



25 September 2013

## ASX/Media Release

### NOTICE OF MEETINGS, FINANCIAL REPORT AND SHAREHOLDER REVIEW

Stockland is today lodging the following documents with the ASX:

1. Notice of Meetings (Annual General Meeting of Stockland Corporation Limited and Meeting of Unitholders of Stockland Trust will be held at 2.30pm on Tuesday 29 October 2013 in Sydney. The meetings will also be webcast live on the Stockland website.)
2. Shareholder Review 2013
3. Financial Report 2013

Documents will be mailed to securityholders today and a copy of each of the documents is lodged in accordance with Listing Rule 15.7.

This year, in addition to the usual resolutions, securityholders will be asked to provide two important approvals, both of which have been unanimously recommended by the Board:

- Reallocation of capital within the Stockland Group (Resolutions 9 and 10)
- Updating the Company and Trust Constitutions (Resolutions 11 and 12)

Stockland will release its Annual Review 2013, which reports on the financial, social and environmental dimensions of its business and 2013 Sustainability Reporting website next week.

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#### Stockland

Stockland (ASX: SGP) was founded in 1952 and has grown to become Australia's largest diversified property group – owning, developing and managing a large portfolio of shopping centres, residential communities, retirement living villages, office and industrial assets. Stockland was recognised by the S&P Dow Jones Sustainability Indices (DJSI) as the Australian Real Estate Industry Group Leader for 2013 – 14 and was also named one of the Global 100 Most Sustainable Corporations in the World at the World Economic Forum in Davos, Switzerland in 2013, for the fourth consecutive year.

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|--|---|---|--|
| For media enquiries  |   | For investor enquiries  |  |
| <b>Greg Spears</b><br>Senior Manager -<br>Media Relations<br>Stockland | <b>Michelle Taylor</b><br>General Manager -<br>Stakeholder Relations<br>Stockland | <b>Ross Moffat</b><br>Senior Manager -<br>Investor Relations<br>Stockland | <b>Annabelle Tait</b><br>Senior Analyst -<br>Investor Relations<br>Stockland |
| T +61 (0)2 9035 3263<br>M +61 (0)406 315 014                           | T +61 (0)2 9035 2786<br>M +61 (0)400 356 692                                      | T +61 (0)2 9035 2480<br>M +61 (0)412 256 224                              | T +61 (0)2 9035 2773<br>M +61 (0)424 547 889                                 |

## A Clear Plan

### Annual General Meeting of Stockland Corporation Limited and Meeting of Unitholders of Stockland Trust

## Dear Securityholder,

I am pleased to invite you to Stockland's 2013 Annual General Meetings to be held at 2.30pm on Tuesday 29 October in Sydney. The meetings will also be webcast live on the Stockland website.

Our AGM provides an opportunity for our investors to meet our new CEO and hear from him about the Group's progress over the past twelve months and our plans for the year ahead. It is also a chance for you to ask any questions you may have. You are welcome to submit questions in advance by mail or via our website.

This year, in addition to the usual resolutions, Securityholders will be asked to provide two important approvals, unanimously recommended by the Board.

#### **Reallocation of capital within the Stockland Group (Resolutions 9 and 10)**

Overall the Group's capital position remains strong, however, a number of factors have led us to seek Securityholder support to reallocate up to \$510 million of capital from the Trust to the Corporation. This will strengthen the Corporation to create a foundation for sustainable long-term growth into the future.

Securityholders are not required to contribute to the capital reallocation or do anything other than vote in favour of the resolutions – it is simply an internal movement of capital within the Group and does not change the overall capital of the Group.

#### **Updating the Company and Trust Constitutions (Resolutions 11 and 12)**

The Board has undertaken a review of the Constitutions of the Company and the Trust, and as a result we propose changes to three aspects of the Constitutions to provide appropriate flexibility and remain up to date with market practice. The changes will enable the Board to allow direct voting at meetings by Securityholders in the future; allow the Board to issue convertible bonds; and provide greater flexibility in relation to setting the issue price of Stapled Securities.

With this Notice of Meetings you have also received our annual Shareholder Review. This document outlines our performance over the last year and explains how we intend to improve returns for investors. I encourage you to read this document and if you would like to learn more you can find detailed reporting on the financial, social, environmental and governance performance of our business on our website.

Yours sincerely,



Graham Bradley AM  
Chairman

Stockland  
Corporation Limited  
ABN 43 000 181 733

Stockland Trust  
Management Limited  
ABN 86 001 900 741  
AFSL No. 241190  
as the Responsible Entity  
for Stockland Trust  
ARSN 092 897 348

Date  
Tuesday  
29 October 2013

Time  
2.30pm  
(Sydney time)

Place  
Grand Ballroom  
Four Seasons Hotel  
199 George Street  
Sydney NSW 2000

# Getting there



## Train

The closest train station is Circular Quay. Wynyard is also nearby. For information about train times, please call 131 500.

## Bus

State Transit buses stop along George St and at Circular Quay. For more information about bus routes and times please call 131 500.

## Ferry

The Circular Quay ferry station is located close to the Four Seasons. For more information on ferry times please call 131 500.

## Parking

Limited valet parking is available at the Four Seasons Hotel. There is also paid parking available behind the hotel on Harrington Street.

## Go paperless

We encourage you to change your report preferences to electronic delivery. To change your preferences or update your details please contact Computershare on the details provided below or by the flyer included with the Notice of Meetings.

## Further information

If you would like any further information regarding the AGM, please contact the Company's Share Registry, Computershare, on 1800 804 985 if calling from within Australia or +61 3 9415 4000 from outside Australia.

## Webcast

If you are unable to attend the AGM, you may view a live webcast of it on the Stockland website via [www.stockland.com.au](http://www.stockland.com.au)

## Information about Stockland

You can read about Stockland's FY13 performance in the Shareholder Review, Annual Review, Financial Report and sustainability reporting available via [www.stockland.com.au](http://www.stockland.com.au)



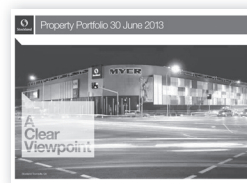
**Shareholder Review**  
Snapshot of our year



**Annual Review**  
Our integrated financial, social and environmental review



**Financial Report**  
Our detailed financial accounts



**Property Portfolio**  
Details of assets in our portfolio



**Sustainability Reporting**  
Our online detailed sustainability performance

# Ordinary Business of the Company and the Trust

## Notice of Meetings

### Annual General Meeting of Stockland Corporation Limited and Meeting of Unitholders of Stockland Trust.

Notice is given that the Annual General Meeting of Shareholders of Stockland Corporation Limited ("the Company") will be held in conjunction with a meeting of Unitholders of Stockland Trust ("the Trust"), which meetings will be held on:

Date: Tuesday, 29 October 2013

Time: 2.30pm

Place: Grand Ballroom  
Four Seasons Hotel  
199 George Street  
Sydney NSW 2000

## Ordinary Business of the Company and the Trust

### 1 Financial Statements and Report

As required by section 317 of the Corporations Act, the Annual Financial Report, including the Directors' Report and Financial Statements for the year ended 30 June 2013, together with the Independent Auditor's Report will be laid before the meetings. The combined reports of the Company and the Trust for the year ended 30 June 2013 will also be laid before the meetings. No resolution is required for this item of business.

### 2 Approval of Remuneration Report

*To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:*

"That the Company's Remuneration Report for the financial year ended 30 June 2013 be approved."

Note – the vote on this resolution is advisory only and does not bind the Directors of the Company.

*The Directors unanimously recommend that Securityholders vote in favour of this resolution.*

### 3 Grant of Performance Rights to Managing Director: 2013 remuneration

*To consider and, if thought fit, to pass the following resolution as separate ordinary resolutions of each of the Company and the Trust:*

"That approval is given for all purposes, including under the Corporations Act and the Listing Rules of ASX Limited, for:

- (a) the participation in the Stockland Performance Rights Plan by Mr M Steinert, Managing Director as to 528,000 performance rights as part of his 2013 financial year remuneration; and
- (b) the issue to and acquisition by Mr M Steinert of those performance rights and, in consequence of vesting of those performance rights, of Stockland Stapled Securities,

in accordance with the Stockland Performance Rights Plan Rules as amended from time to time and on the basis described in the Explanatory Notes on Items of Business accompanying the Notice of Meetings convening these meetings."

*The Directors, other than Mr Steinert, unanimously recommend that Securityholders vote in favour of this resolution.*

### 4 Grant of Performance Rights to Managing Director: 2014 remuneration

*To consider and, if thought fit, to pass the following resolution as separate ordinary resolutions of each of the Company and the Trust:*

"That approval is given for all purposes, including under the Corporations Act and the Listing Rules of ASX Limited, for:

- (a) the participation in the Stockland Performance Rights Plan by Mr M Steinert, Managing Director as to 915,000 performance rights as part of his 2014 financial year remuneration; and
- (b) the issue to and acquisition by Mr M Steinert of those performance rights and, in consequence of vesting of those performance rights, of Stockland Stapled Securities,

in accordance with the Stockland Performance Rights Plan Rules as amended from time to time and on the basis described in the Explanatory Notes on Items of Business accompanying the Notice of Meetings convening these meetings."

