

Monday, 13 September 2004

STOCKLAND LAUNCHES UNLISTED PROPERTY FUNDS BUSINESS

Stockland today announced the launch of a new unlisted property fund, Stockland Direct Office Trust No.1, a single asset trust that provides investors with exposure to Waterfront Place, a high quality premium grade office building in the Brisbane CBD.

Stockland and Westpac, through a wholly owned subsidiary, each acquired an indirect 50% interest in the Waterfront Place building in February this year with the intention to syndicate Westpac's share. At the same time, Stockland also acquired the adjoining retail complex, Eagle Street Pier.

Stockland Managing Director Matthew Quinn said the launch of the fund was Stockland's first venture into the unlisted property funds management business.

"The launch of this offer signals the start of an exciting new business strategy for Stockland in the unlisted property market," said Mr Quinn.

Mr Quinn said the new unlisted funds business would provide excellent opportunities for property investors and for Stockland shareholders.

"Stockland is aligning its interests with investors by applying for 5% of the units on offer in the new fund on the same terms and conditions as other investors. Investors will benefit from joint ownership of a premium office property with an experienced property manager.

"The Responsible Entity of the Fund is Stockland Funds Management Limited, which has been established with a majority of non executive and independent directors, reflecting Stockland's commitment to best practice corporate governance," Mr Quinn said.

The fund acquired its half share of Waterfront Place for \$145.5 million and is seeking to raise \$66.5 million from investors. The offer provides investors with the opportunity to apply for an investment loan from Westpac to partially finance their participation. **The fund is forecast to deliver geared investors an average annual return of 9.24% p.a on their initial payment over the first three years. General investors are forecast to receive average returns of 8.05% p.a over the same period, which are forecast to be 100% tax advantaged.**

Westpac Institutional Bank Group Executive Phil Coffey said WIB is participating as underwriter, distributor and financier to the new fund, and was delighted to endorse the offer.

"WIB has worked closely with Stockland to develop this fund, which provides investors with a stable income stream and the potential for capital growth, underpinned by the strong property management capability of Stockland," Mr Coffey said.



Waterfront Place has a current occupancy rate of 98.4%, an average weighted lease term of 4.4 years and a blue chip tenant list with over 50% of the building leased to six of Australia's leading professional services firms.

The Brisbane office market remains strong with a trend of reducing vacancies. The number of sites available for commercial development has reduced dramatically over the last few years with the increase of inner-city residential development.

Mr Quinn said that with a modest supply outlook and tight market conditions in the premium end of the market, the Brisbane office market is well positioned to achieve rental growth over the coming years.

"We believe that Waterfront Place is ideally situated to capitalise on the strengthening Brisbane office market, delivering both a solid return to syndicate investors and value for our shareholders."

Copies of the Product Disclosure Statement are available on www.stockland.com.au/unlistedpropertyfunds or by calling the SDOT information line on 1300 653 941. Applications can only be made on the application form attached to the PDS.

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ARSN 110 688 009