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 2012

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key Information		**2012 $'000**
Revenue and other income	**Up 33% to**	**918,794**
Net profit attributable to stapled securityholders	**Up 28% to**	**179,966**
Operating profit after tax[1]	**Up 5% to**	**142,067**

Dividends/Distributions	**Total Dividends/ Distributions**	**Distribution per security**	**Dividend per security**	**Franked amount per security**
Interim distribution - June 2012 half year (paid on 7 August 2012)	**10.5 cents**	10.5 cents	-	-
Final distribution - December 2012 half year (payable on 8 February 2013)	**11.0 cents**	11.0 cents	-	-
Total			-	-

The Record Date for determining entitlements to the final distribution was 5.00pm, 31 December 2012.

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 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 and unrealised losses on derivative financial instruments and has not been subject to specific audit procedures.

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 in accordance with the continuous disclosure requirements of the *Corporations Act 2001* during the full year to 31 December 2012 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 2012 was $180.0 million (FY11: $140.6 million) and the Group's operating profit after tax was $142.1 million (FY11: $135.4 million).

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

	2012 $'000	2011 $'000
Operating profit after tax	**142,067**	135,388
Investment property revaluation gains	**51,320**	59,425
Unrealised losses on derivative financial instruments	**(13,421)**	(24,193)
Impairment of inventories	**-**	(30,000)
Statutory profit attributable to stapled securityholders	**179,966**	140,620

Key aspects of the Group's performance

- Investment Property earnings before interest and tax ('EBIT') of $178.1 million (FY11: $165.5 million);
- Commercial & Industrial EBIT of $23.7 million (FY11: $29.1 million); and
- Residential EBIT of $88.5 million (FY11: $76.1 million).

Key financial metrics

- Earnings per stapled security on statutory profit after tax of 31.2 cents;
- Earnings per stapled security on operating profit after tax of 24.6 cents;
- Distributions per stapled security of 21.5 cents; and
- Net tangible assets per stapled security of $3.49 as at 31 December 2012.

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

INVESTMENT PROPERTY

Business Overview

As at 31 December 2012, the Investment Property division had a total portfolio value of $2.3 billion comprising 69 investment properties, including 3 properties under development. The portfolio is primarily diversified across the industrial (51%) and office (48%) sectors and comprises 1.1 million sqm of lettable space. The total portfolio occupancy is 97.6% (by income) excluding properties held for sale or under development.

Operational Overview

The Investment Property division achieved an EBIT result of $178.1 million (FY11: $165.5m) before net property revaluation gains of $51.3 million (FY11: $59.4m) for the year.

EBIT increased by 8%, which was supported by comparable rental growth of approximately 3.2%, income from internal developments completed and re-leasing activity. During 2012, key leasing activities included:

- 7,650 sqm office tenancy to TNT at Mascot, NSW for a term of 10 years;
- 3,525 sqm office tenancy to Nestle at Building B, Rhodes, NSW for a term of 6 years;
- 3,400 sqm office tenancy to Vanguard at Freshwater Place, VIC for a term of 7 years;
- 2,700 sqm office tenancy to Smart Group at Richmond, VIC for a term of 5 years;
- 25,700 sqm industrial tenancy to Schweppes in Western Sydney for a term of 2 years; and
- 8,500 sqm industrial tenancy to Danks in Western Sydney for a term of 5 years

The portfolio WALE as at 31 December 2012 was 5.5 years (31 December 2011: 5.8 years).

The Group has entered into unconditional contracts for the sale of the Crest Hotel, Kings Cross, NSW for $65 million, and 80 Alfred Street, Milsons Point, NSW for $49 million, with settlement scheduled to occur during 2013. These two assets were held for sale at year end.

Property Valuations and Portfolio Metrics

Property Valuations

The Investment Property portfolio was revalued at 31 December 2012, resulting in a net gain of $51.3 million for the year (including a net gain of $0.4 million, representing the Group's share of property revaluations in its associates and joint ventures). During the year, independent valuations were undertaken on approximately 55% of the Investment Property portfolio (by value).

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

INVESTMENT PROPERTY (CONTINUED)

Property Valuations and Portfolio Metrics (continued)

Investment Property Portfolio Metrics

The average capitalisation rate for the Investment Property portfolio, as at 31 December 2012, was 8.09%. The portfolio's tenancy profile remains of a high quality with 85% of income sourced from ASX listed companies, federal and state governments and multi-national corporations. Occupancy is down slightly to 97.6% reflecting the vacancy at 357 Collins Street, Melbourne which is currently 70% leased.

The table below provides further detail on the portfolio metrics:

	31 Dec 12	31 Dec 11
Portfolio Value	$2.3 billion	$2.2 billion
Weighted Average Lease Expiry (by income)	5.5 years	5.8 years
Average Market Capitalisation Rate - Industrial	8.59%	8.72%
Average Market Capitalisation Rate – Office	7.58%	7.92%
Average Market Capitalisation Rate – Portfolio	8.09%	8.34%
Occupancy (by Income)	97.6%	99.3%

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

Outlook

The Investment Property division is well positioned to continue to deliver comparable rental growth, with average fixed rent increases of 3.4% over 94% of the portfolio's income.

