

## ASX ANNOUNCEMENT

29 April 2004

PRODUCT DISCLOSURE STATEMENT AND PROSPECTUS -  
NON-RENOUNCEABLE ENTITLEMENT OFFER AND INSTITUTIONAL PLACEMENT

The attached Product Disclosure Statement and Prospectus issued in connection with a non-renounceable entitlement offer and institutional placement of stapled securities in Australand Property Group has been lodged today with the Australian Securities and Investments Commission.

A copy may be located on the Company's website at: [www.australand.com.au](http://www.australand.com.au).

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For further information, please contact:

Phil Mackey  
Company Secretary  
Tel: +61 2 9767 2182



Australand Property Group

## Product Disclosure Statement and Prospectus

A non-recourse 1 for 7 Exchange Offer of approximately 100.5 million New Chapter Securities with an initial issue placement of 10.4 million New Chapter Securities, to raise approximately \$100.5 million, each at \$1.00 per New Chapter Security.

### Issuers

Australand Holdings Limited (ASX: 10-030 443 886) and  
Australand Property Limited (ASX: 10-030 443 887) as the responsible  
entity of Australand Property Trust (ASX: 10-030 443 886).

### Joint Underwriters

Goldman Sachs JBWere Pty Ltd (ABN 61 096 787 540)  
UBS AG Australia Branch (ABN 47 096 128 613)



JBWere



UBS



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## Notice and Disclaimer

This Product Disclosure Statement and Prospectus (Offer Document) is dated 22 April 2014 and was lodged with the Australian Securities and Investments Commission (ASIC) on that date. No stated Securities will be issued on the basis of the Offer Document (New Stated Securities) after 22 May 2015. ASIC and Australand 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 Capital Raising described in this Offer Document which is not in the Offer Document. Any information or representation not in the Offer Document may not be relied on as having been authorised by the issuer in connection with the Capital Raising.

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

The Capital Raising 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 decision to invest in New Stated 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 needs) and seek professional advice from your accountant, solicitor, lawyer or other professional adviser before deciding whether to invest. Some of the risk factors that should be considered by individual investors are set out in Section 6 - Risks.

### SELLING RESTRICTIONS APPLY

The Exemption Offer is only available to residents of Australia, Singapore or New Zealand. The prohibition 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 refer to local or overseas 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 in whom, it would not be lawful to make such an offer or an invitation in any place outside Australia, Singapore or New Zealand. No action has been taken to register or qualify the New Stated Securities of the Capital Raising or otherwise to permit a public offering of the New Stated Securities in any jurisdiction outside Australia, Singapore or 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 Capital Raising and you should not take the Capital Raising or the 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 Group and consequently Australand Property Group will not be regulated as a collective investment scheme under the SFA. The Offer Document has not been lodged or registered with the Monetary Authority of Singapore.

### In addition:

- The New Stated 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 (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 Stated Securities, an offer of sale or transfer of New Stated Securities within the US by any dealer (whether or not participating in the offering) may violate registration requirements of the US Securities Act.

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

- each applicant is an Australian, Singapore or New Zealand citizen or resident, or 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

- each applicant will not offer or sell any New Stated Securities in the US (or for the benefit of any US person).

Notwithstanding the above, the issuer and the Underwriter reserve the right to offer New Stated Securities under the International Placement or in placing any shares under the International Placement Offer to any institutional or other sophisticated investors outside Australia, Singapore or New Zealand, where to do so would not be in breach of the securities law requirements of the relevant jurisdiction.

### 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 issuer 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 issuer's agents and service providers on the basis that they deal with such information in accordance with the issuer's privacy policy.

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

Computershare Investor Services  
Pty Limited  
GPO Box 4188  
Sydney NSW 2001  
Phone: 1200 556 080

### PHOTOGRAPHS AND DIAGRAMS

Only the buildings outlined in Section 2 as depicted in photographs in the Offer Document are or will be assets in which Australand Property Group has a direct or an indirect interest. Diagrams used in the Offer Document are illustrative only and may not be drawn to scale.



### Chairman's Letter

29 April 2004

Dear Securityholder

#### AUSTRALAND PROPERTY GROUP CAPITAL RAISING

On behalf of Australand Property Group 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 1 for 7 Entitlement Offer. This Offer Document also applies to an Institutional Placement to raise approximately \$25 million from the issue of 15.4 million New Stapled Securities at the same price as under the Entitlement Offer.

Under the Capital Raising, New Stapled Securities will be issued at the Application Price of \$1.63. The New Stapled Securities will be entitled to the full distribution for the quarter ending 30 June 2004, forecast to be 4 cents per Stapled Security and expected to be paid on 3 August 2004. The forecast Distribution for Australand Property Group for the year ending 31 December 2004 is approximately 16.5 cents per Stapled Security. Based on the Application Price of \$1.63, the annualised yield on New Stapled Securities for the year ending 31 December 2004 is forecast to be 10.1%.

The Capital Raising, in aggregate, will raise approximately \$188.5 million. The proceeds of the Capital Raising are intended to be used to fund the acquisition of units in AWPT3 and to reduce the level of gearing.

Australand Property Group's medium term strategy is to reduce its dependence on development earnings and increase the level of recurrent income from income producing properties so that they are broadly equivalent by 2007.

Under the Entitlement Offer, Qualifying Securityholders are entitled to subscribe for 1 New Stapled Security for every 7 Stapled Securities held on the Record Date at the Application Price.

CapitaLand Limited, which through its controlled entities, owns approximately 58% of the issued capital of Australand Property Group, has agreed to subscribe for its full Entitlement. The remainder of the Capital Raising is underwritten by Goldman Sachs JBWere Pty Ltd and UBS AG, Australia Branch. By not participating in the Institutional Placement, CapitaLand Limited's holding will be reduced to approximately 56.9% which will deliver a commensurate increase in Australand Property Group's free float market capitalisation.

This Offer Document contains important information about the Capital Raising. 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 Capital Raising with your accountant, stockbroker, lawyer or other professional adviser.

The directors of Australand Property Group are unanimous in commending this Capital Raising to you.

Yours sincerely

Tham Kui Seng

Chairman



# Summary of the Capital Raising

## OVERVIEW

Application Price per New Stapled Security	\$1.63
Number of New Stapled Securities to be issued	115.7 million
Qualifying Securityholders Entitlement	1 New Stapled Security for every 7 Stapled Securities held on the Record Date
Entitlement Offer proceeds	\$163.4 million
Institutional Placement proceeds	\$25.1 million
Total Capital Raising proceeds	\$188.5 million

The above amounts are approximate only and may be affected by rounding.

## KEY DATES

Announcement of Capital Raising		29 April 2004
Offer to Qualifying Institutional Securityholders opens and Institutional Placement undertaken		29 April 2004
Offer to Qualifying Retail Securityholders opens		29 April 2004
Record Date for determining Entitlement to New Stapled Securities	7:00 pm (Sydney time)	4 May 2004
Latest time for receipt of Application Forms and payment for Initial Allocation	5:00 pm (Sydney time)	12 May 2004
Allocation of New Stapled Securities under Initial Allocation		17 May 2004
Normal trading on ASX of New Stapled Securities under Initial Allocation		18 May 2004
Offer to Qualifying Retail Securityholders closes	5:00 pm (Sydney time)	26 May 2004
Allocation of New Stapled Securities under Final Allocation		4 June 2004
Normal trading on ASX of New Stapled Securities under Final Allocation		7 June 2004

These dates are indicative only and the dates following the announcement of the Capital Raising are subject to change. The Issuers, in consultation with the Underwriters, reserve the right to amend this indicative timetable including, subject to the Corporations Act and Listing Rules, the right to extend the latest date for receipt of Applications.

A personalised Application Form will accompany this Offer Document sent to Qualifying Securityholders.

This Offer Document for the offer of New Stapled Securities is both a prospectus in relation to the offer of 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 Capital Raising. 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 Capital Raising.

# Capital Raising at a glance

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

TOPIC AND SUMMARY	FURTHER DETAILS - SECTION
<b>Who are the issuers of this Offer Document?</b>	Directory
<ul style="list-style-type: none"> <li>Australand Holdings Limited and Australand Property Limited as the responsible entity of Australand Property Trust.</li> </ul>	
<b>What is the Capital Raising?</b>	1.2
<ul style="list-style-type: none"> <li>The Capital Raising comprises the Entitlement Offer and the Institutional Placement, to raise in aggregate, approximately \$188.5 million.</li> </ul>	
<b>Who will receive an Entitlement?</b>	1.3
<ul style="list-style-type: none"> <li>Qualifying Securityholders who are registered Securityholders as at 7.00pm (Sydney time) on the Record Date and who have registered addresses in Australia, Singapore or New Zealand will receive an Entitlement Offer.</li> </ul>	
<b>What is the Entitlement Offer?</b>	1.3
<ul style="list-style-type: none"> <li>Your Entitlement is an allocation of 1 New Stapled Security for every 7 Stapled Securities you hold on the Record Date and is non-renounceable (that is, your Entitlement is not transferable and cannot be sold). You may accept all, part or none of your Entitlement.</li> <li>The Application Price per New Stapled Security is \$1.63.</li> <li>The Entitlement Offer consists of two components - the Institutional Entitlement Offer and the Retail Entitlement Offer.</li> <li>The Entitlement Offer is expected to raise approximately \$163.4 million.</li> <li>The Institutional Entitlement Offer and the Retail Entitlement Offer are scheduled to open on 29 April 2004 (the Issuers, in consultation with the Underwriters, may extend the Institutional Entitlement Offer and the Retail Entitlement Offer periods).</li> </ul>	
<b>When will the New Stapled Securities be allotted?</b>	1.3
<ul style="list-style-type: none"> <li>Qualifying Retail Securityholders may choose whether to receive New Stapled Securities on the Initial Allotment Date (ie at the same time as Qualifying Institutional Securityholders) or on the Final Allotment Date.</li> <li>Qualifying Retail Securityholders who apply for New Stapled Securities by 12 May 2004 will be allotted New Stapled Securities on the Initial Allotment Date.</li> <li>Qualifying Retail Securityholders who apply for New Stapled Securities after 12 May 2004 but before the Closing Date will be allotted New Stapled Securities on the Final Allotment Date.</li> <li>The New Stapled Securities to be issued under the Capital Raising will rank equally with all other Stapled Securities on issue in all respects (e.g. Distributions, voting rights and entitlement to further issues of Stapled Securities) from the date of allotment of the New Stapled Securities.</li> <li>Qualifying Institutional Securityholders and other institutional and sophisticated investors who apply for New Stapled Securities will be allotted New Stapled Securities on the Initial Allotment Date.</li> </ul>	
<b>What is the Institutional Placement?</b>	1.4
<ul style="list-style-type: none"> <li>A placement of 15.4 million New Stapled Securities to raise approximately \$25.1 million. This placement will be made to institutional investors, both in Australia and overseas, and is fully underwritten by the Underwriters.</li> <li>The Institutional Placement is scheduled to occur on 29 April 2004.</li> <li>The New Stapled Securities offered under the Institutional Placement will be issued at the same Application Price as the New Stapled Securities to be issued under the Entitlement Offer.</li> </ul>	



# Capital Raising at a glance

## What are the significant potential benefits?

- Opportunity to purchase New Stapled Securities in Australand Property Group at a 7.9% discount to the closing price of Stapled Securities on 28 April 2004 and without brokerage. 1.9
- New Stapled Securities will be entitled to a full Distribution for the quarter ending 30 June 2004, forecast to be 4 cents per New Stapled Security and expected to be paid on 3 August 2004. 1.9
- A forecast Distribution for Australand Property Group for the year ending 31 December 2004 of 16.5 cents per Stapled Security and, based on the Application Price of \$1.63, a forecast annualised yield of 10.1%. 1.9
- An increase in the free float market capitalisation of Australand Property Group, which is expected to increase trading liquidity. 1.9
- Increased NTA from \$1.36 prior to the Capital Raising to \$1.39 following completion of the Capital Raising.

## What are the significant potential risks?

5

- Information about the significant risks associated with holding Stapled Securities is set out in Section 5.

## What are the costs and amounts payable by investors?

1.3

- Qualifying Securityholders and other institutional or sophisticated investors who elect to participate in the Capital Raising must pay the Application Price of \$1.63 per New Stapled Security.

## What are the costs of the Capital Raising?

6.10

- The fees and costs of the Capital Raising total approximately \$3.2 million and are payable by the Issuers.

## Are there any commissions that can affect the return on New Stapled Securities?

- No.

## What are the significant tax implications?

4.2

- If you are an Australian resident, 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 disposal of the Stapled Securities.
- If you are not an Australian resident, you will be taxable:
  - on your share of the net (taxable) income of Australand Property Trust to the extent that it is attributable to sources in Australia; and
  - depending on your particular circumstances, on any gain arising from the disposal of the Stapled Securities.

## Is there a cooling-off period?

1.16

- No.

## Does the Responsible Entity take into account labour standards, environmental, social or ethical considerations when selecting Australand Property Trust's investments?

- 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.

## Will the Acquisition Proposal definitely proceed?

1.8

- The Acquisition Proposal is conditional, including approval by the AWPT3 Unitholders.
- In the event that the Acquisition Proposal does not proceed, the proceeds of the Capital Raising will be used by the Issuers in the manner set out in Section 1.6.2.

## How can further information be obtained?

- For investment advice in relation to the Capital Raising - speak to your accountant, stockbroker, lawyer or other professional adviser.
- For any other questions in relation to the Capital Raising - call Australand Property Group's Company Secretary on +61 2 9767 2000.

## Contact details

Directory

- For further contact details, see the Directory at the back of this Offer Document.



# 1

## Key features



# Key Features

## 1.1 ISSUERS

This Offer Document is issued by the Issuers.

## 1.2 THE CAPITAL RAISING

The Issuers propose to issue approximately 115.7 million New Stapled Securities at the Application Price to raise approximately \$188.5 million. The Capital Raising is structured in two parts - an Entitlement Offer and an Institutional Placement.

All New Stapled Securities will be issued under this Offer Document.

## 1.3 THE ENTITLEMENT OFFER

Under the Entitlement Offer, the Issuers propose to issue approximately 100.3 million New Stapled Securities at the Application Price to raise approximately \$163.4 million. Securityholders who are residents of Australia, Singapore or New Zealand will receive an Entitlement Offer to acquire 1 New Stapled Security for every 7 Stapled Securities held on the Record Date. The Application Price of \$1.63 per New Stapled Security is payable in full at the time of Application.

Securityholders registered at 7.00pm (Sydney time) on the Record Date with registered addresses in Australia, Singapore or New Zealand have a pro rata Entitlement based on the number of Stapled Securities they hold at that time. In calculating Entitlements, fractional Entitlements have been rounded up to the nearest whole New Stapled Security.

Your Entitlement is non-renounceable which means it cannot be transferred or sold.

In order for Qualifying Retail Securityholders to ensure that they receive their Entitlement, Applications must be made on the personalised Application Form accompanying this Offer Document.

The Entitlement Offer is structured as follows:

- Institutional Entitlement Offer; and
- Retail Entitlement Offer.

The Issuers reserve the right to withdraw or alter the timetable for the Entitlement Offer without prior notice, subject to the Corporations Act and Listing Rules.

### 1.3.1 INSTITUTIONAL ENTITLEMENT OFFER

Under the Institutional Entitlement Offer, Qualifying Institutional Securityholders will be made offers to apply for their pro rata Entitlement on 29 April 2004.

New Stapled Securities not taken up by Qualifying Institutional Securityholders will be offered to:

- other Qualifying Institutional Securityholders; or
- other institutional investors in Australia and overseas.

New Stapled Securities will be allotted to these investors on the Initial Allotment Date.

To the extent that a Qualifying Institutional Securityholder has not received an offer under the Institutional Entitlement Offer on 29 April 2004, that Qualifying Institutional Securityholder may make an application for its Entitlement under the Retail Entitlement Offer.

### 1.3.2 RETAIL ENTITLEMENT OFFER

The Retail Entitlement Offer is available to Qualifying Securityholders who have not received (directly or through nominees) an offer under the Institutional Entitlement Offer.

Under the Retail Entitlement Offer, you will receive an offer of your Entitlement as shown on the personalised Application Form accompanying this Offer Document.

Qualifying Retail Securityholders may choose whether to be allotted New Stapled Securities on the Initial Allotment Date or on the Final Allotment Date.

New Stapled Securities applied for by Qualifying Retail Securityholders whose valid Applications are received before 12 May 2004, will be allotted the number of New Stapled Securities applied for up to their Entitlement on the Initial Allotment Date (ie at the same time as the allotment of New Stapled Securities to Qualifying Institutional Investors).

New Stapled Securities applied for by Qualifying Retail Securityholders whose valid Applications are received after 12 May 2004 and before the Closing Date will be allotted the number of New Stapled Securities applied for up to their Entitlement on the Final Allotment Date.

## 1.4 INSTITUTIONAL PLACEMENT

The Issuers have engaged the Underwriters to conduct a placement of 15.4 million New Stapled Securities to sophisticated investors, professional investors or other wholesale clients in Australia and overseas to raise approximately

\$25.1 million. The New Stapled Securities issued with respect to the Institutional Placement are to be issued at the same Application Price as those issued under the Entitlement Offer.

## 1.5 UNDERWRITING OF THE CAPITAL RAISING

Capitaland, which through its controlled entities, owns approximately 58% of the issued capital of Australand Property Group, has agreed to subscribe for its Entitlement under the Institutional Entitlement Offer. The remainder of the Entitlement Offer is underwritten by the Underwriters. The Institutional Placement is fully underwritten by the Underwriters (see Section 6.5 for further details).

## 1.6 PURPOSE OF THE CAPITAL RAISING

The purpose of the Capital Raising is to:

- fund the consideration for the acquisition of AWPT3 Units under the Acquisition Proposal; and
- reduce the level of gearing.

### 1.6.1 Use of Capital Raising proceeds

The table below sets out the intended use of proceeds assuming that the Capital Raising is completed and all of the AWPT3 Units are acquired by Australand Property Trust under the Acquisition Proposal:

SOURCE OF PROCEEDS		APPLICATION OF PROCEEDS	
Institutional Placement	\$25.1m	Acquisition of AWPT3 Units	\$97.8m
Entitlement Offer	\$163.4m	Reduce the level of gearing	\$87.5m
		Costs of Capital Raising	\$3.2m
	\$188.5m		\$188.5m

Part of the Capital Raising proceeds will be used to reduce the level of gearing, which may include the repayment of unsecured notes (currently due to mature on 30 June 2004). Australand Property Group is likely to restructure part of its existing debt facilities to include capital markets debt, such as commercial mortgaged backed securities. The timing of any restructure would depend on a number of factors including the capital market conditions in the future. The effect of any restructure of the debt facilities should enable the weighted average interest rate for 2004 to be below that achieved in 2003.

### 1.6.2 Acquisition Proposal

Australand Property Trust intends to acquire all of the AWPT3 Units under the Acquisition Proposal.

The Acquisition Proposal is conditional upon:

- approval by AWPT3 Unitholders. That approval is to be sought at a meeting of AWPT3 Unitholders scheduled for 26 May 2004. It is anticipated that the acquisition of the AWPT3 Units will complete by 31 May 2004, but in any case, no later than 30 June 2004. The directors of AWIL may elect to terminate the transaction if the acquisition of the AWPT3 Units has not completed by 31 May 2004;
- consent from AWPT3's financiers; and
- various regulatory consents.

In the event that the Acquisition Proposal is not approved by the AWPT3 Unitholders:

- the proceeds from the Capital Raising will be used initially to further retire part of Australand Property Group's debt; and
- Australand Property Trust may make an offer to individual AWPT3 Unitholders under similar terms to the Acquisition Proposal thereby increasing its stake in AWPT3.

## 1.7 FORECAST FINANCIAL IMPACT OF CAPITAL RAISING AND ACQUISITION PROPOSAL

The forecast financial impact of the Capital Raising and Acquisition Proposal on Australand Property Group for the year ending 31 December 2004 is summarised below. The financial impact of the Capital Raising and Acquisition Proposal, together with the assumptions underlying the forecast financial information, are discussed in detail in Section 3 of this Offer Document.

