



Stockland Direct Retail Trust No.1 (SDRT1)

Distributions for the half year ended 31 December 2009 were 1.25 cents per unit representing an annualised distribution yield of 2.50 per cent. Distributions were reduced during the half year as part of prudent capital management strategies implemented.

Independent valuations have been undertaken for all properties as at 31 December 2009. Excluding Fremantle Shopping Centre, valuations increased 2.3 per cent to \$62.4 million.

Following members' approval on 11 December 2009, SDRT1 sold Fremantle Shopping Centre to Stockland Trust on 31 December 2009 for \$16.84 million, being the independent valuation as at 30 June 2009. Proceeds from the sale were used to reduce SDRT1's loan facility and therefore ensure compliance with SDRT1's loan-to-valuation ratio covenant as at 31 December 2009.

On 23 December 2009, SDRT1 and its financier agreed and finalised the terms of the refinanced loan facility due to mature on 22 December 2009. The loan facility was extended for a further two years with a maturity date of 31 December 2011.

STATISTICS AND PERFORMANCE as at 31 December 2009

Assets under management	\$66.5m
NTA per unit*	\$0.63
Debt	
Loan to valuation ratio	63%
Years to maturity	2.0
FY10 distribution return (annualised)	2.50%
Total return for the six months ended 31 December 2009	15.3%
Total return since inception per annum	(7.2%)

* Net tangible assets per unit as calculated in accordance with Australian International Financial Reporting Standards.



KEY PROPERTY STATISTICS AS AT 31 DECEMBER 2009

Property	Pacific Pines Shopping Centre	Benowa Gardens Shopping Centre	Tamworth Homespace
Independent valuation	\$18.5m	\$29.5m	\$14.4m
Valuation date	31 Dec 09	31 Dec 09	31 Dec 09
Gross lettable area (m ²)	5,518	5,736	13,060
Occupancy rate	100%	96%	86%
Weighted average lease expiry (years by income)	7.48	4.30	3.31
Major tenant	Woolworths	Coles	Good Guys
SDRT1 occupancy			92%
SDRT1 weighted average lease expiry (years by income)			4.96

PROPERTY UPDATE

Pacific Pines Shopping Centre continued to perform strongly during the half year ended 31 December 2009 with anchor tenant Woolworths trading particularly well. Civic Video renewed their lease during the half year resulting in occupancy remaining at 100 per cent. Capital expenditure has included carpark resurfacing and minor roof works.

Benowa Gardens Shopping Centre has welcomed several new tenants during the half year. In addition, several specialty tenants have renewed their leases and occupancy remains strong at 96 per cent. Capital expenditure included the installation of roof ladders and air conditioning compressor motors.

Tamworth Homespace occupancy increased from 82 per cent at June 2009 to 86 per cent in December 2009. Leasing vacant tenancies remains a key priority for Stockland's leasing professionals.

The following graph illustrates the lease expiry profile of SDRT1 by area.

SDRT1 Lease expiry profile by area



Operational savings programs have continued at SDRT1's properties. During the half year to 31 December 2009, an audit was completed at Benowa Gardens Shopping Centre as part of the Energy Efficiency Opportunities program.

RESPONSIBLE ENTITY

Stockland Capital Partners Limited
 ABN 86 078 081 722
 AFSL 241188
 Phone 9035 3208

Website www.stockland.com.au/UnlistedPropertyFunds

DISCLAIMER OF LIABILITY

While every effort is made to provide accurate and complete information, Stockland does not warrant or represent that the information in this report is free from errors or omissions or is suitable for your intended use. The information provided in this report is of a general nature only and may not be suitable for your specific situation or needs. It should not be relied upon by you in substitution of obtaining independent advice. Subject to any terms implied by law and which cannot be excluded, Stockland accepts no responsibility for any loss, damage, cost or expense (whether direct or indirect) incurred by you as a result of any error, omission or misrepresentation in information in this report. All information in this report is subject to change without notice.



MARKET UPDATE*

Retail turnover was strong during 2009, however the results were mixed across the country. Neighbourhood centre vacancy in the south-east Queensland market increased by 1.1 per cent to 4.2 per cent during the half year ended 31 December 2009.

The number of neighbourhood centre sales remained subdued with 30 centres sold Australia-wide during 2009, well below the peak of 2007. There is evidence that yields started to stabilise in the half year to December 2009 with south-east Queensland market yields holding steady at 7.75 to 9.50 per cent.

Whilst growth in household goods retailing has lagged behind other sectors, the bulky goods retail market is anticipated to benefit from the forecast pick up in residential construction during 2010. Rents remained stable over the half year, after a year of decline to 30 June 2009. Rental growth is anticipated to improve in 2010 in line with the improving residential sector. Healthy sales activity during the six month period kept yields steady to December 2009 at 8.00 to 10.50 per cent.

* Sourced from the 2009 Neighbourhood Retail and Bulky Goods Retail Market Reports by Jones Lang LaSalle.

UNIT REGISTRY

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

Stockland Direct Retail Trust No.1 – ARSN 121 832 086