



4 June 2015

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## STOCKLAND BOOSTS RETIREMENT INVESTMENT AND DEVELOPMENT PORTFOLIO WITH SA ACQUISITION

Stockland is delivering on its strategy to grow returns in its Retirement Living business with the exchange of contracts to acquire a portfolio of eight retirement villages in South Australia. The portfolio provides strong development opportunities, both in terms of greenfield and brownfield projects, and is accretive to earnings.

Mark Steinert, Managing Director and CEO at Stockland said: "South Australia is an excellent retirement living market with the highest penetration of over 65s living in retirement villages in the country at around 8.5 per cent. We look forward to welcoming the residents and staff of these eight villages into the Stockland business."

The portfolio, comprising 980 homes and a development pipeline of at least 130 additional dwellings, will be acquired from Masonic Homes for \$75.8 million, subject to satisfaction of conditions precedent. The acquisition forms part of Stockland's capital recycling program to exit non-core villages and reinvest the funds into higher returning assets and development opportunities.

Stockland Group Executive and CEO Retirement Living Stephen Bull said the acquisition is expected to deliver above hurdle returns and will positively contribute to achieving Stockland's Retirement Living ROA target of 7.0 - 7.5 per cent by FY19. The acquired portfolio has an average forecast cash ROA above this range. There is no inclusion of goodwill in the acquisition price.

"Our growth strategy over the last two years has focused on development and actively managing our portfolio to drive returns. This transaction further supports our growth strategy with the addition of high quality villages that are accretive to earnings, well located and offer good potential for future development and growth. The transaction will be partially funded by our previous sale of three villages during FY15."

**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, logistic centres, business parks, office assets and retirement living villages. Stockland is rated as one of the most sustainable real estate companies in the world by the Dow Jones Sustainability World Index (DJSI). Stockland is also an Employer of Choice for Gender Equality, as recognised by the Workplace Gender Equality Agency.

Seven of the villages are located within 20 kilometres of the Adelaide CBD and one property, Bay Village, is located in the picturesque town of Victor Harbor, approximately 80 kilometres south east of the city. The villages are all located in well-established areas close to transport, retail and medical facilities and feature either on-site or nearby aged care facilities.

The eight villages have a combined occupancy rate of 90 per cent and offer average home prices that compare favourably to the median house price in their respective surrounding areas.

The eight villages will enable improved economies of scale for Stockland's Retirement Living business in South Australia, which previously comprised 261 homes and apartments across three villages.

Masonic Homes Chair, Mark Butcher, said: "The decision to accept Stockland's offer had been made after due consideration of a number of proposals and in light of Stockland's proven track record of creating vibrant communities focused on fulfilling the needs of older Australians. Stockland also has the financial capacity to realise plans for the future development and growth of the Somerton and Northgate communities."

The acquisition takes Stockland's total Retirement Living business to more than 9,500 homes and apartments across 69 villages in five states, with a value in excess of \$1.1 billion. Ownership and management of the eight South Australian villages is anticipated to pass to Stockland on June 30, 2015.

**ENDS**

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