The Group remains focused on leasing the residual space of 357 Collins Street, Melbourne (currently 70% leased) and Rhodes F (currently 56% leased) during the course of 2013.

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

COMMERCIAL & INDUSTRIAL

Business Overview

The Commercial & Industrial division has a competitive advantage due to its national presence, well positioned landbank, broad customer base and integrated delivery platform. The division has a significant industrial land holding in the major markets of Melbourne, Sydney and Brisbane, which is 100% zoned.

Operational Overview

The Commercial & Industrial division achieved an EBIT result of $23.7 million for the full year (FY11: $29.1m). Aggregate sales revenue for the year was $213.7 million (FY11: $181.4m). Buildings with a total net lettable area of 241,200 sqm were delivered along with land sales of 210,500 sqm.

Several major projects contributed to the result for the year, including the distribution facilities for Electrolux at Beverley in SA, QLS & CEVA at Eastern Creek in NSW, Catch Of The Day at Westpark in VIC and Toll and The Australian Ballet at Altona in VIC. The division's return on average capital employed (ROACE[1]) was 9.2% for the year which was less than expected due to delays and increased costs associated with the development of 357 Collins Street in Melbourne.

During the course of 2012, the Australand Logistics Joint Venture with GIC committed to acquire $88.9 million of assets comprising the QLS & CEVA facility at Eastern Creek and the CEVA facility at Berrinba, which is currently under development. This brings the total commitment of the joint venture to $320.7 million out of a targeted investment of $450.0 million.

The Rhodes F building in Sydney is nearing completion and is well positioned given the limited competing supply and amenity offered at Rhodes Corporate Park. Leasing enquiry has been positive with executed agreements for lease to Hewlett Packard for 6,500 sqm and Citibank for 3,500 sqm.

Outlook

As at 31 December 2012, the Commercial & Industrial division had a forward workload of 183,000 sqm, which is anticipated to be delivered during 2013 with completions skewed to the second half of the year. Occupier demand is expected to remain relatively subdued given the challenging economic and market conditions, however, continued demand is expected from the major retailers and third party logistics providers. Investor appetite for prime well leased assets remains strong which is expected to underpin asset values in 2013.

[1] ROACE is calculated as development EBIT plus revaluation gains on internal developments / average capital employed.

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. The Group's Residential portfolio is diversified between land development activity and medium/high density developments where the Group's built form capabilities play an integral role in the development process.

Operational Overview

In 2012, the Residential division achieved an EBIT result of $88.5 million (FY11: $76.1m), up 16% on the previous year. Aggregate sales revenue for the year was $606.0 million (FY11: $586.8m). The division's ROACE was 9.9% for the year which was less than expected due to the capital employed reducing at a slower rate than anticipated.

Gross lots sold for the year were down on the prior corresponding year due to softer conditions in Victoria and the market remaining subdued in South East Queensland. Despite the soft market conditions, lot sale targets were largely achieved on the top ten projects as set out below. Revenue and EBIT were up reflecting settlements of a number of medium density projects including Cockburn Central (WA), Burwood (VIC) and Carlton (VIC), along with contributions from key land projects including Greenhills Beach (NSW) and Greenvale (VIC). These projects also contributed to a higher average sales price for the year. The 2012 lot sales at Clyde North were adversely impacted by wet weather and planning delays, which resulted in 7 sales being recognised in 2012 and 61 sales being carried over into 2013.

2012 Top 10 projects	Type[1]	State	FY12 target lot sales[2]	Lots sold at 31 Dec 12	% achieved
Burwood	H/MD	VIC	92	93	101%
Carlton	H/MD	VIC	100	97	97%
Cranbourne West	Land	VIC	102	79	77%
Clyde North (JV & PDA)	Land	VIC	140	7	5%
Cockburn Central	H/MD	WA	94	94	100%
Greenhills Beach	Land	NSW	135	136	101%
Greenvale	Land	VIC	108	75	69%
Kangaroo Point	HD	QLD	48	48	100%
Lidcombe (JV)	H/MD	NSW	108	101	94%
Parkville (JV)	H/MD	VIC	100	94	94%
Total			**1,027**	**824**	**80%**

[1] H/MD - housing/medium density, HD - high density
[2] Figures include 100% of joint ventures and PDAs

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

RESIDENTIAL (CONTINUED)

Outlook

As at 31 December 2012, the Residential division held 1,169 sales contracts on hand (31 December 2011: 939 contracts on hand) with 64% of these expected to be recognised in 2013. The top twelve projects for 2013 are expected to contribute approximately 80% of targeted Residential earnings in 2013. These projects include; Greenhills Beach (NSW), Clemton Park (NSW), Lidcombe (NSW), Carlton (VIC), Clyde North (VIC), Greenvale (VIC), Cockburn Central (WA) and Hamilton (QLD).

