act), which:
    - (iii) restrains or prohibits (or if granted could restrain or prohibit), or otherwise materially adversely affects, the making of the Offer or the completion of any transaction contemplated by the Offer (whether subject to conditions or not) or the rights of STML in respect of GPT and the GPT Units to be acquired under the Offer; or
    - (iv) requires the divestiture by STML of any GPT Units, or the divestiture of any assets of the GPT Group, the Stockland Group or otherwise.
- (d) **(no material adverse effect)** That there are no events or occurrences or matters, other than Permitted Matters, which individually, or when aggregated with all such events, occurrences or matters, could reasonably be expected to:
- (i) have an adverse effect on the consolidated assets or liabilities (including contingent liabilities as recognised in the preparation of financial statements) of the GPT Group exceeding \$400 million; or
  - (ii) have an adverse effect on the consolidated net profits after tax of the GPT Group that exceeds \$40 million per annum (after taking into account any matters which offset the impact of the event or occurrence giving rise to the adverse effect),
- having occurred, been discovered, been announced, been disclosed or otherwise becoming known to Stockland between the Announcement Date and the end of the Offer Period;
- (e) **(prescribed occurrences)** That during the Bid Period, none of the following events happen:
- (i) GPT converts all or any of its units into a larger or smaller number of units;
  - (ii) GPT or a sub-trust of GPT resolves to reduce its capital in any way;
  - (iii) GPT or a sub-trust of GPT enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement;
  - (iv) GPT or a sub-trust of GPT issues units, or grants an option over its units, or agrees to make such an issue or grant such an option;
  - (v) GPT or a sub-trust of GPT issues, or agrees to issue, convertible notes;
  - (vi) GPT or a sub-trust of GPT disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;

- (vii) GPT or a sub-trust of GPT charges, or agrees to charge, the whole, or a substantial part, of its business or property;
  - (viii) GPT or a sub-trust of GPT resolves to be wound up;
  - (ix) a liquidator or provisional liquidator of GPT or a sub-trust of GPT is appointed;
  - (x) a court makes an order for the winding up of GPT or a sub-trust of GPT;
  - (xi) an administrator of GPT or a sub-trust of GPT is appointed under section 436A, 436B or 436C of the Corporations Act;
- (f) **(Distributions and redemptions)** That between the Announcement Date and the end of the Offer Period GPT does not make or offer to make a distribution of income or capital to GPT Unit Holders other than:
- (i) a quarterly distribution in the ordinary course, in an amount consistent with previous quarterly distributions;
  - (ii) a redemption of units in the ordinary course which when aggregated with other redemptions during that period does not exceed \$50 million; or
  - (iii) an offer first made before the announcement date;
- (g) **(Lend Lease Proposal)** That the Lend Lease Stapling Proposal is not implemented before the end of the Offer Period;
- (h) **(No material acquisitions or disposals)** Except for any proposed transaction publicly announced by GPT prior to the Announcement Date, none of the following events occurs during the period from the Announcement Date to the end of the Offer Period:
- (i) GPT, or any GPT subsidiary or associated trust or other associated entity acquires or agrees to acquire one or more assets for an amount in aggregate greater than \$50 million;
  - (ii) GPT or any GPT subsidiary or associated trust disposes, or agrees to dispose of one or more companies, business or assets (or an interest in one or more companies, businesses or assets) for an amount in aggregate greater than \$50 million;
  - (iii) GPT or any GPT subsidiary or associated trust waives, or otherwise impedes, encumbers or disposes of, its right under any pre-emptive right or rights of first refusal in respect of any asset which has a value of more than \$50 million;
  - (iv) GPT or any GPT subsidiary or associated trust disposes, or agrees to dispose of any part of its interest in any joint venture, trust or partnership:
    - (A) in which GPT or any GPT subsidiary or associated trust has an interest which is valued in the most recent statement of financial position of GPT at \$50 million or more;
    - (B) which results in a change of control of the assets the subject of the joint venture, trust or partnership;
  - (v) GPT or any GPT subsidiary or associated trust enters into or announces that it proposes to enter into any joint venture, trust or partnership, involving a commitment of greater than one year or a commitment of greater than \$50 million;
  - (vi) GPT Management enters into a new property management contract or extends an existing property management contract for a period exceeding 12 months; or
  - (vii) GPT Management enters into a construction contract with a member of the Lend Lease Group or any other related party (other than a contract for the construction of a specific project on arm's length terms).