*The Directors, other than Mr Steinert, unanimously recommend that Securityholders vote in favour of this resolution.*

### 5 Re-election of Director – Carol Schwartz

*To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:*

"That Ms Carol Schwartz, who retires in accordance with the Company's Constitution and, being eligible and having offered herself for re-election, is re-elected as a Director of the Company."

Ms Schwartz was appointed to the Board on 1 July 2010. She has extensive experience in business, property and community organisations. Ms Schwartz is on the Board of a number of organisations including Yarra Capital Partners, the Sydney Institute, Bank of Melbourne, Qualitas Property Partners, St James Ethics Foundation, National Australia Day Council and the Centre for Advanced Journalism (University of Melbourne). Her other appointments include Chairman of Our Community and Founding Chair of the Women's Leadership Institute of Australia, Executive in Residence at Melbourne Business School, council member of the Australian Innovation Research Centre (University of Tasmania), member of the Enterprise Melbourne Advisory Board, member of the Milken Global Advisory Council, member of the Harvard Kennedy Women's Leadership Board and she is the Co-Chair in Australia for Women Corporate Directors. Ms Schwartz is past National President of the Property Council of Australia. She has also previously been Chairman of Industry Superannuation Property Trust, Director of Highpoint Property Group and a Director of OPSM Group Limited. She has served on a number of government boards including Melbourne's Dockland's Authority and the Victorian Growth Areas Authority. Ms Schwartz serves on the Risk Committee and was a member of the Stockland Audit and Corporate Responsibility and Sustainability Committees until June 2012.

*The re-election of Ms Schwartz is unanimously recommended by the Board.*

## 6 Re-election of Director – Duncan Boyle

To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

“That Mr Duncan Boyle, who retires in accordance with the Company’s Constitution and, being eligible and having offered himself for re-election, is re-elected as a Director of the Company.”

Mr Boyle was appointed to the Board on 7 August 2007. He has over forty years’ experience within the insurance industry in Australia, New Zealand, the United Kingdom and Europe. Mr Boyle is a Director of QBE Insurance Group Limited (appointed September 2006), Clayton Utz (appointed November 2008) and was a Director of O’Connell Street Associates Pty Limited until 30 June 2013. Mr Boyle served as Chairman of the Sustainability Committee until 30 June 2012. Mr Boyle was a member of the Risk Committee until 30 June 2012 and was appointed as a member of the Audit Committee from 1 July 2012.

*The re-election of Mr Boyle is unanimously recommended by the Board.*

## 7 Re-election of Director – Barry Neil

To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

“That Mr Barry Neil, who retires in accordance with the Company’s Constitution and, being eligible and having offered himself for re-election, is re-elected as a Director of the Company.”

Mr Neil was appointed to the Board on 23 October 2007 and has over thirty nine years’ experience in property, both in Australia and overseas. He is Chairman of Keneco Pty Limited and Bitumen Importers Australia Pty Limited, a Director of Terrace Tower Group Pty Ltd and was previously Director of Property for Woolworths Limited. He also served as Chief Executive Officer, Investment Division (1999 to 2004), and Executive Director (1987 to 2004) of Mirvac Limited. Mr Neil is Chairman of Stockland Capital Partners Limited, the Responsibility Entity for Stockland’s unlisted funds and a member of the Stockland Audit Committee. He was a member of the Sustainability Committee until 30 June 2012.

*The re-election of Mr Neil is unanimously recommended by the Board.*

## 8 Re-election of Director – Graham Bradley

To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

“That Mr Graham Bradley, who retires in accordance with the Company’s Constitution and, being eligible and having offered himself for re-election, is re-elected as a Director of the Company.”

Mr Bradley was appointed to the Board on 9 February 2004 and was appointed Non-Executive Chairman on 25 October 2005. He is a Non-Executive Director of GI Dynamics Inc., a listed early-stage medical device company (appointed June 2011) and is Chairman of junior listed gas explorer Po Valley Energy (appointed September 2004). Mr Bradley is also a Non-Executive Director of The Hongkong and Shanghai Banking Corporation Limited (appointed November 2012) and chairs its Australia subsidiary, HSBC Bank Australia Limited (appointed December 2004). He is Non-Executive Chairman of the unlisted subsidiary companies Virgin Australian International Holdings (appointed March 2012) and Energy Australia Holdings Limited (appointed June 2012). He was appointed Chairman of the NSW Government’s infrastructure advisory agency Infrastructure NSW in July 2013. He was formerly Chairman of the Film Finance Corporation of Australia Limited (January 2004 –

June 2008) and a Director of MBF Australia Limited (November 2003 – November 2007), Singapore Telecommunications Limited (May 2004 – July 2011) and Boart Longyear (June 2006–August 2010). Mr Bradley is a member of the Human Resources Committee and was appointed Chairman of the Sustainability Committee on 1 July 2012.

*The re-election of Mr Bradley is unanimously recommended by the Board.*

## Special Business of the Trust and the Company

### 9 Amendment to constitutions to enable capital reallocations from the Trust to the Company

9.1 To consider and, if thought fit, pass the following as a special resolution of the Company:

“That the constitution of Stockland Corporation Limited is amended with effect on and from the close of this meeting by inserting the following as a new article 10A:

#### 10A Capital Reallocation

If, at any time, the responsible entity of the Stapled Trust makes a distribution of capital of the Stapled Trust to the holders of Stapled Units on terms that the amount to be distributed in respect of each Stapled Unit (“Capital Reallocation Amount”) is to be paid at the direction of the holder of the Stapled Unit to the Company as an additional capital payment in respect of the Share to which that Stapled Unit is stapled, then the holder of that Stapled Unit, as a holder of a Stapled Security (comprising the Stapled Unit and the Share to which that Stapled Unit is Stapled), is:

- (a) taken to have directed the Company to accept the Capital Reallocation Amount as an additional capital payment in respect of the Share to which that Stapled Unit is stapled; and
- (b) deemed to have appointed the Company as its attorney and agent to do all things the Company considers necessary to give effect to the receipt of the Capital Reallocation Amount by the Company,

and the Company shall be deemed to receive the Capital Reallocation Amount as an additional payment in respect of the Share to which that Stapled Unit is Stapled.”

*The Directors unanimously recommend that Securityholders vote in favour of this resolution.*

9.2 To consider and, if thought fit, pass the following as a special resolution of the Trust:

“That the constitution of Stockland Trust be amended to enable capital reallocations to be made from Stockland Trust to Stockland Corporation Limited in accordance with the provisions of the Supplemental Deed in the form tabled at the meeting and initialled by the Chairman of the meeting for the purpose of identification, and that Stockland Trust Management Limited is authorised to execute the Supplemental Deed and lodge it with the Australian Securities and Investments Commission to give effect to these amendments to the constitution of the Stockland Trust.”

*The Directors unanimously recommend that Securityholders vote in favour of this resolution.*

## 10 Capital Reallocation

10.1 To consider and, if thought fit, pass the following as an ordinary resolution of the Trust:

“That, subject to resolutions 9.1 and 9.2 in the Notice of Meeting convening this Meeting each being approved and the amendments to the constitution of the Stockland Trust referred to in resolution 9.2 taking effect, at any time prior to 31 December 2013, Stockland Trust Management Limited is authorised to make a distribution of capital of the Stockland Trust under clause 9A in the amount of up to \$0.22 per Stockland Trust unit, being a total amount of up to \$510 million, which is to be applied by Stockland Trust Management Limited as agent for and on behalf of the holders of units in Stockland Trust by paying that amount at the direction of each holder of units in Stockland Trust to Stockland Corporation Limited as an additional capital payment in respect of the Share in Stockland Corporation Limited already issued to which that unit in Stockland Trust is stapled.”

*The Directors unanimously recommend that Securityholders vote in favour of this resolution.*

10.2 To consider and, if thought fit, pass the following as an ordinary resolution of the Company:

“That, subject to resolutions 9.1, 9.2 and 10.1 in the Notice of Meeting convening this Meeting each being approved and the amendments to the constitution of Stockland Trust referred to in the resolution 9.2 taking effect, if, at any time prior to 31 December 2013, Stockland Trust Management Limited makes a distribution of capital of the Stockland Trust in the amount of up to \$0.22 per unit in the Stockland Trust (Capital Reallocation Amount), being a total amount of up to \$510 million, which is applied as an additional capital payment in respect of each Share in Stockland Corporation Limited to which a unit in Stockland Trust is stapled, then Stockland Corporation Limited will receive and accept the Capital Reallocation Amount in accordance with clause 10A of the constitution of Stockland Corporation Limited.”

*The Directors unanimously recommend that Securityholders vote in favour of this resolution.*

## 11 Amendments to Company Constitution

To consider and, if thought fit, pass the following as a special resolution of the Company:

“That the constitution of Stockland Corporation Limited is amended with effect on and from the close of this meeting by making the amendments contained in the amended Constitution tabled at the meeting and signed by the Chairman of the meeting for the purpose of identification.”

