



Australand

Australand is a stapled entity that comprises Australand Holdings Limited (ABN 12 008 443 696), Australand Property Trust (ARSN 106 680 424), Australand Property Trust No.4 (ARSN 108 254 413) and Australand Property Trust No.5 (ARSN 108 254 771)

Appendix 4E

Preliminary Final Report for the year ended 31 December 2005

**AUSTRALAND COMPRISES AUSTRALAND HOLDINGS LIMITED, AUSTRALAND PROPERTY TRUST,
AUSTRALAND PROPERTY TRUST No.4 AND AUSTRALAND PROPERTY TRUST No.5.**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

		Consolidated	
		2005	2004
		\$'000	\$'000
Revenue from continuing operations	Up 36% to	1,533,138	1,124,361
Net profit attributable to stapled security holders	Up 78% to	201,002	113,133

Distributions / Dividends 2005	Total Distributions / Dividends	Distribution per unit	Dividend per share	Franked amount per share
March quarter – paid	4.0 cents	1.8 cents	2.2 cents	2.2 cents
June quarter – paid	4.0 cents	1.7 cents	2.3 cents	2.3 cents
September quarter – paid	4.0 cents	1.6 cents	2.4 cents	2.4 cents
December quarter – payable 8 February 2006	4.5 cents	2.0 cents	2.5 cents	2.5 cents
Total	16.5 cents	7.1 cents	9.4 cents	9.4 cents

Record date for determining entitlements to the
distribution / dividend

5.00pm, 31 December 2005

Explanation of results

Please refer to the attached commentary for an explanation of the results.

REVIEW OF OPERATIONS

	2005	2004	% change
Gross revenue, excluding joint ventures (\$m)	1,533.1	1,124.4	+ 36%
Net profit attributable to stapled security holders	201.0	113.1	+ 78%
Earnings per stapled security ¹	23.3 cents¹	14.6 cents ²	+ 60%
Distribution / Dividend per stapled security ¹	16.5 cents³	16.5 cents	-
Total shareholder return ⁴	23.5%³	22.7%	+ 4%
Return on shareholders' funds ⁵	17.2%	10.3%	+ 67%
Gearing Ratios:			
Total liabilities to tangible assets ⁶	51.2%	55.4%	- 8%
Interest bearing debt to tangible assets ⁶	39.7%	46.6%	- 15%
Net tangible asset backing per stapled security	\$1.41	\$1.35	+ 4%

1 EPS and DPS calculation for 2005 includes all interests of the stapled security holders in the Australand Group. This includes APT4 and APT5 from date of stapling which technically is treated as minority interest pursuant to accounting standards

2 2004 EPS prior to Goodwill write off was 18.8 cents

3 Excludes special dividend of 1.0 cent per share and capital distribution of 20.2 cents per unit relating to the merger with APT4 and APT5.

4 $(\text{Closing security price} - \text{opening security price}) + \text{distributions per security} \div \text{opening security price}$

5 $\text{Net profit after tax} \div \text{Total stapled group equity interest (weighted average)}$

6 Net of cash

GROUP OVERVIEW

Australand generated a net profit after tax and minority interests of \$201.0 million, up 78% on the corresponding period last year, including an unrealised net gain from fair value adjustments of investment property of \$53.7 million.

The introduction of Australian equivalents to International Financial Reporting Standards (AIFRS) has added significant volatility to reported results and accounts for the majority of the 78% profit increase. This is the first year that Australand has reported its results under AIFRS and a detailed explanation of the transition is provided in the attached Note 13. The most significant impacts of the transition to AIFRS have come from the following changes in accounting policies.

- Revenue and profits on the development of residential property (housing and apartments) are now only recognised on settlement of the sale of the property, rather than progressively on a percentage of completion basis as under the previous Australian Accounting Standards (AAS).
- Revenue and profits on the development of commercial and industrial properties for Australand's Wholesale Property Trusts and other third party institutional investors were previously recognised on a percentage of completion basis under AAS. As Australand had provided yield guarantees to the investors in those trusts, revenue and profit have now been recognised when the yield guarantee falls away on completion of the final property in the respective trust.
- Investment properties that are developed internally are now required to be carried at cost during development and are only revalued to fair market value on the property reaching practical completion. This revaluation increment/decrement is now recognised through the consolidated income statement.
- Investment properties are now carried at fair market value with increments/decrements recognised through the consolidated income statement. All investment properties are required to be revalued each year.

- Goodwill is now subject to a more stringent and specific impairment test, requiring allocations of specific cash-generating units and the use of discounted cash flows.

In accordance with AASB1: *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*, all prior year figures have been restated under AIFRS to enable a like for like comparison. This included the write off of \$32.9 million of goodwill at the end of 2004 which has been included in the restated 2004 comparatives.

The 2005 result reflects the continuing strategy of growing the investment property portfolio and having a diversified property development business. The investment property division, comprising 49 investment properties with a value of \$1.3 billion, contributed \$128.7 million to the group result, while 99 development projects contributed \$167.2 million of development profit before tax.

Substantial contributions from the Perth and Melbourne residential markets, together with stronger Melbourne and Brisbane commercial and industrial results, offset the weaker conditions in the Sydney and South East Queensland residential markets.

The following major financial transactions occurred in 2005:

- In October, the merger with Australand Property Trust No.4 and Australand Property Trust No.5 was completed, adding approximately \$400 million of investment properties.
- Hybrid equity of \$275.0 million was raised through the issue of Australand Subordinated Step-up Exchangeable Trust Securities (ASSETS) - \$178.8 million was received from the first instalment in September, with the final instalment of \$96.2 million due on 31 March 2006.
- In December, Australand took the opportunity to purchase two investment properties and two residential developments, which has led to a gearing ratio (total liabilities to tangible assets) of 51.2% at year end. The final instalment of the ASSETS hybrid equity will see gearing reduce in the coming months.

DIVISIONAL OVERVIEW

Residential

The Residential Division generated revenue of \$947.7 million, 15.3% higher than for the corresponding period in 2004, generated from the sale of 1,090 wholly owned lots, 1,045 dwellings and 461 apartments. The operating profit before tax of \$135.5 million was 2.9% higher than the prior year.

During 2005 the Australian residential property market continued to evolve into distinct segments each with their own characteristic.

The Sydney residential property market remained weak even though rental vacancy rates continued to fall and rents generally increased. Land sales remained soft whilst demand for medium density housing was inconsistent with strong demand in some localised market segments, whilst other segments showed no uplift in sales or enquiry. Demand for apartments was weak throughout most of 2005, however in the second half of the year, sales in the sub \$600,000 range did improve.

Melbourne experienced improved market conditions in the second half of 2005. Land sales increased, as did prices, especially in Melbourne's South-East and medium density sales were solid across all markets. Owner-occupier apartments continue to sell albeit at a slower rate than previously experienced. The first stage of the Freshwater apartment project was completed during the year and 232 apartments with a value of \$137.8 million was settled during the December quarter. Additional Freshwater pre-sales with an aggregate value of approximately \$110 million are expected to settle during the June 2006 half-year. Melbourne's stable economy and employment growth, albeit slightly slower than in the past, is likely to underpin another solid contribution from this Business Unit.

South-East Queensland's residential property market continued to weaken especially in the December quarter as affordability became an issue. The median house price in this market is now becoming comparable to Melbourne's. All segments of the South-East Queensland market performed below expectation and it is expected that soft market conditions will prevail throughout 2006.

Demand in the Perth residential property market continues to strengthen with prices rising consistently throughout 2005, resulting in significant improvements in revenue and profit from the Perth Business Unit. Strong employment and population growth as a result of the resources boom is expected to continue and the Perth Residential Business Unit should deliver good results in 2006, albeit lower than the 2005 result, because of a lower number of projects under development.

During the year, \$107 million was allocated to restocking to supplement existing projects which have trading lives ranging from 2006 to 2014. Properties were acquired in all four capital cities in which Australand's Residential Division operates.

