Australand Property Group

Australand Property Group comprises the parent entity, Australand Holdings Limited (ABN 12 008 443 696), Australand Property Trust (ARSN 106 680 424), Australand Property Trust No.4 (ARSN 108 254 413) and Australand Property Trust No.5 (ARSN 108 254 771) and their respective controlled entities.

Appendix 4E

Preliminary Final Report

for the financial year ended 31 December 2011

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key Information		**2011 $'000**
Revenue and other income	**Down 8% to**	**692,810**
Net profit attributable to stapled securityholders	**Down 15% to**	**140,620**
Operating profit after tax[1]	**Up 6% to**	**135,388**

Dividends/Distributions	**Total Dividends/ Distributions**	**Distribution per security**	**Dividend per security**	**Franked amount per security**
Interim distribution - June 2011 half year (paid on 4 August 2011)	**10.5 cents**	10.5 cents	-	-
Final distribution - December 2011 half year (payable on 16 February 2012)	**11.0 cents**	11.0 cents	-	-
Total	**21.5 cents**	21.5 cents	-	-

The Record Date for determining entitlements to the final distribution was 5.00pm, 30 December 2011.

EXPLANATION OF RESULTS

Please refer to the attached commentary for further explanation of the results.

[1] Operating profit after tax reflects the Group's statutory result as adjusted to reflect the Directors' assessment of the ongoing business activities of Australand, in accordance with AICD/Finsia principles for reporting underlying profit. Operating profit after tax excludes investment property revaluation gains, impairment of inventories and unrealised losses on derivative financial instruments.

This preliminary final report constitutes the Appendix 4E prepared in accordance with applicable Accounting Standards and Australian Securities Exchange Listing Rules. It does not include all the notes in an annual financial report. Accordingly, this report should be read in conjunction with public announcements made by Australand during the full year to 31 December 2011 and to the date of this report.

The non-IFRS information contained within this preliminary final report is disclosed in accordance with ASIC regulatory guidelines.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE AND REVIEW OF OPERATIONS ('MD&A')

FINANCIAL RESULTS

The Group's statutory profit after tax for the year ended 31 December 2011 was $140.6 million (FY10: $165.8 million) and the Group's operating profit after tax was $135.4 million (FY10: $127.5 million).

The following table summarises key reconciling items between the Group's statutory profit and operating profit after tax.

	2011 $'000	2010 $'000
Operating profit after tax	**135,388**	127,547
Investment property revaluation gains	**59,425**	38,905
Impairment of inventories	**(30,000)**	-
Unrealised losses on interest rate derivatives	**(24,193)**	(617)
Statutory profit attributable to stapled securityholders	**140,620**	165,835

Key aspects of the Group's performance

- Investment Property earnings before interest and tax ('EBIT') of $165.5 million (FY10: $161.4 million);
- Commercial & Industrial EBIT of $29.1 million (FY10: $31.7 million); and
- Residential EBIT of $76.1 million (FY10: $67.6 million).

Key financial metrics

- Earnings per stapled security on statutory profit after tax of 24.4 cents;
- Earnings per stapled security on operating profit after tax of 23.5 cents;
- Distributions per stapled security of 21.5 cents; and
- Net tangible assets per stapled security of $3.46 as at 31 December 2011.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE AND REVIEW OF OPERATIONS ('MD&A') (CONTINUED)

INVESTMENT PROPERTY

Business Overview

As at 31 December 2011, the Investment Property division had a total portfolio value of $2.2 billion comprising 70 properties, including 3 properties under development. The portfolio is leased to quality tenants and is diversified primarily across the industrial (52%) and office (43%) sectors.

Operational Overview

The Investment Property division achieved an EBIT result of $165.5 million before net property revaluation gains of $59.4 million for the year. While the portfolio achieved comparable rental growth of approximately 3.3% during the year, EBIT increased by 2.5% reflecting the change in composition of the portfolio as assets were added and divested during the year.

In the year to 31 December 2011, the key operational activities included:

- 265,000 sqm of leasing securing approximately 20% of portfolio income and extending the portfolio WALE to 5.8 years from 5.0 years. This includes:
  - The renewal of the 10,700 sqm office tenancy to the Commonwealth Government at the Gateway Building in Sydney, NSW to 2017;
  - The renewal of the 17,200 sqm tenancy to Nestle at the Nestle Oceania Regional Headquarters Building at Rhodes Corporate Park in NSW for a term of 10 years; and
  - The extension of the Coles Parkinson lease, which now expires in 2032.
- Sale of an 80.1% interest in 6 assets valued at $133 million to seed the logistics joint venture with the Government Investment Corporation of Singapore (GIC), established in June 2011. The $72 million Kmart facility at Eastern Creek is under contract, to be sold into the joint venture.
- Completion of approximately $170 million of internally developed product delivering a yield on cost of approximately 8.5%.
- Commencement of the development of the Rhodes F building (17,700 sqm), being the last stage of Rhodes Corporate Park with an estimated end value of $90 million.

Property Valuations and Portfolio Metrics

Property Valuations

The Investment Property portfolio was revalued as at 31 December 2011, resulting in a net gain of $59.4 million for the period. During the course of 2011, independent valuations were undertaken on 67% of the income producing assets of the portfolio (by value).

Investment Property Portfolio Metrics

The average capitalisation rate for the Investment Property portfolio, as at 31 December 2011, was 8.34% (December 2010: 8.38%). The portfolio's tenancy profile remains of a high quality with 33% of income sourced from ASX listed companies, 42% from multi-national corporations and 7% from federal and state governments. Earnings visibility remains strong with only 2% of portfolio income expiring in 2012.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE AND REVIEW OF OPERATIONS ('MD&A') (CONTINUED)

INVESTMENT PROPERTY (CONTINUED)

Investment Property Portfolio Metrics (continued)

The table below provides further detail on the portfolio metrics.

	31 Dec 2011	31 Dec 2010
Portfolio Value	$2.2 billion	$2.1 billion
Weighted Average Lease Expiry (by Income)	5.8 years	5.0 years
Average Market Capitalisation Rate – Industrial	8.72%	8.70%
Average Market Capitalisation Rate – Office	7.92%	7.98%
Average Market Capitalisation Rate – Portfolio	8.34%	8.38%
Occupancy (by Income)	99.3%	97.7%

Note: the above metrics (except portfolio value) excludes assets held for sale or under development.

Investment Property Outlook

The Investment Property division is well positioned to continue to deliver comparable rental growth, with an average fixed rent increase of 3.4% over 95% of the portfolio's income. The 357 Collins St development is expected to be income producing in the second half of 2012 which will also benefit the division's income. Leasing of this development is progressing well, with approximately 70% of leasing committed or under heads of agreement.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE AND REVIEW OF OPERATIONS ('MD&A') (CONTINUED)

COMMERCIAL & INDUSTRIAL

Business Overview

As at 31 December 2011, the Commercial & Industrial division controlled an industrial landbank of 394 hectares (100% zoned) in the major markets of Melbourne, Sydney, Brisbane and Adelaide. In addition, the division had an office development pipeline of approximately 190,000 sqm of net lettable area. The division's integrated delivery platform and well located landbanks provide a unique value proposition for its customers.

Operational Overview

In 2011, the Commercial & Industrial division achieved an EBIT result of $29.1 million. Aggregate sales revenue for the year was $181.4 million (FY10: $260.7 million), which comprised revenue of $154.9 million from wholly owned projects and $26.5 million from joint venture projects. Buildings with a total net lettable area of 197,000 sqm were delivered along with land sales of 271,000 sqm in the period. The division's return on average capital employed (ROACE[1]) improved to 11.4% in 2011 (FY10: 10.1%).

Several major projects contributed to the results for the year, including the distribution facilities for Kmart and Best & Less at Eastern Creek in NSW, Denso at Westpark in VIC and the Spring Hill Shopping Centre in VIC.

