

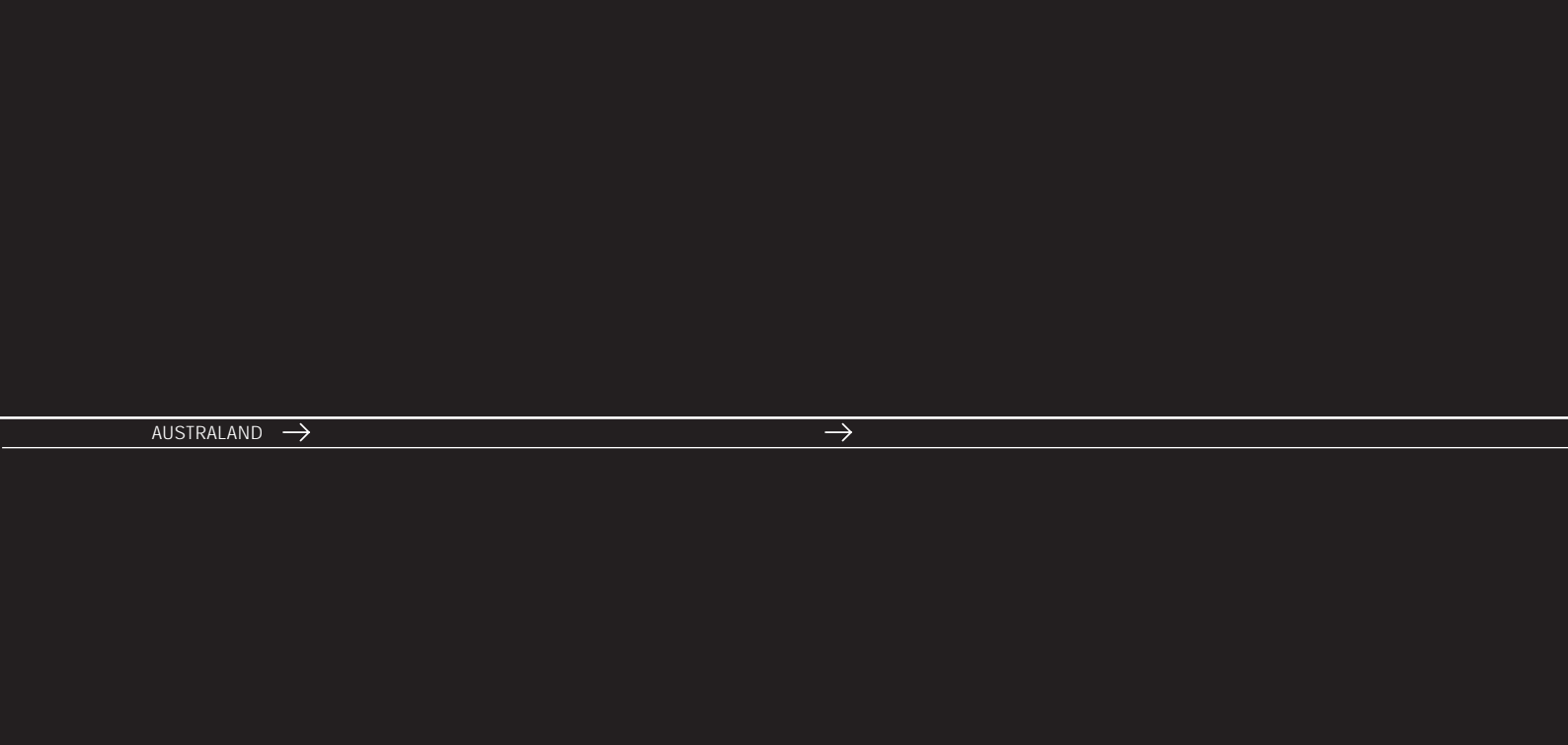


Annual Report 2000



www.australand.com.au





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ABOUT AUSTRALAND	
Australand is one of Australia's largest diversified property development groups, with activities and projects across the country having commenced operations in the 1920's. The Company's activities include land development, residential development including conventional, integrated, medium and high-density housing, as well as the development of commercial and industrial facilities. The Company is organised into three operating divisions being Land & Housing, Apartments and Commercial & Industrial, employing over 450 people across Australia and in its Hong Kong sales office. Australand has over 2,500 shareholders mostly domiciled in Australia and Singapore with its major shareholder being the recently formed Singapore based CapitaLand Group which has assets in excess of S\$19 billion.	



