



MACQUARIE
ACN 002 574 923

Macquarie Private Wealth

Snapshot

Australand Holdings

Business Description

Australand Property Group (ALZ) is a stapled security comprising a unit in three trusts and a share in the management company. ALZ owns, develops, and manages industrial, residential and investment property. The Singapore based property group, CapitaLand Ltd, owns approximately 59% of the issued capital.

Strategy Analysis

Following return to more normal conditions, ALZ's competitive advantage will comprise scale through an Australia wide development presence supported by an integrated service approach, aiming to optimise the synergies for capital recycling between the commercial-industrial development business and the ownership-management business to offer annuity style income with growth potential for the short term. The cyclical residential development business is run in parallel, offering volatile income but with greater growth potential in the medium to long term. Australand Property Group reported NPAT down 85% to \$40.16m for the year ended 31 December 2008. Operating profit after tax was up 7% for the year at \$174.79m. Revenues from ordinary activities were \$831.58m, down 28% from last year. Diluted EPS was 1.5 cents compared to 19.6 cents last year. Net operating cash flow was \$431.84m compared to \$485.05m last year. The final dividend declared was 3 cents fully franked, taking the full year dividend to 11 cents compared with 17 cents last year. The Company reported that with regards to Group outlook, the Investment Property portfolio will continue to deliver reliable, recurrent income but growth of the portfolio will slow and asset values will continue to see downward pressure; and the development activities in both the Commercial & Industrial and Residential divisions will be curtailed to meet market demand and the constraints on the Company's capital as the Group continues to maintain a conservative approach to preserving its balance sheet position.

08 September 2010

Recommendation

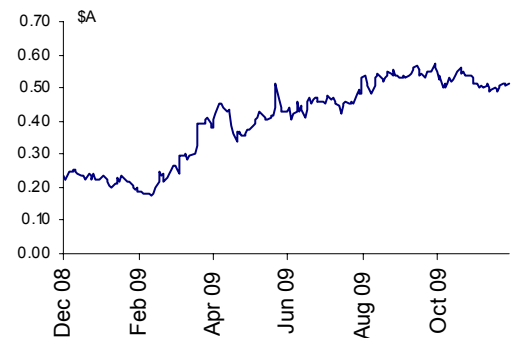
Recommendation: Underperform
Relative to: All Ind (ex Fins)

Investment Fundamentals

ASX code: ALZ
Stock price: \$2.81
Market cap: \$1,621m

Y/E	31/12/2010	2010e	2011e	2012e	2013e
Reported e	\$m	132.7	132.6	140.3	147.6
Adjusted e	\$m	120.9	132.6	140.3	147.6
EPS adjusted	¢	21.0	23.0	24.3	25.6
EPS growth	%	267.9	9.7	5.8	5.2
PE	x	13.4	12.2	11.6	11.0
PE relative	x	0.9	1.1	1.2	1.2
DPS	¢	20.5	20.8	21.1	21.4
Yield	%	7.3	7.4	7.5	7.6
Franking	%	19.1	20.1	21.1	22.1

Share Price



Source: ASX and Company accounts

Segment Performance

	Annual Shareholders' Return (%)	
Property Portfolio		
2 Southbank Boulevard, Southbank, VIC	9.0	1 year 14.0%
3135 & 3277 Beaudesert Rd, Parkinson, QLD	6.1	3 year -23.0%
28 Southbank Boulevard, Southbank, VIC A?	5.2	5 year -8.0%
Stage 2		10 year 4.0%
350 Wellington Rd, Mulgrave, VIC	3.8	Dividend Reinvestment Plan
Rhodes Corporate Park, Rhodes, NSW	3.8	No
26-30 Lee Street, Gateway Building, Sydney, NSW	3.4	Shareholder Discounts
Civic Tower, 66-68 Goulburn Street, Sydney, NSW	3.3	No
Rhodes Corporate Park, Rhodes, NSW	2.9	
80 Alfred Street Milsons Point, NSW	2.9	
Other	59.6	
Total	100.0	
Property Types		
Industrial	59.6	
Other	40.4	
Total	100.0	

Company contact details:

Australand Property Group
Level 3, Building C, Rhodes Corporate Park, 1C
Homebush Bay Dr
Rhodes NSW 2138
Tel: (02) 9767 2000

www.australand.com.au

If you have any queries regarding this Research information or with any aspect of your legalsuper account please call legalsuper on 1800 060 312 (freecall) or email mail@legalsuper.com.au

Disclosure: In accordance with Section 849 of the Corporations Law, Macquarie Equities Limited states that The Macquarie Group acted as financial adviser to Australand Property Group in respect of its Entitlement Offer as announced 27 July 2009. The Macquarie Group acted as Financial Advisor and Manager to Australand Property Group in respect of its Entitlement Offer as announced 28 July 2008. Within the last 12 months, Macquarie Group has received compensation for investment advisory services from Australand Property Group.

Disclaimer: This report is prepared for general circulation and does not have regard to the particular circumstances or needs of any specific person who may read it. The information contained herein is believed to be reliable, but its completeness and accuracy is not guaranteed. Opinions expressed may change without notice. No part of this report is to be construed as a solicitation to buy or sell any security. We do not accept any liability, whether direct or indirect arising from the use of information contained in this report. International investors are reminded of the risks inherent in international investments, such as currency fluctuations and international stock market or economic conditions, which may adversely affect the value of the investment. Any transaction by US persons in any security discussed in this report must be carried out through Macquarie Equities (USA) Inc which has distributed this report in the US. This report is issued in the UK by Macquarie Equities Limited, which is a member of the Securities and Futures Authority. The investments and investment services the subject of this report are not available to private customers in the UK. The material in this publication is copyright and may not be reproduced without consent of the copyright owner.