The future lot and dwelling yields, as well as potential gross revenue that may be brought to account from 1 January 2006 onwards from land holdings and development sites that are owned and/or managed by the Residential Division, can be summarised as follows:

- Wholly owned South East Queensland projects are expected to generate 488 vacant land sales, 847 houses and 234 apartments with a completed value of approximately \$760 million over the next 4 to 5 years. Projects held by joint ventures are expected to generate profit from 87 land sales and 440 dwellings with a completed value of approximately \$390 million over the next 5 years.
- Wholly owned NSW projects are expected to generate 1,117 houses and 270 apartments with a completed value of approximately \$945 million over the next 6 years. Projects held by joint ventures are expected to generate profit from the sale of 1,466 lots, 574 houses and 1,396 apartments with a completed value of approximately \$1.7 billion over the next 5 to 7 years. Australand is also expected to earn project management fees and minority profit shares from the development of 1,200 lots in the Greenway Park (south-west Sydney) and Second Ponds Creek (north-west Sydney) projects.
- Wholly owned Melbourne projects are expected to generate profit from the sale of 450 lots, 1,270 houses and 99 apartments with a completed value of approximately \$625 million over the next 4 to 5 years. Projects held by joint ventures are expected generate profit from the sale of 3,500 lots, 525 houses and 220 apartments with a completed value of approximately \$1.1 billion over the next 5 to 6 years.
- Wholly owned Perth projects are expected to yield 1,200 lots and 649 dwellings with a completed value of approximately \$580 million over the next 3 to 5 years. A joint venture project is expected to generate profit from the sale of 280 lots with a completed value of approximately \$117 million over the next 3 years.

Commercial & Industrial

The Commercial & Industrial Division generated a pre-tax operational profit of \$31.7 million (2004: \$17.8 million) from revenues including joint ventures of \$663.8 million (2004: \$276.4m). A material item in this result was the recognition of revenue upon completion of the Freshwater Commercial Tower in June 2005, which as a result of AIFRS, resulted in the recognition of \$265 million of revenue in the current year. The division's improved performance was generated from 26 pre-committed commercial & industrial projects and land sales revenues from 6 industrial estates located in Brisbane, Sydney and Melbourne. While there was increased pressure on yields and development margins because of the slow growth in rents, industrial land prices continued to increase and subdivision land sales with a total area of 32 hectares were achieved.

Operational highlights for the full year include:

- The construction of 24 industrial and 2 commercial offices totalling 258,900sqm.
- Completion of 10 industrial projects valued at \$163 million which were retained by the Group. New pre-committed projects valued at in excess of \$150 million to be completed during 2006 may also be retained, dependent on the short term capital management strategies that are implemented by the Group.
- The negotiation of pre-commitments with an aggregate value of \$65 million during the December 2005 half year in respect of properties that will be owned by third party investors and owner-occupiers.
- The completion in June 2005 of the Freshwater Commercial Tower at Southbank. This \$270 million project is expected to be 100% leased by June 2006, and is now 50% owned by Australand, following the merger with Australand Property Trust No.4.

The following table compares the Division's 2004 and 2005 activity and the increase in its committed forward workloads:

	2005	2004
Construction work completed during year	258,900 sqm	175,700 sqm
Pre-committed forward workload at year end	211,060 sqm	153,589 sqm

Investment Property

The Investment Property Division generated a net profit before tax of \$128.7 million including recurrent investment property income of \$75.4 million and an unrealised net gain from fair value adjustments of the investment property portfolio of \$57.5 million.

During 2005, investment property assets held by Australand grew from approximately \$0.6 billion to \$1.3 billion, a 124% increase, due to:

- the merger with Australand Property Trust No. 4 and Australand Property Trust No. 5 in October 2005, adding 13 properties with a market value of approximately \$400 million;
- external acquisitions, including the purchase of a 50% interest in Civic Tower, Goulburn Street, Sydney and the Tower Building, 80 Alfred Street, Milsons Point, for an aggregate outlay of \$108 million, in December 2005;
- 10 new industrial projects, with a total market value of approximately \$177 million (including expansion space worth \$14 million), were completed by the Commercial and Industrial Division and are now fully income producing; and
- unrealised net gain from fair value adjustments on Australand's existing portfolio, prior to the merger with Australand Property Trust No.4 and Australand Property Trust No.5 totalling \$57.5 million (before Rhodes Building C adjustment).

Details of the new income producing properties, other than those held by Australand Property Trust No.4 and Australand Property Trust No.5, are summarised in the following table:

Address	Classification	Major Tenants	Net Lettable Area (in sq. metres)	Lease Term (Years)	Value (\$m)
50%-Goulburn St. Sydney	CBD Office	PBL & Govt.	23,189	10	58
Alfred St. Milsons Point	Office	Tower Life	10,299	7	50
Greystanes	Industrial	Inchcape & Danks	22,300	10 & 3	32
Greystanes	Industrial	CPI Ltd	19,218	10	26
Douglas St., Port Melb.	Industrial	Toll	18,541	12	19
Thackray Rd Port Melb.	Industrial	Harcourt Education	9,027	10	15
Sth. Park Dve. Dandenong	Industrial	AAA Trading	22,054	10	14
West Pk. Dve. Derrimut	Industrial	Denso	20,337	7	13
Freshwater Pl. Southbank	Public Car Park	Various	275 spaces	15	13
Viola Pl. Brisbane Airport	Industrial	RepcO	14,726	10	12
Butler Bvd. Adel'de Airport	Industrial	Cheap as Chips	16,800	10	10
Sth. Park Dve. Dandenong	Industrial	TNT Logistics	10,425	5	9
				Total	271

Australand's investment property portfolio now comprises 49 properties, with a weighting of 50% office and car park and 50% industrial. These properties contain in excess of 800,000 m² of lettable area. The portfolio has an occupancy rate of 99%, an average passing income yield of 7.8% and a weighted average lease expiry of 7.8 years as at 31 December 2005 (weighted by base rent). Major tenants include PriceWaterhouseCoopers, Coles Myer, Commonwealth Government of Australia, Nestle Australia Limited, State Government of New South Wales, LG Electronics, Toll and Cadbury Schweppes.

Completion of additional committed projects, together with future acquisitions and pre-leased projects from the Commercial and Industrial development pipeline, will see the portfolio continue to grow during 2006.

The outlook for the investment property portfolio is good with stable rent growth, minimal short term lease expiry, strong tenants, sound industrial leasing conditions and improving commercial office space demand.

OUTLOOK

2006 is expected to be a further year of consolidation for Australand.

The rate of employment growth in Brisbane, Sydney and Melbourne weakened during the December quarter of 2005 and is not expected to increase in the short term in any capital city other than Perth or in any sector other than resources. This is going to limit increases in aggregate demand for new dwellings in most mainstream residential market segments, other than Perth.

It is anticipated that demand for new purpose-built industrial properties will remain at or about current levels in Sydney and Melbourne, but may be constrained by the sharp increases in the price of Brisbane industrial land that occurred during 2005. Fortunately, the Commercial and Industrial division's stronger deal pipeline should deliver higher development profits during 2006 which should help to offset any reduction in profits from residential property development.

With 49 properties in the investment property portfolio, 3 properties under construction and more in the pipeline, income from this division will also help underpin the 2006 result.

On balance therefore, we expect profits to be sufficient to enable distributions per stapled security to be maintained at the current level of 16.5 cents.

Consolidated Income Statement

For the Year Ended 31 December 2005

	Notes	Consolidated 2005 \$'000	2004 \$'000
Revenue	5	1,533,138	1,124,361
Cost of properties sold		(1,201,537)	(811,246)
Development profit recognised through valuation of properties transferred to Australand Property Trusts		11,280	-
Share of net profits of joint ventures accounted for using the equity method		40,129	26,034
Investment property expenses		(9,173)	(8,046)
Employee expenses		(92,532)	(88,654)
Depreciation		(2,735)	(5,143)
Finance cost – net		(44,448)	(26,512)
Other expenses		(50,853)	(24,012)
Write off goodwill		-	(32,874)
Net gains from fair value adjustments on investment property		53,709	-
Profit before income tax		236,978	153,908
Income tax expense	7	(30,852)	(38,153)
Net profit		206,126	115,755
Net Profit attributable to other shareholders of development projects		(1,068)	(2,622)
Net Profit attributable to ASSETS hybrid equity holders		(4,056)	-
Profit attributable to stapled security holders of Australand		201,002	113,133
Attributable to:			
Equity holders of AHL and APT		190,916	113,133
Equity holders of other stapled entities (minority interest):			
- Australand Property Trust No.4 (APT4)		7,281	-
- Australand Property Trust No.5 (APT5)		2,805	-
Profit attributable to stapled security holders of Australand		201,002	113,133
Basic earnings per stapled security	2	23.3 cents	14.6 cents
Diluted earnings per stapled security	2	23.1 cents	14.5 cents
Basic earnings per share – Parent Entity	2	9.3 cents	6.8 cents
Diluted earnings per share – Parent Entity	2	9.2 cents	6.7 cents

