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# 1. OVERVIEW

## 1.1 The Proposal

Stockland Trust ("**Stockland Trust**") currently holds approximately 60.7% of the total number of ACY Units on issue. On 18 June 2001, Stockland Trust and ACY announced a proposal for Unitholders to receive cash for their Units and for ACY to become wholly owned by Stockland Trust (the "**Proposal**"). The Proposal, if approved by Unitholders, will mean:

- Unitholders will receive payment for their Units at the Offer Price of 91 cents per Unit;
- Unitholders who were on the register on 29 June 2001 will receive the estimated quarterly distribution of 2.4 cents per Unit for the quarter ended 30 June 2001;
- Existing Unitholders (other than Stockland Trust) will have no ongoing holding in ACY; and
- ACY will become wholly owned by Stockland Trust.

Stockland Trust has arranged for UBS Warburg to provide a facility for Unitholders to reinvest proceeds received under the Proposal in Stockland Securities. Stockland Trust RE will pay the brokerage involved in the facility (see Section 10 and the accompanying facility terms).

This Notice of Meeting and Explanatory Memorandum sets out details of the Proposal and action required by Unitholders.

## 1.2 Choices for Unitholders

Set out in the Notice of Meeting in Section 4 are two Resolutions. The first of these Resolutions relates to changes to the Constitution of ACY necessary to give effect to the Proposal. The second Resolution relates to the Proposal itself.

In order for the Proposal to be implemented, Unitholders are required to approve both Resolutions. Units held by or for Stockland Trust or any of their associates will not be eligible to be voted on the Resolutions. The Proposal is also subject to certain terms and conditions set out in the Merger Implementation Deed summarised in Section 9.5.

### **If the Proposal is implemented**

If the Proposal is implemented then the Units held by each Unitholder will be automatically redeemed in full and Unitholders will have no ongoing holding in ACY. The Offer Price of 91 cents per Unit will be sent to Unitholders on or around 14 August 2001.

You should indicate how you wish to receive the redemption proceeds on the Voting and Proxy Form. Even if you do not plan to vote or are not in favour of the Proposal, you should still elect a payment method otherwise you will be paid by the method by which you currently receive your quarterly distribution.

If the Proposal is implemented, your Units will be redeemed and you will receive the redemption proceeds even if you vote against the Resolutions or do not vote at all.

### **If the Proposal is not implemented**

If the Proposal is not implemented you will receive the estimated quarterly distribution of 2.4 cents per Unit if you were on the ACY register on 29 June 2001, but you will not receive the Offer Price, irrespective of how you may have voted. In these circumstances no Units will be redeemed, ACY will continue to be listed on the ASX and the Responsible Entity will continue to pursue the management and investment strategy currently in place for ACY.

*It is very important that you vote on the Resolutions either in person at the Unitholders' meeting or by completing and returning your personalised Voting and Proxy Form before 10.00 am (Sydney time) on 4 August 2001.*

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### **I.3 Independent Expert's Report**

The Independent Expert's report prepared by Deloitte Corporate Finance Pty Limited (the "Independent Expert") provides an assessment of the Proposal. In the opinion of the Independent Expert the Proposal is fair and reasonable to, and in the best interest of, Unitholders other than Stockland and its associates. The Independent Expert's report is included in Section 7 of this booklet.

### **I.4 Taxation Implications**

Implementation of the Proposal will result in a taxable event occurring for Unitholders for the purposes of Australian capital gains tax ("CGT").

The effective date of redemption for CGT purposes will be the Redemption Date currently anticipated to be 9 August 2001, unless the Responsible Entity and Stockland Trust RE otherwise agree.

Accordingly, a Unitholder may make a capital gain or a capital loss as a result of the redemption of their Units. The capital proceeds of the CGT event will be the cash received by the Unitholder in respect of the redemption of Units. The cost base of the Units is generally the cost of the Units adjusted for certain components of distributions relating to depreciation benefits.

Indexation of the cost base, or discounting of any net capital gain may be available to certain Unitholders.

Further information on the taxation implications of the Proposal is contained in Section 8 of this booklet. The Responsible Entity notes that the personal circumstances of each Unitholder bear upon a Unitholder's individual taxation position. Accordingly, Unitholders should read Section 8 carefully, taking into account their own personal situation and, if necessary, seek professional advice.

### **I.5 Recommendation of the Responsible Entity**

A detailed evaluation of advantages and disadvantages for Unitholders not associated with Stockland Trust of the Proposal is set out in Section 5 of this booklet. Unitholders should review this Section and the Independent Expert's Report closely prior to deciding how they wish to vote on the Resolutions.

The Responsible Entity believes that, given the limited growth prospects for ACY, the opportunity for Unitholder's to redeem their Units at a premium to net asset backing and to the recent trading price outweighs the potential advantages foregone.

Based on this evaluation, the Responsible Entity believes that the Proposal is in the best interests of Unitholders, subject to no superior offer emerging. This is supported by the conclusion of the Independent Expert.

**ACCORDINGLY, THE RESPONSIBLE ENTITY RECOMMENDS THAT UNITHOLDERS VOTE IN FAVOUR OF BOTH RESOLUTIONS.**