

METROLAND AUSTRALIA LIMITED

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18/02/2015

FORMAL PARTS OMMITTED.

Metroland Australia Limited (ACN 009 138 149) (ASX:MTD) ("**Company**") wishes to announce that it has entered into a Binding Heads of Agreement ("**HOA**") with L L International Pty Ltd (ACN 074 347 667) ("**Investor**") in respect to a proposal to re-capitalise the Company and recommence its business ("**Proposal**") through the acquisition of a property in New Zealand ("**Property**"). That acquisition is proposed to be funded by a placement to the Investor (or its nominee) and a general offer for the issue of new shares at a price to be agreed.

The Proposal also includes an issue of convertible bonds to the Investor (or its nominee) to fund the repayment of certain debts of the Company and costs of implementing the Proposal by the Company.

It is proposed that the Investor will become a majority shareholder in the Company and the board of directors at completion of the property acquisition will comprise a majority of directors nominated by the Investor.

As stated in the HOA, completion of the Proposal is subject to a number of conditions precedent including:

the Investor completing due diligence in respect of the Company and the Company completing due diligence in respect of the Investor and the Property to their mutual satisfaction;

the agreement of all definitive legal documentation for the implementation of the Proposal (including the convertible bonds);

an independent expert's opinion that the Proposal is "fair and reasonable";

all necessary shareholders' approval to implement the Proposal;

the Company's continued listing on the ASX and ASX confirming the re-instatement of the shares in the Company to quotation;

the placement and general offer being completed under a prospectus; and

all other necessary regulatory approvals (including maintenance of an Australian financial services licence) and counterparty consents.

The HOA also provides the parties with 3 months exclusivity to advance the Proposal with due diligence to be completed within 45 days.

Although the HOA is expressed as being legally binding, it is still conditional, in particular on satisfactory due diligence and the negotiation of definitive legal documentation. There can be no certainty that definitive agreements will be entered into or that a transaction will eventuate, whether on the terms of the HOA or at all.

The Company will continue to advise the market as progress is made in connection with the satisfaction of the conditions precedent and finalisation of the definitive legal documentation for the implementation of the Proposal.

It is noted that trading in the shares of the Company remains suspended for the time being.

Yours faithfully

METROLAND AUSTRALIA LIMITED

Mr Xuejun HE

Chief Executive Officer

For further information:

Please Contact:

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