



Stockland

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STOCKLAND ACQUIRES AUSTRALIAN RETIREMENT COMMUNITIES

Stockland has bolstered its presence in the retirement living sector with the strategic acquisition of Australian Retirement Communities (ARC), the largest privately owned operator in the Australian retirement market for \$329 million from the business founders John, Russell and Graham Knowles and Ian Ball.

The ARC retirement business consists of:

- 17 existing retirement villages containing 2,850 independent living units;
- 3 villages under construction containing 560 independent living units; and
- a development pipeline of a further 6 villages that will yield over 825 homes/units.

Stockland will amalgamate ARC with its existing Retirement Living business, which already has a medium term development pipeline of over 3,000 homes/units.

Stockland Development Division CEO Denis Hickey said "The ARC business is an ideal strategic fit and accelerates our growth into this sector. The acquisition of ARC will position Stockland as a top five retirement village operator in Australia when combined with our extensive development pipeline."

The aged care component of ARC, "ARCare" will be retained by the existing owners and Stockland has formed a strategic alliance with them to jointly identify and unlock new growth opportunities.

Mr Hickey said "This is a great outcome for both parties as the ARC retirement business is a natural fit with Stockland's existing retirement business, while the Vendors will retain their strong aged care portfolio."

ARC Managing Director Ian Ball said "We were the founders of private sector involvement in this industry and have built up ARC over the past 34 years into a leader in the Victorian marketplace. The timing is right for the business to go through its next growth phase and Stockland clearly has demonstrated expertise in the residential sector. I am confident that the business will go from strength to strength in their portfolio."

The acquisition will have a neutral impact on Stockland's FY07 earnings and it will be accretive commencing FY08.

"The acquisition of ARC will accelerate our organic market entry strategy and our aim is for our retirement living business to contribute circa 15% of the Development Division profit by the 2010 financial year," said Mr Hickey.

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Stockland has appointed Michael Eggington as General Manager of the combined ARC/Stockland Retirement Living business. Mr Eggington has over 25 years experience in all aspects of the residential development industry and will complement the skills and expertise contained within ARC.

Mr Hickey said all of the highly experienced ARC retirement village employees will join Stockland as part of the acquisition.

Stockland has significant investments in Victoria with an end value of projects of over \$3 billion, across retail, office buildings, industrial parks, residential communities, apartments and now retirement villages.

Stockland plans to undertake an institutional placement of new Stockland stapled securities to raise approximately \$300 million through a bookbuild jointly managed by UBS and Citigroup.

Stockland also advised its intention to enable all existing security holders to participate in a Security Purchase Plan on the same terms as the institutional placement.

Proceeds from the issue will be used for the funding of the ARC acquisition and general working capital.

Final details relating to the acquisition and capital raising will be announced to the market before the commencement of trading on Monday 12 February 2007.

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Stockland (ASX: SGP) is one of the largest and most diversified property groups in Australia with interests in retail, commercial, industrial and residential property investment and development and unlisted property funds. Stockland currently has total assets in Australia and New Zealand of over \$9.6 billion, market capitalisation in excess of \$10 billion, and reported an operating profit of \$553.7 million for the year ended 30 June 2006. Additional information can be found on our website www.stockland.com.au