



30 August 2019

Dear Investor,

**STOCKLAND DIRECT RETAIL TRUST NO.1 (SDRT1 OR THE TRUST) - UPDATE**

We refer to your investment in the Trust and wish to provide an update following the meeting of members held on 8 March 2019, at which unitholders voted to sell all of the properties of the Trust, terminate and wind-up the Trust.

We are pleased to report that Stockland Pacific Pines has been sold for \$30.81 million. Settlement of the sale occurred on 19 August 2019. The proceeds from the sale, after the deduction of disposal costs, have been used to prepay \$23.25 million of Trust debt and pay a distribution to unitholders of 17.8207 cents per unit. The distribution will be paid on 30 August 2019.

Given the weakening leasing and investment conditions experienced by Tamworth Homespace, unfortunately, we believe the sale of this asset will be more challenging.

We continue to negotiate with Coles in relation to an extension of its lease at Benowa Gardens beyond its current lease expiry in April 2022. Once this issue is resolved, we will commence the sale process for this asset.

In addition to the distribution arising from the sale of Pacific Pines, unitholders will receive a distribution in respect of the June 2019 quarter totalling 1.69 cents per unit. Future quarterly distributions will decrease as we sell assets and will be dependent on the ability of the Trust to meet its obligations. The June 2019 quarter distribution will also be paid on 30 August 2019.

We expect to provide unitholders the following documents in respect of the Trust no later than 30 September 2019:

1. The Trust's financial report for the year ended 30 June 2019;
2. The Trust's investment report for the half year ended 30 June 2019; and
3. Unitholder investment account statements for the year ended 30 September 2019.

If you have any questions or require further information, please do not hesitate to contact me on +61 2 9035 3120 or email [paul.wyatt@stockland.com.au](mailto:paul.wyatt@stockland.com.au). Alternatively, if you have any queries in relation to your holding in the Trust, please contact Computershare on 1300 855 080.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'P. Wyatt', written in a cursive style.

**Paul Wyatt**

Senior Funds Manager, Stockland Capital Partners Limited