Notice of Meeting The Annual General Meeting of Australand Holdings Limited will be held at the Auditorium, Australian Stock Exchange, Exchange Square, 20 Bridge Street, Sydney on Thursday, 19 April 2001 at 10am. Further information regarding the meeting, including the business to be dealt with at the meeting, is set out in the separate Notice of Meeting enclosed with this report.

CORPORATE DIRECTORY		
DIRECTORS Mr Tham Kui Seng <i>Chairman</i> Mr James G Service <i>AM Deputy Chairman</i> Mr Brendan P Crotty <i>Managing Director</i> Mr William J Beerworth Lt Gen (Ret'd) Winston Choo Mr Hiew Yoon Khong Mr Stephen R McMillan Mrs Jennifer Loh	BANKERS Commonwealth Bank of Australia 5th Floor 120 Pitt Street Sydney NSW 2000	AUSTRALAND STATE OFFICES Sydney Australand House Level 2, 242 Beecroft Road Epping NSW 2121 Postal Bag 22 Epping NSW 1710 Telephone (02) 9395 5999 Facsimile (02) 9868 2205
COMPANY SECRETARY Michael Smith	STOCK EXCHANGES Australia Australian Stock Exchange Limited Exchange Centre 20 Bridge Street Sydney NSW 2000	Level 3, Broadway Shopping Centre 1 Bay Street Broadway NSW 2007 Telephone (02) 8218 1500 Facsimile (02) 8218 1690
REGISTERED OFFICE Australand House Level 2, 242 Beecroft Road Epping NSW 2121 Australia Telephone (02) 9395 5999 Facsimile (02) 9868 2205	Singapore The Stock Exchange of Singapore Ltd 20 Cecil Street, #26-01/08 The Exchange Singapore 049705	Melbourne Monash Business Park 1st Floor, 15 Business Park Drive Notting Hill VIC 3168 Telephone (03) 9558 9277 Facsimile (03) 9558 9460
SOLICITORS Mallesons Stephen Jaques Level 60, Governor Phillip Tower 1 Farrer Place Sydney NSW 2000	SHARE REGISTRIES Principal share registries Australia Computershare Investor Services Pty Limited Level 3, 60 Carrington Street Sydney NSW 2000 Telephone (02) 8234 5000 Fax (02) 8234 5050	Level 5, 658 Church Street Richmond VIC 3121 Telephone (03) 9426 1000 Facsimile (03) 9426 1051
AUDITORS External PricewaterhouseCoopers Darling Park Tower 2 201 Sussex Street Sydney NSW 1171	Singapore The Central Depository (Pte) Limited 20 Cecil Street, #06-03/08 The Exchange Singapore 049705 Telephone (65) 535 7511 Fax (65) 535 0775	Brisbane 32 Logan Road Woolloongabba QLD 4102 PO Box 1365 Coorparoo QLD 4151 Telephone (07) 3391 7466 Facsimile (07) 3891 1389
Internal Deloitte Touche Tohmatsu Grosvenor Place 225 George Street Sydney NSW 2000		Perth Level 2, 47 Colin Street West Perth WA 6005 Telephone (08) 9486 4500 Facsimile (08) 9486 4200



Building a Business 2000 was a successful year for Australand. In addition to fully integrating the Walker Corporation group, acquired in January 2000, into the existing Australand businesses, the expanded Group also achieved a record net profit after tax for the year.

HIGHLIGHTS FOR THE YEAR

- Record net profit after tax of \$78.1 million (14.7% increase on prior year)
- Maintained dividends per share payout on expanded capital base
- Positive profit contribution from the “Walker” businesses in the second half of the year
- New \$450 million Multi-Option Financing Facility negotiated with CBA/Westpac banks
- Reset Convertible Preference Share issue raises \$50m
- Established fully operational web site
- Non-core assets/businesses sold



During the year the fully integrated Australand Group adopted a new corporate logo. Designed to reflect our vision of becoming Australia's leading diversified property development group, it has successfully spearheaded many new marketing initiatives undertaken by the Group.

