

People driven people

ASSETS Trust
Annual Report 2012



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Australand ASSETS Trust
ARSN 115 338 513

Responsible Entity:
Australand Property Limited
ABN 90 105 462 137;
AFSL No. 231130

Level 3, 1C Homebush Bay Drive,
Rhodes NSW 2138

**Australand
Subordinated
Step-up
Exchangeable
Trust
Securities**

ASSETS

Key Terms.

ASSETS have the following key terms:

Issuer

ASSETS have been issued by Australand Property Limited (ABN 90 105 462 137; AFSL No. 231130) as the Responsible Entity of Australand ASSETS Trust (ARSN 115 338 513).

Distributions

ASSETS pay floating rate, quarterly, non-cumulative distributions, subject to Australand ASSETS Trust having sufficient income.

The distribution rate until the step-up date on 1 October 2008 was the sum of the market rate (the three month Bank Bill Swap Reference Rate on the first business day of the relevant distribution period) plus the initial margin of 2.30% per annum.

The distribution rate from the step-up date was adjusted and is now the sum of the market rate (the three month Bank Bill Swap Reference Rate on the first business day of the relevant distribution period) plus the step-up margin of 4.80% per annum. There will be no further step-up dates.

The Issuer did not change the margin through a re-marketing process.

Subordinated guarantee

Holders have the benefit of a direct, unsecured and subordinated guarantee from the Australand Group that ranks ahead of Australand stapled securityholders but behind senior creditors for all amounts which are due and payable.

Restrictions on distributions

Distributions may not be made to holders of Australand Property Group stapled securities or holders of ordinary units in Australand ASSETS Trust where an ASSETS distribution payment has not been paid in full.

If any distribution of income or capital is made on any other security of a listed trust forming part of the Australand Group, all previously unpaid ASSETS distribution payments (capped at 12 months of unpaid ASSETS distributions) are payable by the Issuer.

These restrictions and obligations are lifted if unpaid distributions (capped at 12 months of unpaid distributions) are paid in full.

Redeemable/exchangeable

ASSETS are perpetual subject to the Issuer's discretion to redeem or exchange ASSETS in certain circumstances. Holders may only initiate redemption in limited circumstances.

Quoted on ASX

ASSETS are quoted on the ASX under the code "AAZPB".

Corporate Governance.

The Group has a comprehensive governance framework in place and the Board and management are committed to maintaining high standards of corporate governance for all stakeholders.

Company structure and approach to corporate governance

Australand is a stapled group comprising Australand Holdings Limited, Australand Property Trust, Australand Property Trust No.4 and Australand Property Trust No.5. Australand Holdings Limited, Australand Property Limited (as the responsible entity of Australand Property Trust and Australand ASSETS Trust) and Australand Investments Limited (as the responsible entity of Australand Property Trust No.4 and Australand Property Trust No.5) have identical boards of directors. The term “Board” when used throughout this Corporate Governance Statement (“Statement”) refers to these boards.

Australand’s Board and management are committed to meeting the expectations of securityholders in terms of achieving and demonstrating high standards of corporate governance. The Group has a comprehensive governance framework in place to ensure that Australand and all of its subsidiary companies are appropriately governed and directors and management at all levels are in a position to effectively discharge their responsibilities to securityholders and other stakeholders.

Compliance with ASX Corporate Governance Principles and Recommendations

This Statement reports the extent to which Australand has followed the ASX

Corporate Governance Principles and Recommendations (“the ASX Recommendations”) during the reporting period as required under the ASX Listing Rules.

Australand’s Statement is structured in line with the ASX Recommendations.

Areas not in full compliance are disclosed under the relevant principle, together with the reasons for departure. All of the corporate governance practices referred to in this Statement were in place for the entire year unless otherwise indicated. Documents that are italicised and underlined in this Statement can be accessed and downloaded from the Corporate Governance Section of Australand’s website at www.australand.com.au.

A listing of the ASX Recommendations, indicating Australand’s compliance or otherwise, is included at the end of this Statement.

Principle 1: Lay solid foundations for management and oversight

The Board is responsible to the securityholders for the overall governance and performance of Australand.

The Board has adopted a *Board Governance Document* which sets out those functions reserved for the Board and those delegated to the Managing Director.

The Board Governance Document provides the basis for the Board to provide strategic guidance to the Group

and effective oversight of management, including the monitoring of performance against the Group’s strategy and operational objectives (including financial performance), its risk management plan and compliance related responsibilities.

Following the Board’s approval of the Operating Plan each year, key performance indicators (“KPIs”) are established for the Executive Management Team and these are then cascaded down the organisation.

On an annual basis, the Remuneration & Nomination Committee and, subsequently the Board, formally review the performance of the Managing Director and the Executive Management Team. The criteria assessed are both quantitative and qualitative and include financial performance and non-financial measures such as safety performance and progress against other key strategic goals. Further details on the assessment criteria for the Managing Director and senior executive remuneration are set out in Australand’s 2012 Annual Report.

Principle 2: Structure the Board to add value

The Board of Directors

As at 26 February 2013, the Board comprised seven non-executive directors and one executive director, being the Managing Director. The names, skills and experience of each

of the directors who held office during the financial year and the terms of office of each director are set out on pages 11 to 13 of this report.

Independence of Directors

In defining the characteristics of an independent director, the Board has adopted the ASX Recommendations on the Independence of Directors, in conjunction with other factors that the Board considers to be specifically relevant for the Group and its businesses. In this regard, materiality thresholds have been established in respect of professional/consulting services and supplier/customer relationships such that, a director is not considered to be independent if he or she:

- has been a principal of a professional adviser or consultant to any company in the Australand Group where payments on an annual basis to or from the professional adviser or consultant exceeded 10% of the expenditure on an annual basis by Australand on professional or consulting services, or exceeded 10% of the revenue of the relevant professional adviser or consultant;
- is a material supplier or customer of Australand where payments exceeded 10% of the annual consolidated gross revenue of either Australand or of that supplier or customer.

Five of the seven non-executive directors (Messrs Isherwood, Newton and Prosser, Ms Laughton and Ms Milne) are independent in accordance with the ASX Recommendations for determining independence.

The Chairman of Australand is Mr Olivier Lim. Mr Lim is the Deputy CEO of CapitaLand Limited (Australand's majority securityholder) and, accordingly, he is not considered to be independent. In this regard, Australand does not comply with ASX Recommendation 2.2 which states that the Chairman of the Board should be independent. For this reason, the Board has appointed Mr Paul Isherwood, AO as Deputy Chairman and Lead Independent Director.

Mr Lui Chong Chee is also not considered to be independent in that he is a former employee of CapitaLand Limited. A period of three years needs to lapse from the time Mr Lui ceased his employment with CapitaLand Limited before he will gain independent status (1 June 2013) in accordance with the ASX Recommendations.

Committees

The Board has established four committees to advise and support the Board in carrying out its duties. The Chairman of each committee reports on any matters of substance at the next full Board meeting and all committee minutes are provided to the Board at the following meeting. The four

permanent committees in existence at the date of this report are as follows:

- Audit
- Investment
- Remuneration & Nomination
- Risk & Compliance

Each committee has its own Terms of Reference setting out the authority under which it operates and the responsibilities as delegated by the Board. The Terms of Reference are reviewed annually and membership for each committee is based on the skills and experience of the individual directors.

The Board and each committee's membership as at 26 February 2013 is set out in the table below:

Director	Board Membership	Committee Membership		
		Audit	Investment	Remuneration & Nomination Risk & Compliance
Olivier Lim ¹	Chairman		Chair	
Paul Isherwood	Deputy Chairman and Lead Independent Director	Chair	Member	Chair
Bob Johnston ²	Managing Director		Member	
Beth Laughton ³	Member	Member		
Lui Chong Chee	Member			Member
Nancy Milne	Member			Member
Stephen Newton	Member		Member	Chair
Bob Prosser	Member	Member		Member

Notes:

- 1 Mr Olivier Lim stepped down as a member of the Audit Committee with effect from 30 September 2012.
- 2 Mr Bob Johnston is a member of the Investment Committee and attends all other Committee meetings by invitation.
- 3 Ms Beth Laughton was appointed as a Non-Executive Director of the Boards of Australand Holdings Limited, Australand Property Limited and Australand Investments Limited and as a member of the Audit Committee on 7 May 2012.