STATEMENT OF FINANCIAL PERFORMANCE	APG HISTORICAL 31 DECEMBER 2003	APG STANDALONE FORECAST 31 DECEMBER 2004	APG COMBINED FORECAST 31 DECEMBER 2004
Net profit after tax (\$'000's)	95,206	135,210	143,575
Earnings per Stapled Security (cents)	17.1	19.1	18.3
Distribution per Stapled Security (cents)	13.4	16.5	16.5

The forecast earnings per Stapled Security for the year ending 31 December 2004 is higher in the APG Standalone Forecast than in the forecast contained in the 2003 APG Offer Document. This is because fewer Stapled Securities were taken up by AWPT and AWPT2 unitholders as consideration for the acquisition of their units by Australand Property Trust than had been assumed and consequently less debt was repaid than was forecast.



## Key Features

### STATEMENT OF FINANCIAL POSITION

	APG HISTORICAL 31 DECEMBER 2003	APG COMBINED PRO FORMA 1 JANUARY 2004
Net assets (\$'000's)	994,808	1,198,518
NTA per Stapled Security <sup>1</sup>	\$1.36	\$1.39

#### NOTES:

<sup>1</sup> Net tangible assets attributable to Australand Property Group.

The size of the Capital Raising has been established to enable Australand Property Group to achieve the level of gearing set out in the 2003 APG Offer Document. As a result, the EPS and DPS in the APG Combined Forecast are lower than in the APG Standalone Forecast, although they are broadly in line with the EPS and DPS envisaged at the time of the 2003 APG Offer Document.

### 1.8 RIGHTS ATTACHING TO NEW STAPLED SECURITIES

The New Stapled Securities issued under the Capital Raising will rank equally with all other Stapled Securities on issue in all respects from the date of allotment of the New Stapled Securities.

### 1.9 SIGNIFICANT POTENTIAL BENEFITS

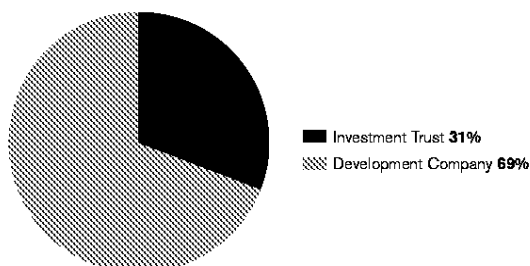
Completion of the Capital Raising and Acquisition Proposal will yield a number of significant potential benefits to Securityholders as set out below.

#### 1.9.1 Diversification of income

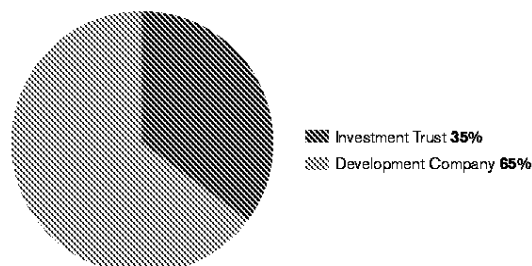
The acquisition of AWPT3 further diversifies Australand Property Group's earnings by increasing the proportion of Australand Property Group's earnings derived from recurrent investment income. The effect of the inclusion of the AWPT3 property portfolio on the earnings composition of Australand Property Group is illustrated by the following charts.

#### Australand Property Group's Forecast Annualised Earnings Composition

Pre Capital Raising and Acquisition Proposal



Post Capital Raising and Acquisition Proposal

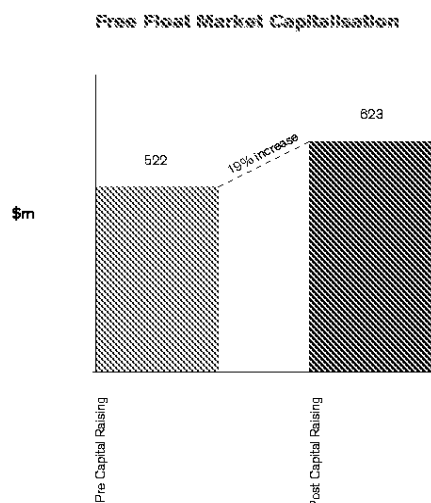


Assuming the Capital Raising and Acquisition Proposal proceed, the proportion of recurrent investment income on an annualised basis will increase from 31% to 35%. This is based on annualising the forecast earnings after tax and inter-stapled entity interest and fees for the year ending 31 December 2004, as if the transaction occurred on 1 January 2004.

It is proposed that Australand Property Group will further increase the proportion of recurrent investment income over time through the acquisition of additional income producing assets. A reduced reliance on property development earnings is expected to result over time in a favourable price re-rating of Australand Property Group as a result of a reduction in its perceived risk profile.

### 1.3.2 Increase in free float market capitalisation

The issue of New Stapled Securities under the Capital Raising will result in a 19% increase in the free float market capitalisation of Australand Property Group, from approximately \$522 million to approximately \$623 million based on the closing price of Stapled Securities on 28 April 2004. It is reasonable to expect that the expansion of free float market capitalisation will enhance liquidity and investor interest.



### 1.3.3 Reduced gearing

The Gearing level after the Capital Raising and Acquisition Proposal is forecast to be approximately 46.5% compared to Australand Property Group's Gearing at 31 December 2003 of 51.0%. This reduced Gearing will strengthen the statement of financial position and provide funding flexibility going forward. During the forecast period, Australand Property Group intends to maintain Gearing at pro forma levels.

A comparison of historical Gearing and pro forma Gearing for Australand Property Group after the Capital Raising and Acquisition Proposal is set out below:

GEARING MEASURES	APG HISTORICAL 31 DECEMBER 2003	APG COMBINED PRO FORMA 1 JANUARY 2004
Gearing	51.0%	46.5%
Interest bearing debt to tangible assets	30.7%	28.9%

### 1.3.4 Lower cost of capital

It is expected that Australand Property Group's cost of capital will reduce over time, providing Australand Property Group with more competitive capital sources to fund future business growth. The cost of capital benefits are expected to result from:

- the potential equity price re-rating assuming Australand Property Group continues to acquire further income producing assets and further reduce its perceived earnings risk profile; and
- a reduction in the cost of debt funding due to:
  - reduced potential earnings volatility through inclusion of further recurrent investment income; and
  - the ability to secure debt financing against the assets of Australand Property Trust.

### 1.3.5 Increased net tangible assets backing

The Capital Raising will result in an increase in the net tangible asset backing per Stapled Security from \$1.36 to \$1.39.

### 1.3.6 Distributions

The New Stapled Securities will be entitled to receive the full Distribution for the quarter ending 30 June 2004, forecast to be 4 cents per Stapled Security to be paid on 3 August 2004.

The forecast Distribution for Australand Property Group for the year ending 31 December 2004 is 16.5 cents per Stapled Security. Based on the Application Price of \$1.63, the annualised yield on New Stapled Securities for the year ending 31 December 2004 is forecast to be 10.1%.

Assuming the Capital Raising and the Acquisition Proposal occur, it is expected that the forecast dividends paid out of Australand (forecast to be approximately 62% 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 38% of Australand Property Group's Distribution for the year ending 31 December 2004) will contain a tax deferred component of approximately 31%.



## Key Features

### 1.9.7 Property portfolio enhancement

AWPT3 comprises a portfolio of eight recently developed commercial and industrial properties across three states with a value of approximately \$220 million (based on valuations at 31 May 2004). When combined with the existing Australand Property Trust property portfolio, the portfolio will consist of 26 commercial and industrial properties incorporating approximately 350,000m<sup>2</sup> of net lettable area and a combined value of approximately \$595 million.

The addition of the AWPT3 property portfolio to the existing Australand Property Trust portfolio will enhance the overall portfolio dynamics in a number of ways, including extending the weighted average lease expiry, decreasing the weighted average capitalisation rate and by reducing the exposure to any one tenant within the portfolio.

The benefits of the addition of AWPT3 properties to the Australand Property Trust are detailed in Section 2.6.

### 1.10 HOW TO PARTICIPATE

#### 1.10.1 Entitlement overview

Securityholders with registered addresses in Australia, Singapore or New Zealand at 7.00pm (Sydney time) on the Record Date will be offered New Stapled Securities in the ratio of 1 New Stapled Security for every 7 Stapled Securities held at the Application Price.

The Entitlement is shown on the personalised Application Form accompanying this Offer Document. In calculating Entitlements, fractional Entitlements have been rounded up to the nearest whole Stapled Security.

The Entitlement Offer is non-renounceable which means the Entitlement is not transferable and cannot be sold. The Capital Raising, except for the CapitalLand entitlement, will be underwritten by the Underwriters. A summary of the Underwriting Agreement appears in Section 6.5.

#### 1.10.2 Acceptance and payment

If you want to accept your Entitlement, complete the personalised Application Form accompanying this Offer Document in accordance with the instructions set out on the reverse side of the form.

If you wish to apply for only part of your Entitlement, you should complete the personalised Application Form accompanying this Offer Document, nominating the number of New Stapled Securities you wish to apply for, with payment in full.

#### 1.10.3 If you wish to have your New Stapled Securities allocated for early trading on ASX and SGX

Qualifying Retail Securityholders have the opportunity to apply for their Entitlement no later than 5.00pm (Sydney time) on 12 May 2004, in order to participate in the Initial Allocation. New Stapled Securities allotted under the Initial Allocation are expected to commence trading on ASX and SGX by 18 May 2004.

The closing time and date for receiving final Applications is 5.00pm (Sydney time) 25 May 2004. The Application Forms must be received by the Registry by this time, even if lodged through a stockbroker or adviser.

#### 1.10.4 Payment

Application Forms must be completed in accordance with the instructions outlined on the reverse side of the Application Form.

All Applications must be accompanied by a cheque, money order or bank draft (calculated by multiplying the number of New Stapled Securities you applied for by the Application Price). If you do not indicate the number of New Stapled Securities for which you wish to subscribe, or there is a discrepancy between the amount of the cheque, money order or bank draft and the number of New Stapled Securities indicated, you will be treated as applying for as many New Stapled Securities as your cheque, money order or bank draft will pay for at the Application Price up to your Entitlement.

Payment will only be accepted in Australian currency and cheques or bank drafts must be drawn on or payable at an Australian bank. Cheques, money orders and bank drafts should be made payable to "Australand Property Group - Applications Account" and crossed "Not Negotiable". All amounts must be in cleared funds. Please do not send cash. Receipts for payment will not be issued.

### 1.11 APPLICATION MONIES AND INTEREST

Monies received from an Applicant for an Application will, until those New Stapled Securities are issued, be held by the Issuers in a trust account.

To the extent that any Application is not satisfied in whole, Application Monies will be refunded without interest.

If you are allotted less than the number of New Stapled Securities you applied for, you will receive a refund cheque for the relevant amount of Application Monies (without interest) not applied towards the issue of New Stapled Securities, as soon as practicable after the Closing Date.

The Issuers reserve the right to cancel the Capital Raising at any time, in which case all Application Monies for unissued New Stapled Securities will be refunded without interest.

To the fullest extent permitted by law, each Qualifying Securityholder agrees that such Application Monies shall not bear or earn interest for the Applicant, irrespective of whether or not all or any of the New Stapled Securities applied for by the Applicant are issued to the Applicant.

#### **1.12 ALLOCATION POLICY**

All Qualifying Securityholders are permitted to receive their Entitlement. The Issuers and the Underwriters may allocate any shortfall under the Entitlement Offer to institutional and other sophisticated investors as appropriate.

#### **1.13 ALLOTMENT**

Allotment of New Stapled Securities is expected on or around 17 May 2004 or 4 June 2004 depending on whether the Application is dealt with under the Initial Allocation or the Final Allocation (as described in Section 1.3).

No certificates will be issued in respect of the New Stapled Securities. Following allotment, Securityholders will receive statements that set out the number of New Stapled Securities allotted to them.

#### **1.14 QUOTATION OF NEW STAPLED SECURITIES ON ASX AND SGX**

The Issuers will apply, within seven days of the date 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.

#### **1.15 FOREIGN SECURITYHOLDERS**

This Offer Document is being sent to Securityholders with registered addresses in Australia, Singapore or New Zealand only. Securityholders with registered addresses outside these countries ("Foreign Securityholder") are not eligible to participate in the Entitlement Offer.

It is impractical and unreasonable for the Issuers to comply with the potential securities law requirements of every jurisdiction in which a Securityholder might be located having regard to the number and value of Stapled Securities that would be offered and the legal and cost considerations.

Each Foreign Securityholder 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 or 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 or invitation in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or an invitation. No action has been taken to register or qualify the New Stapled Securities or the Entitlement Offer, or otherwise to permit a public offering of the New 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.

Notwithstanding the above, the Issuers and the Underwriters reserve the right to offer New Stapled Securities under the Institutional Placement, or in placing any shortfall under the Institutional Entitlement Offer to an institutional or sophisticated investor outside Australia, Singapore or New Zealand where to do so would not cause any breach of the securities law requirements of the relevant jurisdiction.

#### **1.16 COOLING OFF**

There is no cooling off period for investors in Australand Property Group. Once you have submitted a completed Application Form, 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 allotted and quoted.

#### **1.17 ELECTRONIC OFFER DOCUMENT**

This Offer Document may be viewed online at [www.australand.com.au](http://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 Capital Raising.

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

#### **1.18 QUESTIONS**

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

# 1

## Key Features

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# 2

## Description of Australand Property Group



## Description of Australand Property Group

### 2.1 OVERVIEW OF AUSTRALAND PROPERTY GROUP

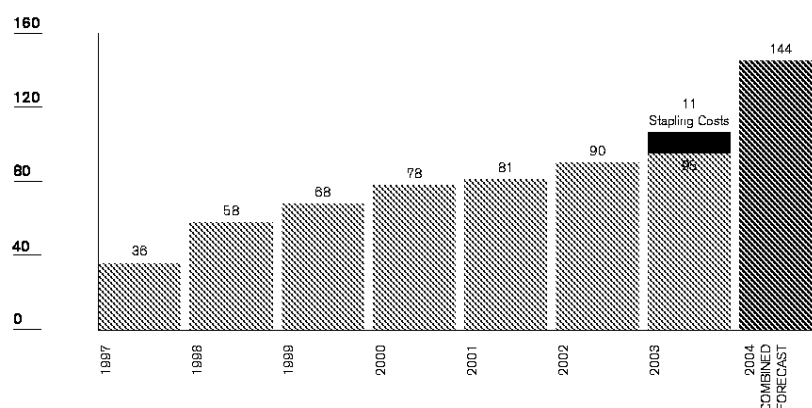
Australand Property Group is one of Australia's largest diversified property groups with activities across Australia covering residential land, housing and apartment developments, the provision of commercial and industrial facilities, ownership of income producing properties, as well as management of AWPT3, AWPT4 and AWPT5.

Australand Property Group has four operating divisions being Land and Housing, Apartments, Commercial & Industrial and Investment Properties. Australand Property Group's medium term strategy is to reduce its dependence on development profits and increase the level of recurrent income from income producing properties so that they are broadly equivalent by 2007. This increased diversity of earnings should underpin earnings and distributions from 2004 onwards.

In 2003, Australand Property Group earned total revenues of more than \$1.4 billion, and recorded its seventh straight record profit of \$95.2 million. In 2004, Australand Property Group has forecast earnings of approximately \$135 million profit after tax. If both the Capital Raising and the Acquisition Proposal are completed, Australand Property Group has forecast to earn approximately \$144 million after tax.

Assuming the Capital Raising and Acquisition Proposal proceed, the proportion of recurrent investment income on an annualised basis will increase from 31% to 35%. This is based on annualising the forecast earnings after tax and inter-stapled entity interest and fees for the year ending 31 December 2004.

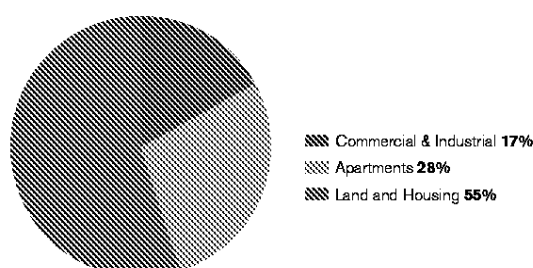
Australand Property Group has a strong profit after tax record since listing on the ASX and SGX in 1997 through to the year ended 31 December 2003. Forecast earnings for 2004 are expected to continue this trend as illustrated below:



### 2.2 AUSTRALAND PROPERTY GROUP DEVELOPMENT DIVISIONS

Australand Property Group has three development divisions being Land and Housing, Apartments and Commercial & Industrial. The chart below sets out divisional net profit before tax for Australand Property Group's development operations for the year ended 31 December 2003.

**Australand Property Group's development divisional breakdown**  
Net profit before tax and stapling costs for the year ended 31 December 2003



The relative mixture of revenue and profits for 2004 compared to 2003 within the development operations is expected to be weighted more to the Land and Housing division. It is likely that the Apartments division's pre-tax profits will be substantially below the 2003 result due to approval delays and a reduction in the rate and level of pre-sales in 2004 compared to 2003. This is likely to be offset by an improved contribution from the Land and Housing division.

### 2.2.1 Land and Housing

For the year ended 31 December 2003, the Land and Housing division generated revenue of \$443.1 million from the sale of 1,876 lots and 669 dwellings. Operating profit before tax increased 10.2% from 2002, reflecting an overall increase in land and housing prices. Consistent with this, the divisional profit margin increased from 18.4% to 19.8%. Overall, margins on a product-by-product basis improved on those achieved in 2002.

Due to the continued shortage of affordable, zoned and serviceable land in Sydney, coupled with the difficult planning environment, additional capital has been allocated to the other three locations (Melbourne, South-East Queensland and Perth).

While re-stocking will continue to provide a challenge in Sydney, this business unit has partially underwritten its revenues for the period 2005 to 2010 by securing the rights to jointly develop 1,330 zoned lots at Second Ponds Creek in Sydney's North West with the NSW Government's Land Development Agency, Landcom.

In order to remain ahead of the market and capitalise on changing demographics and consumer trends, the division has re-engineered its housing product range to enable it to produce dwellings for a broader segment of the market. This strategy will further improve margins and the return on capital employed in the division.

During 2003, the division also allocated \$132 million of capital to inventory re-stocking. The projected future yields and sales revenue from Land and Housing projects can be summarised as follows:

BUSINESS UNIT		NO OF PROJECTS	PROJECTED FUTURE YIELD (NO.)		PROJECTED FUTURE REVENUE (\$M)		ESTIMATED TRADING LIFE
			LAND	HOUSING	LAND	HOUSING	
Sydney	Wholly owned	18	48	781	22.5	454.9	Up to 6 years
	Joint Venture/Other	4	2,654	946	760.1	575.1	
Melbourne	Wholly owned	27	1,389	1,315	175.3	470.5	Up to 7 years
	Joint Venture/Other	4	3,707	233	468.9	26.0	
South-East	Wholly owned	13	788	725	169.7	301.0	Up to 8 years
Queensland	Joint Venture/Other	3	232	359	38.8	264.2	
Perth	Wholly owned	10	2,225	442	437.3	125.0	Up to 5 years

Overall, sound economic conditions continue to create employment growth and demand albeit slower than experienced in 2003 for owner-occupier residential real estate.

### 2.2.2 Apartments

In the year ended 31 December 2003, the Apartments division generated a pre-tax operating profit of \$43.9 million from revenue of \$484.0 million compared to a pre-tax operating profit of \$26.6 million from revenue of \$461.1 million for the prior year, due mainly to margin improvements and fewer project delays than in 2002. The rate of pre-sale generation for the investor market slowed during 2003, however the generation of pre-sales for owner-occupier apartments has continued at satisfactory rates. The rate of generation of pre-sales for 2004 has generally been slower than for the same period in 2003.

During 2003, the Sydney business unit released three projects for sale - Discovery Point at Wolli Creek, Russet Place at Forestville and Glebe Harbour, with strong interest shown in the Glebe Harbour and Discovery Point projects. However, the business unit still faces the challenge of approval delays, which have delayed the release of projects in Duntroon Avenue, St Leonards and 46a Macleay Street, Potts Point.

As at 31 December 2003, the Sydney business unit managed over 700 apartments in Sydney with vacancy rates around 2.0% to 2.5%.

The South-East Queensland apartment market performed satisfactorily during 2003 with strong pre-sales being generated. During 2003, Australand entered into a co-venture in relation to the acquisition and development of land at Hope Island in Queensland which is expected to yield approximately 350 houses and 330 apartments, which will be jointly managed with the Land and Housing division.