FINANCIAL HIGHLIGHTS	2000	1999	% CHANGE
Total Revenue (\$mill)	925.6	485.0	90.1
Operating Profit (Before Tax) (\$mill)	112.2	105.0	6.9
Net Profit (After Interest & Tax) (\$mill)	78.1	68.1	14.7
At Year End			
Shareholders' Equity (\$mill)	665.6	345.2	92.8
Net Debt (\$mill)	455.0	181.0	151.4
Total Assets (\$mill)	1,518.8	663.9	128.8
Key Measures			
Earnings Per Share (cents)	16.2	23.5	– 31.1
Dividend Per Share (cents)	12.0	12.0	–
Return On Shareholders' Funds (%)	11.7	19.7	– 40.6
Gearing Ratio (%)	68.4	52.4	16.0
Net Tangible Asset Backing Per Share (\$)	1.242	1.189	4.5

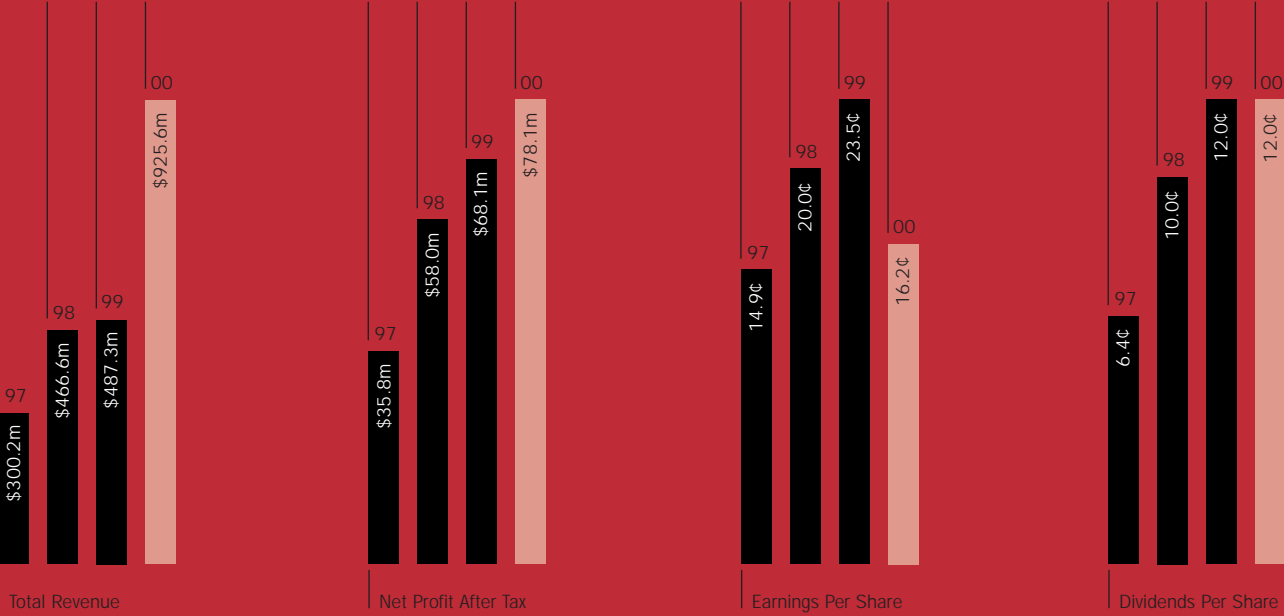
Business Review Australand’s operations are divided into three separate Divisions: Land & Housing, Apartments and Commercial & Industrial. Highlights, objectives and outlook for each Division are detailed below.