Impairments

Following a review of the carrying value of inventories, a $23.0 million impairment charge was taken in relation to six estates in Brisbane, which have continued to suffer from weaker than expected market conditions over the past year. Our development timelines and realisation assumptions have been adjusted for these estates, which resulted in the impairment charge. Of the $23.0 million impairment, $17.0 million related to 3 projects that had been previously impaired and required further provisioning to be made.

Commercial & Industrial Division Outlook

Industrial

Weak business and consumer sentiment throughout much of 2011 resulted in limited new pre-lease and turnkey activity. Vacancy rates for prime industrial space however, remain very low and are estimated to be less than 3% for the major markets. New tenant demand has been strongest in Melbourne and Sydney driven by the continued focus on supply chain rationalisation and cost efficiencies. Investment appetite for well-located facilities with long leases to quality tenants remains strong, supporting asset valuations and providing investment capital.

[1] ROACE is calculated as Development EBIT plus NTA uplift on internal developments / average capital employed (before impairments).

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE AND REVIEW OF OPERATIONS ('MD&A') (CONTINUED)

COMMERCIAL & INDUSTRIAL (CONTINUED)

Commercial & Industrial Division Outlook (continued)

Commercial

Despite some headwinds in relation to white collar employment growth, vacancy rates in the Melbourne market remain low at 3.9% for prime office space. Leasing of the 357 Collins Street project in Melbourne is progressing well with 16,100 sqm leased and 5,000 sqm under heads of agreement, which represents 70% of the available space. We expect first tenants to commence occupancy in Q3 2012, with CBA expected to commence occupancy in the Q4 2012.

The division has also commenced the development of the Rhodes F building, being the last stage of Rhodes Corporate Park in Sydney. This project will target an A-grade, 5 Star NABERS rated office building comprising 17,700 sqm of accommodation. Current vacancy in the Rhodes precinct is approximately 1% and the site offers a high standard of suburban office accommodation.

Divisional Outlook

As at 31 December 2011, the Commercial & Industrial division had a forward workload of 210,000 sqm, which is in line with that held at 31 December 2010. We are expecting conditions for the C&I division to remain challenging until we see increased business confidence leading to renewed investment. We currently view this to be more likely in the second half of 2012. Accordingly, we expect the earnings contribution from the C&I division to be marginally weaker in 2012 than in 2011. This, however, is expected to be offset by an increase in NTA uplift from internal developments and the C&I division continues to target a ROACE of 12% for the full year.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE AND REVIEW OF OPERATIONS ('MD&A') (CONTINUED)

RESIDENTIAL

Business Overview

The Residential division's development activities span Australia's major population centres of Melbourne, Sydney, Perth and South East Queensland. As at 31 December 2011, the Residential division had approximately 21,800 lots under management in its development pipeline with an estimated end value of $8.1 billion. Australand's Residential portfolio is diversified between land development activity (57%[1]) and medium/high density infill developments (43%[1]) where Australand's built form capabilities play an integral part of the development process.

Operational Overview

In 2011, the Residential division achieved an EBIT result of $76.1 million, up 13% on the previous year. Revenue for the year was $586.8 million, which comprised revenue of $338.4 million from wholly owned projects and $248.4 million from joint venture projects.

Despite the strong growth in EBIT the division's ROACE improved marginally from 8.3% in 2010 to 8.6% in 2011. The ROACE was impacted by an increase in the average capital employed in the division as a result of the restructuring of the Discovery Point project, new acquisitions including Clemton Park and the delays to settlements due to wet weather in the second half of 2011.

Earnings were supported by growth in gross sales volumes which increased 15% on the previous year. The Melbourne and Sydney markets contributed approximately 80% of the 2,536 gross lots sold.

Sales volumes by product type for both wholly owned and joint venture projects were as follows:

	Land No.	Housing & Medium Density No.	High Density No.	Total No.	Change on 2010
Wholly owned projects	715	236	11	962	Down 7%
Joint venture projects[2]	916	385	273	1,574	Up 36%
Total	**1,631**	**621**	**284**	**2,536**	**Up 15%**

Impairments

Following a review of the carrying value of inventories, a $7.0 million impairment charge was taken in relation to the Ivadale Lakes project located on the Sunshine Coast in Queensland, which has continued to suffer from weak market conditions over the past year. As a result, our development timeline and realisation assumptions have been adjusted for the project to reflect these conditions.

[1] By end value, including 100% of joint ventures and PDA's.
[2] Figures show 100% of lots sold from projects under management.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE AND REVIEW OF OPERATIONS ('MD&A') (CONTINUED)

RESIDENTIAL (CONTINUED)

Residential Division Outlook

Sales momentum improved in the second half with the effect of interest rate reductions and State Government lead initiatives. We expect Sydney and Melbourne to continue to contribute significantly to sales and earnings despite some softening of market conditions in Melbourne. Perth continues to see a gradual recovery, however the South East Queensland market remains challenging.

As at 31 December 2011, the division held 939 sales contracts on hand with 64% of these expected to be recognised in 2012, which positions the division well for the year. Our top ten projects are expected to contribute approximately 80% of targeted Residential earnings in 2012. These projects include; Greenhills Beach (NSW), Burwood (VIC), Cranbourne West (VIC), Clyde North (VIC), Greenvale (VIC), Cockburn Central (WA) and Kangaroo Point (QLD).

While we are not expecting sales volume growth in 2012, we expect an increase in EBIT contribution as a result of further improvement in margins and a higher average sales price driven by the mix of product we expect to sell. The division is targeting a ROACE of 12% in 2012, through a combination of increased earnings and a reduction in average capital employed.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE AND REVIEW OF OPERATIONS ('MD&A') (CONTINUED)

CAPITAL MANAGEMENT

As at 31 December 2011, Australand had interest bearing debt, net of cash, of $1,289 million (31 December 2010: $1,071 million). Gearing[1] increased during the year to 33.0% at 31 December 2011 (31 December 2010: 29.5%) but remains within the Group's target range of 25% - 35%.

The average cost of debt for the full year ended 31 December 2011 was 8.1% (FY10: 8.6%). At 31 December 2011, interest rates on 72% of the Group's interest bearing debt were fixed by hedge instruments with a weighted average maturity profile of 4.0 years. The unrealised market value of the derivative book represented a liability of $76.9 million (31 December 2010: liability of $0.6 million) reflecting the movement in the forward yield curve since 31 December 2010. In accordance with Australian Accounting Standards, $52.1 million (FY10: Nil) has been taken to reserves and $24.2 million (FY10: $0.6 million) has been recognised as an unrealised expense in the income statement for the full year.

In May 2011, Australand completed the issue of US$170 million guaranteed senior notes into the US Private Placement debt market. The transaction comprised two tranches: a US$140 million tranche and a US$30 million tranche maturing in 2021 and 2023 respectively. This provided the Group with additional liquidity following the repayment of the CMBS notes in March 2011. The new issue also improved the Group's weighted average debt maturity and provided access to a new funding source.

In September 2011, Australand established a $675 million syndicated unsecured facility. The transaction comprised two tranches: a $304 million tranche and a $371 million tranche maturing in 2015 and 2016 respectively. This provided the Group with additional liquidity and allowed the repayment of $407 million of facilities scheduled to mature in 2012. The new facility also improved the Group's weighted average debt maturity to 3.3 years and provided access to new bank funding sources.

Australand has no Corporate debt facilities maturing prior to June 2013 and continues to comply with all of its debt covenants.

As approved by securityholders at the Annual and General Meetings held in April 2011, the Group finalised the reallocation of $250 million of capital from Australand Holdings Limited to Australand Property Trust in September 2011, following the receipt of rulings from the Australian Taxation Office.

From 2012, the distribution policy has been amended from a payout of 80% - 90% of Trust operating earnings to payout 80% - 90% of Group operating earnings or 100% of Trust taxable earnings, whichever is the greater.