# Appendix 3 – ASIC Relief

## Australian Securities and Investments Commission Corporations Act 2001 - Paragraph 655A(1)(b) Declarations

Pursuant to paragraph 655A(1)(b) of the Corporations Act 2001 ("Act"), the Australian Securities and Investments Commission ("ASIC") declares that Chapter 6 of the Act applies to the persons specified in Schedule A in the case specified in Schedule B:

- 1 as if subsection 617(1) were modified by inserting after the words "*subsection 633(2)*" the words "*, or which will be issued after that date but before the end of the offer period under a distribution reinvestment or employee security plan*";
- 2 by omitting paragraph 650B(1)(g) and replacing it with the following:

*"(g) if the securities being acquired include interests to which rights to accrued distributions are attached – by giving the holders the right to:*
  - (i) retain the whole or a part of the distribution; or*
  - (ii) be paid an amount equal to the amount of the distribution in addition to the consideration already offered*"; and
- 3 by omitting paragraphs 621(3A)(a) and (b), as notionally varied by CO 00/2338, and replacing them with:

*"(a) the decrease resulted from the target:*
  - (i) declaring a cash distribution; or*
  - (ii) converting its interests in a registered scheme into a larger number; and*

*(b) the date on which the operator of the relevant approved financial market changes the basis of quotation for the class of securities to which the takeover bid related to signify that trading in that class no longer carries the entitlement to the distribution or larger number of interests in a registered scheme, is after the relevant purchase or agreement and at or before the date of the bid."*

### Schedule A

Stockland Trust Management Limited (ACN 001 900 741) ("Bidder") in its capacity as responsible entity of the Stockland Trust, and its directors.

### Schedule B

A takeover bid made by the Bidder for all of the units in General Property Trust (ARSN 090 110 357) in respect of which a bidder's statement is to be lodged with ASIC on or about 23 November 2004.

