



Australand Property Group

Appendix 4D

**Half-year ended
30 June 2004**

This half-year financial report constitutes the Appendix 4D prepared in accordance with the Australian Stock Exchange Listing Rules and does not include all of the notes normally included in an annual financial report. Accordingly, it is recommended that this report be read in conjunction with the annual report for the year ended 31 December 2003 and any public announcements made by Australand Property Group during the half year to 30 June 2004.

**APPENDIX 4D - HALF YEAR REPORT
FOR THE PERIOD ENDED 30 JUNE 2004**

AUSTRALAND PROPERTY GROUP COMPRISING AUSTRALAND HOLDINGS LIMITED (ABN 12 008 443 696) AND AUSTRALAND PROPERTY LIMITED (ABN 90 105 462 137) AS THE RESPONSIBLE ENTITY OF AUSTRALAND PROPERTY TRUST (ARSN 106 680 424)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				Aggregated June 2004 A\$'000
Revenue from ordinary activities	down	23.4%	to	472,087
Profit from ordinary activities after tax attributable to stapled security holders	up	25.7%	to	51,745
Net profit after tax attributable to stapled security holders	up	25.7%	to	51,745
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Distributions		Amount per stapled security		Franked amount per stapled security
Interim distribution - June 2004 half year:				
March 2004 quarter - paid		4.0 cents		2.6 cents
June 2004 quarter - declared (to be paid on 3 August 2004)		4.0 cents		2.0 cents
Total		8.0 cents		4.6 cents
Previous corresponding period (dividend on ordinary shares)		6.0 cents		6.0 cents
Record date for determining entitlements to the 2004 June quarter distribution				5:00pm, 30 June 2004

Explanation of results

Please refer to the commentary within the Directors' Report for an explanation of the results.

Directors' Report

Australand Property Group comprises Australand Holdings Limited and Australand Property Limited as the responsible entity of Australand Property Trust. Australand Holdings Limited and Australand Property Limited have identical Boards of Directors. The term Board hereafter should be read as references to both these Boards.

The Directors of the Board present their Report, together with the aggregated Financial Report of Australand Property Group for the period ended 30 June 2004, and the Independent Review Report thereon. The aggregated Financial Report of Australand Property Group relates to the consolidated Financial Reports of Australand Holdings Limited and its controlled entities (the Company) and Australand Property Trust and its controlled entities (the Trust).

DIRECTORS

The Directors of the Board in office at any time during the financial period or since the end of the financial period are set out below. Each Director was in office for the whole of the financial period unless stated otherwise:

Tham Kui Seng (Chairman)
 James Glen Service, AO (Deputy Chairman)
 Brendan Patrick Crotty (Managing Director)
 William John Beerworth
 Lt Gen (Ret'd) Winston Choo
 Ian Farley Hutchinson
 Jennifer Loh - resigned 27 February 2004
 Kee Teck Koon - appointed 27 February 2004
 Lui Chong Chee

DISTRIBUTIONS

Dividends paid or declared by Australand Holdings Limited and distributions paid or declared by Australand Property Trust to members since the end of the previous financial year were:

Type	Payment per stapled security	Total amount A\$'000	Date of payment
Stapled securities			
Final for 2003	4.4 cents	30,068	2 February 2004
Interim for March quarter 2004	4.0 cents	28,073	3 May 2004
Interim for June quarter 2004	4.0 cents	32,923	3 August 2004

Dividends on ordinary shares were fully franked at the prevailing tax rate of 30%. Distributions by Australand Property Trust declared for the March and June quarters 2004 were tax deferred to the extent of 27.14% of the amount distributed.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following significant changes in the state of affairs of Australand Property Group occurred during the financial period:

- Australand Property Trust acquired all the units in Australand Wholesale Property Trust No. 3 not already held by Australand Holdings Limited or its subsidiaries;
- Additional equity of \$189 million was raised in May 2004 through a non-renounceable 1 for 7 entitlement offer, raising \$164 million, and an institutional placement of \$25 million. These funds were used to fund the acquisition of Australand Wholesale Property Trust No. 3 and to reduce the level of gearing;
- Group debt was refinanced including:
 - a new \$600 million Syndicated Multi Option corporate facility comprising \$550 million bills and \$50m bank guarantee in June 2004;
 - the raising of \$315 million via a 5 year commercial mortgage backed securitisation ("CMBS") issue in June 2004; and
 - the repayment of the Group's \$50 million unsecured notes on 30 June 2004.

There were no other significant changes in the state of affairs of Australand Property Group during the financial period.

REVIEW OF OPERATIONS

The June 2004 half year results can be summarised as follows:

	Half Year June 2004	Half Year June 2003	Change
Gross Revenue (\$m)	472.1	616.5	- 23.4%
Operating Profit before Tax (\$m)	63.4	66.3	- 4.4%
Net Profit after Tax and outside equity interests (\$m)	51.7	41.2	+ 25.7%

Key Ratios are:

Earnings per Stapled Security (per share in 2003) (cents)	7.1	7.4	- 4.3%
Dividend/distribution per Stapled Security (per share in 2003) (cents)	8.0	6.0	+ 33.3%
Return on Security holders' Funds ¹ (%)	8.7	10.4	- 19.5 %
Gearing Ratio - External Liabilities to Tangible Assets ² (%)	49.2	50.8	- 3.3%
Net Tangible Asset Backing per stapled security (per share in 2003) (\$)	1.39	1.31	+ 6.1%

¹ Net profit after tax ÷ Total stapled group equity interest

² Total liabilities less cash ÷ Tangible assets less cash

GROUP OVERVIEW

As evidenced by the result for the June 2004 half year, the Group's stapling strategy is already paying dividends with Australand Property Trust contributing a reportable profit of \$27.7 million. The acquisition of Australand's third wholesale property trust in May 2004, will enable Australand Property Trust to generate higher reportable recurrent income, during the December 2004 half year.