We expect trading conditions for 2013 to be similar to 2012 with a comparable level of sales activity targeted. Earnings are anticipated to be more heavily skewed to the second half of the year in line with medium density settlements.

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

CAPITAL MANAGEMENT

As at 31 December 2012, the Group's interest bearing debt was $1,353 million (31 December 2011: $1,382 million) and gearing[1] was 32.2%, which is within the Group's target range of 25% - 35%.

The average cost of debt for 2012 was 7.7% (FY11: 8.1%). At year end, interest rates on 81% of the Group's interest bearing debt were fixed by hedge instruments with a weighted average maturity profile of 2.9 years. The unrealised market value of the derivative book represented a liability of $122.5 million (31 December 2011: liability of $76.9 million) reflecting the movement in the forward yield curve since 31 December 2011. $32.2 million (FY11: $52.1 million) of the movement in this liability has been taken to reserves and $13.4 million (FY11: $24.2 million) has been recognised as an unrealised expense in the income statement for the full year. This is in accordance with Australian Accounting Standards.

In addition to the above derivative liability, a derivative asset of $21.7 million (31 December 2011: $24.3 million) has been recognised in relation to the cross currency interest rate swap associated with the USPP debt.

In May 2012, the Group established a new $850 million unsecured syndicated bank facility with its existing lenders. The transaction comprised four tranches: $100 million maturing in September 2013, $350 million maturing in July 2014, $200 million maturing in September 2015 and $200 million maturing in May 2017.

The Group has no corporate debt facilities maturing until September 2013 ($100 million). Undrawn facilities and cash as at 31 December 2012 totalled $436 million.

[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)

CORPORATE UPDATE

On 10 December 2012, Australand announced it had received an unsolicited, indicative, non-binding proposal from The GPT Group to acquire its Investment Property portfolio and Commercial & Industrial business for a $140 million premium to the book value at 30 June 2012. The proposal involved Australand securityholders retaining their interest in the Residential business as a stand-alone listed entity. The proposal was highly conditional and subject to a number of factors including undertaking due diligence, exclusivity and break fees which would apply in the event that the proposal did not proceed.

Following detailed analysis, including advice from independent advisers, the Board rejected the proposal on the basis that it did not provide a compelling value proposition and was not in the best interests of Australand securityholders. In coming to this conclusion, the Board formed the view that the proposal did not provide a sufficient premium to compensate securityholders for the transaction costs, structural inefficiencies and risks involved including the uncertainty as to the trading value of the Residential business as a stand-alone listed company.

On 3 January 2013, Australand's major securityholder CapitaLand announced its intention to conduct a strategic review of its investment in the Group. Australand has appointed financial and legal advisers to assist it in establishing whether any proposal arising from CapitaLand's review can be developed that is in the interests of all Australand securityholders. Australand's management and advisers are working with CapitaLand in this process, however, there is no guarantee that any proposal will be forthcoming.

OUTLOOK

While market conditions are expected to remain challenging, the Group expects to deliver further growth in operating earnings per security for 2013. This outlook is supported by:

- Fixed increases in rental income from the Investment Property portfolio and the expectation of successfully leasing up unlet space at 357 Collins St and Rhodes F;
- A solid forward workload in the Commercial & Industrial division, coupled with improving enquiry and low vacancy levels in the industrial sector and the strength of demand from investors for quality product; and
- An increase in the level of contracts on hand in the Residential division, together with a low interest rate environment and diversity of product in our development pipeline.

The Group does, however, expect that first half earnings in 2013 will be less than first half earnings in 2012 due to the timing of settlements of Residential built form projects and the delivery of the C&I forward workload being skewed to the second half of the year.

Distributions for 2013 are expected to be maintained at 21.5 cents per security as the Group continues to take a prudent approach to capital management.

This outlook is subject to market conditions not deteriorating and excludes the potential impact that might arise as a result of any corporate activity.

DIRECTORS' REPORT

Directors

The following persons were directors of the Boards of Australand Holdings Limited (AHL), Australand Property Limited and Australand Investments Limited during the year ended 31 December 2012 and up to the date of this report:

Olivier **Lim** (Chairman)
Paul Dean **Isherwood**, AO (Deputy Chairman and Lead Independent Director)
Robert William **Johnston** (Managing Director)
Beth May **Laughton** (appointed 7 May 2012)
Lui Chong Chee
Nancy Jane **Milne**, OAM
Stephen Eric **Newton**
Robert Edward **Prosser**

Dividends/Distributions

Distributions paid or declared by Australand Property Trust (APT), 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 2011	11.0 cents	63,452	16 February 2012
Interim for 2012	10.5 cents	60,569	7 August 2012
Final for 2012	11.0 cents	63,453	8 February 2013

