22 August 2013

The Company Announcements Officer
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Dear Sir / Madam

Subject: Securityholder Half Year Update / Director Independent status – Mr Lui Chong Chee

Attached is a copy of Australand's Half Year Update to Securityholders as at 30 June 2013.

Further to this Update, at its meeting yesterday, the Australand Board of Directors assessed the independent status of Mr Lui Chong Chee given that he has not been employed by CapitaLand Limited (Australand's majority securityholder) for a period exceeding three years.

In accordance with ASX Corporate Governance Guidelines Recommendation 2.1, the Board determined that Mr Lui be instated as an independent non-executive director of Australand Holdings Limited, Australand Property Limited and Australand Investments Limited (together "Australand"), effective from 21 August 2013.

Yours sincerely
AUSTRALAND PROPERTY GROUP

Bev Booker
Group Company Secretary

c.c. Anthony Ingegneri, Adviser, Issuers

People driven people

Securityholder Half Year Update
as at 30 June 2013

australand

Half year key metrics

$62.4m
Operating profit after tax

$88.4m
Statutory profit after tax

$17.2m
Investment property revaluation gain

10.5¢
Distribution per security

10.8¢
Operating earnings per security after tax

$3.57
Net tangible assets per security

33.0%
Gearing

22 August 2013

Dear securityholder

The first half of 2013 has been an interesting and challenging period for Australand. Following receipt of an indicative proposal from The GPT Group to acquire the Investment Property and Commercial & Industrial division in December 2012 and the announcement by the Group's majority securityholder, CapitaLand, that it was undertaking a strategic review of its investment in Australand, the Group undertook a process to establish whether a proposal could be developed that delivered a superior outcome for securityholders.

While several indicative proposals were received for all and parts of the business, no proposal was able to be developed that was superior to "business as usual". The process was concluded on 22 July 2013, and CapitaLand advised that its strategic review was complete and that Australand would continue as a key investment for CapitaLand. While it has been an extended process, we have retained key management and continue to focus on executing our previously articulated objectives.

As anticipated and flagged to the market in February 2013, our first half operating profit of $62.4 million was lower than the prior period. The decrease in operating profit for the first half was primarily due to lower earnings from the Residential division given the timing of delivery of a number of key projects.

The Group's statutory result for the half year was a net profit after tax of $88.4 million, a 1% decrease on the prior period. Our statutory result included investment property revaluation gains of $17.2 million and unrealised gains on interest rate derivatives of $9.6 million, partially offset by corporate activity expenses of approximately $1 million.

While market conditions are expected to remain challenging, the Group currently expects to deliver growth in operating earnings per security of 3-4% for the 2013 full year.

An interim half year distribution of 10.5 cents per security was paid to securityholders on 7 August 2013. The Group currently expects to pay a final distribution of 11.0 cents per security for the second half, bringing the total distribution for the 2013 calendar year to 21.5 cents per security which is line with guidance provided in February.

Bob Johnston
Managing Director

Olivier Lim
Chairman

Investment Property

As at 30 June 2013, the Investment Property division had a total portfolio value of $2.3 billion comprising 69 investment properties, including 1 property under development. The portfolio is diversified across the industrial (50% by value) and office (50% by value) sectors and comprises 1.2 million sqm of lettable space. The total portfolio occupancy is 95.3% (by income, excluding properties held for sale or under development).

The division achieved an operating EBIT result of $96.2 million (HY12: $87.8m) before net property revaluation gains of $17.2 million (HY12: $33.8m) for the half year. The increase in operating EBIT reflects comparable rental growth of approximately 3.1% during the half year and the contribution from properties developed and completed by the Group in the prior year.

