Securityholder Half Year Update
As at 30 June 2011

Chairman's and Managing Director's Report

Half year key metrics

Operating profit after tax

$64.9m

Statutory profit after tax

$84.8m

Investment property revaluation gain

$25.3m

Distribution per stapled security

10.5¢

Earnings per stapled security on operating profit after tax

11.2¢

Net tangible assets per stapled security

$3.55

Gearing

30.7%

Dear investors

We are pleased to report a solid performance for the Australand Property Group for the half year ended 30 June 2011.

As at the half year, the Group reported a net operating profit after tax of $64.9 million, a 7% increase on the prior corresponding period.

The Group's statutory result for the half year was a net profit after tax of $84.8 million, a 17% increase on the 2010 half year result. Our statutory result included investment property revaluation gains of $25.3 million and an unrealised loss on derivative financial instruments of $5.4 million.

An interim half year distribution of 10.5 cents per stapled security was paid to securityholders on 4 August 2011. The Group currently expects to pay a further distribution of 11.0 cents per stapled security for the second half, bringing the total distribution for the 2011 financial year to 21.5 cents per stapled security.

The Group has retained a strong focus on prudent capital management and has maintained gearing well within its target range.

While trading conditions have clearly become more challenging as the year has progressed, the Group maintains strong competitive positions in each of its sectors and continues to make good progress delivering on its strategic objectives.

Bob Johnston
Managing Director

Olivier Lim
Chairman

Operating performance

Investment Property

As at 30 June 2011, the Investment Property division had a total portfolio value of $2.1 billion comprising 69 properties, including 4 properties under development. The portfolio has a total lettable area of 1.1 million sqm and is diversified primarily across the industrial (51%) and office (44%) sectors. Our portfolio metrics remain very strong, with high occupancy, long leases and fixed rental growth providing good visibility of earnings from the division.

The Investment Property division achieved an EBIT result of $81.8 million before property revaluation gains, which is broadly in line with the prior period. The entire investment portfolio was revalued as at 30 June, with approximately 35% of the portfolio by value being subject to independent valuation.

In the half year to 30 June 2011, the key operational activities included:

— Sale of an 80.1% interest in 6 assets to seed the newly established logistics joint venture with GIC
— Completion of approximately $50 million of internally developed product delivering a yield on cost of approximately 9.5%
— Commitment to develop and own the Rhodes F building (17,700 sqm), being the last stage of the Rhodes Corporate Park with an estimated end value of $90 million.

FRESHWATER PLACE, SOUTHBANK, VIC
Freshwater Place is a multi-award winning mixed-use master planned development located on the banks of the Yarra River, in Melbourne's vibrant arts and entertainment precinct. The stage one development comprises a 38 level premium grade office tower anchored by pwc, a 535 apartment premium residential building, urban retail village and the Freshwater Piazza and associated car parking.

Commercial & Industrial

The Commercial & Industrial division has key competitive advantages due to its national presence, well positioned landbank, broad customer base and integrated delivery platform. At 30 June 2011, the division controlled an industrial landbank of 399 hectares (100% zoned) and an office development pipeline of approximately 194,000 sqm of net lettable area.

In the half year to 30 June 2011, the Commercial & Industrial division achieved an EBIT result of $12.9 million. Aggregate sales revenue for the half year was $85.6 million (HY10: $70.8 million), which comprised revenue of $68.9 million from wholly owned projects and $16.7 million from joint venture projects. Buildings with a total net lettable area of 101,000 sqm were delivered along with land sales of 103,000 sqm in the period.

During the half year, the Group successfully established a logistics joint venture with GIC targeting a total investment size of $450 million. The Group holds a 19.9% co-investment in the joint venture, which will aim to invest in logistics facilities, including the initial portfolio comprising $220 million of assets from the Group's Investment Property portfolio. The establishment of the joint venture provides the Group with a high quality capital partner to invest in completed product sourced from the Group's development pipeline.

RHODES CORPORATE PARK, NSW
Rhodes Corporate Park has established itself as a benchmark of quality in suburban working environments and is located in one of Sydney's most central locations. Tenants include Nestlé, Unisys, National Australia Bank, Link Market Services, DHL, Aussie Home Loans and Australand. With the completion of the last of six buildings, Rhodes Corporate Park will provide over 90,000 sqm of office accommodation in one of the fastest growing areas of Sydney.

Operating performance

Residential

The Residential division's development activities span Australia's major population centres of Melbourne, Sydney, Perth and South East Queensland. As at 30 June 2011, the Residential division had approximately 21,900 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%) and medium/high density infill developments (43%) where Australand's built form plays a more integral part of the development process. A significant portion of the portfolio is positioned at price points that represent the strongest segments of our key markets. Australand will continue to deliver affordable products in an environment where affordability pressures are expected to continue.

For the half year to 30 June 2011, the Residential division achieved an EBIT result of $25.7 million, up 8% on the prior corresponding period of $23.7 million. Revenue was $233.4 million (HY10: $183.9 million), which comprised revenue of $119.3 million from wholly owned projects and $114.1 million from joint venture projects. Contracts on hand remain strong with 78% of these to be recognised in the second half of the year.

