STOCKLAND DIRECT OFFICE TRUST NO. 3 and STOCKLAND HOLDING TRUST NO.2 ("SDOT3" or "the Trust") ASIC REGULATORY GUIDE 46: IMPROVING DISCLOSURES

Introduction

The following document has been prepared for SDOT3 for the purposes of ASIC Regulatory Guide 46. All figures are as at 30 June 2009 unless stated otherwise.

Disclosure Principle 1: Gearing Ratio

Gearing ratio: **68%**

The gearing ratio indicates the extent to which a scheme's assets are funded by interest bearing liabilities. It gives an indication of the potential risks the scheme faces in terms of its level of borrowings due to, for example, an increase in interest rates or a reduction in property values.

Disclosure Principle 2: Interest Cover

Interest Cover Ratio: **1.8 times**

Interest cover measures the ability of the scheme to service interest expense on debt from earnings. It is therefore a critical indication of a scheme's financial health and key to analysing the sustainability and risks associated with the scheme's level of borrowing. The lower the interest cover, the higher the risk that the scheme will not be able to meet its interest payments. An Interest Cover Ratio of 1.8 indicates that SDOT3 is able to meet its interest payments based on the 30 June 2009 Annual Financial Reports.

Please note the Interest Cover Ratio above varies from the ratio provided to financiers. The variation is due to different calculations required by ASIC and the financiers.

Disclosure Principle 3: Scheme Borrowing

Below is a summary of SDOT3's borrowing arrangements.

	Limit ($m)	Undrawn Amount ($m)	Facility Expiry	Interest Rate	Hedge Expiry
Term Loan	86.3	3.0	Jun 10	6.35%	Jun 14
CapEx	2.7	2.7	Jun 10	BBSY +0.4%	N/A
Total Facility	**89.0**	**5.7**	**Jun 10**	**N/A**	**N/A**

*Lon facility extension negotiations have commenced and are ongoing. A successful renegotiation is anticipated.

Loan Covenants

As a result of SDOT3's declining property values, as at 30 June 2009, SDOT3 was not in compliance with the Loan to Valuation Ratio ("LVR") covenant under the loan facility agreement. On 30 June 2009, ANZ confirmed that it will waive its rights to take any action against SDOT3 in relation to SDOT3 not being in compliance with the LVR covenant. Consequently, ANZ will not be exercising its right to call for immediate repayment of the debt as at 30 June 2009.

Whilst a waiver of SDOT3's covenant as at 30 June 2009 has been received, SDOT3's ability to continue as a going concern and meet its debt and covenants as they fall due are dependent on management being successful in refinancing the loan facility and SDOT3 being in compliance with future loan covenants which may require the sale of one or more of SDOT3's properties to reduce the outstanding loan facility.

A breach of a loan covenant may result in the lender being able to require immediate repayment of the loan or impose a freeze on further draw-downs on the credit facility. Investors should note that they will rank behind the creditors of the fund. This means if the lender enforces its security over the Trust then the lender will be reimbursed prior to investors receiving their interest.

Disclosure Principle 4: Portfolio Diversification

Investment Strategy

SDOT3 aims to provide regular distributions and the opportunity for capital growth. To achieve this, SDOT3 has invested in four commercial properties and a carpark.

As communicated to Unitholders in the Notice of the Meeting of the Trust Members dated 4 June 2009, the Directors of the Responsible Entity believe that the most appropriate way to avoid potential future breaches of SDOT3's financial covenants is to reduce the outstanding loan facility. One option to achieve this is via the sale of any or all of SDOT3's properties. The Special Resolution (more than 75% of the total eligible votes cast by Unitholders entitled to vote) was approved by Unitholders to authorise the Responsible Entity to sell any or all of SDOT3's properties at such time it considers appropriate.

*Stockland Direct Office Trust No. 3 is a registered managed investment scheme. ARSN 124439925. It is stapled to;
Stockland Holding Trust No.2, a registered managed investment scheme. ARSN 132129134.
Stockland Capital Partners Limited SCPL (AFSL 241188) is the responsible entity of this Trust.