During the half year ended 30 June 2013 approximately 79,700 sqm of leasing activity has been undertaken, including:

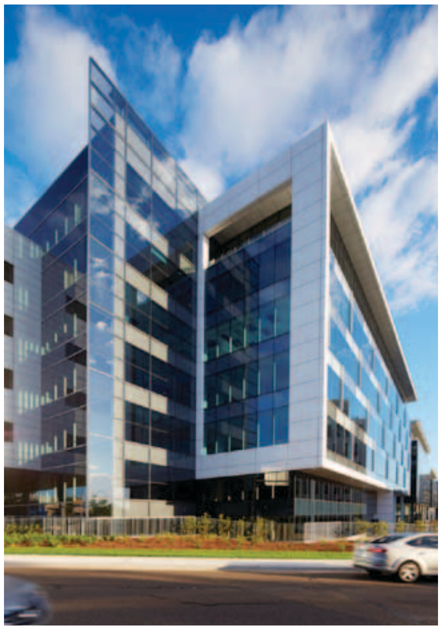
- 15,200 sqm to Amcor at Rocklea, QLD for a term of 6.5 years;
- 14,000 sqm to L&L Products at Dandenong, VIC for a term of 10 years; and
- 12,350 sqm to Sumitomo at Epping, VIC for a term of 3 years.

Since the end of the half year, the 61,300 sqm facility leased to Coles at Smeaton Grange, NSW was extended for a further term of 5 years.

The sale of the Crest Hotel was completed during the period, and it is expected that the sale of 80 Alfred Street, Milsons Point, NSW will be completed before year end.

The Australand Wholesale Property Fund No. 6 ("the Fund") was established in May 2007 as an unlisted Fund with a review event after 5 years. The Fund is managed by the Investment Property division and the Group owns approximately 28% of the vehicle. In June 2013, investors in the Fund voted to defer a wind up of the Fund and to seek alternate exit strategies. The Responsible Entity of the Fund is currently engaged in marketing the Fund and its portfolio of 8 commercial and industrial properties to provide unitholders with an opportunity to exit their investment in the Fund for cash. It is currently expected that any sale of the Fund and its properties should be completed before the end of the fourth quarter of 2013.

The second half result is expected to be at least in line with the first half operating EBIT result as there are minimal lease expiries remaining in 2013. The second half result is expected to benefit from further leasing activity completed on the residual space at 357 Collins Street, Melbourne (currently 74% leased) and Rhodes F (currently 63% leased).



Rhodes F, Rhodes Corporate Park, NSW
The Rhodes F office building in Sydney was completed in January 2013. The building offers over 17,000 sqm of A grade office accommodation. This building has been designed to achieve a 5 star Green Star rating and 5.0 star NABERS rating.

Commercial & Industrial

The Commercial & Industrial division delivered 7 projects during the half with an end value of approximately $225 million and secured approximately 75,000 sqm of new commitments from industrial tenants.

The division achieved an operating EBIT result of $9.9 million for the half year (HY12: $9.9m*). Buildings with a total net lettable area of 99,100 sqm were delivered along with land sales of 81,500 sqm.

Several major projects contributed to the result for the half year, including distribution facilities for Fastline at Derrimut in VIC, CEVA at Berrinba in QLD, Clifford Hallam Healthcare at Eastern Creek in NSW and Schenker at Altona in VIC.

During the period, our joint venture with The Government Investment Corporation of Singapore ("GIC") committed to acquire $42 million of assets comprising the Clifford Hallam Healthcare and OfficeMax facilities at Eastern Creek in NSW, which are currently under development. This brings the total commitment of the joint venture to $378 million out of a targeted investment of $450 million. Discussions are currently underway with GIC to increase the targeted investment size of the joint venture.

As at 30 June 2013, the division had a forward workload of 146,000 sqm across 11 projects and expects earnings to be higher in the second half of the year, given the projects currently underway that are expected to be completed before year end. Despite business conditions remaining challenging, further demand is expected from the major retailers and third party logistics providers. In addition, investor appetite for prime well leased assets remains strong which is expected to underpin asset values in the medium term.

Artist's impression of Clifford Hallam Healthcare, Eastern Creek, NSW
Clifford Hallam Healthcare project at Eastern Creek is a capital partnership with GIC. This building is 8,150 sqm and is currently undergoing a major solar installation which will deliver energy and water savings to our customers and also future proof the underlying real estate asset.