Meetings and Board work

The Board schedules regular meetings throughout the year as well as a formal strategic planning session.

If required, additional meetings are held to deal with specific non-scheduled matters. During the past year, five additional Board meetings were held. Each year the Board also visits the Group's operations in a specific location to meet with local management and undertake site/OH&S inspections.

An agenda is prepared for each Board meeting by the Company Secretary in conjunction with the Managing Director and the Chairman. Items of a strategic, operational, financial and regulatory nature, together with any key risk areas, are given the appropriate focus on the agenda and management also present to the Board on specific matters on a regular basis.

To facilitate independent decision making by the Board, a Directors' Only session is scheduled at each Board meeting. This allows directors to deal with a range of matters in the absence of management, including succession planning, remuneration and Board operation and effectiveness.

Details of the number of meetings attended by each director are set out on page 14 of this report.

Nomination of Directors and Board renewal

The Board's Remuneration & Nomination Committee regularly reviews the composition of the Board to ensure that there is an appropriate mix of abilities, experience and diversity of backgrounds. The Committee reviews, at least annually, the collective skills of Non-Executive Directors to determine whether the Board, as a whole, has the

skills required to achieve the Group's strategic and operational objectives and reports the outcome of that assessment to the Board.

A copy of Australand's policy on the *Selection, Appointment and Re-Election of Non-Executive Directors* is available for viewing on Australand's website.

Board evaluation

The Board undertakes ongoing self assessment and a formal review is undertaken at the end of each year whereby all directors complete a written Board Evaluation Questionnaire with the objective of identifying any areas for improvement. The results of the Questionnaire are collated by an independent consultant for review by the Chairman and discussion with the Board and individual directors. Recommendations for improvements in Board operations, processes and

practices resulting from the Board evaluation process are referred to the Board for consideration each year.

The Board has delegated to the Deputy Chairman responsibility for reviewing the results of the annual performance review of the Chairman to the Deputy Chairman and, following this review, the Deputy Chairman reports back to the other directors.

Continuing education

Presentations are provided on a regular basis on different aspects of the Group's business. Directors are also encouraged to access external education including director-related courses and industry conferences.

Access to information and advice

In carrying out their duties and responsibilities, directors have access to the Group's management and they may seek independent professional advice at the company's expense, following consultation with the Chairman. Australand has a Deed of Access with each director that gives them a right of access to all documents provided during their term in office and for seven years after they cease to be a director.

Principle 3: Promote ethical and responsible decision making

The Board and management are committed to fostering an ethical and transparent culture within Australand.

Conduct

All directors and employees are expected to comply with the law and act with a high level of integrity. Australand has a Code of Conduct which guides everyday business practice and decision making. The aim of this Code is to promote a high standard of business behaviour and ensure that all directors, executives and other employees are aware of their obligation to treat others with fairness, honesty and respect.

Avoiding conflicts of interest

All directors and employees of Australand are required to avoid conflicts of interest, being situations where personal interests conflict or appear to conflict with the interests of Australand. The Board has adopted a protocol for any director who may have a conflict of interest as a result of a material personal interest in a matter before the Board. Directors are required to declare their interests in any dealings between the Group and their related parties. Any director, who has a conflict, or potential conflict, does not receive papers from the Group pertaining to those matters, or participate in any meetings to consider, or vote on the matter giving rise to that conflict.

Trading in Australand's securities

Under the *Corporations Act 2001*, no person can deal in the securities of a company if they are in possession of information that is not generally publicly available and which a reasonable person would expect to have a material effect on the price or the value of the company's securities. Directors, officers and employees are required to comply with the Securities Trading Policy which is designed to minimise the risk of actual or perceived insider trading. In accordance with this policy, directors, the executive management team, other designated persons and their respective associates may only deal in Australand securities during restricted trading windows.

Political donations

Australand does not make donations to any political party, or to any candidate seeking election to any Federal, State or Local Government body. Australand's policy extends to the payment for attending any function where the proceeds of such function benefit any political party or candidate seeking election to any Federal, State or Local

Government body unless such payment is specifically approved by the Managing Director or relevant Executive General Manager. During the year ended 31 December 2012, Australand did not make any political donations or payments.

Diversity

In accordance with the ASX Recommendations, the Board established a Diversity Policy and set measurable objectives to achieve its goals with regard to diversity. The Group in 2010 established the following targets with regard to diversity which have been achieved:

- wherever possible to include two suitably qualified females in the final group of candidates for Non-Executive Director, Executive Management Team and Executive Management Team direct report roles.
- increase the number of women identified as successors to senior roles to our target level of 25% by 2012;
- undertake a review of gender remuneration parity across the Group; and
- undertake a cultural survey, and invest significantly in building our leadership skills and corporate culture.

Australand has also established a Diversity Council (chaired by the Managing Director) to further its diversity objectives.

The Diversity Policy is available for viewing on Australand's website.

The proportion of women employees in the whole organisation, women in senior executive positions and women on the Board is shown below.

Level of role	% Female 2012	% Female 2011	% Female 2010
Director	25.0	12.5	12.5
Executive Team	14.3	14.3	14.3
Senior Successors ¹	25.0	19.6	16.0
Company	29.0	28.1	27.7

¹ Previously referred to as High Potential/High Performance talent (HIPO/HIPE).

Gender by age group of current permanent employees as at 31 December 2012.

	Under 20 years		20-29 years		30-39 years		40-49 years		50-59 years		60 years +		Total	
Dec 12	M	F	M	F	M	F	M	F	M	F	M	F	M	F
Company total	5	0	63	49	131	76	126	22	70	23	23	1	418	171
Age split by gender (%)	1	0	11	8	22	13	21	4	12	4	4	0	71	29
Total age split (%)	1		19		35		25		16		4		100	

Overall voluntary turnover for permanent employees.

	2012	2011	2010
Total company voluntary turnover (%)	9	12	14

Principle 4: Safeguard integrity in financial reporting

The Audit Committee oversees the structure and management systems that ensure the integrity of the Group's financial reporting. The Committee met six times during 2012. An agenda is prepared for each meeting and comprehensive papers are circulated to Committee members before each meeting. Australand's external and internal auditors attend meetings on a regular basis and the Managing Director and senior management attend each meeting at the invitation of the Committee chairman.

The Board has delegated oversight of the Company's system of internal controls to the Audit Committee. This includes the internal controls in place to deal with both the effectiveness and the efficiency of significant business processes, the

safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information.

The Board receives regular and comprehensive reports relating to the financial condition, capital management and operational results of Australand throughout the year. In relation to the half year and annual financial reports, a detailed internal control questionnaire and review process is in place whereby all senior management are required to sign off on financial records, risk management systems and internal control and compliance systems within their areas of responsibility.

This process supports the Managing Director and Chief Financial Officer in their declaration to the Board that the internal controls have operated effectively during the period and that the annual financial statements and

notes to the financial statements give a true and fair view of the financial position and performance of Australand.

The [Audit Committee Terms of Reference](#) is available for viewing on Australand's website.

External auditor

Australand's external auditor is PricewaterhouseCoopers ("PwC"). PwC was appointed by securityholders at the 2004 Annual and General Meetings in accordance with the provisions of the *Corporations Act 2001*. The Board has a policy whereby the responsibilities of the lead audit engagement partner and the quality review partner cannot be performed by the same people for a period longer than five consecutive years. The Board requires a minimum two year period before an audit partner is allowed back onto the audit team.

The Audit Committee requires that the external auditor confirm every six months that they have maintained their independence and have complied with applicable independence standards promulgated by regulators and professional bodies. The Audit Committee annually reviews the independence of the external auditor and has provided the Board with written advice confirming this assessment. The Audit Committee also periodically meets with the external auditor without management present. A copy of the external auditor's certification of independence is set out on page 16 of this report. The external auditor also attends the Annual and General Meetings and is available to answer securityholder questions about the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by Australand in relation to the preparation of the financial statements, and the independence of the auditor in relation to the conduct of this audit.

