



Stockland Direct Office Trust No.2 (SDOT2)

The last financial year has been challenging and SDOT2's performance reflects this. Capitalisation rate decompression has been the driving force behind the disappointing FY09 total return, although the long term Optus lease provides ongoing security to Investors.

Distributions for the year ended 30 June 2009 were 6.794 cents per unit representing a distribution return of 7.55%.

An independent valuation for Optus Headquarters has been undertaken as at 30 June 2009. The capitalisation rate increased to 7.50%, resulting in a 5.4% valuation decrease from December 2008 to \$171.5 million for SDOT2's 49% share of Optus Headquarters.

STATISTICS AND PERFORMANCE

as at 30 June 2009

Assets under management	\$174m
NTA per unit*	\$0.84
Debt	
Gearing	59.2%
Years to maturity	4.0
FY09 distribution return	7.55%
FY09 total return	(47.4%)
Total return since inception per annum	(5.7%)

* Net tangible assets per unit as calculated in accordance with Australian International Financial Reporting Standards, adjusted to exclude the mark to market effect of the interest rate swap asset/liability.



KEY PROPERTY STATISTICS

Property	Optus Headquarters
Independent valuation	\$171.5m*
Valuation date	30 Jun 09
Net lettable area (m ²)	84,194
Occupancy rate	100%
Weighted average lease expiry (years by income)	13.01
Major tenant	Optus

* Reflects SDOT2's 49% interest in Optus Headquarters.

PROPERTY UPDATE

The Epping to Chatswood rail link opened in February 2009 with a new station within walking distance of Optus Headquarters.

The following graph illustrates the lease expiry profile of Optus Headquarters by area.

SDOT2 Lease expiry profile by area



■ Vacant 0%
 ■ FY11 0%
 ■ FY13 0%
 ■ FY10 0%
 ■ FY12 0%
 ■ FY14+ 100%

Optus and Stockland are working together to achieve a targeted 4.5 star NABERS rating. Additional metering works are underway to generate measurements needed for ratings. Utilisation of the rainwater tank has resulted in water savings of over 11,500KL during the 2009 financial year.

MARKET UPDATE*

In the Macquarie Park office market, 15,000sqm were completed during the half year ended 30 June 2009 and a further 11,500sqm is due for completion by 31 December 2009. It is anticipated that there will be no new office supply in 2010.

The vacancy rate has decreased 0.4% to 14.2% during the half year. The absence of further supply in the medium term should prevent the vacancy rate from rising.

Average prime gross effective rents fell 0.7% to \$294 per sqm during the half year. Tenants seeking space have a considerable number of options given the high vacancy rate.

June 2009 prime yields of 8.75% to 9.00% are a substantial increase on the December 2008 prime yields of 8.00% to 8.50%. There have been no major office property sales in the Macquarie Park market since 2007.

* Sourced from the 2009 Macquarie Park Office Market Reports by Jones Lang LaSalle.

*A distribution return of 7.55%
was achieved for the year ending
30 June 2009.*

The Stockland story

Ervin Graf founded Stockland in 1952 with a vision to “not merely achieve growth and profits but to make a worthwhile contribution to the development of our cities and great country”.

Pursuing that vision has seen Stockland grow to become one of Australia's leading diversified property groups – developing and managing a large portfolio of residential community, apartment, retirement living, retail, office and industrial assets.

With the benefit of our diverse property skills, we connect together property styles in shared locations, to create communities of uncommon diversity and connectedness; places that inspire people to gather, to share and to live life.

We recognise our responsibilities to the environment and are striving to become a leader in sustainable business practices. Our positive and adaptable team shares Graf's vision of making a worthwhile contribution to our community. We work hard, we expect a lot of one another, and we seek true work-life balance.

For over half a century, we've worked hard to grow our diverse portfolio of assets and projects while maintaining a conservative balance sheet. It's proven a sound approach and we're now Australia's largest diversified property group and a top 50 ASX listed company.

RESPONSIBLE ENTITY

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