



BENOWA GARDENS, QUEENSLAND

Highlights

- SDRT1 is currently in a strong position to fund substantial capital expenditure and leasing incentives from cash flow.
- Drawings on the loan facility have not increased during the half year ended 30 June 2010.
- The loan to valuation ratio is below the maximum allowed by SDRT1's financier.



Stockland Direct Retail Trust No. 1 (SDRT1)

Key Results

Assets Under Management

as at 30 June 2010

Assets under management	\$65.8 million
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NET TANGIBLE ASSETS*

\$0.62 per unit

SDRT1's NTA per unit decreased slightly from \$0.63 at 31 December 2009 to \$0.62 at 30 June 2010.

Tamworth Homespace was valued at \$14.0 million at 30 June 2010, a decrease of 3 per cent from 31 December 2009. Pacific Pines and Benowa Gardens Shopping Centres held their values at 30 June 2010.

Distributions and Returns

FY10 distributions return	2.50%
FY10 total return	13.99%
Total return since inception per annum	(6.52%)

FY10 DISTRIBUTIONS

2.50c per unit

FY10 distributions totalled 2.50 cents per unit, reflecting a 2.50 per cent distribution return.

Distributions were reduced to 0.63 cents per unit per quarter from the September 2009 quarter in order to protect SDRT1's capital position at a difficult time. Because earnings have been greater than distributions paid, SDRT1 is currently in a strong position to fund substantial capital expenditure and leasing incentives from cash flow.

Debt

as at 30 June 2010

Loan facility	\$40.0 million
Drawings	\$39.3 million
Interest rate	6.45%
Years to maturity	1.5

LOAN TO VALUATION RATIO

63.47%

Drawings on the loan facility did not increase during the half year ended 30 June 2010. It is anticipated that capital expenditure and leasing incentives will continue to be funded by cash flow rather than by drawing on the loan facility.

The 6.45 per cent interest rate includes the line fee and margin and has not changed from 31 December 2009 due to an interest rate swap being in place.

The loan to valuation ratio of 63.47 per cent is below the 65.00 per cent maximum allowed by SDRT1's financier.

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

Property Overview

Key Property Statistics as at 30 June 2010

Property	Benowa Gardens Shopping Centre	Pacific Pines Town Centre	Tamworth Homespace
Independent valuation	\$29.5 million	\$18.5 million	\$14.0 million
Valuation date	31 December 2009	31 December 2009	30 June 2010
Net lettable area (sqm)	5,736	5,518	13,060
Occupancy	98%	100%	72%
Weighted average lease expiry (years by income)	3.89	7.45	2.98
Major tenants	Coles	Woolworths	Good Guys
SDRT1 occupancy			85%
SDRT1 weighted average lease expiry (years by income)			4.65

Benowa Gardens Shopping Centre continues to trade well with the anchor tenant Coles experiencing strong sales growth. Tenant turnover remains low and three previously vacant shops were leased in the six months to 30 June 2010 resulting in vacancy falling to 2 per cent. Cosmetic works have been undertaken, including repainting the Centre.

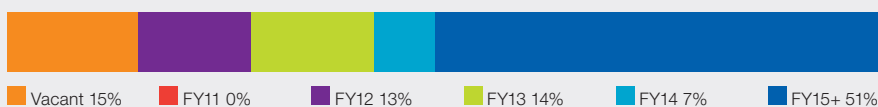
Pacific Pines Town Centre remained 100 per cent occupied at 30 June 2010. Capital works were carried out on the air conditioning compressors and safety ladders have been installed on the rooftop during the six month period. Stockland Trust advised they will not be renewing the lease for their sales office located at the Centre. This will provide an opportunity to vary the tenancy mix and the leasing team are currently working to fill this vacancy to minimise downtime and loss of rent.

Tamworth Homespace occupancy decreased from 86 per cent at 31 December 2009 to 72 per cent at 30 June 2010 following the departure of Furniture One in May 2010. We expect occupancy to improve substantially over the second half of 2010 with a number of leasing deals in the pipeline. Capital and fitout works are underway to reconfigure the existing layout to accommodate existing and new tenants. Leasing remaining vacant tenancies remains a priority for Stockland's leasing team.

Smart Monitoring continues at Benowa Gardens Shopping Centre and Pacific Pines Town Centre. Benowa Gardens recorded a 20 per cent reduction in water usage over the January to April 2010 period compared to the same period in 2009. Data collection continues at Pacific Pines, however a 4 per cent reduction was recorded in 2009 versus 2008.

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

SDRT1 Lease expiry profile by area



Market Update*

Neighbourhood centre vacancy in the south-east Queensland market increased 245 basis points to 6.7 per cent during the six months to 30 June 2010. Weakening consumer confidence is likely to put further upward pressure on the vacancy rate over the short term. There are 17 new neighbourhood centres Australia-wide comprising 84,000 sqm of space are due for completion in 2010. Only 14 per cent of this new stock will be located in Queensland. Rents remained relatively steady at \$548 per sqm.

Sales activity increased in the first half of 2010, with 18 centres sold Australia-wide, totalling \$364 million. Yields remained stable in the south-east Queensland market during the six month period to range from 7.50 to 9.50 per cent.

In the Bulky Goods retail market, new supply is set to fall considerably from the heights recorded in recent years. Eight new centres Australia-wide comprising 83,000 sqm of new space are set for completion this year. A high 86 per cent of this new stock is pre-committed. Rents remained stable over the half year to 30 June 2010. Sales activity during the six month period was healthy with 15 centres totalling \$707 million changing hands. Yields remained steady during the six months to range from 8.00 to 10.50 per cent.

*Sourced from the Q2 2010 Neighbourhood Retail and Bulky Goods Retail Market Reports by Jones Lang LaSalle.

RESPONSIBLE ENTITY

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