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 31 December 2005

	Notes	Consolidated 2005 \$'000	2004 \$'000
Current Assets			
Cash and cash equivalents		17,640	7,786
Receivables		299,830	275,309
Inventories		484,964	992,752
Other		6,036	7,309
Total Current Assets		808,470	1,283,156
Non-Current Assets			
Inventories		707,949	512,246
Investments accounted for using the equity method		199,148	138,413
Other financial assets		-	12,715
Investment properties		1,318,605	567,582
Property, plant and equipment		38,796	39,253
Deferred tax assets		8,297	14,798
Total Non-Current Assets		2,272,795	1,285,007
Total Assets		3,081,265	2,568,163
Current Liabilities			
Payables		138,074	138,416
Interest bearing liabilities		335,482	444,068
Derivative financial instruments		4,193	-
Current tax liabilities		27,116	21,293
Provisions		68,817	46,958
Land vendor liabilities		46,785	10,016
Total Current Liabilities		620,467	660,751
Non-Current Liabilities			
Interest bearing liabilities		898,000	758,005
Provisions		8,481	1,707
Land vendor liabilities		57,826	5,573
Total Non-Current Liabilities		964,307	765,285
Total Liabilities		1,584,774	1,426,036
Net Assets		1,496,491	1,142,127
Equity			
Equity holders of AHL and APT			
Contributed equity		899,878	1,037,321
Reserves		(2,364)	-
Retained profits		144,558	98,077
		1,042,072	1,135,398
Equity holders of APT4 and APT5 (minority interest)		185,761	-
Stapled Security Holders interest in the Australand group	4	1,227,833	1,135,398
ASSETS hybrid equity and minority interest in development projects	9	268,658	6,729
Total Equity		1,496,491	1,142,127

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2005

	Consolidated	
	2005 \$'000	2004 \$'000
Total equity at the beginning of the financial year	1,142,127	915,397
Profit for the financial year	201,002	113,133
Cash flow hedges, net of tax	(3,993)	-
Net expense recorded directly in equity	(3,993)	-
Total profit for the year and net expenses recorded directly in equity	197,009	113,133
Pre acquisition reserves - APT5	992	-
Capital Redemption Reserve	(10,601)	-
Employee share options	2,807	-
	(6,802)	-
Transactions with equity holders:		
Contributions of equity, net of transaction costs	54,846	242,987
Dividends provided for or paid (note 3)	(152,618)	(132,012)
Capital distribution / dividend to stapled security holders in respect of the stapling of APT4 and APT5	(184,641)	-
Capital distribution / dividend compulsorily applied to staple APT4 and APT5 with the Australand group	184,641	-
ASSETS hybrid equity and minority interest in developer projects	261,929	2,622
	164,157	113,597
Total equity at the end of the financial year	1,496,491	1,142,127
Total profit for the year and net expenses recorded directly in equity is attributable to:		
Equity holders of AHL and APT	186,923	113,133
Equity holders of other stapled entities (minority interest):		
- Australand Property Trust No.4 (APT4)	7,281	-
- Australand Property Trust No.5 (APT5)	2,805	-
	197,009	113,133

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statement

For the Year Ended 31 December 2005

	Consolidated	
	2005	2004
	\$'000	\$'000
Cash Flows from Operating Activities		
Receipts from customers (inclusive of goods and services tax)	1,696,423	1,179,555
Payments to suppliers and employees (inclusive of goods and services tax)	(1,462,700)	(1,101,617)
Interest received	7,911	8,867
Dividends and trust distributions received	826	3,016
Interest paid	(73,587)	(76,475)
Income tax paid	(18,527)	(72,082)
Net cash flows provided by / (used in) operating activities	150,346	(58,736)
Cash Flows from Investing Activities		
Proceeds from sale of investments	-	18,190
Payments for purchase of joint venture equity investments (net of distributions)	(20,542)	(24,106)
Payments for stapling of APT4 and APT5	(187,636)	(96,986)
Payments for purchase of unlisted property trust units	-	(5,715)
Proceeds from sale of investment property	14,400	10,365
Payments for acquisition of investment property under construction	-	(6,779)
Payments for acquisition and improvement to investment properties	(305,726)	(1,907)
Proceeds from sale of plant and equipment	-	8
Payments for plant and equipment	(2,268)	(3,400)
Net cash flows (used in) investing activities	(501,772)	(110,330)
Cash Flows from Financing Activities		
Proceeds from borrowings	1,291,056	758,005
Repayment of borrowings	(1,019,766)	(740,511)
Dividends and trust distributions paid	(106,277)	(63,670)
Cash acquired on stapling of APT4 and APT5	10,161	4,717
Contributions from ASSETS raising	174,894	-
Proceeds from issue of units/shares (net of equity raising costs)	11,212	187,744
Net cash flows provided by financing activities	361,280	146,285
Net increase / decrease in cash held	9,854	(22,781)
Cash at the beginning of financial year	7,786	30,567
Cash at the end of financial year	17,640	7,786

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

Notes to the Appendix 4E

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the Appendix 4E are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Appendix 4E includes financial statements for the consolidated entity consisting of Australand Holdings Limited and its subsidiaries as defined in Note 1(b).

(a) BASIS OF PREPARATION

This report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

Australian Accounting Standards include AIFRS. Compliance with AIFRS ensures that the consolidated financial statements and notes of Australand comply with International Financial Reporting Standards (IFRS).

Application of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards

These financial statements are the first Australand financial statements to be prepared in accordance with AIFRS. AASB 1: *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

Financial statements of Australand until 31 December 2004 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing Australand's 2005 financial statements, management has amended certain accounting, valuation and consolidation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures in respect of 2005 were restated to reflect these adjustments. Australand has taken the exemption available under AASB 1 to only apply AASB 132 and AASB 139 from 1 January 2005.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRS on Australand's equity and its net income are given in note 13.

Early adoption of standard

Australand has elected to apply AASB 119: *Employee Benefits* (issued in December 2004) to the annual reporting period beginning 1 January 2005. This includes applying AASB 119 to the comparatives in accordance with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors*.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Australand's accounting policies.

(b) PRINCIPLES OF CONSOLIDATION**(i) Subsidiaries**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries and controlled entities of Australand Holdings Limited, including Australand Property Trust, Australand Property Trust No.4 and Australand Property Trust No.5 as at 31 December 2005 and the results of all subsidiaries and controlled entities for the year then ended. Australand and its subsidiaries and controlled entities are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

(ii) Associated entities and partnerships

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

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

(iii) Joint ventures

The interest in a joint venture entity is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the balance sheet.

Profits or losses on transactions establishing the joint venture entity and transactions with the joint venture are eliminated to the extent of the Group's ownership interest until such time as they are realised by the joint venture entity on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

(iv) Application of UIG 1013 Pre date of transition stapling arrangements and AASB 1002 Post date of transition stapling arrangements

For the purposes of UIG 1013 and AASB Interpretation 1002, Australand Holdings Limited ('AHL') has been identified as the Parent Entity in relation to the pre date of transition stapling with Australand Property Trust ('APT') and the post date of transition stapling with Australand Property Trust No. 4 ('APT4') and Australand Property Trust No. 5 ('APT5'). In accordance with UIG 1013 the results and equity of AHL and APT have been combined in the financial statements. In accordance with AASB 1002 however the results and equity, not directly owned by AHL, of APT4 and APT5 have been treated and disclosed as minority interest. Whilst the results and equity of APT4 and APT5 are disclosed as minority interest, the stapled security holders of AHL and APT are the same as the stapled security holders of APT4 and APT5.

(c) REVENUE RECOGNITION

Property Development and Land Sales

Revenue is recognised on property development projects on settlement. Revenue is recognised for land sales where there is a signed unconditional contract of sale.

Construction Contracting

Contract revenue and expenses are recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. Where it is probable that a loss will arise from a construction contract, the excess of total costs over revenue is recognised as an expense immediately. Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Rental Income

Rental income from operating leases is recognised in income on a straight-line basis over the lease term. Rental income relating to straight lining is included as a component of the net gain from fair value adjustments on investment property. An asset is recognised to represent the portion of operating lease income in a reporting period relating to fixed increases in operating lease rentals in future periods. Such assets are recognised as a component of the carrying amount of investment properties in the balance sheet.

(d) INVESTMENT PROPERTIES

Investment properties comprise investment interests in land and buildings held for long term rental yields and not occupied by the Group. Investment properties are carried at fair value, representing open market value determined annually by external valuers, with 50% of properties valued in the first half of each year and the balance in the second half.

The carrying amount of investment properties recorded in the balance sheet includes components relating to lease incentives and assets relating to fixed increases in operating lease rentals in future periods. Changes in fair values are recorded in the income statement as part of other income.

Investment properties under development

Investment properties under development are valued at the lower of cost and recoverable amount. An independent valuation is undertaken at practical completion of each investment property in order to assess a property's completion value. Any resultant revaluation gain or loss made while the property is under development is shown separately on the consolidated income statement from fair value gains from existing investment properties held.

