



15 March 2019

Dear Investor

## **STOCKLAND DIRECT RETAIL TRUST NO.1 (SDRT1 OR THE TRUST) MEETING OF MEMBERS ON 8 MARCH 2019 – VOTING RESULTS**

We refer to your investment in the Trust and wish to provide you with an update on the outcome of the meeting of members held on 8 March 2019.

As you are aware, investors were asked to consider Resolution 1 to sell all of the properties or interests in the properties of SDRT1, terminate and wind-up the Trust. We confirm that Resolution 1 was passed and therefore the alternative resolutions, Resolutions 2 and 3 were not put to the meeting.

Further detail in respect of the voting on Resolution 1 is shown in Table 1 below.

**Table 1:** Results of Voting on Resolution 1

	Number of Units	%	Value A\$	%
Votes cast 'FOR' the resolution	17,402,390	98.75%	18,846,788.37	98.75%
Votes cast 'AGAINST' the resolution	220,000	1.25%	238,260.00	1.25%
<b>Total votes cast</b>	<b>17,622,390</b>	<b>100.00%</b>	<b>19,085,048.37</b>	<b>100.00%</b>
Votes 'Abstained'	10,000		10,830.00	

### **What happens now?**

Stockland Capital Partners Limited (**SCPL**) as responsible entity of SDRT1 (**Responsible Entity**) will determine an appropriate programme for the sale of the Trust's properties using external real estate agents.

As noted in the notice of meeting, the Responsible Entity is in advanced discussions with Coles on an extension of its lease at Benowa Gardens. Whilst it is the Responsible Entity's intention to delay marketing Benowa Gardens until the outcome of these discussions is resolved, this will be reviewed in the event that the outcome is delayed for reasons outside of the Responsible Entity's control.

The Trust will terminate on the date on which the last property is sold after which the Trust will be wound up in accordance with the constitution of the Trust and all relevant laws, including the *Corporations Act 2001* (Cth).

The Responsible Entity will continue to administer the Trust in accordance with the Trust constitution and product disclosure statement dated 16 October 2006 until all properties are sold and the Trust is wound up.

The proceeds of sale of the properties will be used to repay debt and other liabilities including any retention obligations arising from sale warranties. The Responsible Entity anticipates that interim payments to investors will be made as funds become available.

### **Performance fee**

As described in section 1.4 of the notice of meeting, whilst the Trust's product disclosure statement entitles the Responsible Entity to the payment of a performance fee if only some of the Trust's properties are sold, the Responsible Entity has agreed to defer payment until all properties have sold. Further, the Responsible Entity has agreed that the performance fee, if any, shall be calculated taking into account the aggregate performance of the remaining properties. In other words, the calculation will take into account the net effect of both underperformance and outperformance of the properties.

In addition, and as outlined at the meeting of members held on 8 March 2019, SCPL has also agreed to reduce the total amount of any performance fee by 25 per cent.

If you wish to discuss any aspect of this letter, or have any additional queries, please contact me on (02) 9035 3120.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'P. Wyatt', written in a cursive style.

**Paul Wyatt**

Senior Funds Manager, Stockland Capital Partners Limited