SDOT2

Stockland

Stockland Direct Office Trust No.2 (SDOT2)

Distributions for the half year ended 31 December 2009 were 3.397 cents per unit gross, representing an annualised distribution yield of 7.55 per cent.

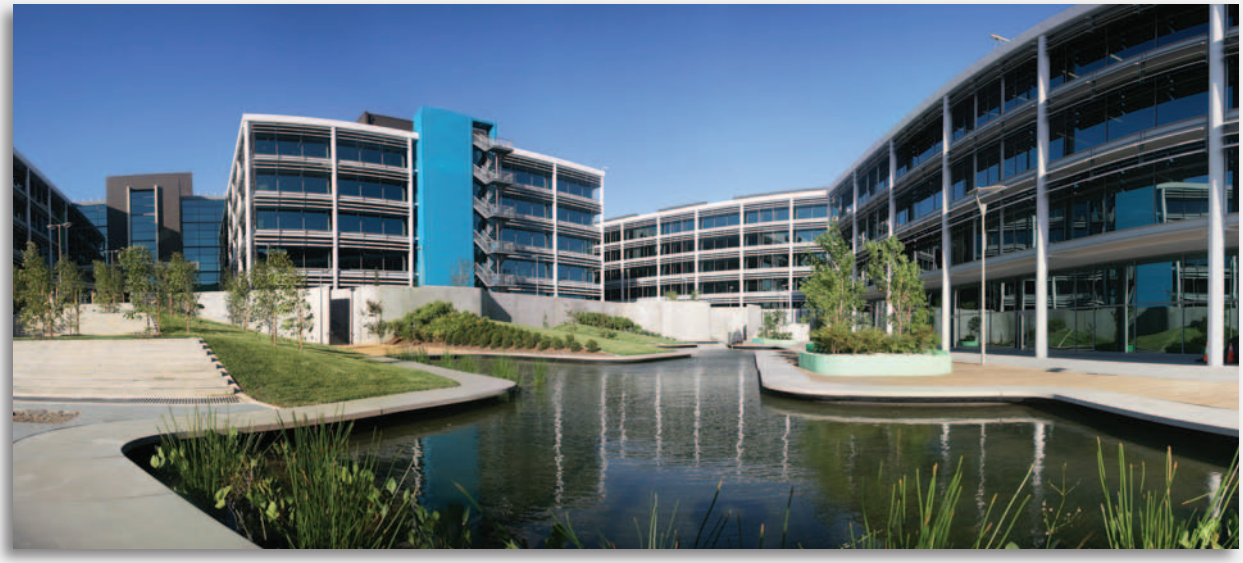
An independent valuation of SDOT2's 49 per cent share in Optus Headquarters was undertaken as at 31 December 2009. The valuation remained unchanged from the 30 June 2009 valuation of $171.5 million, reflecting capitalisation rate stabilisation.

STATISTICS AND PERFORMANCE as at 31 December 2009

Assets under management	**$175m**
NTA per unit*	$0.83
Debt	
Loan to valuation ratio	60%
Years to maturity	3.5
FY10 distribution return (annualised)	**7.55%**
Total return for the six months ended 31 December 2009	(0.4%)
Total return since inception per annum	(5.1%)

* 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.

SDOT2



KEY PROPERTY STATISTICS AS AT 31 DECEMBER 2009

Property	Optus Headquarters
Independent valuation	$171.5m*
Valuation date	31 Dec 09
Net lettable area (m^2)	84,194
Occupancy rate	100%
Weighted average lease expiry (years by income)	12.50
Major tenant	Optus

* Reflects SDOT2's 49 per cent interest in Optus Headquarters.

PROPERTY UPDATE

Additional parking revenue from private road metering has been received during the six months ended 31 December 2009. This additional income will continue to be received moving forward.

The next stage of the Building Management System upgrade is now underway, including an alarm alert system.

The following graph illustrates the lease expiry profile of SDOT2 by area.

SDOT2 Lease expiry profile by area

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

The deadline for the NABERS rating has been extended to February 2011, providing the opportunity to install meters for accurate tracking. Optus and Stockland are continuing to work together to achieve a targeted 4.5 star NABERS rating.

MARKET UPDATE*

In the Macquarie Park office market, the last building in the current development cycle was completed during the half year. This building comprises 11,500m^2 of office space and brings total completions for 2009 to 26,500m^2. No further new office stock is anticipated to enter the market until at least 2011.

The vacancy rate decreased by 0.2 per cent to 14.0 per cent during the period. The absence of further supply in the medium term should prevent the vacancy rate from rising and allow the market time to absorb the current vacant space.

Average prime net face rents fell by 0.8 per cent to $294 per m^2 and incentives increased to an average of 28 per cent, resulting in a fall of 3.7 per cent in prime gross effective rents to $265 per m^2.

Prime yields remained stable during the half year to 31 December 2009 in the range of 7.50 to 9.00 per cent. There were no major office sales in the Macquarie Park office market in 2009.

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

An annualised distribution return of 7.55 per cent was achieved for the half year ending 31 December 2009.

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