(e) PROPERTY, PLANT AND EQUIPMENT

Property occupied by Australand is carried at cost. Property, plant and equipment are depreciated over their estimated useful lives using the straight-line method. Net gains and losses on disposal of plant and equipment are brought to account in determining the results for the period. The expected useful lives of plant and equipment are two to five years (2004: two to five years). The expected useful life of property is forty years (2004: forty years).

(f) VALUATION OF INVENTORIES

Inventories comprising land, land and housing, integrated land and housing, medium density, highrise developments and commercial and industrial developments are carried at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and borrowing costs incurred during development. When development is completed, borrowing costs are expensed as incurred.

(g) TRADE RECEIVABLES

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

(h) ACQUISITIONS OF ASSETS

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

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than fair value of net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(i) INTANGIBLE ASSETS

Goodwill represents excess of cost of an acquisition over fair value of the Group's share of the net identifiable assets of the acquired entity at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested for impairment annually and is carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(j) TRADE AND OTHER CREDITORS

Trade and other creditors represent liabilities for goods and services provided prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) LAND VENDOR LIABILITIES

Where the consolidated entity enters into unconditional contracts with land vendors to purchase properties for future development that contain deferred payment terms, these liabilities are discounted to their present value at the consolidated entity's cost of capital. The discount rate used as at 31 December 2005 was 7.50% (2004: 7.50%).

(l) PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

(m) LEASE INCENTIVES

Prospective lessees may be offered incentives as an inducement to enter into non-cancellable operating leases. These incentives may take various forms including, up front cash payments, rent free periods, or a contribution to certain lessee costs such as fit out or relocation costs. As these incentives are repaid out of future lease payments, they are recognised as an asset in the consolidated balance sheet as a component of the carrying amount of investment properties and amortised over the lease period.

(n) EMPLOYEE BENEFITS**(i) Wages, salaries and annual leave**

Liabilities for employee entitlements to wages and salaries, annual leave and other current employee entitlements are accrued at non-discounted amounts calculated on the basis of future wage and salary rates including on-costs.

(ii) Long service leave

Liabilities for other employee entitlements which are not expected to be paid or settled within 12 months of balance date are accrued in respect of all employees at present values of future amounts expected to be paid, based on a projected weighted average increase in wage and salary rates. Expected future payments are discounted using interest rates on national government securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(iii) Superannuation

Contributions to the Australand Superannuation Plan are charged as an expense as the contributions are paid or become payable.

(iv) Share-based payments

Share-based compensation benefits are provided to employees via the Australand Share Option Plan and the Australand Securities Ownership Plan. The fair value of options granted is determined at grant date and recognised as an expense under AIFRS with a corresponding increase in equity over their vesting period. For share options granted before 7 November 2002 and/or vested before 1 January 2005 no expense is recognised in respect of these options. The shares are recognised when the options are exercised and the proceeds received allocated to share capital.

(o) BORROWINGS AND BORROWING COSTS

Borrowings are initially recognised at fair value including transaction costs incurred. Any difference between proceeds (net of transaction costs) and redemption is recognised in the income statement over the period of the borrowings using effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Borrowing costs incurred for construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for intended use or sale. Other borrowing costs are expensed.

The capitalisation rate used to determine the amount of borrowing costs to capitalise is the weighted average interest rate applicable to the entity's outstanding borrowings during the year, in this case 6.6% (2004: 6.8%).

(p) DERIVATIVES**From 1 January 2004 to 31 December 2004**

The Group has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 from 1 January 2005. The Group has applied previous Australian GAAP (AGAAP) in the comparative information on financial instruments within the scope of AASB 132 and AASB 139. Under previous AGAAP, transaction costs were excluded from the amounts disclosed in the financial statements. Under AIFRS such costs are included in the carrying amounts. At the date of transition to AASB 132 and AASB 139 the adjustment to carrying amounts for the Group was immaterial.

From 1 January 2005

Derivatives are initially recognised at fair value on date a derivative contract is entered into and are subsequently remeasured to fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, nature of the item being hedged. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(q) TAXATION

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Australand Holdings Limited and its wholly-owned controlled entities have implemented the tax consolidation legislation as of 1 July 2003.

Australand Holdings Limited, and the controlled entities in the tax consolidation group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidation group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Australand Holdings Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from the unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Australand Property Trusts

Under current income tax legislation, Australand Property Trust, Australand Property Trust No.4 and Australand Property Trust No.5 are not liable for income tax, provided that the taxable income is fully distributed each year including any taxable capital gain derived from the sale of an asset.

(r) EARNINGS PER SECURITY

(i) Basic earnings per stapled security

Basic earnings per stapled security is determined by dividing the net profit after income tax attributable to Australand stapled security holders, excluding any costs of servicing equity other than ordinary securities, by the weighted average number of stapled securities outstanding during the year, adjusted for bonus elements in stapled securities, if any, issued during the year.

(ii) Diluted earnings per stapled security

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

(iii) Basic earnings per share – parent entity

Basic earnings per share is determined by dividing the net profit after income tax attributable to Australand Holdings Limited, excluding any costs of servicing equity other than ordinary securities, by the weighted average number of stapled securities outstanding during the year, adjusted for bonus elements in shares, if any, issued during the year.

(iv) Diluted earnings per share – parent entity

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

(s) INTEREST INCOME

Interest income is recognised under the effective interest rate method.

(t) ROUNDING OFF OF AMOUNTS

Australand is of a kind referred to in Class Order 98/100 dated 10 July 1998 issued by the Australian Securities and Investments Commission, relating to the rounding off of amounts in the Financial Report. Amounts in the Financial Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

2. EARNINGS PER STAPLED SECURITY

		Consolidated	
		2005	2004
i) Basic	- Ordinary earnings per stapled security	23.34 cents	14.63 cents
ii) Diluted	- Ordinary earnings per stapled security	23.13 cents	14.53 cents
iii) Basic	- Ordinary earnings per share – Parent Entity	9.26 cents	6.75 cents
iv) Diluted	- Ordinary earnings per share – Parent Entity	9.18 cents	6.70 cents

EARNINGS RECONCILIATION

Consolidated	\$'000	\$'000
i) Basic earnings per stapled security		
Net profit after tax	<u>201,002</u>	<u>113,133</u>
Earnings used in calculating basic earnings per security	<u>201,002</u>	<u>113,133</u>
ii) Diluted earnings per stapled security		
Net profit after tax	<u>201,002</u>	<u>113,133</u>
Earnings used in calculating diluted earnings per stapled security	<u>201,002</u>	<u>113,133</u>

The weighted average number of stapled securities on issue used in the calculation of basic ordinary earnings per stapled security was 861,314,508 stapled securities (2004: 773,386,258).

The weighted average number of stapled securities on issue used in the calculation of diluted ordinary earnings per securities was 868,895,902 stapled securities (2004: 778,592,625).

Parent Entity

iii) Basic earnings per parent entity share		
Net profit after tax	<u>79,788</u>	<u>52,180</u>
Earnings used in calculating basic earnings per share	<u>79,788</u>	<u>52,180</u>
iv) Diluted earnings per parent entity share		
Net profit after tax	<u>79,788</u>	<u>52,180</u>
Earnings used in calculating diluted earnings per share	<u>79,788</u>	<u>52,180</u>

The weighted average number of shares on issue used in the calculation of basic ordinary earnings per share – parent entity was 861,314,508 shares (2004: 773,386,258 shares).

The weighted average number of shares on issue used in the calculation of diluted ordinary earnings per share – parent entity was 868,895,902 shares (2004: 778,592,625 shares).

3. DIVIDENDS / DISTRIBUTIONS

Dividends / distributions recognised in the current year by Australand Holdings Limited, Australand Property Trust, Australand Property Trust No.4 and Australand Property Trust No.5 are:

2005	Cents per Share/Unit	Total Amount \$'000	Date of Payment	Tax Rate for Franking Credit %	Percentage Franked %
Ordinary shares					
Interim dividend	2.20 cents	19,122	04-05-05	30%	100%
Interim dividend	2.30 cents	20,076	03-08-05	30%	100%
Interim dividend	2.40 cents	20,952	04-11-05	30%	100%
Final dividend	2.50 cents	21,823	08-02-06	30%	100%
Total dividend	9.40 cents	81,973			
Units					
Interim distribution	1.80 cents	15,645	04-05-05		
Interim distribution	1.70 cents	14,839	03-08-05		
Interim distribution	1.60 cents	13,967	04-11-05		
Final distribution – APT	1.09 cents	9,482	08-02-06		
Final distribution – APT4	0.83 cents	7,281	08-02-06		
Final distribution – APT5	0.08 cents	701	08-02-06		
Total distribution	7.10 cents	61,915			
Special Dividend – Stapling of APT 4 & APT 5		8,730	14-10-05		

The Australand Distribution Reinvestment Plan (“DRP”) is in operation for the final 2005 dividend / distribution. The Record Date to determine entitlements to the final 2005 dividend / distribution and the last date for the receipt of an election notice for participation in the DRP was 5.00pm, 31 December 2005. The final 2005 dividend / distribution of 4.5 cents per stapled security is payable on 8 February 2006. This comprises a 2.5 cent per share fully franked dividend from Australand Holdings Limited, a 1.086 cent per unit distribution from Australand Property Trust (tax deferred to 13%), a 0.834 cent per unit distribution from Australand Property Trust No.4 (tax deferred to 53%) and a 0.080 cent per unit distribution from Australand Property Trust No.5 (tax deferred to 93%).

