

AUSTRALAND PROPERTY GROUP

Product disclosure statement and prospectus



Offer of Australand Property Group Stapled Securities comprising shares in Australand Holdings Limited (ABN 12 008 443 696) and units in Australand Property Trust (ARSN 106 680 424)

Issuers

Australand Holdings Limited (ABN 12 008 443 696) and
Australand Property Limited (ABN 90 105 462 137)

Joint Underwriters

Goldman Sachs JBWere Pty Limited (ABN 21 006 797 897)
UBS Advisory and Capital Markets Australia Limited (ABN 40 008 582 705)



JBWere



NOTICE AND DISCLAIMER

This Product Disclosure Statement and Prospectus ("Offer Document") is dated 28 October 2003 and was lodged with the Australian Securities and Investments Commission ("ASIC") on that date. No Stapled Securities will be issued on the basis of this Offer Document ("New Stapled Securities") after its expiry date, being 27 November 2004. ASIC and Australian Stock Exchange Limited ("ASX") take no responsibility for the contents of this Offer Document. No person is authorised to provide any information or to make any representation in connection with the Offer described in this Offer Document which is not in this Offer Document. Any information or representation not in this Offer Document may not be relied on as having been authorised by the issuers in connection with the Offer.

THIS IS NOT INVESTMENT ADVICE. YOU SHOULD SEEK YOUR OWN FINANCIAL ADVICE.

The Offer does not take into account the investment objectives, financial situation and particular needs of the investor. It is important that you read the entire Offer Document before making any decisions to invest in New Stapled Securities. In particular, in considering the prospects of Australand Property Group, it is important that you consider the risk factors that could affect the financial performance of Australand Property Group. You should carefully consider these factors in light of your particular investment objectives, financial circumstances and investment needs (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest. Some of the risk factors that should be considered by prospective investors are set out in Section 1.6 – Potential Risks and Section 5 – Risks.

SELLING RESTRICTIONS APPLY

The distribution of this Offer Document in jurisdictions outside Australia, Singapore and New Zealand may be restricted by law and therefore persons who come into possession of this Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Offer Document does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or an invitation in any place outside Australia, Singapore and New Zealand where, or to any person to whom, it would be unlawful to make such an offer or invitation. No action has been taken to register or qualify the New Stapled Securities or the Offer or otherwise to permit a public offering of the Stapled Securities in any jurisdiction outside Australia, Singapore and New Zealand.

There is, for the purposes of Singapore law, no offer to the public (as defined in the Securities and Futures Act, Chapter 289 of Singapore ("SFA")) of any shares or units in a collective investment scheme (as defined in the SFA) under the Offer and you should not take the Offer or this Offer Document to be an offer to the public of any shares or units in a collective investment scheme for the purposes of Singapore law. Australand Property Trust (and consequently, Australand Property Group) will not be regulated as a collective investment scheme under the SFA. This Offer Document has not been lodged or registered with the Monetary Authority of Singapore.

In particular:

- the New Stapled Securities have not been and will not be registered in the US under the Securities Act of 1933, as amended ("US Securities Act") and may not be offered or sold in the US to, or for the account or benefit of, US persons except in transactions exempt from registration requirements under the US Securities Act; and

- until 40 days after the commencement of the offering of New Stapled Securities, an offer of sale or transfer of New Stapled Securities within the US by any dealer (whether or not participating in the Offer) may violate registration requirements of the US Securities Act.

Each person who applies for New Stapled Securities is deemed to agree to the following US and international offering and resale restrictions:

- such applicant is an Australian, Singaporean or New Zealand citizen or resident, is physically in Australia, Singapore or New Zealand at the time of such application and is not acting for the account or benefit of any US person; and
- such applicant will not offer or sell any New Stapled Securities in the US to or for the benefit of any US person.

DEFINITIONS

A number of words and terms used in this Offer Document have defined meanings that appear in the Glossary in Section 7.

PRIVACY

The Application Form accompanying this Offer Document requires you to provide information that may be personal information for the purposes of the *Privacy Act 1988 (Cth)*, as amended ("Privacy Act"). The Issuers (and the Registry on their behalf) collect, hold and use that personal information in order to assess your application, service your needs as an investor, provide facilities and services that you request and administer Australand Property Group. The information may also be used from time to time to inform you about other Australand Property Group products or services which Australand Property Group considers may be of interest to you. If you do not want your information used for this purpose, please indicate so on the Application Form.

Access to information may also be provided to the Issuers' agents and service providers on the basis that they deal with such information in accordance with the Issuers' privacy policy.

If you do not provide the information requested of you in the Application Form, the Registry may not be able to process your application for New Stapled Securities or administer your holding of Stapled Securities appropriately. Under the Privacy Act, you may request access to your personal information held by (or on behalf of) the Issuers. You can request access to your personal information by telephoning or writing to the Registry as follows:

Computershare Investor Services Pty Limited
GPO Box 7045
Sydney NSW 1115
Phone: 1300 855 080

DIAGRAMS

Diagrams used in this Offer Document are illustrative only and may not be drawn to scale.

EXPOSURE PERIOD

The Corporations Act prohibits the processing of applications in the seven day period after the date of lodgment of this Offer Document. This period may be extended by ASIC by a further seven days. This period is an exposure period to enable this Offer Document to be examined by market participants prior to the raising of funds. Applications received during the exposure period will not be processed until after the expiry of that period. No preference will be conferred on applications received during the exposure period.

CHAIRMAN'S LETTER

28 October 2003

Dear Shareholder

Australand Property Group Non-Renounceable Entitlement Offer

On behalf of Australand Holdings Limited ("Australand") and Australand Property Limited (as responsible entity of Australand Property Trust), I am pleased to provide you with the details of an opportunity to increase your holding of Stapled Securities in Australand Property Group by participating in a non-renounceable entitlement offer ("Offer").

Under the Offer, New Stapled Securities will be issued at a 5% discount to the average of the daily volume weighted average price of Stapled Securities traded on ASX for each of the 10 trading days commencing on the trading day after the Offer Record Date of 18 November 2003. The New Stapled Securities will also be entitled to the full Australand Property Group final Distribution for the year ending 31 December 2003 forecast to be 4.32 cents per Stapled Security.

The Offer will raise \$225 million and follows the approval of the Stapling Proposal by Security Holders at meetings held on 27 October 2003. The proceeds of the Offer will be used to fund the cash consideration required for the acquisition of the units in Australand Wholesale Property Trust and Australand Wholesale Property Trust No. 2, the cancellation of the Reset Preference Shares and to retire part of Australand Property Group's debt.

Under the Offer, each Eligible Ordinary Shareholder will have the opportunity to subscribe for New Stapled Securities based on the number of Stapled Securities held immediately after implementation of the Share Scheme. In effect, Eligible Ordinary Shareholders will be able to subscribe for one New Stapled Security for approximately every four Stapled Securities held by them (although the number of New Stapled Securities received will ultimately be affected by the Issue Price). An Eligible Ordinary Shareholder's dollar entitlement is shown on the personalised Application Form accompanying this Offer Document. The Issue Price of the New Stapled Securities will be announced on or about 3 December 2003.

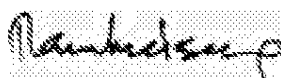
CapitaLand, which through its subsidiaries owns approximately 58.8% of the issued capital of Australand, has agreed to subscribe for its entitlement under the Offer. The remainder of the Offer is underwritten by Goldman Sachs JBWere Pty Limited and UBS Advisory and Capital Markets Australia Limited.

In addition, Eligible Ordinary Shareholders will be permitted to subscribe for additional New Stapled Securities in excess of their entitlement. The maximum number of additional New Stapled Securities that an Eligible Ordinary Shareholder may subscribe for is the same as their entitlement under the Offer. Should the total number of New Stapled Securities applied for exceed the number of New Stapled Securities being issued, each application, insofar as it relates to additional New Stapled Securities, will be scaled back on a pro rata basis.

This Offer Document contains important information about the Offer. I recommend that you read it in its entirety. If you are in doubt as to the course of action you should follow, you may wish to discuss the Offer with your accountant, stockbroker, lawyer or other professional adviser.

The directors of Australand and Australand Property Limited are unanimous in commending this Offer to you.

Yours sincerely



Tham Kul Seng

Chairman

AUSTRALAND HOLDINGS LIMITED ABN 12 008 443 606

Sydney (Head office) Level 3 10 Homebush Bay Dr Rhodes NSW 2138 Locked Bag 2106 North Ryde NSW 1570 Tel: 02 9767 2000 Fax: 02 976 2900	Melbourne Commercial & Industrial Building 1 Level 5, 655 Church St Richmond VIC 3121 Tel: 03 9426 1000 Fax: 03 9426 1050	Melbourne Land & Housing Level 2 352 Wellington VIC 3170 DX 15630 Oakleigh Tel: 03 8562 2000 Fax: 03 8562 2077
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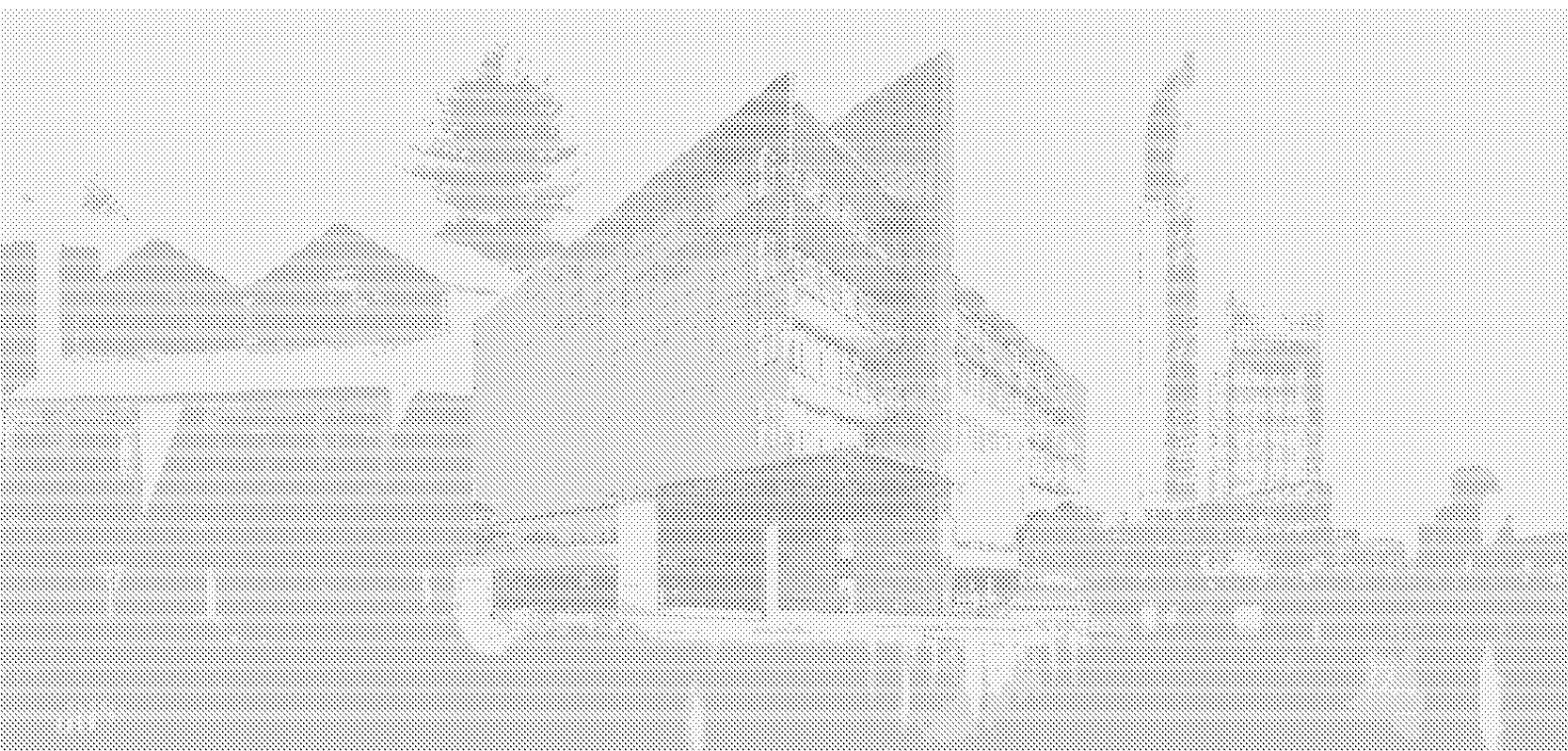
AUSTRALAND PROPERTY LIMITED ABN 90 105 462 137

Melbourne Apartments 17-23 Queensbridge St Southbank VIC 3006 Tel: 03 8562 2000 Fax: 03 8562 2077	Perth Level 2 47 Colin St West Perth WA 6005 Tel: 08 9486 4500 Fax: 08 9486 4200	Brisbane 32 Logan Road Woolloongabba QLD 4120 PO Box 1365 Coorparoo QLD 4151 Tel: 07 3391 7466 Fax: 07 3391 1389
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SUMMARY OF THE OFFER

OVERVIEW

The Offer is a non-renounceable entitlement offer of New Stapled Securities with a total offer amount of \$225 million.

Offers will be made to all Eligible Ordinary Shareholders holding Stapled Securities immediately after implementation of the Share Scheme. That is, Offers will be made to all Ordinary Shareholders registered as at 7.00pm (Sydney time) on the Offer Record Date other than Foreign Shareholders.

Under the Offer, Eligible Ordinary Shareholders will be able to subscribe for one New Stapled Security for approximately every four Stapled Securities held immediately after implementation of the Share Scheme. That is, Eligible Ordinary Shareholders will have an entitlement to subscribe for approximately \$0.4236 worth of New Stapled Securities for each Stapled Security held immediately after implementation of the Share Scheme.

The New Stapled Securities are to be issued at a 5% discount to the average of the daily volume weighted average price of Stapled Securities traded on ASX for each of the 10 trading days commencing on the trading day after the Offer Record Date.

Eligible Ordinary Shareholders will also be permitted to subscribe for additional New Stapled Securities. The maximum number of additional New Stapled Securities for which an Eligible Ordinary Shareholder may subscribe is the same as their dollar entitlement. Further details regarding the calculation of the entitlement and the opportunity to subscribe for additional New Stapled Securities are set out in Section 1.4.

The Offer forms part of the Proposal to restructure Australand to form Australand Property Group by stapling the units in Australand Property Trust to existing Ordinary Shares of Australand.

The Stapling Proposal was approved by Security Holders and the Acquisition Proposal was approved by Unitholders at meetings held on 27 October 2003. The Schemes included as part of the Proposal are subject to Court approval, which is to be sought at a hearing scheduled for 10 November 2003.

The Offer is conditional upon approval by the Court of the Schemes.

KEY DATES

Securityholder meetings	27 October 2003
Final Court hearing date to approve Schemes	10 November 2003
Last day of trading in Ordinary Shares	11 November 2003
Offer Record Date	18 November 2003
Offer opens	19 November 2003
Issue Price announced	3 December 2003
Offer closes	5.00pm (Sydney time) 9 December 2003
Deferred settlement trading of New Stapled Securities	10 December 2003
Allotment of New Stapled Securities	16 December 2003

These dates are subject to change and are indicative only. Australand and the Responsible Entity, in consultation with the Underwriters, reserve the right to amend this indicative timetable, subject to the Corporations Act and Listing Rules, including the right to extend the latest date for receipt of applications.

Application Forms must be received by 5.00pm (Sydney time) on the date the Offer closes (currently set for 9 December 2003), together with a cheque or bank draft in Australian currency for the amount of the application monies, payable to "Australand Property Group – Applications Account" and crossed "Not negotiable". A personalised Application Form will accompany this Offer Document sent to those Ordinary Shareholders entitled to participate in the Offer.

This Offer Document for the offer of New Stapled Securities is both a prospectus in relation to the offer of Ordinary Shares in Australand and a product disclosure statement in relation to the offer of units in Australand Property Trust and contains information relevant to the Offer. You should read this Offer Document thoroughly and consult with your accountant, stockbroker, lawyer or other professional adviser before subscribing for New Stapled Securities under the Offer.

OFFER AT A GLANCE

These are only the highlights. For detailed information, refer to the Sections listed on the right.

Topic	Summary	Further details – Section
Who are the Issuers of this Offer Document?	<ul style="list-style-type: none"> Australand Holdings Limited ("Australand") and Australand Property Limited (the "Responsible Entity"). 	Directory
What is offered?	<ul style="list-style-type: none"> Stapled Securities each consisting of an ordinary share in Australand and a unit in Australand Property Trust, to be quoted on ASX and SGX. 	1.3
	<ul style="list-style-type: none"> Under the Offer, Eligible Ordinary Shareholders will be able to subscribe for one New Stapled Security for approximately every four Stapled Securities held immediately after implementation of the Share Scheme. That is, each Eligible Ordinary Shareholder will have an entitlement to subscribe for approximately \$0.4236 worth of New Stapled Securities for each Stapled Security held immediately after implementation of the Share Scheme. 	1.4
	<ul style="list-style-type: none"> The Issue Price of New Stapled Securities will be at a 5% discount to the average of the daily volume weighted average price of Stapled Securities traded on ASX for each of the 10 trading days commencing on the trading day after the Offer Record Date (the "Pricing Mechanism"). 	1.4
What are the significant potential benefits?	<ul style="list-style-type: none"> Opportunity to purchase New Stapled Securities in Australand Property Group at a 5% discount (as described above) and without brokerage. 	1
	<ul style="list-style-type: none"> Holders of New Stapled Securities will be entitled to receive the full final Australand Property Group Distribution for the year ending 31 December 2003 forecast to be 4.32 cents per Stapled Security. 	1.4
	<ul style="list-style-type: none"> An increase in the total market capitalisation and free-float of Australand Property Group, which is expected to increase trading liquidity. 	1.5
	<ul style="list-style-type: none"> New Stapled Securities can be traded on ASX and SGX. 	1.9
What are the costs and amounts payable by investors?	<ul style="list-style-type: none"> Eligible Ordinary Shareholders who elect to participate in the Offer must pay the Issue Price per New Stapled Security subscribed for. 	1.4/1.7
	<ul style="list-style-type: none"> The internalised management structure of Australand Property Trust ensures that fees relating to the management of Australand Property Trust are retained within Australand Property Group. Consequently, the management costs borne by investors are the running costs of Australand Property Limited only. The reasonable expenses of operating Australand Property Trust are paid out of Australand Property Trust assets. 	6.12
	<ul style="list-style-type: none"> The fees and costs specifically attributed to the Offer total approximately \$6.75 million and are payable by Australand. The Offer forms part of the Proposal, for which total fees and expenses are approximately \$10.25 million. 	6.12
Are there any commissions that can affect the return?	<ul style="list-style-type: none"> No. 	
What are the product features and terms?	<ul style="list-style-type: none"> Australand Property Group is seeking to raise \$225 million by way of a non-renounceable entitlement offer ("Offer") of New Stapled Securities at an Issue Price determined under the Pricing Mechanism. 	1.3
	<ul style="list-style-type: none"> This Offer is conditional upon approval of the Schemes by the Court. 	1.4
	<ul style="list-style-type: none"> Offer scheduled to open on 19 November 2003. 	1.4
	<ul style="list-style-type: none"> Offer scheduled to close on 9 December 2003 (Australand and the Responsible Entity, in consultation with the Underwriters, may extend the Offer period, without prior notice). 	1.4

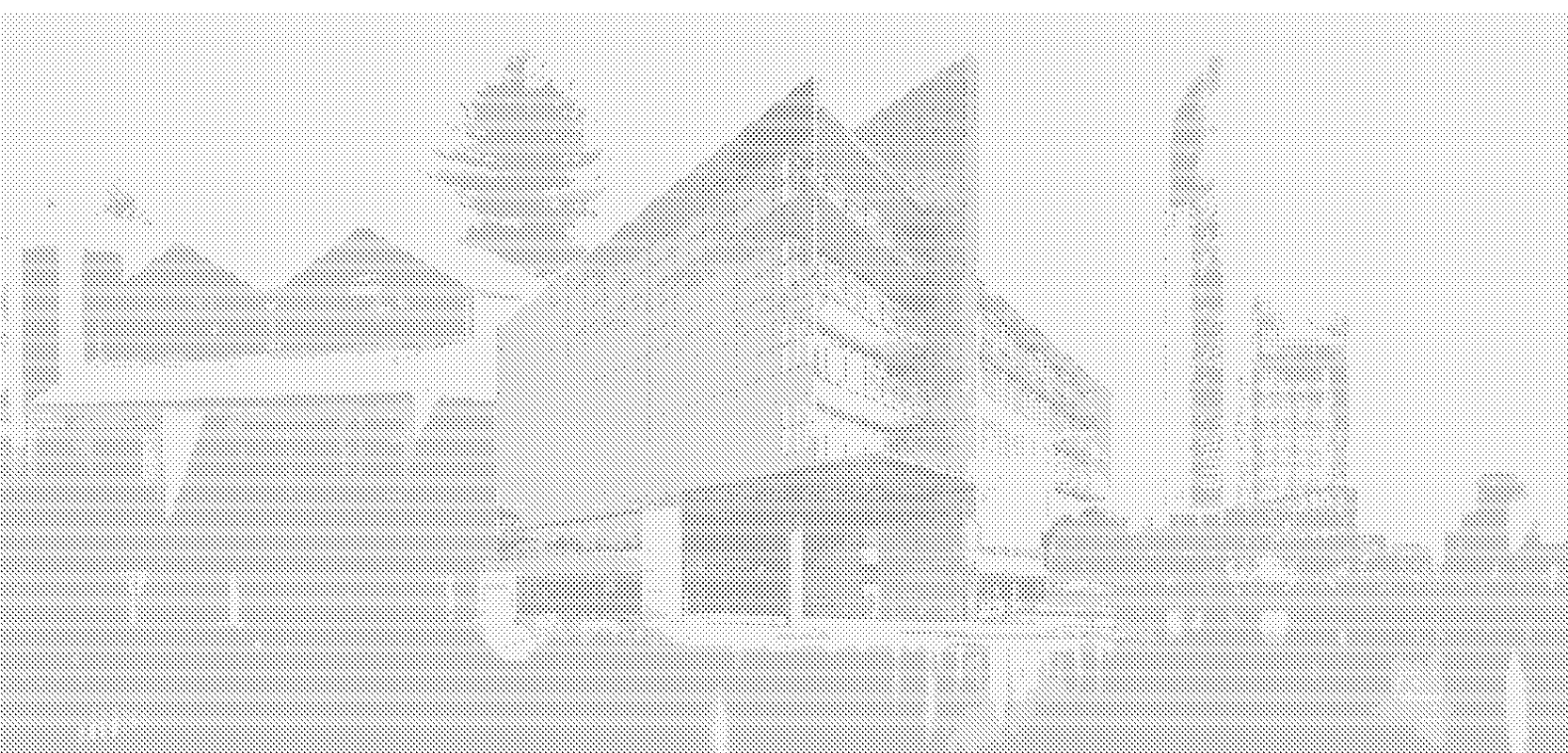
Topic	Summary	Further details – Section
	<ul style="list-style-type: none"> New Stapled Securities are expected to be quoted on ASX on a deferred settlement basis on 10 December 2003. 	1.4
	<ul style="list-style-type: none"> The New Stapled Securities to be issued under the Offer will rank equally with all other Stapled Securities on issue in all respects (e.g. voting rights and entitlement to further issues of Stapled Securities) and will be entitled to receive the full final Australand Property Group Distribution for the year ending 31 December 2003 which is forecast to be 4.32 cents per Stapled Security. 	1.4
What are the significant tax implications?	<ul style="list-style-type: none"> Stapled Securityholders will be subject to Australian tax on dividends from Australand and distributions from Australand Property Trust. 	4
Is there a cooling-off period?	<ul style="list-style-type: none"> No, there is no cooling-off right for investors in trusts that are listed or to be listed within three months of the date of the product disclosure statement. 	1.12
Does the Responsible Entity take into account labour standards, environmental, social or ethical considerations when selecting Australand Property Trust's investments?	<ul style="list-style-type: none"> The Responsible Entity will not take account of labour standards, social or ethical considerations in selecting, retaining or realising investments for Australand Property Trust. Environmental issues only as they relate to whether the land on which a prospective investment is located is contaminated, will be taken into account. 	
Is there an advantage in applying early?	<ul style="list-style-type: none"> No, entitlements will be filled in full irrespective of the date your application is received. If the total number of New Stapled Securities applied for exceeds the number of New Stapled Securities being issued, applications for additional New Stapled Securities only will be scaled back on a pro rata basis. 	1.4
	<ul style="list-style-type: none"> Applicants may wish to await announcement of the Issue Price (currently expected to be on 3 December 2003) before applying. However, please note that applications must be received by 5.00pm (Sydney time) on the closing date of the Offer (currently expected to be on 9 December 2003). 	1.4
How do I find out about the Issue Price?	<ul style="list-style-type: none"> It is expected that the Issue Price will be announced on 3 December 2003. You can find out the Issue Price from this date by: <ul style="list-style-type: none"> visiting the Australand website visiting the ASX website contacting Australand's Company Secretary on +61 2 9767 2000. 	1.4 1.13
How can further information be obtained?	<ul style="list-style-type: none"> For investment advice in relation to the Offer, speak to your accountant, stockbroker, lawyer or other professional adviser. For any other questions in relation to the Offer, call Australand's Company Secretary on +61 2 9767 2000. 	
Contact details	<ul style="list-style-type: none"> For further contact details, see the Directory at the back of this Offer Document. 	Directory

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SECTION 1

Key features of the Offer

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1. KEY FEATURES OF THE OFFER

1.1 ISSUER DETAILS

This Offer Document is issued by Australand and Australand Property Limited as Responsible Entity of Australand Property Trust.

1.2 THE PROPOSAL

The Stapling Proposal to form Australand Property Group was considered and approved by Securityholders at meetings held on 27 October 2003.

The Stapling Proposal involves the restructuring of Australand to provide investors concurrent ownership of both the existing property development business and the new property investment business pursuant to Court approved schemes of arrangement ("Schemes"). This will be achieved by stapling units in the newly established Australand Property Trust to Ordinary Shares in Australand on a one for one basis.

The Acquisition Proposal involves the units in Australand Wholesale Property Trust ("AWPT") and Australand Wholesale Property Trust No. 2 ("AWPT2") being acquired by Australand Property Trust. The Acquisition Proposal was approved by Unitholders at Unitholder meetings held on 27 October 2003.

Full details of the Stapling Proposal and the Acquisition Proposal were included in the Explanatory Memorandum relating to the Proposal sent to Securityholders in September 2003.

1.3 THE OFFER

This Offer Document relates to a non-renounceable entitlement offer of New Stapled Securities in Australand Property Group. Australand and the Responsible Entity propose that Australand Property Group will raise \$225 million through the Offer. The number of New Stapled Securities which may be issued under the Offer will not be known until the Issue Price is determined, currently expected to be announced on 3 December 2003.

Purpose of the Offer

The purpose of the Offer is to:

- fund the cash consideration required for the acquisition of the units in AWPT and AWPT2 under the Acquisition Proposal;
- fund the Reset Prefs Consideration under the Stapling Proposal; and
- retire part of Australand Property Group's debt.

The Offer is conditional

The Offer is conditional on the Schemes forming part of the Stapling Proposal being approved by the Court at a hearing scheduled for 10 November 2003. If this condition is not fulfilled, the Offer will not proceed, New Stapled Securities will not be allotted and all application monies received will be refunded in full without interest.

Underwriting of the Offer

Capitaland, which, through its subsidiaries, owns approximately 58.8% of the issued capital of Australand, has agreed to subscribe for its dollar entitlement under the Offer. The remainder of the Offer is underwritten by Goldman Sachs JBWere Pty Limited and UBS Advisory and Capital Markets Australia Limited (see Section 6.7 for further details).

1.4 TERMS OF THE OFFER

Participation

Offers will be made to all Eligible Ordinary Shareholders holding Stapled Securities immediately after implementation of the Share Scheme. That is, Offers will be made to all Ordinary Shareholders registered as at 7.00pm (Sydney time) on the Offer Record Date other than Foreign Shareholders.

Invia Custodian Pty Limited ("Invia") has been appointed to hold Stapled Securities as sale trustee for Foreign Shareholders on implementation of the Share Scheme. Invia will receive an Offer as an Eligible Ordinary Shareholder.

Entitlement

Under the Offer, Eligible Ordinary Shareholders will be able to subscribe for one New Stapled Security for approximately every four Stapled Securities held immediately after implementation of the Share Scheme. That is, each Eligible Ordinary Shareholder will have an entitlement to subscribe for approximately \$0.4236 worth of New Stapled Securities for each Stapled Security held immediately after implementation of the Share Scheme. The entitlement amount per Stapled Security held will be calculated by dividing \$225 million by the total number of Ordinary Shares on issue on the Offer Record Date rounded to four decimal places ("Subscription Entitlement Amount").

The entitlement of an Eligible Ordinary Shareholder is calculated as follows:

• **Calculate the dollar entitlement of an Eligible Ordinary Shareholder**

An Eligible Ordinary Shareholder's dollar entitlement is calculated by multiplying the Subscription Entitlement Amount (approximately \$0.4236) by the number of Stapled Securities held by that Eligible Ordinary Shareholder immediately after implementation of the Share Scheme rounded to the nearest cent. An Eligible Ordinary Shareholder's dollar entitlement is shown on the personalised Application Form accompanying this Offer Document.

• **Calculate the number of New Stapled Securities**

The number of New Stapled Securities an Eligible Ordinary Shareholder will receive will be calculated by dividing the dollar amount of New Stapled Securities subscribed for by the Issue Price of New Stapled Securities, rounded up to the next New Stapled Security.

Eligible Ordinary Shareholders will be advised of the Issue Price of New Stapled Securities on or about 3 December 2003.

The table below shows how many New Stapled Securities an Eligible Ordinary Shareholder holding 1,000, 10,000 and 50,000 Stapled Securities immediately after implementation of the Share Scheme would be entitled to receive under the Offer assuming that the Subscription Entitlement Amount is \$0.4236 and the Issue Price (determined in accordance with the Pricing Mechanism) is \$1.66.

INDICATIVE DOLLAR ENTITLEMENT AMOUNTS¹

Number of Stapled Securities held immediately after implementation of the Share Scheme	Assumed Subscription Entitlement Amount	Eligible Ordinary Shareholder's dollar entitlement	Assumed Issue Price (indicative only)	Number of New Stapled Securities an Eligible Ordinary Shareholder would receive
1,000	\$0.4236	\$423.60	\$1.66	256
10,000	\$0.4236	\$4,236.00	\$1.66	2,552
50,000	\$0.4236	\$21,180.00	\$1.66	12,760

NOTE:

¹ The above table assumes that an Eligible Ordinary Shareholder subscribes for the whole of their dollar entitlement.

To accept the Offer and subscribe for New Stapled Securities, complete the accompanying Application Form in accordance with the instructions set out on the Application Form. For further details on how to apply, see Section 1.7.

Entitlement to subscribe for additional New Stapled Securities

Eligible Ordinary Shareholders who take up the whole of their dollar entitlement will be permitted to subscribe for additional New Stapled Securities in excess of their dollar entitlement. The value of additional New Stapled Securities that an Eligible Ordinary Shareholder may subscribe for is up to double their dollar entitlement under the Offer. For example, an Eligible Ordinary Shareholder who has a dollar entitlement of \$500 may also subscribe for up to \$500 of additional New Stapled Securities at the Issue Price (i.e. \$1,000 worth of New Stapled Securities in total can be subscribed for).

The number of New Stapled Securities an Eligible Ordinary Shareholder will receive will be calculated by dividing the amount of their whole dollar entitlement plus their additional dollar entitlement subscribed for by the Issue Price, rounded up to the next New Stapled Security.

To the extent that Eligible Ordinary Shareholders do not take up their dollar entitlement, the shortfall will be allocated pro rata among the Eligible Ordinary Shareholders subscribing for additional New Stapled Securities before reverting to the Underwriters. Should the total number of New Stapled Securities applied for exceed the number of New Stapled Securities being issued, each application, insofar as it relates to additional New Stapled Securities, will be scaled back on a pro rata basis and the application monies for additional New Stapled Securities will be returned to applicants in full without interest.

Eligible Ordinary Shareholders will receive New Stapled Securities to the extent of their dollar entitlement, but the issuers cannot guarantee that Eligible Ordinary Shareholders will receive any additional New Stapled Securities. The number of additional New Stapled Securities Eligible Ordinary Shareholders will receive (if any) will depend on the level of applications to the Offer received by the issuers.

For details on how to apply for New Stapled Securities, see Section 1.7.

Issue Price

The Issue Price will be at a 5% discount to the average of the daily volume weighted average price of Stapled Securities traded on the ASX for each of the 10 trading days commencing on the trading day after the Offer Record Date. The Offer Record Date is scheduled to be 18 November 2003. Eligible Ordinary Shareholders will be notified of the Issue Price on or about 3 December 2003.

Amount expected to be raised

The Offer is expected to raise \$225 million.

Opening and closing dates

The Offer is scheduled to open on Wednesday, 19 November 2003 and, subject to approval of the Schemes by the Court, is expected to close at 5.00pm (Sydney time) on Tuesday, 9 December 2003. This expected closing date is subject to the right of Australand and the Responsible Entity, in consultation with the Underwriters, without prior notice, to extend the closing date or time for payment (subject to the Corporations Act and the Listing Rules).

Income entitlement and other rights attaching to New Stapled Securities

The New Stapled Securities to be issued under the Offer will rank equally with all other Stapled Securities on issue in all respects (e.g. voting rights and entitlement to further issues of Stapled Securities) from the date of allotment of the New Stapled Securities and will be entitled to receive the full final Australand Property Group Distribution for the year ending 31 December 2003 which is forecast to be 4.32 cents per Stapled Security.

1.5 SIGNIFICANT POTENTIAL BENEFITS**Issue Price of New Stapled Securities**

The Offer provides Eligible Ordinary Shareholders with an opportunity to purchase New Stapled Securities in Australand Property Group without brokerage fees at a 5% discount to the average of the daily volume weighted average price of Stapled Securities traded on ASX for each of the 10 trading days commencing on the trading day after the Offer Record Date.

Increase in market capitalisation

The issue of New Stapled Securities under the Offer will result in an increased free-float of Australand Property Group and the expansion of Australand Property Group's total market capitalisation. A larger market capitalisation is expected to increase Australand Property Group's index weighting, enhance liquidity and investor interest.

Distributions

Holders of New Stapled Securities will be entitled to receive the full final Australand Property Group Distribution for the year ending 31 December 2003 forecast to be 4.32 cents per Stapled Security.

The forecast Distribution for Australand Property Group for the year ending 31 December 2004 is 16.48 cents per Stapled Security. Based on an assumed issue Price of \$1.66, the yield on New Stapled Securities for the year ending 31 December 2004 is forecast to be 9.9%.

The forecast Distributions contain taxation benefits for Stapled Securityholders. It is expected that the forecast dividends paid out of Australand (forecast to be approximately 61% of Australand Property Group's Distribution for the year ending 31 December 2004) will be fully franked, and that the forecast distribution from Australand Property Trust (forecast to be approximately 39% of Australand Property Group's Distribution for the year ending 31 December 2004) will contain a tax deferred component.