Property Valuations

Property:	181 Great Eastern Highway, Belmont
Valuation:	$16.30m
Date of Valuation:	30 June 2009
Valuer:	Colliers
Cap rate:	10.00%
Occupancy:	100%

Property:	222 Russell St, Melbourne
Valuation:	$14.10m
Date of Valuation:	30 June 2009
Valuer:	Savills
Cap rate:	9.00%
Occupancy:	N/A as carpark

Property:	40 Cameron Ave, Belconnen
Valuation*:	$28.25m
Date of Valuation:	30 June 2009
Valuer:	Savills
Cap rate:	8.25%
Occupancy:	100%

*Represents 50% share in Belconnen

Property:	75 George St, Parramatta
Valuation:	$34.00m
Date of Valuation:	30 June 2009
Valuer:	Savills
Cap rate:	8.50%
Occupancy:	100%

Property:	541 St Kilda Rd, Melbourne
Valuation:	$25.40m
Date of Valuation:	30 June 2009
Valuer:	Savills
Cap rate:	9.00%
Occupancy:	100%

Top 5 Tenants

Top 5 Tenants	Property	% of Income	% of NLA
ATO	Belconnen	21%	27%
St George	Parramatta	20%	21%
Seek	St Kilda Rd	18%	21%
Telstra	Belmont	12%	14%
Ezipark	Russell St	12%	N/A

Diversification

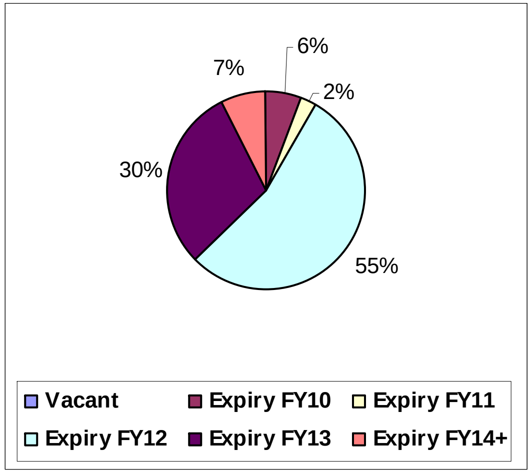
Diversification	Geographic Spread By Value	Geographic Spread By Number
ACT	24%	20%
VIC	33%	40%
NSW	29%	20%
WA	14%	20%

	Sector Spread By Value	Sector Spread By Number
Commercial	88%	80%
Carpark	12%	20%

SDOT3 Occupancy and Weighted Average Lease Expiry

At 30 June 2009, SDOT3 occupancy was 100% and the Weighted Average Lease Expiry was 2.74 years.

Lease Expiry Profile by Area



Disclosure Principle 5: Valuation Policy

SDOT3's policy is for all five properties to be independently valued at least every three years by a Certified Practicing Valuer registered with the Australian Property Institute. A directors' valuation is undertaken at every other reporting date when an external valuation does not occur (i.e. 30 June and 31 December). Where the internal valuation produces a variance of greater or less than 5% of the properties built up book value, an external valuation is required. In addition, where the built up book value is greater or less than 5% of the most recent independent valuation, a new external valuation is required.

A further requirement in addition to the policy above occurred for 30 June 2008, 31 December 2008 and 30 June 2009. Where the internal valuation produces a variance in the range of -2% to -5% of the properties built up book value, the property may be subject to an external valuation at the directors' discretion.

Disclosure Principle 6: Related Party Transactions

Related party transactions carry a risk that they could be assessed and monitored less rigorously than arm's length third party transactions. Investors should therefore be able to assess whether responsible entities take an appropriate approach to related party transactions. A significant number and value of such transactions may mean that investors should consider the financial position of the related group as a whole and the risk of potential conflicts of interest.

Related party transactions

- Stockland Trust Management Limited ("STML") as the Responsible Entity of Stockland Trust, a related party of Stockland Capital Partners Limited ("SCPL"), held 8,892,000 units in SDOT3 at 30 June 2009.
- Three SCPL Directors held units in SDOT3 at 30 June 2009. Mr David Kent held 85,000 units, Mr Matthew Quinn held 10,000 units and Mr Peter Scott held 20,000 units.
- SCPL is the Responsible Entity of SDOT3. SCPL does not hold any units in SDOT3.
- STML has provided an interest rate swap on SDOT3's property loan facility at 6.35% per annum.
- Stockland has provided a 12 month rental guarantee for the Belconnen property in the event that the tenant vacates upon lease expiry in February 2012.

Fees to related parties

Type	Amount	When Paid?
Responsible Entity Fee	$0.6m for the year ended 30 June 2009, representing 0.45% p.a. of SDOT3's gross assets.	Payable to SCPL from SDOT3's assets at the end of each quarter.
Performance Fee	Nil provided for at 30 June 2009 as calculated by 20.5% of SDOT3's return above the 10 year bond yield plus 3%, provided that Investors receive at least the return of their application monies. Please refer to Section 7 of the Product Disclosure Statement dated 2 April 2007.	Payable to SCPL on expiry or wind up of fund or sale of assets.
Property Management Fee	$0.1m for the year ended 30 June 2009, representing 1.0% p.a. of gross rent plus leasing fees.	Payable to Stockland Property Management Limited throughout the year as incurred.