*The Directors unanimously recommend that Securityholders vote in favour of this resolution.*

## 12 Amendments to Trust Constitution

To consider and, if thought fit, pass the following as a special resolution of the Trust:

“That the constitution of Stockland Trust be amended to provide greater flexibility in the setting of the issue price of interests, allow for direct voting and certain other amendments in accordance with the provisions of the Supplemental Deed in the form tabled at the meeting and initialled by the Chairman of the meeting for the purpose of identification, and that Stockland Trust Management Limited is authorised to execute the Supplemental Deed and lodge it with the Australian Securities and Investments Commission to give effect to these amendments to the constitution of the Stockland Trust.”

*The Directors unanimously recommend that Securityholders vote in favour of this resolution.*

Information concerning Resolutions 2 to 4 and 9 to 12 are set out in the Explanatory Statement accompanying this Notice of Meetings.

By order of the Board



**P A Hepburn**  
Secretary

# Background information

## Quorum and voting

The constitution of the Company provides that at least five Securityholders present in person or by proxy constitute a quorum. The constitution of Stockland Trust provides that at least five Securityholders present in person or by proxy who together hold at least 20% of all Units entitled to vote represent a quorum. The quorum must be present at all times during the meetings.

If a quorum is not present within 30 minutes after the scheduled time for the meetings, the meetings will be adjourned. The Directors of the Company and of Stockland Trust Management Limited (STML), as Responsible Entity for Stockland Trust, have decided that the adjourned meetings will be held immediately after the adjournment. Members present (being at least two) in person or by proxy 30 minutes after the commencement of the adjourned meetings will constitute a quorum.

On a show of hands each Securityholder present in person or by proxy has one vote. On a poll:

- (a) in the case of a resolution of the Company, each Shareholder has one vote for each Share held in the Company; and
- (b) in the case of a resolution of the Trust, each Unitholder has one vote for each \$1.00 of the value of the Units held in the Trust.

The **ordinary resolutions** of the Company and the Trust must be passed by more than 50% of the total votes cast on the resolution by Securityholders present in person or by proxy and entitled to vote.

The **special resolutions** of the Company and the Trust must be passed by at least 75% of the total votes cast on the resolution by Securityholders present in person or by proxy and entitled to vote.

## Stapled Securities

The Company and the Trust only have Stockland Stapled Securities on issue. A Stapled Security consists of a Share in the Company and a unit in the Trust. These securities are "stapled" together and quoted jointly on the ASX.

## Individuals

If you plan to attend the meetings, we ask that you arrive at the meeting venue at least 30 minutes prior to the designated time so we may validate the number of votes you hold, record your attendance and provide you with your voting cards.

## Corporations

In order to attend and vote on a show of hands at the meetings, a Securityholder which is a corporation must appoint a person to act as its representative or appoint a proxy. The appointment of a corporate representative must comply with Sections 250D and 253B of the Corporations Act. The representative should bring to the meetings evidence of his or her appointment including any authority under which it is signed.

## Voting entitlements

Pursuant to Corporations Regulations 7.11.37 and 7.11.38, and the ASTC operating rules, the Directors of the Company and of STML have determined that subject to the voting exclusions set out below, the holding of each Securityholder for the purposes of ascertaining the voting entitlements for the Annual General Meeting and the meeting of Unitholders will be as it appears in the Share/Unit Register at 7.00pm (Sydney time) on Sunday, 27th October 2013.

## Voting exclusions – Resolution 2

A vote must not be cast (in any capacity) on Resolution 2 by or on behalf of the Company's key management personnel (including the Directors), details of whose remuneration are included in the Remuneration Report (KMP) or their closely related parties, whether as a Securityholder or as a proxy. However, a vote may be cast on Resolution 2 by a KMP, or a closely related party of a KMP, if:

- the vote is cast as a proxy;
- appointed in writing that specifies how the proxy is to vote on Resolution 2; and
- appointed by a person who is not also a KMP or a closely related party of a KMP; or
- the KMP is the chair of the meeting casting the vote as a proxy and their appointment expressly authorises the chair to exercise the proxy even though Resolution 2 is connected directly or indirectly with the remuneration of a member of the KMP of the Company.

## Voting exclusions – Resolutions 3 and 4

A vote must not be cast on Resolution 3 or 4 by a KMP, or a closely related party of a KMP, acting as proxy, if their appointment does not specify the way the proxy is to vote on Resolution 3 or 4. However, this voting exclusion does not apply if the KMP is the Chairman of the Meeting acting as proxy and their appointment expressly authorises the Chairman of the Meeting to exercise the proxy even if that resolution is connected directly or indirectly with the remuneration of a member of the KMP of the Group.

In accordance with the ASX Listing Rules, the Company and STML will disregard any votes cast on Resolutions 3 and 4 by any Director of the Company or STML (except one who is ineligible to participate in any employee incentive scheme in relation to the Company or STML), and any associate of those persons.

However, the Company and STML need not disregard a vote if:

- it is cast by a person referred to above as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting, as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In accordance with Section 253E of the Corporations Act, STML and its associates are not entitled to vote on any resolution of the Trust if they have an interest in the resolution other than as a member of the Trust.

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## Proxies

If you are unable or do not wish to attend the meetings, you may appoint a proxy to attend and vote on your behalf. A proxy need not be a Securityholder.

If a Securityholder is entitled to two or more votes they may appoint two proxies and may specify the number or percentage of votes each proxy is appointed to exercise. If no such number or percentage is specified, each proxy may exercise half the Securityholder's votes.

If you appoint a body corporate as your proxy, the body corporate will need to appoint an individual as its corporate representative to exercise its powers at the meetings and provide satisfactory evidence of the appointment of its corporate representative prior to the commencement of the meetings.

Securityholders are able to lodge proxies by electronic means, by facsimile, or by mail. If Securityholders wish to lodge their proxies by electronic means, they should do so through Stockland's Registry website ([www.investorvote.com.au](http://www.investorvote.com.au)).

Alternatively, Securityholders may complete the enclosed proxy form and return it in the reply paid envelope provided. The proxy form must be lodged at Stockland's registered office or with Stockland's registry using the reply paid envelope or by posting, delivery or facsimile to:

### Stockland Security Registry

c/- Computershare Investor Services Pty Limited  
Level 4, 60 Carrington Street, Sydney NSW 2000  
GPO Box 242, Melbourne VIC 3001  
Facsimile No. (03) 9473 2555

### Stockland

Level 25  
133 Castlereagh Street  
Sydney NSW 2000  
Facsimile No. (02) 8988 2687

Proxy forms must be received no later than 2.30pm on Sunday, 27 October 2013. As a practical matter, if you are posting or hand delivering your proxy form, the proxy form would need to be received by 5.00pm on Friday, 25 October 2013.

The proxy form enables a Securityholder to vote for or against, or abstain from voting on a resolution. A Securityholder may direct the proxy holder how to vote in respect of each resolution.

## Submission of written questions to the Company, Trust or Auditor

A Securityholder who is entitled to vote at the meetings may submit a written question to the Company, Trust or Auditor in advance of the meetings:

- (1) about the business of the Company or Trust;
- (2) about the Remuneration Report (see Explanatory Statement); or
- (3) if the question is directed to the Auditor, provided it relates to:
  - (a) the content of the Auditor's Report to be considered at the meetings;
  - (b) the conduct of the audit or the Auditor's independence; or
  - (c) the accounting policies adopted by Stockland in relation to the preparation of the Financial Statements.

All questions must be sent to and received by the Company no later than five (5) business days before the date of the meetings. Any questions should be directed to [www.stockland.com.au](http://www.stockland.com.au)



# Explanatory Statement

This Explanatory Statement contains further information about the resolutions that will be considered at the Annual General Meeting of the Company and the meeting of Unitholders of the Trust to be held on Tuesday, 29 October 2013. The meetings are important. You should read this Explanatory Statement and the enclosed Notice of Meetings carefully and, if necessary, seek your own independent advice on any aspect about which you are not certain.

## Ordinary Business of the Company and the Trust

### Resolution 2 – Approval of Remuneration Report

The Company is required by the Corporations Act to submit its Remuneration Report to Securityholders for consideration and adoption by way of a non-binding resolution at the Meeting. This resolution is advisory only and does not bind the Directors of the Company.

Stockland's Remuneration Report can be found on pages 27 to 49 of the 2013 Financial Report via the Stockland website.

Under changes to the Corporations Act which came into effect on 1 July 2011, if the Remuneration Report receives a "no" vote of at least 25% at the Meeting, and then again at the 2014 Annual General Meeting, a resolution must be put to Securityholders at the 2014 Annual General Meeting as to whether another meeting of Securityholders should be held within 90 days at which all Directors (other than the Managing Director) who were in office at the date of the relevant Directors' Report must stand for re-election. Stockland's Remuneration Report was approved by over 98% of Securityholders who voted at the 2012 Annual General Meeting.

The Board views setting remuneration policies as one of its most important responsibilities – ensuring that Stockland's remuneration policies and practices are fair, responsible and competitive.

During this financial year there were no significant changes to Stockland's remuneration policies and practices following the thorough review undertaken in 2012 which was endorsed by Securityholders at the 2012 Annual General Meeting.

The Chairman of the Meeting will give Securityholders a reasonable opportunity to ask questions about or make comments on the Remuneration Report. Although this vote does not bind the Company, the Board intends to take into account Securityholder feedback and the outcome of the vote when considering Stockland's future Remuneration Policy.