During 2003, the Melbourne business unit's Freshwater apartment project continued to generate a reasonable level of pre-sales because of its location and quality. By the end of 2003, most of the investor stock in the Freshwater project had been sold leaving mostly owner-occupier apartments to be sold during the balance of its trading life and a satisfactory rate of sale for owner-occupier apartments has been maintained since the beginning of 2004. The Freshwater apartment project is being developed within a joint venture structure and construction is expected to be



## Description of Australand Property Group

completed during March 2006. The Melbourne business unit also established a property management arm in late 2003 to assist its investor clients to procure tenants for their apartments. During the last six months, new tenants have been procured for in excess of 220 apartments in two recently completed Australand apartment projects, which reaffirms the fact that there is continuing demand in the rental market for well located new apartments.

Australand Property Group as at 31 December 2003, held approximately \$166 million in pre-sales in respect of its wholly owned projects and approximately \$342 million in pre-sales for its joint venture projects, for which revenue has not yet been recognised.

The Apartments division's 2004 pre tax operating profit is likely to be substantially below the 2003 result because of approval delays and a reduction in the rate and level of pre-sales in 2004 compared to 2003. This lower result is fully factored into the Director's Forecasts.

The number of apartments that were available for sale from current and future approved projects as at 1 January 2004 are set out below:

BUSINESS UNIT		NO. OF APARTMENTS	CONSTRUCTION LIFE
Sydney	-Wholly owned	539	Up to 4 years
	-Joint Venture	1,533	Up to 6 years
Melbourne	-Wholly owned	735	Up to 4 years
	-Joint Venture	341	Up to 2 years
South East	-Wholly owned	329	Up to 3 years
Queensland	-Joint Venture	330	Up to 6 years

### 2.2.3 Commercial & Industrial

In the year ended 31 December 2003, the Commercial & Industrial division generated revenue of \$468.6 million and a pre-tax operating profit of \$26.7 million, from the sale of land and the construction of 19 pre-committed projects comprising approximately 76,000m<sup>2</sup> of commercial space and 120,000m<sup>2</sup> of industrial space. In 2003, the division continued with the construction program for projects being delivered for AWPT3 and AWPT4.

The significant increase in operating revenue for the division in 2003, reflected the high level of commercial development in progress including the Rhodes Corporate Park in Sydney's west where international tenant, Nestlé, anchored two buildings totalling 29,000m<sup>2</sup>, which were acquired by AWPT3. The estate's fourth building which is pre-leased to Unisys is expected to be completed in mid 2004 and has been sold to ING. Total sale value of these three stages was \$140 million.

Construction of the 55,000m<sup>2</sup> Freshwater Place Office Tower on Melbourne's Southbank reached 50% completion in December 2003, and is anchored by a 23,000m<sup>2</sup> pre-commitment from international accounting group, PricewaterhouseCoopers. Softening market conditions remain a factor in the Melbourne market, however Australand Property Group remains confident of achieving further leasing commitments in 2004. Provisions anticipating the deteriorating market conditions have been allocated with no significant impact expected in the 2004 full year.

Activity in the division's key industrial markets included existing pipeline development plus new pre-commitments in 2003 of approximately 252,000m<sup>2</sup> including committed future workload for 2004 of 150,000m<sup>2</sup>.

The Victorian industrial market continues to perform strongly with estates in Dandenong, Derrimut, and the Melbourne Airport Business Park at Tullamarine achieving on-going pre-commitments.

The division achieved a major strategic goal in 2003 via the sale of eight pre-committed industrial facilities, which formed AWPT5. The assets have an estimated on completion value of \$104 million.

Australand Property Group expects the industrial pre-commitment markets to remain stronger than the commercial office pre-commitment markets in 2004. The division's acquisition focus in 2003 was on restocking the major industrial markets. This included acquiring Axxess Corporate Park totalling some 13 hectares in Sydney's northwestern suburb of Seven Hills along with the acquisition of approximately 120 hectares in the western Melbourne industrial suburb of Derrimut. During 2003, development agreements were entered into with ING Industrial Trust in relation to industrial land holdings in Sydney's south western corridor suburbs of Moorebank and Minto (in joint venture). Australand also has established a joint venture in which it holds a 50% interest in relation to a 56 hectare site in the Brisbane suburb of Larapinta in which development is expected to commence during 2004.

The division's 2004 profit estimates are supported by a significant level of work in progress which is pre-committed, as well as a substantial number of industrial pre-commitments for which commercial terms have been finalised.

## 2.3 INVESTMENT PROPERTIES

Australand Property Trust has a portfolio of 18 commercial and industrial properties underpinned by 21 tenancies. The portfolio is currently valued at approximately \$375 million and is 99% leased. The average lease term of the property portfolio is 7.7 years, weighted by base rent. Major tenants in these buildings include Coles Myer, Commonwealth Government of Australia and the State Government of NSW.

The current investment property portfolio of Australand Property Trust is set out in the table below.

### Australand Property Trust Property Portfolio Valuation Summary

PROPERTY	MAJOR TENANT	NLA (MP)	VALUATION <sup>1</sup> (\$'000)	CAP RATE	CURRENT RENT (\$)
<b>Industrial</b>					
Walters Road, Arndell Park	Exel	17,733	20,900	8.53%	1,836,143
130 Sharps Road, Tullamarine	Laminex Industries	28,100	17,200	8.74%	1,835,573
57-71 Platinum Street, Crestmead	Stramit Industries	19,299	16,300	8.75%	1,403,795
Lot 100, 8-12 Stanton Road, Seven Hills	National Panasonic Australia	10,708	13,700	8.50%	1,163,692
35-59 South Park Drive, Dandenong	Priceline	21,345	13,500	8.25%	1,072,445
5-7 Trade Street, Lytton	Berri Ltd	14,479	12,000	8.50%	1,016,434
40 Annandale Road, Tullamarine	Star Track Express	16,749	10,750	8.75%	1,098,194
99 Shettleson Street, Rocklea	Amcor Packaging	15,186	10,575	9.00%	1,007,903
51 Stradbroke Street, Heathwood	B & R Enclosures	10,040	9,500	8.50%	799,538
Lot 102 Coghlan Road, Outer Harbour	Southcorp Wines	6,626	7,100	8.75%	665,320
1-19 South Park Drive, Dandenong	Terra Harvest	8,027	6,600	8.25%	641,456
16 Archimedes Place, Murarrie	HPA Ltd	4,011	6,000	8.50%	520,948
<b>Office</b>					
Corporate Satellite Centre, 690 Springvale Road, Mulgrave	Coles Myer Ltd	21,258	61,900	8.25%	4,676,611
Gateway Building, 26-30 Lee Street, Sydney	Commonwealth Government	12,530	56,000	8.00%	4,565,446
Henry Deane Building, 20 Lee Street, Sydney	State Government of NSW	9,112	38,200	8.00%	3,121,851
Building C, Rhodes Corporate Park, Rhodes	Australand Holdings Ltd	10,827	37,200	8.25%	3,072,806
Building 10, 658 Church Street, Richmond	Ansell Ltd	8,067	24,900	8.25%	2,088,899
90 Maribynong Street, Footscray	Lonely Planet Publications	7,293	12,400	9.75%	1,204,428
<b>Total</b>		<b>241,390</b>	<b>374,725</b>		<b>31,791,482</b>

NOTE:

1. Valuations undertaken as at 31 December 2003.

## 2.4 OPERATING STRATEGY

In the medium term, Australand Property Group aims to diversify earnings by increasing the proportion of Australand Property Group's earnings derived from recurrent investment income.

This will be achieved by:

- completing the Acquisition Proposal;
- limiting the aggregate level of investment in property development activities to approximately current levels; and
- using most of the additional capital raised in the future to acquire additional income producing assets.

### 2.4.1 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's current policy is that 100% of Australand Property Trust's distributable earnings and between 80% and 90% of Australand's profits will be distributed to Securityholders.

## Description of Australand Property Group

### 2.4.2 Gearing and interest rate management

The Gearing level after the Capital Raising and Acquisition Proposal is forecast to be approximately 46.5% compared to Australand Property Group Gearing of 51.0% as at 31 December 2003. During the forecast period, Australand Property Group intends to maintain Gearing at pro forma levels.

Derivative financial instruments are currently 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.

### 2.4.3 Valuation policy

The Responsible Entity may have the assets of Australand Property Trust valued at any time. Currently, real property is valued annually.

## 2.5 AWPT3 PROPERTY PORTFOLIO

The Acquisition Proposal involves the acquisition of the AWPT3 Units by Australand Property Trust. The following is a summary of key financial information regarding AWPT3 (which has been provided to Australand Property Group by the board of AWIL) and regarding the consideration payable for each AWPT3 Unit:

Investment properties (\$'000)	219,775
Less: other net liabilities (\$'000)	(117,506)
<b>Net asset value (\$'000)</b>	<b>102,269</b>
Net assets per unit	1.077
4% premium to net asset value per unit	0.043
<b>Acquisition consideration per AWPT3 Unit</b>	<b>1.120</b>

In addition, AWPT3 Unitholders will receive an amount equating to an annualised distribution yield of 9.24% per annum on the \$1.00 per unit original investment for the period from 1 April 2004 until despatch of the payment of the consideration. This additional amount represents the equivalent pro-rata forecast for the 30 June 2004 quarter income distribution for AWPT3.

The Acquisition Proposal has been assumed to be completed by 31 May 2004. However, completion could possibly occur at any time up to 30 June 2004.

AWPT3 comprises a portfolio of eight recently developed commercial and industrial properties across three states of Australia with a value of \$220 million (based on sworn valuations as at 31 May 2004). The portfolio has a weighted average capitalisation rate of 8.19% and is 93% leased to a variety of quality tenants including Cadbury Schweppes, Nestlé, TNT and Toll Ipec. The portfolio has a weighted average lease term of 8.8 years as at 1 May 2004 weighted by base rent, with certainty of income growth through fixed rental reviews. The AWPT3 property portfolio consists of the following assets:

### AWPT3 Property Portfolio - Valuation Summary

PROPERTY	MAJOR TENANT	NLA (M <sup>2</sup> )	VALUATION <sup>1</sup> (\$'000)	CAP RATE	CURRENT RENT (\$)
<b>Industrial</b>					
Greystanes Business Hub, Greystanes	Cadbury Schweppes	25,705	35,000	8.19%	2,963,211
60 Annandale Road, Tullamarine	Willow Ware Australia	16,276	12,475	8.50%	1,109,441
10 Stanton Road, Seven Hills	Asics Oceania	7,065	9,500	8.44%	801,425
811 Abernethy Road, Forrestfield	Toll Ipec	7,021	7,000	8.76%	612,850
75 Annandale Road, Tullamarine	Caterpillar of Australia	10,280	5,800	8.64%	499,390
<b>Office</b>					
Building D, Rhodes Corporate Park, Rhodes	Nestlé Australia	17,238	61,500	8.06%	4,910,786
Tower A, 197-201 Coward Street, Mascot	TNT Australia	12,700	46,250	7.89%	3,758,644
Building B, Rhodes Corporate Park, Rhodes	Nestlé Australia	12,674	42,250	8.39%	3,544,525
<b>Totals</b>		<b>108,959</b>	<b>219,775</b>		<b>18,200,272</b>

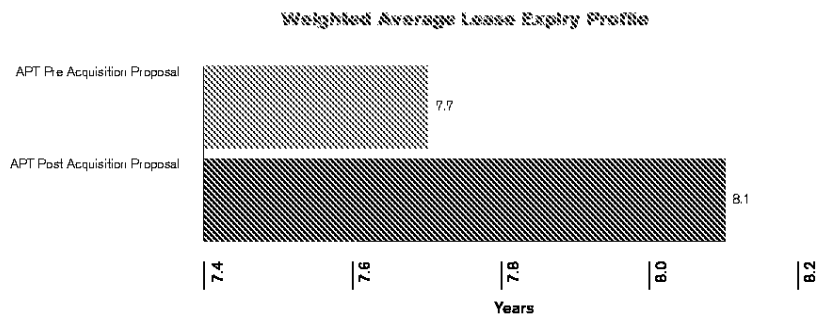
NOTE:

1 Valuations undertaken as at 31 May 2004. See section 2.7 for independent summary valuation reports.

## 2.6 BENEFITS OF ACQUISITION PROPOSAL AT A PROPERTY PORTFOLIO LEVEL

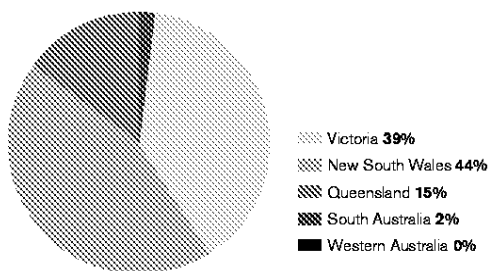
The Acquisition Proposal, if successful, significantly enhances the strength of the investment portfolio of Australand Property Group, as outlined in section 1.9.7. When combined with the existing Australand Property Trust property portfolio, the new property portfolio will consist of 26 commercial and industrial properties incorporating approximately 350,000m<sup>2</sup> of net lettable area. The new portfolio will have a combined value of \$595 million (based on the most recent sworn valuations for the individual properties) and a weighted average lease term of 8.1 years as at 1 May 2004.

The addition of the AWPT3 property portfolio to Australand Property Trust's existing property portfolio will deliver a number of benefits at the property portfolio level. These benefits include an increase in the portfolio's weighted average lease expiry from 7.7 years to 8.1 years as illustrated in the chart below.



The geographic diversification of Australand Property Trust's portfolio will also be further enhanced through the addition of the AWPT3 property portfolio. The proposed transaction will increase weighting towards New South Wales, with the exposure to this state going from 44% to 61%, while also providing the trust with its first Western Australian asset. The following chart shows the geographic diversification of Australand Property Trust's property portfolio before and after the Acquisition Proposal.

**Geographic Diversification by Market Value**  
Pre Acquisition Proposal



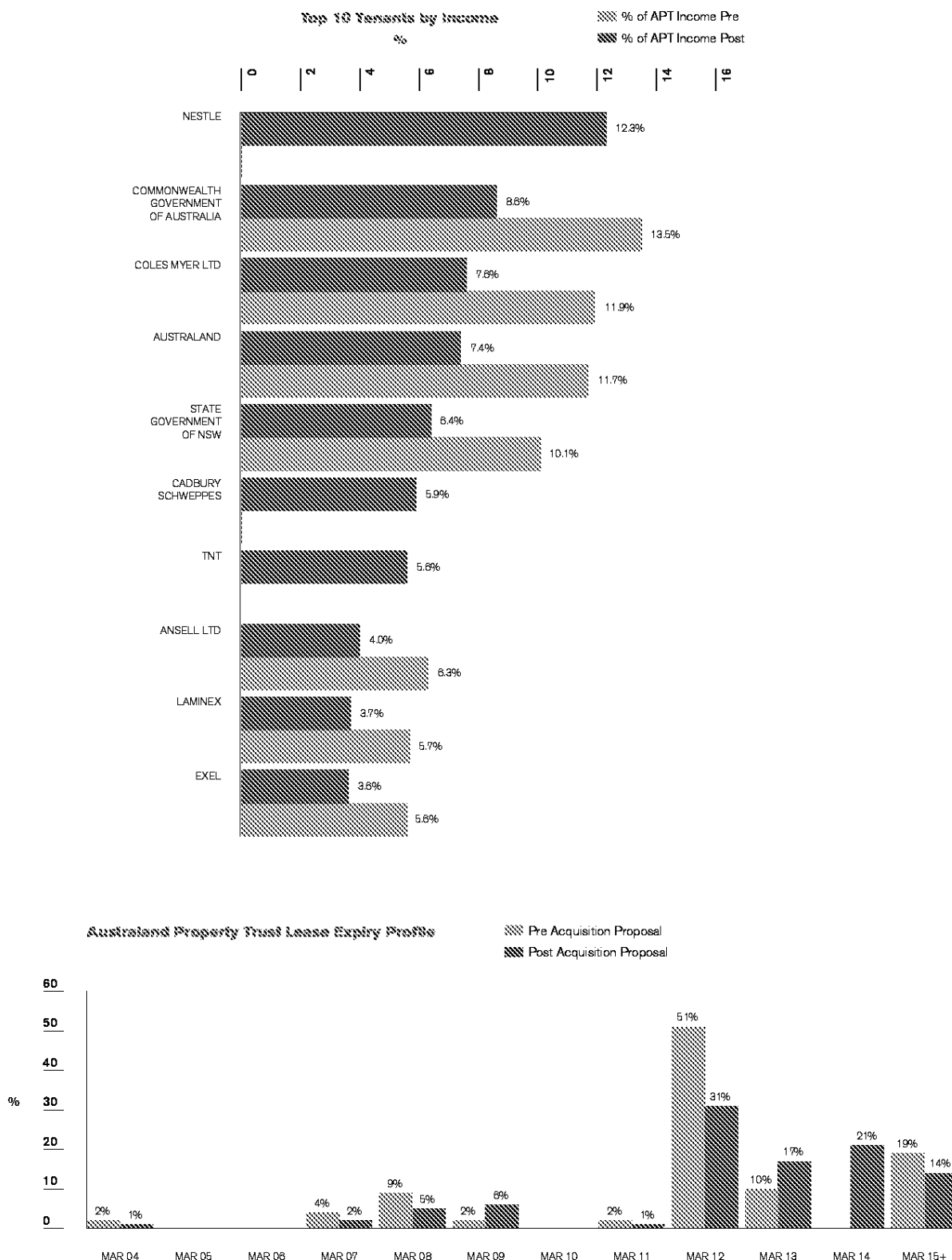
**Geographic Diversification by Market Value**  
Post Acquisition Proposal





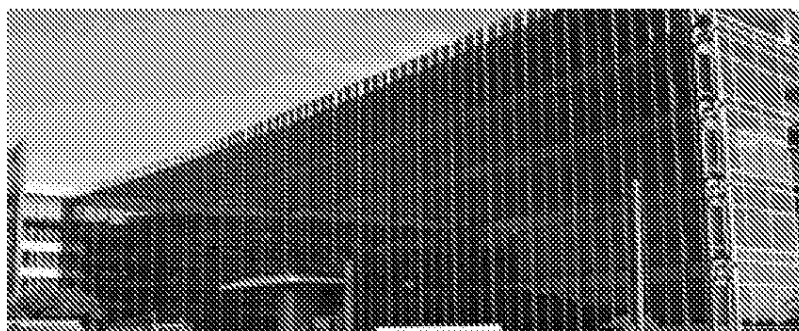
## Description of Australand Property Group

The overall quality and perceived risk profile of Australand Property Trust will also be enhanced through the addition of the AWPT3 portfolio. This enhancement is evident in a number of ways which include a reduction in the weighted average capitalisation rate of the Australand Property Trust from 8.38% to 8.33%, the exposure to any single tenant within the portfolio reducing from 13.5% to 12.3% and the highest level of lease expiry (by income) within the portfolio in any given year reducing from 51% to 31%. The reduction in single tenant exposure and annual lease expiry is illustrated in the two charts below.



