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ASX code ALZ

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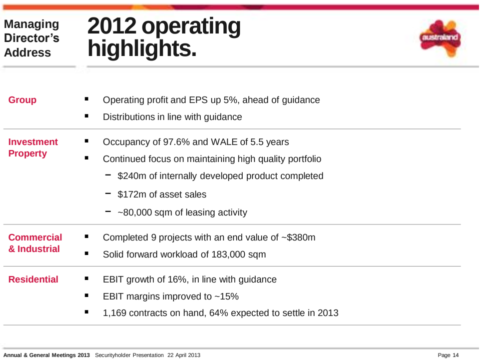
22 April 2013

2013 ANNUAL AND GENERAL MEETINGS
MANAGING DIRECTOR'S ADDRESS

Thank you Olivier, and good morning ladies and gentlemen. It is a pleasure to have the opportunity to present my operational review for 2012 to you today. Before I go through the operational highlights though I would like to take this opportunity to assure securityholders that despite the work being undertaken by the executive team in exploring potential transactions with various parties, we remain focused on executing our current strategy and delivering strong returns for securityholders.

As you can well imagine, the process has created a level of uncertainty for many people in the Group. The retention framework put in place by the Board, has been vital in ensuring that the value in the management platform is retained and focus is maintained on delivering returns as we explore alternatives for the Group.

2012 was a challenging but successful year and I'd like to now turn to our operating highlights, which demonstrates some of the progress we have made.



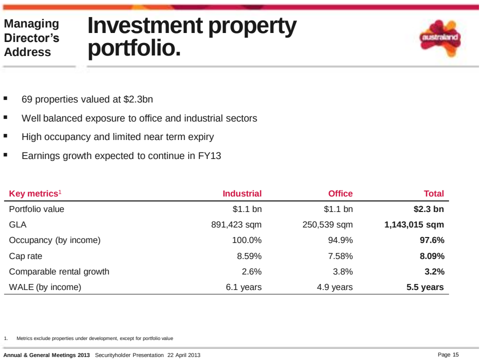
Firstly, I am pleased to report that operating profit and earnings per share increased by 5%, which was ahead of the guidance we gave to the market earlier in 2012. This result was achieved despite the particularly weak conditions in the 3rd quarter of 2012. Distributions for the full year were in line with the guidance we provided.

Our investment assets continue to perform very well. Earnings increased and our future earnings outlook remains robust given the portfolio's strong metrics.

In our Commercial & Industrial division, 9 projects were completed during the year including our 357 Collins Street project in Melbourne. We ended 2012 with a healthy forward workload primarily focused on the industrial sector.

We also delivered a 16% increase in earnings from our Residential division. This was a pleasing result with a strengthening Sydney market offsetting a weaker Melbourne land market. Our contracts on hand increased year on year providing us with good momentum for 2013.

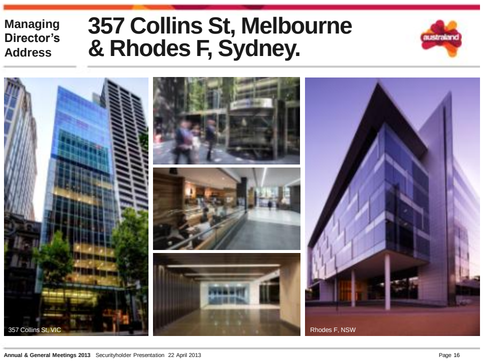
Turning now to a brief review of each of our operating divisions.



Key metrics[1]	Industrial	Office	Total
Portfolio value	$1.1 bn	$1.1 bn	**$2.3 bn**
GLA	891,423 sqm	250,539 sqm	**1,143,015 sqm**
Occupancy (by income)	100.0%	94.9%	**97.6%**
Cap rate	8.59%	7.58%	**8.09%**
Comparable rental growth	2.6%	3.8%	**3.2%**
WALE (by income)	6.1 years	4.9 years	**5.5 years**

Firstly, the Group's earnings are underpinned by our investment portfolio which comprises 69 properties valued at $2.3 billion. The portfolio, which has largely been developed by Australand over the last 10 years, has attracted high quality tenants and is focused on the office and industrial sectors. Occupancy at year end was above 97%, with only a small number of leases expiring in 2013. The ongoing focus for the division remains securing lease renewals or new tenants for leases expiring in 2014.

The Investment Property portfolio is expected to continue its strong performance over the course of 2013.