*The Directors unanimously recommend that Securityholders vote in favour of this resolution.*

### Resolutions 3 and 4 – Managing Director participation in the Performance Rights Plan (PRP) as part of his 2013 financial year remuneration and his 2014 financial year remuneration

The Board proposes to offer participation in the PRP to Mr Mark Steinert (Managing Director) who is eligible to participate in the PRP as an Executive Director. Under Listing Rule 10.14, the ASX requires that Securityholders approve any acquisition of securities under an employee incentive scheme by a Director. The Annual General Meeting is the first general meeting of Securityholders since the appointment of Mr Steinert. Accordingly, Securityholder approval is sought for the grant of 528,000 performance rights to Mr Steinert as part of his FY2013 remuneration (**FY13 Performance Rights**) and a further 915,000 performance rights as part of his financial year 2014 remuneration (**FY14 Performance Rights**)

and in consequence of vesting of those performance rights, the pro rata acquisition of Stapled Securities by Mr Steinert, in accordance with the PRP Rules and on the terms summarised in this Notice of Meetings.

### Stockland remuneration policy

Stockland's remuneration policy aims to ensure executive remuneration is commensurate with the executive's position and responsibilities, competitive with market standards, linked with Stockland's strategic goals and performance, and aligned with the interests of Securityholders. Remuneration consists of a fixed annual component and a performance related component (including participation in the PRP). The Directors of the Company and of STML (excluding Mr Steinert) believe that participation in the PRP by Mr Steinert, on the terms and conditions described below, is an appropriate equity based incentive given his responsibilities and commitment. In the Board's view, participation by Stockland senior executives in the PRP is an important part of the Board's strategy for retaining key talent and motivating them to improve Stockland's profit performance.

### Level of participation

The level of participation offered to Mr Steinert under the PRP has been determined with reference to market practice and within the framework of Stockland's remuneration philosophy as set out in the Remuneration Report. The Long Term Incentive amount for the Managing Director is 100% of fixed pay (which includes salary, superannuation and other employee benefits).

As Mr Steinert was appointed Managing Director on 14 January 2013, the number of performance rights allocated as part of his 2013 financial year remuneration has been adjusted accordingly. The number of rights allocated to all participants in the Performance Rights Plan was determined by dividing their Long Term Incentive amount by the grant value of a performance right at 30 June 2012 which was \$1.42, rounded to the nearest thousand. The grant value was \$750,000 for the 2013 financial year reflecting his part year service.

The number of rights allocated to all participants in the Performance Rights Plan in respect of their 2014 financial year remuneration was determined by dividing their Long Term Incentive amount by the grant value of a performance right at 30 June 2013 which was \$1.64, rounded to the nearest thousand. The grant value for the 2014 financial year for Mr Steinert is \$1,500,000.

### Performance conditions of proposed grants

- 1 The performance conditions for the 2013 Performance Rights will be measured over a three year period from 1 July 2012 to 30 June 2015 (performance period).
- 2 The performance conditions for the 2014 Performance Rights will be measured over a three year period from 1 July 2013 to 30 June 2016 (performance period).
- 3 The measures used to determine performance are Earnings Per Security Growth (EPS Growth) and Total Securityholder Return (TSR). The vesting of one half of the performance rights granted to the Managing Director in respect of his remuneration for any financial year will be subject to the applicable EPS Growth condition, while the remaining half will be subject to the applicable TSR condition.

## Earnings Per Security Growth (EPS Growth)

EPS is the base earnings per security adjusted for significant items and other items determined by the Board, as disclosed in the Notes to Stockland's Financial Statements.

EPS Growth is measured as the compound average growth rate (CAGR) for EPS (with respect to the year prior to grant) over the three year performance period. The actual CAGR for Stockland's EPS over the three performance period is then compared to the prospective CAGR EPS target set and advised by the Board in the first year of the applicable performance period.

As part of the Board's review of Stockland's reward framework in 2012, it was agreed that for LTI grants after 1 July 2012, a three year compound annual growth rate for EPS will be set and advised prospectively for the performance period. The Board believes this approach will provide a more transparent basis for communicating the EPS performance hurdle to both Securityholders and PRP participants.

The proportion of the EPS grant that vests will be as follows:

| Compound Annual EPS growth over a 3 year period       | Proportion of EPS grant vesting   |
|---|---|
| Less than or equal to EPS Target                      | 0%  |
| Greater than EPS Target                               | 50%   |
| Up to 5% greater than EPS Target                      | Proportion of EPS grant vesting increases in a straight line between 50% and 100% |
| 5% (or more) greater than EPS Target (stretch target) | 100%  |

## Total Securityholder Return (TSR)

TSR measures the growth in the price of securities plus cash distributions notionally reinvested in securities. In order for the TSR grant to vest, Stockland's TSR must be greater than the growth in the ASX/ Australian Real Estate Investment Trust (A-REIT) Index (TSR Target) (reconstituted to exclude Stockland).

TSR Growth for Stockland and the companies in the Index will be calculated as follows:

- TSR will be measured over the performance period and calculated by an independent third party;
- for the purpose of this measurement, Stockland's security price and the Index will be averaged over the 30 days preceding the start and end date of the performance period;
- dividends or distributions will be assumed to have been re-invested on the ex-dividend date; and
- tax and any franking credits (or equivalent) will be ignored.

The proportion of the TSR grant that vests will be as follows:

| TSR of Stockland compared to Index growth over the 3 year period | Proportion of TSR grant vesting   |
|--|---|
| Less than or equal to the TSR Target                             | 0%  |
| Greater than the TSR Target                                      | 50%   |
| Up to 10% greater than the TSR Target                            | Proportion of TSR grant vesting increases in a straight line between 50% and 100% |
| 10% or more greater than the TSR Target (stretch target)         | 100%  |

## Other terms of the proposed grants

- 1 The number of rights which convert to Stockland securities is determined at the end of the three year performance period based on the Board's assessment of actual performance against the applicable performance hurdles. 50% of securities immediately vest with the remaining 50% of securities subject to an additional twelve month vesting requirement post the performance period subject to continued employment with Stockland.
- 2 Disposal of Stapled Securities once released from the PRP will be subject to Stockland's security trading policy.
- 3 If an employee leaves Stockland, any unvested rights lapse and are forfeited, except at the discretion of the Board in circumstances such as death, disability, retirement or redundancy. In cases of retirement or redundancy, the Board generally exercises such discretion if the departure is within a year of the performance measurement date in which case the rights may be allowed to remain for the rest of the measurement period, with vesting determined in accordance with the original hurdles.
- 4 The Board will not accelerate the vesting of any performance right in the event of a change in control of Stockland except to the extent that applicable performance conditions (determined as at the date of the change in control) have been satisfied.
- 5 Performance rights will not attract dividends/distributions and voting rights until they vest and Stapled Securities are allocated whether or not the Stapled Securities are subject to non-disposal restrictions.

## Grant Value

The grant value of \$1.42 for each FY13 Performance Right is based on the average of the grant value of the respective performance hurdles of relative Total Shareholder Return (TSR) and Earnings Per Share Growth (EPS) of \$1.23 and \$1.61 respectively.

The grant value of \$1.64 for each FY14 Performance Right is based on the average of the grant value of the respective performance hurdles of relative TSR and EPS of \$1.50 and \$1.78 respectively.

The grant value of the portion of performance rights subject to the TSR performance hurdle is based on the fair value calculated by a qualified independent consultant, Deloitte Touche Tohmatsu (Deloitte) who have been engaged by the Board. In determining the grant value of rights subject to the TSR performance hurdle, Deloitte has used a Monte Carlo simulation based model. The grant value for the EPS growth performance hurdle is based on the volume weighted average price for Stockland over the 30 days to 30 June 2012 (for FY13 Performance Rights) and 30 June 2013 (for FY14 Performance Rights) adjusted for the probability of vesting which the Board has determined to be 50% in each case.

In preparing their valuation for the FY13 Performance Rights TSR performance hurdle, Deloitte has made the following assumptions as at 30 June 2012:

- the volume weighted average price of Stapled Securities traded on the ASX up to and including 30 June 2013 of \$3.20;
- a risk free interest rate of 2.37% equal to the three year zero coupon bond yield;
- brokers' consensus estimates of the dividend yield of the Stapled Securities over the vesting period being 8.56% per annum;
- volatility over the expected life of the instrument and of the relevant index are a reasonable proxy for prospective volatility measures over the performance rights' vesting period; and
- correlation over the last three years between the Stapled Security price and of the relevant index is a reasonable proxy for prospective correlation over the performance rights' vesting period.

In preparing their valuation for the FY14 Performance Rights TSR performance hurdle, Deloitte has made the following assumptions as at 30 June 2013:

- the volume weighted average price of Stapled Securities traded on the ASX up to and including 30 June 2013 of \$3.55;
- a risk free interest rate of 2.81% equal to the three year zero coupon bond yield;
- brokers' consensus estimates of the dividend yield of the Stapled Securities over the vesting period being 7.32% per annum;
- volatility over the expected life of the instrument and of the relevant index are a reasonable proxy for prospective volatility measures over the performance rights' vesting period; and
- correlation over the last three years between the Stapled Security price and of the relevant index is a reasonable proxy for prospective correlation over the performance rights' vesting period.

