STOCKLAND DIRECT RETAIL TRUST NO. 1 (“SDRT1” or “the Trust”)
ASIC REGULATORY GUIDE 46: IMPROVING DISCLOSURES

Introduction

The following document has been prepared for SDRT1 for the purposes of ASIC Regulatory Guide 46. All figures are as at 30 June 2009 unless stated otherwise.

Disclosure Principle 1: Gearing Ratio

Gearing ratio:	**69%**

The gearing ratio indicates the extent to which the Trust’s assets are funded by interest bearing liabilities. It gives an indication of the potential risks the Trust faces in terms of its level of borrowings due to, for example, an increase in interest rates or a reduction in property values.

Disclosure Principle 2: Interest Cover

Interest Cover Ratio:	**1.5 times**

Interest cover measures the ability of the Trust to service interest expense on debt from earnings. It is therefore a critical indication of the Trust’s financial health and key to analysing the sustainability and risks associated with the Trust’s level of borrowing. The lower the interest cover, the higher the risk that the Trust will not be able to meet its interest payments.

An Interest Cover Ratio of 1.5 indicates that SDRT1 is able to meet its interest payments based on the 30 June 2009 Annual Financial Report.

Please note, the Interest Cover Ratio above varies from the ratio provided to financiers. The variation is due to different calculations required by ASIC and the financiers

Disclosure Principle 3: Scheme Borrowing

The following provides a summary of SDRT1’s borrowing arrangements.

	Limit ($m)	Undrawn Amount ($m)	Facility Expiry	Interest Rate	Hedge Expiry
Term Loan	56.7	0.6	Dec 09	6.45%	Dec 13
CapEx	3.3	3.3	Dec 09	BBSY +0.4%	N/A
Total Facility	**60.0**	**3.9**	**Dec09***	**N/A**	**N/A**

*Negotiations have commenced and are ongoing in relation to the extension of the loan facility. It is likely that a successful renegotiation will be achieved.

Loan Covenants

As a result of the Trust’s declining property values, as at 30 June 2009, the Trust was not in compliance with the Loan to Valuation Ratio (“LVR”) covenant under the loan facility agreement. On 29 June 2009, NAB confirmed that it will waive its right until 22 December 2009 to take any action against the Trust in relation to the Trust not being in compliance with the LVR covenant. Consequently, NAB will not be exercising its right to call for immediate repayment of the debt as at 30 June 2009.

A breach of a loan covenant may result in the lender being able to require immediate repayment of the loan or impose a freeze on further draw-downs on the credit facility.

Investors should note that they will rank behind the creditors of the Trust. This means if the lender enforces its security over the Trust then the lender will be reimbursed prior to investors receiving their interest.

Disclosure Principle 4: Portfolio Diversification

Investment Strategy

The Trust aims to provide regular distributions and the opportunity for capital growth. To achieve this the trust invested in four retail properties.

A Meeting of Members was held on 30 June 2009 to consider a Special Resolution (more than 75% of the total eligible votes cast by Unitholders entitled to vote) to authorise the Responsible Entity to sell any or all of the Trust’s properties at such time and upon such terms it considers necessary. This was to assist in preventing potential future breaches of any financing facility of the Trust or otherwise protect or enhance the financial position or continuation of the Trust.

The Special Resolution was not approved by Unitholders on 30 June 2009. The Responsible Entity continues to consider options to manage the financial position of the Trust. It is likely that the Responsible Entity may be required to call a further meeting of

Members to approve the sale of any or all of the Trust's properties at such time and upon such terms that it considers necessary.

Property Valuations

Property:	Benowa Gardens Shopping Centre
Valuation:	$28.5m
Date of Valuation:	30 June 2009
Valuer:	Savills
Cap rate:	8.00%
Occupancy:	96%

Property:	Pacific Pines Shopping Centre
Valuation:	$18.3
Date of Valuation:	30 June 2009
Valuer:	Savills
Cap rate:	7.25%
Occupancy:	100%

Property:	Tamworth Homespace
Valuation:	$14.2m
Date of Valuation:	30 June 2009
Valuer:	Savills
Cap rate:	10.50%
Occupancy:	82%

Property:	Fremantle Shopping Centre
Valuation:	$16.84m
Date of Valuation:	30 June 2009
Valuer:	Savills
Cap rate:	8.50%
Occupancy:	86%