[1] Gearing is defined as interest bearing debt to total tangible assets, cash adjusted, based on the drawn amount of debt excluding fair value adjustments and associated derivative financial instruments.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE AND REVIEW OF OPERATIONS ('MD&A') (CONTINUED)

GROUP STRATEGY

The Group continues to make progress towards achieving its strategic objectives previously communicated to the market and outlined as follows:

- Maintaining our focus on the core sectors of industrial, office and residential where we have distinct competitive advantages;
- Providing investors with a mix of recurrent earnings from our investment portfolio and growth through our development activities. Our strategic weighting is for recurrent earnings to represent 60% - 70% of Group EBIT;
- Improving development returns to deliver at least 12% on average capital employed by the end of 2012; and
- Maintaining a prudent approach to capital management.

In 2011, recurrent earnings comprised 68% of Group EBIT with development returns on average capital employed improving from 8.9% to 9.5%. We continue to expect to reach the 12% target by the end of 2012 which will be primarily driven through the expected improvement in the Residential division as a result of a number of higher margin projects contributing to earnings and a reduction in the level of capital employed.

The Group has also continued to take steps to secure medium term earnings through the acquisition of several sites including, Clemton Park, Ashlar and Eastern Creek in Sydney, and Sunbury and Laverton in Melbourne.

Capital management remains an ongoing focus for the Group particularly given the uncertainty in the European financial markets. The Group continues to manage its capital position prudently with gearing within its target range, adequate liquidity levels being maintained to fund development activity and refinancing being achieved well ahead of maturity dates. Attracting third party capital partners was an important focus for the Group in 2011, with the introduction of GIC and La Salle Investment Management.

OUTLOOK

The outlook for the Group in 2012 is very much dependent on the timing of business and consumer confidence being restored. The domestic economy is soft in most sectors outside of resources and we anticipate that conditions will remain challenging for at least the first half of 2012.

Despite the near term challenges, the Group remains cautiously optimistic and is budgeting for an increase in operating earnings per security for 2012. Several key projects are expected to make significant contributions to the full year result including; Greenhills Beach, Greenvale, Kangaroo Point, Burwood, Clyde North, 357 Collins St and Electrolux. Updated guidance will be provided at our half year briefing when further evidence of sales transactions and general trading conditions should be apparent.

With low vacancy and minimal lease expiry, the Investment Property division provides reliable and predictable earnings which underpin an expected 2012 distribution of 21.5 cps which is in line with the 2011 distribution.

DIRECTORS' REPORT

Directors

The following persons were directors of the Board of Australand Holdings Limited, Australand Property Limited and Australand Investments Limited during the year ended 31 December 2011 and up to the date of this report:

Olivier **Lim** (appointed Chairman on 14 April 2011)
Paul Dean **Isherwood**, AO (Deputy Chairman and Lead Independent Director, from 1 January 2011)
Robert William **Johnston** (Managing Director)
Lui Chong Chee (stepped down as Chairman on 14 April 2011)
Ian Farley **Hutchinson** (retired 14 April 2011)
Nancy Jane **Milne**, OAM
Stephen Eric **Newton**
Robert Edward **Prosser** (appointed 9 February 2011)

Dividends/Distributions

Distributions paid or declared by Australand Property Trust, Australand Property Trust No.4 and Australand Property Trust No.5 to securityholders since the end of the previous financial year were:

Type	Payment per stapled security	Total amount $'000	Date of payment
Final for 2010	10.5 cents	60,568	8 February 2011
Interim for 2011	10.5 cents	60,569	4 August 2011
Final for 2011	11.0 cents	63,452	16 February 2012

Review of operations and results

Refer to the 'management discussion and analysis of financial performance and review of operations' ('MD&A') section on pages 2-10 for further explanation of the results.

Rounding of amounts

Australand is an entity of the kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and consolidated financial report. Amounts in the directors' report and consolidated financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

Signed in accordance with a resolution of the Directors.

Bob Johnston
Managing Director

Sydney
8 February 2012

Consolidated income statement

For the year ended 31 December 2011

	Notes	2011 $'000	2010 $'000
Revenue from continuing operations	2	**692,810**	749,274
Cost of properties sold		**(343,690)**	(423,722)
Write down of inventories		**(30,000)**	-
Development profit recognised through valuation of properties transferred to Australand Property Trusts		**1,842**	7,250
Share of net profits of joint ventures and associates accounted for using the equity method		**30,162**	26,149
Investment property expenses		**(37,968)**	(37,415)
Management and administration expenses		**(72,273)**	(60,487)
Depreciation		**(3,348)**	(4,202)
Other expenses		**(48,532)**	(45,096)
Finance costs		**(81,940)**	(62,181)
Net gains from fair value adjustments on investment property		**59,348**	38,373
Profit before income tax		**166,411**	187,943
Income tax benefit		**851**	3,646
Net profit		**167,262**	191,589
Net profit attributable to ASSETS hybrid equity holders (non-controlling interest)		**(26,642)**	(25,754)
Net profit attributable to stapled securityholders of Australand		**140,620**	165,835
Attributable to:			
Equity holders of AHL and APT		**106,105**	116,896
Equity holders of other stapled entities (non-controlling interest):			
- Australand Property Trust No.4 (APT4)		**20,404**	37,344
- Australand Property Trust No.5 (APT5)		**14,111**	11,595
Net profit attributable to stapled securityholders of Australand		**140,620**	165,835
Earnings per stapled security for profit attributable to ordinary equity holders of AHL and APT:			
Basic and diluted earnings per stapled security (parent entity)	3	**18.4 cents**	20.3 cents
The above consolidated income statement should also be read in conjunction with the accompanying notes, including Note 3 which presents the following earnings per stapled security for profit attributable to the stapled securityholders:			
Basic and diluted earnings per stapled security	3	**24.4 cents**	28.7 cents

Consolidated statement of comprehensive income

For the year ended 31 December 2011

	2011 $'000	2010 $'000
Net profit	**167,262**	191,589
Other comprehensive income:		
Changes in the fair value of cash flow hedges, net of tax	**(51,957)**	6,703
Share of associate and joint venture changes in the fair value of cash flow hedges, net of tax	**(609)**	216
Other comprehensive income for the financial year, net of tax	**(52,566)**	6,919
Total comprehensive income for the financial year	**114,696**	198,508
Total comprehensive income for the financial year is attributable to:		
Equity holders of AHL and APT	**53,539**	123,815
Equity holders of other stapled entities (non-controlling interest):		
- Australand Property Trust No. 4 (APT4)	**20,404**	37,344
- Australand Property Trust No. 5 (APT5)	**14,111**	11,595
Other non-controlling interests	**26,642**	25,754
	114,696	198,508

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated balance sheet

As at 31 December 2011

	Notes	2011 $'000	2010 $'000
Current assets			
Cash and cash equivalents		**93,286**	50,932
Receivables		**142,456**	175,111
Inventories		**372,802**	386,833
Investment properties held for sale		**72,065**	-
Other		**9,787**	10,930
Total current assets		**690,396**	623,806
Non-current assets			
Receivables		**48,001**	137,376
Inventories		**724,268**	577,404
Investments accounted for using the equity method		**234,067**	178,741
Investment properties		**2,165,143**	2,115,755
Derivative financial instruments		**24,263**	-
Plant and equipment		**28,811**	11,549
Deferred tax assets		**30,212**	29,361
Other		**8,177**	9,667
Total non-current assets		**3,262,942**	3,059,853
Total assets		**3,953,338**	3,683,659
Current liabilities			
Payables		**72,038**	58,731
Borrowings		**-**	299,992
Derivative financial instruments		**24,011**	617
Provisions		**91,951**	90,066
Land vendor liabilities		**32,723**	84,346
Total current liabilities		**220,723**	533,752
Non-current liabilities			
Borrowings		**1,381,810**	822,000
Derivative financial instruments		**52,843**	-
Provisions		**4,870**	4,222
Land vendor liabilities		**27,088**	24,000
Total non-current liabilities		**1,466,611**	850,222
Total liabilities		**1,687,334**	1,383,974
Net assets		**2,266,004**	2,299,685
Equity			
Equity holders of AHL and APT:			
Contributed equity		**1,742,001**	1,741,922
Reserves		**(42,306)**	8,094
Accumulated losses		**(107,748)**	(123,342)
		1,591,947	1,626,674
Equity holders of APT4 and APT5 (non-controlling interest)		**405,399**	404,353
Stapled securityholders interest in the Group	**5**	**1,997,346**	2,031,027
ASSETS hybrid equity		**268,658**	268,658
Total equity		**2,266,004**	2,299,685