### Maximum number of Stapled Securities

Subject to adjustment, each vested performance right will translate into one Stapled Security. Accordingly, the maximum number of Stapled Securities that may be acquired by Mr Steinert, for which Securityholder approval under Resolutions 3 and 4 are sought, is a total of 528,000 Stapled Securities in respect of FY13 Performance Rights and 915,000 Stapled Securities in respect of FY14 Performance Rights. The number of Stapled Securities to which a performance right relates will only be adjusted in the event of a bonus issue or reorganisation of Stapled Securities and only in accordance with the Listing Rules.

### Price payable on grant or exercise of performance rights

Mr Steinert will not be required to pay any amount on the grant or vesting of his performance rights. The performance rights are not transferable. The Company may fund a plan company or plan trust to acquire Stapled Securities on-market or to subscribe Stapled Securities at market value and transfer those Stapled Securities to executives in order to satisfy the Company's obligations under the PRP. Alternatively, the Company may procure the direct issue of Stapled Securities to executives for no payment in satisfaction of its obligations under the PRP.

### Name of the Executive Director who received Performance Rights under the last approval

Mr Steinert is the only person referred to in Listing Rule 10.14 who is entitled to participate in the PRP. Since approval was last obtained under Listing Rule 10.14 at Stockland's 2010 meetings, 1,260,000 performance rights were granted to Mr Matthew Quinn, Stockland's former Managing Director, for nil consideration shortly after the 2010 meetings.

### Date by which grants of performance rights may be made

The proposed grants of performance rights to Mr Steinert will be made as soon as practicable after Securityholder approval is obtained, and in any event no later than 12 months after this meeting.

### Current remuneration of the Executive Director

Details of the remuneration of Mr Steinert for the year ended 30 June 2013 and his holding of Stapled Securities is set out in the Remuneration Report section of the 2013 Annual Financial Report on pages 27 to 49.

### Requirements for approval

Securityholder approval of the above participation in the PRP by Mr Steinert and his acquisition of performance rights, and of Stapled Securities on vesting of those performance rights is sought for all purposes under the Corporations Act and the Listing Rules of ASX Limited including under Listing Rule 10.14, as an entity must not permit securities to be acquired by a related party (such as a Director or a company controlled by a Director) under an employee incentive scheme without the approval of Securityholders. Accordingly, approval of Securityholders is sought for the purpose of Listing Rule 10.14 to enable Mr Steinert to acquire performance rights, and, on vesting of those performance rights, Stapled Securities, to issue or transfer Stapled Securities to Mr Steinert.

### Recommendations of the Directors of the Company

The Directors of the Company and STML, excluding Mr Steinert, unanimously recommend that Securityholders vote in favour of Resolutions 3 and 4 for the reasons set out below:

- the Directors believe the proposed equity incentives are necessary to attract and retain key executive talent;
- the Directors believe the total remuneration arrangements are fair and reasonable and consistent with ASX Corporate Governance Guidelines – Principle 8; and
- the equity incentives proposed align the interests of the Managing Director with the interests of Securityholders.

Copies of the PRP Rules are available on the Stockland website [www.stockland.com.au](http://www.stockland.com.au)

## Special Business of the Trust and the Company

### Resolutions 9 and 10 – Capital Reallocation Resolutions

This section of the Explanatory Memorandum sets out information in relation to resolutions 9.1, 9.2, 10.1 and 10.2 of the Notice of Meetings which relate to the proposed capital reallocation from the Trust to the Company (**the Capital Reallocation Resolutions**).

Please read this section of the Explanatory Memorandum in its entirety so that you can assess the merits of the Capital Reallocation Resolutions.

## A. Background

### A.1 The Stockland Group

The Stockland Group comprises the Company, Stockland Corporation Limited, and the Trust, Stockland Trust, and their controlled entities. The responsible entity of the Trust is Stockland Trust Management Limited (**Manager**). The Stockland Group comprises the stapling of the shares in the Company (**Shares**) to the units in the Trust (**Units**) on a one-for-one basis to form Stockland stapled securities (**securities**). As a result of the stapling, all investors in the Stockland Group own an identical number of Shares and Units and an identical ownership percentage in each of the Company and the Trust. The major businesses operated by Stockland Corporation include Residential and Retirement Living businesses and Commercial Property management and development. The Trust is the holder of Commercial Property investment assets which generate rental income.

If passed, the Capital Reallocation Resolutions will result in capital being reallocated from the Trust to the Company. This will give rise to the Company having a positive net asset balance whilst the net assets of the Trust will be reduced by an amount equal to the capital reallocated. Overall, there will be no change to the net assets or capital of the Group.

**Importantly, Securityholders are not required to contribute to the capital reallocation. The capital reallocation proposal is simply an internal reallocation within the Group.**

### A.2 Balance of Capital within the Stockland Group

The Stockland Group as at 30 June 2013 had a strong balance sheet with net assets of \$8.2bn however Stockland Corporation Limited had a net asset deficiency of \$302.8m.

The deficiency in assets in the Company has arisen due to a number of factors, including:

- lower operating earnings from the Residential business during FY13 due to protracted market softness;
- impairments recognised against the carrying value of Residential inventory during FY13;
- impairment of Stockland's investment in the FKP Group; and
- also, as required by the relevant Constitutions, all new capital raised in recent years has been allocated on the basis of the proportion of net assets in the Trust and Company and so most capital raised has been allocated to the Trust.

## B. Proposal to rebalance Capital allocations across Stockland Group

### B.1 Reallocation proposal

The Group is proposing to reallocate up to \$510 million of the Trust's capital to the Company through implementation of the Capital Reallocation Proposal described below.

### B.2 Capital Structure following implementation

Following the implementation of the Capital Reallocation Proposal, the capital of the Group will remain unchanged. However the capital position of the Company will move from what was a net asset deficiency of \$302.8m as at 30 June 2013 to a positive net capital position which, if the Capital Reallocation had been implemented on 30 June 2013, would have been approximately \$200m. This will create a foundation from which to grow the Company's capital position over time, as the performance of the Residential business improves and with continued growth in the Retirement Living business.

## C. The Capital Reallocation Proposal

Under the Capital Reallocation Proposal, the Trust will reallocate up to \$510 million of its existing capital to the Company. The Capital Reallocation Proposal will involve the following steps:

- the Trust will make a distribution of capital in respect of each Trust Unit of up to \$0.22 per Trust Unit (**the Capital Reallocation Amount**) which will be allocated to Unitholders; and
- in accordance with the Trust Constitution, Unitholders will be deemed to have directed the Manager to pay that amount to the Company as an additional capital contribution.

Unitholders are not required to provide any new capital to Stockland Group.

The steps to effect the Capital Reallocation Proposal are set out in more detail in section 6.

Importantly:

- the Capital Reallocation Proposal will not impact on the current distribution guidance of 24 cents per Stapled Security for the current financial year;
- the impact of the Capital Reallocation Proposal on Stockland Group's earnings per Stapled Security in future years will be approximately 0.6 cents per annum (proportionately less in FY14) and this impact has been taken into account in the earnings guidance provided by the Group;
- all Securityholders will be treated equally under the Capital Reallocation Proposal and the contributions to the Company will be on a pro-rata basis such that there will be no change in voting rights or control of either the Company or the Trust;
- Stapled Securities will be quoted on the ASX on the same basis before and after the Capital Reallocation Proposal;
- the Capital Reallocation Proposal will not result in a change in the net tangible assets (NTA) per Stapled Security (the only change will be a reduction in the NTA allocated to the Unit component and a corresponding increase in the NTA allocated to the Share component); and
- the number of Units and the number of Shares will remain the same following implementation of the Capital Reallocation Proposal.

Further information in relation to the Capital Reallocation Proposal and the approvals required is set out below.

## D. Evaluation of Proposal

### D.1 Reasons for the Capital Reallocation Proposal

The following reasons outline why the Directors recommend that you vote in favour of the Capital Reallocation Resolutions:

- the capital position of the Company will move from a net asset deficiency of \$302.8m as at 30 June 2013 to a positive net capital position which, if the Capital Reallocation had been implemented on 30 June 2013, would have been approximately \$200m;
- the Capital Reallocation Proposal will strengthen the balance sheet of the Company and provide a solid foundation for sustainable long term growth; and
- the Capital Reallocation Proposal will improve the allocation of equity between the Trust and the Company if any future capital raisings are undertaken.

### D.2 Arguments against the Capital Reallocation Proposal

#### Possible tax implications for Securityholders

The Capital Reallocation Proposal could bring forward the capital gains tax taxing point for Securityholders who have a low cost base in their Trust Units. However, it is unlikely that any Securityholder would have a cost base low enough to be affected by this proposal.

Securityholders who have a cost base in their Trust Units which is less than \$0.22 per Trust Unit, will be required to take into account the amount of the excess of the capital return over the cost base in their Trust Units when considering their tax position for the taxation year in which the Capital Reallocation Proposal is implemented.