**BUILDING D, RHODES, NSW**

(Rhodes Corporate Office Park)

**VALUATION SUMMARY**

Value	\$61.50 million
Valuer	FPDSavills
Date	31 May 2004
Cap Rate	8.06%
10 year IRR	9.90%
Terminal Yield	8.50%
\$Rate/m <sup>2</sup> of NLA	\$3,568/m <sup>2</sup>

<b>Address</b>	Building D, 1 Homebush Bay Drive, Rhodes, NSW
<b>Property Type</b>	A modern six level "A" grade commercial office building
<b>Ownership</b>	Freehold title
<b>Location</b>	14 kilometres from the Sydney CBD
<b>Constructed</b>	Constructed and completed in 2003
<b>Lettable Area</b>	17,238m <sup>2</sup>
<b>No. Cars</b>	375
<b>Land Area</b>	6,263m <sup>2</sup>
<b>Major Tenant</b>	Nestle Australia Limited (November 2013)
<b>Avg Unexpired Lease Term</b>	9.5 years approximately (at 1 May 2004)
<b>Rent Review Structure</b>	Fixed annual 3.5% reviews at the commencement of Years 2, 4, 5, 7, 8 and 10. Market rent reviews at the commencement of Years 3, 6 and 9. Completed on an effective basis and the reviewed rental must not be less than the previous rent increased by 3.5%
<b>Current Rent</b>	\$4,910,786 per annum
<b>Avg Current Rent (m<sup>2</sup>)</b>	Office: \$250/m <sup>2</sup> per annum
<b>Avg Market Rent (m<sup>2</sup>)</b>	Office: \$255/m <sup>2</sup> per annum
<b>Occupancy</b>	100%

**MASCOT, NSW**

(Metrolink Corporate Park)

**VALUATION SUMMARY**

Value	\$46.25 million
Valuer	FPDSavills
Date	31 May 2004
Cap Rate	7.89%
10 year IRR	10.13%
Terminal Yield	8.50%
\$Rate/m <sup>2</sup> of NLA	\$3,642/m <sup>2</sup>

<b>Address</b>	Tower A – 197-201 Coward Street, Mascot, NSW
<b>Property Type</b>	A modern eight level "A" grade commercial office building
<b>Ownership</b>	Freehold title
<b>Location</b>	10 kilometres from the Sydney CBD
<b>Constructed</b>	Constructed and completed in 2003
<b>Lettable Area</b>	12,700m <sup>2</sup>
<b>No. Cars</b>	299
<b>Land Area</b>	3,902m <sup>2</sup>
<b>Major Tenant</b>	TNT Australia Limited (July 2013) Qantas Airways Limited (June 2013) Karima Catering Enterprises Pty Limited (August 2013)
<b>Avg Unexpired Lease Term</b>	9.2 years approximately (at 1 May 2004)
<b>Rent Review Structure</b>	TNT fixed 3.5% increases per annum Qantas fixed 3.5% increases per annum Karima fixed 3.5% increases per annum
<b>Current Rent</b>	\$3,758,644 per annum
<b>Avg Current Rent (m<sup>2</sup>)</b>	TNT: \$250/m <sup>2</sup> per annum Qantas: \$238/m <sup>2</sup> per annum Café: \$505/m <sup>2</sup> per annum
<b>Avg Market Rent (m<sup>2</sup>)</b>	Office: \$238/m <sup>2</sup> per annum Café: \$505/m <sup>2</sup> per annum
<b>Occupancy</b>	100%

## Description of Australand Property Group

### BUILDING B, RHODES, NSW

(Rhodes Corporate Office Park)



#### VALUATION SUMMARY

Value	\$42.25 million
Valuer	FPDSavills
Date	31 May 2004
Cap Rate	8.39%
10 year IRR	9.80%
Terminal Yield	8.75%
\$Rate/m <sup>2</sup> of NLA	\$2,334/m <sup>2</sup>

<b>Address</b>	Building B, 1 Homebush Bay Drive, Rhodes, NSW
<b>Property Type</b>	A modern six level "A" grade commercial office building
<b>Ownership</b>	Freehold title
<b>Location</b>	14 kilometres from the Sydney CBD
<b>Constructed</b>	Constructed and completed in 2003
<b>Lettable Area</b>	12,674m <sup>2</sup>
<b>No. Cars</b>	278
<b>Land Area</b>	4,068m <sup>2</sup>
<b>Major Tenant</b>	Nestle Australia Limited (July 2013) Nestle Australia Limited (July 2008) Income Support (July 2008)
<b>Avg Unexpired Lease Term</b>	5.7 years approximately (at 1 May 2004)
<b>Rent Review Structure</b>	Nestle: Fixed annual 3.5% reviews at the commencement of Years 2, 4, 5, 7, 8 and 10. Market rent reviews at the commencement of Years 3, 6 and 9. Completed on an effective basis and the reviewed rental must not be less than the previous rent increased by 3.5% Nestle: Fixed annual 3.5% reviews at the commencement of Years 2, 4, and 5. Market rent reviews at the commencement of Year 3. Completed on an effective basis and the reviewed rental must not be less than the previous rent increased by 3.5%. Income Support: fixed 3.5% increases per annum
<b>Current Rent</b>	\$3,544,525 per annum
<b>Avg Current Rent (m<sup>2</sup>)</b>	Office: \$250/m <sup>2</sup> per annum
<b>Avg Market Rent (m<sup>2</sup>)</b>	Office: \$250/m <sup>2</sup> per annum
<b>Occupancy</b>	93% (excluding income support from Australand)

**GREYSTANES, NSW**

(Greystanes Business Hub)

**VALUATION SUMMARY**

Value	\$35.0 million
Valuer	FPDSavills
Date	31 May 2004
Cap Rate	3.19%
10 year IRR	9.31%
Terminal Yield	8.75%
\$Rate/m <sup>2</sup> of NLA	\$1.352/m <sup>2</sup>

<b>Address</b>	Greystanes Business Hub, Greystanes, NSW
<b>Property Type</b>	A modern industrial office and warehouse building
<b>Ownership</b>	Freehold title
<b>Location</b>	29 kilometres from the Sydney CBD
<b>Constructed</b>	Constructed and completed in 2003
<b>Lettable Area</b>	25,705m <sup>2</sup>
<b>No. Cars</b>	89
<b>Land Area</b>	60,980m <sup>2</sup>
<b>Major Tenant</b>	Cadbury Schweppes Pty Limited (February 2013)
<b>Avg Unexpired Lease Term</b>	8.8 years approximately (at 1 May 2004)
<b>Rent Review Structure</b>	Fixed annual 3.0% reviews, with a market review on the 5th anniversary of the Commencement Date. Market review is on an effective basis and will be subject to a minimum 3% and a maximum 8% increase.
<b>Current Rent</b>	\$2,963,211 per annum
<b>Avg Current Rent (m<sup>2</sup>)</b>	\$115/m <sup>2</sup> per annum
<b>Avg Market Rent (m<sup>2</sup>)</b>	\$107.50/m <sup>2</sup> per annum
<b>Occupancy</b>	100%
<b>Expansion Potential</b>	Approximately 10,000m <sup>2</sup> to 25,000m <sup>2</sup> of gross building area



## Description of Australand Property Group

### ANNANDALE ROAD, TULLAMARINE, VIC

(Melbourne Airport Business Park)

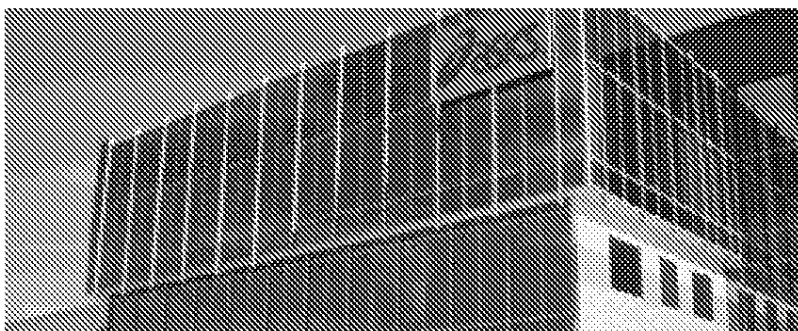


#### VALUATION SUMMARY

Value	\$12,475 million
Valuer	FPDSavills
Date	31 May 2004
Cap Rate	8.50%
10 year IRR	10.05%
Terminal Yield	10.25%
\$Rate/m <sup>2</sup> of NLA	\$766/m <sup>2</sup>

<b>Address</b>	60 Annandale Road, Tullamarine, VIC
<b>Property Type</b>	A modern industrial office, warehouse and manufacturing building
<b>Ownership</b>	Leasehold interest expiring 30 June 2047
<b>Location</b>	16 kilometres from the Melbourne CBD
<b>Constructed</b>	Constructed and completed in 2003
<b>Lettable Area</b>	16,276m <sup>2</sup>
<b>No. Cars</b>	104
<b>Land Area</b>	34,726m <sup>2</sup>
<b>Major Tenant</b>	Willow Ware Australia Pty Limited (May 2018)
<b>Avg Unexpired Lease Term</b>	14.0 years approximately (at 1 May 2004)
<b>Rent Review Structure</b>	Fixed annual 3.25% increases
<b>Current Rent</b>	\$1,109,441 per annum
<b>Avg Current Rent (m<sup>2</sup>)</b>	\$68/m <sup>2</sup> per annum
<b>Avg Market Rent (m<sup>2</sup>)</b>	\$63/m <sup>2</sup> per annum
<b>Occupancy</b>	100%
<b>Expansion Potential</b>	Approximately 4,358m <sup>2</sup> of gross building area

### SEVEN HILLS, NSW



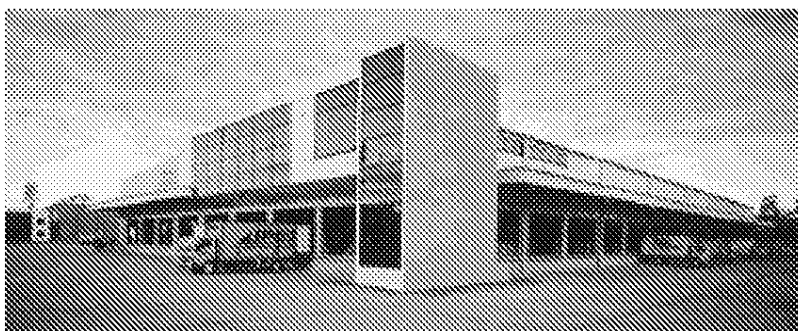
#### VALUATION SUMMARY

Value	\$9.50 million
Valuer	FPDSavills
Date	31 May 2004
Cap Rate	8.44%
10 year IRR	10.09%
Terminal Yield	9.00%
\$Rate/m <sup>2</sup> of NLA	\$1,345/m <sup>2</sup>

<b>Address</b>	10 Stanton Road, Seven Hills, NSW
<b>Property Type</b>	A modern industrial office and warehouse building
<b>Ownership</b>	Freehold title
<b>Location</b>	34 kilometres from the Sydney CBD
<b>Constructed</b>	Constructed and completed in 2003
<b>Lettable Area</b>	7,065m <sup>2</sup>
<b>No. Cars</b>	50
<b>Land Area</b>	10,000m <sup>2</sup>
<b>Major Tenant</b>	Asics Oceania Pty Limited (April 2011)
<b>Avg Unexpired Lease Term</b>	7.0 years approximately (at 1 May 2004)
<b>Rent Review Structure</b>	Increases annually to the greater of 3.5% or CPI, with a market review on the 5th anniversary of the Commencement Date. Market review is on an effective basis and will be subject to a minimum 3.5% or CPI increase.
<b>Current Rent</b>	\$801,425 per annum
<b>Avg Current Rent (m<sup>2</sup>)</b>	\$113/m <sup>2</sup> per annum
<b>Avg Market Rent (m<sup>2</sup>)</b>	\$110/m <sup>2</sup> per annum
<b>Occupancy</b>	100%

**FORRESTFIELD, WA**

(Access Park Industrial Estate)

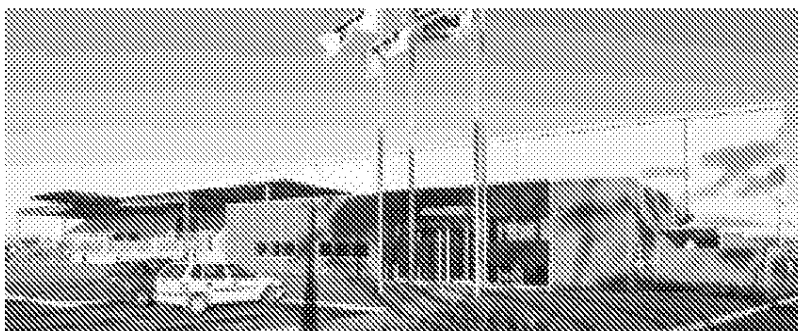
**VALUATION SUMMARY**

Value	\$12.475 million
Valuer	FPD Savills
Date	31 May 2004
Cap Rate	8.50%
10 year IRR	10.05%
Terminal Yield	10.25%
\$Rate/m <sup>2</sup> of NLA	\$766/m <sup>2</sup>

<b>Address</b>	60 Annandale Road, Tullamarine, VIC
<b>Property Type</b>	A modern industrial office, warehouse and manufacturing building
<b>Ownership</b>	Leasehold interest expiring 30 June 2047
<b>Location</b>	16 kilometres from the Melbourne CBD
<b>Constructed</b>	Constructed and completed in 2003
<b>Lettable Area</b>	16,276m <sup>2</sup>
<b>No. Cars</b>	104
<b>Land Area</b>	34,726m <sup>2</sup>
<b>Major Tenant</b>	Willow Ware Australia Pty Limited (May 2018)
<b>Avg Unexpired Lease Term</b>	14.0 years approximately (at 1 May 2004)
<b>Rent Review Structure</b>	Fixed annual 3.25% increases
<b>Current Rent</b>	\$1,109,441 per annum
<b>Avg Current Rent (m<sup>2</sup>)</b>	\$68/m <sup>2</sup> per annum
<b>Avg Market Rent (m<sup>2</sup>)</b>	\$63/m <sup>2</sup> per annum
<b>Occupancy</b>	100%
<b>Expansion Potential</b>	Approximately 4,358m <sup>2</sup> of gross building area

**ANNANDALE ROAD, TULLAMARINE, VIC**

(Melbourne Airport Business Park)

**VALUATION SUMMARY**

Value	\$8.50 million
Valuer	FPD Savills
Date	31 May 2004
Cap Rate	8.44%
10 year IRR	10.08%
Terminal Yield	9.00%
\$Rate/m <sup>2</sup> of NLA	\$1,345/m <sup>2</sup>

<b>Address</b>	10 Stanton Road, Seven Hills, NSW
<b>Property Type</b>	A modern industrial office and warehouse building
<b>Ownership</b>	Freehold title
<b>Location</b>	34 kilometres from the Sydney CBD
<b>Constructed</b>	Constructed and completed in 2003
<b>Lettable Area</b>	7,065m <sup>2</sup>
<b>No. Cars</b>	50
<b>Land Area</b>	10,000m <sup>2</sup>
<b>Major Tenant</b>	Asics Oceania Pty Limited (April 2011)
<b>Avg Unexpired Lease Term</b>	7.0 years approximately (at 1 May 2004)
<b>Rent Review Structure</b>	Increases annually to the greater of 3.5% or CPI, with a market review on the 5th anniversary of the Commencement Date. Market review is on an effective basis and will be subject to a minimum 3.5% or CPI increase.
<b>Current Rent</b>	\$801,425 per annum
<b>Avg Current Rent (m<sup>2</sup>)</b>	\$113/m <sup>2</sup> per annum
<b>Avg Market Rent (m<sup>2</sup>)</b>	\$110/m <sup>2</sup> per annum
<b>Occupancy</b>	100%

## Description of Australand Property Group

## 2.7 VALUATION REPORT



**FPDSavills**  
INTERNATIONAL PROPERTY CONSULTANTS



**FPDSavills (NSW) Pty Limited**  
ACN 058 848 829  
Level 5  
55 Hunter Street  
SYDNEY NSW 2000  
AUSTRALIA

Telephone: 612 8215 8888  
Direct Line: 612 8215 8853  
Direct Fax: 612 8215 8859

[ajohnston@fpdsavills.com.au](mailto:ajohnston@fpdsavills.com.au)  
[www.fpd Savills.com.au](http://www.fpd Savills.com.au)

19 April 2004

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

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

Dear Sirs,

**Re: Valuation of Australand Wholesale Property Trust No.3 Properties**

- 811 Abernethy Road, Forrestfield, WA
- Greystanes Business Hub, Greystanes, NSW
- Building B, Rhodes Corporate Park, Rhodes, NSW
- Building D, Rhodes Corporate Park, Rhodes, NSW
- Tower A 197-201 Coward Street, Mascot, NSW
- 10 Stanton Road, Seven Hills, NSW
- 60 Annandale Road, Tullamarine, VIC
- 75 Annandale Road, Tullamarine, VIC

#### Instructions

We refer to your instructions dated 31 March 2004 and 1 April 2004, requesting us to undertake valuations of the abovementioned properties as at 31 May 2004. 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 dated 31 May 2004.

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 that could conflict with a proper valuation.

A summary of the valuations is as follows:

**Property:**

811 Abernethy Road, Forrestfield, WA

**Description:**

The property is a modern industrial office and warehouse premises, completed in 2002, comprising 7,021 square metres of gross lettable area plus 120 carparking spaces. The property is situated approximately 12 kilometres east of the Perth CBD, within the Access Park Industrial Estate.

The tenant is Toll Ipec Pty Limited with a lease expiring in July 2012.

Value	Date of Valuation	Initial Yield	Market Yield	Terminal Yield	10 year IRR	\$Value per/m <sup>2</sup>
\$7,000,000	31/5/04	8.76%	8.76%	9.00%	11.02%	\$997

**Property:**

Greystanes Business Hub, Greystanes, NSW

**Description:**

The property is a modern industrial office and warehouse premises, completed in 2003, comprising 25,705 square metres of gross lettable area plus 89 carparking spaces. The property is situated approximately 29 kilometres west of the Sydney CBD, within the Greystanes Business Hub.

The tenant is Cadbury Schweppes Pty Limited with a lease expiring in February 2013.

Value	Date of Valuation	Initial Yield	Market Yield	Terminal Yield	10 year IRR	\$Value per/m <sup>2</sup>
\$35,000,000	31/5/04	8.47%	8.19%	8.75%	9.81%	\$1,362

**Property:**

Building B, Rhodes Corporate Park, Rhodes, NSW

**Description:**

The property is a modern six-storey building, completed in 2003, comprising two levels of basement car parking for 278 vehicles, podium and levels 1 to 5 inclusive of office accommodation and a rooftop plant room totalling a net lettable area of 12,674m<sup>2</sup>. The property is situated approximately 14 kilometres north west of the Sydney CBD within the Rhodes Corporate Office Park.

The building is leased to Nestle Australia Limited 3,535m<sup>2</sup> expiring in July 2013 and 952m<sup>2</sup> expiring in July 2008; in addition there is an income support agreement to Australand Holdings Limited for five years expiring July 2008 (8,195m<sup>2</sup>).

Value	Date of Valuation	Initial Yield	Market Yield	Terminal Yield	10 year IRR	\$Value per/m <sup>2</sup>
\$42,250,000	31/5/04	8.39%	8.39%	8.75%	9.80%	\$3,334



**Property:**

Building D, Rhodes Corporate Park, Rhodes, NSW

**Description:**

The property is a modern six-storey building, completed in 2003, comprising three levels of basement car parking for 375 vehicles, podium and levels 1 to 5 inclusive of office accommodation and a roof top plant room, totalling net lettable area of 17,238m<sup>2</sup>. The property is situated approximately 14 kilometres north west of the Sydney CBD within the Rhodes Corporate Office Park.

The tenant is Nestle Australia Limited with a lease expiring in November 2013.

Value	Date of Valuation	Initial Yield	Market Yield	Terminal Yield	10 year IRR	\$Value per/m2
\$61,500,000	31/5/04	7.99%	8.06%	8.50%	9.90%	\$3,568

**Property:**

Tower A 197-201 Coward Street, Mascot, NSW

**Description:**

The property is a modern eight-storey office building, completed in 2003, comprising 12,700 square metres of net lettable area plus 299 carparking spaces. The property is situated approximately 10 kilometres south of the Sydney CBD, within the Metrolink Corporate Park.

The building is leased to TNT Australia Limited (9,124m<sup>2</sup>) with a lease expiring in July 2013, Qantas Airways Limited (3,368m<sup>2</sup>) with a lease expiring in June 2013 and a café with lease expiring in August 2013.

Value	Date of Valuation	Initial Yield	Market Yield	Terminal Yield	10 year IRR	\$Value per/m2
\$46,250,000	31/5/04	8.13%	7.89%	8.50%	10.13%	\$3,642

**Property:**

10 Stanton Road, Seven Hills, NSW

**Description:**

The property is a modern industrial office and warehouse premises, completed in 2003, comprising 7,065 square metres of gross lettable area plus 50 carparking spaces. The property is situated approximately 34 kilometres west of the Sydney CBD.

The tenant is Asics Oceania Pty Limited with a lease expiring in April 2011.

Value	Date of Valuation	Initial Yield	Market Yield	Terminal Yield	10 year IRR	\$Value per/m2
\$9,500,000	31/5/04	8.44%	8.44%	9.00%	10.09%	\$1,345

**FPDSavills**  
INTERNATIONAL PROPERTY CONSULTANTS

incorporating  
**BYVAN**

**Property:**

60 Annandale Road, Tullamarine, VIC

**Description:**

The property is a modern industrial office and warehouse premises, completed in 2003, comprising 16,276 square metres of gross lettable area plus 104 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 Willow Ware Australia Pty Limited with a lease expiring in May 2018.

Value	Date of Valuation	Initial Yield	Market Yield	Terminal Yield	10 year IRR	\$Value per/m2
\$12,475,000	31/5/04	8.61%	8.50%	10.25%	10.05%	N/A*

\* Leasehold Interest

**Property:**

75 Annandale Road, Tullamarine, VIC

**Description:**

The property is a modern industrial office and warehouse, completed in 2003, premises comprising 10,280 square metres of gross lettable area plus 45 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 Caterpillar of Australia Pty Limited with a lease expiring in November 2016.