THE GALLERY AT BOTANICA, LIDCOMBE, NSW
Rejuvenating a heritage site is as exciting as it is challenging. Consequently, we're very proud of The Gallery – a heritage restoration project. It combines high quality contemporary finishes for a modern lifestyle in a unique setting that includes existing landscape features and the rejuvenation of turn of the 20th century buildings. Originally designed by some of the leading names in Australian architecture, we have breathed fresh life into these landmark buildings.

People & safety

People, safety and community engagement continue to be key priorities for Australand.

Over the past six months, through the Australand Foundation, we have continued to facilitate staff participation in charitable and volunteering activities. These activities build connections with the community and also strengthen our internal and external relationships. In the first seven months of 2011 Australand's staff have used 200 volunteering days (from an annual company bank of 500 volunteering days) to participate in activities such as the clean up after the Brisbane floods, Clean Up Australia Day, Schools' Tree Day and a working bee at the Sylvanvale Centre in Telopea, NSW.

Pauline Stanley (the CEO of Sylvanvale) wrote:

"The difference you have made to the surrounds of the service is dramatic and will make a tangible difference to the children who reside at Gibbons Street".

Our commitment to safety continues to be a major focus for management and staff. At the start of the year our lost time injury frequency rate (LTIFR – the number of lost time injuries per million man-hours worked) was 4.6. We have achieved a further 15% reduction in this figure over the first seven months of the year.

The launch of our new brand in March 2011 included the release of our new values – Passionate, Dynamic, Respectful and Authentic. These are the subject of a brand and culture programme which is being facilitated in the second half of 2011 to reinforce that we are 'people driven people' who put our customers at the heart of everything that we do.

Capital management

In May 2011, the Group completed the issue of US$170 million of 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.

Strategy, outlook and governance

Group strategy

The Group continues to make good progress towards achieving its strategic objectives which are outlined below:

- Maintain our focus on the core sectors of residential, industrial and office where we have distinct competitive advantages
- Provide 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
- Improve development returns to deliver at least 12% on average capital employed by the end of 2012
- Maintain a prudent approach to capital management.

In the first half of 2011, recurrent earnings comprised 76% of Group EBIT. The full year result is expected to be within our target range, as the Group's development earnings are typically skewed to the second half of the year.

Further progress has been made in progressively reducing the level of impaired and low margin projects and the development divisions remain positioned to achieve a return on average capital employed target of at least 12% by the end of 2012. Additionally, the Group continues to take steps to secure medium term earnings through the selective acquisition of several projects in Sydney and Melbourne.

The Group has also made good progress on achieving its capital management objectives, including the introduction of new, high quality capital partners to the Group. Gearing, at 30.7%, is well within the Group's target range of 25% – 35%.

Board changes

Mr Olivier Lim was appointed Chairman of the Australand Property Group at the conclusion of the Annual and General Meetings held in April 2011, replacing Mr Lui Chong Chee who continues to serve as a non-executive director. Mr Lim has been a non-executive director of Australand since December 2007 and is a senior Group Executive of CapitaLand Limited, Australand's majority securityholder.

Mr Ian Hutchinson retired as a non-executive director of Australand at the conclusion of the Annual and General Meetings. Mr Hutchinson had served as a director since December 2001 and, during that time, made an invaluable contribution to the Group.

Outlook

Economic conditions and sentiment softened in the first half of 2011, particularly in the second quarter. Consumers remain cautious, with further pressure on the cost of living, including higher utility and petrol prices as well as the effect of mortgage rate increases from late 2010. The positive impact from activity in the resources sector is yet to be felt in most other parts of the economy and, consistent with this, the Group remains cautious in its outlook for the remainder of 2011 but well placed to deliver on the following guidance.

Our Investment Property portfolio has low vacancy and no material leases expiring before 2012. With the sale of assets to the GIC logistics joint venture in June, full year EBIT is expected to be in line with 2010.

Development activity in the Commercial & Industrial division will be underpinned by the delivery of our forward workload. We expect customers to remain cautious in committing to new space requirements in the near term but, given the low vacancy rates, we anticipate that demand will improve during the second half and into 2012. The creation of the logistics joint venture with GIC provides a capital partner for investment in future product from the division's development pipeline.

The Residential division has a healthy backlog of contracts on hand and with several new projects expected to produce sales in the second half, the division aims to deliver a 20% increase in sales volumes for the full year.

An interim distribution of 10.5 cents per stapled security was declared on 21 June 2011 and was paid on 4 August 2011. The Group currently expects to pay a further distribution of 11.0 cents per stapled security for the second half, resulting in full year distributions of 21.5 cents per stapled security. This represents approximately 5% growth on 2010, in line with previous guidance.

Group operating earnings are expected to grow broadly in line with distribution growth.

2011 Key dates

19 DECEMBER
Final dividend/distribution announcement

22 DECEMBER
Stapled securities trade ex-dividend/ distribution for final 2011 distribution

31 DECEMBER
Final 2011 dividend/distribution record date

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