2004	Cents per Share/Unit	Total Amount \$'000	Date of Payment	Tax Rate for Franking Credit %	Percentage Franked %
Ordinary shares					
Interim dividend	2.60 cents	18,248	03-05-04	30%	100%
Interim dividend	1.97 cents	16,214	03-08-04	30%	100%
Interim dividend	2.40 cents	19,818	15-11-04	30%	100%
Final dividend	2.35 cents	19,837	02-02-05	30%	100%
Total dividend	9.32 cents	74,117			
Units					
Interim distribution	1.40 cents	9,826	03-05-04		
Interim distribution	2.03 cents	16,708	03-08-04		
Interim distribution	1.60 cents	13,212	15-11-04		
Final distribution	2.15 cents	18,149	02-02-05		
Total distribution	7.18 cents	57,895			

3. DIVIDENDS / DISTRIBUTIONS (continued)

	Consolidated	
	2005	2004
	\$'000	\$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2004: 30%)	89,396	139,071

Franking credits are available at the 30% corporate tax rate after allowing for tax payable in respect of the current period's profit, payment of proposed dividends/distributions and receipt of dividends receivable. The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends / distributions. The above amounts represent the balances of the franking accounts as at the end of the financial period, adjusted for:

- (a) franking credits that will arise from the payment of the current tax liability;
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- (c) franking credits that may be prevented from being distributed in subsequent financial years.

4. EQUITY

	Note	Consolidated 2005 \$'000	2004 \$'000
Equity			
Capital and Reserves attributable to stapled security holders as:			
Equity holders of AHL and APT			
Contributed equity		899,878	1,037,321
Reserves	4(a)	(2,364)	-
Retained profits	4(b)	144,558	98,077
Parent interest		1,042,072	1,135,398
Equity holders of other stapled entities – APT4 and APT5 (minority interest)			
Contributed equity		192,288	-
Reserves	4(a)	(10,543)	-
Retained profits	4(b)	4,016	-
		185,761	-
Total stapled security holders interest		1,227,833	1,135,398
(a) Reserves			
Hedging reserve			
Hedging reserve – cash flow hedges – AHL and APT		(4,051)	-
Hedging reserve – cash flow hedges – APT4 and APT5		58	-
Total Hedging reserve – cash flow	i)	(3,993)	-
Share based payments reserve			
Share based payments reserve – AHL	ii)	1,687	-
Capital redemption reserve			
Capital redemption reserve – APT4 and APT5	iii)	(10,601)	-
Total reserves – stapled security holders		(12,907)	-
Movements in above stapled security holders reserves comprise :			
<i>(i) Hedging reserve – cash flow hedges</i>			
Hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in note 1(p). Amounts are recognised in profit and loss when associated hedged transaction affects profit and loss.			
Balance 1 January Adjustment on adoption of AASB 132 and AASB 139, net of tax		-	-
Revaluation – gross		(3,993)	-
Balance 31 December		(3,993)	-
<i>(ii) Share-based payments reserve</i>			
The share-based payments reserve is used to recognise the fair value of securities issued			
Balance 1 January		-	-
Expense relating to share based payments		1,687	-
Balance 31 December		1,687	-
<i>(iii) Capital Redemption Reserve</i>			
Balance 1 January		-	-
Capital Reserve – stapling of APT4 and APT5		(10,601)	-
Closing Balance 31 December		(10,601)	-

4. EQUITY (continued)

	Consolidated	
	2005 \$'000	2004 \$'000
(b) Retained Profits		
<i>Equity holders of AHL and APT</i>		
- Retained profits	144,558	98,077
<i>Other stapled entities</i>		
- Australand Property Trust No.4	918	-
- Australand Property Trust No.5	3,098	-
	4,016	-
Total stapled security holders retained profits :	148,574	98,077
<i>Retained profits comprises:</i>		
Balance 1 January	98,077	116,956
Pre acquisition adjustment - Australand Property Trust No.5	992	-
Net profit attributable to the stapled security holders of Australand	201,002	113,133
Distributions / Dividends	(152,618)	(132,012)
Employee share options	1,121	-
Balance 31 December	148,574	98,077

5. REVENUE

	Consolidated	
	2005 \$'000	2004 \$'000
Sales revenue		
Property development sales	1,421,504	1,033,981
Rent from investment properties	70,966	45,362
	1,492,470	1,079,343
Other revenue		
Interest received or receivable from:		
- Trade debtors	1,555	984
- Other	5,957	7,864
Sundry income	32,323	35,414
Distributions from investments in unlisted trusts	826	756
Gain on sale of non current assets	7	-
	40,668	45,018
Revenue (excluding share of equity accounted net profits of associates and joint ventures)	1,533,138	1,124,361

6. EXPENSES

	Consolidated	
	2005 \$'000	2004 \$'000
Profit before income tax expense includes the following expenses:		
Expenses		
Cost of property sold excluding recovery of capitalised borrowing cost	1,138,308	786,587
Capitalised borrowing cost recovered in cost of property sold	63,229	24,659
Total cost of properties sold	<u>1,201,537</u>	<u>811,246</u>
Depreciation of plant and equipment	2,735	5,143
Finance costs - net:		
Interest paid or payable to other parties	67,682	66,093
Finance charges relating to loan establishment and financing fees	6,931	12,537
	<u>74,613</u>	<u>78,630</u>
Less: Amount capitalised	(30,165)	(52,118)
Finance costs expensed	<u>44,448</u>	<u>26,512</u>
Net profit on disposal of investment property	-	4,013
Amounts set aside to provisions:		
- Employee entitlements	9,978	13,397
- Bad and doubtful debts	-	(182)
Total provisions	<u>9,978</u>	<u>13,215</u>
Superannuation expense	7,273	6,530
Operating lease rentals:		
- Premises	3,325	2,958
- Motor vehicles	997	815
- Office equipment	17	10
- Computer equipment	1,065	956
Total operating lease rentals	<u>5,404</u>	<u>4,739</u>

7. INCOME TAX EXPENSE

	Consolidated	
	2005	2004
	\$'000	\$'000
Current tax	35,112	49,283
Deferred tax (i)	(776)	(9,268)
Under / (over) provided in prior years	(3,484)	(1,862)
	<hr/>	<hr/>
Income tax expense from continuing operations	30,852	38,153
	<hr/>	<hr/>
(i) Deferred income tax (revenue) / expense included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	983	(10,560)
(Decrease) / increase in deferred tax liabilities	(207)	1,292
	<hr/>	<hr/>
	776	(9,268)
	<hr/>	<hr/>
Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	236,978	153,908
	<hr/>	<hr/>
Tax at the Australian tax rate of 30% (2004 - 30%)	71,093	46,172
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments – employee options	506	-
Goodwill	-	9,862
APT non taxable profit	(36,600)	(17,391)
Sundry items	458	1,372
Under (over) provision in prior years	(3,484)	(1,862)
Prior year tax losses not recognised now recouped	(1,121)	-
	<hr/>	<hr/>
Income tax expense	30,852	38,153
	<hr/>	<hr/>

8. COMPARISON OF HALF YEAR PROFITS

	Consolidated	
	2005 \$'000	2004 \$'000
Consolidated profit from ordinary activities after tax attributable to security holders reported for the first half year	89,821	49,804
Consolidated profit from ordinary activities after tax attributable to security holders reported for the second half year	111,181	63,329
Consolidated profit from ordinary activities after tax attributable to security holders	<u>201,002</u>	<u>113,133</u>

9. ASSETS HYBRID EQUITY AND MINORITY INTEREST IN DEVELOPMENT PROJECTS

	Consolidated	
	2005 \$'000	2004 \$'000
Share capital	268,658	4,108
Retained profits	-	2,621
	<u>268,658</u>	<u>6,729</u>

10. CONTINGENCIES

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

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

	2005 \$'000	2004 \$'000
Bank guarantees outstanding	57,210	46,388
Insurance bonds outstanding	<u>26,560</u>	<u>31,621</u>
	<u>83,770</u>	<u>78,009</u>

- (b) In the ordinary course of business, the Group provides rental guarantee arrangements to tenants and owners of various residential buildings, which the Group is developing or has completed. These arrangements require the Group to guarantee the rental income of these properties for certain periods of time. As at the date of this report, the Directors are of the opinion that based on the current lease commitments, together with the allowances made within the development budgets for these property developments adequate allowance has been made in the financial statements for these potential obligations.

