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**ASX Announcement
Code: ALZ**

16 April 2009

2009 ANNUAL AND GENERAL MEETINGS CHAIRMAN'S ADDRESS

I will begin my address by acknowledging the difficult environment and the adverse conditions confronting the economy and, in particular, the property sector. The world has changed considerably over the past year and this has created significant challenges for virtually every business in Australia, including Australand.

The general weakening of the major global economies, in conjunction with the severely constrained credit market, has had a detrimental affect on share prices world-wide. Australand's security price has declined substantially through the course of 2008. The Board recognises that this is very disappointing and we are truly sympathetic to the difficulties that this may have created for our securityholders. We do believe, however, that the current price does not accurately reflect Australand's strengths. While no one can have any real certainty as to the short to medium term outlook and there is, without doubt, likely to be more pain experienced throughout 2009, it is our view that the market will eventually correct and more accurately reflect the true value of our business.

2008 Overview

In July 2008, against a background of unprecedented turmoil on global financial markets and a challenging domestic environment, Australand moved quickly to strengthen its balance sheet through the implementation of three important capital management initiatives. These initiatives included:

- a 1 for 1 Renounceable Entitlement Offer which raised \$460 million. This capital raising was supported by, and fully subscribed to, by CapitaLand (Australand's majority securityholder), demonstrating CapitaLand's confidence in the business. I would like at this point to acknowledge the support from all of the other securityholders who subscribed to this rights offer.
- secondly, the Group stepped up the distribution rate of its ASSETS hybrid securities with effect from 1 October 2008; and finally,
- the Board approved a change to the Group's Dividend / Distribution Policy. This resulted in the Property Trusts continuing to distribute 100% of their earnings but with no dividend being payable from the development arm of the business.

Understanding that many of our securityholders rely on their dividends and distributions as an income stream, the decision to cut dividends was not taken lightly. However, the Board was of the view that all of these measures were necessary and prudent in positioning the Group for the uncertain times ahead.

As a result of many well-publicised events, global credit has been substantially reduced and, as a consequence, refinancing of the Group's \$563 million CMBS debt facility has weighed heavily on the Board and management over recent months. We are pleased to be able to report today that we have secured new facilities of \$350m which, together with our untapped liquidity, will enable the Group to repay the CMBS facility maturing in June, and to continue to operate the business effectively. The Managing Director will provide a comprehensive update on capital management and the status of our refinancing activities in his address.

Moving now to the Group's performance.

Australand delivered an increase in operating profit in 2008. The Group's full year operating profit after tax (excluding unrealised losses from property revaluations and before significant one-off items) was \$174.8 million, up 7% on the prior year.

The increase in our operating profit was achieved through the focused execution of our business strategy and this demonstrated Australand's ability to react quickly to the changing circumstances and adapt to the adverse trading conditions. Each of our three operating divisions contributed to this credible result. Bob Johnston will provide further details on Australand's 2008 results in his presentation.

Unfortunately our 2008 statutory profit was adversely impacted by revaluation losses of \$97 million from our investment portfolio and after tax write downs of \$35 million on our Residential inventories, resulting in a Statutory Profit (after tax) of \$40.2 million, an 85% reduction on the previous year.

As a business, Australand has had to respond to the general economic slowdown by reviewing all aspects of its operations and contracting our development activities to align with the fall in market demand. We have made cuts to discretionary spending and, unfortunately, staffing levels in order to re-position our business for the slower environment. Resulting from the review of discretionary spending, at the February Board Meeting, the Board agreed upon a number of changes to Board remuneration which had the effect of reducing the total cost of Board fees by 25% p.a. In addition, a decision was taken to freeze fixed remuneration for all employees across the Group.

Let me turn now to the issue of remuneration which is receiving considerable attention in the market.

Australand adopts a consistent and conservative approach to remuneration, targeting fixed salary at the market median with the potential to earn above this being totally dependent upon individual and group performance. We believe our approach is one that secures the engagement and commitment of talented executive and pays them appropriately for this effort, but requires them to achieve defined targets, before any additional rewards are received.

As noted in the Annual Report, the payment of short term incentives approved by the Board for 2008 reflects the fact that, despite the extreme market conditions, the Company achieved its operating profit targets. KPI's were set for executives across the business and bonuses paid when performance hurdles were met.

In the case of the Managing Director, the actual bonus paid was scaled back from that in which he was entitled to under his employment agreement.