The precise tax consequences for an individual Securityholder in this position will depend upon their individual tax circumstances including whether they hold the Trust Units on revenue or capital account, the availability of the CGT concession and the applicable tax rate. See the tax summary in Section I for more detail.

### D.3 What if the Capital Reallocation Proposal is not approved?

If the Capital Reallocation Proposal is not approved, the Company will continue to have a deficiency of assets for the foreseeable future and will continue to require a letter of support from Stockland Trust Management Limited as Responsible Entity of Stockland Trust, the details of which are set out below.

As the Company has a net asset deficiency, a letter of support was signed by Stockland Trust Management Limited (as Responsible Entity for the Trust) to the Company (and its subsidiaries) to confirm that the intercompany debt of \$3,903 million will not be recalled before all other external creditors are satisfied and that it will continue to provide financial and other support to the Company until the earliest of the time the Company has a net asset position of at least \$100 million, or twenty months from the date of signing the letter being 13 February 2013. If the capital reallocation is not approved, this letter of support will remain in place, and subject to the performance of the Company may be reviewed and extended beyond the initial expected period of operation.

The Company will also be constrained in funding the potential growth opportunities in its Residential and Retirement Living businesses.

## E. Timing of the Capital Reallocation Proposal

### E.1 Conditions to Capital Reallocation Proposal

The Capital Reallocation Proposal will only be implemented if:

- the Directors continue to be satisfied at the time that the Capital Reallocation Proposal is in the best interests of Securityholders; and
- the Capital Reallocation Resolutions are approved by the requisite Securityholder majorities at the Meetings.

Further details of the tax impacts of the Capital Reallocation Proposal for Australian resident investors holding their Stapled Securities on the capital account are set out in Section I below.

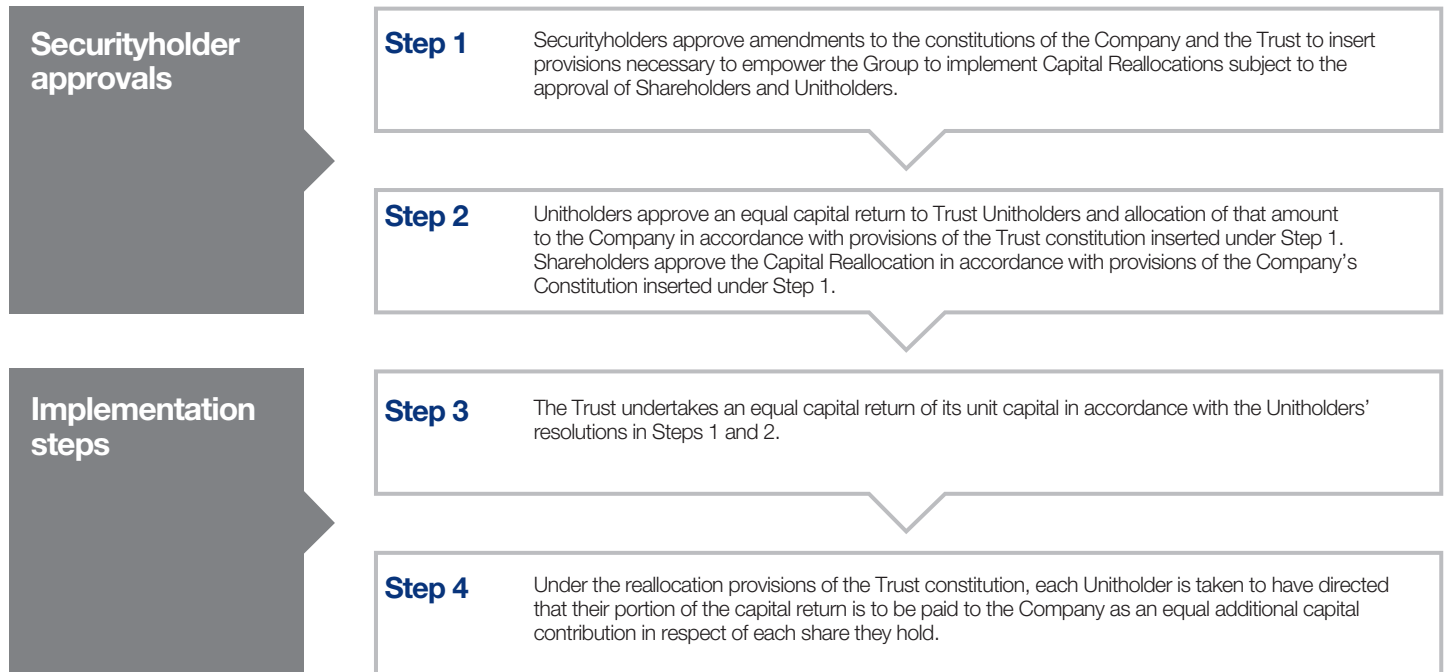
### E.2 When will the Capital Reallocation Proposal occur?

If the Capital Reallocation Proposal is undertaken, the Directors intend that it occur as soon as practicable and in any event prior to 31 December 2013 (assuming the Capital Reallocation Resolutions are passed).

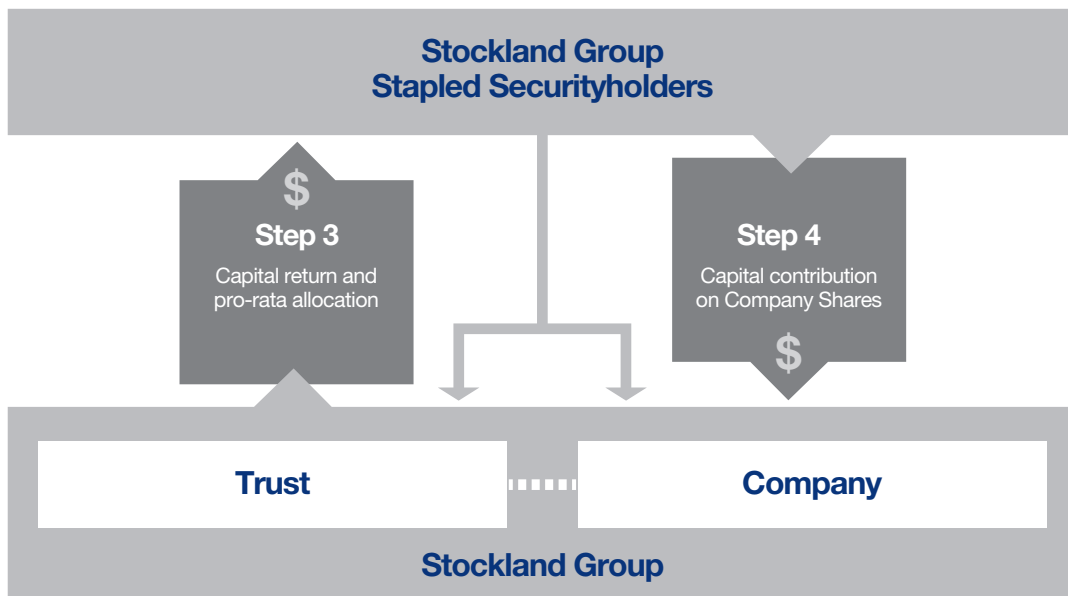
*Notwithstanding the passing of Resolutions 9.1, 9.2, 10.1 and 10.2, Stockland is not obligated to make an allocation of capital or to otherwise implement the Capital Reallocation Proposal or any other reallocation of capital.*

## F. Steps to implement the Capital Reallocation Proposal

The Capital Reallocation Proposal involves a reallocation of capital of the Group from the Trust to the Company. This reallocation will be effected by the following four steps.



The Securityholder approvals described in Steps 1 and 2 are the subject of the Capital Reallocation Resolutions (ie, Resolutions 9.1, 9.2, 10.1 and 10.2). The Implementation Steps (ie, Steps 3 and 4 above) are shown in the following diagram:



The proposal represents a reallocation of existing capital only. Securityholders are not required to contribute any additional capital to their existing equity in the Group.

## G. Resolutions

### G.1 Securityholder approvals required

The Capital Reallocation Proposal cannot be implemented unless the proposed amendments to the Constitutions of the Trust and the Company are approved. These proposed amendments require the approval of Shareholders under Resolution 9.1 and Unitholders under Resolution 9.2.

In addition, the Capital Reallocation Proposal itself requires the approval of Unitholders under the Resolution 10.1 and Shareholders under Resolution 10.2.

### G.2 Proposed Amendment to the Company Constitution

#### What is the resolution?

The resolution in 9.1 approves an amendment to the Company's Constitution to facilitate capital reallocations from the Trust to the Company.