Principle 5: Make timely and balanced disclosure

Australand has policies and procedures in place to ensure compliance with its continuous disclosure obligations under the ASX Listing Rules. The Group has a Market Disclosure Committee comprising the Managing Director, the Chief Financial Officer, the General Counsel and the Company Secretary, with other management being invited to attend at the Managing Director's discretion. Specifically, the Market Disclosure Committee is responsible for ensuring that Australand complies with its disclosure obligations, reviewing information to determine whether it needs to be disclosed to the ASX, implementing and monitoring reporting processes and controls for the release of information.

Australand is committed to providing timely, full and accurate disclosure and to keeping the market fully informed by announcing all material matters to the ASX immediately as required under the ASX Listing Rules, and subsequently to the media.

All material releases are posted on Australand's website after they are released to the market. During 2012, Australand fully complied with its disclosure obligations under the ASX Listing Rules. The Company Secretary has the primary responsibility for communicating with the ASX in relation to compliance with the Listing Rules.

The *Communications and Market Disclosure Policy* is available for viewing on Australand's website.

Principle 6: Respect the rights of securityholders

Australand respects the rights of its securityholders and is committed to providing a high standard of communication to securityholders so that they have all available information reasonably required to make informed decisions in relation to Australand's value and prospects.

In accordance with the *Communication and Market Disclosure Policy*, Australand communicates with securityholders through the following means:

- Annual Report and Half Year Report;
- Annual and General Meetings;
- Securityholder Reviews which incorporate performance highlights, a review of operations and progress against key stated objectives;
- Releases to the market via the ASX; and
- The Investor Centre on Australand's website – www.australand.com.au.

Australand encourages securityholders to attend and participate in Annual and General Meetings and respects

securityholders' rights to ask questions about the management of the company. If securityholders are not able to attend meetings, they can view the meetings via webcast on Australand's website and may vote by appointing a proxy using the form attached to the Notice of Meetings.

Principle 7: Recognise and manage risk

Risk management and oversight

As part of Australand's governance framework, the Group has a comprehensive risk management process in place, together with supporting procedures and processes. Australand's risk management process seeks to ensure that all risks are properly identified, assessed and managed across the Group, that insurances are adequate and that appropriate policies are in place to guide ethical behaviour on the part of directors and employees. Risk management is an integral part of Australand's decision making process and it is also used to assess potential opportunities and to manage potential adverse effects.

The Board has ultimate responsibility for risk management across the Group and has delegated specific responsibility to the Risk & Compliance Committee to review the effectiveness of the overall risk management process in place (including the Risk Management Policy, the Risk Appetite and Tolerance Statement and the Risk Management Register) before recommending these to the Board for approval. The Board has delegated authority to the Audit Committee to monitor the processes concerning identification of the financial risk exposures material to the Group and the processes in place to mitigate those risks.

The *Risk & Compliance Committee Terms of Reference* is available for viewing on Australand's website.

Risk management process

Australand has implemented and maintains a structured and documented process for risk management that is integrated with its business activities and aligned with its strategic and operational planning processes. This process complies in all material respects with the AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines.

The Managing Director is accountable to the Board for the development and management of Australand's risk management framework and is supported by the General Counsel in terms of adopting appropriate risk management processes, including regular and transparent reporting to the Board, the Risk & Compliance Committee and the Audit Committee (in the case of financial risks).

The Managing Director and the Chief Financial Officer provide assurance to the Board that the declaration provided in accordance with section 295A of the *Corporations Act 2001* is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks (refer comments under Principle 4).

Internal audit function

Australand's internal audit function focuses on areas of key risk to the organisation. Australand's Internal Auditor is Ernst & Young and the work performed by Ernst & Young is supplemented by the Group's Internal Audit Team. Each year the Internal Audit Plan is reviewed and approved by the Audit Committee and internal audit reports are submitted to the Audit Committee on a quarterly basis, with

a copy being provided to the Risk & Compliance Committee. Regular presentations are made to the Audit Committee by the Internal Auditor.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1 recommends that an entity's remuneration committee should be structured so that it consists of a majority of independent directors, be chaired by an independent director and have at least three members. As at 26 February 2013, Australand's Remuneration & Nomination Committee comprised three members, two of whom were independent directors under the ASX Recommendations. The Chairman of Australand's Remuneration & Nomination Committee is Mr Paul Isherwood, AO. Mr Isherwood is independent in accordance with the guidelines for determining independence contained in the ASX Recommendations.

The Managing Director attends Remuneration & Nomination Committee meetings at the invitation of the Committee's Chairman.

The Remuneration & Nomination Committee assists and supports the Board by ensuring that Australand has appropriate remuneration policies and practices in place to enable it to attract, motivate and retain executives and non-executive directors who will manage and direct Australand respectively with the goal of creating and increasing value for securityholders. The Remuneration & Nomination Committee has responsibility for ensuring that executives are fairly and responsibly rewarded having regard to the performance of Australand, the performance of the executive and the general environment for remuneration in Australia.

The Remuneration & Nomination Committee also has responsibility

for recommending to the Board the remuneration structure and levels for non-executive directors.

The *Remuneration & Nomination Committee Terms of Reference* is available for viewing on Australand's website.

Australand's Remuneration Report is set out on pages 29 to 40 of Australand's 2012 Annual Report. This report explains the structure of, and rationale behind, Australand's remuneration principles and practices and outlines the link between the remuneration of employees and Australand's performance.

Compliance with ASX Recommendations

Requirement/recommendations	Reference	Compliance
1 Lay solid foundations for management and oversight		
1.1 Establish functions reserved to the Board and those delegated to senior executives and disclose those functions	Board Governance Document; Policy on Selection, Appointment and Re-election of Non-Executive Directors; Delegations of Authority	Comply
1.2 Disclose the process for evaluating the performance of senior executives	Remuneration & Nomination Committee Terms of Reference; Remuneration Policy	Comply
1.3 Provide information indicated in the Guide to reporting on Principle 1	Corporate Governance Statement; Australand website	Comply
2 Structure the board to add value		
2.1 A majority of the Board should be independent directors	Board Governance Document; Corporate Governance Statement	Comply
2.2 Chair should be an independent director	Board Governance Document; Corporate Governance Statement	Do not Comply
2.3 Roles of chair and chief executive officer should not be exercised by the same individual	Board Governance Document	Comply
2.4 The Board should establish a nomination committee	Board Governance Document; Remuneration & Nomination Committee Terms of Reference	Comply
2.5 Disclose the process for evaluating the performance of the Board, its committee and individual directors	Board Governance Document; Remuneration & Nomination Committee Terms of Reference; Corporate Governance Statement	Comply
2.6 Provide the information indicated in the Guide to reporting on Principle 2	Directors' Report; Board Governance Document; Corporate Governance Statement; Australand website	Comply
3 Promote ethical and responsible decision making		
3.1 Establish a code of conduct and disclose the code or a summary of the code	Code of Conduct	Comply
3.2 Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and the progress in achieving them	Diversity Policy	Comply
3.3 Disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the Diversity Policy and progress towards achieving them	Corporate Governance Statement	Comply
3.4 Disclose in each annual report the proportion of women employees in the whole organisation, women in senior positions and women on the Board	Corporate Governance Statement	Comply
3.5 Provide information indicated in the Guide to reporting on Principle 3	Corporate Governance Statement; Australand Website	Comply
4 Safeguard integrity in financial reporting		
4.1 Board should establish an Audit Committee	Board Governance Document; Audit Committee Terms of Reference	Comply

