



22 June 2015

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STOCKLAND TO SELL ITS 50% STAKE IN WATERFRONT PLACE

Stockland has agreed to sell its 50 per cent stake in the 40-storey Waterfront Place office tower and Eagle Street Pier in the Brisbane CBD for \$317.5 million to DEXUS, subject to satisfaction of conditions precedent.

Stockland will generate \$296 million from the sale of the Premium Grade office tower, which is a 3 per cent premium to its December 2014 book value of \$287.1 million. As part of the transaction, Stockland will also sell its 50 per cent stake in the Eagle Street Pier retail and restaurant precinct for an additional \$21.5 million.

Mark Steinert, Managing Director and CEO of Stockland, said: "The sale of our interest in Waterfront Place and Eagle Street Pier reflects our strategy to selectively down-weight our exposure to office at this point in the cycle and recycle capital into other accretive opportunities."

"This strong outcome reflects the success of our joint-venture with the Future Fund to execute leasing contracts to improve the WALE and associated market value of the asset."

Stockland and the Future Fund, through its manager Corval, have entered into a conditional agreement to sell the entire 100 per cent interest in the tower and pier to DEXUS for a total price of \$635 million. The transaction is expected to settle in the first half of FY16. Based on the sale price, the passing NOI yield is 5.9 per cent. In a challenging leasing market, the asset is currently 90 per cent leased, with ongoing enquiry for the balance.

Stockland acquired the office tower in February 2004 and has invested approximately \$171 million, including the cost of additions, in its 50 per cent stake. The other 50 per cent interest in the property was placed into a Stockland-managed retail fund and subsequently sold to the Future Fund in 2011, after which the fund was wound up.

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.

Waterfront Place overlooks the Brisbane River and features 59,500 square metres of premium office space with floor plates averaging 1,800 square metres. The building has a 5 star NABERS energy rating and a 4 star NABERS water rating.

Stockland's retained Office portfolio comprises nine properties with a combined book value of approximately \$830 million. Most of the properties have opportunities for value optimisation and many are located in markets with a positive growth outlook.

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