The amendment will result in the following being inserted after clause 10 of the Company's Constitution:

#### *"10A Capital Reallocation*

*If, at any time, the responsible entity of the Stapled Trust makes a distribution of capital of the Stapled Trust to the holders of Stapled Units on terms that the amount to be distributed in respect of each Stapled Unit ("Capital Reallocation Amount") is to be paid at the direction of the holder of the Stapled Unit to the Company as an additional capital payment in respect of the Share to which that Stapled Unit is stapled then the holder of that Stapled Unit, as a holder of a Stapled Security (comprising the Stapled Unit and the Share to which that Stapled Unit is Stapled), is:*

- (a) taken to have directed the Company to accept the Capital Reallocation Amount as an additional capital payment in respect of the Share to which that Stapled Unit is Stapled; and*
- (b) deemed to have appointed the Company as its attorney and agent to do all things the Company considers necessary to give effect to the receipt of the Capital Reallocation Amount by the Company,*

*and the Company shall be deemed to receive the Capital Reallocation Amount as an additional payment in respect of the Share to which that Stapled Unit is Stapled."*

#### Details of the resolution

Amendments are proposed to be made to the Company Constitution in order to facilitate the Capital Reallocation Proposal without requiring further action from Securityholders. The amendments will enable the Company to receive from Unitholders a distribution of capital from the Trust as an additional capital payment, subject to separate Securityholder approval. Resolutions 10.1 and 10.2 are seeking approval for a capital reallocation of up to \$0.22 per Unit.

### G.3 Proposed Amendment to the Trust Constitution

#### What is the resolution?

Resolution 9.2 provides for the amendment of the Trust Constitution in order to facilitate the Capital Reallocation Proposal and subsequent capital reallocations. The resolution in 9.2 is required under section 601GC of the Corporations Act which permits the Trust's Constitution to be amended by special resolution of Unitholders.

The amendment will result in the following being inserted after clause 9 of the Trust's Constitution:

#### *"9A Capital distributions and Capital Reallocation*

*9A.1 The Manager may at any time, with the approval by ordinary resolution of Members (the "Capital Reallocation Resolution"), distribute capital of the Trust to the Members on terms that the amount distributed in respect of each Unit is to be applied by the Manager as agent for and on behalf of each Member by paying that amount at the direction of each Member to the Stapled Company as an additional capital payment in respect of the Stapled Share in the Stapled Company already issued to which that Unit is Stapled.*

*9A.2 Subject to the rights, obligations and restrictions attaching to any particular Unit, a Member is entitled to that proportion of the capital to be distributed under this clause 9A as is equal to the number of Units held by that Member on a date determined by the Manager divided by the number of Units on the Register on that date as at the end of the day.*

*9A.3 If at any time the Manager distributes capital of the Trust to the Members under clause 9A.1 on terms that the amount distributed in respect of each Unit (the "Capital Reallocation Amount") is to be paid by the Manager as agent for and on behalf of the Member to the Stapled Company as an additional capital payment in respect of the Stapled Share to which that Unit is Stapled, then:*

- (a) each Member is taken to have directed the Manager to pay the Capital Reallocation Amount to the Stapled Company on that basis;*
- (b) the Manager must pay the Capital Reallocation Amount to the Stapled Company on that basis and in accordance with the Capital Reallocation Resolution; and*
- (c) each Member will be deemed to have irrevocably (subject to clause 22) appointed the Manager as its attorney and agent to:
  - (i) do all things the Manager considers necessary to give effect to the Capital Reallocation Resolution; and*
  - (ii) without limiting clause 9A.3(c)(i), to agree in writing to be bound by the modification of the constitution of the Stapled Company to include corresponding provisions relating to a Capital Reallocation Resolution."**

#### Details of the resolution

Amendments are proposed to be made to the Trust Constitution in order to facilitate the Capital Reallocation Proposal without requiring further action from Securityholders. The amendments enable the Responsible Entity of the Trust to make a distribution of its capital to the holder of each Unit which will be compulsorily paid to the Company as an additional capital payment in respect to the Share to which that Unit is stapled, subject to separate Securityholder approval. Resolutions 10.1 and 10.2 are seeking approval for a capital reallocation of up to \$0.22 per Unit.

*The Directors recommend that Securityholders vote in favour of Resolutions 9.1 and 9.2.*

#### G.4 Capital Reallocation resolutions

Resolutions 10.1 and 10.2 seek Securityholder approval of the Capital Reallocation Proposal as described in this section of the Explanatory Statement. The Capital Reallocation Proposal is conditional on the amendments to the constitutions of the Company and the Trust being made, and the Capital Reallocation Proposal cannot proceed if Resolutions 9.1 and 9.2 are not approved. If Resolutions 9.1 and 9.2 are not approved, Resolutions 10.1 and 10.2 will not be put to Securityholders.

*The Directors consider the Capital Reallocation Proposal to be in the best interests of all Securityholders and recommend that Securityholders vote in favour of Resolutions 10.1 and 10.2.*

#### H. Financial information

The implication of the reallocation on the Company and Trust financial positions would be to reduce capital of the Trust and increase capital of the Company by up to \$510 million. The capital position of the Company will move from a net asset deficiency of \$302.8m as at 30 June 2013 to a positive net capital position which, if the Capital Reallocation had been implemented on 30 June 2013, would have been of approximately \$200m. The impact on Stockland Group's earnings per security in future years will be approximately 0.6 cents per annum (proportionately less in FY14) and this impact has been taken into account in the earnings guidance provided by the Group.

#### I. Tax implications of the Capital Reallocation Proposal

Set out below is a general summary of the Australian income tax implications arising to Securityholders as a result of the Capital Reallocation Proposal. The information provided below is intended only as a brief guide.

This summary is based on existing law and established interpretations as at the date of this document. This summary only applies to Securityholders who hold their Stapled Securities on capital account and does not address the consequences that arise for Securityholders that hold their Stapled Securities on revenue account or as trading stock.

The summary does not apply to Securityholders that are subject to the taxation of financial arrangement (TOFA) rules in Division 230 of the Income Tax Assessment Act 1997 in relation to gains and losses on their stapled securities.

Each Stapled Security is made up of a Unit in the Trust and a Share in the Company. Notwithstanding the fact that these assets cannot be traded separately, they are treated as separate assets for capital gains tax (CGT) purposes.

##### I.1 No tax advice

These comments are of a general nature only and do not constitute tax advice and should not be relied upon as such. You should seek your own independent taxation advice based upon your own position.

##### I.2 Income

The distribution of capital by the Trust should not be included in your assessable income.

##### I.3 Cost base – Units in the Trust

The Capital Reallocation Proposal could bring forward the CGT taxing point for Securityholders who have a cost base of less than \$0.22 cents

in their Trust Units. However, having regard to the historical trading price of the securities and previous tax deferred distributions, it is unlikely that any Securityholder would have a cost base of less than \$0.22 cents to be immediately affected by this proposal.

Under the Capital Reallocation Proposal, your cost base in each of your Units in the Trust will be reduced by the lesser of your existing cost base and the Capital Reallocation Amount of up to \$0.22 per Unit. This may cause Securityholders to make a capital gain in respect of the Units in the Trust at an earlier time than would have occurred, but for the Capital Reallocation Proposal.

Generally, your cost base in a Unit will be a specific proportion of the cost of acquisition of the Stapled Security in which it is included, reduced by tax deferred distributions made by the Trust in respect of that Unit since acquisition.

To the extent that the Capital Reallocation Amount of up to \$0.22 per Unit exceeds your cost base in a Unit, you will make an immediate capital gain equal to that excess. This capital gain will be disregarded if you acquired the relevant Units on or before 19 September 1985 or if you are a non-resident and the Unit is not taxable Australian property. If you have held the Unit for 12 months or more at the time of the capital payment, a discount factor of 50% may be available for individuals and trusts. If you are a complying superannuation entity, the discount factor that may be available is 33⅓%. A discount factor is not available for companies.

Further information in relation to calculating capital gains and losses in relation to Stockland Stapled Securities is available on the Stockland Group's website at [www.stockland.com.au](http://www.stockland.com.au), in the Investor Centre.

##### I.4 Cost base – Shares in the Company

Under the Capital Reallocation Proposal, your cost base in your existing Shares in the Company should be increased by the capital contribution attributable to the Company. Since no new Shares will be issued by the Company, this will be an increase to your cost base in the existing Shares.

If you do not make an immediate capital gain in respect of your Units, the sum of the decreases in your cost base in your Units should be equal to the sum of the increases in your cost base in your Shares. Accordingly, the overall cost base of each stapled security should remain the same.

If you do make an immediate capital gain in respect of your Units, your overall cost base of your stapled securities should increase by the amount of the gross capital gain on your Units (i.e. before the application of the CGT discount, if available).

##### I.5 Acquisition date

The Capital Reallocation Proposal will not alter the time that you acquired your existing stapled securities for tax purposes.

##### I.6 Class ruling

In order to remove any doubt, Stockland has applied to the Australian Taxation Office (ATO) for a class ruling for the benefit of Securityholders to confirm the tax treatment of the Capital Reallocation Proposal is as set out in this Section I. In particular, the class ruling is expected to confirm the following key taxation consequences:

- the distribution of capital by the Trust will not be included in your assessable income as ordinary income;
- your cost base for your Units will be reduced by the lesser of that cost base and the amount of the capital payment;



- to the extent that the capital payment exceeds your cost base in a Unit, you will make an immediate capital gain equal to that excess;
- this capital gain will be disregarded if you are a non-resident for Australian tax purposes, and the Unit is not taxable Australian property;
- your cost base for your Shares should be increased by the capital contribution; and
- the Capital Reallocation Proposal will not affect the date of acquisition of your securities for tax purposes.

If Resolutions 10.1 and 10.2 are passed, Stockland will update Securityholders, on the ASX and Stockland website, of the progress of the class ruling as well as any decision to proceed with the Capital Reallocation Proposal.