Requirement/recommendations	Reference	Compliance
4.2 Audit Committee should be structured so that it: — Consists only of non-executive directors — Consists of a majority of independent directors — Is chaired by an independent chair, who is not a chair of the Board — Has at least three members	Audit Committee Terms of Reference	Comply
4.3 Audit Committee should have a formal charter	Audit Committee Terms of Reference	Comply
4.4 Provide the information indicated in the Guide to reporting on Principle 4	Directors' Report; Corporate Governance Statement; Australand website	Comply
5 Make timely and balanced disclosure		
5.1 Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or summary of those policies	Policy on Communication and Market Disclosure; Corporate Governance Statement	Comply
5.2 Provide the information indicated in the Guide to Reporting on Principle 5	Policy on Communication and Market Disclosure; Corporate Governance Statement; Australand Website	Comply
6 Respect the rights of shareholders		
6.1 Design a communications policy for promoting effective communications with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy	Policy on Communication and Market Disclosure; Corporate Governance Statement; Australand website	Comply
6.2 Provide the information indicated in the Guide to Reporting on Principle 6	Policy on Communication and Market Disclosure; Corporate Governance Statement; Australand Website	Comply
7 Recognise and manage risk		
7.1 Establish policies for the oversight and management of material business risks and disclose summary of those policies	Risk Management Policy; Risk Appetite and Tolerance Statement; Corporate Governance Statement	Comply
7.2 Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks	Risk Management Plan; Risk Appetite and Tolerance Statement; Risk Management Register; Risk & Compliance Committee Terms of Reference; Audit Committee Terms of Reference (financial risk); Corporate Governance Statement	Comply
7.3 Board should disclose whether it has received assurances from the chief executive officer and chief financial officer that the declaration provided in accordance with s295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to the financial reporting risks	Corporate Governance Statement	Comply
7.4 Provide the information indicated in the Guide to Reporting on Principle 7	Risk Management Policy; Risk Appetite and Tolerance Statement; Risk Management Register; Australand website	Comply
8 Remunerate fairly and responsibly		
8.1 Board should establish a remuneration committee	Board Governance Document; Remuneration & Nomination Committee Terms of Reference	Comply
8.2 The remuneration committee should be structured so that it: — Consists of a majority of independent directors — Is chaired by an independent chair — Has at least three members	Remuneration & Nomination Committee Terms of Reference; Corporate Governance Statement	Comply
8.3 Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	Remuneration Policy	Comply
8.4 Provide the information indicated in the Guide to Reporting on Principle 8	Directors' Report; Remuneration Report; Australand Website	Comply

Directors' Report.

INTRODUCTION

The Directors of Australand Property Limited (ABN 90 105 462 137) (the “Responsible Entity”) as the Responsible Entity of Australand ASSETS Trust (“Trust”) present their report, together with the financial report of the Trust, for the year ended 31 December 2012 and the Independent Auditor’s Report thereon.

The Responsible Entity of the Trust is an entity incorporated in New South Wales. The immediate parent entity of the Responsible Entity is Australand Holdings Limited (ABN 12 008 443 696), incorporated in New South Wales, and its ultimate parent entity is CapitaLand Limited, a company incorporated in Singapore.

GOVERNANCE

Directors’ qualifications and experience

The names, qualifications and experience of each person holding the position of Director of the Responsible Entity at the date of this report are:

Olivier Lim

BEng (Civil) (Honours 1)

Term of Office:

Non-Executive Director since 18 December 2007 and Chairman from 14 April 2011. Mr Lim was last re-elected at the 2011 Annual and General Meetings and, in accordance with Australand’s Constitution, is retiring by rotation and standing for re-election in 2013.

Independent: No

Board Committee membership:

Chairman of the Investment Committee

Skills and experience:

Appointed Group Deputy CEO of CapitaLand Limited on 3 January 2013. Held the position of Chief Investment Officer between February 2012 and January 2013 and was Head of Strategic Corporate Development from August 2011 up until his appointment

as Chief Investment Officer. He was Group Chief Financial Officer of CapitaLand Limited between July 2005 and July 2011 and, prior to that, was Deputy Chief Financial Officer. He first joined CapitaLand as Senior Vice President, Corporate Finance in September 2003. Prior to joining the CapitaLand Group, he was Director and Head of Real Estate Unit, Corporate Banking in Citibank, Singapore. He joined Citibank in Singapore in August 1989.

Directorships of listed entities within the last three years include:

- Director of Neptune Orient Lines Limited (appointed 12 April 2012)
- Director of Raffles Medical Group Limited (appointed 1 October 2009)
- Director of CapitaMalls Asia Limited (appointed 1 July 2005)
- Formerly a director CapitaMall Trust Management Limited (the manager of a listed REIT in Singapore) (appointed 1 July 2005, resigned 1 November 2012)
- Formerly a director of CapitaCommercial Trust Management Limited (the manager of a listed REIT in Singapore) (appointed 1 July 2005, resigned 1 January 2013)

Other current Directorships/Offices:

- Member of the Board of Sentosa Development Corporation
- Chairman of Mount Faber Leisure Group Pte Ltd (a wholly owned subsidiary of Sentosa Development Corporation)

Paul Dean Isherwood, AO

FCA

Term of Office:

Non-Executive Director since 15 December 2005. Appointed Deputy Chairman and Lead Independent Director on 1 January 2011. Mr Isherwood was re-elected at the 2012 Annual and General Meetings.

Independent: Yes

Board Committee membership:

Chair of the Audit Committee and the Remuneration & Nomination Committee, Member of the Investment Committee.

Skills and experience:

An experienced company director with a strong finance and accounting background. Proven leadership experience from a career with Coopers & Lybrand that spanned 38 years. Held the position of National Chairman

and Managing Partner of Coopers & Lybrand (Australia) from 1985 to 1994. Served on the International Board and Executive Committee of the firm from 1985 to 1994. Has extensive corporate governance experience across different industry sectors, and mostly with listed companies.

Directorships of listed entities within the last three years include:

- Chairman of Globe International Limited (appointed 30 March 2001)

Other current Directorships/Offices:
Nil

Robert William Johnston

BEng (Electrical) (Honours 1)

Term of Office:

Managing Director since 1 August 2007. In accordance with the Company's Constitution, the Managing Director is exempt from retirement by rotation in accordance with clause 12.28.

Independent: No

Board Committee membership:

Member of the Investment Committee. Attends all other Board Committee meetings by invitation.

Skills and experience:

Mr Johnston was appointed Managing Director of Australand in August 2007 and has extensive experience in the property sector. He has been involved in all facets of the sector including Funds Management, Property Development, Project Management and Construction. Prior to joining Australand, Mr Johnston spent 20 years with the Lend Lease Group in various roles in Australia, Asia, US and the UK.

Directorships of listed entities within the last three years include:

Nil

Other current Directorships/Offices:

- Director of Property Industry Foundation

Beth May Laughton

BEC, FCA, FAICD

Term of Office:

Non-Executive Director since 7 May 2012. In accordance with Australand's Constitution, Ms Laughton will stand for election in 2013.

Independent: Yes

Board Committee membership:

Member of the Audit Committee.

Skills and experience:

Ms Laughton is a chartered accountant with a strong background in corporate finance, having held senior roles at Wilson HTM, TMT Partners, KPMG, HSBC Securities and Ord Minnett, where she provided merger and acquisition advice and arranged equity funding across a range of industries.

Directorships of listed entities within the last three years include:

- Director of JB Hi-Fi Limited (appointed May 2011)

Other current Directorships/Offices:

- Director of CRC CARE Pty Ltd
- Member of the Defence SA Advisory Board

Lui Chong Chee

BSc, MBA

Term of Office:

Non-Executive Director since 11 December 2001 and Chairman between 1 June 2007 and 14 April 2011. Mr Lui was re-elected at the 2012 Annual and General Meetings.

Independent: No

Board Committee membership:

Member of the Remuneration & Nomination Committee.

Skills and experience:

Currently Chief Financial Officer of Raffles Medical Group Limited. He previously held the position of CEO, Capitaland Financial Limited up until his resignation on 31 May 2010. During his time with Capitaland Limited, Mr Lui held a succession of senior financial and operational management positions across the Group. Prior to joining the Capitaland Group, he was Managing

Director of Citicorp Investment Bank (Singapore) Limited. He joined Citibank, Singapore in July 1986.