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

10. CONTINGENCIES (continued)

- (d) Due to the nature of the Group's development operations, which can involve complex financing structures and joint venture arrangements, the Australian Taxation Office ("ATO") periodically reviews and queries the taxation treatment of various transactions, which could result in additional tax being levied. The Group is confident that past taxation treatments are sound and in accordance with tax law, and where such ATO queries arise, the Group's position is vigorously defended. Based on independent tax advice, the Directors are satisfied that the current taxation provisions are adequate.

11. BUSINESS COMBINATION
(i) Stapling of Australand Property Trust No.4

During the financial year, the Group consolidated the results of Australand Property Trust No. 4. This was funded by Australand security holders via the compulsory application of a special dividend of 1 cent per share from Australand Holdings Limited and a return of 20.151 cents per unit from Australand Property Trust. The consolidated operating results of Australand Property Trust No. 4 have been included in the statement of financial performance from 1 October 2005.

	Consolidated 2005 \$'000	Consolidated 2004 \$'000
Cash outflows relating to the stapling:		
Special dividend and capital distribution in respect of the stapling of APT 4	128,614	-
Direct costs relating to the stapling	1,773	-
Total cash outflow	<u>130,387</u>	<u>-</u>
Fair value of net identifiable assets stapled	124,248	-
Capital redemption reserve	<u>(6,139)</u>	<u>-</u>
Stapling cash outflow		
Outflow of cash to staple the entity, net of cash acquired:		
Gross cash outflow	130,387	-
Less: Cash balance acquired	<u>(5,459)</u>	<u>-</u>
Net cash outflow	<u>124,928</u>	<u>-</u>

11. BUSINESS COMBINATION (continued)
Assets and liabilities stapled

The assets and liabilities arising from the stapling are as follows:

	Acquiree's carrying amount \$'000	Fair value \$'000
Cash	5,459	5,459
Trade receivables	1,878	1,878
Investment properties	265,400	267,173
Plant and equipment	10	10
Prepayments	180	180
Other assets	762	762
Trade payables	(4,246)	(4,246)
Interest bearing debt	(135,846)	(135,846)
Derivative financial instruments	196	196
Provisions	(2,672)	(2,672)
Net assets	<u>131,121</u>	<u>132,894</u>
Australand Holdings Limited – Parent interest		<u>(8,646)</u>
Net identifiable assets acquired		<u><u>124,248</u></u>

(ii) Stapling of Australand Property Trust No.5

During the financial year, the Group consolidated the results of Australand Property Trust No. 5. This was funded by Australand security holders via the compulsory application of a special dividend of 1 cent per share from Australand Holdings Limited and a return of 20.151 cents per unit from Australand Property Trust. The consolidated operating results of Australand Property Trust No. 5 have been included in the statement of financial performance from 1 October 2005.

	Consolidated 2005 \$'000	Consolidated 2004 \$'000
Cash outflows relating to the stapling:		
Special dividend and capital distribution in respect of the stapling of APT 5	55,861	-
Direct costs relating to the stapling	1,388	-
Total cash outflow	<u>57,249</u>	<u>-</u>
Fair value of net identifiable assets stapled	52,787	-
Capital redemption reserve	(4,462)	-
Stapling cash outflow		
Outflow of cash to staple the entity, net of cash acquired:		
Gross cash outflow	57,249	-
Less: Cash balances acquired	(4,702)	-
Net cash outflow	<u>52,547</u>	<u>-</u>

11. BUSINESS COMBINATION (continued)
Assets and liabilities stapled

The assets and liabilities arising from the stapling are as follows:

	Acquiree's carrying amount \$'000	Fair value \$'000
Cash	4,702	4,702
Trade receivables	379	379
Investment properties	130,621	132,009
Prepayments	78	78
Other assets	343	343
Trade payables	(2,917)	(2,917)
Interest bearing debt	(71,914)	(71,914)
Derivative financial instruments	(252)	(252)
Other liabilities	(2,664)	(2,664)
Net assets	<u>58,376</u>	<u>59,764</u>
Australand Property Trust – Existing interest		<u>(6,977)</u>
Net identifiable assets acquired		<u><u>52,787</u></u>

12. SEGMENT REPORTING

The consolidated entity operates wholly within Australia and is organised into the following divisions:

- Residential
- Commercial & Industrial
- Investment Property

2005 Business Segment Summary	Residential	Commercial & Industrial	Total Developer	Investment Property	Unallocated	Eliminations	Consolidated
\$'000							
Revenue	1,133,789	663,783	1,797,572	75,389	-	(123,766)	1,749,195
Less: property development sales revenue from joint venture partnerships	(186,074)	(67,121)	(253,195)	-	-	37,138	(216,057)
Segment Revenue	947,715	596,662	1,544,377	75,389	-	(86,628)	1,533,138
Segment result before interest expense and interest in cost of goods sold	156,090	51,331	207,421	62,546	(6,869)	(10,513)	252,585
Development profit through valuation of properties transferred to Australand Property Trusts	-	-	-	-	-	11,280	11,280
Capitalised interest in cost of goods sold & other interest	(44,566)	(38,973)	(83,539)	(1,340)	(17,529)	-	(102,408)
Revaluation of Investment Property	-	-	-	57,509	-	(3,800)	53,709
Interest & other fees charged between developer and Trust *	-	-	-	10,023	-	(10,023)	-
Net segment result after interest expense	111,524	12,358	123,882	128,738	(24,398)	(13,056)	215,166
Interest revenue	-	-	-	-	1,541	-	1,541
Share of net profits of associates and joint venture partnerships accounted for using the equity method	23,954	19,376	43,330	-	-	(3,201)	40,129
Unallocated corporate costs	-	-	-	-	(19,858)	-	(19,858)
Profit from ordinary activities before tax	135,478	31,734	167,212	128,738	(42,715)	(16,257)	236,978
Income tax expense							(30,852)
Net Profit							206,126

*Inter-segment interest and fees have not been allocated to divisions within the developer.

12. SEGMENT REPORTING (Continued)

Business Segment Summary	Residential	Commercial & Industrial	Total Development	Property Investment	Unallocated	Eliminations	Consolidated
2005							
\$'000							
Total segment assets	1,374,843	229,013	1,603,856	1,462,669	62,615	(47,875)	3,081,265
Total segment liabilities	833,507	277,739	1,111,246	406,148	67,380	-	1,584,774
Investments in associates and joint venture partnerships	208,343	(9,195)	199,148	-	-	-	199,148
Acquisitions of property, plant and equipment	1,512	756	2,268	-	-	-	2,268
Depreciation and amortisation expense	1,164	541	1,705	-	-	1,030	2,735
Other non-cash expenses	(2,048)	751	(1,297)	-	-	-	(1,297)

12. SEGMENT REPORTING (Continued)

2004 Business Segment Summary	Residential	Commercial & Industrial	Total Developer	Investment Property	Unallocated	Eliminations	Consolidated
\$'000							
Revenue	920,113	276,432	1,196,545	55,660	2,845	(5,975)	1,249,075
Less: property development sales revenue from joint venture partnerships	(98,349)	(26,365)	(124,714)	-	-	-	(124,714)
Segment Revenue	821,764	250,067	1,071,831	55,660	2,845	(5,975)	1,124,361
Segment result before interest expense and interest in cost of goods sold	153,766	18,819	172,585	47,200	734	1,356	221,875
Capitalised interest in cost of goods sold & other interest	(39,436)	(9,660)	(49,096)	(2,076)	-	-	(51,172)
Interest & other fees charged between developer and Trust *	-	-	-	15,829	-	(15,829)	-
Net segment result after interest expense	114,330	9,159	123,489	60,953	734	(14,473)	170,703
Interest revenue	-	-	-	-	3,112	-	3,112
Share of net profits of associates and joint venture partnerships accounted for using the equity method	17,413	8,621	26,034	-	-	-	26,034
Unallocated corporate costs	-	-	-	-	(13,067)	-	(13,067)
Profit from ordinary activities before tax and goodwill	131,743	17,780	149,523	60,953	(9,221)	(14,473)	186,782
Goodwill write off (AIFRS)							(32,874)
Income tax expense							(38,153)
Net Profit							115,755

*Inter-segment interest and fees have not been allocated to divisions within the developer.