Policy and Ongoing Monitoring

A corporate governance framework has been established by SCPL to protect the interests of Investors. This framework includes the following components:

- Documented and executed agreements between Stockland and SDOT3 with independent legal advice obtained by SCPL on behalf of SDOT3;
- The Board of SCPL including two independent directors.
- Compliance monitoring by the Compliance Committee;
- A six monthly review and full year audit by the scheme auditor and full year audit by the compliance plan auditor;
- A requirement for the approval of all related party transactions by the SCPL Board to be by unanimous vote, including the independent directors;
- Undertaking of actions in accordance with Stockland's conflicts of interest policy, which is made available to all staff. The policy is reviewed on an ongoing basis to ensure that Stockland maintains adequate conflicts management arrangements.

Disclosure Principle 7: Distribution Practices

Some unlisted property schemes make distributions to members from capital and/or unrealised gains where cash is available from either within the fund or from borrowings.

Source of Distributions

Distributions for the year ended 30 June 2009 were funded 97% from realised income and 3% from capital with the capital component funded from available cash within the fund. Going forward it is anticipated that distributions will be funded entirely from realised income however the RE may review and adjust accordingly.

Disclosure Principle 8: Withdrawal Arrangements

Once an application for units has been received, Investors are unable to redeem their units until SDOT3 terminates. Investors may however be able to sell their units by participating in the Limited Liquidity Facility ("LLF") offered by Australian and New Zealand Bank ("ANZ"), or through an off-market transfer.

Limited Liquidity Facility

The LLF is a facility which ANZ has agreed to provide to investors of SDOT3. The LLF is available on a quarterly basis and provides unitholders with an opportunity to sell their units prior to SDOT3 terminating, subject to certain conditions.

ANZ has agreed to acquire up to 1,000,000 units in SDOT3 per quarter from unitholders seeking to realise their units. Units are acquired at a 2.5% discount to Net Tangible Assets ("NTA") per unit less transaction costs. STML has placed a standing order with ANZ to acquire a maximum of 1,000,000 units per quarter. This standing order can be terminated at any time.

Investors who wish to apply to participate in the LLF should request a LLF transfer form from SCPL, or download the transfer form from the website. Applications under the LLF will be considered an irrevocable offer by investors and cannot be withdrawn. An application must be for an investor's entire holding.

For applications under the LLF to be considered investors should send completed application forms to the address detailed on the forms no later than 15 business days before quarter end. Investors that have made an application to participate in the LLF will be entitled to the distribution for the quarter in which the application was received.

Completed LLF transfer forms will be accepted by ANZ in order of receipt. Any LLF transfer form not accepted due to the LLF being oversubscribed in any single Quarter, may be included in the applications for the following Quarter's LLF. SCPL, on behalf of ANZ, will notify investors in writing whether their application has been successful within 15 business days after the end of the quarter in which the application form was received.

For the purposes of the LLF, the NTA per unit will be calculated twice a year based on the financial statements of the Trust prepared as at 30 June and 31 December.

Limitations

ANZ or Stockland can terminate the LLF without notice to Investors for any reason, including if SDOT3 does not have sufficient spread of Investors required by the different rules governing stamp duty in Australia's states and territories. In summary, the standing order may terminate if SDOT3 has less than 300 investors, if any Investor and its related entities hold more than 20% of the units or if the top 20 Investors hold at least 75% of the units.

SCPL will notify investors if the LLF is terminated in the quarterly distribution statement next following the date of termination.

Please refer to the Terms and Conditions of the LLF in the Product Disclosure Statement dated 2 April 2007.

Risks on Termination

The performance of the Trust will be influenced by a range of factors during the term of the Trust and at termination including:

- Changes in the economy and market conditions may affect demand and therefore property values;
- Investors will be indirectly exposed to property market risk;
- The value of the Properties may fluctuate depending on market conditions and there may be a delay in achieving a sale of the Properties;
- The Trust may be required to refinance the debt facilities;
- If the facilities cannot be entirely refinanced on its termination or expiry, then returns to investors may be adversely affected.

Please refer to Section 8 of the SDOT3 Product Disclosure Statement dated 2 April 2007 and Section 5 of the SHT2 Product Disclosure Statement dated 12 August 2008 for more information.

Further Information

For further information in relation to the above please refer to the website at http:///www.stockland.com.au/UnlistedPropertyFunds or contact Michael Radziowsky (Client Relations Manager) on 02 9035 3208 or email michael.radziowsky@stockland.com.au

Future updates on these Disclosure Principles will be made available on our website.