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ASX Release

STOCKLAND ACQUIRES STRATEGIC STAKE IN FKP AND SECURES FIRST RIGHT OVER RETIREMENT VILLAGES

Stockland has today acquired a 5% stake in FKP stapled securities via a share placement and will acquire a stake of up to around 13% through the partial sub-underwriting of a rights issue.

FKP will commence a strategic review of its retirement living assets which could lead to their separation. Stockland will be granted an exclusive dealing period of two months while the review is undertaken and a first right of refusal over the assets.

Stockland's CEO Residential Property, Denis Hickey, will be appointed to the FKP Board.

The initial 5% stake in FKP will be acquired at \$2.00 per security. Stockland will take up its full entitlement in the rights issue at the price of \$1.50 per security and may take up further securities. Under the terms of the agreement Stockland will have a stake on completion of a minimum of 10% and up to around 13%, for a total outlay of a maximum of around \$80 million.

Stockland Managing Director Matthew Quinn said: "The acquisition of a stake in FKP and the exclusive dealing period in respect of the retirement assets is in line with our strategy to grow our exposure to the retirement living sector.

"As one of the largest participants in the Australian retirement living industry, FKP has built a quality portfolio of assets and has a strong development pipeline.

"We look forward to working with the FKP Board as it undertakes a strategic review of its retirement business to find the optimum solution for both FKP and Stockland shareholders."

The acquisition of the stake in FKP will be funded from Stockland's existing debt facilities and will increase the gearing ratio by 0.4%. The transaction will have a minimal dilutive impact on FY09 EPS.

Stockland is one of Australia's leading retirement village operators with 20 villages containing 3,445 Independent Living Units (ILUs) across Victoria and Queensland. Its retirement living development pipeline as at 30 June 2008 consisted of 3,630 units with an end of value of \$1.5 billion.

FKP is a diversified investment and property group with retirement living assets in a number of States including Queensland, South Australia and NSW.



Earlier this week Stockland also acquired a 14.3% strategic stake in Aevum, the largest for-profit participant in the NSW retirement living market.

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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, residential and retirement living investment and development, and funds management. Stockland currently has total assets in Australia and the United Kingdom of over \$14.7 billion, market capitalisation in excess of \$8 billion, and reported an operating profit of \$674 million for the year ended 30 June 2008. Additional information can be found on our website www.stockland.com.au

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