

Unlisted Property Funds

Level 25,
133 Castlereagh Street
SYDNEY NSW 2000
GPO Box 998
Sydney NSW 1041

T 02 9035 2413
F 02 8988 2413

www.stockland.com.au



31 August 2012

Dear Investor,

Stockland Direct Office Trust No.3 and Stockland Holding Trust No.2 (SDOT3 or the Trust)

I refer to your investment in SDOT3 and wish to provide you with an update regarding the distribution for the June 2012 quarter, and the sale and marketing campaign for the properties.

June 2012 Quarter Distribution

SDOT3 has undertaken substantial building works and provided lease incentives to retain existing or attract new tenants at 75 George Street, Parramatta, 541 St Kilda Road, Melbourne and 181 Great Eastern Highway, Belmont. In order to fund these works and incentives, cash reserves were maintained, and consequently distributions to investors were suspended.

As the majority of the works are now complete, SDOT3 now has sufficient funds to make a distribution for the June 2012 quarter. The distribution is 0.4998 cents per unit. The details of your distribution is provided in the attached Distribution Statement. The distribution should be included in your 30 June 2012 tax return, with more information provided in the enclosed Tax Guide.

We will continue to monitor the operating income and future capital expenditure requirements and assess the ability of SDOT3 to pay future distributions at the end of each quarter.

Sale and Marketing Campaign

Following the investor approval to sell the properties in SDOT3, terminate and wind up SDOT3, Colliers International and Savills were appointed to sell the properties via an open market campaign. The sale and marketing campaign closed on 27 July 2012.

The properties received varying levels of interest from potential purchasers. The car park at 222 Russell Street generated strong interest. I am pleased to advise that the property has sold for \$16,880,000, which is 14.4% above the 30 June 2012 book value (\$14,750,000). This is a good result for investors, and was driven by the demand for car park investments in Melbourne.

Whilst the interest for the remaining properties in SDOT3 has not been as strong, a shortlist of investors has been determined to undertake due diligence for the properties at 181 Great Eastern Highway and 541 St Kilda Road. To date, the interest received for 75 George Street was not sufficient to proceed to the due diligence stage, however several parties have expressed an initial interest in purchasing the property and negotiations with those parties are continuing. We will provide further updates in relation to the expected timing of completion of the sales as the sale campaign progresses.

The Responsibility Entity of SDOT3 endeavours to achieve the best possible outcome for you as an investor in the Trust. Please refer to the enclosed Investment Report as at 30 June 2012 for more detail regarding the performance of the Trust.

If you wish to discuss any aspect of this letter, or have any additional queries, please contact me on (02) 9035 2695, or the Fund Manager, Cathy Ciurlino on (02) 9035 2927.

Yours faithfully,

A handwritten signature in black ink that reads "Tracey Jordan". The signature is written in a cursive, flowing style.

Tracey Jordan

National Manager, Unlisted Property Funds
Stockland Capital Partners Limited