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated cash flow statement

For the year ended 31 December 2011

	2011 $'000	2010 $'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**741,723**	711,391
Payments to suppliers and employees (inclusive of goods and services tax)	**(512,833)**	(512,105)
Interest received	**4,214**	3,368
Interest paid	**(84,371)**	(69,839)
Income tax received	**-**	2,314
	148,733	135,129
Distributions received from joint venture entities	**32,480**	6,571
Distributions received from associate entities	**3,358**	2,923
Payment for land acquisitions	**(127,052)**	(105,829)
Net cash inflow from operating activities	**57,519**	38,794
Cash flows from investing activities		
Net investment in joint venture entities	**(36,678)**	2,679
Net investment in associate entities	**(27,902)**	-
Proceeds from sale of investment properties	**133,250**	68,680
Payments for development and acquisition of investment properties	**(145,529)**	(134,446)
Payments for plant and equipment	**(20,610)**	(7,990)
Net cash outflow from investing activities	**(97,469)**	(71,077)
Cash flows from financing activities		
Proceeds from borrowings	**1,362,059**	745,450
Repayment of borrowings	**(1,131,992)**	(646,300)
Distributions paid	**(121,115)**	(115,303)
Distributions to non-controlling interests (ASSETS)	**(26,747)**	(24,695)
Proceeds from issue of units/shares (net of transaction costs)	**99**	496
Net cash inflow/(outflow) from financing activities	**82,304**	(40,352)
Net increase/(decrease) in cash held	**42,354**	(72,635)
Cash at the beginning of the financial year	**50,932**	123,567
Cash at the end of the financial year	**93,286**	50,932

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 31 December 2011

Consolidated	Contributed equity $000's	Reserves $000's	Accumulated losses $000's	Total $000's	Non-controlling interest* $000's	Total equity $000's
	Attributable to owners of Australand Holdings Limited					
Balance at 1 January 2011	**1,741,922**	**8,094**	**(123,342)**	**1,626,674**	**673,011**	**2,299,685**
Total comprehensive income for the year attributable to:						
AHL and APT (parent)	-	**(52,566)**	**106,105**	**53,539**	**-**	**53,539**
APT4 and APT5 (non-controlling interest)	-	-	-	-	**34,515**	**34,515**
Other non-controlling interest	-	-	-	-	**26,642**	**26,642**
Total comprehensive income for the year	**-**	**(52,566)**	**106,105**	**53,539**	**61,157**	**114,696**
Represented by:						
Profit for the year	**-**	**-**	**106,105**	**106,105**	**61,157**	**167,262**
Other comprehensive income	**-**	**(52,566)**	**-**	**(52,566)**	**-**	**(52,566)**
Total comprehensive income for the year	**-**	**(52,566)**	**106,105**	**53,539**	**61,157**	**114,696**
Transactions with equity holders:						
Contributions of equity, net of transaction costs	**79**	**-**	**-**	**79**	**20**	**99**
Security based payments	**-**	**2,166**	**-**	**2,166**	**-**	**2,166**
Dividends and distributions provided for or paid (Note 4)	**-**	**-**	**(90,511)**	**(90,511)**	**(33,489)**	**(124,000)**
Distributions provided for or paid to ASSETS hybrid equity holders (non-controlling interest)	**-**	**-**	**-**	**-**	**(26,642)**	**(26,642)**
	79	**2,166**	**(90,511)**	**(88,266)**	**(60,111)**	**(148,377)**
Balance at 31 December 2011	**1,742,001**	**(42,306)**	**(107,748)**	**1,591,947**	**674,057**	**2,266,004**
Balance at 1 January 2010	**1,741,539**	**(534)**	**(160,859)**	**1,580,146**	**662,769**	**2,242,915**
Total comprehensive income for the year attributable to:						
AHL and APT (parent)	-	6,919	116,896	123,815	-	123,815
APT4 and APT5 (non-controlling interest)	-	-	-	-	48,939	48,939
ASSETS (other non-controlling interest)	-	-	-	-	25,754	25,754
Total comprehensive income for the year		**6,919**	**116,896**	**123,815**	**74,693**	**198,508**
Represented by:						
Profit for the year	-	-	116,896	116,896	74,693	191,589
Other comprehensive income	-	6,919	-	6,919	-	6,919
Total comprehensive income for the year	**-**	**6,919**	**116,896**	**123,815**	**74,693**	**198,508**
Transactions with equity holders:						
Contributions of equity, net of transaction costs	383	**-**	**-**	383	113	496
Security based payments	-	1,709	-	1,709	-	1,709
Dividends and distributions provided for or paid (Note 4)	-	-	(79,379)	(79,379)	(38,810)	(118,189)
Distributions provided for or paid to ASSETS hybrid equity holders (non-controlling interest)	-	-	-	-	(25,754)	(25,754)
	383	1,709	(79,379)	(39,295)	(64,451)	(141,738)
Balance at 31 December 2010	**1,741,922**	**8,094**	**(123,342)**	**1,626,674**	**673,011**	**2,299,685**

* Non-controlling interest includes Australand Property Trust No. 4, Australand Property Trust No. 5 and ASSETS.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the Appendix 4E are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Appendix 4E includes financial statements for the consolidated entity consisting of Australand Holdings Limited ('AHL') and its subsidiaries and controlled entities ('the Group') as defined in Note 1(b).

(a) Basis of preparation

This report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001.*

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Prior year reclassifications

A prior year reclassification has been made within the consolidated income statement of $31,958,000, increasing cost of properties sold and decreasing employee expenses. The reclassification relates to the recovery of employee costs associated with the development of Residential and Commercial & Industrial projects.

Reclassifications of a number of immaterial balances have been made to the income statement and balance sheet in the current period to better reflect the underlying nature of these balances. Prior year reclassifications have been made where it improves comparability of amounts from period to period. The accounting policies adopted are consistent with those of the previous and interim reporting period and corresponding financial year.

Critical accounting estimates

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The resulting estimates will, by definition, seldom equal the related actual results. The material estimates and assumptions in these financial statements include:

(i) *Investment Properties*: All investment properties are valued at least every 2 years by external independent valuers. Values are based on active market prices, adjusted if necessary, for specific asset conditions. If this information is not available, the Group uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections.

(ii) *Recognition of Profit:* Profit recognised on property development projects is determined based on the forecasted outcomes of projects. Forecasts are updated at each reporting date to determine the appropriateness of profit recognised on projects. Net realisable values of projects are assessed to ensure that inventory is carried at the lower of cost and net realisable value.

(iii) *Inventories:* The net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and costs to sell. Such estimations take into consideration fluctuations of price or costs directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the reporting period. Key assumptions make use of most recent reliable evidence available and management judgement.

(iv) *Financial Instruments:* A variety of methods are used to calculate the value of financial instruments and make assumptions that are based on market conditions existing at each balance date.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

Critical accounting estimates (continued)

Valuation of derivative financial instruments involves assumptions based on quoted market rates adjusted for specific features of the instrument. The valuations of any financial instrument may change in the event of market volatility.

(v) *Deferred Taxes:* Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(b) Principles of consolidation

(i) Subsidiaries and controlled entities

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries and controlled entities of AHL, including Australand Property Trust ('APT'), Australand Property Trust No.4 ('APT4'), and Australand Property Trust No.5 ('APT5') as at 31 December 2011 and the results of all subsidiaries and controlled entities for the year then ended. AHL and its subsidiaries and controlled entities are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries and controlled entities are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries and controlled entities are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-entity transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. The accounting policies adopted by the subsidiaries, joint ventures and associates are consistent with those of the Group.