Directorships of listed entities within the last three years include:

Formerly a director of:

- CapitaRetail China Trust Management Limited (appointed 1 June 2008, resigned 1 June 2010)
- CapitaCommercial Trust Management Limited (appointed 1 July 2008, resigned 1 June 2010)
- CapitaMall Trust Management Limited (appointed 24 November 2008, resigned 23 February 2010)

All of the above are managers of listed REITs in Singapore

Other current Directorships/Offices:
Nil

Nancy Jane Milne, OAM

LLB

Term of Office:

Non-Executive Director since 1 October 2010. Ms Milne was elected at the 2011 Annual and General Meetings.

Independent: Yes

Board Committee membership:

Chair of the Risk & Compliance Committee and Member of the Remuneration & Nomination Committee

Skills and experience:

An experienced company director with extensive business experience. Formerly a partner and consultant at Clayton Utz, specialising in the areas of insurance and risk. Was Chairperson of Australand's Risk & Compliance Committee between 2003 and 2009.

Directorships of listed entities within the last three years include:

- Director of Commonwealth Property Office Fund (appointed 1 January 2009)
- Director of CFS Retail Property Trust Group (appointed 1 January 2009)

Other current Directorships/Offices:

- Director of Colonial Mutual Life Assurance Society Limited
- Director of Commonwealth Insurance Limited
- Director of Commonwealth Managed Investments Limited
- Chair of Securities Exchanges Guarantee Corporation Limited

Stephen Eric Newton

BA (Econ & Actg), CA, MCom

Term of Office:

Non-Executive Director since 18 December 2007. Mr Newton was last re-elected at the 2011 Annual and General Meetings and, in accordance with Australand's Constitution, is retiring by rotation and standing for re-election in 2013.

Independent: Yes**Board Committee membership:**

Member of the Investment Committee and the Risk & Compliance Committee

Skills and experience:

An experienced company director in the real estate and infrastructure sectors. Currently Joint Managing Director and co-founder of Arcadia Funds Management Limited. Prior to establishing the Arcadia Group in December 2002, he was a senior executive with the Lend Lease Group, a member of its global senior executive management group and a director of a number of Lend Lease entities and managed funds (November 1980 to December 2002). Has over thirty years experience in the real estate sector both in Australia and internationally with extensive involvement in all aspects of asset management, development management, real estate investment management and mergers, acquisitions and dispositions of publicly listed and private (wholesale) real estate investment trusts and companies.

Directorships of listed entities within the last three years include:

Nil

Other current Directorships/Offices:

- Director of Newcastle Airport Limited
- Advisory Board Member representing Alberta Investment Management Corporation (Canada) for Forestry Investment Trust
- Director of Broadcast Australia Group
- Director of Athllon Trustees Pty Limited
- Director of University of Notre Dame Australia
- Member of the Finance Committee and Property Committee for the Catholic Archdiocese of Sydney

Robert Edward Prosser

MA, FCA, MAICD, SA Fin

Term of Office:

Non-Executive Director since 9 February 2011. Mr Prosser was elected at the 2011 Annual and General Meetings.

Independent: Yes**Board Committee membership:**

Member of the Audit Committee and the Risk and Compliance Committee

Skills and experience:

Mr Prosser has a strong finance and accounting background having retired in June 2008 as a Partner of PricewaterhouseCoopers ("PwC") where he was responsible for due diligence in relation to mergers, acquisitions, equity raisings and divestments. At the time of his resignation, he was chair of PwC's public reports panel, with responsibility for the quality control of all public documents and liaison with regulators.

Directorships of listed entities within the last three years include:

- Moly Mines Limited (appointed 20 October 2010, resigned 22 December 2011)

Other current Directorships/Offices:

- Director of National Breast Cancer Foundation

COMPANY SECRETARIES

Company secretaries of the Board in office at the date of this report, and each company secretary's experience and qualifications are as shown below.

Beverley Ann Booker

(Group Company Secretary)

BBus, FCPA, FCIS, FAICD,
Company Directors' Advanced
Diploma

Ms Booker was appointed Company Secretary of AHL, APL and AIL on 25 October 2006.

Ms Booker joined Australand as Group Company Secretary in October 2006. Her previous positions included Group Company Secretary/General Manager Risk & Compliance for the Australian Agricultural Company Limited and Group Company Secretary of AMP Limited. Ms Booker has over 25 years experience across a wide range of business areas including governance, compliance, risk management and strategic and operational planning.

Michael Bowden Newsom

(General Counsel)

BA, LLB, FCIS

Mr Newsom was appointed a Company Secretary of AHL on 13 March 2001, APL on 29 January 2004 and AIL on 27 October 2005 and acts as Company Secretary in Ms Booker's absence.

Mr Newsom joined Australand in August 2000 as General Counsel. He is also responsible for Corporate Risk Management. Prior to joining Australand, Mr Newsom held positions of Company Secretary and General Counsel for Pioneer International Limited and Ampol Limited. He has over 30 years experience in commercial and corporate law, dispute resolution, capital markets, mergers and acquisitions and corporate administration both in private legal practice and in large publicly listed companies across the property, building materials, petroleum and financial services sectors.

Meetings of Directors

The number of meetings of directors (including committee meetings) held during the year and the number of meetings attended by each director or committee member is as follows:

Director	Board	Audit Committee	Investment Committee	Remuneration & Nomination Committee	Risk & Compliance Committee
Olivier Lim (Chairman)	12 (13)	4 (5)	1 (1)		
Paul Dean Isherwood (Deputy Chairman and Lead Independent Director)	12 (13)	5 (6)	1 (1)	4 (4)	
Bob Johnston	13 (13)		1 (1)		
Beth Laughton	8 (10)	4 (4)			
Lui Chong Chee	12 (13)			4 (4)	
Nancy Milne	12 (13)			4 (4)	5 (5)
Stephen Newton	13 (13)		1 (1)		5 (5)
Bob Prosser	13 (13)	6 (6)			5 (5)

Notes:

- Figures in brackets indicate the number of meetings held during the time the director held office or was a member of the Board or the Board Committee during the year.
- There were 4 Board Sub-Committee meetings held during the year and 1 Remuneration & Nomination Sub-Committee meeting.
- Mr Bob Johnston is a member of the Investment Committee and attends all other Committee meetings by invitation.
- Mr Olivier Lim stepped down as a member of the Audit Committee with effect from 30 September 2012.
- Ms Beth Laughton was appointed as a Non-Executive Director of the Boards of AHL, APL and AIL and as a member of the Audit Committee on 7 May 2012.

OPERATIONS**Principal Activity**

The principal activity of the Trust is to lend funds at interest to Australand Property Trust.

Review of operations

The net profit of the Trust for the year ended 31 December 2012 was \$23,856,000 (2011: \$26,642,000). The net tangible asset backing of the Trust as at 31 December 2012 attributable to unitholders was \$97.69 per unit (2011: \$97.69 per unit).

Significant changes in state of affairs

There were no significant changes in the state of affairs of Australand ASSETS Trust during the financial year.

Matters subsequent to the end of the financial year

On 3 January 2013, Australand's majority securityholder, CapitaLand Limited, announced its intention to conduct a strategic review of its investment in Australand. Australand has appointed financial and legal advisers to assist it in establishing whether any proposal arising from CapitaLand's review can be developed that is in the interests of all Australand securityholders.

Australand's management and advisers are working with CapitaLand in this process, however, there is no guarantee that any proposal will be forthcoming.

Other than the matter referred to above, there have been no significant events or transactions that have arisen since the end of the financial year, which in the opinion of the directors, would affect significantly the operations of the Trust, the results of those operations, or the state of affairs of the Trust.

Likely developments and expected results of operations

The Trust will continue to pay floating rate quarterly distributions, subject to it having sufficient income and ASSETS not being redeemed or exchanged.

Remuneration Report

Neither the Trust nor its Responsible Entity has employees of its own and, accordingly, there is no remuneration information to be disclosed.

Distributions

Distributions paid or declared by the Directors since the end of the previous financial year were \$23,856,000 (2011: \$26,642,000).

The distributions for the year ended 31 December 2012 represent the underlying income earned by the unitholders in the Trust. The Trust neither acquired nor cancelled any units on issue during the period.