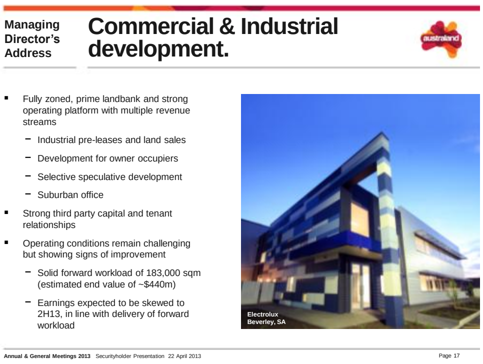


The Investment Portfolio has benefited from the Group's internal development capabilities with the recent completion of two office buildings: 357 Collins Street, an office tower in Melbourne's CBD and Rhodes F, the final building within Rhodes Corporate Park in Sydney. Both assets will be held in the Group's Investment Property portfolio to supplement the strong level of recurring earnings generated by the division.

357 Collins Street is currently 70% leased and we are targeting to have the building fully leased by the beginning of the third quarter this year. The office market is currently quite challenging in Melbourne and we are fortunate to have already attracted quality tenants to the building including CBA and Service Stream.

Rhodes F was completed in January and has attracted quality tenants including Hewlett Packard and Citigroup who have secured over half the space. The leasing of the residual space remains a key priority for the year ahead.

We have a strong track record of developing high quality investment assets and both 357 Collins Street and Rhodes F are good examples of this capability.

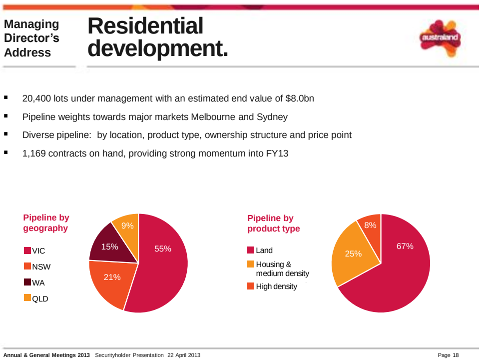


In our Commercial & Industrial division, we are one of the market leaders in the industrial sector. Our landbank is fully zoned and our integrated platform allows the division to capture multiple revenue streams including industrial pre-leases, land sales and development for owner occupiers and third parties.

Our presence in the major markets, combined with our integrated development platform, remains a significant competitive advantage, particularly for national clients such as Coles, Kmart, Electrolux and Toll. We have developed strong relationships with our key customers and continue to enjoy a high level of repeat business.

We have an enviable track record of developing assets for third parties and we plan to continue to grow our capital partnering relationships. Our joint venture with the Government Investment Corporation of Singapore currently has $320 million of assets committed with an additional $130 million of headroom in the Joint Venture for investment in further developments. This is an extremely strong partnership and is testament to the quality of the assets we develop and our capabilities in the sector.

Turning now to our Residential division.

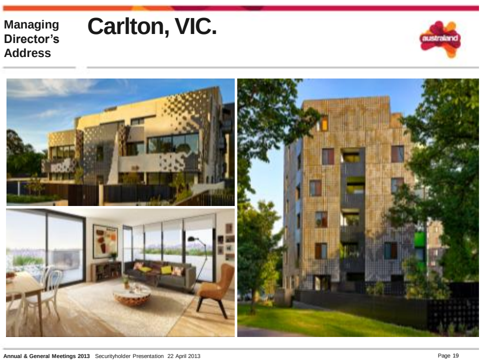


Our Residential division is one of the largest participants in the sector with 20,400 lots under management with an estimated end value of $8.0 billion. Importantly, the majority of our pipeline is zoned and weighted towards the largest housing markets in Australia – Melbourne and Sydney.

Our core expertise is in masterplanned communities and integrated medium density development. We see our ability to create and deliver new product, at or below the median price point in each of our markets, as a key competitive advantage. This is particularly important as homebuyers are confronted with a lack of new, affordable housing options.

The residential sector continues to be a deep and undersupplied market and with recent reductions in mortgage rates, affordability has improved significantly. We have built on our strong contracts on hand position at year end with solid sales activity through the first quarter of 2013, averaging 190 sales per month. This is an encouraging start to the year and puts us in a good position to achieve our full year targets.