(ii) Associates and joint venture entities

Associates are entities where the Group has significant influence but not control of those entities, generally accompanying a shareholding of between 20% and 50%.

Joint ventures are entities (including unincorporated or incorporated companies, partnerships and trusts) which involve a contractual arrangement whereby the two parties undertake economic activities that are subject to joint control. Investments in these associates and joint ventures are accounted for using the equity method of accounting, after being initially recognised at cost.

Under this method, Australand's share of the entities profits or losses are recognised in the consolidated income statement, and its share of the entities movements in reserves is recognised in the consolidated reserves of the Group. The cumulative movements are adjusted against the carrying amount of the investment. Dividends/distributions receivable from associated entities and joint ventures reduce the carrying amount of the investment.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Principles of consolidation (continued)

(iii) Associates and joint venture entities (continued)

When the Group's share of losses equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise any further losses, unless it has incurred obligations or made payments on behalf of the entity.

Unrealised gains on transactions establishing joint ventures and transactions between the Group and its associated entities or joint ventures are eliminated to the extent of the Group's interest until such time as they are realised by the entity through consumption or sale. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(iv) Application of UIG 1013 Pre-Date-of-Stapling Arrangements ('UIG 1013') and AASB Interpretation 1002 Post-Date-of-Transition Stapling Arrangements ('AASB 1002')

Under UIG 1013 and AASB 1002, AHL has been identified as the parent entity in relation to the pre-date of transition stapling with APT and the post-date of transition stapling with APT4 and APT5. In accordance with UIG 1013 the results and equity of AHL and APT have been combined in the financial statements. In accordance with AASB 1002 however, the results and equity, not directly owned by AHL or APT, of APT4 and APT5 have been treated and disclosed as non-controlling interest. Whilst the results and equity of APT4 and APT5 are disclosed as non-controlling interest, the stapled securityholders of AHL and APT are the same as the stapled securityholders of APT4 and APT5.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

Real estate asset sales

Revenue is recognised on real estate asset sales when the significant risks and rewards have passed to the buyer and it is probable the economic benefits will flow to the Group and can be reliably measured. Revenue on property development sales is recognised on settlement and on land sales where there is a signed unconditional contract for sale.

Construction contracting

Contract revenue and expenses are recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. Where it is probable that a loss will arise from a construction contract, the excess of total costs over revenue is recognised as an expense immediately. Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Rental income

Rental income from operating leases is recognised in income on a straight line basis over the lease term. An asset is recognised to represent the portion of operating lease income in a reporting period relating to fixed increases in operating lease rentals in future periods. Such assets are recognised as a component of the carrying amount of investment properties in the balance sheet.

Interest income

Interest income is recognised under the effective interest rate method.

Dividends / Distributions

Dividends / distributions are recognised as revenue when the right to receive payment is established.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Revenue recognition (continued)

Development profit recognised through valuation of properties transferred to Australand Property Trusts

Revenue and profit from the development of Commercial and Industrial projects are based on arms length contractual agreements with customers, either external or the Australand Property Trusts. The agreed value included in these contracts is either based on a fixed price contract or an agreed on-completion value. The on-completion value is arrived at by obtaining an independent valuation of the expected market value of the property at practical completion. The profit on internal developments is disclosed separately in the consolidated income statement as development profit recognised through valuation of properties transferred to Australand Property Trusts.

(d) Investment properties

Investment properties comprise investment interests in land and buildings held for long term rental yields and not occupied by the Group. Investment properties are carried at fair value which is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections.

Each property is valued at least every 2 years by external independent valuers. Any resultant changes in fair value are shown separately in the consolidated income statement as net gains/(losses) from fair value adjustments on investment property.

The carrying amount of investment properties recorded in the balance sheet includes components relating to lease incentives and assets relating to fixed increases in operating lease rentals in future periods.

Investment properties under construction

Investment properties under construction are carried at fair value after allowing for the remaining expected costs of completion plus an appropriate risk adjusted development margin.

(e) Plant and equipment

Plant and equipment is carried at cost less accumulated depreciation. Plant and equipment is depreciated over their estimated useful lives using the straight line method. Net gains and losses on disposal of plant and equipment are brought to account in determining the results for the year. The expected useful lives of plant and equipment are as follows:

- Furniture and fittings: two to ten years (2010: two to ten years)
- Computer hardware: three to four years (2010: three to four years)
- Computer software: five to ten years (2010: five to ten years)

(f) Valuation of inventories

Inventories comprising land, land and housing, integrated land and housing, medium density, high-rise developments and commercial and industrial developments are carried at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and borrowing costs incurred during development. When development is completed, borrowing costs are expensed as incurred. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Estimates of net realisable value are based on the most recent reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise and the estimate of costs to complete. Inventories that are anticipated to be realised within twelve months are classified as current.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Cash and cash equivalents

For cash flow statement purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Receivables which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for any impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

(i) Business combinations

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in the profit or loss as a bargain purchase.

(j) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation or depreciation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(k) Trade and other payables

Trade and other payables represent liabilities for goods and services provided prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Land vendor liabilities

Where the consolidated entity enters into unconditional contracts with land vendors to purchase properties for future development that contain deferred payment terms, these liabilities are disclosed at their present value.

(m) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expense.

(n) Lease incentives

Prospective lessees may be offered incentives as an inducement to enter into non-cancellable operating leases. These incentives may take various forms including, up-front cash payments, rent free periods, or a contribution to certain lessee costs such as fit-out or relocation costs. As these incentives are repaid out of future lease payments, they are recognised as an asset in the consolidated balance sheet as a component of the carrying amount of investment properties and amortised over the lease period.

(o) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for employee entitlements to wages and salaries, annual leave and other current employee entitlements are accrued at non-discounted amounts calculated on the basis of future wage and salary rates including on-costs.

(ii) Long service leave

Liabilities for other employee entitlements which are not expected to be paid or settled within twelve months of balance date are accrued in respect of all employees at present values of future amounts expected to be paid, based on a projected weighted average increase in wage and salary rates. Expected future payments are discounted using interest rates on national government securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(iii) Superannuation

Superannuation contributions are charged as an expense as the contributions are paid or become payable.

(iv) Security-based payments

Security-based compensation benefits are provided to employees via the Australand Performance Rights Plan, Australand Tax Exempt Employee Security Plan and the Australand Employee Securities Ownership Plan. The fair value of options or rights granted is determined at grant date and recognised as an expense with a corresponding increase in equity over their vesting period. For share options granted before 7 November 2002 and/or vested before 1 January 2005, no expense is recognised in respect of these options. The shares are recognised when the options are exercised and the proceeds received allocated to share capital.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Borrowing and borrowing costs

Borrowings are initially recognised at fair value including transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between proceeds (net of transaction costs) and redemption is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowing costs incurred for construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed. In extended periods where development of a qualifying asset is suspended borrowing costs are expensed as incurred.

The capitalisation rate used to determine the amount of borrowing costs to capitalise is the weighted average interest rate applicable to the entity's outstanding borrowings during the year, in this case 8.1% (2010: 8.6%).

(q) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of highly probable forecast transactions (cash flow hedges)
- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in profit or loss within finance costs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Derivatives and hedging activities (continued)

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement and disclosed as finance costs in the periods when the hedged item will affect profit or loss (for instance when the interest is payable on hedged variable rates borrowings). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the cost of the asset or liability. The deferred amounts are ultimately recognised in the profit or loss as costs of goods sold in the case of inventory.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(r) Foreign currency translation

(i) Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Australian dollars, which is the functional and presentational currency of AHL and its controlled entities.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(s) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred income tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that, at the time of the transaction did not affect either accounting profit or taxable profit or loss.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Income tax (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Current and deferred tax balances attributable to amounts recognised directly in other comprehensive income or in equity are also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax consolidation legislation

Australand Holdings Limited and its wholly owned entities implemented the tax consolidation legislation from 1 January 2003. Australand Holdings Limited and the wholly owned entities in the tax consolidation group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidation group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Australand Holdings Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from the unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement is recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

Australand Property Trusts

Under current income tax legislation, Australand Property Trust, Australand Property Trust No. 4 and Australand Property Trust No. 5 are not liable for income tax, provided that the taxable income is fully distributed each year including any taxable capital gain derived from the sale of an asset.