COMPOSITION OF DISTRIBUTION PER STAPLED SECURITY (CENTS)

Year ending 31 December	Australand Property Group 2003F ¹	2004F ³
Fully franked dividends	12.00	10.12
Australand Property Trust distributions	1.32 ²	6.36
Total	13.32	16.48
Tax deferred component	0.26	1.40

NOTES:

- ¹ Australand Property Group Forecasts for 2003 represent the aggregated group assuming an effective date of implementation of 1 November 2003, including the results of AWPT and AWPT2 for the two months ending 31 December 2003. This represents an interim dividend of 9.00 cents per Ordinary Share paid or payable to Ordinary Shareholders pre stapling and the forecast final distribution of 4.32 cents per Stapled Security for the year ending 31 December 2003.
- ² As disclosed in Section 3.15, the number of Ordinary Shares currently on issue is 531,172,665. The estimated number of Stapled Securities as disclosed in the pro forma notes in Section 3.15 is 721,649,650 and this has been used in determining the final quarter distribution for 2003 of Australand Property Trust.
- ³ Australand Property Group Forecasts for 2004 represent the aggregated group after the full implementation of the Proposal and includes the results of AWPT and AWPT2 for the full year ending 31 December 2004.

It is not certain that the forecast distributions or tax component will be achieved. See Section 3 for further information about the assumptions on which the forecasts are based. See Section 5 for the risks relating to Australand Property Group and the New Stapled Securities.

1.6 POTENTIAL RISKS

The future performance of Australand Property Group, including distributions, asset valuations and the market value of securities quoted on ASX, may be influenced by a range of factors outside the control of the Issuers or their Directors. Although the Directors have endeavoured to ensure that the assumptions made in the preparation of the forecasts are reasonable, there are a number of risk factors which may impact on the achievement of the forecasts (see also Section 5). These risk factors include, but are not limited to:

- movements in the Australian and international stock markets and changes in economic conditions or in interest rates that may affect prices at which quoted securities are traded. Investors should be aware that there are risks associated with any investment in securities and that the prices of securities can move down as well as up;
- changes in the stock market rating of the Stapled Securities relative to other quoted securities, especially those of other property trusts;
- changes in laws and government policy, including relevant accounting standards and tax laws, that may affect future earnings and the attractiveness of investment in the Stapled Securities;
- changes in the property market including land values, development costs, realisation prices and the rate of realisation of Australand Property Group's development product;
- development risks, such as the availability of town planning and other necessary approvals, and the impact of unidentified development constraints such as threatened species, native title claims, infrastructure availability and resident action;
- delivery risks such as prolonged adverse weather, industrial disputes and labour, contractor and materials shortages;
- changes to the availability of borrowings and the interest rates required by lenders may result in Australand Property Group paying interest rates greater than those assumed in the forecast, thereby impacting Distributions;
- the possibility of default by tenants on their obligations which would reduce the income to Australand Property Group;
- increased supply of new commercial and industrial buildings may affect the ability to secure a sale of any investment property, lease renewals or obtain replacement tenants, and increase the time required to let vacant space;
- Australand Property Group may become involved in unforeseen litigation; and
- war or terrorist attacks may occur and insurance cover may not be available to cover Australand Property Group property and developments for such attacks.

None of Australand, the Responsible Entity or the Directors guarantee the achievement of the financial forecasts and therefore investors are advised to review the assumptions and financial forecasts to determine their own view on the future performance of Australand Property Group.

1.7 HOW TO APPLY

The Offer for New Stapled Securities may be accepted in whole or in part prior to 5.00pm (Sydney time) on the closing date (expected to be 9 December 2003).

What are my alternatives?	What do I need to do?	Amount of money to accompany my personalised Application Form
Subscribe for up to your dollar entitlement	Send your completed personalised Application Form to the Registry together with your payment for the amount of your dollar entitlement subscribed for.	The amount of your dollar entitlement subscribed for.
Subscribe for the whole of your dollar entitlement AND additional New Stapled Securities	Send your completed personalised Application Form to the Registry together with your payment for the amount of your whole dollar entitlement plus the amount of your additional dollar entitlement subscribed for.	The amount of your whole dollar entitlement plus the amount of your additional dollar entitlement subscribed for. Please note, there may be a scale-back of your additional dollar entitlement.
Do nothing	Do not complete your personalised Application Form accompanying this Offer Document and do not send any money to the Registry. You will not receive any New Stapled Securities under this Offer and your holding details will not change.	Nil

An application for New Stapled Securities can only be made by completing and returning the accompanying Application Form.

Applications must be accompanied by payment of the amount of your dollar entitlement subscribed for. If you wish to subscribe for additional New Stapled Securities your Application Form must be accompanied by your payment for the amount of your whole dollar entitlement plus the amount of your additional dollar entitlement subscribed for. Payments will only be accepted in Australian currency and in one of the following forms:

- personal cheque drawn and payable at an Australian bank;
- bank cheque issued by and payable at an Australian bank; and
- bank draft payable at an Australian bank.

Cheques should be made payable to "Australand Property Group -- Applications Account" and crossed "Not negotiable".

Instructions for completion are set out on the Application Form accompanying this Offer Document. Cheques will be deposited on the day of receipt. Sufficient cleared funds should be held in the relevant account as dishonoured cheques may result in rejection of your application.

1.8 ALLOTMENT

Subject to the conditions of the Offer being satisfied, the New Stapled Securities are expected to be allotted on 16 December 2003, subject to the right of Australand and the Responsible Entity to extend the closing date or time for payment without prior notice. Application monies will be held in trust for applicants until allotment of the New Stapled Securities. Where no allotment is made, or where there is a scale-back of any additional entitlement, the relevant application monies will be returned to applicants in full without interest as soon as practicable after the closing date.

1.9 QUOTATION OF NEW STAPLED SECURITIES ON ASX AND SGX

Australand and the Responsible Entity will apply, within seven days of the day of issue of this Offer Document, for quotation of the New Stapled Securities on ASX and SGX. If quotation on ASX is not granted within the period prescribed by the Corporations Act, New Stapled Securities will not be allotted and all application monies received under this Offer Document will be refunded in full to applicants without interest.

Deferred settlement trading of New Stapled Securities will commence on ASX on the trading day after the close of the Offer.

1.10 FOREIGN SHAREHOLDERS

Any Ordinary Shareholder at the Offer Record Date whose registered address is outside Australia, New Zealand and Singapore ("Foreign Shareholder") will not be entitled to participate in the Offer.

It is impractical and unreasonable for the issuers to comply with the potential securities law requirements of every country in which an Ordinary Shareholder might be located having regard to the number and value of Stapled Securities that would be offered and the legal and cost considerations.

Under the Share Scheme, Invia has been appointed to hold Stapled Securities as sale trustee for Foreign Shareholders on implementation of the Share Scheme. The terms of that appointment under the Share Scheme requires invia to sell those Stapled Securities within 30 days after the implementation of the Schemes and remit the proceeds of any such sale (net of any transaction costs including brokerage which are not borne by Australand Property Group for the benefit of Foreign Shareholders) to Foreign Shareholders.

Invia will receive an Offer as an Eligible Ordinary Shareholder. Given the scope of Invia's appointment referred to above under the terms of the Share Scheme, Invia will not take up its entitlement under the Offer. This is consistent with Offers not being made to the Foreign Shareholders.

Each Foreign Shareholder will be notified in writing of the above arrangements in accordance with the Listing Rules.

The distribution of this Offer Document in jurisdictions outside Australia, Singapore and New Zealand may be restricted by law and therefore persons who come into possession of this Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Offer Document does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or an invitation in any place outside Australia, Singapore and New Zealand where, or to any person to whom, it would be unlawful to make such an offer or invitation. No action has been taken to register or qualify the Stapled Securities or the Offer or otherwise to permit a public offering of the Stapled Securities in any jurisdiction outside Australia, Singapore or New Zealand.

Should this Offer Document and the accompanying Application Form constitute an offer in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer, then this Offer Document and accompanying Application Form are deemed not to constitute an offer.

1.11 CHESS AND HOLDING STATEMENTS

Australand Property Group will apply to participate in CHESS and, in accordance with the Listing Rules and the SCH Business Rules, will maintain an electronic issuer sponsored subregister and an electronic CHESS subregister.

Following the issue of New Stapled Securities to successful applicants, Stapled Securityholders will receive an initial statement of holding (similar to a bank account statement) that sets out the number of New Stapled Securities that have been allocated to them under the Offer.

This statement will also provide details of a Stapled Securityholder's HIN in the case of a holding on the CHESS subregister, or SRN in the case of a holding on the issuer sponsored subregister. Stapled Securityholders will be required to quote their HIN or SRN, as appropriate, in all dealings with a stockbroker or the Registry.

Stapled Securityholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Stapled Securityholder's sponsoring broker, in the case of holding on the CHESS subregister, or through the Registry in the case of a holding on the issuer sponsored subregister. Australand Property Group or the Registry may charge a fee for these additional issuer sponsored statements.

1.12 COOLING-OFF

There is no cooling-off period for investment in Australand Property Group. Once you have submitted a completed Application Form and providing your application is accepted, you are not able to withdraw. However, you can offer your New Stapled Securities for sale on ASX or SGX as soon as the New Stapled Securities are quoted.

1.13 ELECTRONIC OFFER DOCUMENT

This Offer Document may be viewed online at www.australand.com.au. A paper copy of this Offer Document will be provided free of charge to any person who requests a copy by contacting Australand or the Underwriters, by mail or in person, during the period of the Offer.

Applications cannot be made electronically. An application may only be made by returning your Application Form in accordance with the instructions on that form.

1.14 QUESTIONS

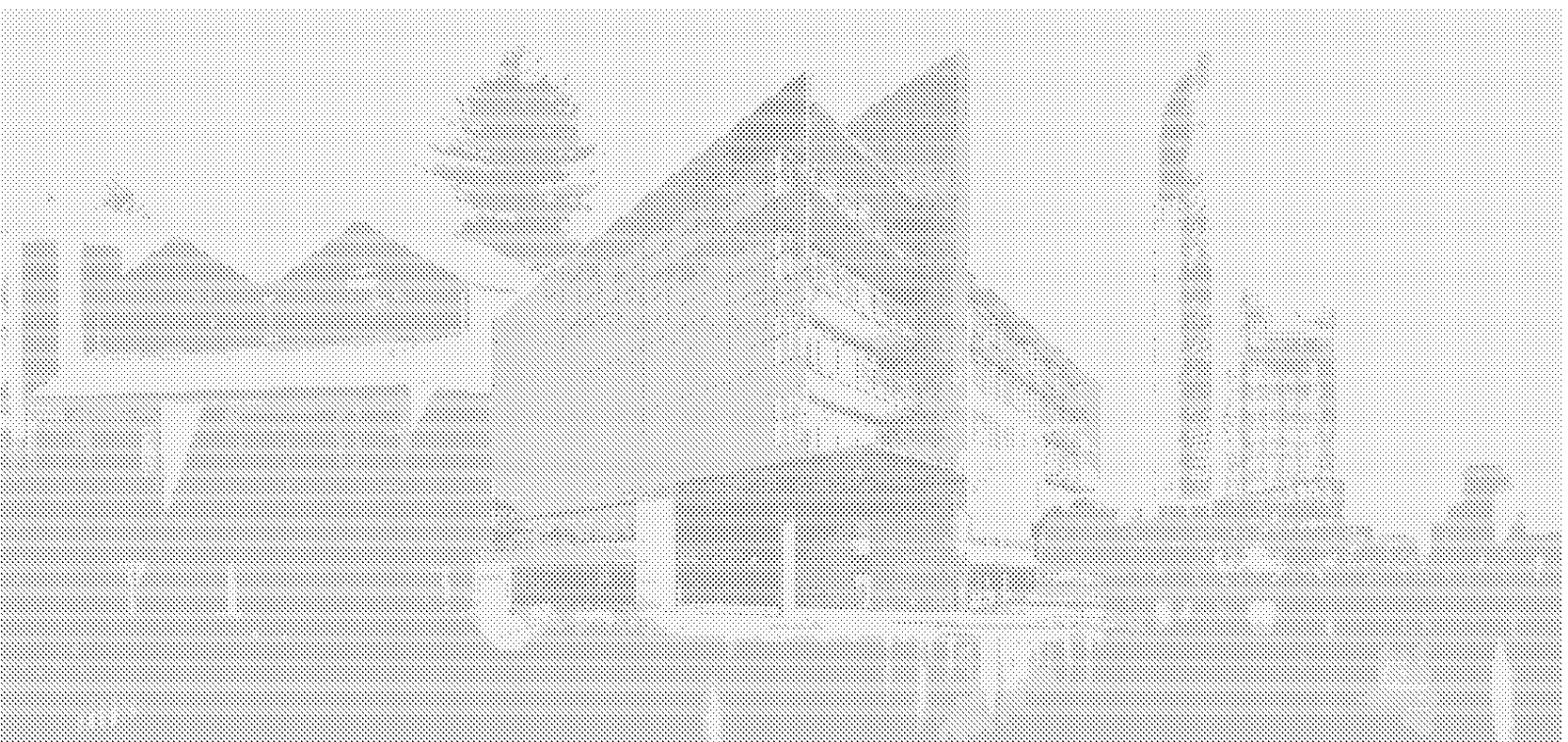
Investors with questions in relation to the Offer should contact either their accountant, stockbroker, lawyer or other professional adviser, or for any other questions in relation to the Offer call Australand's Company Secretary on +61 2 9767 2000.

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SECTION 2

Description of Australand
Property Group

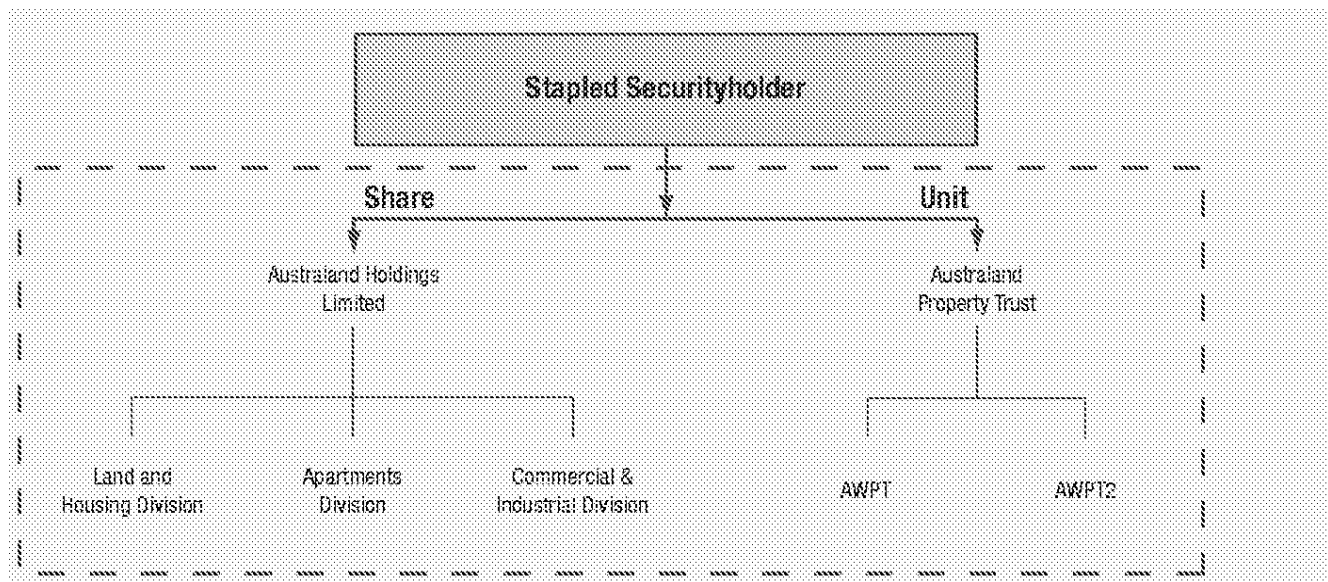
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2. DESCRIPTION OF AUSTRALAND PROPERTY GROUP

2.1 STRUCTURE OF AUSTRALAND PROPERTY GROUP

Australand Property Group's initial structure is illustrated below:

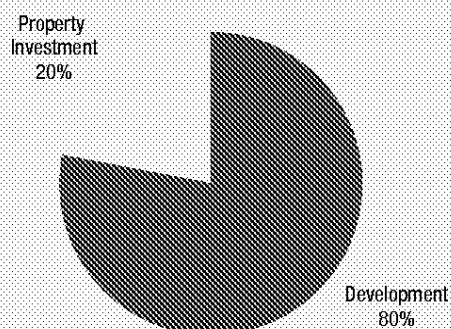


2.2 OVERVIEW OF AUSTRALAND PROPERTY GROUP

Australand Property Group will have two core businesses:

- property development; and
- income producing property ownership.

Forecast calendar year 2004 net profit after tax composition post Proposal



Australand Property Trust Forecast distributed net property income for the year ending 31 December 2004 represents approximately 20% of forecast Australand Property Group net profit after tax excluding intra-stapled entity interest.

2.3 OPERATING STRATEGY AND GUIDELINES

Business mix

Approximately 20% of Australand Property Group's total net profit after tax in the year ending 31 December 2004 will be derived from income producing property ownership. It is intended that the proportion of profit sourced from income producing property should increase over time, so that it eventually exceeds the profit generated from property development activity.

Intended medium term strategy

Australand Property Group will continue to develop additional income producing properties, which may be acquired by future wholesale property trusts that it forms. It is intended that units in or individual income producing assets of these wholesale property trusts not held by Australand or its subsidiaries will be progressively acquired by Australand Property Trust, so that in the medium term, the proportion of profit generated by income producing assets will be at least 50% of total Australand Property Group profit.

This will be achieved by:

- completing the Acquisition Proposal;
- limiting the aggregate level of investment in property development activities to about current levels;
- using most of the additional capital raised in the future to acquire units in or individual income producing assets of other Australand Wholesale Property Trusts that have already been established, as well as those wholesale property trusts which Australand will form in the future; and
- If appropriate opportunities arise, the acquisition of income producing assets from third parties.

Dividend and distribution policy

Distributions from Australand Property Group will comprise dividends from Australand as well as distributions from Australand Property Trust. These Distributions will be paid quarterly.

Australand Property Group intends that 100% of Australand Property Trust's distributable earnings and 85% of Australand's profits will be distributed. The payout ratio of 85% is not guaranteed.

Gearing and interest rate management

The long term gearing target range for Australand Property Group is 30% to 40% (based on interest bearing debt plus land vendors/total tangible assets less receivables). Depending on the number of Stapled Securities issued as consideration under the Acquisition Proposal, the gearing level of Australand Property Group post implementation is expected to be within the range of 37% to 40%, a level that Australand and the Responsible Entity intend to reduce over time. The strategy to meet target gearing levels involves funding capital expenditure requirements with equity, the subsequent acquisition of other existing Australand Wholesale Property Trusts, and the implementation of the DRP.

Derivative financial instruments are currently used by Australand and will be used by Australand Property Group to hedge exposure to interest rate risk associated with movements in interest rates which impact on the borrowings of Australand Property Group. Interest rate swaps and rate cap transactions are entered into to exchange variable interest payment obligations with fixed interest rate obligations to protect Australand Property Group borrowings from the risk of increasing interest rates.

Valuation policy

The Responsible Entity may have the assets of Australand Property Trust valued at any time. Real property will be valued annually. The Responsible Entity may (subject to the Corporations Act and the Listing Rules) determine the valuation method in consultation with the Auditor.

Distribution reinvestment plan ("DRP")

Australand Property Group will have a DRP as an additional source of capital. The proposed DRP terms are summarised in Section 6.6.

2.4 BOARD OF DIRECTORS AND SENIOR MANAGEMENT

2.4.1 Board of Directors

Australand and the Responsible Entity have common boards. The majority of both boards, and the chairman, are non-executive directors.

Mr Tham Kui Sang, Chairman, Non-executive Director

Mr Tham is currently the Chief Executive Officer of CapitaLand Residential Limited. He was formerly Chief Operating Officer of Pidemco Land Limited, having joined that company in 1996. Prior to joining Pidemco Land, Mr Tham was Chief Executive of TPL Printers (UK) Ltd, a subsidiary of Time Publishing Limited. Mr Tham holds a Bachelor of Arts (First Class Honours) degree in Engineering Science from Oxford University.

Mr James Glen Service AM, Deputy Chairman, Non-executive Director

Mr Service is Executive Chairman of JG Service Pty Ltd, a specialist property consulting company. He serves on the board of a number of public and private companies including as Chairman of ACTEW Corporation Ltd, director of Challenger Financial Services Group and as a non-executive director of CapitaMall Property Trust Management Ltd. Mr Service is a past national president of the Property Council of Australia and continues to be involved in a number of other government, cultural and community organisations. Mr Service is also Chairman of the board of AWIL.

Mr Brendan Crotty, Managing Director

Mr Crotty has been Chief Executive of Australand since 1990. He joined Australand (then the Land Division of Hooker Corporation Limited) in 1977 where he held the position of Executive General Manager of the Land and Housing Divisions. Prior to 1977, Mr Crotty held senior positions in a property development company and was a partner in a professional firm of surveyors, town planners and civil engineers. Mr Crotty has formal qualifications in surveying, town planning and business administration and also completed an advanced general management course at IMEDE, Lausanne, Switzerland.

Mr William John Beerworth, Non-executive Director

Mr Beerworth is Managing Director of Beerworth & Partners Limited, a corporate advisory firm specialising in strategic consulting, restructures and acquisitions. Mr Beerworth is a solicitor and has extensive experience in corporate law and investment banking.

He has held a number of senior positions, including Managing Director of HSBC Australia Corporate Finance Limited, Senior Partner of Mallesons Stephen Jaques and Assistant Secretary of the Commonwealth Attorney-General's Department. Mr Beerworth's formal qualifications include: Bachelors degrees in Arts and Law from the University of Sydney, Master of Laws and a Doctor of Juridical Science from the University of Virginia, Masters of Commerce from the University of New South Wales and Masters of Business Administration from Macquarie Graduate School of Management.

Lt Gen (Ret'd) Winston Choo, Non-executive Director

From 1974 to 1992 General Choo served as Singapore's Chief of Defence Force. From 1994 to 1997 he served as Singapore's High Commissioner to Australia and concurrently Ambassador to Fiji. General Choo is currently Singapore's non-resident High Commissioner to Papua New Guinea and South Africa. He is Chairman of Aspnecentre Ltd, FairVision Pte Ltd, Tridex Pte Ltd, Wow Vision Pte Limited and of the Singapore Red Cross Society. Formal qualifications include a Master of Arts in History at Duke University, USA and completion of the Advanced Management Programme at Harvard University.

Mr Ian Farley Hutchinson, Non-executive Director

Mr Hutchinson is currently a consultant to Freehills, solicitors and notaries, having formerly been Senior Partner and Chairman of the National Firm and a partner of that firm for 30 years. Mr Hutchinson is Chairman of Australian Transport Network Limited (group), Starwood Pacific Hotels Pty Limited (group) and Hoya Lens Australia Pty Ltd. He is also a director of Heggies Bulkhaul Limited and Zurich Australia Financial Services Limited Group. He was also formerly a trustee of the Committee for Economic Development of Australia, a member of the Dean's Advisory Committee, Faculty of Economics, University of Sydney and an advisory member to the Australian Graduate School of Management, University of New South Wales. Mr Hutchinson has also served on advisory and review committees for the Australian Federal Government. Mr Hutchinson holds a Bachelor of Law degree from the University of Sydney.

Mrs Jennifer Loh, Non-executive Director

Mrs Loh is currently Senior Vice President, Group Tax Services, CapitaLand Limited having been with companies that now comprise the CapitaLand Group since 1991. Prior to that Mrs Loh was with Rank Xerox Singapore as Financial Controller, Director and Company Secretary. Mrs Loh has more than 20 years' experience in various aspects of corporate finance and corporate services as well as public accounting in Singapore and Sydney. Mrs Loh is a member of the Accounting Standards Committee of the Institute of Certified Public Accountants of Singapore. Mrs Loh is a Chartered Accountant (Australia) and holds a Bachelor of Accountancy (Honours II) degree from the National University of Singapore.

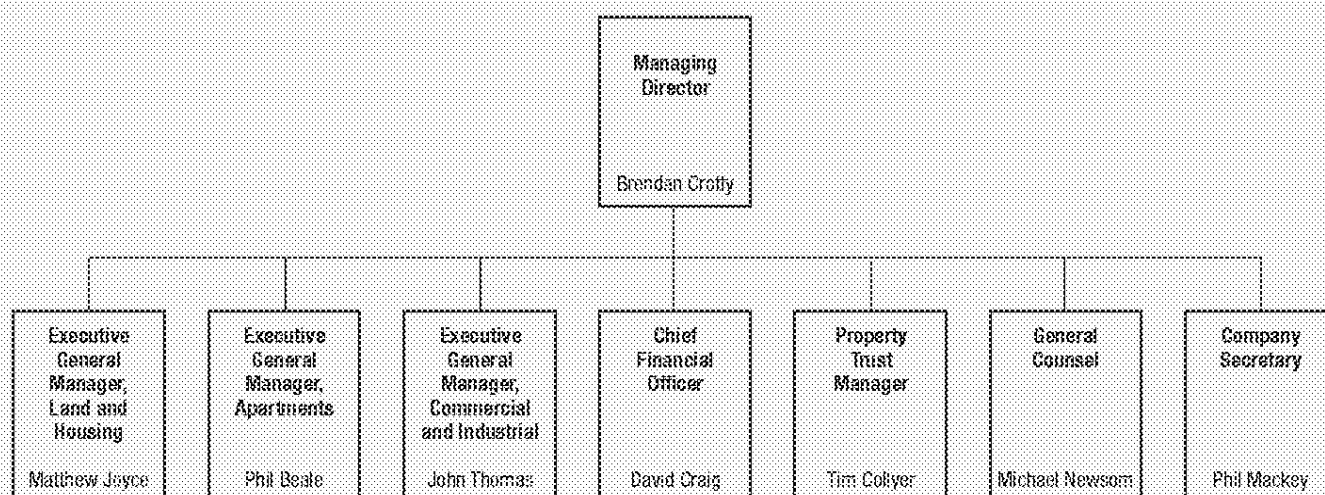
Mr Lui Chong Chee, Non-executive Director

Mr Lui is Chief Financial Officer of CapitaLand Limited, a Director of Raffles Holdings Limited, and an Alternate Director of the Ascott Group Limited. Prior to joining CapitaLand, Mr Lui was a Managing Director of Citicorp Investment Bank (Singapore) Limited. He has 15 years experience in investment banking, including origination and implementation of capital market fundraising exercises, restructure and acquisition and financial advisory transactions in Singapore. Mr Lui holds a Master of Business Administration in Finance and International Economics and a Bachelor of Science degree in Business Administration (magna cum laude) from New York University, USA.

2.4.2 Senior management

Australand Property Group will be administered by an experienced management team, with a proven record of performance and profitability. The Managing Director, Mr Brendan Crotty, has been with the company since before its listing on ASX and SGX. The other senior executives have extensive experience in real estate and financial management.

Australand Senior Management as at 28 October 2003



Matthew Joyce, Executive General Manager, Land and Housing

Mr Joyce joined Australand in February 1998 as General Manager, Western Australia and has been Executive General Manager of the Land and Housing division since 1999. He has over 17 years experience in all facets of the real estate industry, both in Australia in the NSW, Victorian and Western Australian markets, and overseas in London and Hong Kong. Prior to joining Australand he was Managing Director of a State based property company. He holds a Bachelor of Business in Property, has completed an Advanced General Management Course and is an Associate of the Australian Property Institute.

Philip Beale, Executive General Manager, Apartments

Mr Beale joined Australand in September, 1999. Mr Beale has over 25 years experience in finance, including mergers and acquisitions, feasibility studies, capital efficiency, cash flow management, business plan development and implementation, business risk analysis, IT systems and development. His formal qualifications include a Bachelor of Commerce and a Graduate Diploma in Financial Management.

John Thomas, Executive General Manager, Commercial and Industrial

Mr Thomas joined Australand in March 2003 following a career spanning 20 years within the Australian property industry. He has held senior executive positions over this period with three international property services groups specialising in the commercial, industrial and residential sectors across three States. He holds a Bachelor of Applied Science in Property Resource Management (Land Economics) and is a Member of the Australian Property Institute.

David Craig, Chief Financial Officer

Mr Craig joined Australand in September 2003. Prior to joining Australand, Mr Craig was Global Transition Finance Leader for IBM Corporation following the acquisition of PWC Consulting where he held the title of Global Chief Financial Officer based in Philadelphia, USA. Mr Craig's professional qualifications include, Bachelor of Economics, Fellow of the Institute of Chartered Accountants, Australia and Member of the Finance and Treasury Association. Mr Craig's other posts include Chief Operations Officer for PricewaterhouseCoopers Australasia and Senior Audit Partner for 15 years specialising in banking, finance and management.

Tim Collyer, Property Trust Manager

Mr Collyer was appointed Property Trust Manager for the Australand managed trusts in May 2001. Tim has over 15 years experience in property, advisory and funds management (listed and unlisted trusts). Mr Collyer holds a Bachelor of Business (Property) and a Graduate Diploma in Applied Finance and Investment and is an Associate of the Australian Property Institute and the Securities Institute of Australia.

Michael Newsom, General Counsel

Mr Newsom joined Australand in August 2000, prior to which he was Company Secretary and General Counsel of Pioneer International Limited. With formal qualifications in Arts and Law, Mr Newsom has over 25 years experience in corporate law, litigation, mergers and acquisitions across a range of industries.

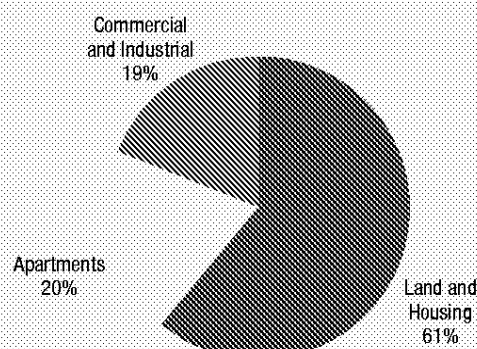
Phil Mackey, Company Secretary

Mr Mackey joined Australand in June 2003 and was formerly Assistant Company Secretary of AMP Limited. He is a qualified Company Secretary and Chartered Accountant and has over 20 years experience in the financial services industry encompassing corporate governance, company secretarial, compliance, risk management, audit and accounting activities for listed public companies.

2.5 PROPERTY DEVELOPMENT BUSINESS

Australand is one of Australia's largest diversified property development companies and operates in Sydney, Melbourne, South-east Queensland and Perth across three operating divisions being Land and Housing, Apartments and Commercial and Industrial.

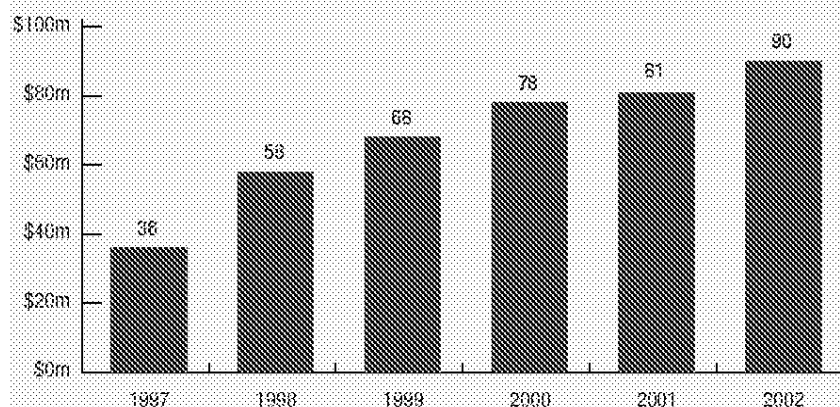
Australand divisional breakdown of net profit before tax for the year ended 31 December 2002



The chart below sets out a divisional breakdown of Australand's net profit before tax for the year ended 31 December 2002.

Australand has a strong net profit after tax record, achieving year on year growth since listing on ASX and SGX in 1997. Australand has delivered average compound net profit after tax growth in excess of 20% over the period from December 1997 to December 2002.

Australand historical net profit after tax



2.6 DIVISIONS

2.6.1 Land and Housing

The Land and Housing division accounted for approximately 61% of Australand's net profit before tax for the year ended 31 December 2002.

Key characteristics of the business include:

- Development of vacant land in outer urban ring in Sydney, Melbourne, Perth and South-east Queensland targeting second and third homebuyer market segments. Projects are generally small to medium size (100 to 300 lots).
- Undertakes housing and integrated housing development on approximately 35% of land produced.

For the six months to 30 June 2003, the Land and Housing division's operating profit before tax was \$49 million on revenues of \$234.5 million, generated from the sale of 1,118 lots and 372 houses.

2.6.2 Apartments

The Apartments division accounted for approximately 20% of Australand's net profit before tax for the year ended 31 December 2002.

Key characteristics of the business include:

- Development of medium and high-density residential apartment buildings on a significant scale within a 10 km radius from the CBD in Sydney and Melbourne and in South-east Queensland, most with water or city views.
- Projects are marketed to attract maximum levels of pre-sales prior to construction commencement thereby reducing the exposure to market movements and ensuring a satisfactory level of pre-sales to underpin future profitability.

For the six months to 30 June 2003, the Apartments division's operating profit before tax was \$13.5 million on revenues of \$219.6 million. As at 30 June 2003, the Apartments division held \$632 million in presales (\$407 million wholly owned and \$225 million in joint venture projects).

2.6.3 Commercial and Industrial

The Commercial and Industrial division accounted for approximately 19% of Australand's net profit before tax for the year ended 31 December 2002. Key characteristics of the Commercial and Industrial business include:

- Specialises in the selective procurement of non-CBD commercial and industrial development sites, marketing of pre-commitment projects to tenants or owner occupants, sale of pre-leased projects to investors, and development of pre-committed projects to meet tenant or owner-occupier needs principally in Sydney and Melbourne.
- Initiated development of more than \$1.0 billion of investment grade assets over the past four years.
- Has established key relationships with major tenants and government.

For the six months to 30 June 2003, the Commercial and Industrial division's operating profit before tax was \$8.3 million on revenues of \$159.4 million.

2.7 THE PROPERTY INVESTMENT PORTFOLIO

The combined property investment portfolio of AWPT and AWPT2 comprises 18 office and industrial properties. The total value of the property portfolio is \$362 million, with the assets diversified across New South Wales, Victoria, Queensland and South Australia.