Although the weak market conditions in the apartment sector have contributed to a previously foreshadowed reduction in the profitability of the Apartment Division and some short term issues eroded the Commercial and Industrial Division's results, the Group achieved the following important strategic objectives during the last six months:

- the acquisition of Australand Wholesale Property Trust No.3, which increased the total value of the Group's income producing assets from approximately \$380 million to in excess of \$600 million, with a resultant increase in the proportion of recurrent income;
- the raising of \$189 million additional equity.
- the procurement of town planning consents for a number of major residential projects that will underpin 2005 and 2006 profitability;
- the negotiation of 15 substantial pre-commitments on the Group's industrial estates; and
- an increase in the maturity to five years, of 40% of the Group's debt facilities and a reduction in the weighted average interest rate payable in respect of the Group's debt.

DIVISIONAL OVERVIEW

Land and Housing

The Division generated revenue of \$230.1 million from the sale of 816 lots and the construction and sale of 313 dwellings. Whilst revenue was down marginally by 1.9% from that achieved for the June 2003 half year, operating profit before tax increased 10.5% to \$55.8 million over the corresponding period, reflecting an improvement in margins from 21.5% in June 2003 to 24.2% in June 2004, assisted by higher contributions from joint ventures. Whilst market sentiment has turned down over the past six months as a result of interest rate increases in late 2003 and the negative publicity surrounding the housing market, housing fundamentals continue to be sound.

Activity in the middle and outer suburbs of the four major cities in which Australand operates remains solid, albeit at lower levels than in 2003. This is reflected in the Division's pre sales as at 30 June 2004 of 487 lots and 201 dwellings with a value of \$142.2 million, which will be brought to account in the second half of 2004.

The Division's projected longer term yields and sales revenue from Australand's existing Land and Housing projects is currently anticipated to be as follows:

	No of Projects	PROJECTED FUTURE YIELD		PROJECTED FUTURE REVENUE		ESTIMATED TRADING LIFE
		Number		\$ million		Years
		Land	Housing	Land	Housing	
Sydney	18	2,565	1,947	691	1,159	up to 6
Melbourne	40	5,896	2,333	896	774	up to 10
SE Queensland	19	815	1,625	189	935	up to 7
Perth	15	2,131	323	430	151	up to 4
Total	92	11,407	6,228	2,206	3,019	
Wholly owned	75	3,830	3,633	720	1,671	
Interest in Joint Ventures	17	7,577	2,595	1,486	1,348	
Total	92	11,407	6,228	2,206	3,019	

Apartments

As foreshadowed earlier this year, the Apartments Division's pre tax operating profit is lower than the corresponding period in 2003 principally due to the lower level of pre-sales held at the start of the period. For the six months ended 30 June 2004, the Apartments Division generated a profit of \$3.9 million compared to \$14.7 million for the 6 months to 30 June 2003. Although there are different factors influencing market sentiment in each of the locations in which Australand has projects, the rates of apartment pre-sales during the June 2004 half-year have been significantly lower than for the corresponding period in 2003.

Margins have also been eroded by construction cost increases, although there is early evidence of a reduction in the cost pressures that have been a factor in the industry for the last six to eight months.

Nevertheless, most of Australand's apartment projects are generating satisfactory levels of enquiry, though lower than normal levels of buyer confidence and short term negative sentiment, are still constraining sales at present. A turnaround in sentiment is likely to be dependent on the Reserve Bank of Australia's interest rate policy and a recovery in investor confidence. Factors that are likely to generate an improvement both in enquiry and sales are:

- an ongoing fall in residential vacancy rates, which were 3.1% in Sydney and 3.4% in Melbourne, at the end of May 2004. It should be noted however, that only 24 of the 1,077 apartments managed by Australand for Sydney and Melbourne investor clients were vacant at the end of June, a rate of only 2.2%.
- a reduction in the supply of new apartments, attributable to fewer apartment construction commencements, both in Sydney and Melbourne, during the last 6 months; and
- a growing realisation by prospective owner-occupiers and investors, that increasing construction costs and a shortage of quality apartment development sites will underpin the price structure of new apartments, in the medium term.

The 2004 full year profit contribution from the Apartments Division is expected to be approximately 55% of the 2003 full year result.

The number of apartments yet to be developed on future projects and unsold stock on projects under construction is currently anticipated to be as follows:

	PROJECTED FUTURE YIELD	PROJECTED FUTURE REVENUE	ESTIMATED TRADING LIFE
	Number	\$ million	Years
Sydney	1,305	996	up to 8
Melbourne	935	549	up to 7
SE Queensland	422	364	up to 7
Total	2,662	1,909	
Wholly owned	1,627	1,032	up to 7
Interest in Joint Ventures ¹	1,035	877	up to 8
Total	2,662	1,909	

¹ Represents Australand's Interest in the joint venture

Presales not yet recognised for profit recognition purposes at 30 June 2004 for wholly owned projects total \$97 million and for joint ventures¹ total \$123 million.