## Resolutions 11 and 12 – Amendments to Company Constitution and Trust Constitution

The Board of the Company and the Responsible Entity has undertaken a review of the Constitutions of the Company and the Trust. Following that review the Board has determined to propose the following changes to ensure the Constitutions continue to allow appropriate flexibility and remain up to date with market practice:

- to authorise the Board to determine to allow direct voting at meetings by Securityholders;
- to increase the flexibility of the Responsible Entity in setting the issue price of Stapled Securities by opting into the new regime permitted by ASIC relief; and
- to provide the Responsible Entity with the flexibility to issue financial instruments (such as convertible bonds) out of the Trust.

### A. Direct Voting

It is proposed that the Constitutions of each of the Company and the Trust be amended to enable the Board to allow for direct voting in relation to meetings of members and other class meetings.

Direct voting is the process by which a member can vote without attending a meeting and acts as an alternative voting mechanism to proxy voting. Direct voting is usually undertaken in the form of post, fax or other electronic means. Direct voting would allow Members to lodge their vote with Stockland prior to the relevant meeting, and if a member chose to cast their vote by way of a direct vote, it would have the same effect as a vote cast in person at the meeting.

Accordingly, Stockland believes that direct voting would encourage greater member participation by providing a simpler and more direct form of representation for members at general meetings.

### B. Greater flexibility in relation to setting the issue price of Stapled Securities

The Board proposes to amend the provisions of the Trust Constitution to allow greater flexibility in setting the issue price of the Unit component of Stapled Securities.

### Background

Under the Corporations Act, the Stockland Trust Constitution must make adequate provision for the issue price of interests in the Trust. This requires the Constitution to set out prescriptive pricing provisions for the issue of Units. There is no equivalent requirements for the issue price of shares in the Company. Under the current ASIC Class Order relief on which

Stockland Trust has relied (**Current Class Order**) these requirements were relaxed to allow the Responsible Entity to exercise its limited discretions, provided certain pricing restrictions and other conditions were met, when setting the issue price for the Unit component of Stapled Securities in placements, rights issues, under security purchase plans and distribution reinvestment plans.

ASIC has recently completed a review of the issue price relief and determined to issue new Class Order relief (**New Class Order**) to allow greater flexibility for responsible entities to set the price at which interests may be issued, but with increased compliance requirements for responsible entities when exercising their discretion to set issue prices. All managed investment schemes registered from 1 October 2013 must operate under the New Class Order. For existing registered managed investment schemes, such as Stockland Trust, the responsible entity must opt-in to operate under the New Class Order regime.

### Proposed amendments to the Trust Constitution

The Board proposes that Stockland Trust opt into ASIC's New Class Order regime. The Board considers that the flexibility in setting the issue price of Stapled Securities allowed by the New Class Order is more appropriate for Stockland as a listed stapled group comprising both a trust and company, recognising there are no restrictions on setting the issue price of shares under the Company Constitution.

The amendments to the Trust Constitution have the effect of removing certain restrictions on the Responsible Entity in setting the issue price of Stapled Securities. In particular, the effect of these provisions is as follows:

| Issue  | Current Provision   | New Provision   |
|--|---|---|
| <b>Placements</b>                                    | Issue price is the Average Market Price of Stapled Securities or another price determined by the Manager.   | No change to issue price provision.   |
| <b>Rights issues</b>                                 | Issue price must be not less than 50% of the Average Market Price of Stapled Securities.  | The Manager may determine the issue price in its discretion.  |
| <b>Distribution Reinvestment Plan</b>                | Issue price must be the average of the daily volume weighted average of the selling prices of Stapled Securities on each of the 15 trading days immediately preceding the date determined by the Manager (excluding certain special sales), less such discount if any, as the manager determines not exceeding 10%. | The Manager may determine the issue price in its discretion.  |
| <b>Security Purchase Plan</b>                        | Issue price is the Average Market Price of Stapled Securities or another price determined by the Manager.   | No change to issue price provision.   |
| <b>Units issued with partial distribution rights</b> | The Manager must take a partial distribution right to a distribution in the period in which the Stapled Securities are issued into account in determining the price at which Stapled Securities may be issued under other provisions of the Trust Constitution.   | While the Manager may issue Stapled Securities with partial distribution rights in relation to the distribution in the period in which they are issued, the requirement to consider and adjust for the effect of the distribution on the price which would otherwise apply under the prescriptive pricing requirements will be removed. |
| <b>Options issued pro rata to members</b>            | The issue price of a Unit on exercise of an option issued pro rata to all existing members must not be less than a discount of 90% of the price which would otherwise apply under the Constitution.   | The exercise price of a Unit on exercise of an Option issued in these circumstances is determined by the Manager.   |

The **Average Market Price** of a Stapled Security under the Trust Constitution is the weighted average market price of Stapled Securities during a five trading day period.

### 3. Flexibility for the Trust to issue financial instruments which may convert into Stapled Securities

The Board proposes to insert new provisions into the Trust Constitution to provide the Responsible Entity with a power to issue financial instruments (for example a convertible bond) out of the Trust which may be redeemed at face value or convert into Units or Stapled Securities. Any redemption or conversion into Stapled Securities would be in accordance with applicable ASIC relief and the provisions of the Trust Constitution, including, in relation to a conversion, the placement provisions. Such an amendment will provide Stockland with greater flexibility should it consider it to be in the best interests of Stapled Securityholders to issue convertible bonds or other convertible instruments in the future.

To contemplate the Trust having financial instruments on issue, a number of amendments are proposed throughout the Trust Constitution to ensure provisions of the Trust Constitution that apply to Units will apply equally to financial instruments (eg, in relation to transfers, registers, notices to holders, complaints by holders etc). These provisions will also be amended to apply equally to options where they do not already. The Trust Constitution provides for the issue of options but a number of these provisions apply only to Units where it is equally appropriate for them to apply to options.

A copy of the proposed amendments to the Company Constitution and the Trust Constitution showing the proposed changes in mark up can be viewed prior to the meetings on Stockland's website [www.stockland.com.au](http://www.stockland.com.au)

# Notes

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# Notes

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**Head office**

Stockland  
Level 25, 133 Castlereagh Street  
Sydney NSW 2000

Toll free: 1800 251 813  
T: (61 2) 9035 2000

**Corporation/  
Responsible Entity**

Stockland Corporation Limited  
ACN 000 181 733

Stockland Trust Management Limited  
ACN 001 900 741  
AFSL 241190

**Share registry**

Computershare Investor  
Services Pty Ltd

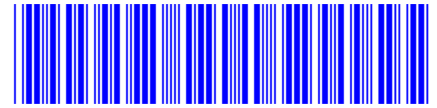
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MR JOHN SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 1234567890

I N D

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Stockland Corporation Limited and Stockland Trust hereby appoint

the Chairman of the Meeting OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Stockland Corporation Limited and Meeting of Unit Holders of Stockland Trust to be held at the Grand Ballroom, Four Seasons Hotel, 199 George Street, Sydney NSW on Tuesday, 29 October 2013 at 2.30pm (Sydney time) and at any adjournment or postponement of the meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 2, 3 and 4 (even where I/we have not indicated a voting intention below) even though Items 2, 3 and 4 are connected directly or indirectly with the remuneration of a member of key management personnel.

If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 2, 3 and 4 by marking the appropriate box in step 2 below. The Chairman of the Meeting intends to vote all undirected proxies in favour of each item of business.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

### ORDINARY BUSINESS

|   |   | For                      | Against                  | Abstain                  |
|---|---|--------------------------|--------------------------|--------------------------|
| 2 | Approval of the Remuneration Report   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 | Grant of 528,000 performance rights to Mr M Steinert as part of his FY13 remuneration | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 | Grant of 915,000 performance rights to Mr M Steinert as part of his FY14 remuneration | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 | Re-election of Director - Carol Schwartz  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6 | Re-election of Director - Duncan Boyle  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7 | Re-election of Director - Barry Neil  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8 | Re-election of Director - Graham Bradley  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

### SPECIAL BUSINESS

|     |  |                          |                          |                          |
|-----|--|--------------------------|--------------------------|--------------------------|
| 9.1 | Capital reallocation amendments to Constitution of Stockland Corporation Limited | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|-----|--|--------------------------|--------------------------|--------------------------|

|     |  |                          |                          |                          |
|-----|--|--------------------------|--------------------------|--------------------------|
| 9.2 | Capital reallocation amendments to the Constitution of Stockland Trust | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|-----|--|--------------------------|--------------------------|--------------------------|

### ORDINARY BUSINESS

|      |   |                          |                          |                          |
|------|---|--------------------------|--------------------------|--------------------------|
| 10.1 | Approve the distribution of capital by Stockland Trust  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10.2 | To apply the distribution from Stockland Trust as an additional capital payment in respect of each share of Stockland Corporation Limited | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

### SPECIAL BUSINESS

|    |   |                          |                          |                          |
|----|---|--------------------------|--------------------------|--------------------------|
| 11 | Approve amendments to the Constitution of Stockland Corporation Limited | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 12 | Approve Amendments to the Constitution of Stockland Trust               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_ Date / /