PROPERTY DETAILS

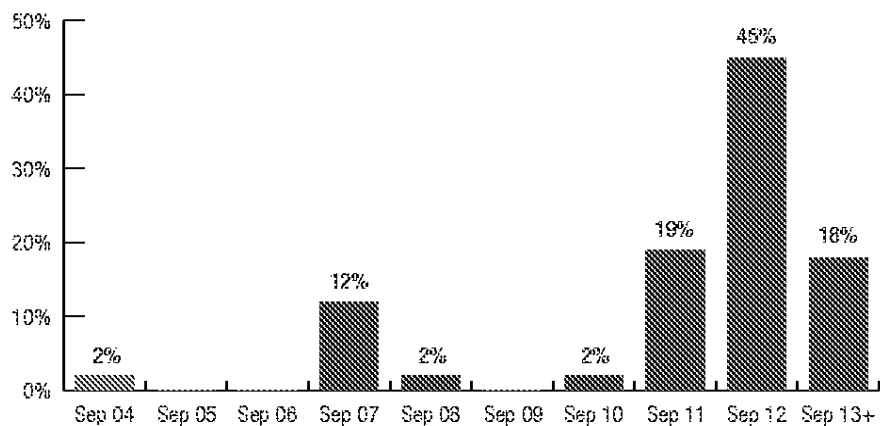
Property	Property Type	Tenant	NLA (m ²)	Valuation ¹ (\$m)	Cap Rate
Mulgrave, Victoria	Office	Coles Myer; Australand	21,323	61.00	8.25%
Gateway Building, Sydney, NSW	Office	Commonwealth Government of Australia; State Government of NSW	12,530	55.00	8.00%
Henry Deane Building, Sydney, NSW	Office	State Government of NSW	9,111	36.50	8.25%
Building C, Rhodes, NSW	Office	Australand	10,827	36.00	8.50%
Richmond, Victoria	Office	Ansell	8,067	24.25	8.25%
Arndell Park, NSW	Industrial	Exel (Australia)	17,733	20.60	8.65%
Sharps Road, Tullamarine, Victoria	Industrial	Fletcher Building Group t/a The Laminex Group	28,100	16.60	9.00%
Crestmead, Queensland	Industrial	Amatek Limited t/a Stramit	19,299	15.75	8.75%
Seven Hills, NSW	Industrial	National Panasonic Australia	10,708	13.60	8.56%
South Park Drive, Dandenong, Victoria	Industrial	New Clicks (Australia) t/a Priceline	21,345	12.75	8.50%
Lytton, Queensland	Industrial	Berri	14,479	12.00	8.50%
Footscray, Victoria	Office	Lonely Planet Publications	7,293	11.90	10.00%
Rocklea, Queensland	Industrial	Ancor Packaging (Australia)	15,186	10.30	9.25%
Heathwood, Queensland	Industrial	B&R Enclosures	10,040	9.50	8.50%
Outer Harbor, South Australia	Industrial	Southcorp Wines	6,626	7.10	8.75%
Annandale Road, Tullamarine, Victoria	Industrial	Multigroup Distribution Services t/a Star Track Express	10,369	6.55	9.00%
South Park Drive, Dandenong, Victoria	Industrial	Terra Harvest Australia	8,027	6.40	8.50%
Murrarie, Queensland	Industrial	HPA	4,011	6.00	8.50%
Total portfolio			235,074	361.80	8.47%

NOTE:

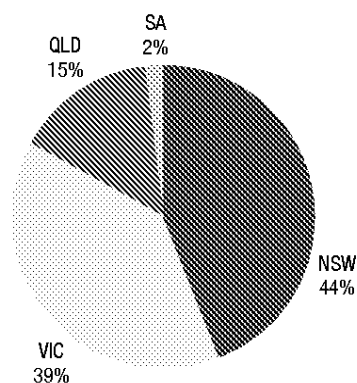
¹ Valuations undertaken as at 30 June 2003. See Section 2.9 for independent summary valuation reports.

The following charts set out the lease expiry profile, the geographic diversification and sub-sector diversification for the property portfolio.

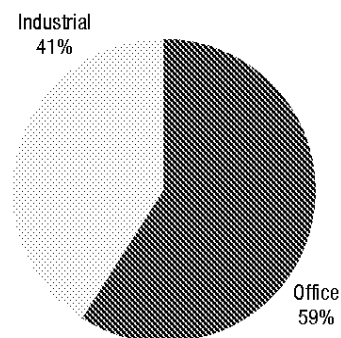
Lease expiry profile



Geographic diversification



Sub-sector diversification



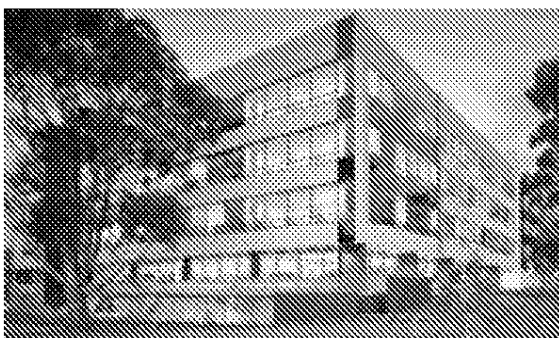
It is intended that the Responsible Entity will commence negotiations with selected tenants many years before their lease expires so as to smooth out the lease expiry profile. In addition, the acquisition of further income producing property as planned by Australand Property Trust will diminish the proportional impact of the large 2012 lease expiry shown above.

2.8 PROPERTY PORTFOLIO DETAILS

Mulgrave, VIC (Corporate Satellite Centre)

Valuation Summary

Value	\$61.0 million
Valuer	m3 Property
Date	30 June 2003
Cap Rate	8.25%
10 year IRR	9.61%
Terminal Yield	8.75%
\$Rate/m ² of NLA	\$2,869/m ²



Address	690 Springvale Road and 350 Wellington Road, Mulgrave, Vic.
Property Type	Premium A-grade suburban office development, comprising two new buildings and one refurbished building
Ownership	Freehold title
Location	20 kilometres south-east of the Melbourne CBD
Constructed	Two new buildings were completed in 2002 and the other building was refurbished in 1997
Lettable Area	Total: 21,323 m ² Building A: 15,975 m ² Building B: 2,615 m ² Building C: 2,733 m ²
No. Cars	1,366
Land Area	22,128 m ²
Major Tenants	Coles Myer Ltd (April 2017) Café Operator (June 2008) Australand Holdings Ltd (February 2012)
Avg Unexpired Lease Term	10.9 years approximately (at 1 October 2003)
Rent Review Structure	Coles Myer Ltd fixed 3.0% increases per annum Café Operator fixed 3.5% increases per annum Australand Holdings Ltd fixed 3.0% increases per annum
Current Rent	Coles Myer Ltd: \$3,798,125 per annum Café Operator: \$95,220 per annum Australand Holdings Ltd: \$649,827 per annum Total: \$5,248,745 per annum
Avg Current Rent (m ²)	New Office: \$184/m ² per annum Refurbished Office: \$154/m ² per annum Café: \$266/m ² per annum
Avg Market Rent (m ²)	New Office: \$184/m ² per annum Refurbished Office: \$154/m ² per annum Café: \$266/m ² per annum
Occupancy	100%
Expansion Potential	Potential 5,000 m ² of lettable area available on podium

Property portfolio

Gateway Building, Sydney, NSW**Valuation Summary**

Value	\$55.0 million
Valuer	FPD Savills
Date	30 June 2003
Cap Rate	8.00%
10 year IRR	10.26%
Terminal Yield	8.25%
\$Rate/m ² of NLA	\$4,389/m ²

Address	Gateway Building, 26-30 Lee Street, Sydney, NSW
Property Type	Nine level commercial office building
Ownership	99 year leasehold interest commencing 1 December 2001
Location	Southern end of the Sydney CBD
Constructed	Constructed and completed in 2002
Lettable Area	12,530 m ²
No. Cars	44
Land Area	3,280 m ²
Major Tenants	Commonwealth Government of Australia (DIMA, March 2012) Commonwealth Government of Australia (DFAT, May 2007) State Government of NSW (SRA, July 2007)

Avg Unexpired Lease Term	7.6 years approximately (at 1 October 2003)
Rent Review Structure	DIMA fixed 3.5% increases per annum DFAT fixed 3.5% increases per annum SRA fixed 3.5% increases per annum

Total:	\$4,433,749 per annum
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DIMA:	\$3,814,474 per annum
DFAT:	\$519,193 per annum
SRA:	\$100,082 per annum

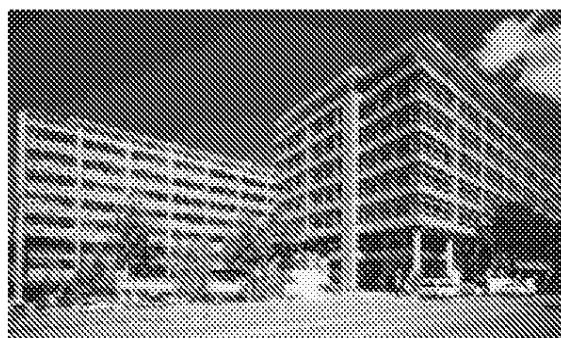
Avg Current Rent (m ²)	Office: \$337/m ² per annum
Avg Market Rent (m ²)	Office: \$339/m ² per annum
Occupancy	100%

**Henry Deane Building, Sydney, NSW****Valuation Summary**

Value	\$36.5 million
Valuer	m3 Property
Date	30 June 2003
Cap Rate	8.25%
10 year IRR	10.34%
Terminal Yield	9.00%
\$Rate/m ² of NLA	\$4,006/m ²

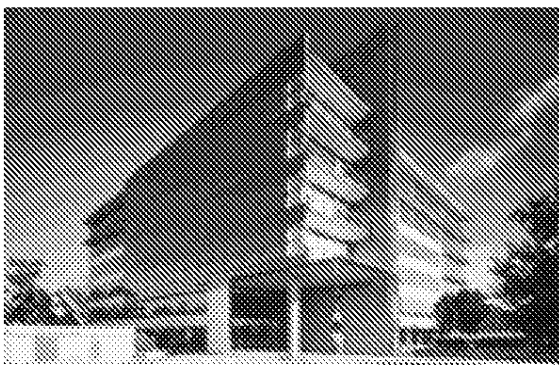
Address	Henry Deane Building, 20 Lee Street, Sydney, NSW
Property Type	An eight level "A" grade commercial office building
Ownership	99 year leasehold interest commencing 1 December 2001
Location	Southern end of the Sydney CBD
Constructed	Constructed and completed in 2001
Lettable Area	9,111 m ²
No. Cars	31
Land Area	2,701 m ²
Major Tenant	State Government of NSW (November 2011)

Avg Unexpired Lease Term	8.2 years approximately (at 1 October 2003)
Rent Review Structure	Reviews to market every two years, with a ratchet of \$290/m ² per annum
Current Rent	\$2,785,343 per annum
Avg Current Rent (m ²)	Office: \$290/m ² per annum
Avg Market Rent (m ²)	Office: \$315/m ² per annum net
Occupancy	100%



**Building C, Rhodes, NSW
(Rhodes Corporate Office Park)**
Valuation Summary

Value	\$36.0 million
Valuer	m3 Property
Date	30 June 2003
Cap Rate	8.50%
10 year IRR	10.59%
Terminal Yield	9.00%
\$Rate/m ² of NLA	\$3,325/m ²



Address	Building C, Alfred Street, Rhodes, NSW
Property Type	A modern five level "A" grade commercial office building
Ownership	Freehold title
Location	14 kilometres from the Sydney CBD
Constructed	Constructed and completed in 2001
Lettable Area	10,827 m ²
No. Cars	230
Land Area	2,782 m ²
Major Tenant	Australand Holdings Limited (July 2011)
Avg Unexpired Lease Term	7.8 years approximately (at 1 October 2003)
Rent Review Structure	Fixed 3.0% increases per annum
Current Rent	\$3,065,306 per annum
Avg Current Rent (m ²)	Office: \$250/m ² per annum
Avg Market Rent (m ²)	Office: \$250/m ² per annum
Occupancy	100%

Richmond, VIC
Valuation Summary

Value	\$24.25 million
Valuer	m3 Property
Date	30 June 2003
Cap Rate	8.25%
10 year IRR	9.38%
Terminal Yield	8.75%
\$Rate/m ² of NLA	\$3,006/m ²

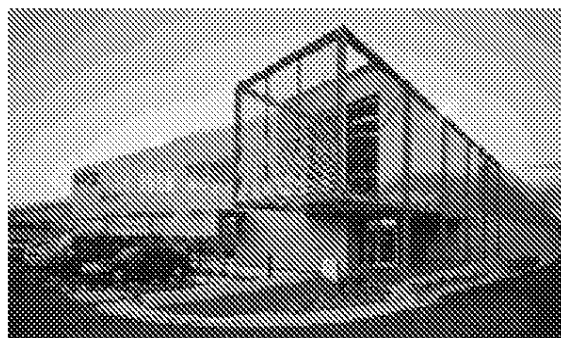


Address	Building 10, 658 Church Street, Richmond, Vic.
Property Type	A-grade suburban office development comprising a four level building with a café at ground level
Ownership	Freehold title
Location	5 kilometres east of the Melbourne CBD
Constructed	Modern building completed in 2000
Lettable Area	Total: 8,067 m ² Office: 7,875 m ² Café: 192 m ²
No. Cars	278
Land Area	4,908.35 m ²
Major Tenants	Office: Ansell Ltd (September 2007) Café: Café Operator (June 2006)
Avg Unexpired Lease Term	4.0 years approximately (at 1 October 2003)
Rent Review Structure	Ansell Ltd fixed 3.5% increases per annum Café Operator fixed 3.5% increases per annum
Current Rent	Ansell Ltd: \$2,029,993 per annum Café Operator: \$58,917 per annum Total: \$2,088,910 per annum
Avg Current Rent (m ²)	Office: \$211/m ² per annum Café: \$325/m ² per annum
Avg Market Rent (m ²)	Office: \$211/m ² per annum Café: \$325/m ² per annum
Occupancy	100%

Amdell Park, NSW
Valuation Summary

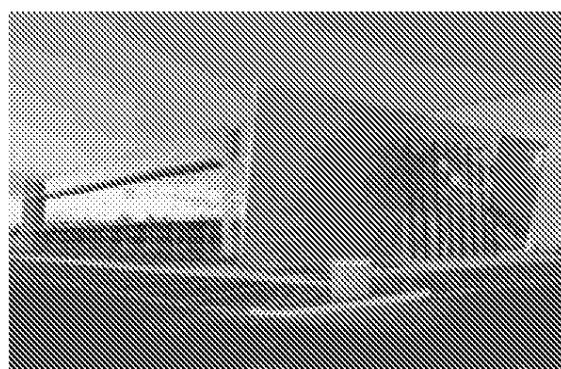
Value	\$20.6 million
Valuer	FPD Savills
Date	30 June 2003
Cap Rate	8.65%
10 year IRR	10.51%
Terminal Yield	9.00%
\$Rate/m ² of GBA	\$1,162/m ²

Address	Corner of Great Western Highway and Walters Road, Amdell Park, NSW
Property Type	Industrial office and warehouse building
Ownership	Freehold title
Location	35 kilometres west of the Sydney CBD
Constructed	Constructed and completed in 2002
Lettable Area	17,733 m ²
No. Cars	74
Land Area	30,875 m ²
Major Tenant	Exel (Australia) Pty Limited (April 2012)
Avg Unexpired Lease Term	8.6 years approximately (at 1 October 2003)
Rent Review Structure	Fixed 3.00% increases per annum with a market review at the expiration of years five and 10
Current Rent	Exel: \$1,782,663 per annum
Avg Current Rent (m²)	\$101/m ² per annum
Avg Market Rent (m²)	\$101/m ² per annum
Occupancy	100%


Sharps Road, Tullamarine, VIC
(Melbourne Airport Business Park)
Valuation Summary

Value	\$16.6 million
Valuer	FPD Savills
Date	30 June 2003
Cap Rate	9.00%
10 year IRR	10.77%
Terminal Yield	10.00%
\$Rate/m ² of GBA	\$591/m ²

Address	130 Sharps Road, Tullamarine, Vic.
Property Type	Industrial office and warehouse building
Ownership	Leasehold interest expiring 30 June 2047
Location	16 kilometres north of the Melbourne CBD, within the Melbourne Airport Business Park Estate
Constructed	Constructed and completed in 2002
Lettable Area	28,100 m ²
No. Cars	200
Land Area	47,410 m ²
Major Tenant	Laminex Industries (June 2012)
Avg Unexpired Lease Term	8.7 years approximately (at 1 October 2003)
Rent Review Structure	Fixed 3.50% increases per annum
Current Rent	\$1,835,573 per annum
Avg current rent (m²)	\$65/m ² per annum
Avg market rent (m²)	\$64/m ² per annum
Occupancy	100%
Expansion Potential	Expansion land of 10,000 m ² under the lease



Crestmead, QLD**Valuation Summary**

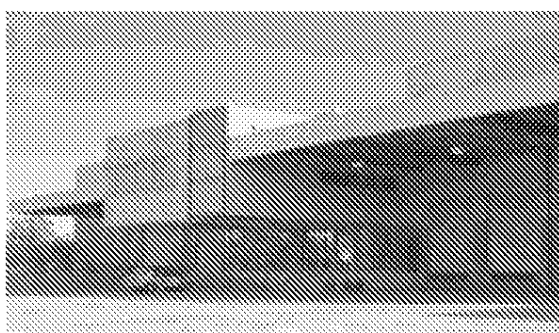
Value	\$15.75 million
Valuer	CB Richard Ellis
Date	30 June 2003
Cap Rate	8.75%
10 year IRR	9.67%
Terminal Yield	9.25%
\$Rate/m ² of GBA	\$816/m ²



Address	57-71 Platinum Street, Crestmead, Qld
Property Type	Manufacturing/distribution industrial building
Ownership	Freehold title
Location	24 kilometres from the Brisbane CBD
Constructed	Constructed and completed in 2000
Lettable Area	19,299 m ²
No. Cars	121
Land Area	5.44 hectares
Major Tenant	Amatek Limited trading as Stramit (November 2011)
Avg Unexpired Lease Term	8.1 years approximately (at 1 October 2003)
Rent Review Structure	CPI increases annually
Current Rent	\$1,362,908 per annum
Avg Current Rent (m ²)	\$71/m ² per annum
Avg Market Rent (m ²)	\$71/m ² per annum
Occupancy	100%
Expansion Potential	The building is able to be expanded by 4,200 m ² of gross building area

Seven Hills, NSW**Valuation Summary**

Value	\$13.6 million
Valuer	FPD Savillis
Date	30 June 2003
Cap Rate	8.56%
10 year IRR	10.43%
Terminal Yield	9.00%
\$Rate/m ² of GBA	\$1,270/m ²



Address	8-12 Stanton Road, Seven Hills, NSW
Property Type	Industrial office and warehouse building
Ownership	Freehold title
Location	34 kilometres west of the Sydney CBD
Constructed	Constructed and completed in 2002
Lettable Area	10,708 m ²
No. Cars	47
Land Area	16,458 m ²
Major Tenant	National Panasonic Australia Pty Ltd (May 2012)
Avg Unexpired Lease Term	8.6 years approximately (at 1 October 2003)
Rent Review Structure	Fixed to the greater of CPI or 3.50% increases annually. Market review at start of year 6, with a minimum 3.5% or CPI review, whichever is greater
Current Rent	\$1,163,692 per annum
Avg Current Rent (m ²)	\$109/m ² per annum
Avg Market Rent (m ²)	\$109/m ² per annum
Occupancy	100%

**South Park Drive, Dandenong, VIC
(South Park Industrial Estate)****Valuation Summary**

Value	\$12.75 million
Valuer	FPD Savills
Date	30 June 2003
Cap Rate	8.41%
10 year IRR	9.68%
Terminal Yield	9.50%
\$Rate/m ² of GBA	\$597/m ²

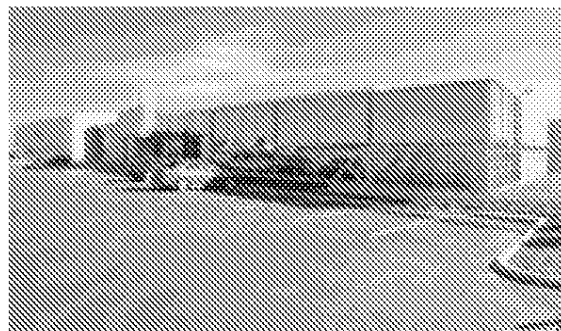
Address	35-59 South Park Drive, Dandenong, Vic.
Property Type	Industrial office and warehouse building
Ownership	Freehold title
Location	35 kilometres south-east of the Melbourne CBD, within South Park Industrial Estate
Constructed	Constructed and completed in 2002
Lettable Area	21,345 m ²
No. Cars	140
Land Area	Main site: 4.013 hectares Expansion land: 1.251 hectares Total: 5.264 hectares

Major Tenant	New Clicks (Australia) Pty Ltd, trading as Priceline (May 2014)
Avg Unexpired Lease Term	10.6 years approximately (at 1 October 2003)
Rent Review Structure	Fixed 3.00% increases per annum with a market review at the expiration of year 6
Current Rent	\$1,072,445 per annum
Avg Current Rent (m ²)	\$50/m ² per annum
Avg Market Rent (m ²)	\$51/m ² per annum
Occupancy	100%
Expansion Potential	Expansion land of 1.251 hectares under the lease (to be transferred back to Australand at nominal consideration should Tenant not exercise the option to expand by 14 May 2005)

**Lytton, QLD****Valuation Summary**

Value	\$12.0 million
Valuer	CB Richard Ellis
Date	30 June 2003
Cap Rate	8.50%
10 year IRR	9.79%
Terminal Yield	8.75%
\$Rate/m ² of GBA	\$829/m ²

Address	5-7 Trade Street, Lytton, QLD
Property Type	Manufacturing/distribution industrial building
Ownership	Freehold title
Location	12 kilometres from the Brisbane CBD
Constructed	Constructed and completed in 2001
Lettable Area	14,479 m ²
No. Cars	140
Land Area	43,378 m ²
Major Tenant	Berri Limited (May 2011)
Avg Unexpired Lease Term	7.6 years approximately (at 1 October 2003)
Rent Review Structure	4.0% increases at start of years 2, 3, 4 and 5 and 3.0% increases annually thereafter
Current Rent	\$1,016,434 per annum
Avg Current Rent (m ²)	\$70/m ² per annum
Avg Market Rent (m ²)	\$70/m ² per annum
Occupancy	100%
Expansion Potential	Development Approval for expansion of the building by 4,440 m ² has been issued in anticipation of a potential expansion by the Tenant.



Footscray, VIC**Valuation Summary**

Value	\$11.9 million
Valuer	CB Richard Ellis
Date	30 June 2003
Cap Rate	10.00%
10 year IRR	10.72%
Terminal Yield	10.50%
\$Rate/m ² of NLA	\$1,632/m ²



Address	90 Maribymong Street, Footscray, Vic.
Property Type	A brick and concrete office building, with small warehouse.
Ownership	Freehold title
Location	5 kilometres north-west of the Melbourne CBD
Constructed	Refurbished and renovated building completed in 2000
Lettable Area	7,293 m ²
No. Cars	86
Land Area	3,500 m ²
Major Tenants	Lonely Planet Publications Pty Ltd (September 2011)
Avg Unexpired Lease Term	8.0 years approximately (1 October 2003)
Rent Review Structure	Fixed 3.5% increases per annum
Current Rent	Lonely Planet: \$1,204,430 per annum
Avg Current Rent (m ²)	Office: \$165/m ² per annum
Avg Market Rent (m ²)	Office: \$165/m ² per annum
Occupancy	100%

Rocklea, QLD**Valuation Summary**

Value	\$10.3 million
Valuer	FPD Savillis
Date	30 June 2003
Cap Rate	9.25%
10 year IRR	10.49%
Terminal Yield	10.25%
\$Rate/m ² of GBA	\$678/m ²

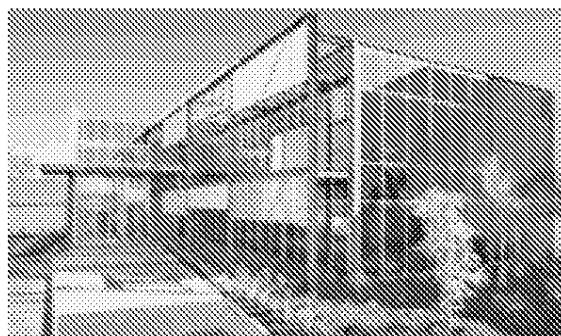


Address	99 Shettleston Street, Rocklea Qld
Property Type	Industrial office and warehouse building
Ownership	Freehold title
Location	11 kilometres south-west of the Brisbane CBD
Constructed	Constructed and completed in 2002
Lettable Area	15,186 m ²
No. Cars	77
Land Area	26,887 m ²
Major Tenant	Aimcor Packaging (Australia) Pty Ltd (December 2006)
Avg Unexpired Lease Term	3.3 years approximately (at 1 October 2003)
Rent Review Structure	Fixed 3.00% increases per annum
Current Rent	\$964,460 per annum Licence Fee: \$14,509 per annum Total: \$978,969 per annum
Avg Current Rent (m ²)	\$64/m ² per annum
Avg Market Rent (m ²)	\$64/m ² per annum
Occupancy	100%
Comments	The Tenant has entered into a licence with the Trust for the provision of new rapid roller doors. The licence provides for an annual fee of \$14,509 per annum from 1 July 2003 to lease expiry and a bullet payment of \$51,962 if the lease is not renewed.

Property portfolio

Heathwood, QLD**Valuation Summary**

Value	\$9.5 million
Valuer	FPD Savills
Date	30 June 2003
Cap Rate	8.50%
10 year IRR	10.02%
Terminal Yield	9.50%
\$Rate/m ² of GBA	\$946/m ²



Address	51 Stradbroke Street, Heathwood, QLD
Property Type	Industrial office and warehouse building
Ownership	Freehold title
Location	20 kilometres south of the Brisbane CBD
Constructed	Constructed and completed in 2002
Lettable Area	10,040 m ²
No. Cars	126
Land Area	34,230 m ²
Major Tenant	B & R Enclosures Pty Ltd (June 2014)
Avg Unexpired Lease Term	10.8 years approximately (at 1 October 2003)
Rent Review Structure	Fixed to the greater of CPI or 3.00% increases per annum. With a market review every six years
Current Rent	\$799,538 per annum
Avg Current Rent (m²)	\$80/m ² per annum
Avg Market Rent (m²)	\$80/m ² per annum
Occupancy	100%
Expansion Potential	3,300m ² approx. of expansion space

Outer Harbor, SA**Valuation Summary**

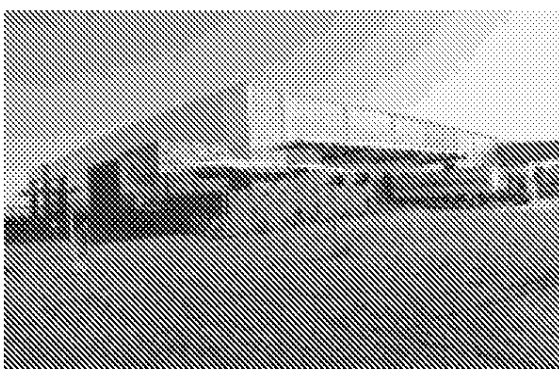
Value	\$7.10 million
Valuer	CB Richard Ellis
Date	30 June 2003
Cap Rate	8.75%
10 year IRR	9.79%
Terminal Yield	9.25%
\$Rate/m ² of GBA	\$1,072/m ²



Address	Lot 102 Coghian Road, Outer Harbor, SA
Property Type	Office, warehouse and distribution facility
Ownership	Freehold title
Location	22 kilometres north of the Adelaide CBD in proximity to port facilities of Adelaide
Constructed	Constructed and completed in 2000
Lettable Area	6,626 m ²
No. Cars	23
Land Area	30,060 m ²
Major Tenant	Southcorp Wines Pty Ltd (April 2011)
Avg Unexpired Lease Term	7.5 years approximately (at 1 October 2003)
Rent Review Structure	Southcorp fixed greater of CPI or 3.00% increases per annum
Current Rent	Southcorp: \$658,700 per annum
Avg Current Rent (m²)	Office/warehouse: \$100/m ² per annum
Avg Market Rent (m²)	Office/warehouse: \$92/ per annum
Occupancy	100%

**Annandale Road, Tullamarine, VIC
(Melbourne Airport Business Park)**
Valuation Summary

Value	\$6.55 million
Valuer	FPD Savills
Date	30 June 2003
Cap Rate	9.00%
10 year IRR	10.64%
Terminal Yield	10.25%
\$Rate/m ² of GBA	\$632/m ²



Address	40 Annandale Road, Tullamarine, Vic.
Property Type	Industrial office and warehouse building
Ownership	Leasehold interest expiring 30 June 2047
Location	16 kilometres north of the Melbourne CBD, in the Melbourne Airport Business Park Estate
Constructed	Constructed and completed in 2002
Lettable Area	10,369 m ²
No. Cars	45
Land Area	19,386 m ²
Major Tenant	Multigroup Distribution Services, trading as Star Track Express (March 2012)
Avg Unexpired Lease Term	8.5 years approximately (at 1 October 2003)
Rent Review Structure	Fixed 3.75% increases per annum
Current Rent	Star Track: \$644,288 per annum
Avg Current Rent (m ²)	\$62/m ² per annum
Avg Market Rent (m ²)	\$60/m ² per annum
Occupancy	100%
Expansion Potential	Expansion option exercised by the Tenant. Warehouse expansion of 6,370 m ² to be constructed. Lease reverts to a new 10-year term from practical completion.

**South Park Drive, Dandenong, VIC
(South Park Industrial Estate)**
Valuation Summary

Value	\$6.4 million
Valuer	FPD Savills
Date	30 June 2003
Cap Rate	8.50%
10 year IRR	9.65%
Terminal Yield	9.25%
\$Rate/m ² of GBA	\$772/m ²



Address	1–19 South Park Drive, Dandenong, Vic.
Property Type	Industrial office and warehouse building
Ownership	Freehold title
Location	35 kilometres south-east of the Melbourne CBD within South Park Industrial Estate
Constructed	Constructed and completed in 2001
Lettable Area	8,027 m ²
No. Cars	71
Land Area	Main site: 2.014 hectares Total: 3.172 hectares
Major Tenant	Terra Harvest Australia Pty Ltd (June 2010)
Avg Unexpired Lease Term	6.7 years approximately (at 1 October 2003)
Rent Review Structure	Fixed 3.50% increases per annum for the first four reviews, with subsequent fixed reviews of 3.75% per annum annually.
Current Rent	\$641,457 per annum (including \$38,000 per annum ground rent on the expansion land)
Avg Current Rent (m ²)	\$75/m ² per annum (excluding expansion land rent)
Avg Market Rent (m ²)	\$58/m ² per annum (excluding expansion land rent)
Occupancy	100%
Expansion Potential	Expansion land of 1.158 hectares under the lease. Expansion land transferred to Australand for nominal consideration should the Tenant not expand during the initial term.

Property portfolio

Murarie, QLD**Valuation Summary**

Value	\$6.0 million
Valuer	CB Richard Ellis
Date	30 June 2003
Cap Rate	8.50%
10 year IRR	10.38%
Terminal Yield	8.75%
\$Rate/m ² of GBA	\$1,496/m ²

Address	16 Archimedes Place, Murarie, Qld
Property Type	High tech office/distribution industrial building
Ownership	Freehold title
Location	7 kilometres from the Brisbane CBD
Constructed	Constructed and completed in 2001
Lettable Area	4,011 m ²
No. Cars	66
Land Area	7,286 m ²
Major Tenant	HPA Limited (June 2008)
Avg Unexpired Lease Term	4.8 years
Rent Review Structure	CPI increases annually
Current Rent 1	\$522,470 per annum
Avg Current Rent (m ²)	\$130/m ² per annum
Avg Market Rent (m ²)	\$130/m ² per annum
Occupancy	100%



2.9 VALUATION REPORTS

VALUATION & ADVISORY SERVICES

CB Richard Ellis (V) Pty Ltd
Licensed Estate Agent
ABN 15 083 694 357

Level 1
1192 Toorak Road
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Australia

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1 October 2003

The Directors
Australand Holdings Limited
Level 3
1 Homebush Bay Drive
RHODES NSW 2138

The Directors
Australand Property Limited
Level 3
1 Homebush Bay Drive
RHODES NSW 2138

Dear Sirs

Valuation of Australand Wholesale Property Trust Properties

- **90 Maribyrnong Street, Footscray, VIC**
- **Lot 102 Coghlan Road, Outer Harbor, SA**
- **5-7 Trade Street, Lytton, QLD**
- **16 Archimedes Place, Murarrie, QLD**
- **57-71 Platinum Street, Crestmead, QLD**

Instructions

We refer to instructions dated 13 June 2003, requesting us to undertake valuations of the abovementioned properties as at 30 June 2003. We provide this letter of summary on the properties for inclusion in the Australand Property Group Product Disclosure Statement and Prospectus. For further information, reference should be made to our full valuation report undertaken as at 30 June 2003.

We have valued the market value of each property interest, subject to existing tenancies. We confirm that the valuer is suitably qualified to have undertaken the valuations and the valuer has no pecuniary interest that could be regarded as being capable of affecting that person's ability to give an unbiased opinion of value or that could conflict with a proper valuation.

A summary of the valuations is as follows:

VALUATION & ADVISORY SERVICES

1 October 2003

Property:

90 Maribyrnong Street, Footscray, VIC

Description:

A part four level brick and concrete office building, developed by the substantial renovation of a former woolstore in 2000. The building comprises 7,293 square metres of net lettable area plus 86 car parking spaces. The property is situated approximately 5 kilometres west of the Melbourne CBD.

The major tenant is Lonely Planet Publications Pty Ltd with a lease expiring in September 2011.

Value	Date of Valuation	Initial Yield	Market Yield	Terminal Yield	10 year IRR	\$Value per/m ²
\$11.9 million	30 June 2003	9.76%	10.00%	10.50%	10.72%	\$1,632/m ²

Property:

Lot 102 Coghlan Road, Outer Harbor, SA

Description:

The property is an improved warehouse and distribution facility. The building comprises 6,625.6 square metres of net lettable area plus 23 car parking spaces. The property is situated approximately 22 kilometres north-west of the Adelaide CBD.

The major tenant is Southcorp Wines Pty Ltd with a lease expiring in April 2011.

Value	Date of Valuation	Initial Yield	Market Yield	Terminal Yield	10 year IRR	\$Value per/m ²
\$7.1 million	30 June 2003	9.28%	8.75%	9.25%	9.79%	\$1,072/m ²

Property:

5-7 Trade Street, Lytton, QLD

Description:

The property is improved with a manufacturing and distribution facility. The building comprises 14,479 square metres of net lettable area plus 140 car parking spaces. The property is situated approximately 12 kilometres east of the Brisbane CBD.

The major tenant is Berri Limited with a lease expiring in May 2011.

Value	Date of Valuation	Initial Yield	Market Yield	Terminal Yield	10 year IRR	\$Value per/m ²
\$12.0 million	30 June 2003	8.21%	8.50%	8.75%	9.79%	\$829/m ²

VALUATION & ADVISORY SERVICES

1 October 2003

Property:

16 Archimedes Place, Murarrie, QLD

Description:

The property is improved with high-tech office, manufacturing and distribution facility. The building comprises 4,011 square metres of net lettable area plus 66 car parking spaces. The property is situated approximately 7 kilometres east of the Brisbane CBD.

The major tenant is HPA Limited with a lease expiring in June 2008.

Value	Date of Valuation	Initial Yield	Market Yield	Terminal Yield	10 year IRR	\$Value per/m ²
\$6.0 million	30 June 2003	8.57%	8.50%	8.75%	10.38%	\$1,496/m ²

Property:

57-71 Platinum Street, Crestmead, QLD

Description:

The property is improved with a manufacturing and distribution facility. The building comprises 19,299 square metres of net lettable area plus 121 car parking spaces. The property is situated approximately 24 kilometres south of the Brisbane CBD.

The major tenant is Amatek Limited (trading as Stramit) with a lease expiring in November 2011.

