

8 September 2020

Dear Investor,

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

We are pleased to provide an update on your investment in the Trust, following our last update dated 3 June 2020.

### **Financial report and annual taxation statement**

The Trust's financial report for the year ended 30 June 2020 and your annual taxation statement have been provided adopting your preferred method of communication.

Please note that the information relating to tax is generic in nature and does not constitute the giving of tax or financial product advice. Each unitholder's particular circumstances will be different and accordingly, you may wish to seek independent tax advice.

### **Trust Net Tangible Assets (NTA)**

The NTA of the Trust has fluctuated as assets have been sold, distributions made to investors and units redeemed and cancelled.

The Trust's NTA was \$4.81 per unit as at 30 June 2020, based on the number of units on issue at that date, following the redemption and cancellation of 99 per cent of unitholders' units on 2 June 2020.

For the purposes of comparison, on a pro forma basis, that is, assuming the redemption and cancellation had not occurred, the NTA as at 30 June 2020 would have been \$0.05 per unit.

On this same basis, the NTA as at 31 December 2019, was \$0.84 per unit. The decrease between the two reporting periods was primarily the result of paying an interim distribution of \$0.79 per unit to unitholders on 25 May 2020.

The NTA of the Trust as at 30 June 2020 allows for an estimate of the costs associated with winding-up the Trust, including allowances for potential claims on the vendor warranties provided in connection with the sale of Pacific Pines and Benowa Gardens.

As reported previously, vendor warranties were negotiated as part of the sale of all of the Trust's properties, in line with normal market practice. The warranty period for Pacific Pines

expired on 18 August 2020 without any claims being made. The final warranty for the Trust in connection with Benowa Gardens expires on 21 December 2020.

Accordingly, the final net realisation received by unitholders will depend on any payments made in connection with vendor warranties negotiated as part of the sale of Benowa Gardens and the actual expenses arising from winding-up the Trust.

### Trust Performance

The total returns of the Trust at 30 June 2020 are shown below.<sup>1</sup>

	6 MTHS	12 MTHS	SINCE INCEPTION
Total return	0.9%	8.0%	7.4% p.a.

### Next steps

Subject to any claims on the vendor warranty in connection with Benowa Gardens being received on or before 21 December 2020, we intend to finalise the winding-up of the Trust and redeem and cancel the balance of your units as soon as practicable after the warranty period expires.

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 850 505.

Yours sincerely,



**Paul Wyatt**

Fund Manager on behalf of Stockland Capital Partners Limited

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<sup>1</sup> Calculated in accordance with Financial Services Council Standard No. 6 which assumes distributions are re-invested in the Trust.