Commercial & Industrial

During the June 2004 half year, the Commercial & Industrial Division generated a pre tax loss of \$7.3 million from revenue of \$126.9 million associated with the sale of land and the construction of ten pre committed industrial projects and two pre committed commercial buildings.

Unanticipated expenditure attributable to acceleration costs, which were incurred to ensure that pre committed buildings were delivered on time to key clients, together with the write down of the carrying value of two projects, had a major negative impact on the Division's half-year profit result.

Nevertheless, both the short term and medium term outlook for the Division is quite strong and a full year operating profit close to the 2003 full year profit is anticipated.

The 2004 full year profit will be assisted by:

- an approximate 50% increase in the Division's pre committed industrial building construction deal pipeline, during the last six months, to about 200,000 square metres, as at the end of June;
- additional revenue from five industrial land development projects, which are expected to generate revenue from the sale of serviced lots with an aggregate area of approximately 60 hectares;
- the recognition of revenue and profit in respect of five pre committed projects which were planned to be brought to account in the June 2004 half year but will now be brought to account in the December 2004 half year; and
- the development of a further \$100 million of pre leased assets to be delivered by the Division.

The division's focus on industrial projects is delivering a substantial increase in industrial construction activity, though it should be noted that approximately 30% of the Group's current deal pipeline relates to owner-occupier projects.

Property Investment

Australand Property Trust generated a pre tax profit of \$27.7million for the June 2004 half year and acquired Australand Wholesale Property Trust No. 3 during May 2004. Australand Property Trust now has a portfolio of 26 office and industrial properties incorporating approximately 350,000m² of net lettable area. The portfolio is currently valued in excess of \$600 million and is 97% leased. The average lease term of the property portfolio is eight years as at 30 June 2004, weighted by base rent. Major tenants in these buildings include Coles Myer, Commonwealth Government of Australia, Star Track Express, Amcor, Laminex Industries and Nestle.

OUTLOOK

Notwithstanding the weakness in the apartment sector, Australand Property Group expects, barring currently unforeseen circumstances, that its 2004 full year net profit after tax will be in line with the forecast contained in the April 2004 Product Disclosure Statement and Prospectus, of approximately \$144 million.

ROUNDING OFF OF AMOUNTS

The Company and the Trust are 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 Directors' Report and aggregated financial statements. In accordance with that Class Order, amounts in the Directors' Report and aggregated financial statements have been rounded off to the nearest thousand dollars unless otherwise stated.

Dated at Sydney this 27th day of July 2004.

Signed in accordance with a resolution of the Directors.



Brendan Crotty
Managing Director

Statement of Financial Performance

For the Half-Year Ended 30 June 2004

	Notes	Aggregated	
		June 2004 A\$'000	June 2003 A\$'000
Revenue from ordinary activities		472,087	616,543
Cost of properties sold		(347,404)	(478,994)
Investment property expenses		(3,247)	-
Employee expenses		(40,965)	(39,428)
Depreciation		(1,438)	(2,369)
Amortisation of goodwill		(2,663)	(2,663)
Borrowing costs expense		(11,585)	(6,990)
Other expenses from ordinary activities		(20,124)	(22,815)
Share of net profits of joint ventures accounted for using equity method		18,707	3,028
Profit from ordinary activities before income tax expense		63,368	66,312
Income tax expense		(10,755)	(25,131)
Net profit		52,613	41,181
Net profit/(loss) attributable to outside equity interests		(868)	-
Net profit attributable to the stapled security holders of Australand Property Group		51,745	41,181
Non-owner transaction changes in equity			
Increase in asset revaluation reserve due to fair value adjustment		734	-
Net increase in retained profits on the initial adoption of revised AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"		-	15,731
Total changes in equity from non-owner related transactions attributable to the members of the aggregated entity		52,479	56,912
Basic earnings per stapled security (per share in 2003)	3	7.1 cents	7.4 cents
Diluted earnings per stapled security (per share in 2003)	3	7.1 cents	7.4 cents

The accompanying notes form an integral part of this financial report.