Value	Date of Valuation	Initial Yield	Market Yield	Terminal Yield	10 year IRR	\$Value per/m ²
\$15.75 million	30 June 2003	8.48%	8.75%	9.25%	9.67%	\$816/m ²

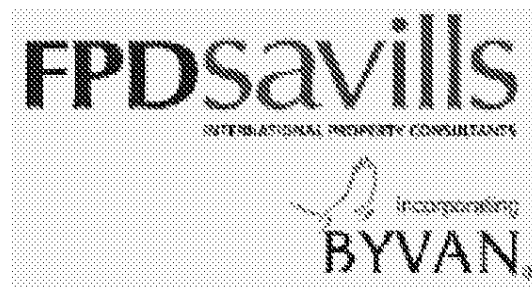
Yours sincerely

CB Richard Ellis (V) Pty Ltd



P R Dickinson

Director – Valuation & Advisory Services



1 October 2003

The Directors
Australand Holdings Limited
Level 3
1C Homebush Bay Drive
RHODES NSW 2138

The Directors
Australand Property Limited
Level 3
1C Homebush Bay Drive
RHODES NSW 2138

FPDSavills (NSW) Pty Limited
ABN 96 058 848 829
Level 5
55 Hunter Street
Sydney NSW 2000
Australia

Telephone: (612) 8215 8888
Direct Line: (612) 8215 8855
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FPDSavills International

Dear Sirs,

Re: Valuation of Australand Wholesale Property Trust No.2 Properties

- Gateway Building, 26-30 Lee Street, Sydney
- Cnr Walters Road & Great Western Highway, Arndell Park, NSW
- 8-12 Stanton Road, Seven Hills, NSW
- 40 Annandale Road, Tullamarine, VIC
- 130 Sharps Road, Tullamarine, VIC
- 1-13 South Park Drive, Dandenong, VIC
- 35-39 South Park Drive, Dandenong, VIC
- 99 Shettleston Street, Rocklea, QLD
- 51 Stradbroke Street, Heathwood, QLD

Instructions

We refer to instructions dated 17 June 2003, requesting us to undertake valuations of the abovementioned properties as at 30 June 2003. We provide this letter of summary on the properties for inclusion in the Australand Property Group Product Disclosure Statement and Prospectus. For further information, reference should be made to our full valuation reports undertaken as at 30 June 2003.

We have valued the market value of each property interest, subject to existing tenancies. We confirm that the valuer is suitably qualified to have undertaken the valuations and the valuer has no pecuniary interest that could be regarded as being capable of affecting that person's ability to give an unbiased opinion of value or that could conflict with a proper valuation.

A summary of the valuations is as follows:

Property:

Gateway Building, 26-30 Lee Street, Sydney, NSW

Description:

The property is a nine-storey building comprising two levels of basement car park, ground floor, levels 1 to 8 inclusive of office accommodation. The building forms part of a three building development known as Central 2000. The building comprises 12,530 square metres of net lettable area plus 44 carparking spaces. The property is owned by way of a 99-year leasehold interest commencing 1 April 2002 and is situated at the southern end of the Sydney CBD.

Office in Europe, Asia, Australasia, Africa. Strategic alliance with Transwell Cawthra Savills in the USA and Canada



The major tenants are The Commonwealth Government of Australia (DIMA) with a lease expiring in March 2012, The Commonwealth Government of Australia (DFAT) with a lease expiring in May 2007, and The State Government of NSW (SRA) with a lease expiring in May 2007.

Value	Date of Valuation	Initial Yield	Market Yield	Terminal Yield	10 year IRR	\$Value per/m ²
\$55.0 million	30 June 2003	8.06%	8.00%	8.25%	10.26%	\$4,389/m ²

Property:

40 Annandale Road, Tullamarine, VIC

Description:

The property is a modern industrial office and warehouse premises comprising 10,369 square metres of gross lettable area plus 45 carparking spaces. The tenant has executed a 6,370m² expansion option and construction has commenced. The property is situated approximately 16 kilometres north-west of the Melbourne CBD, within the Melbourne Airport Business Park. The property is owned by way of a leasehold interest expiring 30 June 2047.

The tenant is Multigroup Distribution Services Pty Limited (trading as Star Track Express) with the current lease expiring in March 2012. On completion of the expansion a new 10-year lease will commence over the entire premises.

Value	Date of Valuation	Initial Yield	Market Yield	Terminal Yield	10 year IRR	\$Value per/m ²
\$6.55 million	30 June 2003	8.76%	9.00%	10.25%	10.64%	\$632/m ²

Property:

130 Sharps Road, Tullamarine, VIC

Description:

The property is a modern industrial office and warehouse premises comprising 28,100 square metres of gross lettable area plus 200 carparking spaces. The property is situated approximately 16 kilometres north-west of the Melbourne CBD, within the Melbourne Airport Business Park. The property is owned by way of a leasehold interest expiring 30 June 2047.

The tenant is Fletcher Building Group (trading as the Laminex Group) with a lease expiring in June 2012.

Value	Date of Valuation	Initial Yield	Market Yield	Terminal Yield	10 year IRR	\$Value per/m ²
\$16.6 million	30 June 2003	8.99%	9.00%	10.00%	10.77%	\$591/m ²

**Property:**

1-19 South Park Drive, Dandenong, VIC

Description:

The property is a modern industrial office, manufacturing and warehouse premises comprising 8,027 square metres of gross lettable area plus 118 carparking spaces. The property is situated approximately 35 kilometres south east of the Melbourne CBD, within the South Park Industrial Estate.

The tenant is Terra Harvest Australia Pty Limited with a lease expiring in June 2010.

Value	Date of Valuation	Initial Yield	Market Yield	Terminal Yield	10 year IRR	\$Value per/m ²
\$6.4 million	30 June 2003	10.02%	8.50%	9.25%	9.65%	\$797/m ²

Property:

35-59 South Park Drive, Dandenong, VIC

Description:

The property is a modern industrial office and warehouse premises comprising 21,345 square metres of gross lettable area plus 140 carparking spaces. The property is situated approximately 35 kilometres south east of the Melbourne CBD, within the South Park Industrial Estate.

The tenant is New Clicks (Australia) Pty Limited (trading as Priceline) with a lease expiring in May 2014.

Value	Date of Valuation	Initial Yield	Market Yield	Terminal Yield	10 year IRR	\$Value per/m ²
\$12.75 million	30 June 2003	8.41%	8.50%	9.50%	9.68%	\$597/m ²

Property:

Corner of Great Western Highway and Walters Road, Arndell Park, NSW

Description:

The property is a modern industrial office and warehouse premises comprising 17,733 square metres of gross lettable area plus 74 carparking spaces. The property is situated approximately 35 kilometres west of the Sydney CBD.

The tenant is Exel (Australia) Pty Limited with a lease expiring in April 2012.

Value	Date of Valuation	Initial Yield	Market Yield	Terminal Yield	10 year IRR	\$Value per/m ²
\$20.6 million	30 June 2003	8.65%	8.65%	9.00%	10.51%	\$1,162/m ²

**Property:**

8-12 Stanton Road, Seven Hills, NSW

Description:

The property is a modern industrial office and warehouse premises comprising 10,708 square metres of gross lettable area plus 47 carparking spaces. The property is situated approximately 34 kilometres west of the Sydney CBD.

The tenant is Panasonic Australia Pty Limited with a lease expiring in May 2012.

Value	Date of Valuation	Initial Yield	Market Yield	Terminal Yield	10 year IRR	\$Value per/m ²
\$13.6 million	30 June 2003	8.56%	8.56%	9.00%	10.43%	\$1,270/m ²

Property:

99 Shettleston Street, Rocklea, QLD

Description:

The property is a modern industrial office and warehouse premises comprising 15,186 square metres of gross lettable area plus 77 carparking spaces. The property is situated approximately 11 kilometres south west of the Brisbane CBD.

The tenant is Amcor Packaging (Australia) Pty Limited with a lease expiring in December 2006.

Value	Date of Valuation	Initial Yield	Market Yield	Terminal Yield	10 year IRR	\$Value per/m ²
\$10.3 million	30 June 2003	9.35%	9.25%	10.25%	10.49%	\$678/m ²

Property:

51 Stradbroke Street, Heathwood, QLD

Description:

The property is a modern industrial office, warehouse and manufacturing premises comprising 10,040 square metres of gross lettable area plus 140 carparking spaces. The property is situated approximately 20 kilometres south of the Brisbane CBD.

The tenant is B & R Enclosures Pty Limited with a lease expiring in June 2014.

Value	Date of Valuation	Initial Yield	Market Yield	Terminal Yield	10 year IRR	\$Value per/m ²
\$9.5 million	30 June 2003	8.23%	8.50%	9.50%	10.02%	\$946/m ²



Liability Disclaimer

FPDSavills has prepared this letter of summary for inclusion in the Australand Property Group Product Disclosure Statement and Prospectus. FPDSavills has not been required to approve or express any opinion about any part of the Product Disclosure Statement and Prospectus, other than this letter of summary and the Statements made in section 2 of this Product Disclosure Statement and Prospectus based on the valuations referred to in this letter of summary.

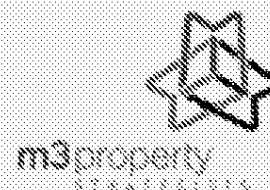
FPDSavills, its directors, executive officers and employees therefore cannot, and do not, make any warranty or representation as to the accuracy or completeness of any information or statement contained in any part of this Product Disclosure Statement and Prospectus, other than those expressly made or given in this letter of summary and the Statements made in section 2 of this Product Disclosure Statement and Prospectus based on the valuations referred to in this letter of summary. FPDSavills specifically disclaims liability to any person in the event of any alleged false or misleading statement in, or material omission from, any part of the Product Disclosure Statement and Prospectus other than in respect of the material prepared by FPDSavills.

Yours faithfully,



Andrew Pannifex
Divisional Director – NSW Valuations
FPDSavills

DM:HD
22640/G8852



1 October 2003

The Directors
Australand Holdings Limited
Level 3
1C Homebush Bay Drive
RHODES NSW 2138

The Directors
Australand Property Limited
Level 3
1C Homebush Bay Drive
RHODES NSW 2138

Dear Sirs

RE: VALUATION OF AUSTRALAND WHOLESALE TRUST PROPERTIES

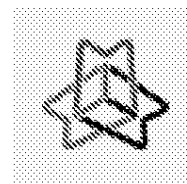
- ✉ **CORPORATE SATELLITE CENTRE, 690 SPRINGVALE ROAD, MULGRAVE, VIC**
- ✉ **BUILDING 10, 658 CHURCH STREET, RICHMOND, VIC**
- ✉ **BUILDING C, RHODES CORPORATE OFFICE PARK, HOMEBUSH BAY DRIVE, RHODES, NSW**
- ✉ **HENRY DEANE BUILDING, 20 LEE STREET, SYDNEY, NSW**

INSTRUCTIONS

We refer to instructions dated 13 June 2003, requesting us to undertake valuations of the abovementioned properties as at 30 June 2003. We provide this letter of summary on the properties for inclusion in the Australand Property Group Product Disclosure Statement and Prospectus. For further information, reference should be made to our full valuation report undertaken as at 30 June 2003.

We have valued the market value of each property interest, subject to existing tenancies. We confirm that the valuer is suitably qualified to have undertaken the valuations and the valuer has no pecuniary interest that could be regarded as being capable of affecting that person's ability to give an unbiased opinion of value or that could conflict with a proper valuation.

A summary of the valuations is as follows.



CORPORATE SATELLITE CENTRE, 690 SPRINGVALE ROAD AND 360 WELLINGTON ROAD, MULGRAVE, VICTORIA

"A" grade suburban office development comprising two new buildings and one refurbished building. The property provides a total lettable area of 21,323m² and a provision for 1,366 car parks. The property is well situated on the south-eastern corner of Springvale and Wellington Roads within the eastern metropolitan suburb of Mulgrave, approximately 20 kilometres south east of the Melbourne CBD.

The major tenants are Coles Myer Limited with a lease expiring in April 2017 and Australand Holdings Limited with a lease expiring in February 2012.

Value	Date of Valuation	Initial Yield	Market Yield	Terminal Yield	10 Year IRR	\$Value Per/m ²
\$61.0 million	30 June 2003	8.54%	8.25%	8.75%	9.61%	\$2,869/m ²

BUILDING 10, 658 CHURCH STREET, RICHMOND, VICTORIA

"A" grade suburban office development comprising a four level building with café at ground level. The building comprises 8,067 square metres of net lettable area plus 278 basement carparking spaces. The property is situated in a well-regarded office park approximately 3 kilometres south east of the Melbourne CBD.

The major tenant is Ansell Limited with a lease expiring in September 2007.

Value	Date of Valuation	Initial Yield	Market Yield	Terminal Yield	10 Year IRR	\$Value Per/m ²
\$24.25 million	30 June 2003	8.33%	8.25%	8.75%	9.38%	\$3,006/m ²

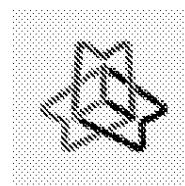
BUILDING C, RHODES CORPORATE OFFICE PARK, HOMEBUSH BAY DRIVE, RHODES, NSW

A modern nine storey building comprising two levels of basement car park, ground floor, Levels 1 to 5 inclusive of office accommodation and a roof top plant room. The building forms part of a proposed six building development, which will be known as the Rhodes Corporate Office Park. The building comprises 10,827 square metres of net lettable area plus 230 basement carparking spaces. The property is situated approximately 14 kilometres north west of the Sydney CBD.

The major tenant is Australand Holdings Limited with a lease expiring in July 2011.

Value	Date of Valuation	Initial Yield	Market Yield	Terminal Yield	10 Year IRR	\$Value Per/m ²
\$36.0 million	30 June 2003	8.27%	8.50%	9.00%	10.59%	\$3,325/m ²

- 3 -



HENRY DEANE BUILDING, 20 LEE STREET, SYDNEY, NSW

An eight level "A" grade commercial office building completed in late 2001, comprising ground floor level and 7 upper levels. The building comprises 9,111.70 square metres of net lettable area plus 31 basement carparking spaces. The property is owned by way of a 99-year leasehold interest commencing 1 December 2001. The property is situated at the southern end of the Sydney CBD.

The major tenant is the State Government of NSW with a sublease expiring in November 2011.

Value	Date of Valuation	Initial Yield	Market Yield	Terminal Yield	10 Year IRR	Value Per m ²
\$36.5 million	30 June 2003	8.29%	8.25%	9.00%	10.34%	\$4,006/m ²

Yours faithfully
m3property

Dan Magree
Director

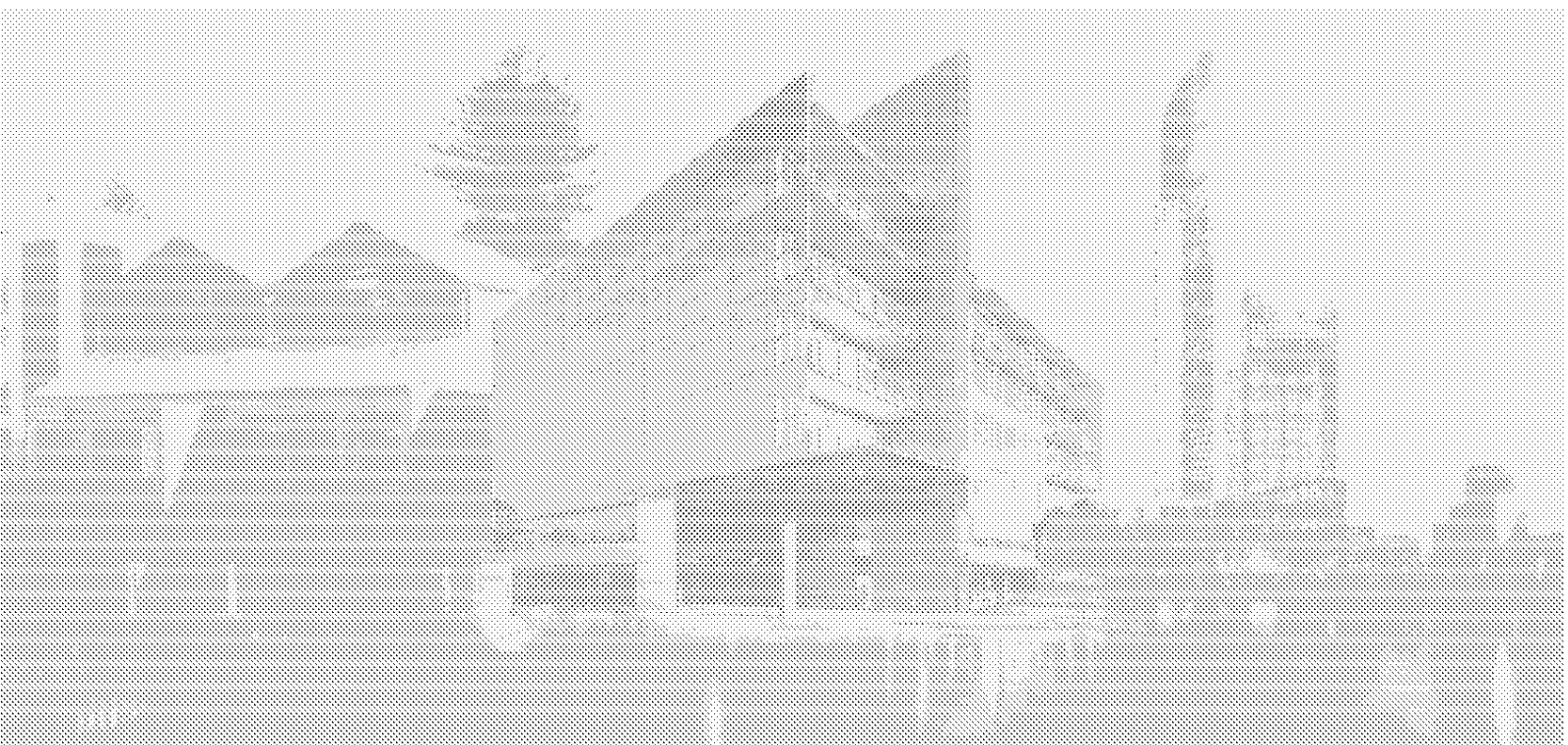
dan.magree@m3property.com.au

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SECTION 3

Financial information

3



3. FINANCIAL INFORMATION

3.1 INTRODUCTION

This Section contains information concerning the historical and forecast financial information of Australand and the pro forma and forecast financial information of Australand Property Group on a basis which assumes that the Proposal is implemented.

Assumptions underlying the preparation of the pro forma and forecast financial information are presented together with a sensitivity analysis demonstrating the impact on the forecast financial information of variations in key assumptions. The risks to which the respective businesses are subject are set out in Section 5 and should be read in conjunction with this Section.

Additional financial information relating to Australand on a standalone basis, AWPT and AWPT2 can be found in Section 4 of the Explanatory Memorandum.

3.1.1 Historical financial information

In respect of the historical information, the following financial information has been presented:

- audited statement of financial performance of Australand for the year ended 31 December 2002;
- audited statement of financial position of Australand as at 30 June 2003; and
- audited statement of cash flows of Australand for the half year ended 30 June 2003.

The historical financial information has been extracted from the audited financial statements of Australand for the year ended 31 December 2002 and the half year ended 30 June 2003 together with supporting information.

3.1.2 Forecast financial information

The Directors' forecasts comprise the forecast financial information of Australand, prepared on a standalone basis, for the year ending 31 December 2003 ("Australand Standalone Forecast") and of Australand Property Group for the years ending 31 December 2003 and 2004, based on the forecasts of Australand, AWPT and AWPT2 which is presented to illustrate the forecast outcome of the implementation of the Proposal ("Australand Property Group Forecasts").

The Directors' forecasts include the assumptions underlying the preparation of the Australand Standalone Forecast and the Australand Property Group Forecasts.

The directors of AWIL have prepared the forecast financial information of AWPT and AWPT2 for incorporation into the Australand Property Group Forecasts.

Basis of preparation of the forecast financial information

In respect of the year ending 31 December 2003:

- The Australand Standalone Forecast has been prepared based on the audited financial statements of Australand for the half year ended 30 June 2003 and a forecast for the six months ending 31 December 2003 based on certain best estimate assumptions as determined by the Australand directors regarding the forecast performance of Australand.
- The Australand Property Group Forecasts have been prepared based on the audited financial statements of Australand for the half year ended 30 June 2003, the audited financial statements of AWPT and AWPT2 for the year ended 30 June 2003 plus for each of those entities a forecast for the six months ending 31 December 2003 based on certain best estimate assumptions as determined by the Directors regarding the forecast performance of Australand Property Group.
- The best estimate assumptions reflect the Australand directors' assessment of Australand and the Directors' assessment of Australand Property Group based on present circumstances, anticipated economic and operating conditions and the implementation of management's business strategies.
- The directors of AWIL have determined the best estimate assumptions in regard to the forecast financial performance of AWPT and AWPT2.
- The best estimate assumptions reflect the directors of AWIL's assessment of each of AWPT and AWPT2 based on present circumstances, anticipated economic and operating conditions and the implementation of the Responsible Entity's business strategies.

In respect of the year ending 31 December 2004:

- The Australand Property Group Forecasts have been based on certain best estimate assumptions as determined by the Directors regarding the future performance of Australand Property Group.
- The directors of AWIL have determined the best estimate assumptions in regard to the forecast financial information of AWPT and AWPT2.

The financial information regarding AWPT and AWPT2 is based on information provided by AWIL as the Responsible Entity of AWPT and AWPT2. AWIL has consented to the inclusion of this information in this Offer Document in the form and context in which it appears. Further information in relation to AWPT and AWPT2 can be found in Section 4 of the Explanatory Memorandum.

3.1.3 Pro forma statements of financial position

A pro forma statement of financial position of Australand Property Group has been prepared to illustrate the impact of the Proposal as at 1 July 2003 ("Australand Property Group Pro Forma Statement of Financial Position").

The pro forma statement of financial position has been derived from the audited statements of financial position of Australand, AWPT and AWPT2 respectively as at 30 June 2003 together with transactions and adjustments required to implement the Proposal.

3.1.4 Sensitivity analysis

The forecast financial information should be read in conjunction with the sensitivity analysis in Section 3.12 which illustrates the impact on the forecast of variations in certain key assumptions.

3.1.5 Working capital statement

On completion of the Proposal, Australand Property Group will have enough working capital to carry out its stated objectives. The financial impact of the Proposal on Australand Property Group is set out in this Section. This impact does not include the impact of participation in new projects, as this can only be determined when such projects are undertaken.

3.2 UNFORESEEN EVENTS

The forecast financial information reflects the Australand directors' assessment of Australand and the Directors' assessment of Australand Property Group based on present circumstances, anticipated economic and operating conditions and the implementation of management's business strategies.

While the Directors believe the assumptions used in preparing the forecast financial information are appropriate and reasonable at the time of preparation, some factors that affect the actual results cannot be foreseen or accurately predicted and many of these factors are beyond the control of the Directors. Events and circumstances often do not occur as expected, therefore actual results may differ from the forecast results and the differences may be material. Consequently, the Directors cannot, and do not, guarantee that the forecast or pro forma results will be achieved and Ordinary Shareholders are advised to carefully consider both the risk factors in Section 5 and the assumptions used in preparing the forecast financial information when considering the forecasts and pro forma results and the likely future performance of Australand and Australand Property Group.

3.3 INVESTIGATING ACCOUNTANT'S REPORT

The Investigating Accountant has reviewed the historical financial information of Australand and the Australand Property Group Pro Forma Statement of Financial Position.

The historical and pro forma financial information should be read in conjunction with the Investigating Accountant's report set out in Section 4. Ordinary Shareholders should note the comments made in relation to the scope and limitations of the review.

3.4 REPORTING ACCOUNTANT'S REPORT ON THE DIRECTORS' FORECASTS

The Reporting Accountant has reviewed the Australand Standalone Forecast and the Australand Property Group Forecasts.

The forecast financial information should be read in conjunction with the Reporting Accountant's report set out in Section 4. Ordinary Shareholders should note the comments made in relation to the scope and limitations of the review.

3.5 AUSTRALAND HISTORICAL AND AUSTRALAND PROPERTY GROUP FORECAST STATEMENTS OF FINANCIAL PERFORMANCE

This Section presents the audited statement of financial performance of Australand for the year ended 31 December 2002 and the forecast statements of financial performance of Australand, on a standalone basis, for the year ending 31 December 2003 and of Australand Property Group for the years ending 31 December 2003 and 2004 on the basis that the Proposal has been implemented.

STATEMENTS OF FINANCIAL PERFORMANCE

	Australand Historical ¹ 31 December 2002A ¹ \$'000	Australand Standalone ^{2,8} 31 December 2003F ² \$'000	Australand Property Group Forecasts ^{7,8}	
			31 December 2003F ³ \$'000	31 December 2004F ⁴ \$'000
Sales revenue	1,138,486	1,369,947	1,369,947	1,412,421
Net rental income	—	—	4,993	31,536
Interest revenue	5,030	2,828	2,828	—
Other revenue	14,372	7,259	6,842	282
Revenue from ordinary activities	1,157,888	1,380,034	1,384,610	1,444,239
Cost of properties sold and employee benefits costs	(1,002,665)	(1,218,749)	(1,218,749)	(1,264,636)
Australand Property Trust expenses	—	—	(297)	(1,731)
Depreciation	(5,183)	(3,569)	(3,569)	(2,400)
Amortisation of goodwill	(5,326)	(5,183)	(5,183)	(5,040)
Other expenses from ordinary activities	(15,309)	(19,318)	(19,318)	(23,094)
Fair value acquisition adjustments	—	—	(8,493)	—
Share of net profits of associates and joint venture partnerships accounted for using the equity method	7,762	26,908	26,908	36,605
Development and Australand Property Trust margin	137,167	160,123	155,909	183,943
Borrowing costs expense	(5,981)	(8,324)	(15,446)	(8,893)
Operating profit from ordinary activities before income tax	131,186	151,799	140,463	175,050
Income tax expense	(40,746)	(51,533)	(47,824)	(39,727)
Net profit attributable to members	90,440	100,266	92,639	135,323
Earnings per share				
Ordinary Shares (cents)	16.60	17.96	—	—
Reset Prefs (cents)	850.00	—	—	—
Stapled Securities (cents) ⁵	—	12.00	15.74 ⁶	18.07

NOTES:

- 1 Extracted from the audited financial statements of Australand for the year ended 31 December 2002.
- 2 Australand Standalone Forecast is based on the audited results for the half year ended 30 June 2003 and forecast for the six months ending 31 December 2003.
- 3 Australand Property Group Forecast for 2003 represents the aggregated group after the full implementation of the Proposal effective 1 November 2003, including the results of AWPT and AWPT2 for the two months ending 31 December 2003.
- 4 Australand Property Group Forecast for 2004 represents the aggregated group after the implementation of the Proposal and includes the results of AWPT and AWPT2 for the full year ending 31 December 2004.
- 5 The calculation of earnings per share ("EPS") for the year ending 31 December 2003 for Australand Property Group has been calculated on a diluted basis as if the Reset Prefs were converted to Ordinary Shares for the full year. No adjustment has been made for conversion of Options.
- 6 Includes the estimated fair value adjustment which equates to 1.44 cents per Stapled Security
- 7 Details of the assumptions used to compile these statements from the respective statements of financial performance of Australand, AWPT and AWPT2 (as applicable) are set out in Section 3.8 of this Offer Document.
- 8 The accounting policies used in the preparation of these statements are contained in Section 3.14 of this Offer Document.

3.5.1 Reconciliation of Australand and Australand Property Group forecast net profit for the year ending 31 December 2003

The forecast net profit for Australand Property Group for the year ending 31 December 2003 is lower than the forecast net profit for Australand on a standalone basis for the year ending 31 December 2003 following implementation of the Proposal. A reconciliation of the Australand Standalone Forecast net profit to the Australand Property Group forecast net profit for the year ending 31 December 2003 is set out below:

	\$m
Australand Standalone Forecast net profit	100.3
Net income from Australand Property Trust before finance costs	4.6
Fair value adjustment	(8.5)
Additional borrowing costs expense	(7.1)
Decrease in other income	(0.4)
Income tax effect on the above	3.7
Australand Property Group forecast net profit	92.6

3.5.2 Forecast Distributions of Australand Property Group

The forecast Distributions contain taxation benefits for Stapled Securityholders. It is expected that the forecast dividends paid out of Australand (forecast to be approximately 61% of Australand Property Group's Distribution for the year ending 31 December 2004) will be fully franked, and that the forecast distribution from Australand Property Trust (forecast to be approximately 39% of Australand Property Group's Distribution for the year ending 31 December 2004) will contain a tax deferred component.

COMPOSITION OF DISTRIBUTION PER STAPLED SECURITY (CENTS)

Year ending 31 December	Australand Property Group 2003F ¹	2004F ²
Fully franked dividends	12.00	10.12
Australand Property Trust distributions	1.32 ²	6.36
Total	13.32	16.48
Tax deferred component	0.26	1.40

NOTES:

- ¹ Australand Property Group Forecasts for 2003 represent the aggregated group assuming an effective date of implementation of 1 November 2003, including the results of AWPT1 and AWPT2 for the two months ending 31 December 2003. This represents an interim dividend of 9.00 cents per Ordinary Share paid or payable to Ordinary Shareholders pre-stapling and the forecast final distribution of 4.32 cents per Stapled Security for the year ending 31 December 2003.
- ² As disclosed in Section 3.15, the number of Ordinary Shares currently on issue is 531,172,665. The estimated number of Stapled Securities as disclosed in the pro forma notes in Section 3.15 is 721,649,620 and this has been used in determining the final quarter distribution for 2003 of Australand Property Trust.
- ³ Australand Property Group Forecasts for 2004 represent the aggregated group after the full implementation of the Proposal and includes the results of AWPT and AWPT2 for the full year ending 31 December 2004.

3.6 AUSTRALAND HISTORICAL AND AUSTRALAND PROPERTY GROUP PRO FORMA STATEMENTS OF FINANCIAL POSITION

This Section contains the audited statement of financial position of Australand as at 30 June 2003 and the Australand Property Group Pro Forma Statement of Financial Position prepared as if the Proposal were implemented effective 1 July 2003.

STATEMENTS OF FINANCIAL POSITION

	Australand Historical ¹ 30 June 2003 ¹ \$'000	Australand Property Group Pro Forma ^{4,5} 1 July 2003 ² \$'000
Cash assets	59,432	14,572
Receivables	361,443	361,443
Inventories	950,364	950,364
Investment in joint venture entities	134,681	134,681
Property investments	—	367,227
Goodwill	57,452	57,452
Other assets	67,702	44,452
Total assets	1,631,074	1,930,191
Interest bearing liabilities	497,842	528,814
Land vendor liabilities	54,693	54,693
Other liabilities	280,924	287,950
Total liabilities	833,459	871,457
Net assets	797,615	1,058,734
Shareholders/Stapled Securityholders' equity		
Parent entity interest		
Contributed equity	593,446	858,563
Retained profits	199,968	192,414
Revaluation reserve	—	3,556
Total parent entity interest	793,414	1,054,533
Outside equity interests in controlled entities	4,201	4,201
Total equity	797,615	1,058,734
NTA per Stapled Security (\$)³	1.31	1.38

NOTES

1 Extracted from the audited financial statements of Australand for the half year ended 30 June 2003.

2 Australand Property Group after the full implementation of the Proposal assuming the transactions and adjustments occurred 1 July 2003.

3 NTA is derived from net assets adjusted for goodwill, the face value of the Reset Prefs and the outside equity interests.

4 Details of the transactions and adjustments required to compile this statement from the respective statements of financial position of Australand, AWPT and AWPT2 are contained in Section 3.9 of this Offer Document.

5 The accounting policies used in the preparation of these statements are contained in Section 3.14 and supporting notes are contained in Section 3.15 of this Offer Document.

3.7 AUSTRALAND HISTORICAL STATEMENT OF CASH FLOWS

This Section contains the audited historical statement of cash flows of Australand for the half year ended 30 June 2003.

STATEMENT OF CASH FLOWS

	Australand 30 June 2003 ^{1,2} \$'000
Audited	
Cash flows from operating activities	
Receipts from trade and other debtors	586,083
Payments to trade creditors, other suppliers, creditors and employees:	
– Inventories (acquisition)	(115,873)
– Inventories (development)	(390,142)
– Others	(52,257)
Interest received	1,967
Borrowing costs paid	(23,225)
Income tax paid	(54,017)
Net cash flows used in operating activities	(47,464)
Cash flows from investing activities	
Proceeds from sale of investments	15,296
Payments for purchase of joint venture equity investments	(43,515)
Payments for purchase of unlisted property trust units	(2,000)
Loans advanced (to)/from related parties	(5,927)
Proceeds from sale of plant and equipment	630
Payments for plant and equipment	(71)
Net cash flows used in investing activities	(35,587)
Cash flows from financing activities	
Proceeds from borrowings	194,892
Repayment of borrowings	(48,906)
Dividends paid	(33,584)
Proceeds from issue of ordinary shares	66
Net cash flows from financing activities	112,468
Net increase in cash held	29,417
Cash at the beginning of period	30,015
Cash at the end of period	59,432

NOTES:

1 Extracted from Australand's audited financial statements for the half year ended 30 June 2003.

2 The accounting policies used in the preparation of this statement are contained in Section 3.14 of this Offer Document.

3.6 DIRECTORS' BEST ESTIMATE ASSUMPTIONS RELATING TO THE DIRECTORS' FORECASTS

This Section sets out:

- the Australand directors' best estimate assumptions in relation to the Australand Standalone Forecast – the assumptions relating to forecast revenue and expenses of Australand on a standalone basis;
- the Directors' best estimate assumptions in relation to the forecast financial information of Australand Property Group – the assumptions relating to the forecast financial information of Australand and the aggregation of Australand, AWPT and AWPT2 assuming the Proposal is implemented in full; and
- the directors of AWIL's best estimate assumptions in relation to the forecast financial information of AWPT and AWPT2.

These assumptions relate to both the 2003 and 2004 years.

The accounting policies relating to the forecast financial information are set out in Section 3.14.

3.6.1 Assumptions relating to Australand forecast financial information**Sales revenue**

The Australand Standalone Forecast and the Australand Property Group Forecasts include sales and profit forecasts for Land and Housing, Apartments and Commercial and Industrial projects being developed by Australand.

The Australand Standalone Forecast and the Australand Property Group Forecasts of sales revenue are based on assumptions specific to individual projects relating to forecast revenues having regard to:

- specific estimates of selling prices for all projects based on estimates of current demand, sales of previous stock or similar stock in the area;
- specific estimates of the forecast stage of completion of development works;
- specific estimates of the forecast rate for sale of stocks of land and housing and apartments; and
- specific estimates of forecast sales and pre-lease commitments of commercial and industrial developments.

Achievement of the forecasts does not require any additional land stock to be acquired in the forecast period. Australand has sufficient projects in progress and land banks at various stages of development to satisfy the forecast requirements.

Sales revenue and profit which may be derived in the future, from the reinvestment of working capital in the purchase of future development sites has not been included in the forecast financial information.

Australand's financial report, lodged with ASX, for the six months ended 30 June 2003 disclosed the following pipelines which have formed the basis for the forecasts:

Land and housing

Business Unit		No. of Projects	Future Yield (No.)		Future Revenue \$'m		Trading Life
			Land	Housing	Land	Housing	
Sydney	Wholly owned	17	37	382	19.9	491.8	Up to
	Joint venture	3	1,906	614	368.7	348.3	5 years
Melbourne	Wholly owned	27	4,068	1,337	467.3	430.5	Up to
	Joint venture	4	2,868	56	404.5	17.1	7 years
South-east Queensland	Wholly owned	13	286	714	54.9	271.8	2-3
	Joint venture	2	313	–	45	–	years
Perth	Wholly owned	14	2,086	275	363.9	69.8	Up to 6 years

Apartments

Business Unit		No. of Apartments		Construction Life
Sydney	Wholly owned	552		To June 2006
	Joint venture	1,592		To December 2009
Melbourne	Wholly owned	372		To March 2006
	Joint venture	368		To December 2005
Queensland	Wholly owned	396		To February 2006

Based on this information a determination has been made based on rate of project completion and sales for the forecast for the year ending 31 December 2003 and the year ending 31 December 2004.

