133 Castlereagh Street
Sydney NSW 2000

T 02 9035 2000
F 02 8988 2552

www.stockland.com.au

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ASX/Media Release

STOCKLAND CONFIRMS INDICATIVE, NON-BINDING AND INCOMPLETE PROPOSAL FOR AUSTRALAND

Stockland confirmed today that it has provided an indicative, non-binding and incomplete proposal to the Australand Board in relation to a potential combination of Stockland and Australand, through an all-scrip merger. The Australand Board has stated that it intends to reject this offer.

Stockland's proposal is an all-scrip offer of 1.111 Stockland securities for each Australand stapled security that it does not currently own. The proposal would be subject to due diligence and customary conditions. Based on the closing Stockland security price on 17 April 2014 of $3.78, the proposal implies an offer price of $4.20 per Australand security. Stockland believes the current Australand trading price already reflects a significant takeover premium to the price at which Australand would trade, absent Stockland's interest.

The proposal represents premiums of:

- 18.0% to Australand's stated net tangible assets of $3.56 per security;
- 12.9% to the price at which CapitaLand sold 23.4% of the outstanding Australand securities on issue to institutional investors of $3.72 per security on 19 March 2014; and
- 8.3% to the Volume Weighted Average Price of $3.88 for the three month period up to and including 18 March 2014, the day prior to Stockland acquiring an interest in 19.9% of Australand securities.

Stockland believes there is compelling strategic merit in a combination of the two groups, with benefits for all stakeholders:

- Securityholders would own the leading diversified property company in Australia, with strong market positions across all key lines of business, and share in the benefits of synergies going forward;
- Australand securityholders would have exposure to a significantly larger entity, backed by an A- credit rating;
- The combined residential development businesses would have strong geographic spread, the largest development pipeline in Australia and capabilities across both land subdivision and medium density development;
- The group would also have a significantly strengthened industrial portfolio and a high quality investment portfolio with considerable reinvestment opportunities; and

- The transaction would be expected to be accretive to both the earnings per security and enterprise value of Stockland.

Stockland Managing Director and CEO, Mark Steinert, said: "Any merger proposal must be reasonably accretive to sustainable EPS and Enterprise Value for Stockland. If investor price expectations are too high, we will sell and realise a profit on our 19.9% holding. In this regard we believe the 18% offer premium to ALZ's stated NTA is highly compelling."

Stockland Chairman Graham Bradley said: "A combination of Stockland and Australand would create Australia's premier diversified property company. Stockland and Australand are each strong businesses with complementary portfolios and cultures, and long track records of delivering for customers, employees, securityholders and the community. We believe that the Australand Board owes it to its stakeholders to engage with us and facilitate our request for due diligence, to see if a mutually beneficial merger of our two groups can be achieved."

Stockland has engaged Citigroup Global Markets Australia Pty Limited, Merrill Lynch Markets (Australia) Pty Limited and UBS AG, Australia Branch as financial advisors.

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 Indicies (DJSI) as the Global 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 2014, for the fifth consecutive year.

For media enquiries

Michelle Taylor
General Manager -
Stakeholder Relations
Stockland

T +61 (0)2 9035 2786
M +61 (0)400 356 692

For investor enquiries

Antoinette Plater
Senior Manager -
Investor Relations
Stockland

T +61 (0)2 9035 3148
M +61 (0)429 621 742

Stockland Corporation Ltd ACN 000 181 733 Stockland Trust Management Ltd ACN 001 900 741
AFSL 241190 As Responsible Entity for Stockland Trust ARSN 092 897 348.