

Unlisted Property Funds

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THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

30 August 2013

Dear Investor,

Stockland Direct Office Trust No.3 and Stockland Holding Trust No.2 (SDOT3 or the Trust) Investor Update and Year End Statements

I am pleased to provide you with an Investor Update and your Year End Statements for the financial year ended 30 June 2013.

Investment Account Statement

The Trust paid an interim distribution or return of capital of \$0.50 cents per unit on 26 June 2013. The Trust net tangible assets (NTA) as at 30 June 2013 is \$7.7 million or \$0.13 cents per unit.

The Trust did not pay an income distribution during the 2013 financial year.

Taxation Statement

The return of capital does not give rise to a capital gains tax event for the financial year ended 30 June 2013 for investors who paid \$1 for their units. Consequently, the return of capital does not need to be disclosed in your 2013 tax return. A capital loss will be realised upon termination of the Trust in the year ended 30 June 2014.

Wind up of the Trust

The Trust NTA as at 30 June 2013 is \$7.7 million or \$0.13 cents per unit. The costs associated with winding up the Trust and any potential call on the warranty for 541 St Kilda Road will be funded out of the Trust's assets. The final distribution or return of capital will be paid to investors once the 541 St Kilda Road warranty period expires in November 2013, following the wind up and termination of the Trust. Please note the amount of the final distribution may be different to the current NTA.

We are pleased to advise the warranty periods for 75 George Street, Parramatta and 181 Great Eastern Highway, Belmont expired on 30 June 2013 and 21 July 2013, respectively. There was no call on the warranty for either of these properties.

A summary of the property sale prices and last independent valuation prior to sale are provided in the following table:

	222 Russell Street, Melbourne VIC	541 St Kilda Road, Melbourne VIC	181 Great Eastern Hwy, Belmont WA	75 George Street, Parramatta NSW	Total
Sale price*	\$16,880,000	\$28,000,000	\$19,100,000	\$31,263,229	\$95,243,229
Settlement	29 Oct 2012	10 May 2013	21 Jan 2013	21 Dec 2012	
Independent valuation	\$14,000,000	\$26,500,000	\$19,400,000	\$33,800,000	\$93,700,000
Valuation date	31 Dec 2011	30 June 2012	30 June 2012	30 June 2012	

*Contract sale price as at the date of settlement

If you have any queries please contact me on (02) 9035 3051 or Fund Manager, Cathy Ciurlino, on (02) 9035 2927. Further information in relation to the Trust can be found on our web site www.stockland.com.au/unlistedpropertyfunds.

Yours faithfully,



Stuart Keighran
Senior Fund Manager, Unlisted Property Funds
Stockland Capital Partners Limited