Value	Date of Valuation	Initial Yield	Market Yield	Terminal Yield	10 year IRR	\$Value per/m2
\$5,800,000	31/5/04	7.70%	8.64%	10.50%	10.03%	N/A*

\* Leasehold Interest

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INTERNATIONAL PROPERTY CONSULTANTS Incorporating  
**BYVAN****Liability Disclaimer**

FPDSavills has prepared this letter of summary for inclusion in the Australand Property Limited 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 the Product Disclosure Statement and Prospectus based on the valuations referred to in this 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 the Product Disclosure Statement and Prospectus based on the valuations referred to in this 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 Johnston  
Divisional Director  
FPDSavills (NSW) Pty Limited

# 3

## Financial Information



### 3.1 INTRODUCTION

This Section contains historical, forecast and pro forma financial information of Australand Property Group. The forecast and pro forma financial information include the impact on Australand Property Group of the Capital Raising and completion of the Acquisition Proposal.

Assumptions underlying the preparation of the forecast and pro forma 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 Australand Property Group's businesses are subject are set out in Section 5 and should be read in conjunction with this Section.

#### 3.1.1 Historical financial information

The following historical financial information has been presented:

- audited statement of financial performance of Australand Property Group for the year ended 31 December 2003;
- audited statement of financial position of Australand Property Group as at 31 December 2003;
- audited statement of cash flows of Australand Property Group for the year ended 31 December 2003; and
- relevant notes to the audited financial statements.

The historical financial information has been extracted from the audited financial statements of Australand Property Group for the year ended 31 December 2003.

#### 3.1.2 Forecast financial information

To illustrate the impact of the Capital Raising and Acquisition Proposal, the following forecast financial information of Australand Property Group for the year ending 31 December 2004 has been prepared by the Directors on two separate bases ("Directors' Forecasts"):

- (a) neither the Capital Raising nor the Acquisition Proposal proceed ("APG Standalone Forecast"); and
- (b) both the Capital Raising and the Acquisition Proposal proceed ("APG Combined Forecast").

The Directors' Forecasts include the assumptions underlying the preparation of the APG Standalone Forecast and the APG Combined Forecast (see Section 3.7 for further details).

The APG Standalone Forecast has been prepared 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 Directors' assessment of Australand Property Group based on present circumstances, anticipated economic and operating conditions and the implementation of management's business strategies.

The APG Combined Forecast has been based on the APG Standalone Forecast together with the:

- forecast financial information of AWPT3 for the year ending 31 December 2004 and related aggregation assumptions; and
- assumptions relating to the Capital Raising.

The directors of AWIL have prepared the forecast financial information of AWPT3 for incorporation into the APG Combined Forecast.

The financial information regarding AWPT3 is based on information provided by AWIL as the responsible entity of AWPT3. AWIL has consented to the inclusion of this information in this Offer Document in the form and context in which it appears.

Additional abbreviated forecast financial information is included in Section 3.12 to illustrate the impact on Australand Property Group if the Capital Raising occurs and Acquisition Proposal is not completed and no AWPT3 Units are acquired.

#### 3.1.3 Pro forma statement of financial position

The pro forma statement of financial position of Australand Property Group has been prepared to illustrate the impact on Australand Property Group of both the Capital Raising and Acquisition Proposal being completed on 1 January 2004 ("APG Combined Pro Forma").

The pro forma statement of financial position has been derived from the audited statements of financial position of Australand Property Group as at 31 December 2003, the reviewed statement of financial position of AWPT3 as at 31 December 2003, updated for independent valuation reports as at 31 May 2004, together with transactions and adjustments required to implement the Capital Raising and Acquisition Proposal.

#### 3.1.4 Sensitivity analysis

The forecast financial information should be read in conjunction with the sensitivity analysis in Section 3.11 which illustrates the impact on the Directors' Forecasts of variations in certain key assumptions.



### 3.2 UNFORESEEN EVENTS

The forecast financial information reflects 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 Securityholders 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 Property Group.

### 3.3 INVESTIGATING ACCOUNTANT'S REPORT

The Investigating Accountant has reviewed the historical, pro forma and forecast financial information of Australand Property Group.

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

### 3.4 HISTORICAL AND FORECAST STATEMENTS OF FINANCIAL PERFORMANCE

This Section presents the audited statement of financial performance of Australand Property Group for the year ended 31 December 2003, the APG Standalone Forecast and the APG Combined Forecast.

STATEMENTS OF FINANCIAL PERFORMANCE	APG HISTORICAL 31 DECEMBER 2003 <sup>1</sup> \$'000	APG STANDALONE FORECAST 31 DECEMBER 2004 <sup>2</sup> \$'000	APG COMBINED FORECAST 31 DECEMBER 2004 <sup>3</sup> \$'000
Property development sales revenue	1,374,925	1,334,367	1,334,367
Rental from investment properties	6,060	31,796	44,028
Interest revenue	4,555	3,400	3,400
Other revenue	19,829	16,727	16,138
Revenue from ordinary activities	1,405,369	1,386,290	1,397,933
Cost of properties sold and employee benefits costs	(1,193,518)	(1,206,235)	(1,206,235)
Australand Property Trust expenses	(963)	(2,706)	(3,364)
Depreciation	(2,589)	(2,624)	(2,624)
Amortisation of goodwill	(5,326)	(5,326)	(5,326)
Other expenses from ordinary activities	(46,240)	(37,935)	(37,935)
Stapling and acquisition costs	(11,017)	-	(1,288)
Share of net profits of associates and joint venture partnerships accounted for using the equity method	15,529	61,857	61,857
Gross margin	161,245	193,321	203,018
Borrowing costs expense	(14,834)	(15,563)	(17,086)
Operating profit from ordinary activities before income tax	146,411	177,758	185,932
Income tax expense	(49,964)	(42,548)	(42,357)
Net profit	96,447	135,210	143,575
Net profit attributable to outside equity interest	(1,241)	-	-
Net profit attributable to members	95,206	135,210	143,575
Earnings per Stapled Security (cents)	17.1	19.1 <sup>4</sup>	18.3 <sup>4</sup>

#### NOTES:

- 1 Extracted from the audited financial statements of Australand Property Group for the year ended 31 December 2003.
- 2 APG Standalone Forecast for the year ending 31 December 2004 represents Australand Property Group without the Capital Raising or Acquisition Proposal.
- 3 APG Combined Forecast for the year ending 31 December 2004 represents Australand Property Group after implementation of the Capital Raising and the Acquisition Proposal. It includes the forecast results of AWPT3 for the period from 1 May 2004 to 31 December 2004.
- 4 The calculation of earnings per Stapled Security for the year ending 31 December 2004 has been calculated on a diluted basis, however no adjustment has been made for conversion of Options.
- 5 Details of the assumptions used to compile these statements from the respective statements of financial performance of Australand Property Group and AWPT3 are set out in Section 3.7 of this Offer Document.

The actual and forecast Distributions are expected to consist of franked dividends from Australand and distributions from Australand Property Trust, which may contain a tax deferred component. The actual and forecast Distributions and tax deferred component for Australand Property Group are detailed below:

**Composition Of Distributions in Cents Per Stapled Security<sup>1</sup>**

	APG HISTORICAL 31 DECEMBER 2003	APG STANDALONE FORECAST 31 DECEMBER 2004 <sup>2</sup>	APG COMBINED FORECAST 31 DECEMBER 2004 <sup>3</sup>
Fully franked dividends	12.0	10.6	10.3
Australand Property Trust distributions	1.4	5.9	6.2
Tax deferred component <sup>4</sup>	22%	22%	31%
<b>Total Distribution</b>	<b>13.4</b>	<b>16.5</b>	<b>16.5</b>

NOTES:

- 1 The calculation of Distributions per Stapled Security has been based on the forecast number of Stapled Securities on issue at the end of each quarter during 2004. The actual dividend and distribution per Stapled Security may differ due to the timing of equity flows.
- 2 APG Standalone Forecast for the year ending 31 December 2004 represents Australand Property Group without the Capital Raising or Acquisition Proposal.
- 3 APG Combined Forecast for the year ending 31 December 2004 represents the Australand Property Group after implementation of the Capital Raising and the Acquisition Proposal. It includes the forecast results of AWPT3 for the period from 1 May 2004 to 31 December 2004.
- 4 The tax deferred component only relates to the distributions from Australand Property Trust.

The forecast earnings per Stapled Security for the year ending 31 December 2004 is higher in the APG Standalone Forecast than in the forecast contained in the 2003 APG Offer Document. This is because fewer Stapled Securities were taken up by AWPT and AWPT2 unitholders as consideration for the acquisition of their units by Australand Property Trust than had been assumed and consequently less debt was repaid than was forecast.

The size of the Capital Raising has been established to enable Australand Property Group to achieve the level of gearing set out in the 2003 APG Offer Document. As a result, the EPS and DPS in the APG Combined Forecast are lower than in the APG Standalone Forecast, although they are broadly in line with the EPS and DPS envisaged at the time of the 2003 APG Offer Document.

**3.5 HISTORICAL AND PRO FORMA STATEMENTS OF FINANCIAL POSITION**

This Section contains the audited statement of financial position of Australand Property Group as at 31 December 2003 and the APG Combined Pro Forma prepared on the basis that the Capital Raising and Acquisition Proposal were implemented on 1 January 2004.

STATEMENTS OF FINANCIAL POSITION <sup>1</sup>	APG HISTORICAL 31 DECEMBER 2003 <sup>2</sup> \$'000	APG COMBINED PRO FORMA 31 DECEMBER 2004 <sup>3</sup> \$'000
Cash assets	30,567	31,959
Receivables	328,079	328,079
Inventories	1,050,605	1,050,605
Investment in joint venture entities	123,421	123,421
Property investments	374,376	598,456
Investment in AWPTs	34,690	25,190
Goodwill	54,789	54,789
Other assets	11,530	14,010
<b>Total assets</b>	<b>2,008,057</b>	<b>2,226,509</b>
Interest bearing liabilities	621,601	650,881
Land vendor liabilities	97,941	97,941
Other liabilities	293,707	279,169
<b>Total liabilities</b>	<b>1,013,249</b>	<b>1,027,991</b>
<b>Net assets</b>	<b>994,808</b>	<b>1,198,518</b>
<b>Securityholders' equity</b>		
Parent entity interest		
Contributed equity	794,333	998,643
Retained profits	190,108	188,819
Revaluation reserve	5,018	5,707
<b>Total parent entity interest</b>	<b>989,459</b>	<b>1,193,169</b>
Outside equity interests in controlled entities	5,349	5,349
<b>Total Equity</b>	<b>994,808</b>	<b>1,198,518</b>
<b>NTA per Stapled Security<sup>3</sup></b>	<b>\$1.36</b>	<b>\$1.39</b>

**NOTES:**

1 Extracted from the audited financial statements of Australand Property Group for the year ended 31 December 2003.

2 Australand Property Group assuming that the Capital Raising and Acquisition Proposal were implemented on 1 January 2004.

3 NTA is derived from net assets adjusted for goodwill and outside equity interests.

4 Details of the transactions and adjustments required to compile this statement from the respective statements of financial position of Australand Property Group and AWPT3 are contained in Section 3.8 of this Offer Document.

### 3.8 AUSTRALAND PROPERTY GROUP HISTORICAL STATEMENT OF CASH FLOWS

This Section contains the audited statement of cash flows of Australand Property Group for the year ended 31 December 2003.

#### STATEMENT OF CASH FLOWS

APG HISTORICAL  
31 DECEMBER 2003<sup>1</sup>  
\$'000

#### Cash Flows from operating activities

Receipts from trade and other debtors	1,399,492
Payments to suppliers and employees	(1,265,391)
Dividends and trust distributions received	2,733
Interest received	4,555
Borrowing costs paid	(55,295)
Income tax paid	(71,819)
Net cash flows provided by operating activities	14,275

#### Cash Flows from investing activities

Proceeds from sale of investments	23,032
Payments for purchase of joint venture equity investments	(25,255)
Payments for purchase of unlisted property trust units	(147,370)
Loans advanced from related parties	22,035
Proceeds from sale of plant and equipment	607
Payments for plant and equipment	(142)
Net cash flows used in investing activities	(127,093)

#### Cash Flows from Financing activities

Proceeds from borrowings	401,955
Repayment of borrowings	(407,543)
Dividends/distributions paid	(56,698)
Payments for redemption of reset preference shares	(53,132)
Cash acquired on acquisition of entities	3,016
Proceeds from issue of shares/units (net of equity raising costs)	225,772
Net cash flows provided by financing activities	113,370
Net increase in cash held	552
Cash at the beginning of year	30,015
Cash at the end of year	30,567

#### NOTES:

1 Extracted from Australand Property Group's audited financial statements for the year ended 31 December 2003.



### 3.7 DIRECTORS' BEST ESTIMATE ASSUMPTIONS RELATING TO THE AUSTRALAND PROPERTY GROUP FORECASTS

This Section sets out:

- the Directors' best estimate assumptions in relation to the APG Standalone Forecast;
- AWIL directors' best estimate assumptions in relation to the forecast financial information of AWPT3; and
- the Directors' best estimate assumptions in relation to the APG Combined Forecast.

#### 3.7.1 Assumptions relating to APG Standalone Forecast

##### (a) Sales revenue

The APG Standalone Forecast includes sales and profit forecasts for Land and Housing, Apartments and Commercial & Industrial projects being developed by the development operations as well as rental income derived from investment properties held by the property investment operations. Refer to Section 3.10.1 for accounting policies adopted for the recognition of revenue and profits from development operations, including the impact of the refined estimation methodology.

The APG Standalone Forecast includes sales revenue based on assumptions specific to individual projects 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;
- specific estimates of forecast sales and pre-lease commitments of commercial and industrial developments; and
- current rental leases in place for investment properties.

Achievement of the forecasts does not require any additional land stock to be acquired in the forecast period. Australand Property Group 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 Property Group's financial report, lodged with ASX, for the year ended 31 December 2003 disclosed the pipelines set out in Sections 2.2.1 and 2.2.2 which have formed the basis for the APG Standalone Forecast.

##### (b) Development and Investment Results

The mix of revenue and profit for the year ended 31 December 2003 and the forecast mix of revenue and profit for the year ending 31 December 2004 between the development company and investment trust operations is set out below:

\$'000	DEVELOPMENT COMPANY	INVESTMENT TRUST	UNALLOCATED ASSUMPTIONS	AGGREGATED
<b>APG Historical</b>				
Revenue including interest and fee income	1,395,780	13,583	(3,994)	1,405,369
Profit before tax from ordinary activities	151,000	9,795	(14,384)	146,411
<b>APG Standalone Forecast</b>				
Revenue including interest and fee income	1,356,860	49,296	(19,866)	1,386,290
Profit before tax from ordinary activities	135,536	44,589	(2,367)	177,758
<b>APG Combined Forecast</b>				
Revenue including interest and fee income	1,356,860	57,835	(16,762)	1,397,933
Profit before tax from ordinary activities	136,363	52,470	(2,901)	185,932

The relative mixture of revenue and profits for 2004 compared to 2003 within the development operations is expected to be weighted more to the Land and Housing division. It is likely that the Apartments division's pre-tax profits will be substantially below the 2003 result due to approval delays and a reduction in the rate and level of pre-sales in 2004 compared to 2003. This is likely to be offset by an improved contribution from the Land and Housing division.

##### (c) Securitisation

It has been assumed that no new projects will be securitised in the forecast period.

**(d) Cost of property sold**

The APG Standalone Forecast includes 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 Apartments 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.

**(e) 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.

**(f) Employee expenses and other expenses**

It has been assumed that employee expenses and other expenses will remain in line with current levels.

**(g) Depreciation and amortisation**

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

**(h) Borrowing cost expense**

The weighted average interest cost for all borrowings (including margins and fees) is 6.77% in the forecast period, compared to a rate of 6.94% for the year ended 31 December 2003.

**(i) Treatment of hedge arrangements**

Existing swap contracts in place for AWPT3 may be closed out with any ongoing potential exposure to interest rate movements incorporated in the Australand Property Group hedging programme. The cost associated with the termination of these arrangements is immaterial based on current interest rate prices.

**(j) Distribution reinvestment plan ("DRP") and issues of Stapled Securities**

A DRP has been implemented for Australand Property Group and it has been assumed that the DRP will be at a price of \$1.67 per Stapled Security and will have an overall acceptance of approximately 13% for the June quarter and an acceptance rate of 100% in respect of the September quarter, when it is assumed that the DRP will be fully underwritten.

In accordance with the Australand Property Group Employee Securities Ownership Plan, approximately 3.5 million Stapled Securities are proposed to be issued to Australand Property Group employees in May 2004 in respect of the year ending 31 December 2004. Stapled Securities are to be issued at a price determined by the volume weighted average price of Stapled Securities 15 days prior to the issue.

**(k) 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 31 December 2003.

**(l) Net rental income**

Rental income includes net rental income and other income earned from the Australand Property Trust 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.

**(m) Property expenses**

An individual assessment of both recoverable and non-recoverable expenses for each investment 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.

**(n) Investment property acquisitions and sales**

It is assumed that the investment property portfolio of Australand Property Trust remains unchanged during the forecast period, other than the acquisition of AWPT3 properties.

**(o) Investment property carrying values**

Investment properties are revalued to fair value at acquisition. 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.

**(p) Distributions**

It has been assumed for the APG Standalone Forecast that the Distribution for the year ending 31 December 2004 will be 16.5 cents per Stapled Security as previously set out in the 2003 APG Offer Document. This represents 100% of the forecast distributable income for Australand Property Trust and 81% of the forecast distributable income for Australand.

**(q) Income Taxation*****Australand***

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

***Australand Property Trust***

It has been assumed that Australand Property Trust will be managed so that the deductions 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.

**(r) GST**

A GST rate of 10% has been applied throughout the forecast period. All financial information has been stated at the forecast net amount to Australand Property Group. 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.

***3.7.2 Assumptions relating to the AWPT3 forecast financial information*****(a) Net rental income**

Rental income includes net rental income and other income earned from the AWPT3 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.

**(b) 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.

**(c) Property acquisitions and sales**

It is assumed that the property portfolio of AWPT3 remains unchanged during the forecast period.

**(d) Investment properties**

Investment properties are revalued at fair value on acquisition. 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 pro forma statement of financial performance.

**(e) Taxation**

It has been assumed that AWPT3 will be managed so that the deductions available under current income tax legislation will be applicable and consequently AWPT3 will not be liable for income tax. It is specifically assumed that the non-remeasurement income of AWPT3 will be fully distributed each year.

***3.7.3 Assumptions relating to the APG Combined Forecast including the aggregation of Australand Property Group and AWPT3***

The APG Combined Forecast is based on the assumptions underlying the APG Standalone Forecast and AWPT3 forecast financial information, together with the following assumptions relating to the aggregation of Australand Property Group and AWPT3 and the Capital Raising.

**(a) Effective dates of the Capital Raising and Acquisition Proposal**

It has been assumed that the Acquisition Proposal is effective from 1 May 2004.

It has been assumed that 100% of the Institutional Placement and 85% of the Entitlement Offer will take place on 10 May 2004 and the balance of the Entitlement Offer will take place on 24 May 2004.

The statutory results for the year ending 31 December 2004 will be based on the actual date that Australand Property Trust is deemed to control AWPT3 and the actual date of the Capital Raising, which may differ from the assumed dates in this Offer Document. This may result in differences between the forecast and actual results.

**(b) Costs associated with the Capital Raising**

Estimated costs of approximately \$3.2 million in relation to the Capital Raising have been offset against the proceeds of the Capital Raising.

**(c) Costs associated with the Acquisition Proposal**

Under the terms of the Acquisition Proposal, AWPT3 Unitholders are being offered net tangible assets (NTA) plus 4% as at 31 May 2004 for their AWPT3 Units. Independent property valuations have been undertaken on individual properties as at 31 May 2004. \$4.3 million of acquisition costs is being capitalised to property acquisition costs within the APG Combined Pro Forma, in accordance with Australian accounting standards.

This approach varies from the treatment adopted in the acquisition of AWPT and AWPT2, where the premium on acquisition of \$6.5 million was expensed.

**(d) Performance management fees**

It has been assumed that the one-off performance management fees which could be payable as provided for in the AWPT3 Information Memorandum to apply upon the disposal of units by AWPT3 Unitholders of approximately \$4.4 million will be waived by Australand Property Group.