Statement of Financial Position

As at 30 June 2004

	Notes	June 2004 A\$'000	Aggregated Dec 2003 A\$'000	June 2003 A\$'000
Current Assets				
Cash assets		36,495	30,567	59,432
Receivables		453,902	328,079	361,443
Inventories		493,777	494,397	495,113
Other		10,545	7,226	19,514
Total Current Assets		994,719	860,269	935,502
Non-Current Assets				
Inventories		544,021	556,208	455,251
Investments accounted for using the equity method		142,995	123,421	134,681
Other financial assets		12,715	34,690	34,750
Investment properties		600,668	374,376	-
Plant and equipment		3,257	4,304	4,357
Intangible assets		52,127	54,789	57,452
Total Non-Current Assets		1,355,783	1,147,788	686,491
Total Assets		2,350,502	2,008,057	1,621,993
Current Liabilities				
Payables		142,296	187,061	203,400
Interest bearing liabilities		58,019	247,601	76,543
Current tax liabilities		-	44,967	1,154
Provisions		43,776	39,868	8,622
Land vendor liabilities		91,587	85,781	40,605
Total Current Liabilities		335,678	605,278	330,324
Non-Current Liabilities				
Interest bearing liabilities		780,005	374,000	421,299
Deferred tax liabilities		22,981	20,096	56,952
Provisions		1,707	1,715	1,715
Land vendor liabilities		8,558	12,160	14,088
Total Non-Current Liabilities		813,251	407,971	494,054
Total Liabilities		1,148,929	1,013,249	824,378
Net Assets		1,201,573	994,808	797,615
Equity				
Contributed equity		1,009,669	794,333	593,446
Reserves		5,752	5,018	-
Retained profits	5	179,935	190,108	199,968
Total aggregated entity interest		1,195,356	989,459	793,414
Outside equity interest in controlled entities	6	6,217	5,349	4,201
Total Equity		1,201,573	994,808	797,615

The accompanying notes form an integral part of this financial report.

Statement of Cash Flows

For the Half Year Ended 30 June 2004

	Aggregated June 2004 A\$'000	June 2003 A\$'000
Cash Flows from Operating Activities		
Receipts from customers	392,571	586,083
Payments to suppliers and employees	(471,414)	(558,272)
Interest received	3,344	1,967
Dividends and trust distributions received	2,242	-
Borrowing costs paid	(33,872)	(23,225)
Income tax paid	(52,837)	(54,017)
Net cash flows used in operating activities	(159,966)	(47,464)
Cash Flows from Investing Activities		
Proceeds from sale of investments	18,190	15,296
Payments for purchase of joint venture equity investments (net of distributions)	(867)	(43,515)
Payments for acquisition of Australand Wholesale Property Trust No. 3	(96,986)	-
Payments for purchase of unlisted property trust units	(5,715)	(2,000)
Loans advanced from/(to) related parties	-	(5,927)
Proceeds from sale of plant & equipment	-	630
Payments for improvement to investment properties	(1,634)	-
Payments for plant and equipment	(390)	(71)
Net cash flows used in investing activities	(87,402)	(35,587)
Cash Flows from Financing Activities		
Proceeds from borrowings	787,837	194,892
Repayment of borrowings	(690,324)	(48,906)
Dividends/distributions paid	(35,769)	(33,584)
Cash acquired on acquisition of entities	4,717	-
Proceeds from issue of shares/units (net of equity raising costs)	186,835	66
Net cash flows provided by financing activities	253,296	112,468
Net increase in cash held	5,928	29,417
Cash at beginning of financial period	30,567	30,015
Cash at end of financial period	36,495	59,432

The accompanying notes form an integral part of this financial report.

Notes to the Financial Statements

1. BASIS OF PREPARATION OF HALF YEAR FINANCIAL REPORT

The half year financial report is a general purpose financial report which has been prepared to satisfy the requirements of Urgent Issues Group (UIG) Consensus View 13, *The Presentation of the Financial Report of Entities Whose Securities are Stapled*. The financial report has also been prepared in accordance with Accounting Standard AASB 1029, *Interim Financial Reporting*, other authoritative pronouncements of the Australian Accounting Standards Board, and UIG Consensus Views.

UIG Consensus View 13 requires stapled security entities, such as those of Australand Property Group, to prepare aggregated accounts in accordance with certain requirements of AASB 1024, *Consolidated Accounts*. This aggregated half year financial report has been prepared in accordance with those requirements.

The half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, it is recommended that this report be read in conjunction with the annual report for the year ended 31 December 2003 and any public announcements made by Australand Property Group during the half year to 30 June 2004 in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Stock Exchange.

Unless otherwise stated, the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2. INTERNATIONAL FINANCIAL REPORTING STANDARDS

For reporting periods beginning on or after 1 January 2005, Australand Property Group must comply with the Australian equivalent to International Financial Reporting Standards ("IFRS") to be issued by the Australian Accounting Standards Board.

Australand Property Group will report for the first time in compliance with IFRS when the results for the half year ended 30 June 2005 are released. IFRS require that entities complying with IFRS for the first time also restate their comparative financial statements using all IFRS except for IAS 32 *Financial Instruments: Disclosure and Presentation*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 4 *Insurance Contracts*. This means that Australand Property Group's opening IFRS balance sheet will be a restated comparative balance sheet, dated 1 January 2004. Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained earnings on 1 January 2004, however transitional adjustments relating to those standards where comparatives are not required will only be made at 1 January 2005. Comparatives restated under IFRS will not be reported in financial statements until June 2005 being the first half year reported in compliance with IFRS.

During 2003, Australand Property Group established a team to monitor and plan for adoption of IFRS. This team, led by senior finance staff, reports to the Chief Financial Officer and provides quarterly briefings on the status of the project to the Audit Committee. This team, working together with external advisers, has been following developments in IFRS and the likely impact that these standards will have on the Group's operating business units, financial reports and accounting policies. Australand Property Group's IFRS plan consists of two stages. The first stage focuses on identifying the key impacts and technical evaluation and the second stage focuses on detailed design, implementation and system amendments. The team has nearly completed the first stage and is moving into the second stage of design and implementation.