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 - 9 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, 7 February 2013

Consolidated income statement

For the year ended 31 December 2012

	Notes	2012 $'000	2011 $'000
Revenue from continuing operations	3	**918,794**	692,810
Cost of properties sold		**(540,815)**	(343,690)
Write down of inventories		**-**	(30,000)
Development profit recognised through valuation of properties transferred to Australand Property Trusts		**-**	1,842
Share of net profits of joint ventures and associates accounted for using the equity method		**18,703**	30,162
Investment property expenses		**(38,864)**	(37,968)
Management and administration expenses		**(75,633)**	(72,273)
Depreciation		**(4,565)**	(3,348)
Other expenses		**(53,310)**	(48,532)
Finance costs		**(71,446)**	(81,940)
Amortisation of lease incentives		**(3,562)**	(2,177)
Net gains from fair value adjustments on investment property		**54,520**	61,525
Profit before income tax		**203,822**	166,411
Income tax benefit		**-**	851
Net profit		**203,822**	167,262
Net profit attributable to ASSETS hybrid equity holders (non-controlling interest)		**(23,856)**	(26,642)
Net profit attributable to stapled securityholders of Australand		**179,966**	140,620
Attributable to:			
Equity holders of AHL and APT		**115,951**	106,105
Equity holders of other stapled entities (non-controlling interest):			
- Australand Property Trust No.4 (APT4)		**51,857**	20,404
- Australand Property Trust No.5 (APT5)		**12,158**	14,111
Net profit attributable to stapled securityholders of Australand		**179,966**	140,620
Earnings per stapled security for profit attributable to ordinary equity holders of AHL and APT:			
Basic and diluted earnings per stapled security (parent entity)	4	**20.1 cents**	18.4 cents
The above consolidated income statement should also be read in conjunction with the accompanying notes, including Note 4 which presents the following earnings per stapled security for profit attributable to the stapled securityholders:			
Basic and diluted earnings per stapled security	4	**31.2 cents**	24.4 cents

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

Consolidated statement of comprehensive income

For the year ended 31 December 2012

	2012 $'000	2011 $'000
Net profit	**203,822**	167,262
Other comprehensive income:		
Changes in the fair value of cash flow hedges	**(35,810)**	(51,957)
Share of associate and joint venture changes in the fair value of cash flow hedges	**627**	(609)
Other comprehensive income for the financial year	**(35,183)**	(52,566)
Total comprehensive income for the financial year	**168,639**	114,696
Total comprehensive income for the financial year is attributable to:		
Equity holders of AHL and APT	**80,768**	53,539
Equity holders of other stapled entities (non-controlling interest):		
- Australand Property Trust No. 4 (APT4)	**51,857**	20,404
- Australand Property Trust No. 5 (APT5)	**12,158**	14,111
Other non-controlling interests	**23,856**	26,642
	168,639	114,696

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

Consolidated balance sheet

As at 31 December 2012

	Notes	2012 $'000	2011 $'000
Current assets			
Cash and cash equivalents		**76,059**	93,286
Receivables		**143,282**	142,456
Inventories		**308,893**	372,802
Other assets		**7,049**	9,787
		535,283	618,331
Investment properties held for sale		**114,000**	72,065
Total current assets		**649,283**	690,396
Non-current assets			
Receivables		**56,495**	48,001
Inventories		**628,381**	724,268
Investments accounted for using the equity method		**271,992**	234,067
Investment properties		**2,286,043**	2,165,143
Derivative financial instruments		**21,715**	24,263
Plant and equipment		**34,363**	28,811
Deferred tax assets		**30,212**	30,212
Other		**5,069**	8,177
Total non-current assets		**3,334,270**	3,262,942
Total assets		**3,983,553**	3,953,338
Current liabilities			
Payables		**80,339**	72,038
Borrowings		**100,000**	-
Derivative financial instruments		**33,764**	24,011
Provisions		**93,083**	91,951
Land vendor liabilities		**33,451**	32,723
Total current liabilities		**340,637**	220,723
Non-current liabilities			
Borrowings		**1,252,889**	1,381,810
Derivative financial instruments		**88,695**	52,843
Provisions		**5,942**	4,870
Land vendor liabilities		**11,564**	27,088
Total non-current liabilities		**1,359,090**	1,466,611
Total liabilities		**1,699,727**	1,687,334
Net assets		**2,283,826**	2,266,004
Equity			
Equity holders of AHL and APT:			
Contributed equity		**1,741,986**	1,742,001
Reserves		**(80,405)**	(42,306)
Accumulated losses		**(86,809)**	(107,748)
		1,574,772	1,591,947
Equity holders of APT4 and APT5 (non-controlling interest)		**440,396**	405,399
Stapled securityholders interest in the Group	**6**	**2,015,168**	1,997,346
ASSETS hybrid equity		**268,658**	268,658
Total equity		**2,283,826**	2,266,004

