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STOCKLAND ANNOUNCES \$377 MILLION REDEVELOPMENT OF GREEN HILLS SHOPPING CENTRE

Stockland today confirmed that it will undertake a \$377 million redevelopment and expansion of its Green Hills Shopping Centre at East Maitland in the Lower Hunter Valley of New South Wales.

Stockland will more than double the size of the centre from just under 33,000 square metres of Gross Lettable Area (GLA) that exists today to create around 70,000 square metres of GLA when the redevelopment is complete in mid-2018.

As an integral part of the redevelopment, Stockland has secured an agreement for lease with David Jones, which will open a new, single-level, 6,225 square metre department store at Stockland Green Hills in 2018.

In addition to introducing David Jones to the Lower Hunter Valley, the expanded centre will include Big W and an exciting, new format Target with its latest products and customer service innovations. Stockland will also develop the biggest and best new Dan Murphy's store in the trade area.

In another first for Green Hills, Stockland will introduce a new concept JB Hi-Fi Home store and South African retail group Pepkor's Harris Scarfe department store, which will carry a wide range of homewares, manchester, men's and women's clothing.

Stockland Green Hills is already home to Coles and one of the best-performing, full-line Woolworths supermarkets in Australia. Stockland will introduce 141 additional speciality stores, bringing the total number of specialties to more than 225 stores. The centre's existing 'mini-majors' will be retained and improved, including Best&Less, Reject Shop, Blooms the Chemist and Hot Dollar.

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, retirement living villages, office and industrial assets. Stockland was recognised by the S&P Dow Jones Sustainability Indices (DJSI) as the global real estate sector leader for 2015-16, demonstrating world leadership across the areas of stakeholder engagement, customer relationship management, supply chain management, biodiversity and climate change strategy. Stockland was recognised as the Regional Sector Leader for Listed, Australian, Diversified Property Companies in the 2015 GRESB Report.
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Preliminary site establishment works will commence immediately, however, Stockland will defer the start of major construction works until the new year so as not to disrupt the crucial pre-Christmas retail trading season. Works will commence in January 2016. Stockland has appointed Brookfield Multiplex as its lead contractor on the project.

Stockland will create a contemporary Entertainment and Lifestyle Precinct, including a garden courtyard and outdoor pavilion dining area fronting Mitchell Drive. In addition, Stockland will deliver around 1,500 new car parking spaces at Green Hills, which will take the total to around 3,100 car parking spaces to accommodate the increased number of customers frequenting the centre.

Mark Steinert, Managing Director and CEO at Stockland, said: “We’ve identified Stockland Green Hills as a highly accretive redevelopment opportunity. It’s already one of the most productive centres in Australia and this expansion will enable us to capture a portion of the estimated \$867 million of escape expenditure that leaves the primary trade area every year.”

The redevelopment is expected to achieve an incremental internal rate of return (IRR) of more than 12 per cent in the ten years post-completion and an incremental, stabilised funds from operations (FFO) yield of just over 7 per cent.

John Schroder, Group Executive and CEO Commercial Property at Stockland, said: “Green Hills is already one of our highest performing centres, and one of the retail industry’s most productive. This \$377 million redevelopment will take Green Hills from strength to strength to ensure it becomes an absolute powerhouse within the regional economy.

“Stockland Green Hills will be a vibrant and thriving shopping, leisure and entertainment destination,” added Mr Schroder. “There’s already an incredible buzz around David Jones coming to Stockland Green Hills, and with 225 speciality stores, including the best fresh food retailers, eight restaurants and a new casual dining precinct, we’ll deliver the most comprehensive and exciting shopping centre in the Hunter trade area.”

The redevelopment of Stockland Green Hills is estimated to generate more than 1,350 direct jobs during construction and more than 2,150 indirect jobs. On completion, the expanded centre will create more than 1,250 direct, new full time jobs in retail, customer service and hospitality and an estimated 1,200 indirect jobs for local suppliers and service providers within the regional economy.

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Stockland Green Hills is already the largest shopping centre in its trade area and its current specialty retail sales productivity is \$14,275 per square metre. In November 2014, Shopping Centre News named Stockland Green Hills as the top performing centre for specialty sales in its Little Guns survey of shopping centres between 20,000 and 50,000 square metres.

Stockland already has a number of solar photo-voltaic cells installed on the centre's roof and is planning to invest around \$1.6 million to dramatically increase the centre's solar power generation capabilities with the installation of a 700kW photo-voltaic system as part of the redevelopment. Stockland is committed to achieving minimum 4 Star Green Star Retail Design and As Built ratings for the project, which will include the installation of energy-efficient lighting and central air conditioning and maximised use of natural daylight.

The environmental initiatives will continue with 160kL rainwater tank for toilet flushing and landscape irrigation, recycling of fire system test water and the installation of water and energy metering and building management systems. Stockland will also use materials with low volatile organic compounds, sustainable timber products, and will recycle at least 80 per cent of the demolition and construction waste.

Stockland Green Hills currently houses 90 specialty stores and is anchored by Big W, Woolworths and Coles. Stockland acquired the centre in December 2000.

Key Facts about Stockland Green Hills Shopping Centre redevelopment:

On completion, the 70,000 square metre centre will feature:

- a new David Jones department store
- two full-line supermarkets: Woolworths and Coles
- two full-line discount department stores: Big W and Target
- 16 mini-majors
- more than 225 specialty retailers, comprising in-line shops and kiosks
- an expanded restaurant and leisure precinct
- a new, indoor-outdoor casual dining precinct and an expanded fresh food offering
- 3,100 car parking spaces

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