Directors' benefits and interests in contracts

Since 31 December 2011, no director or an associate of a director, has received or become entitled to receive a benefit (other than a benefit included in the total amount of emoluments received or due and receivable by directors or their associates shown in the financial statements) because of a contract that the director, or a firm of which the director is a member, or an entity in which the director has a substantial interest has made (during that, or any other, financial year) with the Trust or an entity that it controlled, or a body corporate that was related to the Trust when the contract was made or when the director or associate received or became entitled to receive the benefit.

Directors' and officers' indemnity and insurance

Clause 19 of the Trust's constitution provides: "The Responsible Entity is entitled to be indemnified out of the assets of the Trust for any liability incurred by it in properly performing or exercising any of its powers or duties in relation to the Trust. To the extent permitted by the *Corporations Act 2001*, this indemnity includes any liability incurred as a result of any act or omission of a delegate or agent appointed by the Responsible Entity. This indemnity is in addition to any indemnity allowed by law. It continues to apply after the Responsible Entity retires or is removed from the office it holds in relation to the Trust".

Australand Property Limited in its capacity as the responsible entity of Australand ASSETS Trust has executed deeds of access, insurance and indemnity in terms of Clause 19 in favour of each director of the Company.

Non-audit services

Details of the services undertaken by the Trust's external auditor, PricewaterhouseCoopers, including the amounts paid or payable to the external auditor for non-audit services, are set out below and in Note 3 to the financial statements.

	2012	2011
	\$	\$
Assurance services		
Fees paid to PricewaterhouseCoopers Australian firm:		
Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	25,300	24,500
Total remuneration for audit services	25,300	24,500

No fees were paid to PricewaterhouseCoopers in relation to other assurance services (2011: nil).

Auditor's independence declaration

A copy of the external auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 16.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

Rounding of amounts

The Trust is an entity of the kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Directors' Resolution

Dated at Sydney this 26th day of February 2013.

Signed in accordance with a resolution of the directors.



Olivier Lim
Chairman



Bob Johnston
Managing Director

Auditor's Independence Declaration



Auditor's Independence Declaration

As lead auditor for the audit of Australand ASSETS Trust for the year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Australand ASSETS Trust during the period.

A handwritten signature in black ink, appearing to read 'N R McConnell', written over a horizontal line.

N R McConnell
Partner
PricewaterhouseCoopers

Sydney
26 February 2013

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Liability limited by a scheme approved under Professional Standards Legislation.

Statement of comprehensive income

For the year ended 31 December 2012
Australand ASSETS Trust

	Notes	2012 \$'000	2011 \$'000
Interest income		24,272	26,940
Audit expenses	3	(25)	(25)
Other expenses		(391)	(273)
Net profit from continuing operations		23,856	26,642
Other comprehensive income		–	–
Total comprehensive income for the financial year		23,856	26,642
		\$	\$
Basic earnings per unit	2	8.67	9.69
Diluted earnings per unit	2	8.67	9.69

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

Balance sheet

As at 31 December 2012
Australand ASSETS Trust

	Notes	2012 \$'000	2011 \$'000
Current assets			
Cash and cash equivalents		44	38
Receivables	4	5,837	6,816
Total current assets		5,881	6,854
Non-current assets			
Receivables	4	268,658	268,658
Total non-current assets		268,658	268,658
Total assets		274,539	275,512
Current liabilities			
Payables	5	289	249
Provisions	6	5,592	6,605
Total current liabilities		5,881	6,854
Total liabilities		5,881	6,854
Net assets		268,658	268,658
Equity			
Contributed equity	7	268,658	268,658
Total equity		268,658	268,658

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

Cash flow statement

For the year ended 31 December 2012
Australand ASSETS Trust

	Notes	2012 \$'000	2011 \$'000
Cash flows from operating activities			
Interest received		25,251	26,904
Payments to suppliers		(25)	(25)
Payments to related party		(351)	(115)
Net cash inflow from operating activities	9	24,875	26,764
Net cash flow from investing activities		-	-
Cash flows from financing activities			
Trust distributions paid		(24,869)	(26,747)
Net cash (outflow) from financing activities		(24,869)	(26,747)
Net movement in cash held		6	17
Cash at the beginning of the financial year		38	21
Cash at the end of the financial year		44	38

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

Statement of changes in equity

For the year ended 31 December 2012
Australand ASSETS Trust

	Attributable to the unitholders of Australand ASSETS Trust		
	Contributed Equity \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 January 2012	268,658	–	268,658
Net profit for the year	–	23,856	23,856
Other comprehensive income for the year	–	–	–
Total comprehensive income for the year	–	23,856	23,856
Distributions provided for or paid	–	(23,856)	(23,856)
Balance at 31 December 2012	268,658	–	268,658
Balance at 1 January 2011	268,658	–	268,658
Net profit for the year	–	26,642	26,636
Other comprehensive income for the year	–	–	–
Total comprehensive income for the year	–	26,642	26,636
Distributions provided for or paid	–	(26,642)	(26,636)
Balance at 31 December 2011	268,658	–	268,658

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

Notes to the financial statements

For the year ended 31 December 2012
Australand ASSETS Trust

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the consolidated financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes financial statements for Australand Assets Trust (the 'Trust').

The financial report covers the year ended 31 December 2012. The comparative disclosures are for the year ended 31 December 2011.

a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

The Trust is a for profit entity for the purpose of preparing financial statements.

The accounting policies adopted are consistent with those of the previous and interim reporting period and corresponding financial year.

Compliance with International Financial Reporting Standards ('IFRS')

The financial report of the Trust complies with IFRS as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Changes in current year classification

Reclassifications of a number of immaterial balances have been made to the statement of comprehensive income and balance sheet in the current period to better reflect the underlying nature of these balances. These changes do not affect the comparability of amounts from period to period.

b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

Interest income

Interest income is recognised under the effective interest rate method.

c) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

d) Receivables

Current receivables represent interest receivable that is recognised under the effective interest rate method.

Non-current receivables represent amounts due from Australand Property Trust and are recognised initially at fair value and subsequently at amortised cost.

e) Trade and other payables

Trade and other payables 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.

f) Provisions

Provisions are recognised when the Trust 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.

g) Income tax

Under current income tax legislation, the Trust is not liable for income tax, provided that the taxable income is fully distributed each year.

h) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

i) Earnings per unit

Basic earnings per unit

Basic earnings per unit is determined by dividing the net profit attributable to ASSETS Trust, excluding any costs of servicing equity other than ordinary units, by the weighted average number of units outstanding during the year.

Diluted earnings per unit

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

j) Contributed equity

Units in the Trust held by unitholders are classified as equity. Incremental costs directly attributable to the issue of new units are shown in equity as a deduction from the proceeds received.

k) Distributions

Provision is made for the amount of any trust distributions declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

l) Segment reporting

The Trust has adopted AASB 8 Operating Segments ('AASB 8'). This standard requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes by the Executive Management Team.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Rounding of amounts

The Trust is an entity of the kind referred to in Class Order 98/100 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.

n) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 reporting periods. These are not expected to have a material effect on the Trust in future reporting periods.

2. EARNINGS PER UNIT

	2012	2011
	\$	\$
(i) Basic earnings per unit	8.67	9.69
(ii) Diluted earnings per unit	8.67	9.69

(a) Reconciliation of earnings used in calculating earnings per unit

	\$'000	\$'000
(i) Basic earnings per unit		
Net profit from continuing operations	23,856	26,642
Earnings used in calculating basic earnings per unit	23,856	26,642
(ii) Diluted earnings per unit		
Net profit from continuing operations	23,856	26,642
Earnings used in calculating diluted earnings per unit	23,856	26,642

(b) Weighted average number of units used

	No.	No.
Weighted average number of units used as the denominator in calculating basic and diluted earnings per unit	2,750,100	2,750,100

3. AUDITOR'S REMUNERATION

During the year, the following fees were paid or payable for services provided by the auditor of the Trust:

	2012	2011
	\$	\$
Assurance Services		
Audit services		
Fees paid to PricewaterhouseCoopers Australian firm:		
Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	25,300	24,500
Total remuneration for audit services	25,300	24,500

No non-audit services were provided by PricewaterhouseCoopers (2011: Nil).