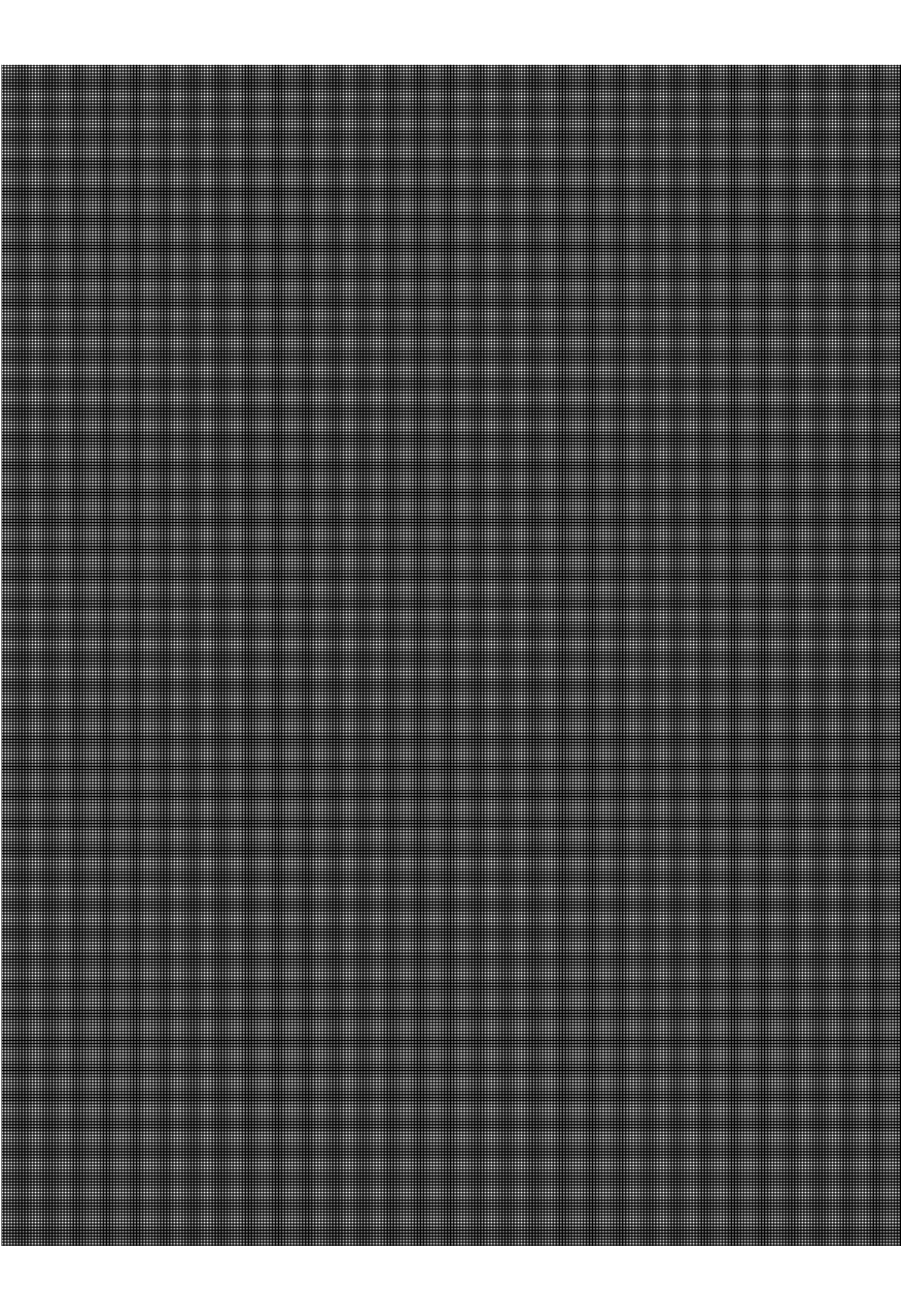
Date: 23 November 2004

Signed:



Kathleen Cuneo

a-delegate of the Australian Securities and Investments Commission



**Stockland Corporation Limited**

ACN 000 181 733

**Stockland Trust Management Limited**

ACN 001 950 741

**As Responsible Entity of Stockland Trust**

ARSN 092 897 348

**Head Office**

157 Liverpool Street  
Sydney NSW 2000

**Sydney**

Telephone 02 9321 1500

**Melbourne**

Telephone 03 9520 1300

**Brisbane**

Telephone 07 3839 8222

**Perth**

Telephone 08 9368 9222

[www.stockland.com.au](http://www.stockland.com.au)

**Custodian**

Trust Company of Australia ACN 004 027 749  
80-84 New South Head Road  
Edgecliff NSW 2027



**Stockland**



# How to complete this form

## Acceptance of the takeover offer

### **A** Registration Name(s)

The units are currently registered in the name(s) printed on this form. Your consideration will be issued in the name(s) as it appears on the GPT register.

If you have already sold all your GPT units shown overleaf, do not keep or return this form. Please send this form to the broker who sold them for you.

### **B** The consideration applicable

The consideration payable under the takeover offer is 0.608 Stockland stapled security (SGP) for each of your GPT units.

#### How to accept the Offer

As your GPT units are held in an Issuer Sponsored Holding, simply complete and return this form to the Stockland Registry so that it is received by no later than 7.00pm (AEST) on 14 January 2005, unless the Offer Period is extended.

### **C** Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

### **D** Signature(s)

You must sign the form as follows in the space provided:

Joint holding: where the holding is in more than one name all of the unitholders must sign.

Power of Attorney: to sign under Power of Attorney, you must attach a certified copy of the Power of Attorney to this form when you return it. By signing this form under a Power of Attorney, you will have declared that you have no notice of revocation of the power and are able to further delegate power under it under the Bidder's Statement.

Deceased Estate: all executors must sign and, if not already noted by the Stockland registry, a certified copy of Probate or Letters of Administration must accompany this form.

Companies: this form must be signed by either 2 Directors or a Director and a Company Secretary. Alternatively, where the company has a Sole Director and, pursuant to the Corporations Act, there is no Company Secretary, or where the Sole Director is also the Sole Company Secretary, that Director may sign alone. Delete titles as applicable.