(t) Earnings per stapled security

(i) Basic earnings per stapled security - consolidated

Basic earnings per stapled security is determined by dividing the net profit after income tax attributable to Australand stapled securityholders by the weighted average number of stapled securities outstanding during the year, adjusted for bonus elements in stapled securities, if any, issued during the year.

(ii) Diluted earnings per stapled security - consolidated

Diluted earnings per stapled security adjusts the figures used in the determination of basic earnings per stapled security by taking into account the after income tax effect of interest and other financing costs associated with dilutive potential stapled securities and the weighted average number of securities assumed to have been issued for no consideration in relation to the dilutive potential ordinary securities.

(iii) Basic earnings per stapled security - parent entity

Basic earnings per stapled security is determined by dividing the net profit after income tax attributable to Australand Holdings Limited and APT (excluding minority interest of APT4 and APT5) by the weighted average number of stapled securities outstanding during the year, adjusted for bonus elements in stapled securities, if any, issued during the year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Earnings per stapled security (continued)

(iv) Diluted earnings per stapled security - parent entity

Diluted earnings per stapled security adjusts the figures used in the determination of basic earnings per stapled security by taking into account the after income tax effect of interest and other financing costs associated with dilutive potential stapled securities, and the weighted average number of securities assumed to have been issued for no consideration in relation to the dilutive potential ordinary securities.

(u) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate. The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(v) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(w) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

(x) Dividends and trust distributions

Provision is made for the amount of any dividend or trust distributions declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(y) Contributed equity

Australand is a stapled group in which the securityholders hold direct interests and an equal number of shares in Australand Holdings Limited ('AHL'), and units in each of Australand Property Trust ('APT'), Australand Property Trust No.4 ('APT4') and Australand Property Trust No.5 ('APT5').

Under UIG 1013 and AASB 1002, AHL has been identified as the parent entity in relation to the pre-date of transition stapling with APT and the post-date of transition stapling with APT4 and APT5. In accordance with UIG 1013 the results and equity of AHL and APT have been combined in the financial statements. In accordance with AASB 1002 however, the results and equity, not directly owned by AHL or APT, of APT4 and APT5 have been treated and disclosed as non controlling interest. Whilst the results and equity of APT4 and APT5 are disclosed as non controlling interest, the stapled securityholders of AHL and APT are the same as the stapled securityholders of APT4 and APT5. Incremental costs directly attributable to the issue of new stapled securities are shown in equity as a deduction, net of tax, from the proceeds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Segment reporting

AASB 8 *Operating Segments* ('AASB 8') requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segments are reported in a manner that is consistent with the internal reporting provided to the Executive Management Team.

The following operating segments have been determined as separately reportable in accordance with AASB 8:

- Residential – development of land, housing & apartments.
- Commercial & Industrial – development of commercial, industrial and retail properties.
- Investment Property – investment in income producing commercial & industrial properties, property trust management and property management.

(aa) Rounding of amounts

Australand is an entity of the kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(ab) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2011 reporting periods. The Group has made an assessment of such standards and intrepretations and have concluded that Australian Accounting Standard (AASB) 11: Joint Arrangements is likely to have an impact on the financial statements in future reporting periods.

This standard was issued in August 2011 and is applicable to financial years commencing on or after 1 January 2013. AASB 11 requires that joint arrangements are to be accounted for as joint operations (parties have joint control and have rights to assets and obligations for liabilities of the arrangement) or joint ventures (parties have joint control and have rights to net assets of the arrangement).

After an initial review, it is likely that Australand will have arrangements that will be accounted for as joint operations (recognising its share of assets, liabilities, revenue and expenses) which have been previously equity accounted as net investments. Management will continue to review the Group's arrangements, however there is not expected to be any material effect on the Group.

In addition, an initial assessment of AASB 10: Consolidated Financial Statements has been completed. This standard was also issued in August 2011 and is applicable to financial years commencing on or after 1 January 2013. We do not expect there to be any material effect on the Group on adoption of this standard.

The Group's assessment of the impact of other new standards and interpretations is that there is not expected to be any material effect on the Group in future reporting periods.

2. REVENUE

	2011 $'000	2010 $'000
Sales revenue		
Property development sales	**426,681**	496,007
Rent from investment properties	**204,641**	201,789
	631,322	697,796
Other revenue		
Interest received or receivable	**4,214**	3,368
Management fees from joint venture entities	**15,946**	14,592
Other income from joint venture entities	**16,029**	13,798
Sundry income	**25,299**	19,720
	61,488	51,478
Revenue from continuing operations	**692,810**	749,274

3. EARNINGS PER STAPLED SECURITY

	2011	2010
(i) Basic and diluted earnings per stapled security	**24.4 cents**	28.7 cents
(ii) Basic and diluted earnings per stapled security (parent entity)	**18.4 cents**	20.3 cents

(a) Reconciliation of earnings used in calculating earnings per stapled security

Consolidated	**$'000**	**$'000**
Basic and diluted earnings per stapled security		
Net profit after tax	**140,620**	165,835
Earnings used in calculating basic and diluted earnings per stapled security	**140,620**	165,835

Parent Entity*		
(ii) Basic and diluted earnings per stapled security		
Net profit after tax	**106,105**	116,896
Earnings used in calculating basic and diluted earnings per stapled security	**106,105**	116,896

*For the purpose of earnings per stapled security, the parent entity is defined as AHL and APT.

3. EARNINGS PER STAPLED SECURITY (CONTINUED)

	2011	2010
(b) Weighted average number of stapled securities used	**No. of stapled securities**	**No. of stapled securities**
Weighted average number of ordinary securities used as the denominator in calculating basic and diluted earnings per stapled security	**576,844,794**	576,831,003

4. DISTRIBUTIONS

Distributions recognised in the current year by AHL, APT, APT4 and APT5 are:

2011	Payment per stapled security	Total Amount $'000	Date of Payment	Tax Rate for Franking Credit or Tax Deferred %	Percentage Franked %
Units					
Interim distribution	**10.5 cents**	**60,569**	4 August 2011	-	-
Final distribution	**11.0 cents**	**63,452**	16 February 2012	-	-
Total distribution	**21.5 cents**	**124,021**			

No dividends were paid in relation to the ordinary shares in the year ended 31 December 2011.

Total dividends and distributions shown above of $124,021,000 differs from the amount shown in Note 5 of $124,000,000. The difference relates to the ESOP dividends and distributions, which are applied against the outstanding loan balances under the ESOP scheme.

The Australand Dividend/Distribution Reinvestment Plan (DRP) is currently suspended.

4. DIVIDENDS/DISTRIBUTIONS (CONTINUED)

2010	Payment per stapled security	Total Amount $'000	Date of Payment	Tax Rate for Franking Credit or Tax Deferred %	Percentage Franked %
Units					
Interim distribution	10.0	57,684	5 August 2010	-	-
Final distribution	10.5	60,568	8 February 2011	-	-
Total distribution	20.5	118,252			

Franking credits	2011 $'000	2010 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2010: 30%)	**60,060**	**60,060**

Franking credits are available at the 30% corporate tax rate after allowing for tax payable in respect of the current period's profit, payment of proposed dividends and receipt of dividends. The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The above amounts represent the balances of the franking accounts as at the end of the financial period, adjusted for:

(a) franking credits that will arise from the payment of any tax liability;
(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
(c) franking credits that may be prevented from being distributed in subsequent financial years.