Top 5 Tenants

Top 5 Tenants	% of Income	% of NLA
Woolworths	18%	21%
Coles	6%	7%
The Good Guys	4%	8%
Sleep City Everyday Living	4%	6%
Benowa Pharmacy	3%	-
Tamworth Furniture One	-	5%

Diversification

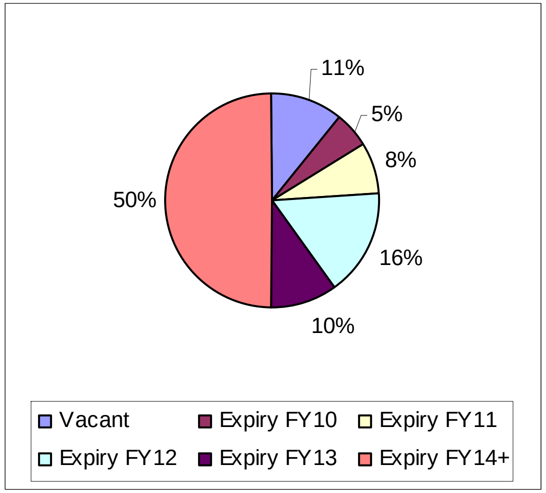
Diversification	Geographic Spread By Value	Geographic Spread By Number
	Geographic Spread By Value	Geographic Spread By Number
QLD	60%	50%
NSW	18%	25%
WA	22%	25%

	Sector Spread By Value	Sector Spread By Number
Retail	100%	100%

SDRT1 Occupancy and Weighted Average Lease Expiry

At 30 June 2009, SDRT1 occupancy was 89% and the Weighted Average Lease Expiry was 6.5 years.

Lease Expiry Profile by Area



Disclosure Principle 5: Valuation Policy

SDRT1's policy is for all four properties to be independently valued at least every three years by a Certified Practicing Valuer registered with the Australian Property Institute. A directors' valuation is undertaken at every other reporting date when an external valuation does not occur (i.e. 30 June and 31 December). Where the internal valuation produces a variance of greater or less than 5% of a property's built up book value, an external valuation is required. In addition, where the built up book value is greater or less than 5% of the most recent independent valuation, a new external valuation is required.

A further requirement in addition to the policy above occurred for 30 June 2008, 31 December 2008 and 30 June 2009. Where the internal valuation produces a variance in the range of -2% to -5% of the properties built up book value, the property may be subject to an external valuation at the directors' discretion.

Disclosure Principle 6: Related Party Transactions

Related party transactions carry a risk that they could be assessed and monitored less rigorously than arm's length third party transactions. Investors should therefore be able to assess whether responsible entities take an appropriate approach to related party transactions. A significant number and value of such transactions may mean that investors should consider the financial position of the related group as a whole and the risk of potential conflicts of interest.

Related party transactions

- Stockland Trust Management Limited ("STML") as the Responsible Entity of Stockland Trust, a related party of SCPL, held 2,513,000 units in SDRT1 as at 30 June 2009;
- Three SCPL Directors held units in SDRT1 at 30 June 2009. Mr David Kent held 110,000 units, Mr Matthew Quinn held 10,000 units and Mr Peter Scott held 20,000 units;
- Stockland Capital Partners Limited ("SCPL") is the Responsible Entity of SDRT1. SCPL does not hold any units in SDRT1.

Fees to related parties

Type	Amount	When Paid?
Responsible Entity Fee	$0.4m for the year ended 30 June 2009, representing 0.45% p.a. of the Trust's gross assets.	Payable to SCPL from the assets of the Trust at the end of each quarter.
Performance Fee	Nil provided for at 30 June 2009 as calculated by 2.56% of the gross value of the properties provided that hurdle rates are met and Investors receive at least the return of their application monies. Please refer to Section 7 of the Product Disclosure Statement.	Payable to SCPL on expiry or wind up of the Trust or sale of properties.
Property Management Fee	$0.4M for the year ended 30 June 2009, representing 5% of the gross income from the Properties (except for Fremantle Shopping Centre, where the fee is 2.5%).	Payable to Stockland Property Management Limited throughout the year.