Business Segment Summary 2004	Residential	Commercial & Industrial	Total Development	Property Investment	Unallocated	Consolidated
\$'000						
Total segment assets	1,326,912	605,643	1,932,555	622,837	12,772	2,568,164
Total segment liabilities	175,815	425,313	601,128	22,290	802,618	1,426,036
Investments in associates and joint venture partnerships	126,919	11,494	138,413	-	-	138,413
Acquisitions of property, plant and equipment	2,267	1,133	3,400	8,686	-	12,086
Depreciation and amortisation expense	2,328	1,011	3,339	-	1,803	5,142
Other non-cash expenses	272	(759)	(487)	-	-	(487)

13. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRSs

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to International Financial Reporting Standards' (AIFRS)

(i) At the date of transition to AIFRS: 1 January 2004

	Notes	Previous AGAAP \$'000	Effect of Transition to AIFRS \$'000	AIFRS \$'000
Current assets				
Cash assets		30,567	-	30,567
Receivables	(a)	341,988	(147,546)	194,442
Inventories	(a), (h)	494,397	413,862	908,259
Other		7,226	-	7,226
Total current assets		874,178	266,316	1,140,494
Non-current assets				
Inventories		556,208	-	556,208
Investments accounted for using the equity method		109,512	(1,070)	108,442
Other financial assets		34,690	-	34,690
Property, plant and equipment	(b)	4,304	36,699	41,003
Investment properties	(b)	374,376	(37,000)	337,376
Deferred tax assets		-	3,996	3,996
Intangible assets	(c)	54,789	(21,916)	32,873
Total non-current assets		1,133,879	(19,291)	1,114,588
Total assets		2,008,057	247,025	2,255,082
Current Liabilities				
Payables		187,061	(22,762)	164,299
Interest bearing liabilities	(d), (h)	247,601	76,550	324,151
Current tax liabilities		44,967	-	44,967
Provisions		39,868	(90)	39,778
Land vendor liabilities		85,781	-	85,781
Total current liabilities		605,278	53,698	658,976
Non-current liabilities				
Interest bearing liabilities	(d), (h)	374,000	292,834	666,834
Deferred tax liabilities		20,096	(20,096)	-
Provisions		1,715	-	1,715
Land vendor liabilities		12,160	-	12,160
Total non-current liabilities		407,971	272,738	680,709
Total liabilities		1,013,249	326,436	1,339,685
Net assets		994,808	(79,411)	915,397
EQUITY				
Contributed equity		794,333	-	794,333
Reserves	(f), (g)	5,018	(5,018)	-
Retained profits		190,108	(73,151)	116,957
Total consolidated entity interest		989,459	(78,169)	911,290
Minority interest		5,349	(1,242)	4,107
Total equity		994,808	(79,411)	915,397

13. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRS (continued)

(ii) At the end of the last full year reporting period under previous AGAAP: 31 December 2004

	Notes	Previous AGAAP \$'000	Effect of Transition to AIFRS \$'000	AIFRS \$'000
Current assets				
Cash assets		7,786	-	7,786
Receivables	(a)	475,753	(200,444)	275,309
Inventories	(a), (h)	468,127	524,625	992,752
Other		7,309	-	7,309
Total current assets		958,975	324,181	1,283,156
Non-current assets				
Inventories		512,246	-	512,246
Investments accounted for using the equity method		140,586	(2,173)	138,413
Other financial assets		12,715	-	12,715
Property, plant and equipment	(b)	4,357	34,896	39,253
Investment properties	(b)	604,582	(37,000)	567,582
Intangible assets	(c)	49,464	(49,464)	-
Future income tax benefit		-	14,798	14,798
Total non-current assets		1,323,950	(38,943)	1,285,007
Total assets		2,282,925	285,238	2,568,163
Current Liabilities				
Payables		166,579	(28,163)	138,416
Interest bearing liabilities	(d), (h)	-	444,068	444,068
Current tax liabilities		22,084	(791)	21,293
Provisions		46,958	-	46,958
Land vendor liabilities		10,016	-	10,016
Total current liabilities		245,637	415,114	660,751
Non-current liabilities				
Interest bearing liabilities	(d), (h)	758,005	-	758,005
Deferred tax liabilities		10,820	(10,820)	-
Provisions		1,707	-	1,707
Land vendor liabilities		5,573	-	5,573
Total non-current liabilities		776,105	(10,820)	765,285
Total liabilities		1,021,742	404,294	1,426,036
Net assets		1,261,183	(119,056)	1,142,127
EQUITY				
Contributed equity		1,045,291	(7,970)	1,037,321
Reserves	(f), (g)	5,752	(5,752)	-
Retained profits		203,223	(105,146)	98,077
Total aggregated entity interest		1,254,266	(118,868)	1,135,398
Minority interest in controlled entities		6,917	(188)	6,729
Total equity		1,261,183	(119,056)	1,142,127

13. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRS (continued)
(2) Reconciliation of profit for the year ended 31 December, 2004

	Notes	Previous AGAAP \$'000	Effect of Transition to AIFRS \$'000	AIFRS \$'000
Revenue	(a), (d)	1,231,017	(111,403)	1,119,614
Other income		-	4,747	4,747
Cost of properties sold	(d)	(908,996)	97,750	(811,246)
Investment property expenses		(8,046)	-	(8,046)
Employee expenses		(88,654)	-	(88,654)
Depreciation	(b)	(3,339)	(1,804)	(5,143)
Impairment of goodwill	(c)	(5,326)	5,326	-
Borrowing costs expense	(e)	(35,242)	8,730	(26,512)
Other expenses from ordinary activities		(21,475)	(2,537)	(24,012)
Share of net profits of joint ventures accounted for using the equity method		26,679	(645)	26,034
Write off goodwill	(c)	-	(32,874)	(32,874)
Profit from ordinary activities before income tax	(a)	186,618	(32,710)	153,908
Income tax expense		(39,923)	1,770	(38,153)
Net profit		146,695	(30,940)	115,755
Net profit/(loss) attributable to minority interests		(1,568)	(1,054)	(2,622)
Net profit attributable to the stapled security holders of Australand		145,127	(31,994)	113,133
Increase in asset revaluation reserve due to fair value adjustment	(g)	734	(734)	-
Total profit attributable to stapled security holders of Australand		145,861	(32,728)	113,133

(3) Reconciliation of cash flow statement for the year ended 31 December 2004.

The adoption of AIFRS has not resulted in any material adjustments to the cash flow statement.

(4) Notes to the reconciliations
(a) Revenue recognition

Revenue and profits on the development of apartments and residential property were previously recognised on the percentage of completion basis. Under AIFRS, recognition is deferred until settlement. The revenue recognition policy under AIFRS also has a significant effect on the restated carrying value of certain assets in prior periods. For inventory, the deferred recognition of revenue has resulted in a gross up to restate inventory at each reporting date. This gross up reflects certain inventory remaining on hand under AIFRS at the reporting date which would remain on hand until actual settlement and the recognition of the revenue. Receivables also decrease at each prior reporting period on the basis of the sales being deferred.

AIFRS requires rental income from operating leases to be recognised on a straight line basis over the term of the lease. As many of Australand's operating leases with tenants incorporate fixed annual increases, an adjustment is made each year to reflect the rental income arising from the cumulative future fixed increases applicable to the current year. These amounts are included in rental income with a corresponding asset shown as a component of the carrying amount of investment properties.

13. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRS (continued)

(b) Owner occupied investment properties

Where the group occupies a significant portion of a building, that building can no longer be classified as an investment property. Instead, the property is now classified as a fixed asset and depreciated.

(c) Impairment – Goodwill

The impairment test under AIFRS is more stringent and specific than under the old AASB standard, requiring allocations to specific cash-generating units and the use of discounted cash flows. Using the more stringent tests, the directors have determined that goodwill was impaired at transition and further impaired at 31 December 2004.

(d) Yield Guarantees

Revenue and profits on the developments of commercial and industrial properties for Wholesale Property Trusts and other institutional investors were previously recognised on the percentage of completion basis. As Australand has provided yield guarantees to the investors in these Trusts until the completion of the final Trust property, under AASB118: *Revenue*, revenue recognition is now deferred until the guarantee falls away. This change also affects the prior reporting period balance sheets. Under AGAAP, progress claims under percentage of completion were recognised as revenue. Under AIFRS, these progress claims are treated as loans and as such, the loan balances are grossed up in the prior period comparatives.

(e) Borrowing Costs

Under AIFRS, Australand has the option of either capitalising or expensing borrowing costs in respect of qualifying assets. The Group will continue with its normal policy of capitalising borrowing costs in respect of qualifying assets.

