

**Media Release**  
26 July 2005

**STOCKLAND UNVEILS SECOND UNLISTED OFFICE FUND**

Stockland today announced the launch of its second unlisted office fund, Stockland Direct Office Trust No.2 (SDOT2), which provides investors with an interest in Optus' new Australian headquarters at Macquarie Park in Sydney. The property, consisting of six campus-style buildings, is currently under construction and has been valued at \$351.1 million.

SDOT2 will be fully underwritten by Stockland and Westpac and aims to raise \$86 million from investors.

Stockland CEO Unlisted Property Funds, Mr Robb Macnicol said the launch follows the successful close last November of Stockland's first unlisted fund, Stockland Direct Office Trust No.1 which offered a share of Brisbane's premium grade office building, Waterfront Place.

"Our entry into the unlisted property funds market with Stockland Direct Office Trust No.1 was a successful inauguration for our business, attracting interest from both new investors and existing Stockland securityholders. The offer closed early and oversubscribed," said Mr Macnicol.

The launch of the SDOT2 offer presents another rare opportunity for retail investors to access an institutional grade asset. The forecast cash yield on the first instalment is 7.5% p.a. once the Optus lease commences in 2007. In the interim, investors will receive a return equal to the 90-day floating bank bill rate.

Mr Macnicol said "The offer is very attractive from a risk/return point of view, given the strength of a 15 year lease to such a high profile tenant as Optus, which is rated A+ stable by Standard & Poor's."

Stockland and Westpac are again showing innovation in the unlisted funds market with a structure that incorporates instalment receipts and a limited liquidity facility for the benefit of investors.

Stockland will align its interests with investors in SDOT2 by applying to purchase 5% of the units in the new fund on the same terms and conditions as other investors.

Westpac Institutional Bank Joint Head of Property, Mr Richard Ash said that after the success of Stockland Direct Office Trust No.1, Westpac was pleased to participate with Stockland in another quality product offering.

"Westpac has again worked closely with Stockland to create this fund, which gives investors a chance to receive quarterly distributions forecast in the PDS to be 100% tax deferred for the forecast period, with protection from the development risk provided by one of Australia's largest property groups, and the benefits provided by the instalment receipt structure," Mr Ash said.

Product Issuer: Stockland Funds Management Limited

ACN 078 081 722

AFSL No. 241188

As Responsible Entity for Stockland Direct Office Trust No. 2

ARSN 115 017 466



The property will be owned by Macquarie Park Trust (MPT), a new wholesale trust in which Stockland Direct Office Trust No.2 will own a 49% share from lease commencement. Stockland is considering the sell down of a further tranche of the trust to a wholesale investor, but will retain a minimum of 31% of MPT.

Mr Macnicol said the securitisation of the Optus property marks the continued growth of unlisted managed funds for Stockland and a broadening of our investor relationships.

“SDOT2 will provide Stockland with additional annuity management fee income and establishment fees,” he said.

Mr Macnicol said the SDOT2 offer is scheduled to close on 16 September 2005, but will close earlier if fully subscribed.

According to the Property Council, Macquarie Park has become Sydney’s fourth CBD, alongside Sydney, North Sydney and Parramatta, and is the centre of technology office space in Australia with a total FSR of approx 1.3million sqm. Many of the world’s largest corporates are now headquartered there, including Microsoft, Compaq, Oracle and Sony.

Optus will relocate 6,500 employees to the new globally-benchmarked campus in Macquarie Park when the development is completed in mid-2007.

#### **Stockland Direct Office Trust No.2: Key features**

Offer open date:	27 July 2005
Offer close date:	16 September 2005 (or prior if oversubscribed)
Minimum investment:	25,000 units or first instalment of \$10,000
Offer Issue:	85,867,000 units at \$1.00 each initially paid to \$0.40
Offer Terms:	First instalment of \$0.40 per unit payable upon application, \$0.60 payable (subject to certain conditions) on 30 June 2013
Yield:	A forecast cash yield on the first instalment equal to the 90 day floating bank bill rate, stepping up to 7.50 per cent per annum on commencement of lease

*Stockland Funds Management Limited is the issuer of instalment receipts (which represent an investor's beneficial interest in units) in Stockland Direct Office Trust No.2 (Trust) and seller of the units in the Trust. A PDS for the Trust will be made available when the product is released on 27 July 2005.*

*When released, copies of the Stockland Direct Office Trust No.2 Product Disclosure Statement (PDS) will be available at [www.stockland.com.au/unlistedpropertyfunds](http://www.stockland.com.au/unlistedpropertyfunds) or by calling 1300 723 909. Potential investors should consider the PDS in deciding whether to acquire units in the Trust.*

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