### **E** Recently bought or sold securities

If you have recently bought or sold any GPT units, your holding may differ from that shown on the front of this form. If so, please alter the number of GPT units shown as your registered holding on the front of this form to the number of GPT units you now hold (including any GPT units of which you are entitled to become registered as holder), initial the alteration and indicate on this form the name of the stockbroker who acted for you.

This is an important document and requires your immediate attention. If you are in any doubt about how to deal with it, please consult your financial or other professional advisor.

## Lodgement of Transfer and Acceptance Form

Transfer and Acceptance Forms must be received at the Melbourne office of Computershare Investor Services Pty Limited by no later than 7.00pm (AEST) on 14 January 2005.

Return the Transfer and Acceptance Form to:

Computershare Investor Services Pty Limited    OR    Computershare Investor Services Pty Limited  
GPO Box 52    Yarra Falls, 452 Johnston St  
MELBOURNE VIC 8060    Abbotsford VIC 3067

## Privacy Statements

### Computershare Investor Services Pty Limited

Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS"), as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of unitholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or E-mail [privacy@computershare.com.au](mailto:privacy@computershare.com.au)

### Stockland

Stockland has collected your information from the GPT Register of Unitholders for the purpose of making this offer and, if accepted, administering your holding of Stockland stapled securities. The Corporations Act requires the name and address of securityholders to be held in a public register. Your information may be disclosed on a confidential basis to Stockland's related bodies corporate and external service providers, and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by Stockland, please contact the Privacy Officer at [privacy@stockland.com.au](mailto:privacy@stockland.com.au) or Level 16, 157 Liverpool Street, Sydney NSW 2000.

If you have any enquiries concerning this Takeover Offer please contact Stockland's information Line on telephone 1800 070 133. (For legal reasons, calls to this number will be recorded.)

This form may not be used to effect an address change.

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**Please return the completed form in the envelope provided or to the address opposite:**

Computershare Investor Services Pty Limited  
GPO Box 52  
Melbourne Victoria 8060  
Australia

ITK

SGP





**Stockland**

**Stockland Trust Management Limited**  
ACN 001 900 741 / AFSL 241190  
("Stockland") as Responsible Entity for  
Stockland Trust ARSN 092 897 348

**Computershare**

**Please return completed form to:**  
Computershare Investor Services Pty Limited  
GPO Box 52 Melbourne  
Victoria 8060 Australia  
Enquiries (within Australia) 1800 070 133  
(outside Australia) 61 3 9415 4232  
Facsimile 61 3 9473 2475  
web.queries@computershare.com.au  
www.computershare.com

**A**



SAMPLE CUSTOMER  
SAMPLE STREET  
SAMPLE STREET  
SAMPLE STREET  
SAMPLE STREET  
SAMPLETOWN TAS 7000

Holder Identification Number (HIN)



X 1234567890 IND

## Transfer and Acceptance Form - CHESS

Use this form to accept the Stockland Offer for all of your General Property Trust (GPT) units ("Offer")

**B** The consideration applicable under the terms of this Offer:

0.608 Stockland Stapled Security (SGP) for each GPT unit held

Unitholder details	
Subregister	<input type="text" value="CHESS"/>
GPT units as at 30 November 2004	<input type="text"/>
Consideration payable to you at 0.608 SGP security for each GPT unit held	<input type="text"/>

## To be completed by Unitholders

**Note:** Your GPT units are held in a CHESS holding and you can accept the Offer by signing this form and forwarding it to your Controlling Participant (usually your broker). According to CHESS, your Controlling Participant is {Broker Name}.

Alternatively, if you would like us to contact your Controlling Participant on your behalf, sign the form below and follow the instructions overleaf.

## Sign Here - This section must be signed for your instructions to be executed

**C** I/We accept the Offer made by Stockland in respect of all of my/our units in GPT. I/we agree to be bound by the terms and conditions of the Offer and transfer all or part of my/our GPT units to Stockland for the above consideration. I/We acknowledge the effect of my/our acceptance as set out in the terms of the Offer and I/we agree to be bound by the provisions of the constitutions of Stockland Corporation Limited and Stockland Trust (as amended from time to time).

Where this form is returned to Stockland, I/we authorise Stockland to give instructions to my/our Controlling Participant in accordance with the Offer.