Segmental information

SEGMENTAL SUMMARY FOR THE YEAR ENDED 31 DECEMBER 2002

	Land and Housing \$'000	Apartments \$'000	Commercial and Industrial \$'000
Total revenue	432,561	461,143	255,890
Profit before tax from ordinary activities	79,744	26,570	24,972

The mix of revenue and profit for the year ending 31 December 2003 between the Land and Housing, Apartments and Commercial and Industrial divisions is expected to broadly reflect those of the year ended 31 December 2002.

Securitisation

It has been assumed that one project will be securitised in the forecast period. This project represents approximately 3% of the 2003 and 11% of the 2004 profit after tax.

Cost of property sold

The Australand Standalone Forecast and the Australand Property Group Forecasts include an assessment of likely costs for each project including a detailed estimate of development costs for each project having regard to the experience on comparable projects, independent external consultants' and quantity surveyors' reports, internal estimating department projections and the existence of fixed price lump sum contracts for some larger projects. Construction costs are expected to increase at varying rates approximating CPI to reflect expected local conditions.

Major Apartment division projects during the forecast period have either fixed price construction contracts or have been subject to cost plan review. In the Land and Housing division, which typically has smaller stages, costs have historically increased slightly less than or approximating CPI.

Rental guarantees

In instances where Australand has provided rental guarantees or other income support arrangements, appropriate development cost allowances have been established based on the expected length of the vacancies, determined in relation to current and expected market conditions.

In the course of developing some office buildings, in respect of which there are major precommitments, Australand may enter into rent support agreements with wholesale property trusts or institutions to underwrite the rental income for office space that is not leased, when sale contracts are exchanged, usually before construction commences. Usually, Australand is able to lease the remaining office space that is covered by rental support arrangements, prior to, or shortly after, practical completion, though sometimes there may be a small difference between the amount of rent payable under rent support agreements and the amount of rent actually paid by tenants in the early years of a lease. These shortfalls are usually covered by the inclusion of appropriate cost allowances in the project budgets that determine the amount of reportable profit attributable to each project.

Employee expenses and other expenses

It has been assumed that employee expenses and other expenses will increase in line with forecast CPI.

Depreciation and amortisation

Depreciation and amortisation rates are assumed to remain consistent with historical levels during the forecast period.

Borrowing cost expense

The weighted average interest cost for all borrowings (including margins and fees) is 7.5% in the forecast period, compared to a rate of 7.2% for the half year ended 30 June 2003.

The total offer amount of \$225 million will be partly employed to reduce Australand Property Group debt and consequently reduce borrowing costs expense by \$7.2 million before tax for the year ending 31 December 2004.

Treatment of hedge arrangements

Existing swap contracts in place for AWPT and AWPT2 may be closed out with any ongoing potential exposure to interest rate movements incorporated in the Australand hedging programme. The cost associated with the termination of these arrangements is assumed to be not material based on current prices.

Distribution reinvestment plan ("DRP")

It is the intention of the Directors to implement a DRP for Australand Property Group. It has been assumed that the DRP will have an overall acceptance of 65% throughout the forecast period at a price of \$1.74 per Stapled Security. This is based on the reinvestment rate and price of the existing Australand dividend reinvestment plan.

Profit from joint ventures and partnerships

It has been assumed that existing joint ventures and partnerships continue under current arrangements. The profit from joint ventures and partnerships will be derived from projects that were in progress at 30 June 2003.

Taxation

Income tax

An income tax rate of 30% has been applied throughout the forecast period.

Goods and services tax

A goods and services tax ("GST") rate of 10% has been applied throughout the forecast period. All financial information has been stated at the forecast net amount to Australand. Where GST will be paid and a refund is to be obtained, the expense has been shown net of GST. Where a full refund will not be obtained, the expense includes the non-recoverable GST.

3.8.2 Assumptions relating to the Australand Property Trust forecast financial information

Net rental income

Rental income includes net rental income and other income earned from the AWPT and AWPT2 properties. Forecast net rental income is based on current leases and, where applicable, any forecast changes on review and renewal. Factors taken into account include an assessment of likely market conditions, competing property vacancy rates, inflation levels, lease incentives that may be necessary and capital expenditure.

Property expenses

An individual assessment of both recoverable and non-recoverable expenses for each property has been made to determine the basis of the net rental income forecast for each property and an appropriate factor has been applied where relevant.

Property acquisitions and sales

It is assumed that the property portfolio of AWPT and AWPT2 remains unchanged during the forecast period, except for a minor refurbishment at the Muirgrave, Victoria property (estimated \$1.6 million) and some expansion of a Tuillamarine, Victoria property where \$3.7 million will be spent during the forecast period. The net revenue and finance costs on this space have been included in the forecasts.

Investment properties

Investment properties are revalued to fair value at acquisition date. No revaluation gains or losses, except for the fair value adjustments on acquisition, have been assumed in the forecast period and consequently there is no impact on the statement of financial performance.

Taxation

It has been assumed that Australand Property Trust will be managed so that the concessions available under current income tax legislation will be applicable and consequently Australand Property Trust will not be liable for income tax. It is specifically assumed that the non-remeasurement income of Australand Property Trust will be fully distributed each year.

3.8.3 Assumptions relating to the aggregation of Australand and Australand Property Trust

Effective date of the Acquisition Proposal

The date from which AWPT and AWPT2 can be consolidated is dependent on the timing of Court approval. AWPT and AWPT2 will be consolidated from the nearest month end to this date. The forecasts have assumed that the date effective control passes to Australand for accounting purposes is 1 November 2003.

The statutory results for the year ending 31 December 2003 will be based on the actual date of implementation which may differ from the assumed date of implementation. This may result in differences between the forecast and actual results.

Costs associated with the Proposal

Estimated costs of \$10.25 million in relation to the Proposal have been expensed in the statement of financial performance for the year ending 31 December 2003 or, to the extent appropriate, offset against the proceeds of the Offer.

Fair value acquisition adjustments

Unit holders are being offered consideration equivalent to net tangible assets ("NTA") plus 5%. This equates to a premium on acquisition of \$6.5 million. This amount is being written off in the statement of financial performance of Australand Property Group for the year ending 31 December 2003 in accordance with Australian accounting standards.

Existing trust establishment costs currently capitalised in the statements of financial position of AWPT and AWPT2 have been written off in the statements of financial performance of Australand Property Group for the year ending 31 December 2003.

Distributions

It has been assumed that the total dividend and distribution per Stapled Security for Australand Property Group for the year ending 31 December 2003 is 13.32 cents comprising 12 cents dividend and 1.32 cents trust distribution.

It has been assumed that 85% of profits in relation to Australand will be distributed to Stapled Securityholders in the year ending 31 December 2004. The payout ratio of 85% is not guaranteed. In accordance with the trust deed of the Australand Property Trust 100% of Australand Property Trust's distributable amount will be distributed to Stapled Securityholders.

Performance management fees

It has been assumed that the one-off performance management fees which could be payable as provided for in the AWPT Information Memorandum and the AWPT2 Information Memorandum to apply upon the disposal of units by Unitholders of approximately \$6 million will be waived by Australand.

3.9 TRANSACTIONS AND ADJUSTMENTS UNDERLYING THE PREPARATION OF THE PRO FORMA FINANCIAL INFORMATION

This Section sets out the transactions and adjustments made to the audited statement of financial position of Australand as at 30 June 2003 to reflect the impact of the Proposal in order to prepare the Australand Property Group Pro Forma Statement of Financial Position as at 1 July 2003.

Implementation of the Proposal

It has been assumed that for the purposes of the Australand Property Group Pro Forma Statement of Financial Position the Proposal has been implemented on 1 July 2003. This will differ from the actual financial position which will be based on the actual date of implementation of the Proposal.

Stapling Proposal

Capital return

The first phase of the Stapling Proposal is a capital return to Ordinary Shareholders of approximately \$372 million, which is then applied to an acquisition of units in Australand Property Trust by way of a scheme of arrangement. Ordinary Shareholders will be issued units equal to the number of Ordinary Shares held and will therefore hold an equal number of Ordinary Shares and Australand Property Trust units.

This will increase the gearing of Australand and make funds available for reinvestment by Australand Property Trust.

The units in Australand Property Trust are then stapled to the Ordinary Shares in Australand to create the Stapled Securities.

Cancellation of Reset Prefs

The Reset Prefs are cancelled for cash consideration. The cash consideration consists of two payments, amounting to approximately \$55.7 million, calculated as follows:

- cancellation payment, expected to be \$106.2632 per security based on a face value of \$100, a 5% conversion discount, and an additional payment of \$1 per security, amounting to \$53.1 million in total; and
- deferred payment of approximately \$2.5 million which is designed to allow for movements in the price of a Stapled Security over \$1.6689.

The December 2003 dividend payment, amounting to \$2.1192 per Reset Pref (not included in the \$55.7 million consideration), will be paid in mid-November 2003, regardless of whether the Proposal proceeds.

Amendment to Options

The terms of the outstanding Options are amended so that they can be exercised into Stapled Securities.

Offer

Adjustments to equity

The Offer assumes that \$218.25 million will be raised, after allowing for costs of the Offer, through the issue of New Stapled Securities by Australand Property Group at \$1.66 per New Stapled Security through a non-renounceable Entitlement Offer.

Use of funds

The proceeds from the Offer will be applied to:

- fund the cash consideration required for the Acquisition Proposal;
- fund the cancellation consideration of the Reset Prefs; and
- retire part of Australand Property Group debt.

Acquisition Proposal

The total cost of the acquisition of AWPT is estimated at \$73.0 million and of AWPT2 is estimated at \$68.1 million respectively. The Pro Forma Statement of Financial Position assumes the consideration will be satisfied by \$91.7 million of equity (being 55,257,922 at \$1.66 per Stapled Security) assuming that the Unitholders decide to take up the maximum Stapled Security consideration and \$49.4 million in cash.

3.10 CASH FLOW MANAGEMENT

The existing debt together with the future operating revenue that Australand Property Group expects to generate over the forecast period are anticipated to be sufficient to meet the needs of Australand Property Group in respect of its expected restocking requirements in the forecast period, debt repayment commitments and working capital needs.

Under the Proposal, Australand Property Trust is degeared and the debt requirements of Australand Property Group will be satisfied by facilities that are currently available to Australand. Following the Proposal it is estimated that net debt of Australand will increase by \$75 million after the degearing and debt repayment of AWPT and AWPT2. However, the full degearing of Australand Property Trust is dependent on the 65% take up of Stapled Securities by Unitholders assumed in the Australand Property Group Pro Forma Statement of Financial Position. A lower take up may mean Australand Property Trust cannot be fully degeared.

SUMMARY OF FACILITIES AVAILABLE TO AUSTRALAND/AUSTRALAND PROPERTY GROUP AS AT 31 AUGUST 2003

	Limit \$'000	Drawn \$'000	Available \$'000
Bank loans	600,911	352,844 ¹	248,067
Unsecured notes	50,000	50,000	–
Bank guarantee facilities	51,000	36,171	14,829
Bond facilities	54,710	31,398	23,312
Total	756,621	470,413	286,208

NOTE:

¹ Net of cash at bank and cash on deposit of \$76,511,000.

Australand raises debt in the normal course of business based on trading assets available from time to time. Additional security pools will be available with the acquisition of AWPT and AWPT2 and their subsequent degearing.

Australand Property Group will review the debt structures of the group and may implement new strategies in 2004 if market conditions support alternative strategies.

3.11 GENERAL ASSUMPTIONS UNDERLYING THE PREPARATION OF THE FINANCIAL INFORMATION

Compliance with accounting standards

The historical, pro forma and forecast financial information has been prepared in accordance with Australian Accounting Standards, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and the Corporations Act. The historical, pro forma and forecast financial information are presented in an abbreviated form insofar as they do not comply with all the disclosures required by Australian Accounting Standards applicable to annual reports prepared in accordance with the Corporations Act.

It has been assumed that there are no changes in Australian Accounting Standards during the forecast period which will have a material impact on the statement of financial performance and position of Australand and Australand Property Group.

Legislation

It is assumed that there are no changes in federal, state or local government laws, regulations or policies that will have a material impact on the performance or position of Australand or Australand Property Group.

International Financial Reporting Standards

For reporting periods beginning on or after 1 January 2005 Australand Property Group must comply with International Financial Reporting Standards ("IFRS") as issued by the Australian Accounting Standards Board.

All financial information disclosed in this Offer Document has been prepared in accordance with generally accepted accounting principles in Australia ("Australian GAAP"). The differences between Australian GAAP and IFRS identified by management to date as potentially having a significant effect on the financial position and financial performance of Australand Property Group are summarised below. The summary should not be taken as an exhaustive list of all the differences between Australian GAAP and IFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

Management has not quantified the effects of the differences discussed below. Accordingly, there can be no assurances that the financial performance and/or position of Australand Property Group as disclosed in this Offer Document would not be significantly different if determined in accordance with IFRS.

Regulatory bodies that promulgate Australian GAAP and IFRS have significant ongoing projects that could affect the differences between Australian GAAP and IFRS described below and the impact of these differences relative to Australand Property Group's financial statements in the future. You should consult your own professional advisers for an understanding of the differences between Australian GAAP and IFRS.

The potential impacts on the financial performance and financial position of Australand Property Group of the adoption of IFRS, including system upgrades and other implementation costs, which may be incurred, have not been quantified as the actual impacts will depend on the particular circumstances prevailing at the time of adoption. The first financial year to which IFRS will be applicable to Australand Property Group is the year ending 31 December 2005 and hence will not impact the forecast statement of financial performance of Australand Property Group for the years ending 31 December 2003 and 2004.

The key potential implications of the conversion to IFRS for Australand Property Group are:

- Financial instruments – under IFRS financial instruments will generally be recognised on the statement of financial position at fair value. Derivatives will need to meet stricter criteria for treatment as hedges otherwise they will be marked to market through the statement of financial performance.
- Goodwill – under IFRS goodwill will not be amortised but will be subject to impairment testing.
- Borrowing costs – under IFRS borrowing costs in respect of qualifying assets may be expensed rather than capitalised to asset values.
- Investment properties – under IFRS investment properties will be either fair valued with increments/decrements going through the statement of financial performance or measured at cost and depreciated. Owner occupied properties will generally not meet the definition of investment properties.

3.12 SENSITIVITY ANALYSIS

A sensitivity analysis has been provided below to assist Ordinary Shareholders in their assessment of the future performance of Australand Property Group. The sensitivity analysis shows how Earnings per Stapled Security ("EPS") and Distributions per Stapled Security ("DPS") of Australand Property Group will change with a variation in certain key assumptions.

Ordinary Shareholders should also consider the risk factors disclosed in Section 5.

The sensitivity analysis below should not be taken to imply the likely level of change in the relevant variable over the forecast period, nor is it meant to imply the likely best and worst case scenarios in terms of overall profitability or that these are the only variables that could change.

The forecast financial information has been prepared on a project by project basis, therefore changes in either project specific or broader economic factors are likely to result in a number of multiple scenarios as different geographic and market segments are likely to react differently to a change. To illustrate the EPS and DPS impact of potential movements in broader economic factors, which include interest rates, consumer demand, inflation and employment levels, a sensitivity based on a 1% movement in sales revenue is presented.

Variations may occur in the project specific assumptions such as regional pricing movements or delays and/or acceleration in the commencement of projects. Having regard to the project specific and general allowances that have been made in the compilation of the forecasts it is the Directors' opinion that such project specific variances in assumptions are unlikely to be material within the forecast period.

SENSITIVITY OF FORECASTS TO CHANGES IN SALES REVENUE

Cents per Stapled Security	Australand Property Group			
	31 December 2003		31 December 2004	
	EPS	DPS ¹	EPS	DPS
Forecast	15.74	13.32	18.07	16.48
Increase in Development Sales Revenue of 1%	16.59	13.32	19.13	17.39
Decrease in Development Sales Revenue of 1%	14.89	13.32	17.01	15.58

NOTE:

¹ Forecast distributions are not expected to change as a result of changes in EPS in the forecast period.

Sensitivity of forecasts to changes in capitalisation rates

A change in capitalisation rates applying to investment property of Australand Property Trust of 25 basis points (0.25%) will change the carrying value of Australand Property Group's income producing assets by approximately \$11 million. In the case of an increase in carrying value, the increase will be reflected in Australand Property Group's revaluation reserve. It is not intended that Australand Property Group will distribute any such increases until the increase is realised on sale. In the case of a decrease in carrying value the decrease is first reflected by reducing the revaluation reserve to the extent of previous increases in the reserve with respect to the property or properties concerned and to the extent that there is no available amount in the revaluation reserve, by taking a charge against the statement of financial performance.

Sensitivity of forecasts to changes in investment property income

Each of the 18 investment properties is fully tenanted throughout the forecast period, with the exception of one lease, for which an appropriate let up period has been allowed. Fluctuations in investment property income in the range of 5-10% are also not material to overall profit. Consequently the Directors do not believe the forecasts are materially sensitive to changes in investment property income.

Sensitivity of forecasts to changes in interest rates

The Australand Property Group Forecasts are not materially exposed to changes in interest rates because interest expense relating to qualifying assets is capitalised and existing hedging arrangements are in place to minimise any profit and loss impact of changes in interest rates. Consequently the Directors do not believe the forecasts are materially sensitive to changes in interest rates.

Sensitivity of forecasts to changes in cost of properties sold expense

Major Apartment division projects during the forecast period have either fixed price construction contracts or have been subject to cost plan review. In the Land and Housing division, which typically has smaller stages, costs have historically increased slightly less than or approximating CPI.

Consequently the Directors do not believe the forecasts are materially sensitive to changes in the cost of properties sold expense. Nevertheless an increase in the cost of properties sold expense of 1% would affect profit by \$8.9 million after tax for the year ending 31 December 2004.

Sensitivity of forecasts to changes in the proportion of Stapled Securities issued as consideration to Unitholders under the Acquisition Proposal

The Australand Property Group Forecasts assume that the Unitholders will elect to receive 65% of the consideration under each Acquisition Proposal in the form of Stapled Securities. In the event that less than 65% of the total consideration of each Acquisition Proposal is satisfied by the issue of Stapled Securities, Australand will use a combination of existing cash and borrowing facilities to fund the total cash consideration.

The gearing ratio is expected to be in the range of 37% to 40% (based on interest bearing debt plus land vendors/total tangible assets less receivables) depending on the actual election by the Unitholders.

If the Unitholders elect 100% cash the gearing ratio will increase from 41% at 30 June 2003 to 43%.

The Directors do not believe the forecast net profit, EPS and DPS are materially sensitive to changes in the proportion of Stapled Securities issued to the Unitholders.

Sensitivity of forecasts to change in the assumed date of implementation

The date from which AWPT and AWPT2 can be consolidated is dependent on the timing of the Court approval. AWPT and AWPT2 will be consolidated from the nearest month end to this date.

The forecast of Australand Property Group for the year ending 31 December 2003 is based on an assumed date of acquisition of 1 November 2003. A delay of one month would have an immaterial impact on forecast net profit before tax of Australand Property Group.

3.13 PROSPECTS

Growth prospects for Australand Property Group are dependent on achieving organic growth through the expansion of existing development and property investment activities and through future acquisitions of strategic property portfolios.

During the forecast period there is a possibility that Australand Property Group may make an offer to acquire those units in AWPT3 not held by Australand or its subsidiaries. Any offer is likely to be on similar terms to the acquisition of AWPT and AWPT2, that is net tangible assets plus 5%. The Directors have made no decision to propose an offer to acquire units in AWPT3 at the date of this Offer Document.

The acquisition of AWPT3 would have the following impact on EPS, DPS and NTA, assuming an acquisition date of 30 June 2004:

FORECAST FOR THE YEAR ENDING 31 DECEMBER 2004

	Australand Property Group	Australand Property Group Including AWPT3
Cents per Stapled Security		
EPS	18.07	17.36
DPS	16.48	15.91
NTA ¹	1.38	1.39

NOTE:

¹ NTA is derived by taking the forecast number of Stapled Securities issued under the Proposal and including the estimated Stapled Securities issued to acquire AWPT3

The fall in EPS and DPS following the acquisition of AWPT3 is due predominantly to the premium on acquisition which is written off in the year of acquisition. Ignoring this write off, EPS falls from 18.07 cents to 18.06 cents.

In addition, Australand Property Group may consider future acquisitions including the units in or assets of AWPT4 and future Australand Property Group sponsored trusts. Although there is no current intention to acquire these trusts during the forecast period or after, there remains the possibility that these trusts may be acquired at a future date.

Similarly, Australand Property Group may consider other individual or portfolio acquisitions in the future.

3.14 ACCOUNTING POLICES OF AUSTRALAND PROPERTY GROUP

This Section contains the accounting policies adopted in the preparation of the historical, pro forma and forecast financial information included in Section 3 of this Offer Document.

The accounting policies previously disclosed by Australand, AWPT1 and AWPT2 in their respective financial statements have been consistently applied in preparing the historical, pro forma and forecast financial information.

The principal accounting policies are as follows:

1. Principles of aggregation

The forecast financial information of Australand Property Group has been prepared in accordance with the requirements of the Urgent Issues Group Consensus View 13, "The Presentation of the Financial Report of Entities Whose Securities are Stapled".

The financial statements of Australand Property Group have been prepared on an aggregated basis in recognition of the fact that each Ordinary Share issued by Australand is stapled to a unit in Australand Property Trust and these trade as a combined security, and cannot be traded separately. The aggregated financial statements incorporate an elimination of inter-entity transactions and balances and other adjustments necessary to present the financial statements on a combined basis. Outside equity interests in the results and equity of controlled entities are shown separately in the combined statement of financial performance and statement of financial position respectively.

Where control of an entity is obtained during a financial year, its results are included in the combined statement of financial performance from the date on which control commences. Where control of an entity ceases during the year its results are included for the part of the year during which control existed.

2. Investments

2(a) Controlled entities

Investments in controlled entities are valued at cost. A provision is raised where, in the opinion of the Directors' the book value exceeds recoverable amount.

2(b) Associated entities, partnerships and joint venture entities

Investments in associated entities, partnerships and joint venture entities are accounted for in the financial statements using the equity method. Under this method, Australand Property Group's share of the profits or losses of associates, partnerships and joint venture entities is recognised as revenue in the aggregated statement of financial performance, and its share of movements in reserves is recognised in aggregated reserves. Associates are those entities over which Australand Property Group exercises significant influence, but not control.

Unrealised gains/(losses) resulting from transactions with associates and joint ventures are eliminated to the extent of Australand Property Group's interest.

2(c) Joint venture operations

Australand Property Group's interest in the assets and liabilities of joint venture operations is included under the relevant headings in the statement of financial position.

2(d) Investment properties

Investment properties comprise investment interests in land and buildings held for the purpose of letting to produce rental income and include integral plant and equipment. Investment properties are carried at fair value.

Where a property is acquired during the reporting period and not revalued at balance date the costs of purchase and incidental acquisition costs are capitalised and included in the book value of the property.

Where the contracts of purchase include a deferred payment arrangement, the acquisition value is determined as the fair value of cash consideration payable in the future, discounted to present value.

Where a property is undergoing redevelopment it is carried at the latest valuation with subsequent additions at cost. Included in the cost of redevelopment are the borrowing costs incurred on funds used to finance the development.

Depreciation

Investment properties, including integral plant and equipment are not depreciated. The properties are subject to continued maintenance and regularly revalued on the basis set out below.

Revaluations

Investment properties will be valued annually by independent registered valuers or at any time where the Directors consider that there has been a significant change in the value of the property.

The valuations are based on the price at which a property might reasonably be expected to be sold at the date of the valuation, assuming:

- a willing, but not anxious, buyer and seller;
- a reasonable period in which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind;
- that the property will be reasonably exposed to that market;
- that no account is taken of the value or other advantage or benefit, additional to market value, to the buyer incidental to ownership of the property being valued; and
- it only takes into account instructions given by the Responsible Entity and is based on all the information that the valuer needs for the purposes of the valuation being made available by or on behalf of the Responsible Entity.

Revaluation increments are credited to the asset revaluation reserve. Revaluation decrements are taken to the asset revaluation reserve to the extent that such losses are covered by amounts previously credited to the reserve and still available in that reserve. Revaluation decrements in excess of amounts available in the asset revaluation reserve are charged as an expense in the statement of financial performance.

2(e) Investment properties under development

Investment properties under development are valued at the lower of cost and recoverable amount.

Cost includes the cost of acquisition, development and holding costs such as interest, rates and taxes. In the case of assets constructed by Australand Property Group, development costs include direct labour costs and an appropriate portion of variable and fixed overheads. Interest and other holding costs incurred after completion of development are expensed as incurred.

An independent valuation is undertaken at practical completion of each investment property in order to assess a property's on completion value. Revaluation increments/decrements are accounted for as described above.

3. Recognition of development sales and profit

Sales revenue represents revenue earned from the sale of products and services and is recognised as follows:

3(a) Land and housing developments

Revenue and profits in respect of the sale of land and land and housing is recognised on the unconditional exchange of a contract of sale following registration of the plan of subdivision. Contract housing sales revenue and profits are brought to account on a percentage completion basis.

Costs of sales for land and land and housing are based on a recovery rate, which is calculated by dividing total budgeted costs (being unrecovered historical costs plus future costs) by total budgeted sales for each project and applying the rate calculated to actual sales. The recovery rate is reviewed at least every six months and adjusted to account for any under or over recoveries.

3(b) Integrated land and housing, medium density and high-rise developments

Sales of integrated land and housing, medium density and high-rise developments occurring after the registration of the strata plan are recognised in full upon exchange of contract.

Where sales of total integrated land and housing, medium density and high-rise developments occur prior to registration of the strata plan and the forecast outcomes can be reliably measured, revenue and profit are emerged after appropriate allowances for project contingencies and finance costs have been made using the percentage completion method. Australand Property Group does not consider that the outcome, for the majority of projects, can be reliably measured until development works are at least 50% complete and accordingly profit recognition is deferred until this threshold is met. The remaining profit and sales revenue is progressively recognised on a percentage completion basis over the remainder of the development period until registration of the strata plan.

Certain high-rise development projects are subject to securitisation arrangements that involve transfer of significant pre-sales to a securitisation vehicle in return for cash proceeds and appropriate risk transfer to third parties. These projects are subject to significant external due diligence and risk minimisation measures which enables revenues and profits being able to be more reliably measured at an earlier stage than 50% complete. As a consequence revenue and profits for projects within securitisation arrangements are progressively recognised on exchange of contract of sale using the percentage completion basis from the later of commencement of the development or entry into the securitisation arrangement.

Development works comprise the cost of civil and building construction works associated with the development of the site and exclude the cost of land and associated acquisition costs.

3(c) Commercial and industrial developments

Sales of commercial and industrial developments occurring after the registration of the strata plan are recognised in full upon exchange of contract.

Where sales of commercial and industrial developments occur prior to registration of the strata plan and the forecast outcomes can be reliably measured, revenue and profit are emerged after appropriate allowances for project contingencies and finance costs have been made using the percentage completion method. Australand Property Group does not consider that the outcome, for the majority of projects, can be reliably measured until development works are at least 35% complete and accordingly profit recognition is deferred until this threshold is met. The remaining profit and sales revenue is progressively recognised on a percentage completion basis over the remainder of the development period until registration of the strata plan.

Development works comprise the cost of civil and building construction works associated with the development of the site and exclude the cost of land and associated acquisition costs.

Fee income from commercial and industrial developments is recognised when due and receivable under the terms of the contracts.

4. Rental income

Rent is brought to account on an accrual basis and, if not received at balance date, is reflected in the statement of financial position as a receivable or if paid in advance, as rents in advance.

5. Interest income

Interest income is brought to account when earned and, if not received at balance date, is reflected in the statement of financial position as a receivable.

6. Dividend income

Dividend income is recognised when a right exists to receive the dividend.

7. Recoverable outgoings

Recovery of certain property outgoings are accrued on an estimated basis and adjusted when the actual amounts are invoiced to the respective tenants.

8. Asset sales

The gross proceeds of asset sales are recognised as revenue. The profit or loss on disposal of assets is brought to account at the date any conditions attached to the contract have been satisfied and the receipt of a deposit indicating the purchaser's intention and capacity to meet the requirements of the contract.

9. 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.

10. Borrowing costs

Borrowing costs represent interest and other costs incurred in borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets. Qualifying assets are assets where the whole portion of the asset takes generally more than 12 months to get ready for its intended use or sale. Borrowing costs incurred on projects that have an indeterminate or uncertain time period for preparation for intended use or sale are expensed.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to Australand Property Group outstanding borrowings during the relevant period.

11. Depreciation and amortisation of plant and equipment

Plant and equipment are depreciated over their estimated useful lives using the straight-line method. Profits and losses on disposal of plant and equipment are brought to account in determining the results for the period. The expected useful lives of plant and equipment are two to five years.

12. Leased assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense. Lease assets are amortised

on a straight-line basis over the term of the lease. Lease assets held at the reporting date are being amortised over periods ranging from two to five years.

Lease payments for operating leases are charged as expenses in the periods in which they are incurred.

13. Employee entitlements

13(a) 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.

13(b) Long service leave

Liabilities for other employee entitlements which are not expected to be paid or settled within 12 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.

13(c) Superannuation

Contributions to Australand Property Group's accumulation plan and other employee superannuation plans are charged as an expense as the contributions are paid or become payable.

14. Taxation

Income tax is brought to account using the income statement liability method of tax-effect accounting, whereby income tax expense for the period is calculated on the accounting profit after adjusting for items which, as a result of their treatment under income tax legislation, create permanent differences between that profit and the taxable income. The tax effect of timing differences which arise from the recognition in the accounts of items of revenue and expense in periods different from those in which they are assessable or allowable for income tax purposes are represented in the statement of financial position as a future income tax benefit or deferred income tax liability, as the case may be, at the rates which are expected to apply when those timing differences reverse. A future income tax benefit is only carried forward as an asset where realisation of the benefit regarded as being assured beyond any reasonable doubt. Future tax benefits relating to tax losses are not carried forward as an asset unless the benefit is virtually certain of realisation.

Under current income tax legislation, Australand Property Trust will not be liable for income tax, provided that the taxable income including any taxable capital gain derived from the sale of an asset is fully distributed to Unitholders each year.

15. Derivative financial instruments

Interest rate swap and cap agreements are used principally to manage interest rate risk. Payments and receipts under the cap agreements are accounted for on the same basis as the underlying interest payment.

16. Earnings per security

16(a) Basic earnings per security

Basic earnings per security is determined by dividing the net profit after income tax attributable to the members of Australand Property Group, excluding any costs of servicing equity other than ordinary securities, 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.

16(b) Diluted earnings per security

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

17. Receivables

Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

18. Goodwill

Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of acquisition over the fair value of the identifiable net assets acquired, including any liability for restructuring costs, is brought to account as goodwill and amortised on a straight-line basis over 15 years, being the period during which the benefits are expected to arise.

Any amounts paid in excess of fair value, to the extent it does not represent goodwill, are written off.

19. Acquisitions of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the acquisition date. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

A liability for restructuring costs is recognised as at the date of acquisition of an entity or part thereof when there is a demonstrable commitment to a restructuring of the acquired entity and a reliable estimate of the amount of the liability can be made.

20. Recoverable amount of non-current assets carried at cost

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. The decrement in the carrying amount is recognised as an expense in net profit or loss in the reporting period during which the recoverable amount write-down occurs.

The expected net cash flows included in determining recoverable amount of non-current assets are discounted to their present values using a market-determined, risk-adjusted discount rate.

21. Trade and other creditors

Trade and other creditors 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.

22. Interest bearing liabilities

Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

23. Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the cost of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

24. 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 costs or relocation costs.

These incentives are repaid out of future lease payments and therefore are recognised as an asset in the statement of financial position. Specifically:

- rent free periods – the rent forgiven in early years is capitalised to a deferred income account and released to the statement of financial performance in later years to ensure a constant rate of return over the term of the lease;
- cash contributions – the amount of contribution is capitalised as an asset in the statement of financial position and written off over the term of the lease;
- tenant fit out – costs associated with fitting out a building specifically for a lessee and which are not expected to be used beyond the term of the lease are capitalised in the statement of financial position and written off over the term of the lease; and
- lessor owned fit out – when the fit out is an asset of the lessor and can be retained by the lessor beyond the lease term, it is considered integral to the building and is capitalised into the cost of the property.

3.15 KEY NOTES TO THE AUSTRALAND AND AUSTRALAND PROPERTY GROUP FINANCIAL INFORMATION

This Section contains selected notes to the statement of financial position of Australand as at 30 June 2003 and the pro forma statement of financial position of Australand Property Group as at 1 July 2003.

A. INVENTORIES

	Australand 30 June 2003 \$'000	Australand Property Group Pro forma 1 July 2003 \$'000
INVENTORIES		
Current		
<i>Land and housing development:</i>		
Land developed and/or under development		
Cost of acquisition	96,617	96,617
Development costs	31,707	31,707
Borrowing costs	4,261	4,261
	132,585	132,585
Completed houses and construction work in progress at cost	14,605	14,605
<i>Medium density and high-rise developments</i>		
Cost of acquisition	64,359	64,359
Development costs	158,149	158,149
Borrowing costs	8,128	8,128
	230,636	230,636
<i>Commercial and industrial developments</i>		
Cost of acquisition	30,495	30,495
Development costs	83,232	83,232
Borrowing costs	3,560	3,560
	117,287	117,287
	495,113	495,113
Non-current		
<i>Land and housing development:</i>		
Land developed and/or under development		
Cost of acquisition	209,706	209,706
Development costs	16,681	16,681
Borrowing costs	7,557	7,557
	233,944	233,944
<i>Medium density and high-rise development</i>		
Cost of acquisition	92,258	92,258
Development costs	32,139	32,139
Borrowing costs	5,250	5,250
	129,647	129,647
<i>Commercial and industrial developments</i>		
Cost of acquisition	69,348	69,348
Development costs	19,508	19,508
Borrowing costs	2,804	2,804
	91,660	91,660
	455,251	455,251
Aggregate carrying amounts of inventories	950,364	950,364

Inventory which is anticipated to be realised within the following 12 months is treated as current inventory. All other inventory is treated as non-current inventory.

Included in inventory are \$114,863,000 of assets, which are secured by first registered mortgages outside of the syndicated multi-option facility.

