

A GUIDE TO YOUR STOCKLAND 30 JUNE 2006 ANNUAL TAX STATEMENT

Stockland Corporation Limited
ABN 43 000 181 733
Stockland Trust Management Limited
ABN 86 001 900 741
AFSL No. 241190
As Responsible Entity for
Stockland Trust ARSN 092 897 348
ABN 12 706 208 920
Level 16
157 Liverpool Street
Sydney NSW 2000
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Dear Investor

This Guide has been prepared to assist you and your tax advisor to complete your income tax return for the year ended 30 June 2006 using your 'Stockland Annual Tax Statement'.

Your investment in Stockland consists of shares in Stockland Corporation Limited and units in Stockland Trust (referred to as 'Stapled Securities'). Please note that for tax purposes, the dividends and franking credits from your shares in Stockland Corporation Limited and trust distributions in relation to your units in Stockland Trust need to be separately disclosed in your income tax return. The Stockland Annual Tax Statement provides the dividends and trust distributions to which you are entitled, and these amounts should be used in the preparation of your income tax return.

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

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

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

Yours sincerely,



HUGH THORBURN
Finance Director



Stockland



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THIS GUIDE APPLIES TO YOU IF:

- You are an individual resident investor in Stockland.
- You are using "2006 Tax Return for Individuals (Supplementary section)" in your TaxPack to complete your income tax return. You should mark the 'YES' box at Item 1 of the Taxpayer's Declaration on page 8 of your 2006 Tax Return.
- You hold your stapled securities for the purpose of investment, rather than for resale at a profit, and the capital gains tax ('CGT') provisions apply to you.

If you are a superannuation fund, company or trust investor in Stockland, please refer to page 4 of this Guide for further information about the capital gain components of your distribution.

2. STOCKLAND ANNUAL TAX STATEMENT

STOCKLAND TRUST DISTRIBUTION

Your Stockland Annual Tax Statement includes the Stockland Trust Distributions paid to you in February 2006 and August 2006.

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

For tax purposes the distribution from Stockland Trust comprises taxable income, capital gains and tax deferred amounts.

TAXABLE INCOME

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

CAPITAL GAINS

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

This year Stockland Trust has made distributions in cash from prior year realised accounting capital profits from sale of investment properties.

For the 2006 year, Stockland Trust has applied the CGT 50% discount method in calculating its net capital gains for tax purposes.

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

(i) INDEXED CAPITAL GAIN

Your share (if any) of a realised capital gain derived by Stockland Trust from the sale of investments acquired prior to 21 September 1999 and calculated by reference to the frozen indexation factor at 30 September 1999.

(ii) DISCOUNT CAPITAL GAINS

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

(iii) CGT CONCESSION COMPONENT

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

TAX DEFERRED

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

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

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

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STOCKLAND CORPORATION LIMITED DIVIDENDS

For an individual Australian resident taxpayer, dividends from Stockland Corporation Limited are recognised on a receipts basis.

FRANKED DIVIDEND INCOME

Fully franked dividends received from Stockland Corporation Limited should be included in your assessable income.

FRANKING CREDITS

Franking credits comprise tax credits which are attached to franked dividend payments which you receive from Stockland Corporation Limited. These credits are included in your assessable income, and may be available as a tax offset to you. Broadly, to be eligible for the franking credit and tax offset, you must have held the shares at risk for at least 45 days. This rule will not apply if you are an individual whose total tax offset entitlement does not exceed \$5,000 for the income year. The rate of tax imputed to investors in respect of these franked dividends is 30%.

TFN AMOUNTS WITHHELD

Where you have not provided your Tax File Number or claimed a relevant exemption, income tax has been withheld from all unfranked dividends (if applicable) paid to you by Stockland Corporation Limited and the taxable components of income distributed to you by Stockland Trust at 48.5%. The tax withheld should be claimed as a credit in your return.

You should refer to the 2006 TaxPack labels on your Stockland Annual Tax Statement and include dividends you received from Stockland Corporation in your income tax return.

