15 November 2011

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Company Announcements Office
Australian Securities Exchange Limited
Exchange Centre
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Dear Sir/Madam

Australand Property Group 3Q/2011 Update

Attached is a copy of Australand's (ASX Code: ALZ) 3Q/2011 Update for release to the market.

Yours faithfully

Bev Booker
Company Secretary
Australand Property Group

Australand Holdings Limited ABN 12 008 443 696 **Australand Property Limited** ABN 90 105 462 137 AFSL 231130
as responsible entity of Australand Property Trust ARSN 106 680 424 and Australand ASSETS Trust ARSN 115 338 513
Australand Investments Limited ABN 12 086 673 092 AFSL 228837 as responsible entity of Australand Property Trust
No.4 ARSN 108 254 413 and Australand Property Trust No.5 ARSN 108 254 771

People driven people.

Australand 3Q/2011 Update.

Business conditions softened during the third quarter to September 2011, as volatility in offshore and local markets weighed on confidence. Despite this, Australand's investment property portfolio has performed well with solid leasing activity and high occupancy levels being maintained. Trading conditions for the development divisions have been more challenging given the slower growth being experienced in non-resource related sectors of the economy. Conditions in South East Queensland have been particularly weak with Sydney and Melbourne more favourable. Residential sales contracts on hand increased 57% during the quarter to 1,493 with the successful releases of new projects. The Commercial & Industrial division continues to have success in leasing up speculative developments and the delivery of key projects including 357 Collins Street in Melbourne.

As is normally the case, the Group's full year operating result is dependent on successfully completing a number of projects and transactions by year end. Subject to no unforeseen circumstances, the Group continues to expect to deliver on its previous guidance for full year distributions of 21.5 cents per security which represents approximately 5% growth on 2010. The Group also expects operating earnings growth to be broadly in line with distribution growth.

Investment Property Division

The Investment Property portfolio has maintained its strong metrics with occupancy of 99% and a weighted average lease expiry of 5.7 years as at 30 September 2011. Leasing activity for the quarter remained solid and the Group's development pipeline continued to provide quality assets to the portfolio.

Key highlights for the Investment Property division included:

- Approximately 20,000 sqm of leasing activity across the office portfolio, including:
  - 10,700 sqm renewal by the Commonwealth Government at the Gateway Building in Sydney's CBD southern precinct for a further five year term to 2017;
  - 2,500 sqm renewal by Pacific Brands at Richmond, Victoria; and
  - 5,800 sqm renewal by SP Ausnet at Freshwater Place, Victoria.
- Approximately 67,000 sqm of leasing activity across the industrial portfolio, including:
  - An eight year lease extension by Wesfarmers at the Coles facility in Parkinson, Queensland. This follows the commitment of a 12,000 sqm facility expansion, resulting in a 20 year lease over the entire 54,800 sqm facility which expires in 2032; and
  - A two year lease extension to 2014 by Sumitomo at Epping, Victoria.
- Completion of a 27,195 sqm distribution facility at Keysborough, Victoria leased to Tyres4U and Early Settler with an end value of $27 million, delivering a yield on cost of greater than 9%.
- Completion of the Kmart facility, with an end value of $72 million, to be sold to the Australand Logistics Joint Venture in the first quarter of 2012.

The division continues to proactively manage near term expiries and portfolio quality to maintain a stable earnings contribution which underpins Group distributions.

Commercial & Industrial Division

The Commercial & Industrial division had over $480 million of projects committed or underway at 30 September 2011.

Key highlights for the Commercial & Industrial division included:

- 357 Collins Street remains on track for completion by mid 2012 with over 50% of the office space pre-committed to Commonwealth Bank and Service Stream. Good progress has also been made on the retail component with 70% pre-committed or under heads of agreement.
- Commenced construction of Lot 4 Eastern Creek, Sydney. The industrial development is over 60% pre-committed to Quality Logistics Services for a seven year term, and is due for completion in the first half of 2012.
- 35,000 sqm of industrial turn-key developments under heads of agreement in Winston Hills, New South Wales.
- Commencement of a 12,000 sqm building expansion for Wesfarmers at Parkinson, Queensland for the Investment Property division.
- Over 70% of gross income committed at the Spring Hill retail development with Coles secured as the anchor tenant. The development is due for completion in the first half of 2012 with a sale to a third party currently being negotiated.
- The pre-sale of a 21,600 sqm warehouse facility at West Park, Derrimut to IOOF for $19 million, due for completion in December 2011.
- Industrial land sales of 173,000 sqm to 30 September 2011.