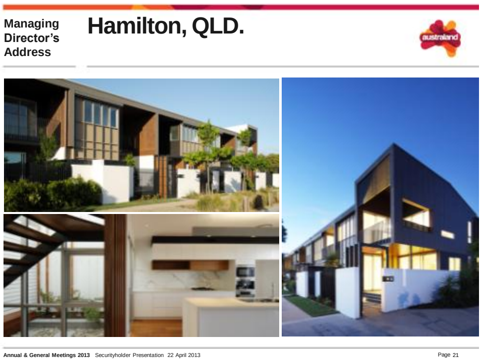
The following slides provide a few examples of our strategy being executed.



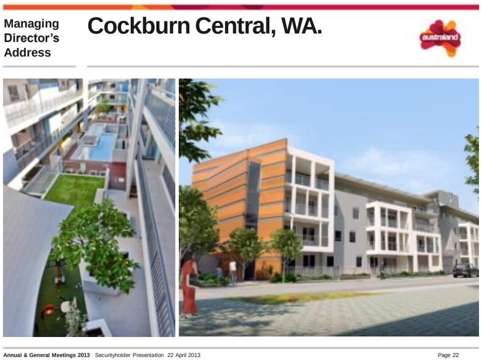
Firstly, our Carlton project in Melbourne which is a multi-stage medium density urban regeneration project located within close proximity to the CBD. In total, the project will deliver 675 apartments, incorporating the latest environmentally sustainable design features, including an average six star energy efficiency rating for each building.

The project delivered 97 sales at an average price point of $500,000 in 2012. A further 89 sales were secured at year end which will contribute to earnings in 2013.

Our Greenhills Beach project on Sydney's southern beaches has received strong market response since its launch in August 2011. The project provides a unique address being within walking distance of the beach and a short drive to local amenities in Cronulla. The project contributed 136 lot sales in 2012 at an average price of $830,000 and has continued to deliver solid sales in the first quarter of 2013. Continuing sales momentum from this project will be important to achieving our year end targets.



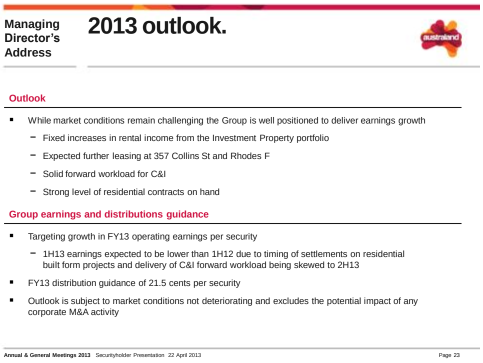
Another example is our Hamilton Reach project which is a medium density development located on the Brisbane River just 6 kilometres from Brisbane's CBD. The project is bordered by 530 metres of river frontage, the 2.5 hectare Northshore Riverside Park and the Royal Queensland Golf Club. The project will deliver approximately 650 apartments and terrace homes and we have already secured over 100 pre-sales. During 2012 we achieved our first settlements with a number of townhouses developed and work has progressed well on the first of the apartment buildings which is 100% pre-sold with settlements due to commence in the 3rd quarter.



In WA our Cockburn Central project continues to attract strong buyer interest. The project is located 20km south of the Perth CBD and comprises over 500 apartments across multiple stages. It is in close proximity to existing and planned employment hubs, shopping centres, Murdoch University and schools. To date four stages, totalling 220 apartments, have been completed, and the fifth stage which is 100% pre-sold will be completed in the second quarter. The most recent stage, released earlier this year is 80% pre sold at average prices of approximately $450,000.

So while market conditions are currently challenging in the residential sector, we do believe that our strategic positioning will deliver improved returns over the next few years.

Turning now to the outlook for the Group.



To summarise, we are pleased with the performance of the Group in 2012 and believe we are well positioned for 2013 with a solid outlook for each of our divisions.

In this context, we are targeting to deliver further growth in earnings per security for 2013. We do expect, however, that earnings will be skewed to the second half of the year due to the timing of settlements on our Residential built form projects and the delivery of our forward workload in C&I. This will result in operating profit for first half 2013 being lower than first half 2012.

In terms of distributions guidance, we continue to have a high payout ratio and accordingly we believe it appropriate to hold the distribution at the current level of 21.5 cents per security for 2013.

In closing I would like to take this opportunity to thank securityholders for your ongoing support and to thank our staff for their ongoing commitment and dedication to the Group.

Thank you, and I'll now hand back to the Chairman.

Issued by
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