DISPOSAL OF YOUR STAPLED SECURITIES

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

YOUR INVESTMENT IN STOCKLAND STAPLED SECURITIES

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

COST BASE OF SHARES AND UNITS

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

In the case of your units, the cost base will be reduced by any tax deferred distributions. Details of tax deferred distributions are available from the "Investor Information" section of the Stockland website at www.stockland.com.au/Investor/Dividends/Distribution--Dividends.htm.

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

One possible method of apportionment is on the basis of the relative Net Assets of SCL and Stockland Trust. The Net Assets for SCL and Stockland Trust are available from the Stockland website at:

www.stockland.com.au/Investor/Dividends/Buying--Selling-Stockland-Stapled-Securities.htm.

CALCULATION OF CAPITAL GAIN/LOSS

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

- **Indexed Capital Gains** - where the stapled securities were acquired prior to 21 September 1999 the taxable capital gain may be calculated as the difference between the sale proceeds and indexed cost base (using the frozen indexation factor at 30 September 1999). Alternatively, you may choose to apply the CGT 50% discount method below.
- **Discount Capital Gains (>12 months)** Where the stapled securities have been held for more than 12 months, you may choose to reduce your taxable capital gain by the CGT discount of 50% for individuals.
- **Other Capital Gains (<12 months)** Where the stapled securities have been held for 12 months or less, no discount is available and accordingly such gains are assessable in full.
- **Capital Losses** The capital loss comprises the difference between the sale proceeds and the reduced cost base of your stapled securities. You can offset capital losses against capital gains. Current year capital losses are applied before prior year's capital losses. It is usually more efficient to offset capital losses in the following order:
 - (1) Against any other capital gains which are not entitled to the CGT 50% discount.
 - (2) Capital gains calculated under the indexation method, and
 - (3) Then CGT discount capital gains.

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

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

The 'Net Capital Gain' amount and the 'Gross Capital Gain' amount detailed on your Stockland Annual Tax Statement are based on the CGT 50% discount method which has been applied by Stockland Trust in calculating its net capital gain for tax purposes for the 2006 year. This CGT 50% discount is available only to individuals and trusts in respect of the disposal of assets which have been held for more than 12 months.

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

COMPLYING SUPERANNUATION FUNDS

Complying superannuation funds are entitled to a CGT discount of one third of the gross capital gain noted on your Annual Tax Statement.

Very broadly the adjusted 'discount capital gains' amount and hence the 'net capital gain' of a complying superannuation fund is ascertained by multiplying the 'Gross Capital Gain' amount on your Annual Tax Statement by $\frac{2}{3}$. The result is the amount of 'discounted capital gain' to be included in the complying superannuation fund's taxable income.

COMPANIES

Companies are not entitled to any CGT discount. The assessable capital gain component of your distribution is equal to the 'Gross Capital Gain' amount noted on your Annual Tax Statement.

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

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

TRUSTS

Trusts, like individuals are entitled to a discount of 50% of the gross capital gain noted on your Annual Tax Statement.

You will therefore be able to rely on the Stockland Annual Tax Statement for the 'Gross Capital Gain' and the 'Net Capital Gain' details.



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

2006 TAX RETURN FOR INDIVIDUALS (INCLUDING SUPPLEMENTARY SECTION)

2006 TAX RETURN FOR INDIVIDUALS QUESTION 11: DIVIDENDS

STEPS

1. Add the franked dividends on your Annual Tax Statement to any franked dividends received from other companies.
2. Write the total income at 11T of your 2006 tax return.
3. Add the franking credits on your Annual Tax Statement to any franking credits received from other companies and include the total at 11U of your 2006 tax return.

NOTE:

- Franking credits will reduce the tax payable on your income or may be refunded to you.
- If you do not need to lodge a tax return you may be able to claim a refund of franking credits. You will need to obtain a copy of the "Refund of franking credits instructions and application for individuals 2005 - 06 (NAT 4105)" from the ATO.
- If you disposed of your Stockland securities within 45 days of buying them, you may not be able to claim all of your franking credits, unless the total franking credits you are claiming for the year is \$5,000 or less.