In the industrial sector, vacancy rates for quality space remain low, however, tenants continue to remain cautious in their evaluation of new space requirements given the current market environment.

Residential Division

The Residential division has continued to see encouraging activity levels in the quarter with 84% of targeted full year gross lot sales secured as at the end of September. Contracts on hand remain strong with 1,493 secured at 30 September 2011[1], 60% of which are expected to be recognised before year end.

Key highlights for the Residential division included:

- 1,317 gross lot sales[2] to 30 September 2011 and 893 gross lots contracted to be recognised in the final quarter of 2011.
- Strong pre-sales at Greenhills Beach, a new beachside suburb located in Sydney's south just 2 kilometres from Cronulla. Of the initial 68 lots offered, 60 sales have been achieved at an average price of $838,500, generating over $50 million in exchanged contracts. The project is expected to contribute to the 2011 result and while the targeted sales have already been achieved, registration of titles is required before year end.
- Successful launch of Clemton Park Village with the exchange of 67 contracts of the initial 76 apartments released at an average price of $445,000, generating $30 million in exchanged contracts.
- Expansion of our relationship with LaSalle Investment Management, with their introduction as a joint venture partner at Discovery Point, Wolli Creek, which follows LaSalle's earlier investment in Clemton Park. The project's recent release, Arc, has secured 40 sales since launch in September, and follows the successful release of Linc in May 2011 with 90% of apartments pre-sold.
- Greenvale Gardens, Victoria was launched with over 90 sales achieved to date at an average price per lot of $261,000. Construction progress has been impacted by wet weather but settlements are still expected in late 2011.
- Clyde North, a new project commenced in Melbourne's south east, has also achieved strong initial sales with 55 lots sold in less than 2 months at an average lot price of $285,000. Over 1,000 registrations of interest have been received for the upcoming release of a further 50 lots this month.
- In Western Australia, Port Coogee has been awarded the Best Master Planned community by the Urban Development Institute. Sales in the third quarter improved with the completion of 90 marina berths, landscaping and major road connections within the project.
- Hamilton Reach, on the north shore of the Brisbane River, continues to achieve steady sales rates with construction now forecast to commence in the second quarter of 2012. This will coincide with the completion of the first stage of the Yungaba House redevelopment also on the Brisbane River at Kangaroo Point where sales rates have improved following completion of the river foreshore works.

Nationally, demand is evident for well-positioned product, offered at affordable price points, however consumers are displaying caution. A noticeable shift in sentiment occurred in the third quarter resulting in an improvement in conversion rates.

Demand in the Sydney market is particularly strong and Melbourne continues to remain robust for infill development. Perth remains relatively subdued except at more affordable price points and a recovery of the Brisbane market continues to lag other states.

Project delivery remains a key focus for the division as lot production on some projects was hampered by wet weather particularly in Melbourne during the third quarter and October. This has resulted in a compressed timeframe for the delivery of lots anticipated to be completed by year end.

Capital Management

The Group further extended its debt maturity profile and reduced the average cost of debt through the establishment of a new $550 million unsecured syndicated bank facility in September 2011. With the recent introduction of two additional participants, the facility has been increased to $675 million comprising tranches of $304 million and $371 million maturing in January 2015 and September 2016 respectively. Australand has no corporate facilities maturing until June 2013.

During the quarter the Group also undertook a number of steps to better align its capital structure with its business activities including implementation of the capital reallocation on 23 September 2011, which was approved at the Annual General Meeting, and the delisting of the Group from the SGX on 11 October 2011.

1. Represents wholly owned and 100% of joint venture projects and PDAs. Wholly owned and Australand's share of joint venture projects and PDAs was 929 contracts on hand
2. Represents wholly owned and 100% of joint venture projects and PDAs. Wholly owned and Australand's share of joint venture projects and PDAs was 844 lot sales.

Securityholder Calendar

19 December 2010	December half year dividend / distribution announcement.
22 December 2010	Stapled securities trade ex-dividend / distribution for final 2011 distribution.
30 December 2010	Final 2011 dividend / distribution record date.
9 February 2011	Full Year 2011 Results Announcement.

For further information please contact

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