5. EQUITY

Australand is a stapled entity in which the securityholders hold direct interests and an equal number of securities in each of AHL, APT, APT4 and APT5 (collectively Australand Property Group).

As the securities of AHL and APT were stapled before the introduction of IFRS, UIG 1013 *Pre-Date-of-Stapling Arrangements* applied. AHL is identified as the acquirer of APT and the parent and the results and net assets of AHL and APT are combined when presenting the consolidated financial statements.

However, as the stapling of APT4 and APT5 occurred after the introduction of IFRS, AASB Interpretation 1002 *Post-Date-of-Transition Stapling Arrangements* ('AASB 1002') applied. For the purposes of AASB 1002, APT has been identified as the acquirer and the results and equity of APT4 and APT5 are presented as non-controlling interest in the consolidated financial statements on the basis that neither APT nor AHL has obtained an ownership interest as a result of the stapling.

All benefits and risks of ownership and operations of APT, APT4 and APT5 flow through to the consolidated result of Australand Holdings Limited and its controlled entities and form part of the profit attributable to stapled securityholders. Accordingly, whilst the results and equity of APT4 and APT5 are disclosed as non-controlling interest, the stapled securityholders of AHL and APT are the same as the stapled securityholders of APT4 and APT5.

5. EQUITY (CONTINUED)

	Notes	2011 $'000	2010 $'000
Equity			
Capital and reserves attributable to stapled securityholders as:			
Equity holders of AHL and APT:			
Contributed equity	5(c)	**1,742,001**	1,741,922
Reserves	5(a)	**(42,306)**	8,094
Accumulated losses	5(b)	**(107,748)**	(123,342)
Parent interest		**1,591,947**	1,626,674
Equity holders of other stapled entities – APT4 and APT5 (non-controlling interest):			
Contributed equity	5(c)	**379,863**	379,843
Reserves	5(a)	**(10,601)**	(10,601)
Retained profits	5(b)	**36,137**	35,111
Equity holders of other stapled entities – APT4 and APT5 (non-controlling interest)		**405,399**	404,353
Stapled securityholders interest in the Group		**1,997,346**	2,031,027

(a) Reserves

Hedging reserve			
Hedging reserve – cash flow hedges – AHL and APT	(i)	**(52,712)**	(146)
Share based payments reserve			
Share based payments reserve – AHL and APT	(ii)	**10,406**	8,240
		(42,306)	8,094
Capital redemption reserve			
Capital redemption reserve – APT4 and APT5	(iii)	**(10,601)**	(10,601)
Total reserves – stapled securityholders		**(52,907)**	(2,507)

Movements in above stapled securityholders reserves comprise:

(i) Hedging reserve – cash flow hedges		
Opening balance	**(146)**	(7,065)
Share of changes in the fair value of cash flow hedges of joint ventures and associate	**(609)**	216
Changes in fair value of cash flow hedges	**(51,957)**	9,576
Deferred tax	**-**	(2,873)
Closing balance	**(52,712)**	(146)
(ii) Security-based payments reserve		
Opening balance	**8,240**	6,531
Payment to satisfy vested PRP entitlement	**(109)**	(291)
Expense relating to share based payments	**2,275**	2,000
Closing balance	**10,406**	8,240
(iii) Capital Redemption Reserve		
Opening and closing balance	**(10,601)**	(10,601)

5. EQUITY (CONTINUED)

(b) (Accumulated losses)/retained profits

	Notes	2011	2010
Equity holders of AHL and APT:		**$'000**	**$'000**
Accumulated losses		**(107,748)**	(123,342)
Other stapled entities:			
- Australand Property Trust No.4		**30,581**	31,401
- Australand Property Trust No.5		**5,556**	3,710
		36,137	35,111
Stapled securityholders interest in (accumulated losses)/retained profits		**(71,611)**	(88,231)
Movements in above total stapled securityholders interest in (accumulated losses)/retained profits:			
Opening balance		**(88,231)**	(135,877)
Net profit attributable to the stapled securityholders of Australand		**140,620**	165,835
Dividends/distributions	**4**	**(124,000)**	(118,189)
Closing balance		**(71,611)**	(88,231)

(c) Contributed Equity

	2011 Stapled securities	2010 Stapled securities	2011 $'000	2010 $'000
Opening balance	**576,837,197**	2,884,031,620	**2,121,765**	2,121,269
Exercise of options	**9,400**	144,250	**10**	32
Australand Employee Securities Ownership Plan	**-**	-	**89**	625
Stapled security consolidation (including costs)	**-**	(2,307,338,673)	**-**	(161)
Balance at end of financial year	**576,846,597**	576,837,197	**2,121,864**	2,121,765
Balance at end of financial year is attributable to:				
Equity holders of AHL and APT			1,742,001	1,741,922
Equity holders of other stapled entities (APT 4 and APT 5)			379,863	379,843
Total contributed equity			**2,121,864**	2,121,765

(d) Nature and purpose of reserves

(i) Hedging reserve – cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in the income statement.

(ii) Security-based payments reserve

The security-based payments reserve is used to recognise the fair value of options or performance rights granted.

5. EQUITY (CONTINUED)

(iii) Capital redemption reserve

The capital redemption reserve arises in APT4 and APT5 as a result of the redemption of units upon stapling with AHL and APT.

6. CONTINGENCIES

Details and estimated maximum amounts of contingent liabilities (for which no amounts are recognised in the financial statements) are as follows:

(a) The Group has given indemnities for land development contract performance in the form of bank guarantees and insurance bonds.

	2011 $'000	2010 $'000
Performance bank guarantees outstanding	**45,283**	40,270
Financial bank guarantees outstanding	**2,749**	2,575
Insurance bonds outstanding	**51,220**	35,081
	99,252	77,926

The Group has also provided commercial guarantees and indemnities to some of its joint venture entities. At 31 December 2011 the Group's share of financial and performance guarantees were $18,255,000 (December 2010: $27,714,000) and $Nil (December 2010: $5,000,000), respectively.

(b) In the ordinary course of business, the Group provides rental guarantees to tenants and owners of various commercial, industrial and residential buildings, which the Group is developing or has completed. These arrangements require the Group to guarantee the rental income of these properties for certain periods of time. Based on the current lease commitments, as at the date of this report, adequate allowance has been made in the financial statements for these potential obligations.

(c) In the ordinary course of business, the Group becomes involved in litigation, some of which falls within the Group's insurance arrangements. Whilst the outcomes are uncertain, these contingent liabilities are not considered material to the Group.

7. SEGMENT INFORMATION

The consolidated entity operates wholly within Australia and is organised into a Residential, Commercial & Industrial and Investment Property divisions.

(a) SEGMENT RESULT

December 2011

Operating Segment Summary ($'000)	**Residential**	**Commercial & Industrial**	**Total Developer**	**Investment Property**	**Corporate**	**Elim**	**Consolidated**
Revenue	**586,776**	**181,390**	**768,167**	**209,516**	**14,154**	**(38,493)**	**953,344**
Less: Property development sales revenue from joint venture entities	(248,334)	(26,474)	(274,809)	-	-	14,275	**(260,534)**
Segment Revenue	**338,442**	**154,916**	**493,358**	**209,516**	**14,154**	**(24,218)**[1]	**692,810**
Segment result before interest, equity accounted results	51,776	26,725	78,501	161,212	-	(1,253)	**238,460**
Development profit through valuation of properties transferred to Australand Property Trusts	-	-	-	-	-	1,992[2]	**1,992**
Share of net profits of associates and joint ventures accounted for using the equity method	24,360	2,349	26,709	4,265		(889)	**30,085**
Unallocated corporate costs	-	-	-	-	(28,068)	-	**(28,068)**
Earnings Before Interest and Tax	**76,136**	**29,074**	**105,210**	**165,477**	**(28,068)**	**(150)**	**242,469**
Capitalised interest in cost of goods sold & other interest							**(85,504)**
Interest income							**4,214**
Operating profit before tax							**161,179**
Income tax benefit							**851**
Net profit attributable to ASSETS hybrid equity holders (non-controlling interest)							**(26,642)**
Net Operating Profit After Tax							**135,388**
Revaluation gains on investment properties held							**37,548**
Revaluation gains on investment properties under construction							**21,877**
Write down of inventories							**(30,000)**
Unrealised losses on interest rate derivatives							**(24,193)**
Net profit attributable to stapled securityholders of Australand							**140,620**

[1] All revenue eliminated relates to the Commercial & Industrial division. The profit on internal developments is disclosed separately in the eliminations column.