Residential

The Residential division's development activities span Australia's major population centres of Melbourne, Sydney, Perth and South East Queensland. The Group's Residential portfolio is diversified between land development activity and medium/high density infill developments where the Group's built form capability plays a more integral part of the development process.

In the first half of 2013, the division achieved an operating EBIT result of $22.3 million (HY12: $39.5m*).

Earnings were lower due to a reduced contribution from high margin land projects (Greenhills Beach, NSW and Greenvale, VIC) and a lower level of built form settlements in the first half. Sales activity for the period was up approximately 20% on first half 2012 which has led to a significant increase in contracts on hand.

As at 30 June 2013, the division held 1,793 sales contracts (1,169 contracts as at 31 December 2012), with 51% of these expected to be recognised in the second half of 2013. The division's top twelve projects are expected to contribute approximately 80% of targeted Residential earnings for 2013 with sales targets for these projects 76% secured as at 30 June 2013.

Earnings for the division are anticipated to be significantly stronger in the second half of the year with the expected completion and settlement of approximately $330 million of built form product before year end. Overall, full year EBIT from the division is expected to be similar to 2012.

Artist's impression of Hamilton Reach, Brisbane, QLD
Bordered by 530 metres of river frontage, as well as the tranquil 2.5 hectare Northshore Riverside Park and the Royal Queensland Golf Club, Hamilton Reach will provide a variety of living options in a unique riverfront location.

* Restated for AASB 11.

People & safety

We place people, safety and community engagement at the heart of our operations. Safety performance remains a focus for managers and site teams alike and we continue to seek improvements in our key safety performance measures. The Board and management place the safety of our people and those that work with us as our number one priority.

We are also actively engaged with the communities in which we operate participating in activities such as Clean Up Australia Day, Schools' Tree Day, Kids Under Cover and the Oxfam 100km walk. We firmly believe that participation in these activities strengthens internal and external relationships and creates a stronger sense of staff engagement with our core values.

The Group remains committed to our obligations for workplace gender equality and in May 2013 we submitted our annual public report with the Workplace Gender Equality Agency. To access a copy of our 2012-2013 report please visit the link **http://www.australand.com.au/About-Australand/corporate-governance**

Corporate update

In December 2012, the Group received a highly conditional proposal from GPT to acquire the Group's Investment Property and Commercial & Industrial businesses. After detailed consideration, the proposal was rejected by the Australand Board. Subsequently, CapitaLand Limited, which owns 59.3% of the Australand Group, announced in January 2013 that it was undertaking a strategic review of its investment in Australand.

Given the proposal from GPT and CapitaLand's strategic review, the Group decided to make confidential information available to selected parties.

Several indicative proposals were received for parts and all of the business during this process. However, no proposal was able to be developed that was superior to business as usual. Accordingly, the Australand Board decided to conclude the process and continue with the execution of the Group's previously stated strategic objectives.

CapitaLand announced on 22 July 2013 that it had completed its strategic review and that Australand will continue as a key investment for CapitaLand.

Outlook

While market conditions are expected to remain challenging, the Group currently expects to deliver growth in operating earnings per security of 3-4% for the full year 2013. This outlook is supported by:

- fixed increases in rental income from the Investment Property portfolio and full year contributions from internal developments;
- delivery of the Commercial & Industrial forward workload with the expected completion of 9 third party development projects in the second half of 2013; and
- a significant number of contracts on hand in the Residential division, the majority of which are expected to be recognised in the second half of the year.

An interim distribution of 10.5 cents per security was paid on 7 August 2013. The Group currently expects to pay a further distribution of 11.0 cents per security for the second half, resulting in full year distributions of 21.5 cents per security. This is in line with previous guidance.

2013 Key dates

18 DECEMBER
2013 final dividend/distribution announcement

23 DECEMBER
Securities trade ex-dividend/distribution for 2013 final distribution

31 DECEMBER
2013 final dividend/distribution record date

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