B. INVESTMENT PROPERTIES

	Australand 30 June 2003 \$'000	Australand Property Group Pro forma 1 July 2003 \$'000
Details of individual completed investment properties carried at cost are set out below:		
Fair value estimate on acquisition¹		
90 Maribyrnong Street, Footscray, VIC	—	12,078
690 Springvale Road and 350 Wellington Road, Mulgrave, VIC	—	61,914
658 Church Street, Richmond, VIC	—	24,614
Lot 102 Coghill Road, Outer Harbor, SA	—	7,207
57-71 Platinum Street, Crestmead, QLD	—	15,986
5-7 Trade Street, Lytton, QLD	—	12,180
16 Archimedes Place, Murarrie, QLD	—	6,090
1C Homebush Bay Drive, Rhodes, NSW	—	36,540
5 Henry Deane Place, Railway Square, Sydney, NSW	—	37,048
40 Annandale Road, Tullamarine, VIC	—	6,648
119 Sharps Road, Tullamarine, VIC	—	16,849
1-19 South Park Drive, Dandenong, VIC	—	6,496
35-39 South Park Drive, Dandenong, VIC	—	12,941
99 Shettleston Street, Rocklea, QLD	—	10,455
51 Stradbroke Street, Heathwood, QLD	—	9,643
Walters Road, Amdell Park, NSW	—	20,909
8-12 Stanton Road, Seven Hills, NSW	—	13,804
26-30 Lee Street, Gateway Building, Sydney, NSW	—	55,825
	—	367,227

NOTE:

¹ The investment properties are assumed to increase in value by 1.5% from 30 June 2003 to the forecast date of acquisition, being 1 November 2003.

Valuations of investment properties

The estimated values on acquisition are based on fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition subject to similar leases.

C. INTEREST IN JOINT VENTURE ENTITIES

Set out below are the beneficial interests of Australand and Australand Property Group in material joint venture entities.

Direct or indirect interest in ordinary shares/equity	Principal activity	Ownership %
Brisun Pty Ltd	Property Development	50
Chymont Pty Limited	Property Development	50
Glenwood Land Unit Trust	Property Development	50
Minto Industrial Development Trust	Property Development	50
Motorway Business Party Pty Ltd	Property Development	50
W9 and 10 Stage 1 Partnership	Property Development	50
W9 and 10 Stage 2 Partnership	Property Development	50
W9 and 10 Stage 3A Partnership	Property Development	50
W9 and 10 Stage 4A Partnership	Property Development	50
W9 and 10 Stage 4B Partnership	Property Development	50
W9 and 10 Construction Stage 1 Partnership	Property Development	50
W9 and 10 Construction Stage 2 Partnership	Property Development	50
W9 and 10 Construction Stage 3A Pty Ltd	Property Development	50
W9 and 10 Construction Stage 3A Financing Pty Ltd	Property Development	50
W9 and 10 Construction Stage 3B Pty Ltd	Property Development	50
W9 and 10 Construction Stage 3C Pty Ltd	Property Development	50
W9 and 10 Construction Stage 4A Partnership	Property Development	50
W9 and 10 Construction Stage 4B Partnership	Property Development	50
Wharf Developments Pty Ltd	Property Development	50
Woolloomooloo Unit Trust	Property Development	50
Trust Project No. 9 Trust	Property Development	50
Trust Project No. 11 Trust	Property Development	50
Freshwater Residential Unit Trust	Property Development	50
Drewale	Property Development	50

Set out below is the Australand and Australand Property Group's interest in joint venture entities net assets.

	Australand 30 June 2003 \$'000	Australand Property Group Pro forma 1 July 2003 \$'000
Retained profits attributable to the joint venture entities at 30 June 2003	34,306	34,306
Carrying amount of investments in joint venture entities at 30 June 2003	134,681	134,681
Share of assets and liabilities in joint venture entities		
Current assets	193,047	193,047
Non-current assets	208,929	208,929
Total assets	401,976	401,976
Current liabilities	(204,033)	(204,033)
Non-current liabilities	(63,262)	(63,262)
Total liabilities	(267,295)	(267,295)
Net assets	134,681	134,681

D. INTEREST BEARING LIABILITIES

	Australand 30 June 2003 \$'000	Australand Property Group Pro forma 1 July 2003 \$'000
Interest bearing liabilities		
Bank loans – secured	447,842	478,814
Notes – unsecured	50,000	50,000
	497,842	528,814
Financing arrangements		
Access to the following lines of credit exist:		
Bank loans	630,181	630,181
Unsecured notes	50,000	50,000
Bank guarantee facility	51,000	51,000
Insurance bond facility	59,710	59,710
	790,891	790,891
Facilities utilised:		
Bank loans	447,842	478,814
Unsecured notes	50,000	50,000
Bank guarantee facility	35,354	35,354
Insurance bond facility	23,268	23,268
	556,464	587,436
Facilities not utilised:		
Bank loans	182,339	151,367
Bank guarantee facility	15,646	15,646
Insurance bond facility	36,442	36,442
	234,427	203,455

Australand

Australand increased its syndicated multi-option facility limit from \$450,000,000 to \$500,000,000 effective from 30 December 2002. This facility is a two year evergreen facility subject to review annually in March. The facility structure is a \$450,000,000 cash tranche and a \$50,000,000 bank guarantee facility. As at 30 June 2003, the facility able to be drawn down under the cash tranche was \$450,000,000. The facility is secured by fixed and floating charges over Australand and a number of its subsidiaries. Inventories and receivables are subject to registered equitable mortgages and specific project secured charges.

The current interest rate on the multi-option facility is 6.13%.

Unsecured notes have a maturity date of 30 June 2004 and are repayable at their face value of \$100 each. The notes are not redeemable by Australand or a note holder before that date, except that Australand holds an option to buy back the notes on 31 December 2003, based on a yield to maturity of 100 basis points over the then prevailing 180 day bank bill rate. Interest of 8.47% per annum is paid on these notes six monthly in arrears on 31 December and 30 June each year. The holders of unsecured notes have no voting rights at general meetings of Australand.

In addition to the facilities above Australand had borrowings of \$209,900,000 which were entitled to be offset against trade receivables in accordance with the offset arrangements within the financing documents.

Australand Property Group

As the AWPT and AWPT2 facilities will be repaid under the Proposal, the assets of AWPT and AWPT2 will be available to be pledged following implementation of the Proposal. In the event specific facilities are not established utilising these assets they will form part of the syndicated multi-option facility.

	Australand 30 June 2003 \$'000	Australand Property Group Pro forma 1 July 2003 \$'000
Assets pledged as security		
The carrying amounts of assets pledged as security are:		
Non-current assets		
<i>First mortgage:</i>		
Investment properties	—	367,227
Finance lease:		
Floating charge		
Inventory – non-current	455,251	455,251
Total non-current assets pledged as security	455,251	822,478
Current assets		
Fixed charge		
Receivables	154,023	154,023
Inventory	114,863	114,863
Floating charge		
Receivables	147,093	147,093
Inventory	380,250	380,250
Total assets pledged as security	1,251,480	1,618,707

E. FINANCIAL INSTRUMENTS*Interest rate hedging agreements*

Derivative financial instruments are currently used by Australand and will be used by Australand Property Group to hedge exposure to interest rate risk associated with movements in interest rates which impact on the borrowings of Australand Property Group. Interest rate swaps and rate cap transactions are entered into to exchange variable interest payment obligations with fixed interest rate obligations to protect Australand Property Group borrowings from the risk of increasing interest rates.

The contracts are settled on a net basis and the net amount receivable or payable at the reporting date is included in other debtors or other creditors. The contracts require settlement of net interest receivable or payable each 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

Swaps currently in place cover approximately 100% of the loan principal outstanding and are timed to expire as each loan repayment falls due. At 30 June 2003, the notional principal amounts and periods of expiry of the interest rate swap contracts are as follows:

	Weighted average swap or interest rate			
	Australand 30 June 2003	Australand Property Group Pro forma 1 July 2003	Australand 30 June 2003	Australand Property Group Pro forma 1 July 2003
	%	%	\$'000	\$'000
Less than one year	5.54	5.47	154,720	304,720
One to two years	5.43	5.43	150,000	150,000
			304,720	454,720

Forward foreign exchange contracts

As at 30 June 2003, there were no outstanding forward foreign exchange contracts.

F. CONTRIBUTED EQUITY

(a) Contributed equity

	Australand 30 June 2003	Australand Property Group Pro forma 1 July 2003
	\$'000	\$'000
Shares	545,346	321,305
Units	—	537,258
Reset Prefs	48,100	—
	593,446	858,563

(b) Movement in Australand ordinary share capital after the Proposal is implemented

	Number of shares	Issue price \$	\$'000
Pro forma adjustments:			
Balance at 30 June 2003	524,436,691		545,346
Options converted	525,000	1.10	577
DRP shares issued	5,887,838	1.74	10,245
Shares on issue prior to stapling ¹	530,849,529		556,168
Reset Prefs Cancellation			(7,583)
Return of capital	—	(0.70)	(371,595)
Rights issue	135,542,169	0.77	104,752
Equity raised for AWPT acquisition	28,573,420	0.77	22,083
Equity raised for AWPT2 acquisition	26,684,502	0.77	20,623
Equity raising costs			(3,143)
Total pro forma balances	721,849,620		321,305

NOTE:

¹ The actual number of Ordinary Shares on issue at 22 October 2003 is 531,172,665.

(c) Movement in the Australand Property Trust Unitholder equity after the Proposal is implemented

	Number of units	Issue Price \$	\$'000
Pro forma adjustments:			
Balance at 30 June 2003			—
Initial subscription of equity	530,849,529		371,595
Degearing equity issue	135,542,169	0.89	120,248
Equity raised for AWPT acquisition	28,573,420	0.89	25,349
Equity raised for AWPT2 acquisition	26,684,502	0.89	23,674
Equity raising costs			(3,608)
Total pro forma balances	721,649,620		537,258

G. CONTINGENT LIABILITIES

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

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

	Australand 30 June 2003 \$'000	Australand Property Group Pro forma 1 July 2003 \$'000
Bank guarantees outstanding	35,354	35,354
Insurance bonds outstanding	23,268	23,268
	58,622	58,622

(b) in the ordinary course of business Australand becomes involved in litigation, some of which falls within Australand's insurance arrangements. Whilst the outcomes are uncertain, these contingent liabilities are not considered to be material to Australand or Australand Property Group. A claim has been made by 85 owners of certain interests in the Sovereign Australis Hotel on the Gold Coast seeking to avoid their obligations under various contracts for sale. Australand has been advised that it has strong prospects of successfully defending this claim.

(c) Australand has provided certain guarantees to AWPT3 including:

- Providing an underwritten yield of 8.5% per annum up to and including practical completion of the last property completed. It is estimated that this obligation will cease on 30 November 2003.
- Ensuring that establishment costs of AWPT3 do not exceed a predetermined amount. Australand is required to reimburse AWPT3 for any establishment costs exceeding these amounts.
- Controlling, managing and underwriting the development of each property so that AWPT3 bears minimal development and construction risk for properties under development.
- Guaranteeing the first year's rent should a tenant not take occupation as a result of an AWPT3 property not being completed and becoming available to the tenant in accordance with the agreement to lease.

As at 30 June 2003, the directors of Australand were of the opinion that no provisions were required for any of the matters listed above.

(d) Australand has provided certain guarantees to AWPT4 including:

- Providing an underwritten yield of 8.75% per annum up to 30 June 2004 and 9% from 1 July 2004 up to and including practical completion of the last property completed. It is estimated that this obligation will cease in February 2005.
- Ensuring that establishment costs of AWPT4 do not exceed a predetermined maximum value. Australand is required to reimburse AWPT4 for any establishment costs exceeding these amounts.
- Controlling, managing and underwriting the development of each property so that AWPT4 bears minimal development and construction risk for properties under development.

- Guaranteeing the first year's rent should a tenant not take occupation as a result of an AWPT4 property not being completed and becoming available to the tenant in accordance with the agreement to lease. In addition further rental guarantees have been provided in respect of the Freshwater Commercial Tower.

As at 30 June 2003, the directors of Australand were of the opinion that no provisions were required for any of the matters listed above.

(e) Freshwater Commercial Tower

Australand has provided a rental support deed to the co-owners of the Freshwater Office Tower, whereby Australand has agreed for the first five years after practical completion (estimated to be February 2005) of the Freshwater Office Tower to guarantee the rent for the vacant tenancies as at the date of practical completion. As at 30 June 2003, the total rent support, based upon the existing tenancy profile, was \$12.1 million per annum (100%). These guaranteed income amounts escalate at the rate of 3.35% per annum. As at 30 June 2003 the directors of Australand were of the opinion that based on the current sub-lease proposals and forecasted sub-lease commitments together with the allowances made with the development forecast for this project, that adequate allowance was made for these potential obligations.

(f) KPMG Tower, King Street Wharf

Australand has provided a rental support arrangement to Commonwealth Managed Investment Limited, one of the 50% owners of the KPMG Tower Building at King Street Wharf, whereby Australand has agreed for the first five years after practical completion of the building to guarantee 50% of the rent for a potentially vacant single floor as at practical completion. As at 30 June 2003, the directors of Australand were of the opinion that based on the current sub-lease proposals and forecasted sub-lease commitments together with the allowances made with the development forecasts for these property developments, that adequate allowance had been made for these potential obligations.

H. COMMITMENTS

Conditional contracts

Conditional contracts for the purchase of land, or agreements, which are comparable in their effect, which have not been recognised in the financial statements.

	Australand 30 June 2003 \$'000	Australand Property Group Pro forma 1 July 2003 \$'000
Payable:		
– No later than one year	69,349	72,850
– Later than one year but no later than two years	17,170	17,170
	86,519	90,020

I. RELATED PARTY TRANSACTIONS

Transactions with AWPT, AWPT2, AWPT3 and AWPT4

AWIL is the responsible entity of AWPT, AWPT2 and AWPT3.

Australand Wholesale Investments No. 4 Limited (a wholly owned subsidiary of Australand) is the trustee of AWPT4.

During the period to 30 June 2003, Australand completed development activities on properties as well as providing responsible entity management services for the Australand Wholesale Property Trusts.

Properties sold during the period to the Australand Wholesale Property Trusts were on normal terms and conditions being at market value supported by independent valuations.

The aggregate amounts included in the statement of financial performance and statement of financial position for Australand and Australand Property Group (after eliminations) for the six months ended 30 June 2003 that resulted from transactions with the Australand Wholesale Property Trusts were:

	Australand 30 June 2003 \$'000	Australand Property Group Pro forma 1 July 2003 \$'000
Revenue from sale of goods (including leasing fees)	123,573	123,573
Loans advanced to Australand Wholesale Property Trusts	1,908	1,822
Trade receivables from Australand Wholesale Property Trusts at balance date	15,002	15,002
Distribution from Australand Wholesale Property Trusts	1,636	424
Property management fees	467	—

Investment in the Australand Wholesale Property Trusts

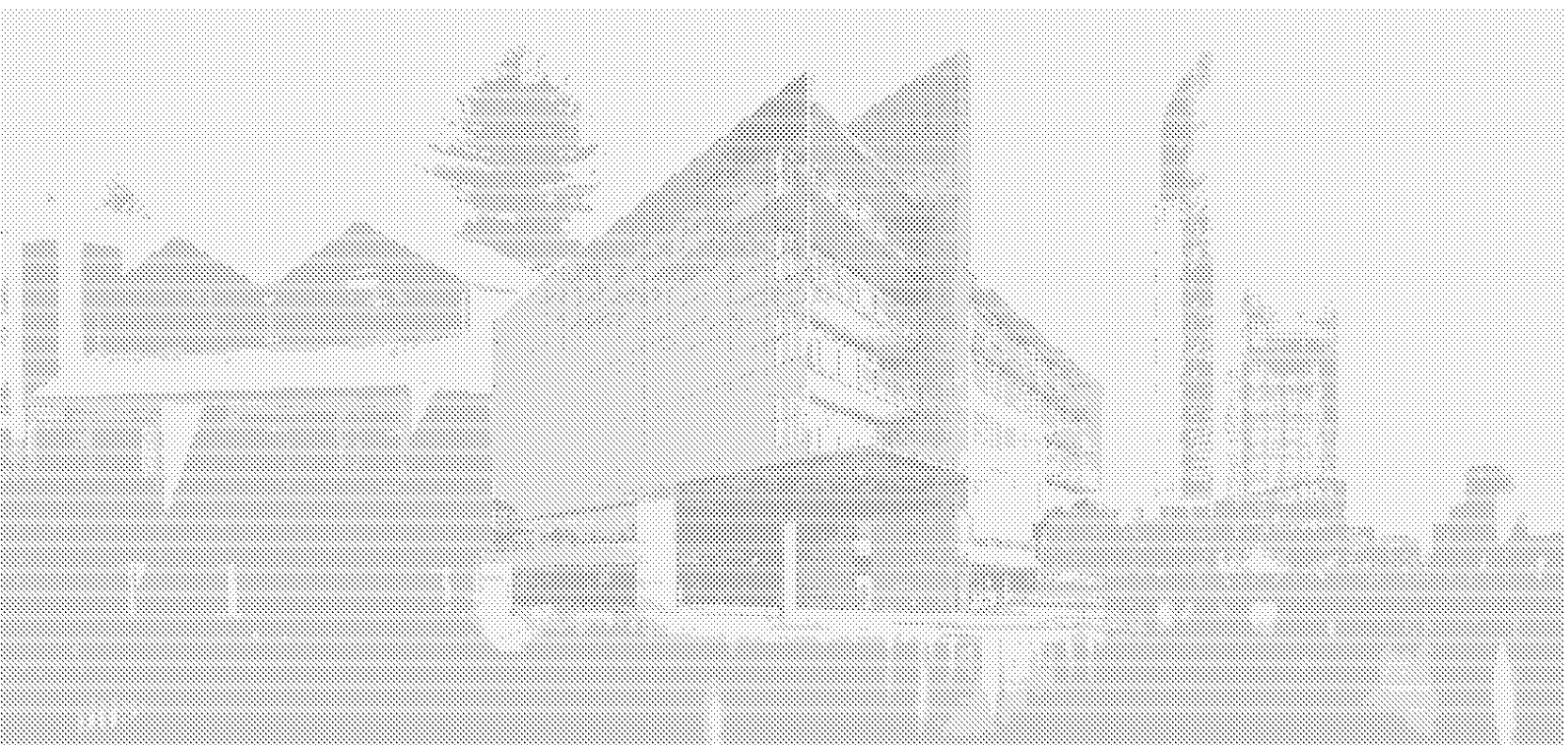
Details of Australand's investments in the Australand Wholesale Property Trusts are as follows:

Name	Principal activity	Ownership interest		Carrying value	
		Australand	Australand Property Group	Australand	Australand Property Group
		30 June 2003 %	1 July 2003 %	30 June 2003 \$'000	1 July 2003 \$'000
AWPT	Property Investment	18.75	100	13,500	—
AWPT2	Property Investment	15.00	100	9,750	—
AWPT3	Property Investment	10.00	10	9,500	9,500
AWPT4	Property Investment	11.11	11	2,000	2,000
				34,750	11,500

SECTION 4

Expert reports

4





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28 October 2003

To the Boards of Directors

Investigating Accountant's Report on Historical and Pro Forma Financial Information

1 Introduction

This report has been prepared by KPMG for inclusion in the prospectus and product disclosure statement to be issued by Australand Holdings Limited ("Australand") and Australand Property Limited, as Responsible Entity of Australand Property Trust ("APL") ("Offer Document") to be dated on or about 28 October 2003.

KPMG has been requested to prepare a report covering the financial information described in section 2 of this report and disclosed in the Offer Document.

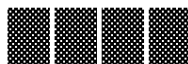
Expressions defined in the Offer Document have the same meaning in this report.

2 Financial information and scope of our work

2.1 *Historical financial information of Australand*

KPMG has been engaged to report on the historical financial information of Australand, as set out in Section 3 of the Offer Document, which comprises:

- the statement of financial performance of Australand for the year ended 31 December 2002;



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- the statement of financial position of Australand as at 30 June 2003; and
- the statement of cash flows for the six months ended 30 June 2003.

These statements have been extracted from the financial statements of Australand for the year ended 31 December 2002 and the six months ended 30 June 2003, audited by KPMG and supporting accounting records. The audit opinions issued in relation to those financial statements were unqualified.

The Directors are responsible for the preparation and presentation of this historical financial information in the Offer Document.

The historical financial information is presented in an abbreviated form insofar as it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001 (“Corporations Act”).

KPMG has reviewed this historical financial information of Australand in accordance with Australian Auditing Standard AUS 902 “Review of Financial Reports”, in order to confirm that it has been appropriately extracted from the audited financial statements for the year ended 31 December 2002 and six months ended 30 June 2003.

2.2 *Pro forma financial information*

KPMG has also been engaged to report on the pro forma financial information, as set out in Section 3 of the Offer Document, which comprises the pro forma statement of financial position of Australand Property Group as at 1 July 2003.

The Directors are responsible for the preparation and presentation of the pro forma financial information, including the determination of the transactions and the adjustments required to reflect the implementation of the Proposal. The pro forma financial information is presented in an abbreviated form insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

The pro forma financial information has been derived from the historical financial information of Australand, AWPT and AWPT2 after adjusting for the transactions and adjustments described in Section 3.9 of the Offer Document and has been subject to the following audit or review procedures:



- the historical information relating to Australand has been subject to audit by KPMG, as detailed in section 2.1 above;
- the historical financial information of AWPT and AWPT2 has been subject to audit by PricewaterhouseCoopers who have issued audit opinions on the financial statements of these trusts for the year ended 30 June 2003; and
- the transactions and adjustments required to implement the Proposal to form Australand Property Group have been reviewed by KPMG.

Our review of these transactions and adjustments has been carried out in accordance with Australian Auditing Standard AUS 902 “Review of Financial Reports” in order to report whether anything has come to our attention which causes us to believe that the pro forma financial information, as set out in Section 3 of the Offer Document, has not been presented fairly:

- on the basis of the pro forma transactions and adjustments; and
- in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and accounting policies disclosed in Section 3.14 of the Offer Document.

In carrying out this review, we made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, including:

- consideration of the audit report and working papers, accounting records and other documents for the year ended 31 December 2002 and the half year ended 30 June 2003 in respect of Australand;
- consideration of the audit reports and working papers for the year ended 30 June 2003, accounting records and other documents, including property valuations in respect of AWPT and AWPT2;
- enquiries of Australand management as to the process and assumptions used in preparing the pro forma financial information;
- a review of the transactions and adjustments made to the historical financial information in order to derive the pro forma financial information;
- a comparison of consistency in application of the recognition and measurement principles in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies disclosed in Section 3.14 of the Offer Document; and
- enquiry of Directors, management and others.



The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

3 Review statements

3.1 *Review statement on the historical financial information*

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the historical financial information, as set out in Section 3 of the Offer Document, has not been appropriately extracted from the audited financial statements of Australand so as to present fairly:

- the historical financial performance of Australand for the year ended 31 December 2002;
- the historical statement of financial position of Australand as at 30 June 2003; and
- the historical statement of cash flows for the six months ended 30 June 2003,

in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and accounting policies disclosed in Section 3.14 of the Offer Document.

3.2 *Review statement on the pro forma financial information*

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the pro forma financial information, as set out in Section 3 of the Offer Document, has not been presented fairly:

- on the basis of the adjustments required to reflect the Proposal; and
- in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and accounting policies disclosed in Section 3.14 of the Offer Document.



4

Independence

KPMG does not have any interest in the outcome of this issue, other than in connection with the preparation of this report, a report by KPMG Transaction Services (Australia) Pty Limited on certain forecast financial information for inclusion in the Offer Document and the participation in due diligence procedures for which normal professional fees will be received. KPMG is the auditor of Australand and from time to time, KPMG also provides Australand with certain other professional services for which normal professional fees are received.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Steven Gatt', written over a light grey, textured rectangular background.

Steven Gatt
Partner



KPMG Transaction Services (Australia) Pty Ltd

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The Directors
Australand Property Limited
Level 3, 1C Homebush Bay Drive
Rhodes NSW 2138

28 October 2003

To the Boards of Directors

Reporting Accountant's Report on the Directors' forecasts

1 Introduction

This report has been prepared by KPMG Transaction Services (Australia) Pty Limited ("KPMG Transaction Services") for inclusion in the prospectus and product disclosure statement to be issued by Australand Holdings Limited ("Australand") and Australand Property Limited, as Responsible Entity of Australand Property Trust ("APL") ("Offer Document") to be dated on or about 28 October 2003.

KPMG Transaction Services has been requested to prepare a report covering the forecast financial information described in section 2 of this report and disclosed in the Offer Document.

Expressions defined in the Offer Document have the same meaning in this report.

2 Directors' forecasts and Directors' best estimate assumptions

The Directors' forecasts comprise the forecast financial information of Australand, on a standalone basis, for the year ending 31 December 2003 and of Australand Property Group for the years ending 31 December 2003 and 2004 as set out in the table in Section 3.5 of the Offer Document together with the assumptions on which they are based, as set out in Section 3.8 of the Offer Document.



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The Australand Property Group Forecasts incorporate the forecast financial performance of AWPT and AWPT2 which were prepared by the directors of Australand Wholesale Investments Limited, the responsible entity of those trusts.

The Directors are responsible for the preparation and presentation of the Directors' forecasts, including the best estimate assumptions on which the Directors' forecasts are based and the sensitivity of the Directors' forecasts to changes in key assumptions.

The Directors' forecasts have been prepared by the Directors to provide investors with a guide to the potential future financial performance of Australand and Australand Property Group.

The Directors' forecasts reflect the Directors' best estimate, based on present circumstances, as to both the most likely set of economic, operating, developmental and trading conditions and the course of action the business is most likely to take, all of which are based on assumptions about future events and actions that have not yet occurred and may not necessarily occur. While these assumptions are the Directors' best estimate assumptions, there is nevertheless a considerable degree of judgement involved in the preparation of any forecast. Consequently, the actual results of Australand and Australand Property Group during the forecast period may vary materially from the Directors' forecasts, and that variation may be materially positive or negative.

Furthermore, to illustrate the sensitivity of the Directors' forecasts to changes in key assumptions, sensitivity information is set out in Section 3.12 of the Offer Document and the risks to which the business are exposed are set out in Section 5 of the Offer Document. Investors should consider the Directors' forecasts in conjunction with the analysis in those sections.

The Directors' forecasts are presented in an abbreviated form insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

3 Scope of our review of Directors' forecasts and Directors' best estimate assumptions

We have reviewed the Directors' forecasts, set out in Section 3.5 of the Offer Document, including the Directors' best estimate assumptions underlying the Directors' forecasts as set out in Section 3.8 of the Offer Document.

Our review has been conducted in accordance with Australian Auditing Standard AUS 902 "Review of Financial Reports". Our procedures consisted largely of inquiry and analytical procedures and included:



- a review of the information underlying the assumptions, including feasibility studies, market trend analysis, past, current and forecast development and sale rates, property valuations and information concerning forecast costs of development, marketing, sale as well as general overhead expenses, interest and taxation;
- inquiry of company management regarding the compilation of the forecast information and evidence gathered to support assumptions having regard to project specific issues and to issues impacting the market generally;
- an analysis of the forecast financial model; and
- such other inquiries and analytical review procedures as we considered necessary.

The Directors' forecasts are also supported, to the extent relevant, by the following:

- the valuations prepared by registered valuers in support of the carrying values of properties;
- the PricewaterhouseCoopers audits of AWPT and AWPT2 for the year ended 30 June 2003 and the PricewaterhouseCoopers Securities Ltd ("PWC") review of the forecast financial information prepared in relation to AWPT and AWPT2. PricewaterhouseCoopers has issued an audit opinion in respect of the financial statements of the trusts for the years ended 30 June 2003 and PWC has issued a review opinion in relation to the forecast statements of financial performance of the trusts for the years ending 31 December 2003 and 2004; and
- the tax opinion issued by Greenwoods & Freehills who have acted as tax advisor in relation to the impact of the Proposal on Australand Property Group and also on Stapled Securityholders.

KPMG Transaction Services has also considered this information in the compilation of this report.

KPMG Transaction Services has also been specifically responsible for reviewing the aggregation of the Australand, AWPT and AWPT2 forecast financial information to form the Australand Property Group Forecasts.

Our review of the Directors' forecasts and the Directors' best estimate assumptions is substantially less in scope than an audit examination conducted in accordance with Australian Auditing Standards. A review of this nature provides less assurance than an audit. We have not performed an audit and we do not express an audit opinion on the Directors' forecasts or the Directors' best estimate assumptions.



4 **Review statement on the Directors' forecasts and the Directors' best estimate assumptions**

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the Directors' best estimate assumptions, set out in Section 3.8 of the Offer Document, when taken as a whole, do not provide reasonable grounds for the preparation of the Directors' forecasts;
- the Directors' forecasts, set out in Section 3.5 of the Offer Document, are not properly compiled on the basis of the Directors' best estimate assumptions or presented fairly in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies disclosed in Section 3.14 of the Offer Document; and
- the Directors' forecasts are unreasonable.

The underlying assumptions are subject to significant uncertainties and contingencies, often outside the control of Australand and Australand Property Group. If events do not occur as assumed, actual results achieved by Australand and Australand Property Group may vary significantly from the Directors' forecasts as presented in the Offer Document. Accordingly, we do not confirm or guarantee the achievement of the Directors' forecasts, as future events, by their very nature, are not capable of independent substantiation.

5 **Independence**

KPMG Transaction Services does not have any interest in the outcome of this issue, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. KPMG has been engaged to report on certain historical and pro forma financial information included in the Offer Document. KPMG is the auditor of Australand and from time to time, KPMG also provides Australand with certain other professional services for which normal professional fees are received.

Yours faithfully

David C Nott
Director

Greenwoods & Freehills

28 October 2003

Our ref SC:LN:35F
 Direct phone 02 9225 5957
 Direct fax 61 2 9221 6516
 Email simon.clark@gf.com.au
 Matter no 48765
 Doc no Greenwood003708232

The Directors
 Australand Holdings Limited
 Level 3, 1C Homebush Bay Drive
 Rhodes NSW 2138

The Directors
 Australand Property Limited
 Level 3, 1C Homebush Bay Drive
 Rhodes NSW 2138

Dear Sirs

Tax Issues – Stapled Securities

We have been instructed by Australand Holdings Limited and Australand Property Limited (as responsible entity of Australand Property Trust) to prepare a summary of the Australian income tax issues arising from the holding of stapled securities for inclusion in the Australand Property Group product disclosure statement and prospectus dated on or about 28 October 2003 ("Offer Document").

The information contained in this summary is of a general nature only and does not constitute tax advice. It has been prepared to assist holders of Stapled Securities to understand the Australian tax consequences flowing from their holding of Stapled Securities and, as such, is written as if addressed to them.

Investors should seek independent professional advice on the consequences of their participation in the Offer, based on their particular circumstances.

All legislative references are to the provisions of the *Income Tax Assessment Act 1936* and to the provisions of the *Income Tax Assessment Act 1997* (each the "Act"), unless otherwise stated.

Terms used in this opinion are, unless stated otherwise, defined in the same way as they are in the Offer Document.

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 GPO Box 2000 Sydney NSW 1044 Australia www.gf.com.au DX 462 Sydney

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Greenwoods & Freehills ABN 16 628 527 827 001 Ltd (GLF)

1 Position of the holders of Stapled Securities - Summary

In summary, and subject to our more detailed comments below, the Australian tax consequences of holding Stapled Securities depend on whether:

- you are a resident or a non-resident of Australia; and
- you hold the Stapled Securities on capital or revenue account.

If you are an Australian resident taxpayer, you will be taxable:

- on your share of the net (taxable) income of Australand Property Trust;
- on the amount of any dividend received from Australand and any imputation credits attached to the dividend; and
- on any gain arising from the subsequent disposal of the Stapled Securities.

If you are not an Australian resident, you will be taxed:

- on your share of the net (taxable) income of Australand Property Trust to the extent that it is attributable to sources in Australia;
- on any gain arising from the subsequent disposal of the Ordinary Share and unit in Australand Property Trust representing the Stapled Security if the Stapled Securities are held by you on revenue account and:
 - are attributable to a "permanent establishment" you have in Australia; or
 - if you are a resident of a country with which Australia has not concluded a double tax treaty, the source of the gain is in Australia; and
- on any gain arising from the subsequent disposal of the Ordinary Share and unit in Australand Property Trust representing the Stapled Security if the Stapled Securities are held by you on capital account and you (together with your associates) have held at least 10% of the units and/or Ordinary Shares during the 5 years preceding the disposal date, and you are not entitled to double tax treaty relief.

2 Ownership of Stapled Securities - General

Australian taxation law requires the components making up the Stapled Security are recognised separately, i.e. as a unit in Australand Property Trust and an Ordinary Share in Australand. Accordingly, as a holder of Stapled Securities you will:

- receive, and separately deal with the tax consequences of, distributions from Australand Property Trust and/or dividends from Australand; and
- when you dispose of the Stapled Securities you will have to separately consider the tax issues associated with the disposal of the units and the Ordinary Shares.

2.1 Income distributions from Australand Property Trust – Australian residents

As an Australian resident unitholder, you will include in your assessable income your share of the net (taxable) income of Australand Property Trust as advised by the Responsible Entity in each year of income.

You must include in your taxable income each year the taxable component of the Australand Property Trust distributions to which you are entitled in respect of that year even if you do not receive them until after year end or the distributions are reinvested.

The rate of tax applied will depend on the character of the income received and your particular tax profile.

To the extent that a net capital gain is included in Australand Property Trust's net (taxable) income, you will be regarded as having derived a capital gain equal to your proportionate share of such net capital gain. However, where discount capital gains treatment has been applied in calculating the net capital gain at Australand Property Trust's level, you will initially be required to gross-up the amount of the net capital gain (ie, effectively, reverse the effect of the discount). This is required in order that the appropriate CGT treatment may be applied in accordance with your particular tax profile (eg with respect to the application of any capital losses and discount capital gains treatment).

Where the cash distribution from Australand Property Trust exceeds the taxable component of that distribution, the excess will not be immediately taxable but will (unless it relates to the distribution of a discount capital gain) reduce the CGT cost base (and potentially the cost base of units held on revenue account) of the units held by you (this excess is often called the "tax advantaged" component of the distribution). Once you exhaust your cost base, any tax advantaged distribution will give rise to an immediate capital gain.

2.2 Income distributions from Australand Property Trust – non-residents

As an non-resident unitholder, your assessable income will include your share of the net (taxable) income of Australand Property Trust as advised by the Responsible Entity in each year of income. This will consist of so much of your share of the net (taxable) income of Australand Property Trust as is attributable to sources in Australia.

The Responsible Entity may be required to withhold tax in respect of the taxable component of distributions made to you at rates prescribed by the Australian tax legislation (as amended by any applicable Double Tax Treaty).

You are then required to lodge an Australian income tax return in which you report any Australian sourced taxable income and, subject to a credit for tax paid by the trustee, pay any applicable Australian tax.

Similar to the position outlined at 2.1 above, tax advantaged distributions made by Australand Property Trust will reduce the CGT cost base of the units held by you. This will only be relevant if any gain you realise on the subsequent disposal of the units will be subject to Australian tax (refer 3.3 and 3.4 below).

2.3 Dividends from Australand – Australian residents

As an Australian resident, you will include in your assessable income the amount of any dividend paid by Australand and any imputation credits attached to the dividend even if the dividends are reinvested. However, you will be entitled to a tax offset in respect of any imputation credits included in your assessable income if you satisfy the requisite conditions.

Broadly, to be eligible for the imputation credit and tax offset, you must have held the shares at risk for at least 45 days. This rule will not apply to you if you are an individual whose tax offset entitlement does not exceed \$5,000 for the income year.

Where you are an individual, complying superannuation fund or a registered charity (in certain circumstances), you will be entitled to a refund to the extent that the imputation credits attached to your dividends exceed your tax liability for the income year.

Where you are a body corporate, any franked dividends you receive will give rise to a imputation credit in your franking account.

