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133 Castlereagh Street  
Sydney NSW 2000

T 02 9035 2000  
F 02 8988 2552

[www.stockland.com](http://www.stockland.com)

**For media enquiries**

**Greg Spears**

Senior Manager  
Media Relations  
Stockland  
T +61 (0)2 9035 3263  
M +61 (0)406 315 014

**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

**Tim Mitchell**

Senior Analyst  
Investor Relations  
Stockland  
T +61 (0)2 9035 2467  
M +61 (0)478 308 513

## STOCKLAND MARKET UPDATE

Stockland has reported strong retail sales during the third quarter, with comparable specialty sales showing the strongest growth since 2009.

Stockland's Residential business has also continued to perform well with residential deposits for the year to date at 31 March 2015 the highest in five years, despite third quarter deposits being impacted by limited releases in key Sydney projects, due to the timing of infrastructure delivery.

Managing Director and CEO Mark Steinert said Stockland was on track to achieve 7.0 – 7.5% EPS growth in FY15, tightening previous guidance.

"We continue to be disciplined in implementing our strategy to grow returns and this has seen us achieve another positive quarter across all areas of our business," Mr Steinert said.

"I am particularly pleased by our retail sales results which have lifted significantly, reflecting an improvement in market conditions and the impact of our continued focus on creating shopping centres that meet the specific needs of their trade areas."

Comparable specialty sales grew 4.9% in the quarter with the best performing categories being communication technology, homewares, food catering and retail services. Other strong performers were cinemas, travel agents and non-food mini majors.

Stockland also made good progress on its \$1.2 billion retail development pipeline in the quarter, opening the first stage of major redevelopments at Wetherill Park in Sydney and Baldivis in Perth. These two redevelopments represent a combined \$340 million investment that is expected to achieve initial stabilised yields of 7 – 8% and incremental IRRs of 13 – 14%.

"We are maintaining the great momentum in our Retail business, today announcing that we will commence stage one of Stockland Harrisdale this month. This is a \$50 million greenfield shopping centre development in Stockland's successful Newhaven community, 20km south east of Perth," Mr Steinert said.

The Residential business continued its strong performance reflecting both the success of the strategy to reshape the portfolio and expand customer reach, and continuing positive market conditions. Stockland is on track to settle at the upper end of its 5,000 to 6,000 lots through the cycle target range in FY15 with strong momentum going into FY16.

"Our focus on creating thriving communities that enhance the wellbeing of our customers continues to drive high satisfaction. A recent survey of residents in our masterplanned communities revealed that our customers have a personal wellbeing score well above the Australian average," Mr Steinert said.

Stockland has acquired around 4000 new lots during the quarter, including residential lots and apartment sites. These sites are in metropolitan growth corridors, well supported by rail and road infrastructure, and often alongside existing successful projects with strong brand recognition.

The Group's other core businesses also continued to perform well, with Retirement Living and Logistics and Business Parks making good progress implementing their growth strategies.

The Retirement Living business is on track to deliver an increase in sales in FY15, with third quarter reservations steady on the prior corresponding period, following a very strong second quarter. The \$160 million Cardinal Freeman redevelopment in Ashfield, Sydney, is well underway with the first stage of 28 apartments, due for completion in April 2016, already 65% reserved. Construction of stage two has now commenced.

During the quarter Stockland also continued to focus on growing its Logistics and Business Parks portfolio with the acquisition of three logistics assets, all with development potential.

Mr Steinert said the Group had maintained a diligent focus on implementing its strategy since setting it out in May 2013.

"This quarterly update demonstrates that our approach is working and we are well positioned to continue to deliver growing returns."

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#### **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.