



Stockland

Stockland Direct Office Trust No.2 (SDOT2 or Trust)



The Manager has successfully sold the SDOT2 49% interest in the Optus Centre to AIMS AMP Capital Industrial REIT.

The Optus Centre is an integrated campus comprising six low-rise office buildings with an NLA of 84,194 sqm and parking for 2,100 vehicles. The floor plates average 3,000 sqm and the prime office park is one of the largest single tenant workplaces in Australia.

31 December 2013

Highlights for SDOT2

- On 7 February 2014, the sale of The Optus Centre at Macquarie Park, Sydney, was settled for \$184,425,000. This exceeded the most recent independent valuation of \$183,750,000 as at 30 June 2013.
- At settlement, SDOT2's trust level debt of \$103,226,000 was repaid to Westpac Banking Corporation from the sale proceeds.
- On 28 February 2014, investors received a net distribution of 18.28 cents per unit.
- This distribution was made after SDOT2 paid the Final Instalment in relation to the Instalment Receipt, and accrued interest, on behalf of investors. The Instalment Receipt had an aggregate value of \$51,520,000 (or 60 cents per Instalment Receipt). At the time of issuing securities in SDOT2, investors paid 40 cents to acquire each unit in SDOT2 with an attached Instalment Receipt requiring a further payment of 60 cents per Instalment Receipt. From the total distribution, an amount of 60 cents per unit was paid to Westpac Banking Corporation on behalf of unitholders.

Therefore investors have no further liability in connection with the Instalment Receipt.

Trust performance

The Trust's performance has been calculated in accordance with Investment and Financial Services Association Standard No. 6, together with the adjustments listed below, to provide a better representation of the Trust's performance in the period ended 31 December 2013:

- net tangible assets (NTA) at the beginning and end of the period over which performance has been calculated has been reduced by the amount of the Final Instalment (60 cents);
- the distribution, paid on 28 February 2014, has been pro-rated from 1 October 2013 to 31 December 2013, and then deducted from the NTA as at 31 December 2013; and
- the income return includes the distribution paid on 28 February 2014, pro-rated from 1 October 2013 to 31 December 2013.

February 2014 Distribution

On 28 February 2014, a gross distribution of 79.79 cents per

unit was made. This distribution comprised capital and income for the period from 1 October 2013 to 6 February 2014. As mentioned above, the value of the Final Instalment (60 cents per unit) and accrued interest (1.51 cents per unit) were both deducted from the gross distribution on your behalf, resulting in a net distribution of 18.28 cents per unit.

Future Distributions

Under the terms of the sale of the property:

- there is to be a post completion adjustment which is to be finalised by 1 September 2014; and
- SDOT2 is required to retain \$10,000,000 in a Retention Fund until 30 April 2015 (Retention Period) to support warranties provided to the purchaser. These are typical warranties provided by the vendor in a transaction of this type.

A final distribution to investors, net of any warranty claims, post completion adjustments, wind up costs and any other obligations of the trust will be paid after expiry of the Retention Period. Thereafter, it is expected that SDOT2 will be wound up.

New Issue of Securities

In accordance with the Constitution of the Trust and the Security Trust Deed, now that the Instalment Receipt has been paid, the Responsible Entity will cancel the existing units and the attached Instalment Receipts, and issue an equal number of new units to investors. This process was summarised in section 4 of the Stockland Direct Office Trust No.2 Product Disclosure Statement, dated 27 July 2005.

TRUST PERFORMANCE

PERFORMANCE	6 MTHS %	12 MTHS %	INCEPTION % P.A.
Income return	5.9	10.7	8.3
Capital return ¹	-3.7	-8.0	-3.3
Total return	2.2	2.7	5.0

¹ The capital return has been impacted by costs relating to the disposal of SDOT2's interest in the Optus Centre.

Unit Registry

Computershare Investor Services Pty Limited
Phone 1300 855 080
www.computershare.com

Stockland Direct Office Trust No.2
ARSN 115 017 466

Responsible Entity

Stockland Capital Partners Limited
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