2006 TAX RETURN SUPPLEMENT QUESTION 12: PARTNERSHIPS AND TRUSTS - NON-PRIMARY PRODUCTION INCOME

STEPS

1. Add the amount of non-primary production income (12U) on your Stockland Annual Tax Statement to any other non-primary production income you received from other trust investments.
2. Write the total income at 12U of your 2006 tax return for individuals (supplementary section).
3. Add together any deduction you can claim in respect of non-primary production income that you recorded at 12U.
4. Write the total deductions at 12Y of your 2006 tax return for individuals (supplementary section).
5. Add the amounts at 12U (or subtract loss amounts) and subtract the amounts at 12Y.
6. Write this amount in the 'Net non-primary production distribution' boxes beneath 12Y. If this amount is a loss, write 'L' in the small box to the right of this figure.

NOTE:

The types of deductions you can claim are shown on page 56 of the TaxPack 2006 and include:

- i. interest on loans used to finance your investment
- ii. debits tax (abolished from 1 July 2005) and bank charges

SHARE OF CREDITS FROM INCOME - NON PRIMARY PRODUCTION INCOME

STEPS

1. Add the amount of franking credits (12Q) on your Stockland Annual Tax Statement from Stockland Trust (if any) to any franking credits you received from other trust or partnership investments. Do not include any franking credits from direct share investments.
2. Write the total franking credits at 12Q of your 2006 tax return for individuals (supplementary section).

(Note: these franking credits relate only to dividends which have been earned by you via a trust distribution.)

Currently none of these appear on your Stockland Annual Tax Statement.

TFN WITHHOLDING CREDITS

STEPS

1. Add the amount of TFN withholding credits (12R) on your Stockland Annual Tax Statement relating to the Stockland Trust distributions (if any), to any TFN withholding tax deducted from other trust or partnership investment income.
2. Write the total at 12R of your 2006 tax return for individuals (supplementary section).

NOTE:

- TFN withholding tax has been deducted from distributions at the rate of 48.5% where Stockland did not receive a tax file number (TFN) or TFN exemption. The tax withheld will be offset against the tax payable on your taxable income or refunded.

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

2006 TAX RETURN FOR INDIVIDUALS (INCLUDING SUPPLEMENTARY SECTION)

QUESTION 17: CAPITAL GAINS - NON-PRIMARY PRODUCTION INCOME

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

STEPS

1. As Stockland Trust derived capital gains during the year, you are required to separately disclose your share of these capital gains on your income tax return. You will need to complete Question 17 of the 2006 tax return for individuals (supplementary section).
2. As you are entitled to a share of the capital gain derived by Stockland Trust, print X in the 'YES' box at 17G of your 2006 tax return for individuals (supplementary section).
3. If you only have a capital gain from Stockland Trust, and no other capital gains, then include the gross capital gain from your Stockland Annual Tax Statement at Item 17H and include the net capital gain from your Stockland Annual Tax Statement at Item 17A.
4. If you have capital gains and losses from other shares, units in a unit trust or managed investment fund or other assets, you will need to calculate your total current year capital gains (after taking into account capital losses) to complete Items 17H & 17A.
5. If total current year capital gains are more than the total current year and net prior year capital losses, use the ATO guide to help you calculate your net capital gain to include at 17A of your 2006 tax return for individuals (supplementary section).
6. If total current year capital gains are less than the total current year and net prior year capital losses, you have made a net capital loss. Write this amount at 17V of your 2006 tax return for individuals (supplementary section).

Please refer to the ATO publication 'Personal Investors Guide to Capital Gains Tax 2005-06 (NAT 4152)' for more details.

ATO LINKS

Relevant ATO publications:

REFUND OF FRANKING CREDITS

YOU AND YOUR SHARES 2005-06

PERSONAL INVESTOR'S GUIDE TO CAPITAL GAINS TAX 2005-06

GUIDE TO CAPITAL GAINS TAX 2006

"TAXPACK 2006" INCLUDING THE "2006 TAXPACK SUPPLEMENT"

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

DISCLAIMER OF LIABILITY

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