**(e) Impact of the Capital Raising on borrowing cost expense**

The total Capital Raising amount of approximately \$188.5 million will be partly employed to reduce the level of Australand Property Group Gearing and consequently reduce credit risk. The borrowing costs expense will:

- reduce by \$7.9 million before tax for the year ending 31 December 2004 if AWPT3 Units are not acquired; and
- increase by \$1.5 million before tax for the year ending 31 December 2004 if AWPT3 Units are acquired.

**(f) Distributions**

It has been assumed for the APG Combined Forecast that the Distribution for the year ending 31 December 2004 will be 16.5 cents per Stapled Security. This represents 100% of the forecast distributable income for Australand Property Trust and approximately 88% of the forecast distributable income for Australand.

### 3.8 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 Property Group as at 31 December 2003 to reflect the impact of the Capital Raising and Acquisition Proposal as at 1 January 2004.

**3.8.1 Implementation of the Capital Raising and Acquisition Proposal**

It has been assumed that for the purposes of the APG Combined Pro Forma that the Capital Raising and Acquisition Proposal occurred on 1 January 2004. This will differ from the actual financial position which will be based on the actual implementation dates of the Acquisition Proposal and the Capital Raising.

**3.8.2 Capital Raising**

The Capital Raising assumes that approximately \$185.3 million will be raised, after allowing for costs of the Capital Raising, through the issue of New Stapled Securities by Australand Property Group at \$1.63 per New Stapled Security.

Options over unissued securities, and securities to be allotted in connection with the DRP in the period to 31 March 2004 have been taken into account. A summary of securities outstanding for the purpose of the Pro Forma financial information is set out below.

	NUMBER OF SECURITIES	ISSUE PRICE	CONTRIBUTED EQUITY \$'000
Balance at 31 December 2003	689,884,039		794,333
<b>Pro forma adjustments:</b>			
Options converted	62,500	1.58	99
December 2003 DRP	11,877,037	1.59	18,884
Capital Raising	115,660,511	1.63	188,527
Capital Raising costs			(3,200)
Balance at 1 January 2004	817,484,087		998,643

## Financial Information

### 3.8.3 Proceeds of Capital Raising

The proceeds of the Capital Raising of approximately \$188.5 million are intended to be used as follows:

#### APPLICATION OF PROCEEDS

Acquisition of AWPT3 Units	\$97.8m
Reduction in the level of gearing	\$87.5m
Costs of Capital Raising	\$3.2m
	<b>\$188.5m</b>

The Capital Raising and Acquisition Proposal have the following combined impact on the interest bearing liabilities of Australand Property Group.

	APG HISTORICAL 31 DECEMBER 2008 \$/'000	APG COMBINED FIG FORM A 31 DECEMBER 2009 \$/'000
<b>Interest Bearing Liabilities</b>		
Bank loans - secured	571,601	600,881
Notes - unsecured	50,000	50,000
	<b>621,601</b>	<b>650,881</b>
Gearing	51.0%	46.5%



### 3.2.4 Acquisition Proposal

The consideration for the acquisition of the AWPT3 Units under the Acquisition Proposal is estimated at approximately \$98 million. The APG Combined Pro Forma assumes the consideration will be fully satisfied in cash.

The Acquisition Proposal has the following impact on the investment properties of Australand Property Group.

	APG HISTORICAL 31 DECEMBER 2003 \$'000	APG COMBINED PRO FORMA 31 DECEMBER 2004 \$'000
Details of individual completed investment properties carried at cost are set out below:		
90 Maribyrnong Street, Footscray Vic	12,400	12,400
690 Springvale Rd and 350 Wellington Rd, Mulgrave Vic	62,151	62,151
658 Church Street, Richmond Vic	24,700	24,700
Lot 102 Coughlan Road, Outer Harbour SA	7,100	7,100
57-71 Platinum Street, Crestmead Qld	16,300	16,300
5-7 Trade Street, Lytton Qld	12,000	12,000
16 Archimedes Place, Murarrie Qld	6,000	6,000
1C Homebush Bay Drive, Rhodes NSW	37,000	37,000
5 Henry Deane Place, Railway Square, Sydney NSW	38,000	38,000
40 Annandale Road, Tullamarine Vic	10,750	10,750
119 Sharps Road, Tullamarine Vic	17,200	17,200
1-19 South Park Drive, Dandenong Vic	6,600	6,600
35-39 South Park Drive, Dandenong Vic	13,500	13,500
99 Shettleston Street, Rocklea Qld	10,575	10,575
51 Stradbroke Street, Heathwood Qld	9,500	9,500
Walters Road, Arndell Park NSW	20,900	20,900
8-12 Stanton Road, Seven Hills NSW	13,700	13,700
26-30 Lee Street, Gateway Building, Sydney NSW	56,000	56,000
811 Abernethy Road, Forestville, WA*		7,137
Tower A 197-201 Coward Street, Mascot, NSW*		47,156
1D Homebush Bay Drive, Rhodes NSW*		62,705
1B Homebush Bay Drive, Rhodes NSW*		43,078
Cadbury Schweppes, Greystanes Business Hub, Greystanes, NSW*		35,686
10 Stanton Road, Seven Hills, NSW*		9,686
75 Annandale Road, Tullamarine, VIC*		5,913
60 Annandale Road, Tullamarine, VIC*		12,719
	374,376	598,456

\* Valuations of AWPT3 properties, including capitalised acquisition costs, as at 31 May 2004.

The estimated values on acquisition of the AWPT3 properties 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, including acquisition costs of \$4.3 million.

## Financial Information

### 3.9 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.

If the Acquisition Proposal is implemented, AWPT3 will be degeared and the debt requirements of Australand Property Group will be satisfied by facilities that are currently available to Australand Property Group.

SUMMARY OF FACILITIES AVAILABLE TO AUSTRALAND PROPERTY GROUP AS AT 31 MARCH 2004	LIMIT \$'000's	DRAWN \$'000's	AVAILABLE \$'000's
Bank Loans	712,489	625,668	86,821
Unsecured Notes	50,000	50,000	0
Bank Guarantee Facilities	101,000	44,672	56,328
Bond Facilities	42,665	25,397	17,268
Total	906,154	745,737	160,417

#### NOTES:

1 Net of cash at bank and cash on deposit of \$17,695,000 as at 31 March 2004.

Australand Property Group 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 AWPT3 and its subsequent degearing.

Part of the Capital Raising proceeds will be used to reduce the level of gearing, which may include the repayment of unsecured notes (currently due to mature on 30 June 2004). Australand Property Group is likely to restructure part of its existing debt facilities to include capital markets debt, such as commercial mortgaged backed securities. The timing of any restructure would depend on a number of factors including the capital market conditions in the future. The effect of any restructure of the debt facilities should enable the weighted average interest rate for 2004 to be below that achieved in 2003.

### 3.10 GENERAL ASSUMPTIONS UNDERLYING THE PREPARATION OF THE FINANCIAL INFORMATION

#### 3.10.1 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 in so far 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.

The accounting policies have been applied in the forecast period on a consistent basis with the policies disclosed in Australand Property Group's Annual Report for the year ended 31 December 2003.

In accordance with Australian accounting standards, revenue is recognised on property development projects using the percentage of completion method. The progressive refinement of profit recognition on a percentage of completion contract by contract basis will result in the recognition of additional profit of \$2.7 million after tax in the forecast period.

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

#### 3.10.2 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 Property Group.

#### 3.10.3 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 is expected to be applicable to Australand Property Group is the year ending 31 December 2005 and accordingly the forecast statement of financial performance of Australand Property Group for the year ending 31 December 2004 is based on existing Australian accounting standards.

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.
- Internally constructed investment properties - under IFRS properties that are developed internally will need to be carried at cost but will be able to be remeasured to fair value at practical completion.
- Rental guarantees - under IFRS the existence of significant rental guarantees on a project could lead to the delay in recognition of revenues.
- Revenue recognition - under IFRS the rules for recognition of revenue are stricter and it is possible that this could lead to a delay in recognition of certain revenue.
- 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 or elements of investment properties that are owner occupied will generally not meet the definition of investment properties.

### 3.11 SENSITIVITY ANALYSIS

A sensitivity analysis has been provided below to assist Securityholders 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.

Securityholders should also consider the risk factors set out 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 multiple number of 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

FORECAST (CENTS PER STAPLED SECURITY)	APG STANDALONE FORECAST		APG COMBINED FORECAST	
	EPS	DPS	EPS	DPS
Increase in Development Sales Revenue of 1%	20.2	17.4	19.3	17.3
Decrease in Development Sales Revenue of 1%	18.0	15.7	17.4	15.6

#### Sensitivity of forecasts to changes in capitalisation rates

A change in capitalisation rates applying to the investment properties of Australand Property Trust and AWPT3 of 25 basis points (0.25%) will change the carrying value of the pro forma combined Australand Property Group's income producing assets by approximately \$17 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 controlled by Australand Property Trust and the AWPT3 Investment Properties are fully tenanted throughout the forecast period, with the exception of two tenancies, 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 forecast interest costs to changes in interest rates**

The Australand Property Group forecasted interest costs 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 forecast interest costs 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 million after tax for the year ending 31 December 2004.

#### **3.12 ADDITIONAL FORECAST INFORMATION**

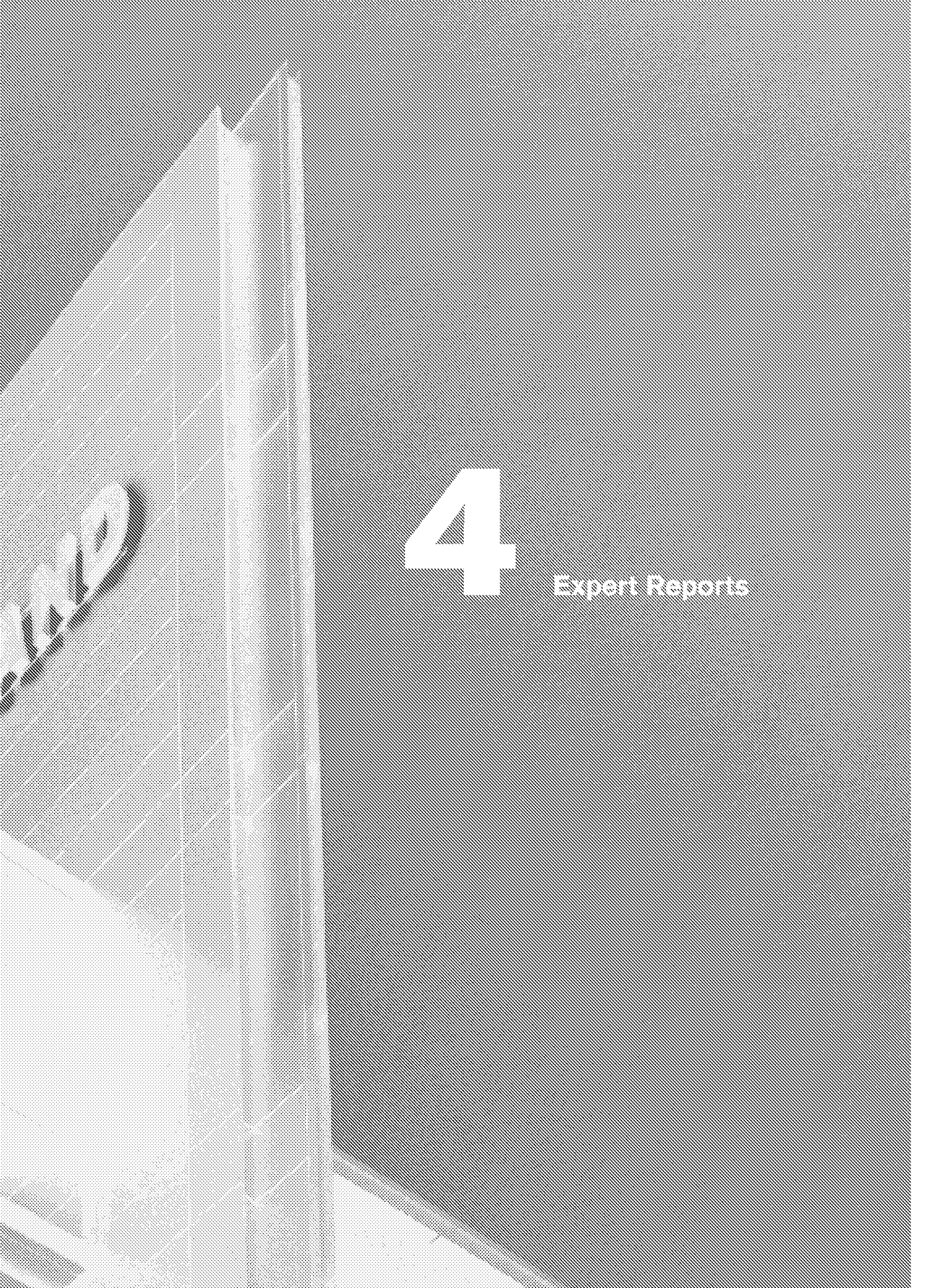
The following additional forecast information is provided to illustrate the impact on Australand Property Group for the year ending 31 December 2004 if the Capital Raising is completed, but the Acquisition Proposal is not completed and no AWPT3 Units are acquired.

The additional forecast information consists of an abbreviated statement of financial performance for the year ending 31 December 2004. In addition an abbreviated pro forma statement of financial position as at 1 January 2004 has been presented to reflect the above scenario.

SUPPLEMENTARY STATEMENT OF FINANCIAL PERFORMANCE	31 DECEMBER 2004 FORECAST
Australand Property Group Net Profit After Tax (\$'000)	142,959
EPS (cents)	18.3
DPS (cents)	16.4
SUPPLEMENTARY STATEMENT OF FINANCIAL POSITION	1 JANUARY 2004 PRO FORMA
Total Assets (\$'000)	2,008,153
Total Liabilities (\$'000)	(809,038)
Net Assets (\$'000)	1,199,115
NTA per Stapled Security <sup>1</sup>	\$1.39

#### **NOTES:**

1 Net tangible assets attributable to Australand Property Group.



# 4

Expert Reports



**4440 Transaction Services (Acquired) Pte. Limited**

4. *Journal of the American Medical Association*, 2000; 284: 2689-2694.




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**Abstract**

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**Abstract**

**Abstract**



**Abstract**

January 4, 2025

**Abstract**

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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

29 April 2004

Dear Sirs

## INVESTIGATING ACCOUNTANTS REPORT

## 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 ("Offer Document") to be dated on or about 29 April 2004, and to be issued by Australand Holdings Limited ("Australand") and Australand Property Limited (the responsible entity of Australand Property Trust) ("Responsible Entity") (together "Australand Property Group").

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

## Financial information

KPMG Transaction Services has been requested to prepare a report covering the historical, pro forma historical and forecast financial information described below and disclosed in the Offer Document.

## Historical financial information

The historical financial information, as set out in Section 3 of the Offer Document, comprises the:

- statement of financial performance of Australand Property Group for the year ended 31 December 2003;
- statement of cash flows of Australand Property Group for the year ended 31 December 2003;
- statement of financial position of Australand Property Group as at 31 December 2003; and
- selected notes to the financial statements.

The historical financial information set out in Section 3 of the Offer Document has been extracted from the financial statements of Australand Property Group for the year ended 31 December 2003 and supporting accounting records.

The financial statements of Australand Property Group for the year ending 31 December 2003 were audited by KPMG in accordance with Australian Auditing Standards. The audit opinion issued to the members of Australand Property Group relating to those financial statements was unqualified.

The Directors of Australand Property Group are responsible for the preparation and presentation of the historical financial information.

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").

[illegible]

likely related to increased use of the HSA/MSA.





### **Pro forma historical financial information**

The pro forma historical financial information, as set out in Section 3 of the Offer Document, comprises the pro forma, unaudited:

- statement of financial position of Australand Property Group as at 31 December 2003; and
- selected notes to the pro forma, unaudited financial statements.

The pro forma financial information has been derived from the historical financial information of Australand Property Group and AWPT3 after adjusting for the transactions and adjustments described in Section 3.8 of the Offer Document.

The Directors are responsible for the preparation and presentation of the pro forma historical financial information, including the determination of the pro forma transactions and/or adjustments.

The pro forma 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.

### **Forecast financial information**

The Directors' Forecasts are set out in Section 3.4 of the Offer Document and comprise the forecast financial performance of Australand Property Group for the year ending 31 December 2004 together with the assumptions on which they are based, as set out in Section 3.7 of the Offer Document.

The APG Combined Forecast incorporates the forecast financial performance of AWPT3 which was prepared by the directors of AWIL, the responsible entity of AWPT3.

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 Australand Property Group's potential future financial performance based upon the achievement of certain economic, operating, developmental and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur. The Directors' best-estimate assumptions underlying the Directors' Forecasts are set out in Section 3.7 of the Offer Document.

There is a considerable degree of judgement involved in the preparation of any forecast. Consequently, the actual results of Australand Property Group during the forecast period may vary materially from the Directors' Forecasts, and that variation may be materially positive or negative.

The sensitivity of the Directors' Forecasts to changes in key assumptions is set out in Section 3.11 of the Offer Document and the risks to which the business of Australand Property Group is 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.

### **Scope**

#### **Review of historical financial information**

As stated above KPMG have audited the historical financial information of Australand Property Group for the year ended 31 December 2003. For the purposes of this Offer Document, KPMG Transaction Services have reviewed this historical financial information in order to report whether anything 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 presented fairly in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements, and accounting policies adopted by Australand Property Group.

Our review has been conducted in accordance with Australian Auditing Standard AUS 902 "Review of Financial Reports". We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, including:

- a review of work papers, accounting records and other documents;
- 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 adopted by Australand Property Group; 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.



#### Review of pro forma historical financial information

The pro forma historical financial information has been subject to the following audit or review procedures:

- the historical information relating to Australand Property Group has been subject to an audit by KPMG and its presentation in this Offer Document has been reviewed by KPMG Transaction Services;
- the historical statement of financial position of AWPT3 has been subject to a review by PricewaterhouseCoopers Securities Limited who have issued an Investigating Accountant's Report to the directors of Australand Wholesale Investments Limited, which included a review opinion on the statement of financial position of AWPT3 as at 31 December 2003; and
- the transactions and adjustments required to implement the Capital Raising and Acquisition Proposal and the presentation of the pro forma financial information have been reviewed by KPMG Transaction Services.

We have reviewed this pro forma historical financial information in order to report whether anything has come to our attention which causes us to believe that the pro forma historical 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/or adjustments; and
- in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements, and accounting policies adopted by Australand Property Group.

Our review has been conducted in accordance with Australian Auditing Standard AUS 902 "Review of Financial Reports". 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 2003 in respect of Australand Property Group;
- consideration of the Investigating Accountant's Report and working papers in relation to the statement of financial position of AWPT3 as at 31 December 2003 prepared by PricewaterhouseCoopers Securities Limited, accounting records and other documents, including property valuations;
- enquiries of Australand Property Group 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 adopted by Australand Property Group; 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.

#### Review of Directors' Forecasts and Directors' best-estimate assumptions

We have reviewed the Directors' Forecasts, set out in Section 3.4 of the Offer Document, and the Directors' best-estimate assumptions underlying the Directors' Forecasts, set out in Section 3.7 of the Offer Document, in order to report whether anything has come to our attention which causes us to believe that:

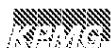
- the Directors' best-estimate assumptions, when taken as a whole, do not provide reasonable grounds for the preparation of the Directors' Forecasts;
- the Directors' Forecasts are not properly compiled on the basis of the Directors' best-estimate assumptions or presented fairly in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by Australand Property Group; and
- the Directors' Forecasts themselves are unreasonable.

Our review has been conducted in accordance with Australian Auditing Standard AUS 902 "Review of Financial Reports". Our procedures consisted largely of enquiry 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;
- enquiry of Australand Property Group 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 Securities Ltd ("PwC") review of the forecast financial information prepared in relation to AWPT3 for the year ending 31 December 2004. PwC has issued an Investigating Accountant's Report to the directors of Australand Wholesale Investments Limited, which included a review opinion in relation to the forecast statements of financial performance of AWPT3 for the year ending 31 December 2004; and



- the tax opinion issued by Greenwood & Freehills Pty Limited who have acted as tax advisor in relation to the Capital Raising.

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 Property Group and AWPT3 forecast financial information.

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.