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

Consolidated cash flow statement

For the year ended 31 December 2012

	2012 $'000	2011 $'000
Cash flows from operating activities		
Receipts from customers	**890,240**	741,723
Payments to suppliers and employees	**(444,669)**	(512,724)
Interest received	**2,348**	4,214
Interest paid	**(100,721)**	(84,371)
	347,198	148,842
Distributions received from joint venture entities	**12,569**	32,480
Distributions received from associate entities	**5,558**	3,358
Payment for land acquisitions	**(31,276)**	(127,052)
Net cash inflow from operating activities	**334,049**	57,628
Cash flows from investing activities		
Net investment in joint venture entities	**(12,085)**	(36,678)
Net investment in associate entities	**(28,387)**	(27,902)
Proceeds from sale of investment properties	**72,395**	133,250
Payments for development and acquisition of investment properties	**(169,710)**	(145,529)
Payments for plant and equipment	**(10,118)**	(20,610)
Net cash outflow from investing activities	**(147,905)**	(97,469)
Cash flows from financing activities		
Proceeds from borrowings	**858,008**	1,362,059
Repayment of borrowings	**(908,561)**	(1,131,992)
Distributions paid	**(124,022)**	(121,115)
Distributions to non-controlling interests (ASSETS)	**(24,868)**	(26,747)
Payment to satisfy vested PRP entitlements	**(3,905)**	(109)
Proceeds from issue of units/shares (net of transaction costs)	**(23)**	99
Net cash (outflow)/inflow from financing activities	**(203,371)**	82,195
Net (decrease)/increase in cash held	**(17,227)**	42,354
Cash at the beginning of the financial year	**93,286**	50,932
Cash at the end of the financial year	**76,059**	93,286

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 2012

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 2012	**1,742,001**	**(42,306)**	**(107,748)**	**1,591,947**	**674,057**	**2,266,004**
Total comprehensive income for the year attributable to:						
AHL and APT (parent)	-	**(35,183)**	**115,951**	**80,768**	**-**	**80,768**
APT4 and APT5 (non-controlling interest)	-	-	-	-	**64,015**	**64,015**
Other non-controlling interest	-	-	-	-	**23,856**	**23,856**
Total comprehensive income for the year	**-**	**(35,183)**	**115,951**	**80,768**	**87,871**	**168,639**
Represented by:						
Profit for the year	**-**	**-**	**115,951**	**115,951**	**87,871**	**203,822**
Other comprehensive income	**-**	**(35,183)**	**-**	**(35,183)**	**-**	**(35,183)**
Total comprehensive income for the year	**-**	**(35,183)**	**115,951**	**80,768**	**87,871**	**168,639**
Transactions with equity holders:						
Contributions of equity, net of transaction costs	**(15)**	**-**	**-**	**(15)**	**(8)**	**(23)**
Security based payments	**-**	**(2,916)**	**-**	**(2,916)**	**-**	**(2,916)**
Dividends and distributions provided for or paid (Note 5)	**-**	**-**	**(95,012)**	**(95,012)**	**(29,010)**	**(124,022)**
Distributions provided for or paid to ASSETS hybrid equity holders (non-controlling interest)	**-**	**-**	**-**	**-**	**(23,856)**	**(23,856)**
Balance at 31 December 2012	**1,741,986**	**(80,405)**	**(86,809)**	**1,574,772**	**709,054**	**2,283,826**
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**
ASSETS (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 5)	**-**	**-**	**(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**

* 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 the Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board, and the *Corporations Act 2001.*

AHL is a for profit entity for the purpose of preparing financial statements.

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 and current year reclassifications

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 and construction contracts 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)

(iv) Financial Instruments (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 2012 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 venture entities (including unincorporated or incorporated companies, partnerships and trusts) involve a contractual arrangement whereby the two parties undertake economic activities that are subject to joint control.

Investments in these associates and joint ventures entities 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 associates and joint venture entities 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 associates or joint venture entities 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) Stapling arrangements

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. Consequently, the results and equity of AHL and APT have been combined in the financial statements and 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 & 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 (2011: two to ten years)
- Computer hardware: three to four years (2011: three to four years)
- Computer software: five to ten years (2011: 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) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying value will be recovered principally through a sales transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying value and the fair value less costs to sell, except for assets such as investment property that are carried at fair value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) 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.

(m) 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.

(n) 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.

(o) 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.

(p) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Employee benefits (continued)

(iv) Security-based payments

Security-based compensation benefits are provided to employees via the Australand Performance Rights Plan and the Australand Tax Exempt Employee Security 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.

(q) 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 eligible to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the year, in this case 7.7% (2011: 8.1%).

(r) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Derivatives and hedging activities (continued)

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.

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.

(s) 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.

