

ASX announcement

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GROUP UPDATE AND ENGAGEMENT WITH STOCKLAND

Upgraded earnings guidance

Australand Property Group has completed a further review of its operating earnings outlook for the full year 2014 and advises that earnings per security for 2014 are now expected to increase by 20-25% on 2013. This compares favourably to the Group's prior guidance of 17-20% growth announced on 25 March 2014. In addition, assuming the current strength in the residential market is maintained, the Group expects to deliver 10-15% per annum growth in earnings per security to the end of calendar year 2016.

Australand's Managing Director, Bob Johnston, said, "We have continued to see strong momentum in our Residential division which underpins the increase to our full year earnings guidance. The medium term outlook for the Group remains strong."

The Group continues to expect to distribute 25.5 cents per security for the full year with the first half distribution expected to be 12.75 cents per security.

First half 2014 revaluations

The Group also advises that it has received draft independent valuations for its Investment Property portfolio. Accordingly, the Group's first half 2014 net revaluation gain¹ is expected, subject to final Directors' review, to be approximately \$76 million equating to approximately 13 cents per stapled security. Net tangible assets per security at 30 June 2014 is expected to increase by 3% to \$3.68² per stapled security.

Australand's Managing Director, Bob Johnston, said, "Following the takeover proposal from Stockland in April, we indicated at the Group's AGM that our regular independent valuation process would be accelerated and would encompass the Group's entire Investment Property portfolio. This has resulted in an increase in the portfolio's valuation of approximately 3% since December 2013."

1. Includes revaluation gains on investment property held, revaluation gains on investment properties under construction and amortisation of lease incentives.
2. Unaudited and includes forecast retained earnings to 30 June 2014, including actual mark to market of derivatives to 30 April 2014.



Stockland proposal

Following receipt of the revised proposal from Stockland on 28 May 2014, the Board has determined to provide Stockland with access to due diligence material subject to appropriate confidentiality arrangements being agreed. Accordingly, the Group will engage with Stockland to negotiate access to due diligence including the provision of reciprocal due diligence in order for the Board to form a view on the merits of the proposal.

Investor enquiries

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