#### **Review statements**

##### **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, does not present fairly:

- the historical financial performance of Australand Property Group for the year ended 31 December 2003;
- the historical cash flows of Australand Property Group for the year ended 31 December 2003; and
- the historical statement of financial position of Australand Property Group as at 31 December 2003,

in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements, and accounting policies adopted by Australand Property Group.

##### **Review statement on the pro forma 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 pro forma historical 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/or adjustments; and
- in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements, and accounting policies adopted by Australand Property Group.

##### **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 3.7 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 3.4 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 adopted by Australand Property Group; and
- the Directors' Forecasts themselves are unreasonable.

The underlying assumptions are subject to significant uncertainties and contingencies, often outside the control of Australand Property Group. If events do not occur as assumed, actual results achieved by Australand Property Group may vary significantly from the Directors' Forecasts. 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.

#### **Disclosure of interests**

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. The relationship between KPMG Transaction Services and KPMG is explained in the Financial Services Guide set out in the appendix to this Offer Document. KPMG is the auditor of Australand Property Group and from time to time, KPMG also provides Australand Property Group with certain other professional services for which normal professional fees are received. David C Nott, who is responsible for this report, is a partner of KPMG.

#### **General advice warning**

This report has been prepared, and included in the Offer Document, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

per

David C Nott  
Director

## Greenwoods & Freehills

29 April 2004

Our ref SCJB 35F  
Direct phone 9225 5957  
Direct fax 9221 5827  
Email [simon.clark@gf.com.au](mailto:simon.clark@gf.com.au)  
Matter no 48765  
Doc no 003710394

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

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

Dear Sirs

### Independent Australian Tax Opinion

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 and goods and services tax ("GST") issues arising from the holding of Stapled Securities, for inclusion in the Australand Property Group product disclosure statement and prospectus dated on or about 29 April 2004 ("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 Capital Raising, 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.

This summary is based on the Australian income tax law and GST laws applicable as at the date of this letter.

Simon Clarke Martin Park Sydney 2006. Tel 02 9225 5957. Fax 02 9221 5827.  
Email [simon.clark@gf.com.au](mailto:simon.clark@gf.com.au). [www.gf.com.au](http://www.gf.com.au). 204 582 Sydney.

Published under the Australian Tax Practitioners Act 2002 and the Professional Standards Act 1994-1996.  
Approved by the Tax Practitioners Board of Australia.

## 1 Tax Considerations

### 1.1 Position of Australand Property Trust on Acquisition of AWPT3

The net (taxable) income of Australand Property Trust will, unless Australand Property Trust is subject to Division 6B or 6C of Part III of the Act, be subject to tax in the hands of the unitholders who are presently entitled to that income in respect of a particular income year.

Based on our review of the circumstances surrounding the acquisition of AWPT3 we are satisfied that neither Division 6B or 6C should apply in respect of Australand Property Trust and accordingly, Australand Property Trust will be subject to the ordinary "flow-through" trust taxing provisions of Division 6.

The consequences of this to the unitholders in Australand Property Trust are described below.

### 1.2 Position of the holders of Stapled Securities - Summary

In summary, and subject to our more detailed comments below, the Australian tax consequences of participating in the Capital Raising and therefore acquiring further stapled securities in Australand Property Group, 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;
- on any gain arising from the subsequent disposal of the Stapled Securities.

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

- 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 Share and Unit 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 Share and Unit 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 Shares

during the 5 years preceding the disposal date, and you are not entitled to double tax treaty relief.

### 1.3 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 a Share in Australand. Accordingly, as a participant in the Capital Raising you will:

- acquire Stapled Securities comprising one Share in Australand Holdings Limited and one Unit in Australand Property Trust per Stapled Security;
- 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 Shares.

There are no immediate tax consequences flowing from the acquisition of Stapled Securities as a result of your participation in the Capital Raising. The tax consequences flow from the receipt of Distributions and the disposal of Stapled Securities which are described in more detail below.

#### 1.3.1 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 upon 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.

#### *1.3.2 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).

#### *1.3.3 Dividends from Australand – Australian residents*

As an Australian resident Shareholder, 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 corporate Shareholder, any franked dividends you receive will give rise to a imputation credit in your franking account.

#### *1.3.4 Dividends from Australand – non-residents*

As a non-resident shareholder, 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.

#### 1.4 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 a Share in Australand.

##### 1.4.1 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 Share exceeds the CGT cost base of the Share.

In broad terms, the CGT cost base for your Unit and 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 Shares. Information to assist you to apportion the consideration across the components of a Stapled Security will be provided by Australand Property Group 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 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 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 share up to 30 September 1999 but cannot elect to apply the discount capital gain method. Indexation will not be available for Shares that were acquired by you after 21 September 1999.

#### 1.4.2 *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 Share, exceeds the amount you paid for the respective Unit (adjusted where necessary for tax advantaged distributions which you have received) and Share.

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

#### 1.4.3 *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 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.

#### 1.4.4 *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.

## 2 Goods and Services Tax ("GST")

No GST should be payable in respect of the acquisition of New Stapled Securities. As the Capital Raising and the acquisition of AWPT3 both involve dealings with Units and Shares, the various supplies will be input taxed (ie not subject to GST).

There may be an indirect GST cost as input tax credits will generally not be available for GST charged to the acquirer in respect of supplies relating to the dealings with these units (eg legal and other adviser fees).

## 3 Other Issues

Holders of Stapled Securities must generally notify the Issuers of their Australian Tax File Number (or Australian Business Number if the Stapled Securities are held by the holder in the course of carrying on an enterprise). If the required notifications are not provided, tax will be deducted from distributions made by Australand Property Trust or Australand in the case of unfranked dividends, at the highest marginal tax rate plus Medicare levy. The rate of withholding will be 48.5% of the payment. However, holders will be entitled to claim an income tax credit/refund (as applicable) in respect of the tax withheld in their income tax returns.

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Yours faithfully  
GREENWOODS & FREEHILLS PTY LIMITED

per: 

Simon Clark  
Director

# 5

Risks



### 5.1 GENERAL MARKET RISK

Investors should be aware that the market price of Stapled Securities and the future Distributions made to 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

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.

Market sentiment may be influenced by media commentary and observations by industry analysts. Market sentiment has a significant influence on the confidence of Australand Property Group's clients and their propensity to buy residential properties. Perception may have a larger short term influence on project enquiry levels and rates of sale than medium term factors such as the likelihood of oversupply or undersupply in some market segments. Although project rates of sale may not have a significant influence on the profitability of individual projects in the medium/long term, a decline in market sentiment, which reduces rates of sale, could adversely influence the amount of profit that can be brought to account in a particular financial period.

**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, such as those listed below, could impact on future earnings:

- 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. As at 31 December 2003 Australand Property Group had entered into interest rate hedge contracts in respect of 88% 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 other state or federal tax 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 properties 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.

**NSW Mini Budget implications** – The NSW Treasurer recently announced a number of new taxation measures to apply in NSW, including increasing stamp duty rates to a maximum marginal rate of 7%, the introduction of a 2.25% tax on the vendor of certain types of property and changes to the imposition of land tax. Drafts of the legislation relating to these announcements have not been made public yet. These announcements may have a negative impact both on the cost of Australand Property Group's business and on the general market sentiment applying to property markets in NSW, particularly the property investor market. The likely impact on Australand Property Group cannot be assessed at this stage.

**Rental Guarantees** – Australand has given rental guarantees in connection with a number of properties developed and sold by it, particularly commercial office properties in Sydney and Melbourne. Whilst Australand Property Group has made contingency provisions in its forecasts for its forecast exposure under these guarantees based on its assessment of the rental demand for the properties in question, it is possible that the market conditions will deteriorate, or that for other reasons any of the relevant properties will not be leased at the rentals or within the period assumed in calculating the relevant contingency provisions. This may result in expenses being incurred by Australand Property Group in excess of the relevant contingency proportions that have been made by Australand Property Group, which may have a material negative impact on future earnings of Australand Property Group.

### 5.3 OTHER SIGNIFICANT RISKS

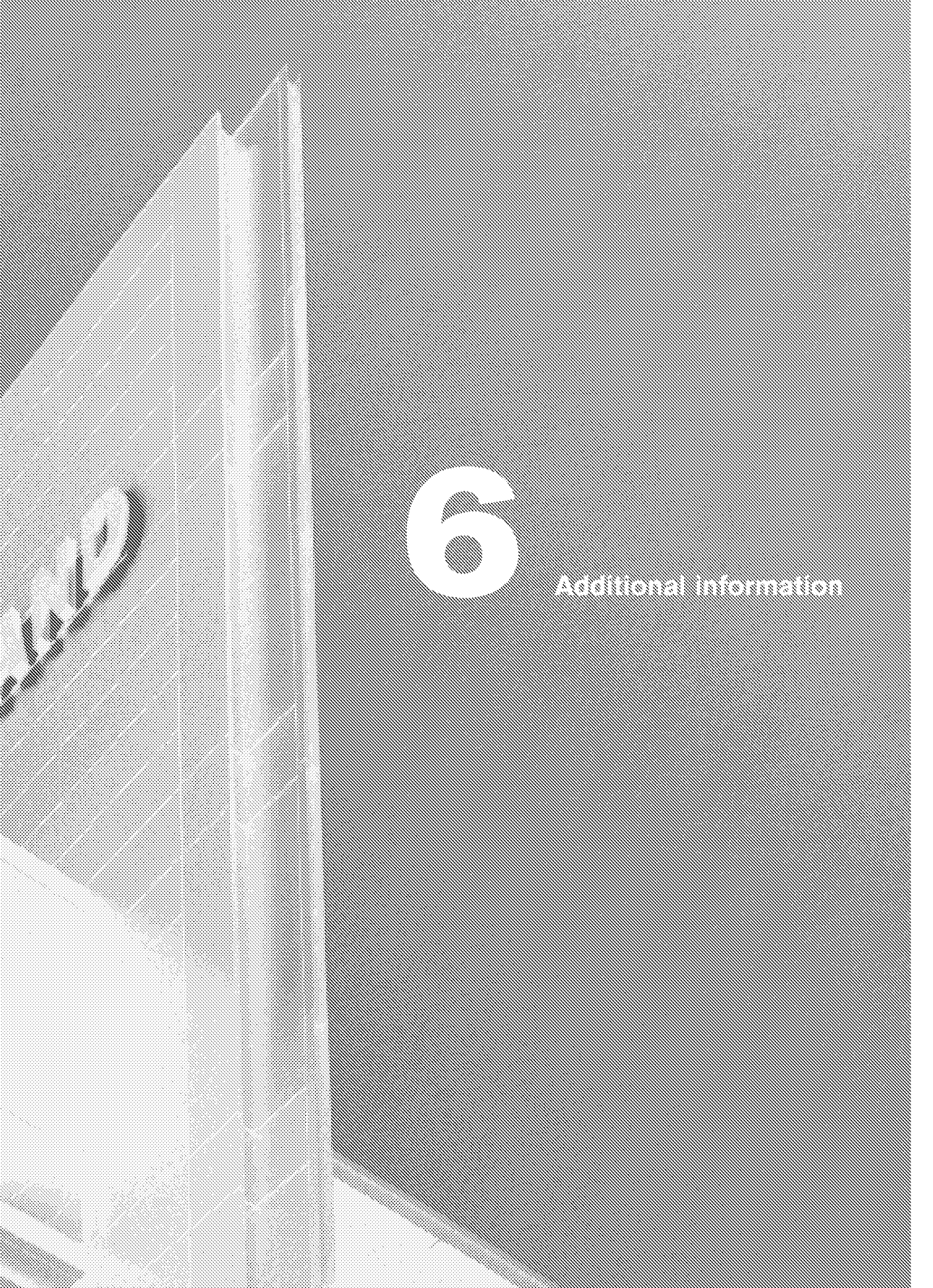
The future performance of Australand Property Group, including Distributions, asset valuations and the market value of Stapled Securities quoted on ASX and SGX, may be influenced by a range of factors outside the control of the Issuers or their Directors. Although the Directors have endeavoured to ensure that the assumptions made in the preparation of the Forecasts are reasonable, there are a number of risk factors that may impact on the achievement of the Director's Forecasts. These risks include, in addition to those set out above:

- 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 accounting standards are foreshadowed and these are expected to impact Australand Property Group.
- Delivery risks such as prolonged adverse weather, industrial disputes and labour, contractor and material 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 Director's Forecast, thereby impacting Distributions.
- 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.
- War or terrorist attacks may occur and insurance cover may not be available to cover Australand Property Group property and developments for such attacks.
- 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 its reported profits.
- The emergence of an oversupply of developed land, new and/or established houses, 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 Property Group'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).

None of the Issuers 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.



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6

Additional information

## Additional Information

### 6.1 SUMMARY OF AUSTRALAND CONSTITUTION

The Australand Constitution contains the internal rules of Australand. It deals with matters such as the rights, duties and powers of Shareholders and directors of Australand. The main provisions of the Australand Constitution are summarised below.

- (a) **Share capital:** Each Share is stapled to a Unit 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 shares on such terms as they decide provided that the Responsible Entity issues an identical number of Units to the same person at the same time. When issued, a Share will immediately be stapled to a Unit to form a Stapled Security and will remain so stapled for so long as the Shares remain on issue unless otherwise determined by resolutions of Securityholders. Australand may also issue preference shares.
- (c) **Stapling:** No provision of the Australand Constitution which relates to or is connected with stapling or Stapled Securities may be amended without the approval of Unitholders. While stapling applies, the number of issued Shares must equal the number of issued "Attached Securities" of each category at that time. The only Attached Security currently contemplated is a Unit.
- (d) **Transfer of Shares:** A 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 Australand Constitution.
- (e) **Register:** A Stapled Securities register must be maintained, which records details of all Stapled Securities held by 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 5% of the total voting rights of all Shareholders.
- (g) **Proxy:** Any 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 Shareholders is constituted by two Shareholders present in person or by proxy, attorney or representative.
- (i) **Voting:** Subject to any rights of any shares or class of shares, each 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 Shareholder present (in person and each other person present as a proxy, attorney or a representative of an Shareholder) has one vote. On a poll, each Shareholder (in person and each other person present as a proxy, attorney or a representative of an 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:** 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 Shareholders or a class of Shareholders the right to elect to reinvest cash dividends paid by Australand by subscribing for Shares on the terms the Directors think fit. While 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 Shareholders in the proportions to which those 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 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 the ASX.
- (t) **Small holdings:** The Directors may sell or redeem any Shares held by an Shareholder which comprise less than a marketable parcel without request by the Shareholder. Australand must give the Shareholder seven days notice of this intention to sell or redeem in which time the Shareholder can advise Australand that it wishes to retain the Shares.

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

## 5.2 SUMMARY OF APT CONSTITUTION

Australand Property Trust is a registered managed investment scheme and Australand Property Limited is the Responsible Entity of Australand Property Trust. The main rules governing the operation of Australand Property Trust are set out in the APT Constitution. 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 Securityholders and holders of options to acquire Stapled Securities (in this section referred to as "members").

The main provisions of the APT 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 APT Constitution contemplates the issue of partly paid Units.
- **Stapling:** The APT Constitution provides for the stapling of one Unit in Australand Property Trust to one Share, with the intention that they be treated as a single security.
- **Income:** Subject to the terms of issue of particular Units, Unitholders are entitled to a share in Australand Property 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 APT 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 APT 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 APT 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 Shares as well as the Unitholders.
- **Rights:** The Responsible Entity may recover out of Australand Property Trust's assets expenses properly incurred in the operations of Australand Property Trust. The APT 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 Australand Property 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 APT 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's assets for any liability it incurs in properly performing or exercising any of its duties or powers in relation to Australand Property Trust.

#### *Issue price of Shares and Units*

The issue price of Shares and Units will be determined in accordance with the relevant provisions of the APT Constitution.

#### **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 and the Shares that comprise the Stapled Securities. The aspects of that relationship with which it deals include the following:

- **Stapling:** The Units and Shares will remain stapled unless a special resolution of 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 and 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 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 and Australand Property Trust are both "disclosing entities" under the Corporations Act and are 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 2003 Annual Report for the year ended 31 December 2003.

Australand Property Group 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 and Australand Property Trust have obligations 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 Stapled Securities. That information is available to the public from ASX or from ASIC. Copies of documents lodged with ASIC in relation to Australand Property Group may be obtained from ASX or from ASIC, or inspected at an ASIC office.

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

- 2003 Annual Report
- Australand Constitution
- APT Constitution
- Stapling Deed
- Rules of the DRP
- Rules of the Australand Property Group share option plan
- Any continuous disclosure notice lodged by Australand Property Group with ASX since the lodgement of the 2003 Annual Report

### 8.5 UNDERWRITING AGREEMENT

The Issuers (each an Issuer, and together the Issuers) have entered into an Underwriting Agreement in relation to the Capital Raising with UBS AG, Australia Branch and Goldman Sachs JBWere Pty Ltd (each an "Underwriter" and together the "Underwriters"). Under the Underwriting Agreement, each Underwriter has agreed to underwrite subscriptions for 50% of the approximately \$94 million raised which is not to be subscribed for by CapitaLand through its subsidiaries (the "Underwritten Amount"). The Underwriters also agree to manage the Capital Raising and assist the Issuers in the successful conduct of the Capital Raising.

The obligations of the Underwriters to underwrite subscriptions for the Underwritten Amount are conditional on the Issuers receiving a binding written commitment from CapitaLand prior to the lodgment of this Offer Document with ASIC that the CapitaLand Entities will subscribe for the CapitaLand Amount by the Institutional Settlement Time on the Institutional Settlement Date.

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:

- either the S&P/ASX 200 Index or the S&P/ASX 200 Property Index closes on 2 consecutive business days, or closes on a day which is 2 business days before the Final Allotment Date, at a level which is 10% or more below its level as at the close of business on the business day prior to the date of the Underwriting Agreement;
- 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;
- an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to this Offer Document or ASIC commences any investigation or hearing under Part 3 of the Australian Securities and Investment Commission Act 1989 (Cth) in relation to this Offer Document;
- a supplementary offer document is required, or in the reasonable opinion of an Underwriter, is required;
- certification required from the Issuers is not provided or is untrue or incorrect in a material respect;
- 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;
- suspension of trading in the Stapled Securities on ASX or cessation of the ASX;
- any event specified in the Underwriting Agreement timetable is delayed for more than 3 business days without the prior approval of the Underwriters;
- breach of the Underwriting Agreement by either Issuer; and
- CapitaLand fails to give a binding written commitment to the Issuers prior to lodgment of this Offer Document or it indicates at any time that it does not propose to subscribe the CapitaLand Amount pursuant to the Offer by the Institutional Settlement Time on the Institutional Settlement 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 or Australand Property Trust and their subsidiaries taken as a whole (taking into account the Acquisition Proposal), the market price of the Stapled Securities or the success of the Capital Raising 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 the Capital Raising:

- the Issuers (or any of their subsidiaries) alters their share capital or their constitution in any material respect;
- 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;
- there is a material suspension or limitation of trading in all securities quoted on ASX, NYSE or LSE for one business or trading day; 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% 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 its 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.

## 8.6 CONSENTS AND DISCLAIMERS

### 8.6.1 Consent to be named

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

- KPMG Transaction Services (Australia) Pty Limited as the Investigating Accountant in relation to the Capital Raising;
- Mallesons Stephen Jaques as legal adviser to the Issuers in relation to the Capital Raising;
- Greenwoods & Freehills Pty Limited as the taxation adviser in relation to the Capital Raising;
- Australand Wholesale Investments Limited as responsible entity of AWPT3;
- FPD Savills (NSW) Pty Limited as independent valuers;
- UBS AG, Australia Branch, as joint Underwriter to the Capital Raising;
- Goldman Sachs JBWere Pty Ltd, as joint Underwriter to the Capital Raising;
- PricewaterhouseCoopers Securities Ltd as investigating accountant in respect of AWPT3 historical and forecast financial information; and
- Computershare Investor Services Pty Limited as Registry to the Capital Raising.

### 8.6.2 Consent to the inclusion of statements

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

- KPMG Transaction Services (Australia) Pty Limited - to the inclusion of the Investigating Accountant's report in this Offer Document, in the form and context in which it appears in Section 4, and to the references to that report in Section 3;
- 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 AWPT3 in this Offer Document, in the form and context in which it appears in Section 3;
- FPD Savills (NSW) Pty Limited - to the inclusion of its summary property valuation report in Section 4 of this Offer Document and to the statements made in Section 2 and 3 of this Offer Document based on statements made in that report;
- PricewaterhouseCoopers Securities Ltd - to the references made in the Investigating Accountant's report in this Offer Document, in the form and context in which they appear in Section 4; and
- Computershare Investor Services Pty Limited as Registry to the Capital Raising.



