MFS

Stockland

ASX/Media Release
4 December 2006

STOCKLAND CONFIRMS MFS TO BUY SAVILLE HOTEL GROUP FOR $114 MILLION

Investment and financial services group MFS Limited (ASX:MFS) and leading diversified property group Stockland (ASX:SGP) today announced that agreement had been reached for MFS to acquire the Saville hotel management business from Stockland for $114 million.

Stockland announced in August that it would seek offers to purchase its successful hotel management business, which manages 11 apartment-style hotels under lease agreements and management contracts with various third-party owners in each of the mainland capital cities in Australia. Saville is recognised as a market leader in apartment-style hotel accommodation, attracting domestic and international corporate and leisure travel guests.

Stockland managing director Matthew Quinn said "The sale process received significant interest from buyers in Australia and overseas who were attracted to Saville's well-recognised brand and strong operating performance over many years."

"We are delighted that MFS was the successful bidder for Saville. They are acquiring a solid business with a consistent track record and an experienced management team."

MFS managing director Phil Adams confirmed that the Saville Hotel Group will be integrated into Stella Resorts, a division of MFS. Stella Resorts also manages a range of other apartment-style leisure accommodation under the Peppers, BreakFree, Bale, Pacific International and Mantra brands. It also has a shareholding in Golden Tulip International.

"Saville is an attractive business that is well managed and a market leader in its segment. This acquisition bolsters the Stella Resorts Group position in the important corporate accommodation market and provides it with critical mass in that market and an enhanced national presence following the recent acquisition of the Pacific International Hotel chain," Mr Adams said.

MFS and Stockland have also agreed to establish an ongoing relationship for potential mixed use development projects in the future, under which MFS will become a preferred partner in the management of any new serviced apartment projects developed by Stockland in Australia.

Mr Quinn said "Cash proceeds from the sale will be redeployed as part of Stockland's ongoing capital recycling program, and we see many opportunities in our key operating divisions to generate high returns from this capital in the future."

Completion of the sale is planned to occur in January 2007.

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