4. RECEIVABLES

	2012	2011
	\$'000	\$'000
Current		
Interest receivable from Australand Property Trust	5,837	6,816
Non-current		
Interest bearing loan to Australand Property Trust	268,658	268,658

The loan to Australand Property Trust is interest bearing (refer note 13(c)) and has a maturity date of August 2015. Under the terms of the loan the amount disclosed as non-current would become receivable immediately if the units of the Trust were Redeemed or Exchanged.

5. PAYABLES

	2012	2011
	\$'000	\$'000
Current		
Accrued expenses	289	249

6. PROVISIONS

	2012	2011
	\$'000	\$'000
Current		
Distribution payable	5,592	6,605
Reconciliation:		
Reconciliation of the carrying amount of provision is set out below:		
Carrying amount at beginning of financial year	6,605	6,710
Interim and final distributions	23,856	26,642
Payments made during the year	(24,869)	(26,747)
Carrying amount at end of financial year	5,592	6,710

Payment of the final 2012 distribution was made on 16 January 2013.

7. CONTRIBUTED EQUITY

	2012	2011
	\$'000	\$'000
Equity	268,658	268,658

Movements in Units – 2012

Date	Details	Number of units*	2012 \$'000
01 Jan 2012	Balance at beginning of financial year	2,750,100	268,658
31 Dec 2012	Balance at end of financial year	2,750,100	268,658

Movements in Units – 2011

Date	Details	Number of units*	2011 \$'000
01 Jan 2011	Balance at beginning of financial year	2,750,100	268,658
31 Dec 2011	Balance at end of financial year	2,750,100	268,658

* The number of units above comprises 100 ordinary units and 2,750,000 Australand Subordinated Step-up Exchangeable Securities.

a) ASSETS

Holders will have a present entitlement on the last day of each distribution period, in priority to the entitlement of ordinary unitholders, to receive on a pro rata basis, payments of distributable income, subject to that payment not exceeding the ASSETS distribution payment for the distribution period. Holders also have a right, in priority to the entitlement of ordinary unitholders, to distributions of capital out of Australand ASSETS Trust up to the redemption amounts. Ordinary unitholders will be entitled to any remaining capital.

ASSETS unitholders have no voting rights in respect of Australand Property Group stapled securities by virtue of their holding of ASSETS. The consent of Ordinary Unitholders must be obtained before any variation is made to the rights attaching to ASSETS.

b) Ordinary Units

The Ordinary Units are held by Perpetual Trustee Company Limited as custodian for Australand Property Limited and have a present entitlement to any remaining distributable income in respect of a distribution period.

8. DISTRIBUTIONS

	Payment per unit (\$)	Total amount \$'000	Date of payment
2012			
Quarter ended 31 March 2012	2.29	6,299	18 April 2012
Quarter ended 30 June 2012	2.25	6,195	16 July 2012
Quarter ended 30 September 2012	2.10	5,770	16 October 2012
Quarter ended 31 December 2012	2.03	5,592	16 January 2013
	8.67	23,856	
	Payment per unit (\$)	Total amount \$'000	Date of payment
2011			
Quarter ended 31 March 2011	2.41	6,624	15 April 2011
Quarter ended 30 June 2011	2.42	6,648	15 July 2011
Quarter ended 30 September 2011	2.46	6,765	18 October 2011
Quarter ended 31 December 2011	2.40	6,605	17 January 2012
	9.69	26,642	

All distributions relate to ASSETS unitholders.

9. CASH FLOW INFORMATION

Reconciliation of cash

For the purpose of the statement of cash flow, cash includes cash on hand and at bank and short term deposits at call.

	2012 \$'000	2011 \$'000
Reconciliation of net profit to net cash inflow from operating activities:		
Net profit	23,856	26,642
Change in operating assets and liabilities during the financial year:		
Decrease/(increase) in receivables	979	(36)
Increase in payables	40	158
Net cash inflow from operating activities	24,875	26,764

10. CONTINGENCIES

The Responsible Entity for the Trust (Australand Property Limited), which is also the responsible entity for the Australand Property Trust ("APT") and its controlled entities, has jointly and severally unconditionally and irrevocably guaranteed the repayment of certain borrowings by members of the Australand Holdings Limited group.

11. SEGMENT REPORTING

The Trust derives all its interest income from its loan to the Australand Property Trust, which is located in Australia. The Trust is deemed to only have one operating segment, and this is consistent with the reporting reviewed by the Executive Management Team. Due to the simplicity of the Trust's operations, the statement of comprehensive income and balance sheet are the only reporting required by management.

12. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

The following persons were directors of Australand Holdings Limited (AHL), Australand Property Limited (APL) (as the responsible entity of Australand Property Trust and Australand ASSETS Trust) and Australand Investments Limited (AIL) (as the responsible entity of Australand Property Trust No.4 and Australand Property Trust No.5) during the financial year.

Olivier Lim (Chairman)	
Paul Dean Isherwood, AO	(Deputy Chairman and Lead Independent Director)
Robert William Johnston	(Managing Director)
Beth May Laughton	(appointed 7 May 2012)
Lui Chong Chee	
Nancy Jane Milne, OAM	
Stephen Eric Newton	
Robert Edward Prosser	

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of Australand Holdings Limited and its controlled entities, directly or indirectly, during the financial year:

Name	Role	Date of Appointment
Sean McMahon	Executive General Manager, Commercial and Industrial	1 January 2008
Kieran Pryke	Chief Financial Officer	1 March 2010
Rod Fehring	Executive General Manager, Residential	22 March 2010

12. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(c) Key management personnel compensation

	2012 \$	2011 \$
Short term employee benefits	6,499,727	6,290,499
Post employment benefits	202,230	174,809
Other long term employee benefits	58,085	56,916
Security based payments	1,178,785	1,112,353
TOTAL	7,938,827	7,634,577

All of the above benefits are paid by Australand Property Group Pty Limited and are in relation to the management of the Group as a whole and not this specific entity.

13. Non-director related party transactions

a) Controlling entities

The ultimate parent entity of Australand Holdings Limited, Australand Property Trust, Australand Property Trust No.4 and Australand Property Trust No.5 is CapitalLand Limited, a company incorporated in Singapore, which at 31 December 2012 through various subsidiaries owned 59.3% (2011: 59.3%) of the issued stapled securities of Australand Property Group. Australand Property Limited (the responsible entity of Australand Property Trust and Australand ASSETS Trust) is a wholly owned subsidiary of Australand Holdings Limited. Australand Holdings Limited is incorporated in Australia.

b) Key management personnel

Disclosures relating to key management personnel are set out in Note 12.

c) Transactions with other related parties

Transactions with related parties are conducted in the normal course of business under normal terms and conditions.

	2012 \$	2011 \$
Statement of comprehensive income:		
Interest income from Australand Property Trust	24,272,389	26,939,582
Administrative expenses paid to Australand Property Trust	391,113	273,082
Balance Sheet:		
Interest receivable from Australand Property Trust	5,836,993	6,815,750
Amounts owing by related entity – Australand Property Trust *	268,658,000	268,658,000

* The terms of the loan are disclosed in Note 4.

14. FINANCIAL RISK MANAGEMENT

The Trust's activities expose it to a variety of financial risks including liquidity risk, credit risk and interest rate risk. It is the responsibility of the Board and Management to ensure that adequate risk identification, assessment and mitigation practices are in place for the effective oversight and management of these risks. The Trust's overall management program as it relates to these risks is managed centrally to ensure alignment of financial risk management with corporate objectives and seeks to minimise potential adverse effects on the financial performance of the Trust.

a) Credit risk

Receivables represent amounts due from Australand Property Trust. Australand Property Trust is a stapled entity included in the Australand Property Group, which is separately listed on the Australian Securities Exchange.