(t) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Income tax (continued)

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.

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

AHL and its wholly owned entities implemented the tax consolidation legislation from 1 January 2003. AHL 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, AHL 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.

(u) Earnings per stapled security

(i) Basic earnings per stapled security

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

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Earnings per stapled security (continued)

(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 AHL 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.

(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.

(v) 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.

(w) 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.

(x) 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.

(y) 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.

(z) Contributed equity

Australand is a stapled group in which the securityholders hold direct interests and an equal number of shares in AHL, and units in each of APT, APT No.4 and APT No.5.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Contributed equity (continued)

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. Consequently, the results and equity of AHL and APT have been combined in the financial statements and 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.

(aa) 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.

(ab) 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.

(ac) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 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).

The Group 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. Based on a high level preliminary assessment of the Group's joint arrangements, the impact on the Group's balance sheet is expected to be immaterial. Had the Group adopted the new rules in the current reporting period, total assets would have been approximately $78 million higher and total liabilities would have been approximately $78 million higher.

In addition, AASB 10: Consolidated Financial Statements (AASB 10) was issued in August 2011 and is applicable to financial years commencing on or after 1 January 2013. AASB 10 replaces all of the guidance on control and consolidation in AASB 127: Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities. The Group does not expect there to be any impact upon adoption of AASB 10.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ac) New accounting standards and interpretations (continued)

Under AASB 10, the core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. There is also new guidance on participating and protective rights and on agent/principal relationships.

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. SEGMENT INFORMATION

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

(a) SEGMENT RESULT

December 2012

Operating Segment Summary ($'000)	Residential	Commercial & Industrial	Total Developer	Investment Property	Corporate	Consolidated
Revenue	**606,033**	**213,675**	**819,708**	**225,569**	**7,988**	**1,053,265**
Less: Property development sales revenue from joint venture entities	(106,656)	(27,815)	(134,471)	-	-	**(134,471)**
Segment Revenue	**499,377**	**185,860**	**685,237**	**225,569**	**7,988**	**918,794**
Segment result before interest and equity accounted results	82,261	18,328	100,589	171,409	-	**271,998**
Share of net profits of associates and joint ventures accounted for using the equity method	6,284	5,361	11,645	6,696	-	**18,341**
Unallocated corporate costs	-	-	-	-	(29,665)	**(29,665)**
Earnings Before Interest and Tax	**88,545**	**23,689**	**112,234**	**178,105**	**(29,665)**	**260,674**
Capitalised interest in cost of goods sold & other interest						**(98,872)**
Interest income						**4,121**
Operating profit before tax						**165,923**
Income tax expense on operating activities						**-**
Net profit attributable to ASSETS hybrid equity holders (non-controlling interest)						**(23,856)**
Net Operating Profit After Tax						**142,067**
Revaluation gains on investment properties held[1]						**38,902**
Revaluation gains on investment properties under construction[2]						**15,980**
Amortisation of lease incentives						**(3,562)**
Unrealised losses on interest rate derivatives						**(13,421)**
Net profit attributable to stapled securityholders of Australand						**179,966**

[1] Includes $362,000 relating to share of joint venture and associate's revaluation gains.

[2] The revaluation gains on investment properties under construction are included in the return on average capital employed calculation for the Commercial & Industrial division.

2. SEGMENT INFORMATION (CONTINUED)

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[3]							**39,725**
Revaluation gains on investment properties under construction[4]							**21,877**
Amortisation of lease incentives							**(2,177)**
Write down of inventories[5]							**(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".

[3] Includes $77,000 relating to share of joint venture and associate's revaluation gains.

[4] The revaluation gains on investment properties under construction are included in the return on average capital employed calculation for the Commercial and Industrial division.

[5] A write down of inventories was recorded in the Commercial & Industrial and Residential divisions of $23,000,000 and $7,000,000 respectively.

2. SEGMENT INFORMATION (CONTINUED)

(b) SEGMENT BALANCE SHEET

December 2012

Operating Segment Summary ($'000)	Residential	Commercial & Industrial	Total Developer	Investment Property	Corporate	Consolidated
Total segment assets[1]	927,565	378,655	1,306,220	2,546,370	130,963	**3,983,553**
Total segment borrowings	643,056	262,512	905,568	447,321	-	**1,352,889**
Total other liabilities	82,487	14,623	97,110	229,516	20,212	**346,838**
Investments in associates and joint venture entities	132,129	36,955	169,084	102,908	-	**271,992**

December 2011

Operating Segment Summary ($'000)	Residential	Commercial & Industrial	Total Developer	Investment Property	Corporate	Consolidated
Total segment assets[1]	981,634	458,577	1,440,211	2,364,218	148,909	**3,953,338**
Total segment borrowings	706,690	330,135	1,036,825	345,175	-	**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**

[1] Total segment assets include investments in associates and joint venture entities.