### 6.6.3 Disclaimer

Each person referred to in this Section 6.6:

- does not make, or purport to make, any statement in this Offer Document other than those statements referred to above in Section 6.6.2 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 6.6 with that person's consent.

### 6.7 ASIC RELIEF

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

- (a) modification of section 601GA(1)(a) of the Corporations Act (as modified by ASIC Class Order 98/52) to enable New Stapled Securities (not taken up by Securityholders under the Entitlement Offer) to be issued to bona fide underwriters or sub-underwriters pursuant to an Underwriting Agreement (the terms of which are included in this Offer Document) and to third parties pursuant to the offer contained in this Offer Document; and
- (b) an exemption from section 601FC(1)(d) of the Corporations Act to enable New Stapled Securities to be issued under the Entitlement Offer substantially in accordance with the timetable submitted to ASIC; and
- (c) a modification of item 10 of section 611 of the Corporations Act so as to enable New Stapled Securities to be issued to Qualifying Securityholders in accordance with the terms of the Entitlement Offer.

### 6.8 ASX WAIVERS

ASX has indicated that it will grant waivers from the following Listing Rules and give the following confirmations in relation to the Capital Raising:

- (a) waivers from Listing Rules 7.1 and 10.11 to the extent necessary to permit the issue of New Stapled Securities under the Entitlement Offer, without Securityholder approval, subject to the following conditions:
  - there is a record date for the Entitlement Offer;
  - on or before the Record Date, Qualifying Institutional Securityholders may be offered a number of Units at least equal to their pro rata allocation of the Entitlement Offer;
  - New Stapled Securities not taken up by Qualifying Institutional Securityholders in the Institutional Entitlement Offer are offered to other Qualifying Institutional Securityholders, institutional investors who are not Securityholders and selected licensed brokers (who may in turn grant allocations to their clients) on or before the Record Date;
  - Qualifying Institutional Securityholders who sell down their holdings before the Record Date have their pro rata allocations reduced accordingly;
  - all Qualifying Retail Securityholders are offered a number of New Stapled Securities at least equal to their pro rata allocation of the Entitlement Offer unless Listing Rule 7.7.1 would permit the holder not to be included in the Entitlement Offer;
  - all New Stapled Securities offered under the Entitlement Offer are offered at the same price and entitlement; and
  - related parties do not participate in the Entitlement Offer beyond their pro rata entitlement, unless pursuant to bona fide underwriting arrangements, the terms of which are summarised in this Offer Document;
- (b) a waiver from Listing Rule 7.40 to allow non-compliance with the timetable in clause 4 of appendix 7A on the basis that the timetable for the Entitlement Offer as set out in this Offer Document is acceptable to the ASX;
- (c) the waivers also allow the Issuers to ignore changes in the security holdings which occur after the announcement of the trading halt in Australand Property Group Stapled Securities on 29 April 2004 (other than registrations of transactions which were effected through SEATS before the announcement). Transactions ignored pursuant to these waivers are not to be considered in determining Securityholders' holdings as at 7.00pm (Sydney time) on the Record Date, for the purposes of the Entitlement Offer and references to Securityholders and security holdings are to be read accordingly; and
- (d) the waivers also provide that, in respect of securityholdings registered in the name of a nominee:
  - the nominee will be treated as a separate Securityholder in respect of Stapled Securities held for each of one or more Qualifying Institutional Securityholders and Qualifying Retail Securityholders (and accordingly, may receive both the Institutional Entitlement Offers and Retail Entitlement Offers); and
  - offers by Qualifying Institutional Securityholders will be treated as being made to the nominee, even where made directly to the institution for whom it holds; and
- (e) a waiver from Listing Rule 3.20 to the extent necessary to permit the Australand Property Group to give the market less than seven business days notice of the proposed Record Date for the Entitlement Offer on condition that the timetable is acceptable to ASX.

### 6.9 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 Property Group 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.

#### 8.10 COST OF THE OFFER AND INTERESTS OF EXPERTS AND OTHER ADVISERS

The costs of the Capital Raising to the date of this Offer Document are approximately \$3.2 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 Capital Raising. The Underwriters are entitled to receive the fees and reimbursement of expenses referred to in Section 6.5.

- (a) (Mallesons Stephen Jaques): Australand Property Group will pay Mallesons Stephen Jaques in its capacity as legal adviser in relation to the Capital Raising and the Acquisition Proposal approximately \$520,000;
- (b) (KPMG Transaction Services (Australia) Pty Limited): Australand Property Group will pay KPMG Transaction Services (Australia) Pty Limited in its capacity as Investigating Accountant approximately \$150,000;
- (c) (Greenwoods & Freehills Pty Limited): Australand Property Group will pay Greenwoods & Freehills Pty Limited in its capacity as independent tax adviser approximately \$10,000; and
- (d) (FPDSavills (NSW) Pty Limited): Australand Property Group will pay FPDSavills (NSW) Pty Limited approximately \$30,000.

#### 8.11 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 lodgment of this Offer Document with ASIC, or has held in the two years before lodgment of this Offer Document with ASIC, any interest in:

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

The following Directors currently have an interest held either directly or indirectly in Stapled Securities and Options and will be entitled to participate in the Entitlement Offer on the same basis as the Qualifying Securityholders:

DIRECTOR	STAPLED SECURITIES	OPTIONS
Mr J G Service, AO Deputy Chairman	200,000	37,500
Mr B P Crotty, Managing Director	553,120	400,000
Mr W J Beerworth	3,391	50,000
Lt Gen (Ret'd) W Choo	NIL	50,000
Mr I F Hutchinson	20,160	37,500

As at the date of this Offer Document, each of Mr W J Beerworth and Mr I F Hutchinson are each entitled to receive payment of \$11,000 in connection with their involvement on the due diligence committee for the Capital Raising.

#### 8.12 CUSTODY ARRANGEMENTS

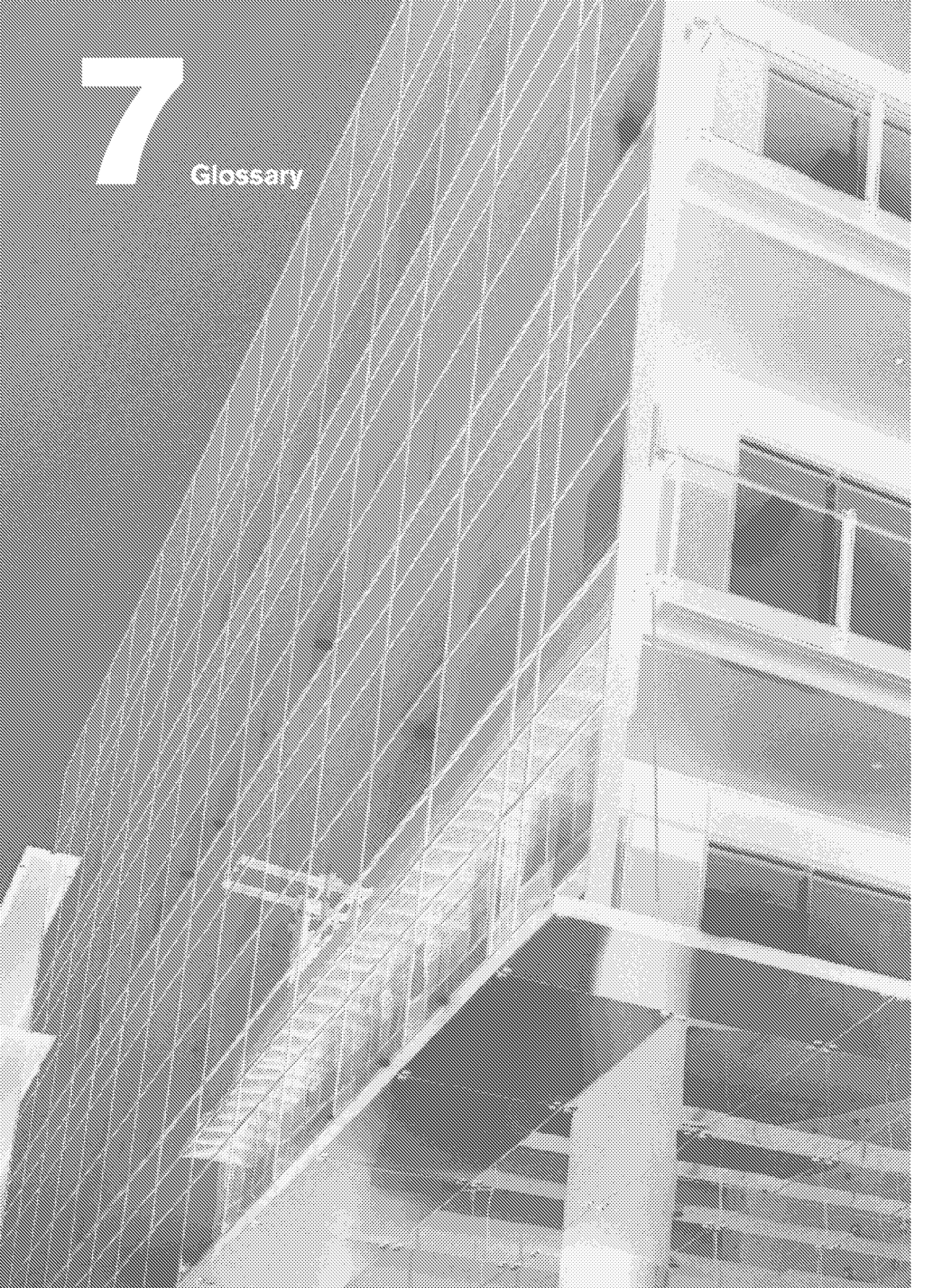
A custody agreement will be entered into between AWIL and a third party custodian in relation to AWPT3. The custody agreement will appoint a custodian to hold the AWPT3 assets on the responsible entity's behalf. The assets of AWPT3 comprise 100% of the units in each controlled sub-trust of AWPT3 and title to real estate assets held by AWIL in its capacity as responsible entity of AWPT3. In dealing with the assets of each trust, the custodian will act in accordance with the proper instructions of the responsible entity. The terms of the custody agreement will satisfy the specific requirements of ASIC policy.

#### 8.13 DIRECTORS' CONSENT TO LODGMENT

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

# 7

## Glossary



TERM	DEFINITION
2003 APG Offer Document	the Australand Property Group Product Disclosure Statement and Prospectus dated 28 October 2003
Acquisition Proposal	the proposed acquisition by Australand Property Trust of the AWPT3 Units
APG Combined Forecast	the forecast prepared on the basis set out in Section 3.1.2(b)
APG Combined Pro Forma	has the meaning as set out in Section 3.1.3
APG Standalone Forecast	the forecast prepared on the basis set out in Section 3.1.2(a)
Applicant	persons who submit valid Application Forms pursuant to this Offer Document
Application	an application to subscribe for New Stapled Securities under this Offer Document
Application Form	the application form accompanying this Offer Document to be used by persons wishing to subscribe for New Stapled Securities pursuant to the offers set out in this Offer Document
Application Monies	monies received from Qualifying Securityholders in respect of their Applications
Application Price	\$1.63 for each New Stapled Security
APT Constitution	the constitution of Australand Property Trust, as amended from time to time
ASIC	Australian Securities and Investment Commission
ASTC	ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532) as the Securities Clearing House under the Corporations Act
ASTC Settlement Rules	the settlement rules of ASTC
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 (ABN 98 008 624 691)
Attached Securities	additional securities which may be stapled to Shares in the future
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 Limited	Australand Property Limited (ABN 90 105 462 137) the 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
AWIL	Australand Wholesale Investments Limited (ABN 12 086 673 092), the responsible entity of AWPT3
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)
AWPT3 Information Memorandum	information memorandum of AWPT3 dated 12 November 2002
AWPT3 Unitholders	a holder of an AWPT3 Unit
AWPT3 Units	units in AWPT3 not held by Australand at the date of this Offer Document
AWPT4	Australand Wholesale Property Trust No.4 (ARSN 108 254 413)
AWPT5	Australand Wholesale Property Trust No.5 (ARSN 108 254 771)
Board	the boards of the Issuers
Capital Raising	the issue of 15.4 million New Stapled Securities under the Institutional Placement raising approximately \$25.1 million together with the issue of approximately 100.3 million New Stapled Securities under the Entitlement Offer raising approximately \$163.4 million, totalling approximately \$188.5 million
CapitaLand	CapitaLand Limited (SG1J27887962)
CHESS	the Clearing House Electronic Subregister System operated by ASTC
CHESS Approved Securities	securities approved by ASTC in accordance with section 3 of the CHESS Rules
CHESS Rules	the ASTC Settlement Rules

TERM	DEFINITION
Closing Date	the last day on which Application Forms will be accepted, being 5.00pm (Sydney time) on 25 May 2004 (subject to variation)
Corporations Act	Corporations Act 2001 (Cth)
CPI	consumer price index
Directors	the directors of Australand and the directors of the Responsible Entity
Directors' Forecast	the APG Standalone Forecast and the APG Combined Forecast
Distribution	a dividend paid by Australand and a distribution paid by the Responsible Entity to Securityholders
DPS	Distribution per Stapled Security
DRP	the distribution reinvestment plan pursuant to which a Securityholder may elect to reinvest any Distribution payable to that Securityholder in additional Stapled Securities
Entitlement	the entitlement to 1 New Stapled Security for every 7 Stapled Securities held on the Record Date by persons with registered addresses in Australia, Singapore or New Zealand
Entitlement Offer	the non-renounceable entitlement offer of approximately 100.3 million New Stapled Securities to Qualifying Securityholders pursuant to this Offer Document
EPS	earnings per Stapled Security
Final Allocation	the allocation of New Stapled Securities to Qualifying Securityholders who apply for New Stapled Securities under the Entitlement Offer later than 12 May 2004
Final Allotment Date	4 June 2004
FICS	Financial Industry Complaints Scheme
Foreign Securityholder	a Securityholder whose registered address is in any jurisdiction other than Australia, Singapore or New Zealand
Gearing	total liabilities less cash to gross tangible assets less cash
GST	Goods and Services Tax
Initial Allocation	the allocation of New Stapled Securities to Qualifying Securityholders who apply by 12 May 2004 for New Stapled Securities under the Entitlement Offer
Initial Allotment Date	17 May 2004
Institutional Entitlement Offer	as described in Section 1.3.1
Institutional Placement	the offer of 15.4 million New Stapled Securities at the Application Price raising approximately \$25.1 million
Investigating Accountant	KPMG Transaction Services (Australia) Pty Limited (ABN 65 003 891 718)
Interest bearing debt to tangible assets	Interest bearing debt less cash to gross tangible assets less cash
Issuers	Australand and Australand Property Limited (as trustee and responsible entity of Australand Property Trust)
Listing Rules	the official Listing Rules of the ASX
New Stapled Security	a new Stapled Security to be issued pursuant to this Offer Document
NTA	net tangible assets
Offer Document	this Product Disclosure Statement and Prospectus
Option	an option to take up unissued Stapled Securities
Qualifying Institutional Securityholder	a Qualifying Securityholder who is a professional investor, sophisticated investor or other wholesale client within the meaning of the Corporations Act and receives (directly or through a nominee) an Institutional Entitlement Offer (whether or not they accept that offer)
Qualifying Retail Securityholder	a Qualifying Securityholder who is not a Qualifying Institutional Securityholder
Qualifying Securityholder	Securityholders as at 7.00pm (Sydney time) on the Record Date with registered addresses in Australia, Singapore or New Zealand except to the extent that persons who would otherwise be Securityholders hold Stapled Securities pursuant to post ex date transactions and the Issuers elect to ignore these transactions in determining Securityholders and securityholdings in the manner described in Section 6.8(b)
Record Date	7.00pm (Sydney time) 4 May 2004

TERM	DEFINITION
Registry or Registrar	Computershare Investor Services Pty Limited (ABN 48 078 279 277)
Responsible Entity	Australand Property Limited being the responsible entity of Australand Property Trust and the holder of Australian Financial Services Licence Number 231130
Retail Entitlement Offer	as described in Section 1.2.2
Securityholder	a holder of Stapled Securities
SGX	Singapore Stock Exchange
Share	an ordinary share in the capital of Australand
Shareholder	a holder of a Share
Stapled Security	a Unit and a Share
Stapling Deed	the deed between the Issuers to effect the stapling of Units and Shares
Underwriters	UBS AG, Australia Branch and Goldman Sachs JBWere Pty Ltd
Underwriting Agreement	the agreement between the Issuers and the Underwriters to underwrite the Underwritten Amount summarised in Section 6.5
Underwritten Amount	approximately \$94 million
Unit	a unit in Australand Property Trust
Unitholder	a holder of a Unit



# 8

## Appendix







KPMG Transaction Services (Australia) Pty. Limited

Australian Financial Services Licence No. 245402

10 Stanley Street

Sydney NSW 2000

Australia

PO Box 187

Avonlea Square

Sydney NSW 1213

Australia

ABN 65 003 891 718

Telephone: +61 2 9235 7000

Facsimile: +61 2 9235 7077

DX 1084 SYDNEY

Internet: [www.kpmg.com.au](http://www.kpmg.com.au)

[transactionservices@kpmg.com.au](mailto:transactionservices@kpmg.com.au)

#### FINANCIAL SERVICES GUIDE

Dated 15 March 2004

KPMG Transaction Services

**KPMG Transaction Services (Australia) Pty Limited ABN 65 003 891 718 ("KPMG Transaction Services" or "we" or "us" or "ours" as appropriate)** has been engaged to issue general financial product advice in the form of a report to be provided to you.

#### Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our **Australian Financial Services Licence, Licence No: 245402;**
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

#### Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- interests in managed investment schemes (excluding investor directed portfolio services); and
- securities (such as shares and debentures).

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

#### General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

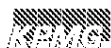
#### Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.



KPMG is a member firm of the  
KPMG network of independent  
member firms affiliated with  
the KPMG network.

It is not a member firm of  
the KPMG network under the  
KPMG network.



Except for the fees referred to above, neither KPMG Transaction Services, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

#### ***Remuneration or other benefits received by our employees***

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

#### ***Referrals***

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

#### ***Associations and relationships***

Through a variety of corporate and trust structures KPMG Transaction Services is ultimately wholly owned by and operates as part of KPMG's Australian professional advisory and accounting practice. Our directors may be partners in KPMG's Australian partnership.

From time to time KPMG Transaction Services or KPMG and/or KPMG related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

#### ***Complaints resolution***

##### ***Internal complaints resolution process***

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, KPMG Transaction Services, PO Box H67, Australia Square, Sydney NSW 1213.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

##### ***Referral to External Dispute Resolution Scheme***

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Industry Complaints Service Limited ("FICS"). FICS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FICS are available at the FICS website [www.fics.asn.au](http://www.fics.asn.au) or by contacting them directly via the details set out below.

Financial Industry Complaints Service Limited  
PO Box 579  
Collins Street West  
Melbourne VIC 8007

Toll free: 1300 78 08 08  
Facsimile: (03) 9621 2291

#### ***Contact details***

You may contact us using the details set out at the top of our letterhead on page 1 of this FSG.

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# Directory

## ISSUERS

### **Australand Holdings Limited**

(ASX 12 606 443 696)

Level 3

10 Homebush Bay Drive

Rhodes NSW 2138

### **Australand Property Limited**

(trustee and responsible entity of Australand Property Trust)

(ASX 90 105 462 137)

Level 3

10 Homebush Bay Drive

Rhodes NSW 2138

## REGISTRAR

### **Computershare Investor Services Pty Limited**

Level 3

60 Carrington Street

Sydney NSW 2000

## SOLICITORS

### **Mallesons Stephen Jaques**

Level 60

Governor Philip Tower

1 Farrer Place

Sydney NSW 2000

## UNDERWRITERS

### **UBS AG, Australia Branch**

Level 25

Governor Philip Tower

1 Farrer Place

SYDNEY NSW 2000

### **Goldman Sachs JBWere Pty Ltd**

Level 48

Governor Philip Tower

1 Farrer Place

SYDNEY NSW 2000

## INVESTIGATING ACCOUNTANT

### **KPMG Transaction Services (Australia) Pty Limited**

The KPMG Centre

45 Clarence Street

Sydney NSW 1213

## TAXATION ADVISER

### **Greenwoods and Freshills Pty Limited**

Level 35

MLC Centre

Marsh Place

Sydney NSW 2000



