

Unlisted Property Funds

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29 June 2015

Dear Investor,

STOCKLAND DIRECT OFFICE NO. 2 TRUST (SDOT2 or the TRUST) FINAL DISTRIBUTION

We are pleased to provide you with your statement for the final distribution to be paid from SDOT2.

In our previous letter to you dated 12 May 2015, we referred to finalising the payment of all wind up costs and matters of the Trust. This has now been completed and the final distribution of 0.4986 cents per unit, comprising a capital return of 0.3241 cents per unit and interest income of 0.1745 cents per unit, will be paid to you.

As a consequence of paying the final distribution, your units have now been redeemed and SDOT2 will be wound up. There will be no further action required from you in respect of your unitholding in SDOT2.

We appreciate your investment in the Trust and thank you for your support.

What is the Capital Gains Tax (CGT) position following payment of the Final Distribution?

The initial cost base for CGT purposes for investors who subscribed for units in SDOT2 was 100 cents per unit. This was funded by an outlay of 40 cents per unit and a loan from Westpac which financed the balance of 60 cents per unit.

Investors who have held their investment since inception have received tax deferred distributions of 87.78 cents per unit and interim capital returns of 14.50 cents (102.28 cents per unit in total). These distributions have reduced the cost base for Capital Gains Tax (CGT) purposes to nil.

The final capital return of 0.3241 cents per unit will result in investors incurring a capital gain for CGT purposes of 2.60 cents per unit in the year ending 30 June 2015. In other words, the CGT gain is equivalent to the amount that the total of tax deferred distributions and capital returns paid (including the final capital return) exceed the initial CGT cost base.

Further information and guidance regarding the tax implications of the distributions paid will be included in SDOT2's annual taxation statement and tax guide for the year ending 30 June 2015, which we anticipate will be provided to investors on 31 August 2015.

However, we recommend that you seek advice from your tax advisor regarding your particular circumstances and any tax implications likely to arise from the distributions paid.

Investor Cash Flows over the Life of the Trust

As an example, an investment of 10,000 SDOT2 units since Trust inception will have resulted in the investor cash flows and CGT cost base shown in the table below. In our example, we make certain assumptions about the investor's marginal tax rate and the investor's ability to claim interest payments as a tax deduction.

Investor Cash Flows over the Life of the Trust	Note	\$	CGT Cost Base
Capital invested	1	(4,000)	10,000
Tax deferred distributions paid		8,778	(8,778)
Capital gain on sale of investment in MPT	2	4,200	-
Interim capital returns paid		1,450	(1,450)
Interest income included in final distribution		17	
Final capital return paid		33	(33)
Interest payable on final instalment loan		(2,827)	-
Repayment of final instalment loan		(6,000)	
Total investor cash flows pre-Tax		1,651	0
CGT liability on sale of investment in MPT	3	(977)	-
Tax benefit from deductibility of interest payable on final instalment loan	4	1,315	-
CGT liability for year ending 30 June 2015	5	(64)	-
Income tax liability for year ending 30 June 2015	6	(8)	
Total investor cash flows post-Tax		1,917	-

Notes:

1. Investors who subscribed for units in SDOT2 for 100 cents per unit were only required to outlay 40 cents per unit. The payment of the final instalment of 60 cents per unit was financed with a loan provided by Westpac arranged on behalf of investors.
2. Capital gain realised on sale of SDOT2's 49% interest in Macquarie Park Trust (MPT), the owner of the Optus Centre. Refer to the Trust's tax guide provided for the year ended 30 June 2014.
3. Estimated CGT liability resulting from the capital gain on the sale of the Trust's investment in MPT during the year ended 30 June 2014. The estimated CGT liability assumes the 50% CGT discount and the highest marginal tax rate that applied over the majority of the Trust's life.
4. Estimated tax benefit of being able to claim the interest payable on the final instalment loan as a tax deduction. The estimated tax benefit assumes the highest marginal tax rate that applied over the majority of the Trust's life.
5. Estimated CGT liability resulting from the capital gain realised during the year ending 30 June 2015. The estimated CGT liability assumes the 50% CGT discount and the highest marginal tax rate.
6. Estimated income tax liability on the interest income included in the final distribution assuming the highest marginal tax rate.

The exact amount of your final distribution is contained in the distribution statement attached to this letter. In addition to SDOT2's annual taxation statement and tax guide for the year ending 30 June 2015, a final periodic statement and SDOT2's final accounts are anticipated to be provided to you on 31 August 2015. In the meantime, please contact me on (02) 9035 2000 should you have any questions.

Once again, we thank you for your investment in SDOT2 and your continued support over the life of the Trust.

Yours sincerely,



Paul Wyatt
Fund Manager, Unlisted Property Funds