(c) OTHER SEGMENT INFORMATION	2012 $'000	2011 $'000
(i) Depreciation expense (Corporate)	**(4,565)**	(3,348)
(ii) Share of net profits of joint ventures and associates		
Share of operating profits (segment note)	**18,341**	30,085
Share of property revaluations gains	**362**	77
Share of net profits of joint venture and associates accounted for using the equity method (income statement)	**18,703**	30,162

2. SEGMENT INFORMATION (CONTINUED)

(c) OTHER SEGMENT INFORMATION (CONTINUED)

(iii) Finance costs	2012	2011
	$'000	$'000
Capitalised interest in cost of goods sold & other interest (segment note)	**98,872**	85,504
Interest previously capitalised expensed in cost of properties sold	**(40,847)**	(27,757)
Unrealised losses on interest rate derivatives	**13,421**	24,193
Finance costs (income statement)	**71,446**	81,940

3. REVENUE

	2012	2011
	$'000	$'000
Sales revenue		
Property development sales	**648,055**	426,681
Rent from investment properties	**213,613**	204,641
	861,668	631,322
Other revenue		
Interest received or receivable	**4,121**	4,214
Management fees from joint venture entities	**14,344**	15,946
Other income from joint venture entities	**14,861**	16,029
Sundry income	**23,800**	25,299
	57,126	61,488
Revenue from continuing operations	**918,794**	692,810

4. EARNINGS PER STAPLED SECURITY

	2012	2011
(i) Basic and diluted earnings per stapled security	**31.2 cents**	24.4 cents
(ii) Basic and diluted earnings per stapled security (parent entity)	**20.1 cents**	18.4 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	**179,966**	140,620
Earnings used in calculating basic and diluted earnings per stapled security	**179,966**	140,620

4. EARNINGS PER STAPLED SECURITY (CONTINUED)

	2012	2011
Parent Entity*		
(ii) Basic and diluted earnings per stapled security		
Net profit after tax	**115,951**	106,105
Earnings used in calculating basic and diluted earnings per stapled security	**115,951**	106,105

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

	2012	2011
(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	**576,846,597**	576,844,794

5. DISTRIBUTIONS

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

2012	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**	7 August 2012	-	-
Final distribution	**11.0 cents**	**63,453**	8 February 2013	-	-
Total distribution	**21.5 cents**	**124,022**			

No dividends were paid in relation to the ordinary shares in the year ended 31 December 2012.

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

5. DISTRIBUTIONS (CONTINUED)

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	60,569	4 August 2011	-	-
Final distribution	11.0	63,452	16 February 2012	-	-
Total distribution	21.5 cents	124,021			

Total dividends and distributions shown above of $124,021,000 differs from the amount shown in Note 6 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.

Franking credits	2012 $'000	2011 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2011: 30%)	**59,009**	**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.

6. 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).

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, 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 AHL 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.

6. EQUITY (CONTINUED)

	Notes	2012 $'000	2011 $'000
Equity			
Capital and reserves attributable to stapled securityholders as:			
Equity holders of AHL and APT:			
Contributed equity	6(c)	**1,741,986**	1,742,001
Reserves	6(a)	**(80,405)**	(42,306)
Accumulated losses	6(b)	**(86,809)**	(107,748)
Parent interest		**1,574,772**	1,591,947
Equity holders of other stapled entities – APT4 and APT5 (non-controlling interest):			
Contributed equity	6(c)	**379,855**	379,863
Reserves	6(a)	**(10,601)**	(10,601)
Retained profits	6(b)	**71,142**	36,137
Equity holders of other stapled entities – APT4 and APT5 (non-controlling interest)		**440,396**	405,399
Stapled securityholders interest in the Group		**2,015,168**	1,997,346

	Notes	2012 $'000	2011 $'000
(a) Reserves			
Hedging reserve			
Hedging reserve – cash flow hedges – AHL and APT	(i)	**(87,895)**	(52,712)
Share based payments reserve			
Share based payments reserve – AHL and APT	(ii)	**7,490**	10,406
		(80,405)	(42,306)
Capital redemption reserve			
Capital redemption reserve – APT4 and APT5	(iii)	**(10,601)**	(10,601)
Total reserves – stapled securityholders		**(91,006)**	(52,907)

Movements in above stapled securityholders reserves comprise:

	2012 $'000	2011 $'000
(i) Hedging reserve – cash flow hedges		
Opening balance	**(52,712)**	(146)
Share of changes in the fair value of cash flow hedges of joint ventures and associates	**627**	(609)
Changes in fair value of cash flow hedges	**(35,810)**	(51,957)
Closing balance	**(87,895)**	(52,712)
(ii) Security-based payments reserve		
Opening balance	**10,406**	8,240
Payment to satisfy vested PRP entitlement	**(3,905)**	(109)
Expense relating to share based payments	**989**	2,275
Closing balance	**7,490**	10,406
(iii) Capital Redemption Reserve		
Opening and closing balance	**(10,601)**	(10,601)