2.4 Dividends from Australand – non-residents

As a non-resident, dividends you receive will not be subject to Australian income tax. However, Australand will be required to withhold tax from any unfranked dividends (or part thereof) paid to you. The tax withheld will, in the absence of a double tax treaty, be equal to 30% of the gross unfranked dividends paid. This rate will be reduced where you are a resident of a country with which Australia has concluded a double tax treaty.

Dividend withholding tax will be the only Australian tax payable by you in respect of unfranked dividends. Franked dividends paid by Australand to you will not be subject to dividend withholding tax or Australian income tax.

3 Disposal of Stapled Securities

Where a Stapled Security is disposed of, it will have to be accounted for as the disposal of a unit in Australand Property Trust and an Ordinary Share in Australand.

3.1 Australian resident taxpayers - Stapled Securities held on capital account

Upon disposal of a Stapled Security, you will realise a capital gain if:

- the portion of the consideration reasonably attributable to the unit exceeds the CGT cost base of the unit; and/or
- the portion of the consideration reasonably attributable to the Ordinary Share exceeds the CGT cost base of the Ordinary Share.

In broad terms, the CGT cost base for your unit and Ordinary Share is the amount you paid for them (including incidental costs of acquisition and disposal).

In the case of your units, as outlined at paragraph 2.1 above, the cost base will be reduced by any tax advantaged distributions.

You will have to determine the basis of apportionment of the sale proceeds across the individual units and Ordinary Shares. Information to assist you to apportion the consideration across the components of a Stapled Security will be provided by Australand and the Responsible Entity on a regular basis.

The taxable amount of the capital gain may be reduced if certain CGT concessions apply.

If you are an individual or a trustee and you have held your Ordinary Shares or units for at least 12 months prior to the date of their disposal, you may choose to reduce the amount of your capital gain by either the CGT discount or alternatively for Ordinary Shares acquired (or deemed to have been acquired) before 21 September 1999, you may calculate the capital gain using an indexed CGT cost base (indexation will only be available up to 30 September 1999).

If you choose the CGT discount method, your taxable capital gain will be reduced by one-half (or one-third if you are trustee of a complying superannuation fund, approved deposit fund or pooled superannuation fund).

If you are a company, you will be entitled to index the CGT cost base (but not the reduced cost base) of each Ordinary Share up to 30 September 1999 but cannot elect to apply the discount capital gain method. Indexation will not be available for Ordinary Shares that were acquired by you after 21 September 1999.

3.2 Australian resident taxpayers - Stapled Securities held on revenue account

Upon disposal of a Stapled Security, you will realise a gain if the portion of the consideration you receive, reasonably attributable to the unit and the Ordinary Share, exceeds the amount you paid for the respective unit (adjusted where necessary for tax advantaged distributions which you have received) and Ordinary Share.

If you make a loss, it will be tax deductible and may be offset against your assessable income.

3.3 Non-resident taxpayers - Stapled Securities held on capital account

If you (together with your associates) have held (at all times during the 5 years preceding the date of disposal) at least 10% of the units and Ordinary Shares on issue, you will be taxed on any gain derived from their disposal, except where you are a resident of a country with which Australia has concluded a double tax treaty, in which case you may be entitled to relief from Australian tax pursuant to the terms of the treaty.

If treaty relief is not available, you may be eligible for the CGT discount or indexation as described above for Australian resident taxpayers.

3.4 Non-resident taxpayers - Stapled Securities held on revenue account

Where you are a resident of a country with which Australia has concluded a double tax treaty, any gain you derive on the disposal of the Stapled Securities will be subject to Australian tax if they are attributable to a permanent establishment you have in Australia.

Where you are a resident of a non-treaty country, any gain you derive on the disposal of the Stapled Securities will be subject to Australian tax only if the source of your gain is in Australia.

* * *

Yours faithfully
GREENWOODS & FREEHILLS PTY LIMITED

per

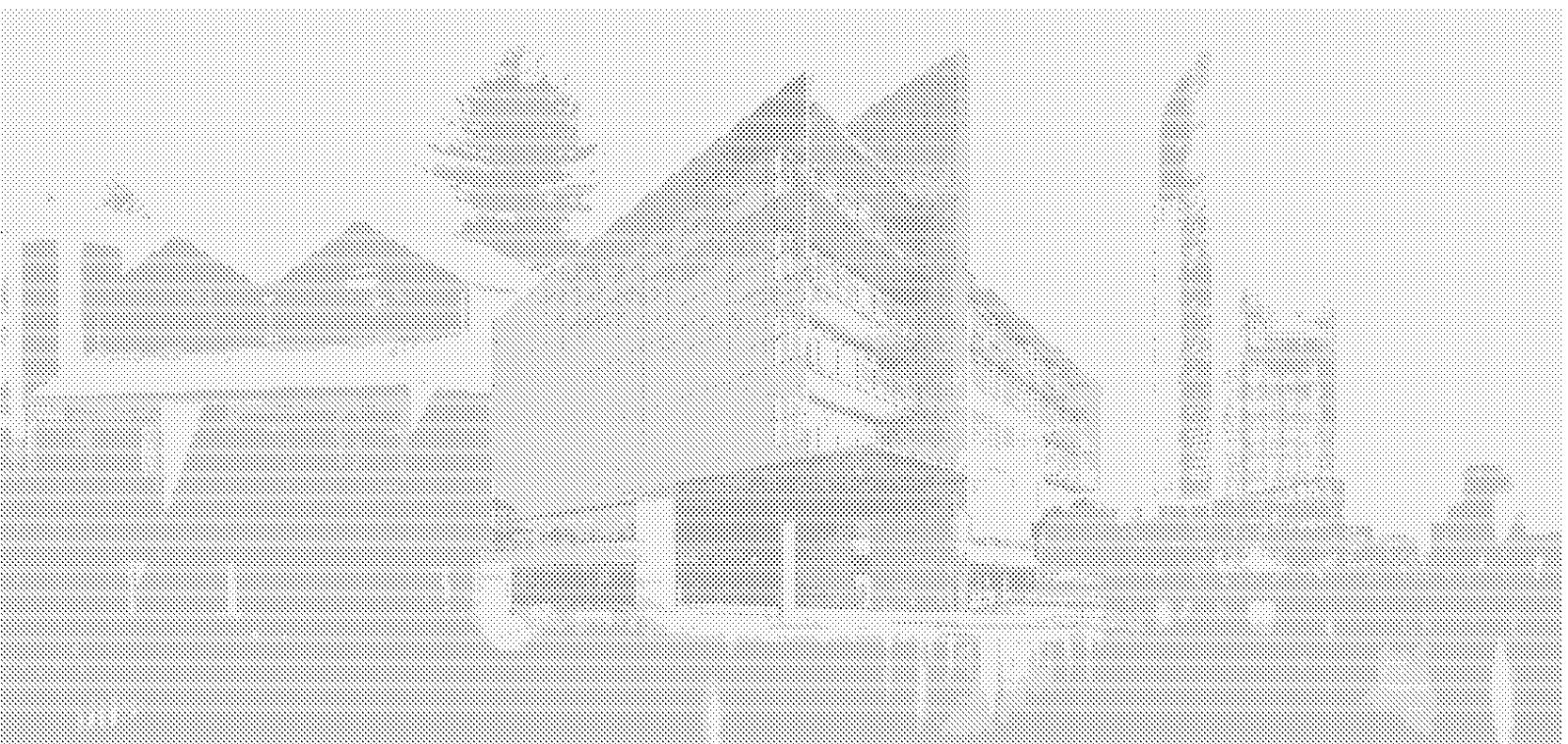


Simon Clark
Director

SECTION 5

Risks

5



5. RISKS

5.1 GENERAL MARKET RISK

Investors should be aware that the market price of Stapled Securities and the future Distributions made to Stapled Securityholders will be influenced by a number of factors that are common to most listed investments. At any point in time, these may include:

- the Australian and international economic outlook;
- movements in the general level of prices on international and local stock markets;
- changes in economic conditions including inflation and interest rates; and
- changes in Government fiscal, monetary and regulatory policies.

5.2 PRIMARY BUSINESS RISKS

Stapled Securityholders will be exposed to risks associated with Australand Property Group's business activities. The price at which Stapled Securities will trade on ASX or SGX will be affected by the stock market participants' view of these risks. These risks include:

Property market -- Australand Property Group earnings are subject to property market conditions. Increases in supply or falls in demand in any of the sectors of the property market in which Australand Property Group operates or invests could influence the acquisition of sites, the timing and value of Australand Property Group's sales and the carrying value of projects and income producing assets and this could affect earnings.

Land values -- Unanticipated factors affecting the value of land or development costs, including environmental issues, native title claims, land resumptions and major infrastructure developments might impact on future earnings.

Property values -- Unanticipated factors influencing the value of investment property or the realisable value of development trading stock of Australand Property Group.

These include:

- The capitalisation rates that are considered appropriate by professional valuers, for the income producing properties held by Australand Property Group, in response to changes in market conditions.
- Changes in the conditions of town planning consents applicable to Australand Property Group projects, as a consequence of the unpredictable nature of council policies.
- Variances in the cost of development as a consequence of the imposition of levies by state and local government agencies.
- The presence of previously unidentified threatened flora and fauna species, which may influence the amount of developable land on major projects.
- The activities of resident action groups.
- Native title claims.
- Land resumptions for roads and major infrastructure, which cannot be adequately offset by the amount of compensation eventually paid.

Interest rates -- Increases in interest rates could have the effect of reducing the availability or increasing the cost of finance for the purchase of properties by Australand Property Group's customers. Interest rates also impact on Australand Property Group's cost of funds. Australand Property Group has entered into interest rate hedge contracts in respect of 65% of its current debt.

Funding -- Changes in the availability and cost of current and future borrowings will impact on Australand Property Group's earnings.

Inflation and construction costs -- Higher than expected inflation rates generally or specific to the building industry could be expected to increase operating costs and development costs. These cost increases may be offset by increased selling prices or rents.

Environmental -- The discovery of, or incorrect assessment of costs associated with, environmental contamination on any of Australand Property Group's projects could have an adverse effect on the profitability and timing of receipt of revenue from that project. Australand Property Group's policy is to undertake environmental due diligence on any property before acquisition.

Climatic conditions -- Prolonged adverse weather conditions may result in delays in construction and marketing and possibly deferral of revenue and profit recognition.

Industrial disputes -- Industrial disputes which affect the supplies of building materials, sub-contractors and independent builders engaged to undertake construction on Australand Property Group development sites may impact on Australand Property Group's earnings.

Regulatory risk – Changes in government and local government regulations and policies (including government land development, public housing and first home-buyer assistance and tenancy laws), and delays in the granting of approvals or the registration of subdivision plans may affect the amount and timing of Australand Property Group's future profits.

Taxation – Changes in income tax, GST or stamp duty legislation or policy, particularly in regard to residential housing, property development activity and investment in income producing property may adversely affect Australand Property Group's profit. Any removal of the concessions for individuals in respect of capital gains tax or relating to negative gearing of income producing properties could have an adverse effect on Australand Property Group's sales or the value of its investments.

Human resources – The loss of key management personnel who have particular expertise in property development, construction, marketing of investment or management may influence future earnings.

Accounting standards – Changes to Australian Accounting Standards could affect Australand Property Group's reported earnings performance in any given period and its financial position from time to time.

Tenant solvency – Insolvency or financial distress of tenants of Australand Property Group's income producing properties may reduce the income received by Australand Property Group from such assets.

Rental market – Changes in market conditions for rental properties, including vacancy rates, incentive levels and rental rates may impact on the income received from Australand Property Group's income producing assets.

5.3 OTHER MAJOR RISK FACTORS

The forecasts of property development and investment businesses generally reflect an assessment of the risks that are likely to have an impact on the projects which will contribute sales revenue, profit and income during the forecast period. While the Directors have taken steps to ensure that policies and procedures have been devised and implemented to identify and manage the risks that may detrimentally affect Australand Property Group, there are some business risks which may be outside the control of the Directors and management. These risks include, in addition to those set out above:

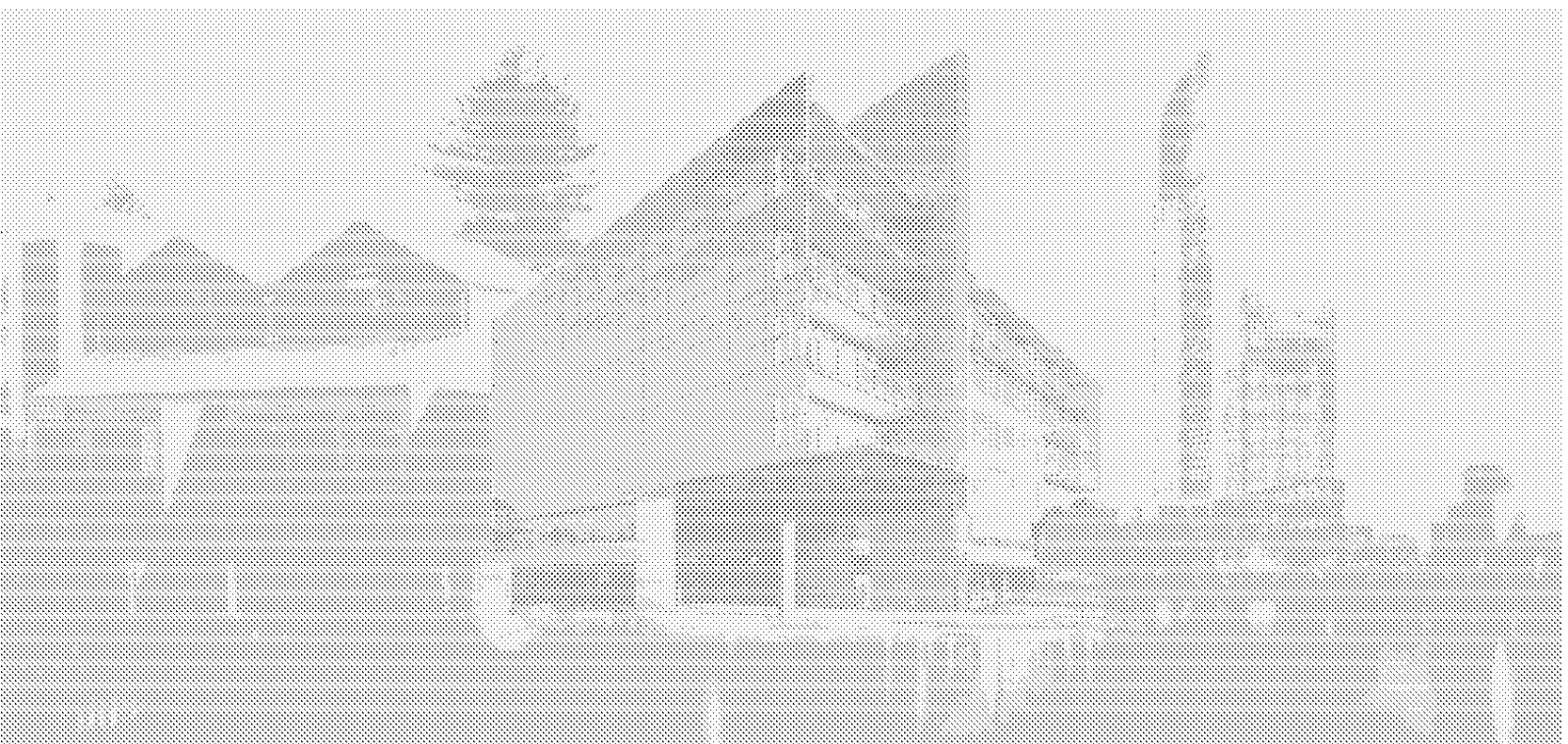
- A reduction in market prices for established residential housing, which may reduce the value realised by customers from the sale of their property and affect their capacity to purchase residential land and completed houses. This could be expected to be reflected in reduced rates of sale and lower selling prices for Australand Property Group's products.
- Competitive pressure forcing lower sale prices for land and houses in the estates or delays in the timing of such sales. In addition to the impact on annual sales, any downward changes in prices for residential land and new housing may also be reflected in changes in the valuation of Australand Property Group's land holdings with consequential effects on the reported profits.
- The emergence of an oversupply of developed land, new and/or established house, commercial office space and industrial premises, in the market segments in which Australand Property Group operates. This could result in slower rates of sale and a possible reduction in selling prices for Australand's projects, lower rentals and possible reductions in carrying the value of assets.
- Changes in community attitudes and preferences reducing demand for housing products of the type offered by Australand Property Group in the locations in which Australand Property Group has land holdings.
- Inability to acquire land to the extent that new projects are not secured over the next two years at rates of return comparable to those earned on current projects, which could result in profits in years subsequent to the forecast period being reduced.
- Delays in the registration of subdivision plans to the extent that sales may not be able to be brought to account in the same period in which construction and marketing of a project has been undertaken. This may result in reportable profit for a particular financial period being lower and the transfer of the profit variance to a subsequent financial period.
- Changes in government policy affecting either the operation of government owned land development and public housing authorities or policies relating to the levels of assistance to first home buyers, immigration or foreign ownership of residential housing.
- Unanticipated factors unfavourably affecting the value of land or development costs including environmental, native title claims, land resumptions or major infrastructure developments (e.g. airport or motorway).

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SECTION 6

Additional information

6



6. ADDITIONAL INFORMATION

6.1 SUMMARY OF AUSTRALAND REPLACEMENT CONSTITUTION

The Australand Constitution contains the internal rules of Australand. It deals with matters such as the rights, duties and powers of Ordinary Shareholders and directors of Australand. The Ordinary Shareholders approved the replacement of the Australand Constitution with the Replacement Constitution at a meeting of Ordinary Shareholders held on 27 October 2003. The main provisions of the Replacement Constitution are summarised below.

(a) **Share capital:** Each Ordinary Share is stapled to a unit in Australand Property Group to form a stapled security. Until unstapled, the Directors must not cause a share to cease being a Stapled Security.

(b) **Issue of further shares:** The Directors may issue Ordinary Shares on such terms as they decide provided that the Responsible Entity issues an identical number of Units in Australand Property Trust to the same person at the same time. When issued, an Ordinary Share will immediately be stapled to a Unit in Australand Property Trust to form an Australand Property Group Stapled Security and will remain so stapled for so long as the Shares remain on issue unless otherwise determined by resolutions of Stapled Securityholders. Australand may also issue preference shares.

The issue price of Australand Property Group Stapled Securities will be determined in accordance with the relevant provisions of Australand Property Trust Constitution.

(c) **Stapling:** No provision of the Replacement Constitution which relates to or is connected with Stapling or Stapled Securities may be amended without the approval of Unitholders in Australand Property Trust.

While Stapling applies, the number of issued Ordinary Shares must equal the number of issued "Attached Securities" of each category at that time. The only Attached Security currently contemplated is a unit in Australand Property Trust.

(d) **Transfer of Ordinary Shares:** An Ordinary Share may only be transferred if the transfer is accompanied by a transfer of the unit to which the Share is stapled, in favour of the same transferee. The Shares may be transferred in the case of CHES Approved Securities in accordance with the CHES Rules or by written transfer in the usual form, or by any other method of transfer of marketable securities which is recognised by the Corporations Act, SGX, ASX and is approved by the Directors.

The Directors may decline to register a transfer of shares where the transfer is not in registrable form, or where Australand is permitted to do so under the Listing Rules or the Replacement Constitution.

(e) **Register:** A Stapled Securities register must be maintained, which records details of all Stapled Securities held by Stapled Securityholders.

(f) **General meetings of Australand:** Notice of a general meeting of Australand must be given in accordance with the Corporations Act. The Directors must convene a meeting on the written request of not less than 100 Shareholders or Shareholders who together are entitled to not less than 10% of the total voting rights of all Ordinary Shareholders.

(g) **Proxy:** Any Ordinary Shareholder may be represented at any meeting of Australand by a proxy or attorney. The executed proxy form must be received by Australand no less than 48 hours before the time for holding the meeting as is specified in the notice convening the meeting.

(h) **Quorum:** A quorum of the general meeting of Ordinary Shareholders is constituted by two Ordinary Shareholders present in person or by proxy, attorney or representative.

(i) **Voting:** Subject to any rights of any Shares or class of Shares, each Ordinary Shareholder is entitled to attend and vote at a general meeting of Australand. Any resolution being considered at a general meeting is decided on a show of hands unless a poll is demanded. On a show of hands, each Ordinary Shareholder present (in person and each other person present as a proxy, attorney or a representative of an Ordinary Shareholder) has one vote.

On a poll, each Ordinary Shareholder (in person and each other person present as a proxy, attorney or a representative of an Ordinary Shareholder) has one vote for each fully paid Share.

(j) **Number of Directors:** The minimum number of Directors is three. The actual number of Directors is to be fixed by the Directors but may not be more than 15.

(k) **Appointment and retirement of Directors:** At every annual general meeting of Australand, one third of the Directors (excluding the Managing Director or any Director appointed within the last year who is standing for election) must retire from office. If the number is not three or a multiple of three, then the number nearest one-third and any other Director who has held office for three years or more since last being elected, must retire from office.

The Directors may appoint a person as a Director, either in addition to the existing Directors or to fill a casual vacancy, so long as this appointment does not bring the number of Directors in excess of the maximum. A Director appointed in this way (who is not a Managing Director) holds office only until the next annual general meeting following his or her appointment.

- (l) **Removal of Director:** Ordinary Shareholders can by resolution remove any Director and appoint another person as a replacement. Australand may at a general meeting called for that purpose remove a Director by a resolution of members.
- (m) **Directors' remuneration:** The Directors are entitled to be remunerated for their services as Directors. The total amount or value of the remuneration must not exceed the sum determined from time to time by Australand in general meeting. The remuneration is to be divided among the Directors in the proportion and manner agreed between them or, in default of agreement, equally.

This article does not apply to the remuneration of a managing director or an executive director in either capacity. The Directors' remuneration accrues from day to day.

A Director is also entitled to be reimbursed out of the funds of Australand for the reasonable travelling, accommodation and other expenses the Director may incur when travelling to or from meetings of the Directors or a committee of Directors or when otherwise engaged on the business of Australand.

The remuneration of a Managing Director or an executive director may be fixed by the Directors by way of salary, commission or participation in profits or by all or any of those modes, but may not be by a commission on or percentage of operating revenue.

An alternate Director is not entitled to receive from Australand any remuneration or benefit.

- (n) **Insurance and indemnity:** Australand may indemnify every Director or executive officer on a full indemnity basis, to the full extent permitted by law, for all losses or liabilities incurred as an officer of Australand or a related body corporate.

Australand may (to the full extent permitted by law) purchase and maintain insurance for liability incurred as an officer of Australand.

- (o) **Dividends:** The Directors may pay dividends, including interim dividends, which appear to the Directors to be justified by the financial position of Australand. Interest is not payable on any dividend.
- (p) **Election to reinvest dividends:** The Directors may grant to Ordinary Shareholders or a class of Ordinary Shareholders the right to elect to reinvest cash dividends paid by Australand by subscribing for Ordinary Shares on the terms the Directors think fit. While Ordinary Shares are Stapled Securities, the Directors may grant such a right only if at the same time an offer to issue an identical number of Attached Securities to those persons has been made.
- (q) **Capitalisation of profits:** The Directors may capitalise any sum applied for the benefit of Ordinary Shareholders in the proportions to which those Ordinary Shareholders would have been entitled in distribution of that sum by way of dividend.
- (r) **Winding up:** With the sanction of a special resolution, the liquidator may divide among the Ordinary Shareholders the whole or any part of Australand's property and decide how the division is to be carried out.
- (s) **Restricted securities:** Restricted securities cannot be disposed of during an escrow period except as permitted by the Listing Rules or ASX.
- (t) **Small holdings:** The Directors may sell or redeem any Shares held by an Ordinary Shareholder which comprise less than a marketable parcel without request by the Shareholder. Australand must give the Ordinary Shareholder seven days notice of this intention to sell or redeem in which time the Ordinary Shareholder can advise Australand that it wishes to retain the Ordinary Shares.

While Stapling applies, at the same time as Ordinary Shares are redeemed or sold, an identical number of Attached Securities must also be redeemed or sold.

6.2 SUMMARY OF AUSTRALAND PROPERTY TRUST CONSTITUTION

On Implementation of the Stapling Proposal, Australand Property Trust will be a registered managed investment scheme and Australand Property Limited will be the Responsible Entity of Australand Property Trust. The main rules governing the operation of Australand Property Trust are set out in Australand Property Trust Constitution which is dated 14 September 2003. The Corporations Act, exemptions and declarations given by ASIC, the Listing Rules (subject to waivers), and the general law of trusts are also relevant to the rights and obligations of the Responsible Entity and of Stapled Securityholders and holders of options to acquire Stapled Securities (in this summary referred to as members).

The main provisions of Australand Property Trust Constitution that deal with the rights and obligations of members are:

- **Units:** A fully paid unit confers an equal undivided interest in Australand Property Trust's assets. The Constitution contemplates the issue of partly paid units.

- **Stapling:** The Constitution provides for the stapling of one unit in Australand Property Trust to one Ordinary Share, with the intention that they be treated as a single security. See also the summary of the Stapling Deed in Section 6.3 below.
- **Income:** Subject to the terms of issue of particular units, Unitholders are entitled to a share in the trust's income proportionate to their paid up unit holding. Unless otherwise determined by the Responsible Entity and subject to certain adjustments, the distributable income of Australand Property Trust is the operating income plus any additional amount as determined by the Responsible Entity. Unless distributions are required to be reinvested, the Responsible Entity will pay them within two months of the end of the relevant period. Distributions must be at least annual, but are expected to occur quarterly.
- **Transfer:** Units may only be transferred as part of Stapled Securities. Any Stapled Securities classified as "restricted securities" under the Listing Rules may not be transferred during the escrow period.
- **No redemption:** There is no right to redeem units in Australand Property Trust.
- **Winding up:** If Australand Property Trust is wound up, Unitholders are entitled to receive a share of the value of the trust assets proportionate to their paid up unit holding. The trust will continue for 80 years, unless the Responsible Entity notifies members of earlier termination or the law requires.
- **Members' liability:** Unless a Unitholder incurs "user pays" fees or makes a separate agreement with the Responsible Entity, their liability is limited under the Constitution to the amount paid or payable for their units. User pays fees include tax or expenses that the Responsible Entity incurs as a result of a particular Unitholder's request, act or omission.
- **Meeting:** A Unitholder's right to requisition, attend and vote at meetings are mostly prescribed by the Corporations Act. The constitution provides that the quorum for a meeting is normally two members. It allows meetings by electronic means including telephone. Meetings may be held in conjunction with those for Australand.

The Australand Property Trust constitution also deals with the powers, duties and liability of the Responsible Entity as responsible entity:

- **Powers:** The Responsible Entity has powers to invest, borrow and generally manage Australand Property Trust subject to Australand Property Trust's principal investment policy, which is to invest directly or indirectly in real property. The policy may be changed on reasonable notice to members. The Responsible Entity's contracting powers include providing any guarantee, security, indemnities and undertakings in connection with the obligations and liabilities of a person, whether or not that person is a member of Australand Property Group. The Responsible Entity also has power to issue units and options over units on such terms as it determines.
- **Duties:** The Responsible Entity's duties as responsible entity are mainly contained in the Corporations Act. In carrying out its duties and exercising its powers, it may have regard to the interests of the holders of the stapled shares as well as the unitholders of Australand Property Trust.
- **Rights:** The Responsible Entity may recover out of Australand Property Trust's assets expenses properly incurred in the operations of Australand Property Trust. The Constitution also authorises the Responsible Entity to charge fees up to the following maximum levels: an application fee of 2% of application monies, an acquisition fee of 1.5% of the value of properties acquired for the trust and a management fee equal to the Responsible Entity's reasonable estimate of its costs including all overheads, whether incurred directly or indirectly. If the Responsible Entity becomes liable to pay GST in respect of suppliers connected with the trust, then it is entitled to be paid an additional amount on account of this. The management fee is payable from time to time upon demand by the Responsible Entity, and the Responsible Entity must produce a quarterly statement of the management fee. It may accept lower fees than it is entitled to receive.
- The Responsible Entity may also:
 - take and act upon advice from professionals;
 - value the assets of the trust at any time (at market value unless it determines otherwise);
 - hold units in Australand Property Trust in any capacity, contract with itself, Australand or any associate and may be interested in such contract;
 - retire as responsible entity (but only if unitholders have approved a replacement); and
 - amend the Constitution, but only with unitholders' approval, unless the change will not adversely affect unitholders' rights.
- **Liability:** The Responsible Entity is not liable in contract, tort or otherwise to unitholders for any loss suffered relating to Australand Property Trust except to the extent that the Corporations Act imposes such liability. The Responsible Entity is entitled to be indemnified out of Australand Property Trust assets for any liability it incurs in properly performing or exercising any of its duties or powers in relation to Australand Property Trust.

6.3 SUMMARY OF STAPLING DEED

A Stapling Deed was entered into by the Responsible Entity and Australand on 27 October 2003 setting out the terms of the relationship between the Responsible Entity and Australand in respect of the units in Australand Property Trust and the Ordinary Shares that comprise the Stapled Securities. The aspects of that relationship with which it deals include the following:

- **Stapling:** The units in Australand Property Trust and Ordinary Shares will remain stapled unless a special resolution of Stapled Securityholders approve unstapling.
- **Cooperation and consultation:** The Responsible Entity and Australand agree to share accounting and other information, and to cooperate in operating Australand Property Trust and Australand in providing information to investors, valuing assets, preparing accounts, holding meetings, issuing securities and making distributions.
- **Dealings in Stapled Securities:** Units in Australand Property Trust and Ordinary Shares may only be issued or transferred as part of Australand Property Group Stapled Securities.
- **Acquisitions, disposals and borrowings:** These require consultation procedures between the Responsible Entity and Australand to be followed.
- **Financial benefits:** The Responsible Entity and Australand agree to enter into or procure that any subsidiary enter into any agreement, document or arrangement or do any act at the direction of the other in respect of any financing facility or financial accommodation affecting any person, whether or not that person is a member of Australand Property Group.
- **Allocation of issue price:** The Responsible Entity and Australand must agree on the proportion of the issue price of a Stapled Security to be allocated to each of Australand Property Trust and Australand. Generally, this is by reference to the net assets of each entity, adjusted for the net market value of their investments.
- **Registers:** Australand's register of Ordinary Shareholders and Australand Property Trust's register of unitholders are to be kept jointly.
- **Duties:** When carrying out their duties, the Responsible Entity and Australand may consider the interests of holders of Stapled Securities as a whole, not only the interests of the members of Australand Property Trust and Australand separately.
- **Dispute resolution:** If there are disagreements about stapling issues, the Responsible Entity and Australand must use their best efforts to resolve them and negotiate in good faith before instituting proceedings.

6.4 CONTINUOUS DISCLOSURE AND COPIES OF DOCUMENTS

Australand is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules, including the preparation of annual reports and half yearly reports. The most recently lodged annual report before the date of this Offer Document is the 2002 Annual Report for the year ended 31 December 2002. The most recently lodged half year report before the date of this Offer Document is the 2003 Half Year Report for the half year ended 30 June 2003.

Australand is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the stock markets conducted by ASX. In particular, Australand has an obligation under the Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of Ordinary Shares. That information is available to the public from ASX or from ASIC. Following the listing on ASX of Australand Property Group as a stapled group, both Australand and Australand Property Trust will be disclosing entities under the Corporations Act and will be subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules, including the preparation of annual reports and half yearly reports. Copies of these documents will be able to be obtained from ASX or from ASIC.

The following documents are available for inspection at the offices of Australand between 9.00am and 5.00pm on business days and a copy may be requested to be provided, free of charge:

- 2002 Annual Report
- 2003 Half Year Report
- Australand Constitution
- Replacement Constitution
- Constitution of Australand Property Trust
- Stapling Deed
- Implementation Deed

- Explanatory Memorandum relating to the Stapling Proposal
- Explanatory Memorandum relating to the acquisition of AWPT
- Explanatory Memorandum relating to the acquisition of AWPT2
- Rules of the Australand Property Group Distribution Reinvestment Plan
- Rules of the Australand Property Group share option plan
- Any continuous disclosure notice lodged by Australand with ASX since the lodgement of the 2002 Annual Report

6.5 AMENDED TERMS AND CONDITIONS ATTACHED TO EXISTING OPTIONS

The amendments to the terms and conditions attaching to Options, made in accordance with the Option Scheme, are to enable Options to be exercised over Australand Property Group Stapled Securities. Key provisions of the amended terms and conditions are:

- (a) **Replacement of security underlying Options:** Existing Optionholders who previously held Options over Ordinary Shares will continue to hold those Options, which will from the Implementation Date of the Option Scheme be exercisable over Stapled Securities.
- (b) **Exercise price:** The exercise price for an Option will be \$1.61 subject to adjustment in accordance with the terms and conditions.
- (c) **Vesting and exercise period:** One quarter of Options granted will continue to vest annually, and the exercise period of an Option is the five-year period commencing on the date the Option becomes vested.
- (d) **Options are not transferable:** Options will not be transferable, except as permitted by the Directors in their absolute discretion.
- (e) **Procedure for exercising Options:** To exercise an Option, Optionholders must, within the exercise period, comply with any exercise conditions and pay the exercise price.
- (f) **Stapled Securities issued on exercise to rank equally:** On exercise of an Option, Australand and the Responsible Entity must ensure that Stapled Securities allotted and issued rank equally in all respects with all other Stapled Securities.
- (g) **Quotation on issue and allotment:** Australand and the Responsible Entity must apply for the quotation of Stapled Securities allotted and issued on exercise of Options as soon as practicable after allotment and issue while Australand Property Group Stapled Securities are quoted on the official list of ASX.
- (h) **Lapse of Options:** Options will lapse on:
 - (i) resignation, retirement, termination for redundancy or cessation of employment for any reason other than those listed, subject to the discretion of the Directors;
 - (ii) on the winding up of either Australand or the Responsible Entity, or the forfeiture of Options due to the Optionholder's bankruptcy or arrangement with creditors;
 - (iii) where requested by an Optionholder to the Directors; or
 - (iv) at the end of the exercise period for the Options.
- (i) **Certificates:** Australand and the Responsible Entity must issue each Optionholder with a certificate in relation to Options granted to that Optionholder.

6.6 DISTRIBUTION REINVESTMENT PLAN

The Directors and the directors of the Responsible Entity have established a distribution reinvestment plan ("DRP") to provide Stapled Securityholders with the choice of reinvesting some or all of their dividends (in respect of their Ordinary Shares) and distributions (in respect of their units in Australand Property Trust) (together, "Distributions", as the context requires) in new Stapled Securities at a discount to the prevailing market price rather than receiving those Distributions in cash. The Directors and the directors of the Responsible Entity (the "Administrators" of the DRP) may decide for which Distributions, if any, the DRP will be available.

Some of the principal features of the DRP are:

- (a) **Participation:** Subject to the right of the Administrators to specify a maximum or minimum number of Stapled Securities for participation in the DRP, Stapled Securityholders may elect to participate in the DRP in respect of all or part of their Stapled Securities holding. A Stapled Securityholder may join, vary their participation or withdraw from the DRP at any time as provided under the rules of the DRP.

If a Stapled Securityholder elects full participation in the DRP, then all Stapled Securities held by that Stapled Securityholder, including all Stapled Securities subsequently acquired by that Stapled Securityholder will participate in the DRP. If such Stapled Securityholder disposes of some of their Stapled Securities then their remaining Stapled Securities will continue to participate in the DRP.