(f) Internally constructed investment properties

Under AIFRS, investment properties that are developed internally are required to be carried at cost during development, but will be remeasured to fair value (market value) through the income statement at practical completion.

(g) Revaluation of investment properties

Under AIFRS, investment properties are either valued at fair value (market value) with increments/decrements going through the consolidated income statement or measured at cost and depreciated. Based on the property industry practice of annually revaluing properties, Australand have adopted the fair value approach. This change results in the de-recognition of the assets revaluation reserve.

(h) Secured loans

Under AGAAP, where loans were secured against development assets, the asset and loan were able to be offset in the balance sheet. Under AIFRS, these loans need to be separately disclosed. As such, the loan balances and the related inventory balances are grossed up in the prior period comparatives.

14. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no significant events or transactions that have arisen since the end of the financial period, which in the opinion of the Directors, would affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity.

Other Information

a) Control gained over entities having material effect:

The stapling of Australand Property Trust No.4 and Australand Property Trust No.5 - refer Note 11.

b) Control lost over entities having material effect:

During the year the interest in the following material entities (and their wholly owned subsidiaries) were disposed of:

Name of entity	Date of disposal	Ownership interest disposed of	Profit recognised on disposal \$'000
Australand W9&10 Construction Stage 3B Pty Ltd	11 Aug 2005	100%	-
Australand W9&10 Construction Stage 3C Pty Ltd	19 Dec 2005	100%	-
Australand W9&10 Construction Stage 4B Pty Ltd	19 Dec 2005	100%	-

c) Details of aggregate share of profits of associates and joint venture entities:

	2005 \$'000	2004 \$'000
Profit from ordinary activities before tax	40,129	26,034
Income tax on ordinary activities	(12,039)	(7,810)
Profit from ordinary activities after tax	28,090	18,224
Share of net profit of associates and joint venture entities	28,090	18,224

d) Material interests in entities which are not controlled entities:

Name of entity	Note	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss)	
		Current period	Previous corresponding period	2005 \$'000	2004 \$'000
Equity accounted associates and joint venture entities		%	%		
Australand Holdings Limited & BMD Constructions Pty Ltd		50%	50%	1,486	1,055
Australand Land and Housing No. 5 (Hope Island) Pty Limited		50%	50%	-	-
Australand Land and Housing No. 6 (Baldi) Pty Limited		50%	50%	-	-
Australand Land and Housing No. 7 (Hope Island) Pty Limited		50%	50%	-	-
Australand Land and Housing No. 8 (Hope Island) Pty Limited		50%	50%	-	-
Australand United Pty Ltd		50%	50%	-	-
Avon Road Pymble Pty Ltd		50%	50%	-	-
Baldi Unit Trust		50%	50%	-	-
Balmain Shores Pty Ltd		50%	50%	-	-
Brisun Pty Ltd		50%	50%	-	44
Camden Green Pty Limited		50%	50%	944	2,176
Chymont Pty Limited		50%	50%	2,379	1,875
- Chymont Unit Trust		50%	50%	-	-
Chymont (Port Melbourne) Pty Limited		50%	50%	-	-
- Port Melbourne Unit Trust		50%	50%	-	-
CIP ALZ (BBP) Trust		50%	50%	-	-
CIP ALZ (Goulburn) Pty Ltd	(a)	50%	-	-	-
CIP ALZ Goulburn Industrial Unit Trust	(a)	50%	-	-	-
CIP ALZ (MA) Pty Ltd		50%	50%	-	-
CIP ALZ (MA) Trust		50%	50%	-	-
Commercial & Industrial Property (ALZ - BBP) Pty Ltd		50%	50%	462	-
Commercial & Industrial Property (MT Waverley) Pty Ltd		50%	50%	-	-

Commercial & Industrial Property (MT Waverley) Trust		50%	50%	4,784	674
Commercial & Industrial Property (Pinkenba) Pty Ltd		50%	50%	-	-
Commercial & Industrial Property (Pinkenba) Trust		50%	50%	-	-
Commercial & Industrial Property (Port Melbourne) Pty Ltd		50%	50%	-	-
Commercial & Industrial Property (Port Melbourne) Trust		50%	50%	1,124	-
Croydon Development Trust		50%	50%	-	-
Deer Park Development Trust No. 1	(c)	100%	50%	-	-
Discovery Point Pty Limited and Landcom		50%	50%	-	-
Freshwater Residential Unit Trust (formerly Freshwater Residential Trust)		50%	50%	-	-
Freshwater Settlements Pty Limited		50%	50%	-	-
Glebe Harbour Unit Trust		50%	50%	1,007	2,174
Glenwood Land Unit Trust		50%	50%	1,622	3,037
Kellyville Construction Partnership		50%	50%	143	-
Land and Housing No.1 Unit Trust		50%	50%	-	-
LMMBI Pty. Ltd.		50%	50%	-	-
- LMMBI Unit Trust		50%	50%	-	-
Minto Industrial Developments Pty Ltd		50%	50%	-	-
Minto Industrial Development Trust		50%	50%	-	-
Morton Homestead Pty Ltd	(a)	50%	-	3,767	-
Motorway Business Park Pty Ltd		50%	50%	7,427	4,541
Soncal Pty Limited		50%	50%	-	-
Sur-Mer (Cronulla) Pty Ltd		50%	50%	-	-
Torquay Nominee Pty Limited		50%	50%	468	-
Australand Industrial No 16 Pty Ltd	(c)	100%	50%	-	-
Lincoln Health Estate Pty Ltd	(a)	50%	-	-	-
- Trust Project No.9 Trust		50%	50%	10,058	8,761
Australand Industrial No 18 Pty Ltd				-	-
- Trust Project No.11 Trust	(c)	100%	50%	-	-
Village Park Consortium		50%	50%	4,458	-
W9 & 10 Construction Stage 1 Partnership		50%	50%	-	(7)
W9 & 10 Construction Stage 2 Pty Ltd		50%	50%	-	-
W9 & 10 Construction Stage 2 Partnership		50%	50%	-	26
W9 & 10 Construction Stage 3 Partnership		50%	50%	-	(599)
W9 & 10 Construction Stage 3A Financing Pty Ltd		50%	50%	-	-
W9 & 10 Construction Stage 3A Pty Ltd		50%	50%	-	-
W9 & 10 Construction Stage 3B Pty Ltd	(b)	-	50%	-	655
W9 & 10 Construction Stage 3B Partnership	(b)	-	50%	-	-
W9 & 10 Construction Stage 3C Pty Ltd	(b)	-	50%	-	(252)
W9 & 10 Construction Stage 3C Partnership	(b)	-	50%	-	-
W9 & 10 Construction Stage 4 Pty Ltd		50%	50%	-	-
W9 & 10 Construction Stage 4A Partnership		50%	50%	-	40
W9 & 10 Construction Stage 4B Pty Ltd	(b)	-	50%	-	-
W9 & 10 Construction Stage 4B Partnership	(b)	-	50%	-	124
W9 & 10 Stage 1 Partnership		50%	50%	-	(40)
W9 & 10 Stage 2 Pty Ltd		50%	50%	-	-
W9 & 10 Stage 2 Partnership		50%	50%	-	2,371
W9 & 10 Stage 3A Pty Ltd		50%	50%	-	-
W9 & 10 Stage 3A Partnership		50%	50%	-	(66)
W9 & 10 Stage 4 Pty Ltd		50%	50%	-	-
W9 & 10 Stage 4A Partnership		50%	50%	-	90
W9 & 10 Stage 4B Pty Ltd		50%	50%	-	-
W9 & 10 Stage 4B Partnership		50%	50%	-	-
Wharf Developments Pty Ltd		50%	50%	-	-
The Wharf at Woolloomooloo Pty Ltd		50%	50%	-	-
Woolloomooloo Unit Trust		50%	50%	-	-
Total				40,129	26,679
Other material interests				-	(645)
Total				40,129	26,034

(a) Joint venture entities created during the year.

(b) Joint venture entities disposed of during the year.

(c) Joint venture interest acquired during the year.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held as follows:

Place: Perth Room,
Sofitel Wentworth Sydney
61-101 Phillip Street, Sydney

Date: 20 April 2006

Time: 10.00am

Approximate date the annual
report will be available: 20 March 2006

COMPLIANCE STATEMENT

1. This report has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board, Corporations Act 2001 and other standards acceptable to the Australian Stock Exchange.
2. This report and the financial statements upon which the report is based, use the same accounting policies.
3. This report does give a true and fair view of the matters disclosed.
4. This report is based on financial statements that are in the process of being audited, and therefore, no audit report has been attached.
5. Australand has a formally constituted audit committee.

Dated at Sydney this 6th day of February 2006.



Brendan Crotty
Managing Director