Policy and Ongoing Monitoring

A corporate governance framework has been established to protect investors' interests. This framework includes:

- Documented and formally approved and executed agreements between Stockland Corporation, STML and SDRT1 by separate independent legal advice obtained by SCPL on behalf of SDRT1;
- Two of our Directors are independent of Stockland;
- Monitoring of compliance with our obligations by the Compliance Committee;
- A six monthly review and full year audit by the scheme auditor and full year audit by the compliance plan auditor;
- A requirement for the approval of all related party transactions by the SCPL Board to be by unanimous vote, including the independent directors. The Stockland Executive Director is excluded from voting on such transactions;
- Acting in accordance with our conflicts of interest policy, which is made available to all staff. The policy is reviewed on an ongoing basis to ensure that Stockland maintains adequate conflicts management arrangements;
- The SCPL Directors have a fiduciary duty to act in the best interests of Investors in relation to decisions affecting SDRT1.

Disclosure Principle 7: Distribution Practices

Some unlisted property trusts make distributions to members from capital and/or unrealised gains where cash is available from either within the fund or from borrowings.

Source of Distributions

Distributions for the year ended 30 June 2009 for SDRT1 were funded 96% from realised income and 4% from capital with the capital component funded from available cash. Going forward it is anticipated that distributions will be funded entirely from realised income however the RE may review and adjust accordingly.

Disclosure Principle 8: Withdrawal Arrangements

Once an application for units has been received, Investors are unable to redeem their units until the Termination Date.
Investors may however be able to sell their units by participating in the Limited Liquidity Facility ("LLF") offered by National Australia Bank ("NAB"), or through the Off-Market Transfer process.

Limited Liquidity Facility

The LLF is a facility which NAB has agreed to provide to investors of SDRT1. The LLF is available on a quarterly basis and provides unitholders with an opportunity to sell their units prior to the termination date, subject to certain conditions.
NAB has agreed to acquire up to 1,000,000 units in SDRT1 per quarter from unitholders seeking to realise their units. Units are acquired at a 2.5% discount to Net Tangible Assets ("NTA") per unit less transaction costs. STML has placed a standing order with NAB to acquire a maximum of 1,000,000 units per quarter. This standing order can be terminated at any time.

Investors who wish to apply to participate in the LLF should request a LLF transfer form from SCPL, or download the transfer form from the website. Applications under the LLF will be considered an irrevocable offer by investors and cannot be withdrawn. An application must be for an investor's entire holding.

For applications under the LLF to be considered investors should send completed application forms to the details listed on the form no later than 15 business days before quarter end. Investors that have made an application to participate in the LLF will be entitled to the distribution for the quarter in which the application was received.

Completed LLF transfer forms will be accepted by NAB in order of receipt. Any LLF transfer forms that are not accepted due to the LLF being oversubscribed in any single quarter may be included in the applications for the following quarter's LLF. SCPL, on behalf of NAB, will notify investors in writing whether their application has been successful within 15 business days after the end of the quarter in which the transfer form was received.

For the purposes of the LLF, the NTA per unit will be calculated twice a year based on the financial statements of the Trust prepared as at 30 June and 31 December.

Limitations

NAB may unconditionally suspend or terminate the LLF at any time in its sole discretion. The LLF can be terminated by NAB in the following circumstances:

- NAB may unconditionally suspend or terminate the LLF at any time in its sole discretion
- STML's standing order will terminate when it and its related entities hold 19.9% of the units, at which stage NAB will acquire up to a maximum holding of 19.9% of units if required.

The Responsible Entity will notify investors if the LLF is terminated in the quarterly distribution statement next following the date of termination.

Please refer to the Terms and Conditions of the LLF in the Product Disclosure Statement dated 16 October 2006.

Risks on Termination

The performance of the Trust will be influenced by a range of factors during the term of the Trust and at termination including:

- Changes in the economy and market conditions may affect demand and therefore property values.
- Investors will be indirectly exposed to property market risk;
- The value of the Properties may fluctuate depending on market conditions and there may be a delay in achieving a sale of the Properties;
- The Trust may be required to refinance the debt facilities;
- If the facilities cannot be entirely refinanced on its termination or expiry, then returns to investors may be adversely affected.

Please refer to Section 8 of the Product Disclosure Statement for more information.

Further Information

For further information in relation to the above, please refer to the website at http://www.stockland.com.au/UnlistedPropertyFunds or contact Michael Radziowsky (Client Relations Manager) on 02 9035 3208 or email michael.radziowsky@stockland.com.au

Future updates on these Disclosure Principles will be made available on our website.