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STOCKLAND ANNOUNCES SALE OF ITS RETIREMENT LIVING BUSINESS

- EQT Infrastructure (EQT) to acquire¹ Retirement Living business² for consideration of \$987m³ with settlement expected in late FY22
- Disposal price broadly in line with book value⁴
- Delivers on Stockland's strategy to release capital for redeployment into higher growth opportunities and refocus the Communities business
- Disposal results in a proforma 5% reduction to Group gearing⁵ prior to redeployment of proceeds toward Stockland's ~\$37bn development pipeline

Stockland (ASX: SGP) today announced that it has entered into a binding Sale and Purchase Agreement for EQT Infrastructure (EQT) to acquire full ownership of Stockland's Retirement Living business for \$987m.

The disposal price represents a ~1.9% discount to Stockland's December 2021 book value of \$1,006m.

Under the terms of the agreement, EQT will acquire Stockland's portfolio of 58 established Retirement Living villages, 10 development projects underway and in planning, along with the associated management platform.

As a result of the transaction, over 300 employees will transfer to EQT with the business.

To facilitate and support an effective transfer of the business and its people, Stockland will continue to provide administrative support in areas such as finance and technology for an agreed period post completion of the transaction under a Transitional Services Agreement.

CEO and Managing Director of Stockland, Tarun Gupta, said "I am delighted that we have found a strong Retirement Living owner and operator to acquire Stockland's Retirement Living platform.

EQT is a purpose-led organisation with a well-established track record in healthcare, aged care and retirement living. We are confident that EQT will be the right custodian for the residents and employees, and are well placed to support the continued growth of the high quality Retirement Living platform.

We have an accomplished and dedicated team in our Retirement Living business, who will transfer to EQT at completion of the transaction. They continue to be focused on providing the best possible care and resident experience across the portfolio.

¹ Transaction remains subject to approval by the Foreign Investment Review Board.

² Affinity Village (WA) is subject to a separate sale process that is underway and is not included in this transaction.

³ Excluding transaction costs.

⁴ December 2021 book value of \$1,006m, excluding transaction costs.

⁵ Versus December 2021 gearing of 23.3%.

The announcement today does not impact on any of the arrangements with our residents. It will be business as usual for our residents, noting on completion they will have a new partner with significant experience in running industry leading retirement living villages.

The transaction also demonstrates that we are executing on the strategy announced in November 2021 to refocus our Communities business and reduce our capital exposure to Retirement Living.”

Partner and Head of Asia Pacific for EQT Infrastructure, Ken Wong, said: “From the outset we’ve been very impressed with the team and the first-rate retirement living portfolio Stockland have built.

Stockland Retirement Living is a clear leader in the Australian retirement living space and we are excited about working together as we transition the business toward a standalone platform that continues to develop and operate high-quality retirement villages.

With an aging Australian population and increased need for specialised care, we are excited to have the opportunity to use our significant global experience in the sector to enhance the range of services provided to current and future residents of Stockland’s villages.”

Financial impacts

The sale of the Retirement business is expected to result in a taxable capital gain for Stockland. The exact quantum of the gain will not be able to be determined until after completion of the transaction. Stockland currently has carried forward tax losses that are expected to be sufficient to cover the anticipated capital gains tax on the sale of the Retirement Living business.

Receipt of proceeds from the transaction is expected to result in a proforma 5% reduction to Group gearing⁶ prior to redeployment of proceeds toward Stockland’s ~\$37bn development pipeline.

Transaction timing

Completion of the transaction remains subject to approval by the Foreign Investment Review Board. The transaction is expected to settle in late FY22.

ENDS

This announcement is authorised for release to the market by Ms Katherine Grace, Stockland’s Company Secretary.

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⁶ Versus December 2021 gearing of 23.3%.