**Individual or Securityholder 1**

Sole Director and Sole Company Secretary

**Securityholder 2**

Director/Company Secretary

**Securityholder 3**

Director

Date: \_\_\_\_\_

See back of form for completion guidelines



# How to complete this form

## Acceptance of the takeover offer

<b>A</b> <b>Registration Name(s)</b> The units are currently registered in the name(s) printed on this form. Your consideration will be issued in the name(s) as it appears on the GPT register.  If you have already sold all your GPT units shown overleaf, do not keep or return this form.	<b>Power of Attorney:</b> to sign under Power of Attorney, you must attach a certified copy of the Power of Attorney to this form when you return it. By signing this form under a Power of Attorney, you will have declared that you have no notice of revocation of the power and are able to further delegate power under it under the Bidder's Statement.
<b>B</b> <b>The consideration applicable</b> The consideration owing under the takeover offer is 0.608 Stockland stapled security for each GPT unit held.  <b>How to accept the Offer</b>  <b>As your GPT units are CHESSE sponsored, complete this form and forward it to your stockbroker or CHESSE Controlling Participant with sufficient time so that they may initiate acceptance of the Offer on your behalf. This Offer is due to close at 7.00pm (AEST) on 14 January 2005, unless extended.</b>	<b>Deceased Estate:</b> all executors must sign and, if not already noted by the Stockland registry, a certified copy of Probate or Letters of Administration must accompany this form.  <b>Companies:</b> this form must be signed by either 2 Directors or a Director and a Company Secretary. Alternatively, where the company has a Sole Director and, pursuant to the Corporations Act, there is no Company Secretary, or where the Sole Director is also the Sole Company Secretary, that Director may sign alone. Delete titles as applicable.
<b>C</b> <b>Signature(s)</b> You must sign the form as follows in the space provided:  Joint holding:            where the holding is in more than one name all of the unitholders must sign.	<b>D</b> <b>Recently bought or sold securities</b> If you have recently bought or sold any GPT units, your holding may differ from that shown on the front of this form. If so, please alter the number of GPT units shown as your registered holding on the front of this form to the number of GPT units you now hold (including any GPT units of which you are entitled to become registered as holder), initial the alteration and indicate on this form the name of the stockbroker who acted for you.

If you would like us to contact your Controlling Participant on your behalf please complete the following details.

Broker's Name: .....

Address: .....

Broker's Telephone No: .....

You must ensure that this form is received by Stockland's share registry (at the address below) in sufficient time before the end of the Offer Period to enable Stockland to instruct your Controlling Participant to effect acceptance of the Offer on CHESSE during business hours.

**This is an important document and requires your immediate attention. If you are in any doubt about how to deal with it, please consult your financial or other professional advisor.**

### CHESSE Holders

It is the responsibility of the eligible unitholder to allow sufficient time for their stockbroker or CHESSE controlling participant to initiate acceptance on their behalf in accordance with ASTC Settlement Rule 14.14. If your unitholding is CHESSE sponsored and you send your Transfer and Acceptance Form to Computershare Investor Services Pty Limited, it will be forwarded to your stock broker or CHESSE controlling participant on your behalf. Computershare Investor Services Pty Limited will not be responsible for any delays incurred by this process.

### Privacy Statements

#### Computershare Investor Services Pty Limited

Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS"), as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of unitholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or E-mail [privacy@computershare.com.au](mailto:privacy@computershare.com.au)

#### Stockland

Stockland has collected your information from the GPT Register of Unitholders for the purpose of making this offer and, if accepted, administering your holding of Stockland stapled securities. The Corporations Act requires the name and address of securityholders to be held in a public register. Your information may be disclosed on a confidential basis to Stockland's related bodies corporate and external service providers, and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by Stockland, please contact the Privacy Officer at [privacy@stockland.com.au](mailto:privacy@stockland.com.au) or Level 16, 157 Liverpool Street, Sydney NSW 2000.

**If you have any enquiries concerning this Takeover Offer please contact Stockland's Offer Information Line on telephone 1800 070 133. (For legal reasons, calls to this number will be recorded.)**

This form may not be used to effect an address change.

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If you have elected to authorise Stockland to instruct your Controlling Participant to accept the Offer, please send this form to:

Computershare Investor Services Pty Limited  
GPO Box 52  
Melbourne Victoria 8060  
Australia

2TK

SCP