The differences between Australian GAAP and IFRS identified by the Company to date as potentially having a significant effect on the financial position and financial performance of Australand Property Group are summarised below. As the full list of IFRS have not been finalised and there is still some subjectivity in the accounting treatments proposed by certain IFRS, the summary should not be taken as an exhaustive list of all the differences between Australian GAAP and IFRS that could impact Australand Property Group.

2. INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

The following areas have been identified as significant for Australand Property Group:

- **Financial instruments** - under IFRS, financial instruments will generally be recognised on the statement of financial position at fair value. Derivatives will need to meet stricter criteria for treatment as hedges, otherwise they will be marked to market through the statement of financial performance. The Company is currently in the process of reviewing its interest rate hedge strategy to ensure, where possible, that such hedges are treated as hedges under the proposed Australian equivalents to IFRS. As such, there should be minimal impact to the statement of financial performance on the adoption of the Australian equivalents to IFRS.
- **Goodwill** - under IFRS, goodwill will not be amortised, but will be subject to impairment testing. The Group is currently in the process of completing the required assessment of the carrying value of goodwill as at 1 January 2004. This will be finalised during the second half of 2004.
- **Borrowing costs** - under IFRS, entities have the option of either capitalising or expensing borrowing costs in respect of qualifying assets. The Group is still in the process of assessing which option for the treatment of borrowing costs that it will adopt.
- **Rental guarantees** - under IFRS, the existence of significant rental guarantees on a project could lead to the delay in recognition of revenues. As full provision for the likely impact of such guarantees is made within the development feasibilities, it is the Group's view, based on current advice from our advisers, that there should be no impact to either the statement of financial position or statement of financial performance on the adoption of the Australian equivalent to IFRS.
- **Revenue recognition** - under IFRS, the rules for recognition of revenue are different than current Australian accounting standards and it is possible that this could lead to a delay in recognition of revenue in certain transactions. In addition there is still subjectivity on whether UIG Consensus View 53 *Pre-Completion Contracts for the Sale of Residential Development Properties* complies with the principles in IAS 18 *Revenue*. The Group is still in the process of assessing the impact. This will be finalised in second half of 2004, when more guidance has been issued in respect of these issues.
- **Internally constructed investment properties** - under IFRS, properties that are developed internally will need to be carried at cost during development, but will be able to be remeasured to fair value (market value) through the income statement at practical completion. Based on current forecasts, there will be no impact to either the statement of financial position or statement of financial performance on the adoption of the Australian equivalent to IFRS in respect of 2004 results.
- **Owner occupied investment properties** - Owner occupied properties or elements of investment properties that are owner occupied will generally not meet the definition of investment properties. Currently, Australand Property Group occupies part of the Rhodes C and Mulgrave buildings. The Group is still in the process of assessing the full impact and this will be finalised in second half of 2004.
- **Revaluation of investment properties** - under IFRS, investment properties will be either valued at fair value (market value) with increments/decrements going through the statement of financial performance or measured at cost and depreciated. Based on the current property industry practice of annually revaluing properties, it is likely that Australand Property Group will adopt the fair value approach. However, the Group is still in the process of assessing the full impact on the group and a final decision will not be made until the second half of 2004.
- **Wholesale Property Trusts** - Australand provides certain guaranteed yields to unitholders in the wholesale trusts up to completion of the last property. Under IFRS, the existence of a guaranteed yield to completion of the property could lead to the delay in recognition of revenues and also requires the consolidation of the wholesale trusts with Australand Property Group. The Group is still in the process of assessing the full impact on the group. This will be finalised in the second half of 2004.

3. EARNINGS PER STAPLED SECURITY

	Aggregated	
	June 2004	June 2003
Basic - ordinary earnings per stapled security (per share in 2003)	7.1 cents	7.4 cents
Diluted - ordinary earnings per stapled security (per share in 2003)	7.1 cents	7.4 cents
Earnings reconciliation		
Basic earnings per stapled security:		
Net profit after tax	51,745	41,181
Less reset convertible preference share dividends paid	-	(2,120)
Earnings used in calculating basic earnings per security	<u>51,745</u>	<u>39,061</u>
Diluted earnings per stapled security:		
Net profit after tax	51,745	41,181
Less reset convertible preference share dividends paid	-	(2,120)
Earnings used in calculating diluted earnings per stapled security	<u>51,745</u>	<u>39,061</u>

The weighted average number of stapled securities on issue used in the calculation of basic ordinary earnings per stapled security was 726,780,684 stapled securities (2003: 524,406,470 shares).

The weighted average number of stapled securities on issue used in the calculation of diluted ordinary earnings per stapled security was 726,913,082 stapled securities (2003: 524,530,470 shares).

4. DIVIDENDS/DISTRIBUTIONS

Dividends/distributions recognised in the current period by the Company and Trust are:

June 2004	Payment per Share/Unit	Total Amount A\$'000	Date of Payment	Tax Rate for Franking Credit or Tax Deferred %	Percentage Franked %
Ordinary shares					
Interim dividend	2.6 cents	18,247	03-05-04	30%	100%
Interim dividend	2.0 cents	16,214	03-08-04	30%	100%
Total dividend	<u>4.6 cents</u>	<u>34,461</u>			

Units					
Interim distribution	1.4 cents	9,826	03-05-04		
Interim distribution	2.0 cents	16,708	03-08-04		
Total distribution	<u>3.4 cents</u>	<u>26,534</u>			

Australand Property Group's Distribution Reinvestment Plan was in operation for the interim distribution for the quarters ended 31 March 2004 and 30 June 2004 of 4.0 cents and 4.0 cents respectively per stapled security.