[2] Interest relating to Development profit has been disclosed in "Capitalised interest in cost of goods sold and other interest".

7. SEGMENT INFORMATION (CONTINUED)

December 2010

Operating Segment Summary ($'000)	**Residential**	**Commercial & Industrial**	**Total Developer**	**Investment Property**	**Corporate**	**Elim**	**Consolidated**
Revenue	**538,341**	**260,660**	**799,001**	**206,078**	**6,772**	**(92,414)**	**919,437**
Less: Property development sales revenue from joint venture entities	(134,828)	(55,723)	(190,551)	-	-	20,388	**(170,163)**
Segment Revenue	**403,513**	**204,937**	**608,450**	**206,078**	**6,772**	**(72,026)**[1]	**749,274**
Segment result before interest, equity accounted results	51,099	21,971	73,070	158,593		(4,510)	**227,153**
Development profit through valuation of properties transferred to Australand Property Trusts		-	-	-		7,594[2]	**7,594**
Share of net profits of associates and joint ventures accounted for using the equity method	16,504	9,696	26,200	2,845		(3,428)	**25,617**
Unallocated corporate costs		-	-	-	(25,843)	-	**(25,843)**
Earnings before Interest and Tax	**67,603**	**31,667**	**99,270**	**161,438**	**(25,843)**	**(344)**	**234,521**
Capitalised interest in cost of goods sold & other interest							**(88,234)**
Interest income							**3,368**
Other fees charged between developer and Trust[3]							**-**
Operating profit before tax							**149,655**
Income tax benefit							**3,646**
Net profit attributable to ASSETS hybrid equity holders (non-controlling interest)							**(25,754)**
Net operating profit after tax							**127,547**
Revaluation gains on investment properties held							**32,405**
Revaluation gains on investment properties under construction							**6,500**
Unrealised losses on interest rate derivatives							**(617)**
Net profit attributable to stapled securityholders of Australand							**165,835**

[1] All revenue eliminated relates to the Commercial & Industrial division. The profit on internal developments is disclosed separately in the eliminations column.

[2] Interest relating to Development profit has been disclosed in "Capitalised interest in cost of goods sold and other interest".

[3] Inter-segment interest and fees have not been allocated to divisions within the developer.

7. SEGMENT INFORMATION (CONTINUED)

(b) SEGMENT BALANCE SHEET

December 2011

Operating Segment Summary ($'000)	Residential	Commercial & Industrial	Total Developer	Investment Property	Corporate	Elim	Consolidated
Total segment assets	981,634	458,577	1,440,211	2,364,218	148,909	-	**3,953,338**
Total segment borrowings	681,089	409,943	1,091,032	290,968	-	-	**1,382,000**
Total other liabilities	80,773	12,106	92,879	187,222	25,233	-	**305,334**
Investments in associates and joint venture entities	127,872	33,700	161,572	72,495	-	-	**234,067**

December 2010

Operating Segment Summary ($'000)	Residential	Commercial & Industrial	Total Developer	Investment Property	Corporate	Elim	Consolidated
Total segment assets	911,407	501,451	1,412,858	2,167,861	102,940	-	**3,683,659**
Total segment borrowings	350,180	290,621	640,801	213,691	267,500	-	**1,121,992**
Total segment liabilities	58,875	81,523	140,398	98,918	22,666	-	**261,982**
Investments in associates and joint venture entities	110,654	28,663	139,317	39,424	-	-	**178,741**

(c) OTHER SEGMENT INFORMATION

	2011 $'000	2010 $'000
(i) Depreciation expense (Corporate)	**(3,348)**	(4,202)
(ii) Income tax		
Income tax benefit relating to:		
Operating activities	**851**	3,646
Income tax benefit (income statement)	**851**	3,646
(iii) Share of net profits/(losses) of joint ventures and associates		
Share of operating profits (segment note)	**30,085**	25,617
Share of property revaluations gains/(losses)	**77**	532
Share of net profits/(losses) of associates and joint ventures accounted for using the equity method (income statement)	**30,162**	26,149

7. SEGMENT INFORMATION (CONTINUED)

(c) OTHER SEGMENT INFORMATION (CONTINUED)

(iv) Finance costs	2011 $'000	2010 $'000
Capitalised interest in cost of goods sold & other interest (segment note)	**85,504**	88,234
Capitalised finance costs recovered in cost of properties sold	**(27,757)**	(26,670)
Unrealised losses on interest rate derivatives	**24,193**	617
Finance costs (income statement)	**81,940**	62,181

8. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no significant events or transactions that have arisen since the end of the financial year, which in the opinion of the directors would affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity.

9. OTHER INFORMATION

a) Changes in control over entities having a material effect

There were no changes in the control of any entities which would have a material effect on the current period.

b) Share of revenues, expenses and results of joint venture entities and associates:	2011 $'000	2010 $'000
Revenues	**270,521**	177,705
Expenses	**(240,359)**	(151,556)
Profit/(loss)	**30,162**	26,149

9. OTHER INFORMATION (CONTINUED)

c) Material interests in entities which are not controlled entities:

Equity accounted joint venture and associated entities	Percentage of ownership interest held at end of year or date of disposal		Contribution to profit/(loss) before income tax	
	Current period	Previous period	2011	2010
Name of entity	%	%	$'000	$'000
Alberti Co-Venture	50	50	4,837	-
Australand Apartments No. 6 Pty Limited	50	50	415	(942)
Australand Logistics JV	19.9	-	1,199	-
Australand Residential Trust	50	50	2,666	(1,167)
Australand Retail Trust	50	50	266	43
Australand Wholesale Property Fund No. 6	28	28	2,878	3,334
CIP ALZ (BBP) Trust	50	50	523	51
CIP ALZ Gillman Industrial Unit Trust	50	50	22	298
CIP ALZ (MA) Trust	50	50	920	-
Croydon Development Trust	50	50	2,588	2,878
Discovery Point	50	50	(278)	-
Lidcombe Co-Venture	50	50	2,747	1,903
Living Carlton Consortium	50	-	3,369	-
Motorway Business Park Co-Venture	50	50	-	900
Parkinson Development Co-Venture	50	50	8	885
Stage 3 Eastern Creek Co-Venture	50	50	43	4,133
St. Andrews Field Co-Venture	50	50	(5)	298
Seaspray Co-Venture	50	50	(132)	-
Sunshine Co-Venture	50	50	2,886	2,434
Torquay Co-Venture	50	50	2,069	6,450
Village Park Consortium	50	50	403	613
Wallan Co-Venture	50	50	2,337	2,203
Yanchep Co-Venture	50	50	410	1,811
Total			30,171	26,125
Other			(9)	24
Total			30,162	26,149

ANNUAL AND GENERAL MEETINGS

The Annual and General Meetings will be held on 19 April 2012.

COMPLIANCE STATEMENT

1. This report has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board, *Corporations Act 2001* and other standards acceptable to the Australian Stock Exchange.

2. This report and the financial statements upon which the report is based, use the same accounting policies.

3. This report does give a true and fair view of the matters disclosed.

4. This report is based on financial statements that are in the process of being audited, and therefore, no audit report has been attached.

5. Australand has a formally constituted audit committee.

Dated at Sydney this 8th day of February 2012.

Bob Johnston
Managing Director