6. EQUITY (CONTINUED)

(b) Accumulated losses

	Notes	2012 $'000	2011 $'000
Equity holders of AHL and APT:			
Accumulated losses		**(86,809)**	(107,748)
Other stapled entities:			
- Australand Property Trust No.4		**60,915**	30,581
- Australand Property Trust No.5		**10,226**	5,556
		71,142	36,137
Stapled securityholders interest in accumulated losses		**(15,667)**	(71,611)
Movements in above total stapled securityholders interest in accumulated losses:			
Opening balance		**(71,611)**	(88,231)
Net profit attributable to the stapled securityholders of Australand		**179,966**	140,620
Dividends/distributions	**5**	**(124,022)**	(124,000)
Closing balance		**(15,667)**	(71,611)

(c) Contributed Equity

	2012 Stapled securities	2011 Stapled securities	2012 $'000	2011 $'000
Opening balance	**576,846,597**	576,837,197	**2,121,864**	2,121,765
Exercise of options	**-**	9,400	**-**	10
Australand Employee Securities Ownership Plan (including costs)	**-**	-	**(23)**	89
Balance at end of financial year	**576,846,597**	576,846,597	**2,121,841**	2,121,864
Balance at end of financial year is attributable to:				
Equity holders of AHL and APT			**1,741,986**	1,742,001
Equity holders of other stapled entities (APT 4 and APT 5)			**379,855**	379,863
Total contributed equity			**2,121,841**	2,121,864

(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.

6. EQUITY (CONTINUED)

(d) Nature and purpose of reserves (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.

7. 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.

	2012 $'000	2011 $'000
Performance bank guarantees outstanding	**36,158**	45,283
Financial bank guarantees outstanding	**1,553**	2,749
Insurance bonds outstanding	**54,809**	51,220
	92,520	99,252

The Group has also provided commercial guarantees and indemnities to some of its joint venture entities. At 31 December 2012 the Group's share of financial and performance guarantees were $16,005,000 (December 2011: $18,255,000) and $Nil (December 2011: $Nil), 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.

(d) Due to the nature of the Group's operations, which can involve complex financing structures and joint venture arrangements, the Australian Tax Office (ATO) periodically reviews and queries the taxation treatment of various transactions, which could result in additional tax being levied.

In November 2012, the Group received amended assessments in respect of matters relating to the 2003 - 2008 tax periods. The net amount payable is $4.3m and reflects a penalty imposed by the ATO as a result of Australand claiming deductions in an income year later than that in which they were first available. The amount payable has been provided for. The Group has objected to the amended assessment.

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 to the date of this report, 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:	**2012**	**2011**
	$'000	**$'000**
Revenues	**148,371**	270,521
Expenses	**(129,668)**	(240,359)
Profit	**18,703**	30,162

c) 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	2012	2011
Name of entity	**%**	**%**	**$'000**	**$'000**
Alberti Co-Venture	**50**	50	**486**	4,837
Australand Apartments No. 6 Pty Limited	**50**	50	**(673)**	415
Australand Logistics JV	**19.9**	19.9	**3,696**	1,199
Australand Residential Trust	**50**	50	**60**	2,666
Australand Retail Trust	**50**	50	**(305)**	266
Australand Wholesale Property Fund No. 6	**28**	28	**3,669**	2,878
CIP ALZ (BBP) Trust	**50**	50	**(50)**	523
CIP ALZ (MA) Trust	**50**	50	**1,372**	920
Clemton Park Co-Venture	**50**	-	**(93)**	-
Croydon Development Trust	**50**	50	**(65)**	2,588
Discovery Point	**50**	50	**(176)**	(278)
Lidcombe Co-Venture	**50**	50	**2,340**	2,747
Living Carlton Consortium	**65***	50	**-**	3,369
Parkinson Development Co-Venture	**50**	50	**835**	8
Port Coogee Co Venture	**50**	50	**(120)**	82
Port Coogee Omeo Co-Venture	**50**	50	**(235)**	(35)
Seaspray Co-Venture	**50**	50	**(110)**	(132)
Stage 3 Eastern Creek Co-Venture	**50**	50	**3,195**	43
Sunshine Co-Venture	**50**	50	**676**	2,886
Torquay Co-Venture	**50**	50	**179**	2,069
Village Park Consortium	**50**	50	**3,579**	403
Wallan Co-Venture	**50**	50	**(121)**	2,337
Yanchep Co-Venture	**50**	50	**556**	410
Total			**18,695**	30,201
Other			**8**	(39)
Total			**18,703**	30,162

*Acquired an additional interest during the period. The results of the entity are now fully consolidated from the date of acquisition.

ANNUAL AND GENERAL MEETINGS

Details of the Annual and General Meetings will be announced at a later date.

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 7th day of February 2013.

Bob Johnston
Managing Director