June 2003	Payment per Share	Total Amount A\$'000	Date of Payment	Tax Rate for Franking Credit %	Percentage Franked %
Ordinary shares					
Interim dividend	3.0 cents	15,762	28-05-03	30%	100%
Interim dividend	3.0 cents	15,775	12-09-03	30%	100%
Total dividend	<u>6.0 cents</u>	<u>31,537</u>			

Reset convertible preference shares					
Interim dividend	\$2.0959	1,048	31-03-03	30%	100%
Interim dividend	\$2.1425	1,072	30-06-03	30%	100%
Total dividend	<u>\$4.2384</u>	<u>2,120</u>			

Franking credits

	Aggregated	
	June 2004 A\$'000	June 2003 A\$'000
Franking surplus	<u>68,257</u>	<u>65,334</u>

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:

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

5. RETAINED PROFITS

	6 months to June 2004 A\$'000	12 months to Dec 2003 A\$'000	6 months to June 2003 A\$'000
Retained profits at beginning of financial period	190,108	176,713	176,713
Net profit attributable to the stapled security holders of APG	51,745	95,206	41,181
Net effect on dividends/distributions from:			
Initial adoption of AASB 1044 <i>Provisions, Contingent Liabilities and Contingent Assets</i>	-	15,731	15,731
Dividends/distributions recognised during the period	<u>(61,918)</u>	<u>(97,542)</u>	<u>(33,657)</u>
Retained profits at end of financial period	<u>179,935</u>	<u>190,108</u>	<u>199,968</u>

6. OUTSIDE EQUITY INTERESTS IN CONTROLLED ENTITIES

	June 2004 A\$'000	Dec 2003 A\$'000	June 2003 A\$'000
Outside equity interest in controlled entities comprises:			
Interest in net operating income	<u>868</u>	1,241	-
Interest in retained profits at end of financial period	<u>2,109</u>	1,241	-
Interest in issued capital	<u>4,108</u>	4,108	4,201
	<u>6,217</u>	<u>5,349</u>	<u>4,201</u>

7. ACQUISITION OF MATERIAL CONTROLLED ENTITIES

During the financial period, the aggregated entity acquired control of Australand Wholesale Property Trust No. 3 via a cash offer. The consolidated operating results of the acquired entity and its controlled entities are included in aggregated net income from 1 May 2004.

	Aggregated June 2004 A\$'000
Details of the acquisitions are as follows:	
Total Cash consideration	<u>96,986</u>
Fair value of net assets of entities acquired:	
Cash assets	4,717
Receivables	288
Investment properties	224,658
Other assets	100
Payables	(3,633)
Interest bearing liabilities	<u>(118,910)</u>
Net assets at acquisition	107,220
Outside equity interests at acquisition at fair value	<u>(10,234)</u>
Net investment value acquired	<u>96,986</u>

8. CONTINGENT LIABILITIES

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

- (a) The aggregated entity and joint venture entities have given indemnities for land development contract performance in the form of bank guarantees and insurance bonds.

	June 2004 A\$'000	Dec 2003 A\$'000	June 2003 A\$'000
Bank guarantees outstanding	45,148	44,003	35,354
Insurance bonds outstanding	24,132	27,388	23,268
	69,280	71,391	58,622

- (b) In the ordinary course of business, the aggregated entity becomes involved in litigation, some of which falls within the aggregated entity's insurance arrangements. Whilst the outcomes are uncertain, these contingent liabilities are not considered to be material to the aggregated entity. 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 aggregated entity has been advised that it has strong prospects of successfully defending this claim.
- (c) In the ordinary course of business, the aggregated entity provides rental guarantees and income support arrangements to tenants and owners of various residential and commercial buildings, on which the aggregated entity is developing or has completed development. These arrangements require the aggregated entity 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 sub lease proposals and forecasted sub lease commitments, together with the allowances made within the development budgets for these property developments, adequate allowance has been made in the aggregated financial statements for these potential obligations. These guarantees include rental support in relation to Freshwater Commercial Tower pursuant to which Australand Holdings Limited entered into a rental support deed with the co-owners of the Freshwater Commercial Tower, whereby Australand Holdings Limited has agreed, for the first five years after practical completion (estimated to be February 2005), to guarantee the rent for the unleased space as at practical completion. As at the date of this report, the total rent support, based upon the existing tenancy profile is \$12,058,000 per annum. The guaranteed income amounts escalate at the rate of 3.35% per annum. The Directors are of the opinion that, based on the forecast sub lease commitments together with the allowances made within the development forecasts for this project, adequate allowance has been made for these potential obligations.
- (d) Australand Holdings Limited provided certain guarantees to Australand Wholesale Property Trust No. 4 (AWPT4) and Australand Wholesale Property Trust No. 5 (AWPT5) including:
- providing an underwritten yield to AWPT4 of 8.75% p.a. up to 30 June 2004 and 9% p.a. from 1 July 2004 up to and including practical completion of the last property completed. It is estimated that this obligation will cease in February 2005.
 - providing an underwritten yield to AWPT5 of 8.50% p.a. up to and including practical completion of the last property completed. It is estimated that this obligation will cease by 31 October 2004.
 - controlling, managing and underwriting the development of each property, so that the Trust bears minimal development and construction risk for properties under development.
 - guaranteeing the first year's rent should a tenant not take occupation as a result of a Trust property not being completed and becoming available to the tenant in accordance with the agreement to lease.
 - in addition, further rental guarantees have been provided in respect of the Freshwater Commercial Tower - refer Note 8(c).