Our longer term incentive plan, the Performance Rights Plan or PRP, displays our conservative approach. The Plan was established three years ago to engage executives and align their interests with those of security holders. It is worth noting that no participant has received any reward from this Plan as the performance period for the first (2007) offer does not finish until the end of 2009. Currently it is envisaged that little award will be received from this Plan for the participating executives.

As securityholders may recall Australand did not have an LTI plan in place prior to 2007 and it was seen as an important step to put this in place to attract and retain executives. The fact that the LTI plans in existence have been materially impacted by current market conditions demonstrates alignment with securityholders.

The Plan provides a number of performance rights based on a percentage of fixed salary. The number of rights will vary dependent upon the security price with the Managing Director's proposed 2009 allocation exemplifying this equation. Again this reflects consistency in application of our remuneration philosophy.

I acknowledge security holder and community focus on these matters and welcome this interest. The Board is of the opinion that the current remuneration structure is appropriate given the significant challenges that face the executive team and the Company as a whole.

Returns to Securityholders

I would now like to comment on returns to securityholders.

Mid-way through 2008, Australand announced a change to its Dividend / Distribution Policy in order to maintain a strong capital position. Under the revised policy, 100% of earnings (excluding revaluations) are being distributed from the Property Trusts, with no dividend being payable from Australand Holdings Limited, the developer arm of the business.

In line with this revised policy, the distribution for the second half of 2008 was 3.0 cents, bringing the total dividend / distributions per stapled security in 2008 to 11.0 cents, down from 17.0 cents in 2007. At the time of announcing the change to its Dividend / Distribution Policy, the Board undertook to review its policy again at the end of 2009.

Earnings per stapled security on operating profit after tax were 13.1 cents in 2008, down from 14.5 cents in 2007.

The Board

I would now like to outline some changes to the Board that took place during 2008 and up until this point.

In May 2008, Wen Khai Meng resigned from the Board following a realignment of responsibilities in CapitaLand Limited. During his term on the Board, Khai Meng made an important contribution to the Group and the Board would like to place on record its appreciation to him for the contribution he made during his tenure.

Mr Ee Chee Hong replaced Mr Wen Khai Meng with effect from May 2008. Chee Hong's biography is included in the Annual Report and in the Notice of Meetings and he will be seeking election by securityholders at today's meeting.

In accordance with the Company's Constitution, Lt. Gen (Ret'd) Winston Choo retires by rotation as a director at the end of this Meeting. Winston has advised that he does not intend to offer himself for re-election and, as a consequence of this, the Board has determined to reduce the number of directors by one. Accordingly, we will not be seeking a replacement for Winston at this point in time. As this is Winston's final securityholder meeting, I would like to make special mention of the very substantial contribution he has made to Australand since he joined the Board back in 1997. Winston has been a valued and committed member of the Board and currently serves on both the Audit Committee and the Nominations Committee. Winston is held in high regard by his fellow directors and the executive management team and we will all miss his wise counsel and considered view. I would like to take this opportunity to wish Winston well for the future.

Outlook

Turning now to outlook.

As world markets and businesses emerge from the turmoil and the healing process begins, it is our view that investors will demand more simplified investment structures, greater transparency and lower gearing ratios.

We expect the remainder of 2009 to be no less challenging for the property sector as it was in 2008 and Australand will respond to this by ensuring that it remains focused on capital management and conserving cash until such time as more positive forces re-enter the market. We will continue to maximise efficiencies in our core businesses with the aim of ensuring that the Group is well-positioned to take advantage of the market correction when it eventuates.

As most investors will be aware, we are in uncharted waters in 2009 which makes the provision of profit guidance extremely difficult. Nevertheless, given the weak economic outlook and the forecast contraction in our development activities, the Group felt it was prudent when we announced our results to the market in February to disclose our expectation that our 2009 full year operating profit, excluding unrealised gains or losses from property revaluations and significant one-off items, would be down by 25% to 30% on the 2008 result. Since that time, market conditions have continued to

deteriorate such that we expect the 2009 Group operating profit to be at the lower end of this range, that is, down 30% on the prior year.

Conclusion

In conclusion, despite the unprecedented difficult economic climate, the Group delivered a sound result for 2008. We have a well-defined strategy and a very experienced and committed management team in place, both of which auger well for the future of Australand.

I would like to take this opportunity to recognise and thank all of our employees for their contribution during 2008. I would also like to thank my fellow Directors for their dedication and commitment in what has been an extremely difficult year. Finally, I would like to thank you, our owners, for your ongoing support and for the confidence you have shown in the Board and management of Australand.

I would now like to invite Bob Johnston, our Managing Director, to deliver his review of the 2008 year and outline our key priorities for 2009.

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