The Trust's maximum exposure to credit risk is equal to the total receivables from the Australand Property Trust, as per the balance sheet. No receivables are past due or impaired.

b) Interest rate risk

The Trust's interest rate risk arises from interest income on its receivable balances and amounts payable as distributions.

The distribution rate payable is the 90 day bank bill swap rate plus a margin of 4.8%. The interest rate on the receivable due from Australand Property Trust is equal to the distribution rate plus a further margin to cover the other costs incurred by the Trust.

c) Liquidity risk

The Trust's exposure to liquidity risk is not material as interest received is then paid out as distributions (after deducting a margin).

d) Fair value estimation

The carrying value of receivables and payables is a reasonable estimation of their fair values. The carrying value of current receivables and payables approximate fair value due to the short term nature of these balances. The fair value of the non-current receivable for disclosure purposes is estimated by discounting the future contractual cash inflows at the current market interest rate that is available for similar financial instruments.

e) Summarised interest rate sensitivity analysis

The impact of a change in interest rates by +/- 1% on profit would be an increase/(decrease) of \$2,686,580 (2011: +/- 1% an increase/(decrease) in profit of \$2,686,580.) The impact on equity would be nil due to the matching of interest income with amounts payable as distributions.

15. EVENTS OCCURRING AFTER BALANCE DATE

On 3 January 2013, Australand's majority securityholder, CapitaLand Limited, announced its intention to conduct a strategic review of its investment in Australand. Australand has appointed financial and legal advisers to assist it in establishing whether any proposal arising from CapitaLand's review can be developed that is in the interests of all Australand securityholders. Australand's management and advisers are working with CapitaLand in this process, however, there is no guarantee that any proposal will be forthcoming.

Other than the matter referred to above, there have been no significant events or transactions that have arisen since the end of the financial year, which in the opinion of the directors, would affect significantly the operations of the Trust, the results of those operations, or the state of affairs of the Trust.

Directors' Declaration

For the year ended 31 December 2012

In the directors' opinion:

- a) the financial statements and notes set out on pages 17 to 27 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the trust's financial position as at 31 December 2012 and of its performance for the financial year ended on that date; and
- b) there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors of Australand Property Limited as the responsible entity of the Trust.

Dated at Sydney this 26th day of February 2013



Olivier Lim
Chairman



Bob Johnston
Managing Director

Independent Auditor's Report



Independent auditor's report to the unitholders of Australand ASSETS Trust

Report on the financial report

We have audited the accompanying financial report of Australand ASSETS Trust (the trust), which comprises the balance sheet as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of Australand Property Limited (the directors) as responsible entity of the trust are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



Auditor's opinion

In our opinion:

- (a) the financial report of Australand ASSETS Trust is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the trust's financial position as at 31 December 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script that reads 'N R McConnell'.

N R McConnell
Partner

Sydney
26 February 2013

Information for ASSETS Holders.

Top 20 holders as at 21 February 2013

Rank	Name	No. of ASSETS	%
1	J P Morgan Nominees Australia Limited	348,458	12.67
2	Citicorp Nominees Pty Limited	337,696	12.28
3	National Nominees Limited	183,192	6.66
4	Calyon Australia Limited	137,000	4.98
5	UBS Wealth Management Australia Nominees Pty Ltd	117,462	4.27
6	RBC Investor Services Australia Nominees Pty Limited	82,250	2.99
7	HSBC Custody Nominees (Australia) Limited	79,883	2.90
8	JP Morgan Nominees Australia Limited	50,188	1.83
9	Aust Executor Trustees SA Ltd	49,922	1.82
10	Questor Financial Services Limited	34,388	1.25
11	BNP Paribas Noms Pty Ltd	32,970	1.20
12	RBC Investor Service Australia Nominees Pty Limited	32,835	1.19
13	Merjam Pty Ltd	23,304	0.85
14	M F Custodians Ltd	22,407	0.81
15	Citicorp Nominees Pty Limited	20,781	0.76
16	RA Consolidated Pty Ltd	20,000	0.73
17	Armada Trading Pty Limited	19,000	0.69
18	Contemplator Pty Ltd	16,872	0.61
19	Armada Investments Pty Ltd	16,000	0.58
20	Sandhurst Trustees Ltd	15,940	0.58
Total		1,640,548	59.66
Balance of Register		1,109,452	40.34
Total ASSETS on issue		2,750,000	100.00

ASSETS holders distribution ranges as at 21 February 2013

Range	Holders	No. of ASSETS	% of issued capital
1 to 1,000	1,868	524,307	19.07
1,001 to 5,000	186	359,908	13.09
5,001 to 10,000	19	135,036	4.91
10,001 to 100,000	22	606,941	22.07
100,001 and over	5	1,123,808	40.87
Total	2,100	2,750,000	100.00

The number of ASSETS holders holding less than a marketable parcel of 6 ASSETS (\$96.200 on 21/02/2013) is 2 and they hold 6 ASSETS.

Substantial holder notices have been received from:

Holder	Date of notice	No. of ASSETS	% of issued capital
AMP Limited	1 June 2009	163,880	5.96
The Goldman Sachs Group, Inc.	22 October 2012	209,866	7.63

Voting rights

At meetings of ASSETS holders (in the event that a meeting of ASSETS holders is called), on a show of hands, each ASSETS holder has one vote, and on a poll, each ASSETS holder has one vote for each dollar of the value of the total interests they have in Australand ASSETS Trust, for which they are eligible to vote as ASSETS holders.

Number and class of ASSETS that are restricted or subject to voluntary escrow

There are nil ASSETS that are subject to voluntary escrow.

On market buy-back

Australand ASSETS Trust has no on-market buy-back currently in place.

Key 2013 Dates.

**JAN
02**

Distribution rate
announced for
distribution period
ending 31 March 2013

**APR
02**

Distribution rate
announced for
distribution period
ending 30 June 2013

**JUL
01**

Distribution rate
announced for
distribution
period ending
30 September 2013

**OCT
01**

Distribution rate
announced for
distribution
period ending
31 December 2013

**JAN
16**

31 December 2012
quarter distribution
payment date

**APR
16***

March quarter
distribution payment
date

**JUL
15***

June quarter distribution
payment date

**OCT
16***

September quarter
distribution payment
date

**MAR
22**

ASSETS quoted
ex-distribution

**JUN
24**

ASSETS quoted
ex-distribution

**SEP
24**

ASSETS quoted
ex-distribution

**DEC
23**

ASSETS quoted
ex-distribution

**MAR
28**

March quarter
distribution record date

**JUN
28**

June quarter distribution
record date

**SEP
30**

September quarter
distribution record date

**DEC
31**

December quarter
distribution record date

* These dates are indicative only and may be subject to change without notice.

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Corporate Directory.

Australand ASSETS Trust

ARSN 115 338 513

Responsible Entity

Australand Property Limited
ABN 90 105 462 137; AFSL 231130

**Registered office
of Responsible Entity**

Level 3, Building C
Rhodes Corporate Park
1 Homebush Bay Drive
Rhodes NSW 2138
Telephone: + 61 2 9767 2000
Facsimile: + 61 2 9767 2900
www.australand.com.au

**Company Secretary
of Responsible Entity**

Bev Booker
Telephone: + 61 2 9767 2000
Facsimile: + 61 2 9767 2900
Email: bbooker@australand.com.au

How to contact us

At www.australand.com.au click on 'Contact Us' and you can email your enquiry and let us know the most convenient way for us to respond to you.

Auditors

PricewaterhouseCoopers
Darling Park Tower
201 Sussex Street
Sydney NSW 2000

ASSETS Registry

Link Market Services
1A Homebush Bay Drive
Rhodes NSW 2138
Locked Bag A14
Sydney South NSW 1235
Telephone: +61 1300 554 474
Facsimile: +61 2 9287 0309
www.linkmarketservices.com.au

Australian Securities Exchange

Exchange Centre
20 Bridge Street
Sydney NSW 2000

Annual Report

To request a copy of the Annual Report please call +61 2 9767 2000.

A copy of Australand's *Complaints Handling and Dispute Resolution Policy* can be accessed from the website on www.australand.com.au under 'Corporate Governance'.