9. SEGMENT REPORTING

The aggregated entity is organised into the following divisions:

- Land and Housing
- Apartments
- Commercial and Industrial
- Property Investment

The aggregated entity operates wholly within Australia.

JUNE 2004

Business Segment Summary	Land and Housing	Apartments	Commercial and Industrial	Total Development	Property Investment	Unallocated	Aggregated
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Revenue	230,120	91,200	126,876	448,196	22,604	-	470,800
Unallocated interest revenue	-	-	-	-	-	1,287	1,287
Total Revenue							472,087
Segment result before interest expense and interest in cost of goods sold and amortisation of goodwill	59,599	6,316	(5,819)	60,096	19,147	-	79,243
Capitalised interest in cost of goods sold & other interest	(10,660)	(8,419)	(4,648)	(23,727)	(2,226)	-	(25,953)
Amortisation of goodwill	-	(1,065)	(1,598)	(2,663)	-	-	(2,663)
Interest & other fees charged between developer and Trust *	-	-	-	(10,571)	10,571	-	-
Net segment result after interest expense and amortisation of goodwill	48,939	(3,168)	(12,065)	23,135	27,492	-	50,627
Interest revenue	-	-	-	-	210	1,287	1,497
Share of net profits of joint ventures accounted for using the equity method	6,859	7,083	4,765	18,707	-	-	18,707
Unallocated corporate costs	-	-	-	-	-	(7,463)	(7,463)
Profit from ordinary activities before income tax expense	55,798	3,914	(7,300)	41,841	27,702	(6,175)	63,368
Income tax expense	-	-	-	(10,755)	-	-	(10,755)
Profit from ordinary activities after income tax expense				31,086	27,702	(6,175)	52,613
Depreciation and amortisation expense	479	1,545	2,077	4,101	-	-	4,101

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

9. SEGMENT REPORTING (Continued)
JUNE 2003

Business Segment Summary	Land and Housing A\$'000	Apartments A\$'000	Commercial and Industrial A\$'000	Unallocated A\$'000	Consolidated A\$'000
Revenue	234,482	220,621	159,849	-	614,952
Unallocated interest revenue					1,591
Total Revenue					616,543
Segment result before interest expense and interest in cost of goods sold and amortisation of goodwill	57,995	28,295	12,769	-	99,059
Capitalised interest recovered in cost of goods sold and other interest	(7,626)	(13,621)	(3,862)	-	(25,109)
Amortisation of goodwill	-	(1,065)	(1,598)	-	(2,663)
Net segment result after interest expense and amortisation of goodwill	50,369	13,609	7,309	-	71,287
Interest revenue	-	-	-	1,591	1,591
Share of net profits of joint ventures accounted for using the equity method	88	1,115	1,825	-	3,028
Unallocated corporate costs	-	-	-	(9,594)	(9,594)
Profit from ordinary activities before income tax expense	50,457	14,724	9,133	(8,003)	66,312
Income tax expense					(25,131)
Profit from ordinary activities after income tax expense					41,181
Depreciation and amortisation expense	790	1,855	2,387	-	5,032

Revenue and profits relating to mixed development sites, which involve two or more divisions, are split based on the equity contributed, engagement of staff and resources committed.

10. EVENTS SUBSEQUENT TO BALANCE 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 aggregated entity, the results of those operations, or the state of affairs of the aggregated entity.

Directors' Declaration

For the period ended 30 June 2004

AUSTRALAND PROPERTY GROUP COMPRISING AUSTRALAND HOLDINGS LIMITED AND AUSTRALAND PROPERTY LIMITED AS THE RESPONSIBLE ENTITY OF AUSTRALAND PROPERTY TRUST

In the opinion of the Directors of Australand Holdings Limited and Australand Property Limited as the responsible entity of Australand Property Trust ("the Directors"), the aggregated financial statements of Australand Property Group, as set out in pages 7 to 17 are drawn up in accordance with applicable Australian Accounting Standards and Urgent Issues Group Consensus Views, so as to present fairly its financial position as at 30 June 2004 and its performance, as represented by the results of its operations and its cash flows, for the financial period ended on that date.

In the opinion of the Directors, at the date of this declaration there are reasonable grounds to believe that Australand Property Group will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 27th day of July 2004.

Signed in accordance with a resolution of the Directors.