If a Stapled Securityholder elects partial participation, only the number of Stapled Securities that they have nominated will participate in the DRP. If such a Stapled Securityholder disposes of part of their security holding, then the Stapled Securities disposed of are first taken to be, Stapled Securities not participating in the DRP and second, Stapled Securities participating in the DRP.

- (b) **Eligibility:** Stapled Securityholders whose registered address is in Australia, New Zealand and Singapore may participate in the DRP. Stapled Securityholders whose registered address is outside Australia, New Zealand and Singapore may not participate in the DRP unless the Administrators are satisfied that the issue of Stapled Securities to them under the DRP is lawful and practicable. The Administrators are entitled to make the final determination as to whether any Stapled Securityholder may participate in the DRP.
- (c) **Allocation price of Stapled Securities:** Stapled Securities will be issued or acquired on-market under the DRP at a discount of up to 10% determined by the Administrators to the weighted average price of Stapled Securities on ASX during the five trading days immediately following and inclusive of the record date to which the Distribution relates ("Allocation Price").
- (d) **Issue or transfer:** The Administrators will determine whether Stapled Securities to be allocated under the DRP will be newly issued Stapled Securities or Stapled Securities acquired on-market for transfer to Stapled Securityholders under the DRP. By applying to participate in the DRP, an applicant agrees to the appointment of a trustee nominated by the Administrators as the agent of the Administrators to acquire Stapled Securities on-market, where the Administrators decide to transfer Stapled Securities to participants.
- (e) **Entitlement:** No Ordinary Shares or units in Australand Property Trust may be issued by the Administrators under the DRP unless the number of Ordinary Shares and units issued to a participant are identical and each Ordinary Share is stapled to a unit. Subject to the terms of any ASIC relief, dividends of Australand and distributions of Australand Property Trust will be pooled so that part of the Australand Property Trust's distributions may be used to acquire Ordinary Shares and part of Australand's dividend may be used to acquire units in Australand Property Trust.

The number of Stapled Securities to be issued to a participant in the DRP at the Allocation Price will be determined by dividing the amount of the Distribution to a participant as at the books closing date for that Distribution (plus the residual positive balance carried forward in a participant's plan account less any withholding tax or other amounts to be withheld in relation to those Stapled Securities) by the Allocation Price and rounding that number down. In relation to each Distribution, any residual amount will either be recorded as a residual positive balance in a plan account established for each participating Stapled Securityholder (to be carried forward to the next Distribution without any interest accruing) or paid to the participating Stapled Securityholder without interest.

- (f) **Plan Account:** The Administrators will establish and maintain a plan account for each DRP participant. Into this account, the Administrators will pay:
 - (i) the Distributions payable to a DRP participant in respect of the Stapled Securities subject to the DRP and any withholding tax or other amount that may be withheld in respect of these Stapled Securities; and
 - (ii) any amount not reinvested in Stapled Securities, including amounts representing a fraction of a Stapled Security, which either will be paid to a participant without interest or carried forward to the next Distribution as a positive residual balance.
- (g) **Stapled Securities:** All Stapled Securities newly issued or acquired on-market and transferred to participants under the DRP will rank equally in all respects with all other issued fully paid Stapled Securities, including distribution entitlements. Promptly after transfer, the Administrators will apply for quotation of Stapled Securities newly issued under the DRP on ASX and SGX.
- (h) **Sale of Stapled Securities:** Once Stapled Securities allocated under the DRP are allocated to DRP participants and quoted on the ASX and SGX, they may be sold by the Stapled Securityholder to whom they were allocated.
- (i) **DRP Statements:** Participating Stapled Securityholders will be sent a statement with each issue of new Stapled Securities or transfer of existing Stapled Securities under the DRP giving details of their participation in the DRP.
- (j) **Variation, suspension and termination by Administrators:** The DRP will terminate automatically if Ordinary Shares and units in Australand Property Trust are no longer stapled. The Administrators have the power to suspend, amend or modify the rules of the DRP.
- (k) **Costs:** Stapled Securityholders participating in the DRP pay no brokerage, commission or other transaction costs on Stapled Securities allocated under the DRP. Stapled Securityholders will be sent a copy of the rules governing the DRP together with a DRP "Notice of Election" in sufficient time to allow an election to be made in respect of the Distributions projected to be paid in February 2004.

6.7 UNDERWRITING AGREEMENT

Australand and the Responsible Entity (each an issuer, and together the issuers) have entered into an Underwriting Agreement in relation to the Offer with Goldman Sachs JBWere Pty Limited and UBS Advisory and Capital Markets Australia Limited (each an "Underwriter" and together the "Underwriters"). Under the Underwriting Agreement, each Underwriter has agreed to underwrite subscriptions for 50% of the approximately \$93 million raised which is not to be subscribed for by CapitalLand through its subsidiaries (the "Underwritten Amount"). The Underwriters also agree to manage the Offer and assist the issuers in the successful conduct of the Offer.

The obligations of the Underwriters to underwrite subscriptions for the Underwritten Amount are conditional on, amongst other things:

- completion of due diligence to the reasonable satisfaction of the Underwriters and the provision of satisfactory signoffs from the issuers' solicitors, accountants and auditors;
- the terms of the Stapling Proposal being substantially the same as those approved by the Underwriters at the date of the Underwriting Agreement;
- each of the Schemes and the Reset Prefs Cancellation being approved or passed by the requisite majority under the Corporations Act on or before the date which is five business days before the Closing Date of the Offer or such later date approved by the Underwriters;
- before 18 December 2003, no event occurs or fails to occur, which would or would be likely to result in the time by which the issuers are required to give the shortfall notice (being no more than four business days after the closing date) being later than 6.00pm on 18 December 2003;
- unitholders in one or both of AWPT and AWPT2 approving the Acquisition Proposal or, if they reject the Acquisition Proposal, Australand announcing to ASX prior to the date of lodgment of this Offer Document that it intends to make a cash bid to acquire the units in either AWPT or AWPT2;
- forecast distributions per Stapled Security for the financial year ending 31 December 2004 included in this Offer Document:
 - not being less than 16 cents (assuming the Stapling Proposal is implemented and that units in both AWPT and AWPT2 are acquired by Australand Property Trust); or
 - not being less than 15.5 cents in any other circumstance;
- the Treasurer of Australia does not object, or becomes taken to have not objected, to the Acquisition Proposals by the shortfall notification date;
- the Issuers delivering to the Underwriters a certificate in the terms set out in the Underwriting Agreement by 8.30am on the date of lodgment of this Offer Document; and
- before the Offer document is lodged, the Responsible Entity obtaining an Australian financial services licence and being registered as the responsible entity of Australand Property Trust.

An Underwriter may terminate its obligations under the Underwriting Agreement by giving written notice to the Issuers if one or more of the following events occurs:

- this Offer Document omits any material required under the Corporations Act or contains a statement which is misleading or deceptive;
- ASIC issues a stop order or takes similar action;
- a supplementary offer document is required or lodged, other than a supplementary offer document setting out the issue price once determined;
- a certification required from the issuers is not provided or is untrue or incorrect in a material respect;
- Australand Property Trust is not admitted to the Official List or the offer securities are not granted quotation;
- there is a material adverse change in the financial position, results of operations or prospects of Australand, the Responsible Entity or Australand Property Trust;
- any person whose consent to this Offer Document is required by the Corporations Act refuses to consent or withdraws their consent;
- this Offer Document or any part of the Offer is withdrawn;
- there is a general moratorium or material disruption in commercial banking activities or security settlement or clearance services in Australia, the United Kingdom or the United States of America for two consecutive business days, except where such moratorium or disruption occurs after the shortfall notification date the effect is only to extend the time of the shortfall application date by an equivalent period, up until the shortfall application date being 31 December 2003;
- suspension of trading in the Ordinary Shares or the Stapled Securities on ASX or cessation of their ASX quotation (except in the case of the Ordinary Shares which will cease to be quoted on the quotation of Stapled Securities on a deferred settlement basis);
- no event occurs or fails to occur, which would or would be likely to result in the time by which the Issuers are required to give the shortfall notice (being no more than four business days after the closing date) being later than 6.00pm on 18 December 2003;

- any of the Schemes being withdrawn or not approved by the Court under the Corporations Act;
- breach of the Underwriting Agreement by either Issuer; and
- CapitalLand fails to subscribe for its pro rata entitlement under this Offer prior to the shortfall notification date.

An Underwriter may also terminate its obligations by notice in writing to the Issuers if any of the following events occur and, in the reasonable opinion of the Underwriter that event has (or is likely to have) a material adverse effect on the financial condition, position or prospects of the Issuers and their subsidiaries taken as a whole (taking into account the Acquisition Proposal), the market price of the Ordinary Shares or the Stapled Securities or the success of this Offer or could give rise to a contravention by the Underwriter (or the Underwriter being involved in a contravention) of the Corporations Act or other applicable law or any liability of the Underwriter in connection with this Offer:

- alteration of the share capital or Constitution of either issuer or the Trust without the consent of the Underwriters, except as contemplated under the Proposal;
- change (or announcement of any change) of any law or regulation;
- any of the material contracts summarised in this Offer Document are terminated, rescinded, altered or amended in a material respect without the consent of the Underwriters or any such contract is found to be void or voidable;
- the outbreak or major escalation of hostilities involving certain nations or a major act of terrorism or civil or political unrest;
- non-compliance with legal requirements by either issuer;
- a director of either issuer being charged with certain offences, disqualified from managing a corporation under certain provisions of the Corporations Act or having public action commenced against them by a regulatory body;
- this Offer Document does not comply with the Corporations Act or contains a statement which is misleading or deceptive;
- there is a material suspension or limitation of trading in all securities quoted on ASX;
- there is a material adverse change or disruption to the political or economic conditions or financial markets in Australia, the United Kingdom, the United States of America or the international financial markets;
- any of the Schemes are altered;
- there is a material adverse change in the financial position, results of operations or prospects of AWPT or AWPT2; and
- a representation or warranty made by an issuer is untrue or incorrect.

Termination by an Underwriter of its obligations under the Underwriting Agreement does not automatically terminate the obligations of the other Underwriter. The non-terminating Underwriter may terminate its obligations also or assume the obligations of the terminating Underwriter.

The Underwriting Agreement contains customary and usual warranties and undertakings given by the Issuers. The Underwriting Agreement will provide that the Issuers will pay underwriting fees to each Underwriter of 1.5% of the Underwritten Amount.

In addition, the Issuers will be required to pay various reasonable incidental costs and out-of-pocket expenses of the Underwriters. In the event that an Underwriter's obligations are terminated or if this Offer does not proceed, an Underwriter would be entitled to be paid a fee of 0.5% of the Underwritten Amount in addition to reasonable out-of-pocket expenses incurred.

The Issuers also jointly and severally indemnify each Underwriter and their related parties against all losses suffered by, or claims made against, the Underwriters or their related parties in connection with the Underwriters' appointment as underwriter.

6.8 CONSENTS AND DISCLAIMERS

6.8.1 Consent to be named

The following parties have given and have not, before the lodgement of this Offer Document with ASIC, withdrawn their written consents to be named in this Offer Document:

- Goldman Sachs JBWere Pty Limited, as joint financial adviser in relation to the Proposal and joint Underwriter to the Offer;
- UBS Advisory and Capital Markets Australia Limited, as joint financial adviser in relation to the Proposal and joint Underwriter to the Offer;
- Greenwoods & Freehills Pty Limited as the taxation adviser in relation to the Proposal;
- Mallesons Stephen Jaques as legal adviser to Australand and the Responsible Entity in relation to the Proposal;
- KPMG as the Auditor and Investigating Accountant in relation to the Proposal;
- KPMG Transaction Services (Australia) Pty Limited as the Reporting Accountant in relation to the Proposal;

- Australand Wholesale Investments Limited as responsible entity of AWPT and AWPT2;
- Each of CB Richard Ellis (V) Pty Limited, FPD Savills (NSW) Pty Limited and m3property Pty Limited as independent valuers;
- PricewaterhouseCoopers as auditor of AWPT and AWPT2;
- PricewaterhouseCoopers Securities Ltd as investigating accountant in respect of AWPT and AWPT2 historical and forecast financial information; and
- Computershare Investor Services Pty Limited as Registry to the Offer.

6.8.2 Consent to the inclusion of statements

The following parties have given, and have not withdrawn before the lodgement of this Offer Document with ASIC, their consent to the inclusion of the statements noted next to their names:

- Greenwoods & Freehills Pty Limited – to the inclusion of the Taxation Report in this Offer Document, in the form and context in which it appears in Section 4;
- Australand Wholesale Investments Limited – to the inclusion of the financial information regarding AWPT and AWPT2 in this Offer Document, in the form and context in which it appears in Section 3;
- KPMG – to the inclusion of the Investigating Accountant's report in this Offer Document, in the form and context in which it appears, and to the references to that report in Section 3;
- KPMG Transaction Services (Australia) Pty Limited – to the inclusion of the Reporting Accountant's report in this Offer Document, in the form and context in which it appears, and to the references to that report in Section 3;
- Each of CB Richard Ellis (V) Pty Limited, FPD Savills (NSW) Pty Limited and m3property Pty Limited – to the inclusion of their respective summary property valuation reports in Section 2 of this Offer Document and to the statements made in Section 2 of this Offer Document based on statements made in those respective reports;
- PricewaterhouseCoopers – to the references made in the Investigating Accountant's report and the Reporting Accountant's report in this Offer Document, in the form and context in which they appear in Section 4; and
- PricewaterhouseCoopers Securities Ltd – to the references made in the Reporting Accountant's report in this Offer Document, in the form and context in which they appear in Section 4.

6.8.3 Disclaimer

Each person referred to in this Section 6.8:

- does not make, or purport to make, any statement in this Offer Document other than those statements referred to above in Section 6.8.2 next to that person's name, as consented to by that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Offer Document other than as described in this Section 6.8 with that person's consent.

6.9 ASIC RELIEF

ASIC has granted or indicated its intention to grant the following modifications and exemptions relevant to the Offer:

- (a) an exemption from compliance with Part 5C.7 of the Corporations Act to enable the Responsible Entity to provide financial benefits out of Australand Property Trust's property to Australand and its controlled entities while stapling applies;
- (b) a modification of Paragraphs 601FC(1)(c) and 601FD(1)(c) of the Corporations Act to enable the Responsible Entity to consider the interests of the Stapled Securityholders as a whole rather than their interests solely as members of the Trust; and
- (c) a modification of Paragraph 601GA(1)(a) of the Corporations Act to enable the issue price of Stapled Securities to be allocated between the issue price of the Shares and unit components of that stapled security as the Responsible Entity sees fit.

6.10 ASX WAIVERS

ASX has indicated that it will grant waivers from the following Listing Rules and give the following confirmations in relation to an application by Australand and the Responsible Entity for listing Australand Property Trust and quotation of Australand Property Trust units with Ordinary Shares as Australand Property Group Stapled Securities on the ASX:

- (a) confirmation that ASX agrees that an Explanatory Memorandum will be sufficient in relation to the listing of Australand Property Trust under Listing Rule 1.1 condition 3;
- (b) confirmation that ASX will grant the Responsible Entity a waiver from appendix 1A paragraph 116 of the Listing Rules on condition that Australand provides a written statement that Australand is in compliance with Listing Rule 3.1 at the time Australand Property Trust is admitted to the official list;

- (c) confirmation that ASX will grant Australand and Australand Property Trust a waiver from Listing Rule 1.1 condition 7 (in relation to the requirement for Australand Property Group Stapled Securities to have a value of \$2,000), Listing Rule 1.1 condition 8 (compliance with profit test or assets test) and Listing Rule 2.1 condition 2 (issue price of at least 20 cents for each class) on the basis that Australand and Australand Property Trust will be stapled and collectively meet the test in these listing rules;
- (d) confirmation that ASX will grant Australand and Australand Property Trust a waiver from clause 1 of Appendix 6A to the extent that the rates and amount of a dividend or distribution announced by Australand and/or Australand Property Trust need not be announced to ASX on that announcement date or the record date on the condition that an estimated dividend or distribution rate is advised to ASX and the actual dividend and distribution rate is advised to ASX as soon as it becomes known;
- (e) confirmation that ASX will grant Australand and the Responsible Entity a waiver from Listing Rule 8.10 to the extent necessary to permit:
 - (i) Australand Property Trust to refuse to register a paper-based transfer of an Australand Property Trust unit when it is not accompanied by a paper-based transfer of the Ordinary Share to which it is stapled; and
 - (ii) Australand to refuse to register a paper-based transfer of an Ordinary Share when it is not accompanied by a paper-based transfer of the unit of Australand Property Trust to which it is stapled;
- (f) confirmation that ASX will grant Australand and Australand Property Trust a waiver from Listing Rule 10.1 to allow transfers of substantial assets between Australand and Australand Property Trust without the need for Australand Property Group Stapled Securityholder approval;
- (g) confirmation that ASX will grant Australand and the Responsible Entity a waiver of Listing Rules 7.1 and 10.11 in connection with the issue of Australand Property Group Stapled Security to Unitholders in AWPT and AWPT2 under the Acquisition Proposals;
- (h) confirmation that ASX will grant Australand a waiver from Listing Rule 6.23.4 to the extent required to permit the terms of the Options to be amended to provide that on exercise of the Option the Optionholders will receive an Australand Property Group Stapled Security; and
- (i) confirmation from ASX that it will grant a waiver to Australand from Listing Rules 7.1 and 10.11 for issues of Australand Property Group Stapled Securities under the amended Australand Property Group DRP.

6.11 COMPLAINT HANDLING PROCEDURES

If you have a complaint about the Responsible Entity in connection with Australand Property Trust, then you can:

- contact the Company Secretary of Australand on +61 2 9767 2000; and
- if your complaint is not satisfactorily resolved, please refer the matter in writing to the Complaints Handling Officer, Australand Property Limited, Level 3, 1C Homebush Bay Drive, Rhodes NSW 2138

Where a complaint remains unresolved (e.g. where a remedy is not offered or not instigated or where a remedy offered is not accepted by the complainant), the complaint may fall within the terms of reference of Australand Property Trust's External Complaints Scheme, the Financial Industry Complaints Scheme ("FICS"). Complainants in this category will be sent details of how to contact FICS, an independent external complaints handling body approved for this purpose by ASIC.

Where a complainant has referred a complaint to FICS, the Complaints Handling Officer shall comply with the procedures set out in terms of reference of the Financial Services Complaints Resolution Scheme as amended from time to time. Once referred and once relevant time periods to settle the complaint have expired, FICS will work with the complainant and the Responsible Entity to seek a mutually acceptable resolution of the complaint.

To contact FICS Unitholders should telephone their offices on 1300 780 808 or write to them at PO Box 579, Collins Street West, Melbourne VIC 8007.

6.12 COST OF THE OFFER AND INTERESTS OF EXPERTS AND OTHER ADVISERS

The costs of the Offer to the date of this Offer Document are approximately \$6.75 million. The total cost of the Proposal is estimated to be \$10.25 million. Set out below are the interests of experts and advisers named in this Offer Document to the date of this Offer Document in relation to the Proposal. Goldman Sachs JBVere Pty Limited and UBS Advisory and Capital Markets Australia Limited are entitled to receive the fees and reimbursement of expenses referred to in Section 6.7. In addition, they each received, or are entitled to receive, in connection with acting as joint financial advisers to the Proposal the fees set out below.

- (a) (Goldman Sachs JBVere Pty Limited): Australand will pay Goldman Sachs JBVere Pty Limited in its capacity as joint financial adviser to the Proposal a monthly retainer of \$50,000 (for a minimum of five months) and a fee of \$1 million if the Stapling Proposal is implemented.

- (b) (UBS Advisory and Capital Markets Australia Limited): Australand will pay UBS Advisory and Capital Markets Australia Limited in its capacity as joint financial adviser to the Proposal a monthly retainer of \$50,000 (for a minimum of five months) and a fee of \$1 million if the Stapling Proposal is implemented.
- (c) (Mallesons Stephen Jaques): Australand will pay Mallesons Stephen Jaques in its capacity as legal adviser in relation to the Proposal approximately \$1.7 million.
- (d) (Greenwoods & Freehills Pty Limited): Australand will pay Greenwoods & Freehills Pty Limited in its capacity as independent tax adviser approximately \$307,500.
- (e) (KPMG): Australand will pay KPMG in its capacity as Auditor and Investigating Accountant approximately \$275,000.
- (f) (KPMG Transaction Services (Australia) Pty Limited): Australand will pay KPMG Transaction Services (Australia) Pty Limited in its capacity as Reporting Accountant approximately \$350,000.
- (g) (m3property Pty Limited): Australand has paid m3property Pty Limited \$78,100.
- (h) (CB Richard Ellis (V) Pty Limited): Australand has paid CB Richard Ellis (V) Pty Limited \$26,675.
- (i) (FPDSavills (NSW) Pty Limited): Australand has paid FPDSavills (NSW) Pty Limited \$13,539.

6.13 DISCLOSURE OF INTERESTS

Except as set out below or otherwise disclosed in this Offer Document, no Director or person named in this Offer Document as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Offer Document holds at the time of lodgement of this Offer Document with ASIC, or has held in the two years before lodgement of this Offer Document with ASIC, any interest in:

- (a) the formation or promotion of Australand Property Group;
- (b) the Offer;
- (c) any property acquired, or proposed to be acquired by the Issuers in connection with the formation or promotion of the Issuers or the Offer; or
- (d) for agreeing to act as a Director.

The following Directors currently have an interest held either directly or indirectly in Ordinary Shares and Options and will be entitled to participate in the Offer on the same basis as the Ordinary Shareholders:

Director	Ordinary Shares	Options
Mr J G Service, Deputy Chairman	180,950	37,500
Mr B P Crotty, Managing Director	588,333	400,000
Mr W J Beerworth	3,333	50,000
Lt Gen (Ret'd) W Choo	Nil	50,000
Mr I F Hutchinson	12,500	37,500

Mr B P Crotty, Managing Director, has an interest either directly or indirectly in 200,000 units in AWPT2.

As at the date of this Offer Document, each of Mr W J Beerworth and Mr I F Hutchinson are entitled to receive payment of \$52,500 in connection with their involvement on the due diligence committee for the Proposal.

6.14 CUSTODY ARRANGEMENTS

A custody agreement has been entered into between AWIL and Perpetual Trustee Company Limited in relation to AWPT and AWPT2. The custody agreement appoints Perpetual Trustee Company Limited to hold the AWPT and AWPT2 assets on the Responsible Entity's behalf. The assets of AWPT comprises 100% of the units in each controlled sub-trust of AWPT and title to real estate assets held by AWIL in its capacity as Responsible Entity of AWPT. The assets of AWPT2 comprises 100% of the units in each controlled sub-trust of AWPT2. In dealing with the assets of each trust, Perpetual Trustee Company Limited will act in accordance with the proper instructions of the Responsible Entity. The terms of the custody agreements satisfy the specific requirements of ASIC policy.

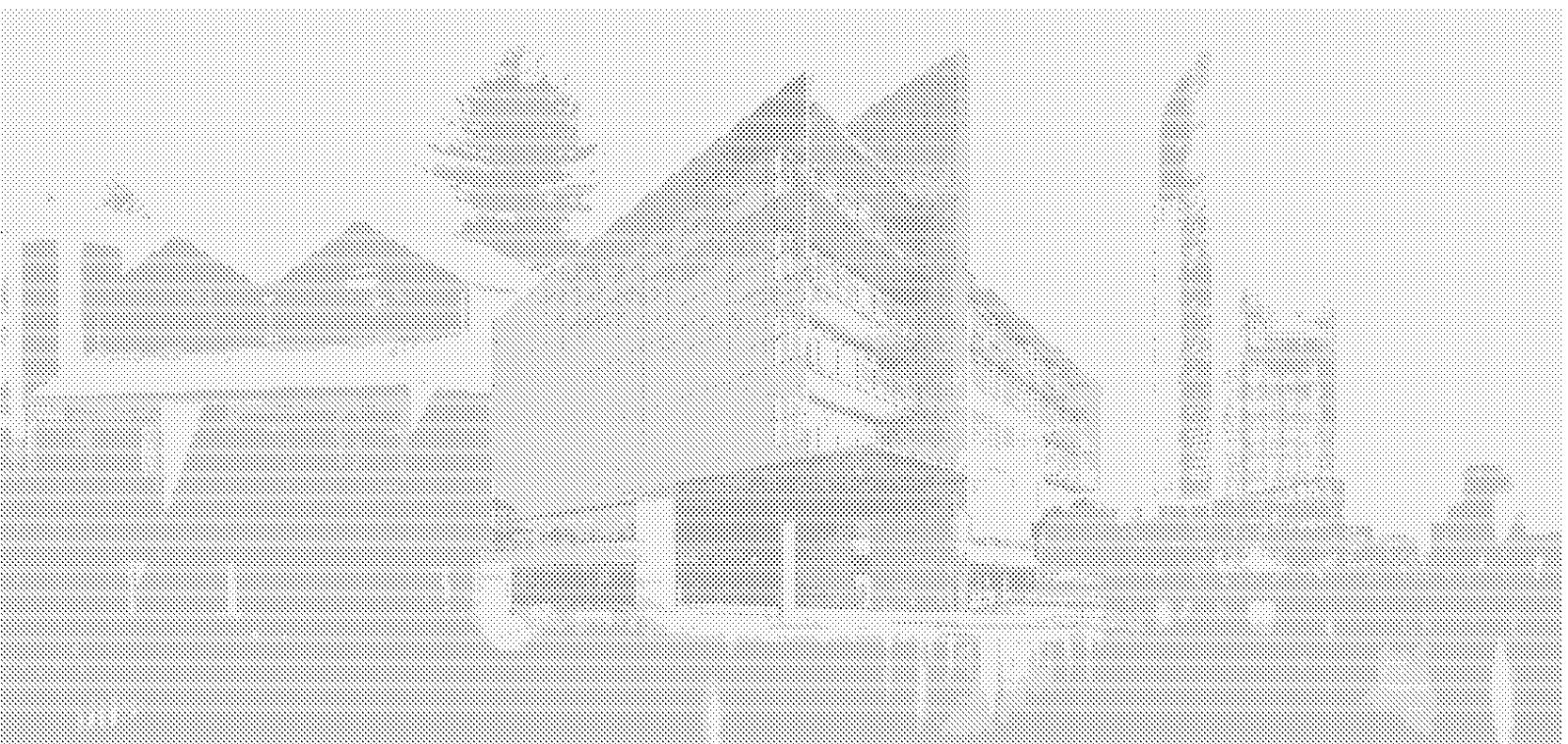
6.15 DIRECTORS' CONSENT TO LODGEMENT

Each Director has given, and not withdrawn, their consent to the lodgement of this Offer Document with ASIC.

SECTION 7

Glossary

7



7. GLOSSARY

Term	Definition
Acquisition Proposal	the proposed acquisition of units in either or both of AWPT or AWPT2 by Australand Property Trust
Administrators	the administrators of the DRP, being the Directors
Allocation Price	the price at which Stapled Securities will be issued or acquired on-market under the DRP
Application Form	the entitlement and acceptance form included in or accompanying this Offer Document to be used by persons wishing to subscribe for New Stapled Securities pursuant to the Offer
ASIC	Australian Securities and Investments Commission
ASX	where the reference is to the entity itself, Australian Stock Exchange Limited (ABN 98 008 624 691) and where the reference is to listing, delisting, quotation, trading, dealing or settlement, the market operated by Australian Stock Exchange Limited
ATO	Australian Taxation Office
Attached Securities	Additional securities which may be stapled to Ordinary Shares in the future
Auditor	KPMG
Australand	Australand Holdings Limited (ABN 12 008 443 696) and where the context requires in Sections 3 and 4, Australand and its controlled entities
Australand Constitution	the constitution of Australand, as amended from time to time
Australand Property Group	Australand and Australand Property Trust
Australand Property Group Forecasts	the Directors' forecasts comprising the forecast financial information of Australand Property Group for the years ending 31 December 2003 and 2004
Australand Property Limited	Australand Property Limited (ABN 90 105 462 137) the trustee and Responsible Entity of Australand Property Trust
Australand Property Trust	Australand Property Trust (ARSN 106 680 424) constituted by deed dated 14 September 2003 and supplemental deed dated 23 September 2003 and where the context requires in Sections 3 and 4, Australand Property Trust and its controlled entities
Australand Standalone Forecast	the Australand directors' forecasts comprising the forecast financial information of Australand, prepared on a standalone basis, for the year ending 31 December 2003
Australand Wholesale Property Trusts	AWPT, AWPT2, AWPT3 and AWPT4
AWIL	Australand Wholesale Investments Limited (ABN 12 086 673 092), the responsible entity of AWPT and AWPT2
AWPT	Australand Wholesale Property Trust (ARSN 099 698 012)
AWPT2	Australand Wholesale Property Trust No. 2 (ARSN 101 660 253)
AWPT3	Australand Wholesale Property Trust No. 3 (ARSN 103 893 312)
AWPT4	Australand Wholesale Property Trust No. 4
CapitalLand	CapitalLand Limited (SG1J27887962)
CHES	the Clearing House Electronic Subregister System operated by SCH
CHES Approved Securities	securities approved by SCH in accordance with section 3 of the CHES Rules
CHES Rules	the SCH Business Rules
Corporations Act	Corporations Act 2001 (Cth)
Court	the Supreme Court of New South Wales
Directors	the directors of Australand and the directors of the Responsible Entity

Term	Definition
Distribution	a dividend paid by Australand and a distribution paid by the Responsible Entity to Stapled Securityholders
DPS	distribution per Stapled Security
DRP	the distribution reinvestment plan which a Stapled Securityholder may elect to reinvest any Distribution payable to that Stapled Securityholder in additional Stapled Securities
Eligible Ordinary Shareholder	Invia and all Ordinary Shareholders registered as at 7.00pm (Sydney time) on the Offer Record Date but excluding Foreign Shareholders
EPS	earnings per Stapled Security
Explanatory Memorandum	the explanatory memorandum dated 16 September 2003 issued to Securityholders in relation to the Proposal
FICS	Financial Industry Complaints Scheme
Foreign Shareholders	an Ordinary Shareholder whose registered address is in any jurisdiction other than Australia, New Zealand or Singapore
GST	goods and services tax
Implementation	completion of the Proposal
Implementation Date	the date on which Implementation occurs
Implementation Deed	the implementation deed dated 14 September 2003 between the Issuers and AWIL as amended by the implementation amending deed dated 15 September 2003
Investigating Accountant	KPMG
Invia	Invia Custodian Pty Limited ABN 33 006 127 984, the Sale Trustee (as defined in appendix A of the Explanatory Memorandum)
IRR	internal rate of return
Issue Price	the price at which New Stapled Securities are issued under the Offer calculated pursuant to the Pricing Mechanism
Issuers	Australand and Australand Property Limited (as trustee and Responsible Entity of Australand Property Trust)
KPMG Transaction Services	KPMG Transaction Services (Australia) Pty Limited (ABN 65 003 891 718)
Listing Rules	the official Listing Rules of ASX
New Stapled Security	the new Stapled Securities to be issued pursuant to this Offer Document
NTA	net tangible assets
Offer	the non-renounceable entitlement offer of \$225 million of New Stapled Securities pursuant to this Offer Document
Offer Document	this Product Disclosure Statement and Prospectus
Offer Record Date	7.00pm (Sydney time) on 18 November 2003
Option	an option to take up unissued Ordinary Shares
Optionholder	a holder of an Option
Option Scheme	an amendment to the terms of Options such that they are exercisable over Stapled Securities rather than Ordinary Shares
Ordinary Share	an ordinary share in the capital of Australand
Ordinary Shareholder	a holder of an Ordinary Share or, where the context requires, a Stapled Security, as the case may be

Term	Definition
Pricing Mechanism	the mechanism used to calculate the Issue Price, being a 5% discount to the average of the daily volume weighted average price of Stapled Securities traded on ASX for each of the 10 trading days commencing on the trading day after the Offer Record Date
Proposal	the Stapling Proposal, the Offer and the Acquisition Proposal
Registry or Registrar	Computershare Investor Services Pty Limited (ABN 48 078 279 277)
Replacement Constitution	the constitution that will replace the Australand Constitution with effect on and from the date on which an order of the Court approving the Schemes is lodged with ASIC
Reporting Accountant	KPMG Transaction Services
Reset Prefs	Reset Convertible Preference Shares issued by Australand
Reset Prefs Cancellation	Reset Prefs Holders receiving cash for the cancellation of their Reset Prefs subject to relevant Securityholder and regulatory approval
Reset Prefs Consideration	the consideration paid to Reset Prefs Holders after the Reset Prefs Cancellation
Reset Prefs Holder	a holder of Reset Prefs
Responsible Entity	Australand Property Limited being the trustee and responsible entity of Australand Property Trust and the holder of Australian Financial Services Licence Number 231130
SCH	ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532) as the Securities Clearing House under the Corporations Act
Schemes	the Share Scheme and Option Scheme
Securityholder	an investor in Australand including Ordinary Shareholders, Reset Prefs Holders and Optionholders
SGX	Singapore Stock Exchange
Share Scheme	Ordinary Shareholders receiving units in Australand Property Trust by the application of proceeds of a capital reduction and the stapling of units in Australand Property Trust to Ordinary Shares
Stapled Security	a unit in Australand Property Trust and an Ordinary Share
Stapled Securityholder	a holder of Stapled Securities
Stapling Deed	the deed between Australand and the Responsible Entity to effect the stapling of units in Australand Property Trust to Ordinary Shares
Stapling Proposal	the Proposal to staple units in Australand Property Trust to Ordinary Shares pursuant to the Schemes and the listing of Australand Property Group on ASX
Subscription Entitlement Amount	\$225 million divided by the total number of Ordinary Shares on issue at the Offer Record Date rounded to four decimal places
Underwriters	Goldman Sachs JBWere Pty Limited (ABN 21 006 797 897) and UBS Advisory and Capital Markets Australia Limited (ABN 40 008 582 705)
Underwriting Agreement	the agreement between the Issuers and the Underwriters to underwrite the Underwritten Amount
Underwritten Amount	Approximately \$93 million
Unitholder	a unitholder in AWPT and/or a unitholder in AWPT2

DIRECTORY

ISSUERS

Australand Holdings Limited

(ABN 12 008 443 696)

Level 3

1C Homebush Bay Drive

Rhodes NSW 2138

Australand Property Limited

(Trustee and Responsible Entity of Australand Property Trust)

(ABN 90 105 462 137)

Level 3

1C Homebush Bay Drive

Rhodes NSW 2138

REGISTRAR

Computershare Investor Services Pty Limited

Level 3, 60 Carrington Street

Sydney NSW 2000

GPO Box 7045

Sydney NSW 1115

SOLICITORS

Mallesons Stephen Jaques

Level 60, Governor Phillip Tower

1 Farrer Place

Sydney NSW 2000

FINANCIAL ADVISERS AND UNDERWRITERS

Goldman Sachs JSEWE Pty Limited

Level 42, Governor Phillip Tower

1 Farrer Place

Sydney NSW 2000

UBS Advisory and Capital Markets Australia Limited

Level 25, Governor Phillip Tower

1 Farrer Place

Sydney NSW 2000

AUDITORS AND INVESTIGATING ACCOUNTANT

KPMG

The KPMG Centre

45 Clarence Street

Sydney NSW 1213

REPORTING ACCOUNTANT

KPMG Transaction Services

The KPMG Centre

45 Clarence Street

Sydney NSW 1213

TAXATION ADVISER

Greenwoods and Freehills Pty Limited

Level 35, MLC Centre

Martin Place

Sydney NSW 2000

