

20 AUGUST 2003

AUSTRALAND ANNOUNCES STAPLING PROPOSAL

Australand Holdings Limited ("Australand") today announced a proposal to form a stapled entity to be known as the Australand Property Group ("Stapling Proposal"). This will be achieved by stapling the units in a newly created trust, Australand Property Trust to the shares in Australand. Australand Property Group's stapled securities will be listed on the Australian & Singapore Stock Exchanges.

Under the Stapling Proposal, Australand Property Trust will make an offer to the unitholders in Australand Wholesale Property Trust ("AWPT") and Australand Wholesale Property Trust No.2 ("AWPT2") for their units in the trusts, which have gross assets at 30 June 2003 of approximately \$370 million.

The Stapling Proposal also contemplates:

- the cancellation of the Australand Reset Convertible Preference Shares ("Reset Prefs") for cash consideration. If the Reset Prefs are not cancelled, they will be converted into Australand ordinary shares on the next reset date being 30 December 2003; and
- amendment to the Australand employee options so that they can be converted into Australand Property Group stapled securities.

Once the Australand Property Group is established, Australand intends to progressively integrate current and future Australand Wholesale Property Trusts into the stapled group on a regular basis.

Commenting on the Stapling Proposal Mr. Brendan Crotty, Australand Holdings Limited Managing Director, said:

"We are very pleased to present this Stapling Proposal as it represents the implementation of a strategy which commenced in late 2000 through the establishment of the first Australand Wholesale Property Trust. The Stapling Proposal will provide significant benefits to all stakeholders, namely Australand shareholders and AWPT and AWPT2 unitholders."

In conjunction with the Stapling Proposal, Australand Property Group will seek to raise \$225 million by way of a non-renounceable entitlement offer during November 2003. Australand's major shareholder, CapitaLand Limited, a listed Singapore property group, has confirmed that it supports the Stapling Proposal and intends to take up its full entitlement under this offer. The remaining amount will be fully underwritten by JBWere Limited and UBS Advisory & Capital Markets Australia Limited.

It is intended that the proceeds of the capital raising will be applied to:

- fund the cash consideration of the AWPT and AWPT2 acquisition;
- fund the Reset Prefs cancellation; and
- reduce the stapled entity's debt.

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"The Directors believe the key benefits of the Stapling Proposal for Australand shareholders are:

- the inclusion of \$29 million of recurrent income combined with Australand's projected 2004 after tax development earnings of \$106 million, will deliver forecast Australand Property Group Net Profit After Tax for 2004 of approximately \$135 million;
- through a higher development payout ratio and the addition of the trust income, distributions will be increased significantly by more than 30%;
- reduced group gearing (External Liabilities / Total Tangible Assets) from 53% pre stapling to 47% post stapling;
- enhanced diversification and quality of distributable income;
- increased total market capitalisation and free float;
- the ability to source investment grade assets internally to provide organic recurrent income growth;
- potential for reduction in borrowing costs;
- access to property investment earnings with no management fee leakage; and
- potential for a market re-rating."

"The proposal represents the first step in a plan to build Australand Property Group into one of Australia's largest diversified property groups," Mr. Crotty said. "The introduction of recurrent income into the group will allow all investors to receive increased distributions and share in the benefits brought about through Australand's increased size and diversification of earnings."

The Stapling Proposal is subject to shareholder, unitholder, court and regulatory approval and is expected to be completed by early December 2003. Details of the Stapling Proposal including information regarding the various stakeholder meetings required to approve the proposal, will be mailed to all investors by late September 2003. It is anticipated that the meetings will be held in mid to late October 2003.

The Australand Board has engaged BDO Corporate Finance Pty Limited to prepare an independent expert's report, which will be included in the documentation to be sent to Australand shareholders.

Following the release of this announcement to the market, Australand will be holding briefings with investors, analysts and the media over the next few days. All shareholders will have access to the briefing to be held at 11.00am on Wednesday 20 August 2003 as it will be webcast via the Company's website www.australand.com.au. An audio copy of the briefing and presentation slides will be available for up to 90 days on the company's website for those shareholders who may miss today's briefing.

"Shareholders are reminded that the closing date for lodgment of election notices for participation in the Company's inaugural Dividend Reinvestment Plan is **Thursday 28 August 2003**," Mr. Crotty said. "Shareholders should take into account all the information provided in this release in making a decision to participate in the Dividend Reinvestment Plan and should take independent financial advice if required."

JBWere and UBS have advised Australand on the Stapling Proposal.

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