Brendan Crotty
Managing Director

Other Information

a) Control gained over entities having material effect:

The acquisition of Australand Wholesale Property Trust No.3 and its controlled entities - refer Note 8. These entities contributed \$2,338,984 to net profit to 30 June 2004.

b) Control lost over entities having material effect:

During the period 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 A\$'000
Deer Park Development Trust No. 1	30 March 2004	50%	-
Freshwater Residential Constructions Pty Limited	2 April 2004	50%	-
A.C.N. 085 142 785 Proprietary Limited	30 June 2004	50%	-
Croydon Development Trust	3 May 2004	50%	-

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

	June 2004 A\$'000	June 2003 A\$'000
Profit from ordinary activities before tax	18,707	3,028
Income tax on ordinary activities	-	(908)
Profit from ordinary activities after tax	18,707	2,120
Share of net profit of associates and joint venture entities	18,707	2,120

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	Current period	Previous corresponding period
Equity accounted associates and joint venture entities		%	%	\$'000	\$'000
ACN 085 142 785 Pty Ltd	(b)	-	50%	-	-
Australand (SYJC) No.1 Pty Limited	(a)	50%	-	-	-
Australand Holdings Limited & BMD Constructions Pty Ltd		50%	-	291	330
Australand Land and Housing No. 5 (Hope Island) Pty Limited		50%	-	-	-
Australand Land and Housing No. 6 (Baldi) Pty Limited		50%	-	-	-
Australand Land and Housing No. 7 (Hope Island) Pty Limited		50%	-	-	-
Australand Land and Housing No. 8 (Hope Island) Pty Limited		50%	-	-	-
Australand United Pty Limited		50%	50%	-	-
Avon Road Pymble Pty Ltd		50%	-	-	-
Baldi Unit Trust		50%	-	-	-
Balmain Shores Pty Ltd		50%	50%	-	-
Brisun Pty Ltd		50%	50%	49	36
Camden Green Pty Limited		50%	-	(111)	-
Chymont Pty Limited		50%	50%	1,224	533
Deer Park Development Trust No. 1	(a)	50%	-	-	-
Freshwater Residential Unit Trust		50%	50%	3,700	-
Freshwater Settlements Pty Limited	(a)	50%	-	-	-
Glebe Harbour Unit Trust		50%	-	2,227	-
Glenwood Land Unit Trust		50%	50%	219	237
Land and Housing No.1 Unit Trust		50%	-	-	-
Minto Industrial Development Trust		50%	50%	-	-
Motorway Business Park Pty Ltd		50%	50%	3,541	-
Soncal Pty Limited		50%	50%	-	-
Sur-Mer (Cronulla) Pty Ltd		50%	50%	-	-
Trust Project No.11 Trust		50%	50%	6,461	(337)
Trust Project No.9 Trust		50%	50%	-	(168)
W9 & 10 Construction Stage 1 Partnership		-	50%	(3)	-
W9 & 10 Construction Stage 2 Partnership		50%	50%	26	-
W9 & 10 Construction Stage 3A Financing Pty Ltd		50%	50%	-	-
W9 & 10 Construction Stage 3A Partnership		50%	50%	(67)	-
W9 & 10 Construction Stage 3A Pty Ltd		50%	50%	-	1,489
W9 & 10 Construction Stage 3B Pty Ltd		50%	50%	-	-
W9 & 10 Construction Stage 3C Pty Ltd		50%	50%	-	-
W9 & 10 Construction Stage 4A Partnership		50%	50%	-	-
W9 & 10 Construction Stage 4B Partnership		50%	50%	-	-
W9 & 10 Stage 1 Partnership		-	50%	-	-
W9 & 10 Stage 2 Partnership		50%	50%	1,150	-
W9 & 10 Stage 3A Partnership		50%	50%	-	-
W9 & 10 Stage 4A Partnership		50%	50%	-	-
W9 & 10 Stage 4B Partnership		50%	50%	-	-
Total				18,707	2,120
Other material interests				-	-
Total				18,707	2,120

(a) Joint venture entities created during the period

(b) Joint venture entities disposed of during the period

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 have been subject to review.
5. Australand Property Group has a formally constituted audit committee.

Dated at Sydney this 27th day of July 2004



Brendan Crotty
Managing Director

Independent review report to the stapled security holders of Australand Property Group

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of Australand Property Group (the Company) for the half-year ended 30 June 2004 included on Australand Property Group web site. The Company's directors are responsible for the integrity of the Australand Property Group web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the financial report identified below. It does not provide any assurance on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Australand Property Group does not present fairly in accordance with Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, the financial position of Australand Property Group (defined below) as at 30 June 2004 and the results of its operations and cash flows for the half-year ended on that date.

This statement must be read in conjunction with the rest of our review report.

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Australand Property Group (the Group), for the half-year ended 30 June 2004. The Group comprises Australand Holdings Limited and the entities it controlled during that half-year and Australand Property Trust and the entities it controlled during the half year.

The directors of Australand Holdings Limited and Australand Property Limited, as responsible entity for Australand Property Trust, are responsible for the preparation and presentation of the financial report in accordance with Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the Group to lodge the financial report with the Australian Stock Exchange. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly a view in accordance with Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, which is consistent with our understanding of the Group's financial position and the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of Australand Holdings Limited and Australand Property Limited personnel, and
- analytical procedures applied to financial data.

When this review report is included in a document containing information in addition to the financial report, our procedures include reading the other information to determine whether it contains any material inconsistencies with the financial report.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers



Matthew Lunn
Partner

Sydney
27 July 2004