	HIGHLIGHTS	OBJECTIVES	OUTLOOK
Land & Housing	<ul style="list-style-type: none">• Gross Revenue of \$393.6 million.• Sales of 1,768 lots and 757 houses.• Current portfolio of Land and Housing projects now has an aggregate yield in excess of 10,000 lots and 2,800 dwellings.• Introduction of mortgage origination function offering attractive financing and convenience to purchasers.• Professional awards of excellence for a number of projects.	<ul style="list-style-type: none">• Continue to increase the proportion of lots on which Australand dwellings are constructed.• Maximise sales from current portfolio of development sites.• Improve margins on projects to offset the effect of the Goods and Services Tax.	<ul style="list-style-type: none">• Revenues and profits are closely tied to overall strength of the Australian economy.• Interest rate cuts may restore consumer confidence by increasing house affordability and debt servicing capacity.• Excess stock in some regions should be reduced by mid-2001.• Expect mild recovery in some residential property market segments in second half of year.
Apartments	<ul style="list-style-type: none">• Gross Revenue of \$339.2 million.• Sales of 971 dwellings.• Development sites with a total yield of more than 1,000 apartments acquired, predominantly in Sydney.• Current portfolio of development sites has an aggregate yield of more than 2,500 apartments (fully owned) and a 50% interest in a further 834 apartments.• Continued high level of pre-sale commitments and negligible default rate.	<ul style="list-style-type: none">• Ongoing participation in both the owner occupier and investor markets.• To at least maintain the level of apartment sales achieved in 2000.• Continue to acquire appropriately zoned sites in our niche markets, particularly in Sydney and Melbourne.	<ul style="list-style-type: none">• Reasonable sales rate will continue to be achieved during the first six months of 2001 , if economic downturn does not occur.• Some improvement in December 2001 half-year if trend towards lower interest rates continues.• Current portfolio of projects and level of pre-sales will underpin profitability to at least 2002.• Possible reduction in construction costs.• Possible reduction in site acquisition costs.
Commercial & Industrial	<ul style="list-style-type: none">• Gross Revenue \$164.8 million.• Completed 23 lease transactions comprising 4 commercial projects and 19 industrial projects.• Continued high level of repeat business from clients such as Coles Myer and Hermes Precisa (Kodak).• Establishment of Wholesale Property Trust to acquire Division’s projects, providing an ongoing revenue stream for Australand.	<ul style="list-style-type: none">• Continue to convert a high level of enquiry into prelease agreements.• Continue to deliver quality facilities to clients on time and on budget to ensure high level of repeat business.• Continue to develop suitable “landbanks” of sites, particularly in Sydney and Melbourne, to service client requirements.	<ul style="list-style-type: none">• Expectation that the current level of enquiries will be maintained during 2001.• An increase in enquiries for bulky goods facilities in locations close to new suburbs in the major capital cities.

Chairman's and Managing Director's Statement

Australand enjoyed another successful year in the 12 months to December 2000, confirming its position as one of Australia's leading and most diversified property development groups.



Mr Tham Kui Seng CHAIRMAN



Brendan Crotty MANAGING DIRECTOR

Consolidated net profit after tax increased 14.7% to \$78.1 million, the fourth successive year of profit growth since the Company's listing in 1997. Profit before tax increased by 6.9% to \$112.2 million, a record for the group.

Total revenue almost doubled for the year with the significant increase largely attributable to sales from Walker Corporation, which was acquired in January 2000.

Your Board is pleased to report that dividends per ordinary share were maintained at the same level as for 1999 at 12 cents, per annum, paid quarterly. This was despite the enlarged capital base where 193.6 million additional shares were allotted as part of the 2 for 3 Rights Issue to acquire Walker Corporation, and reflects the strong profit-generating capability of the expanded Australand Group. The final dividend of 3 cents per ordinary share will be paid on 29 March 2001 with the record date for entitlements being 15 March 2001.

However, earnings per share, on the increased capital base, decreased from 23.5 cents in the prior year to 16.2 cents. This decrease was influenced by the application of Australand's accounting policies to Walker Corporation projects, whereby some of the profits that would have been brought to account under Walker Corporation's former accounting policy in the 2000 financial year will not be recognised until the 2001 year.

The operations of Australand are reviewed in more

detail in this Report. The acquisition of Walker Corporation provided Australand with a more diversified range of profit-generating projects. The contributing factors to this year's results were higher sales revenues and profits generated from Commercial & Industrial transactions, and an increased profit contribution from Sydney Apartment development operations. Land & Housing's overall performance was adversely affected by the combination of increased interest rates during the year, the introduction of the Goods and Services Tax in July and the Sydney Olympics in September, which lowered consumer confidence and distracted potential property purchasers respectively.

It is also pleasing to report that a number of Australand's projects received awards from industry and professional bodies. For example, Australand received three awards from the Victorian Urban Development Institute including Best Residential Estate over 400 lots for its Botanica Park estate in Bundoora.

In addition to the successful integration of the Walker Corporation businesses into those of Australand, with synergy benefits still to be fully derived, the Company also successfully established a \$200 million wholesale property trust for its premium commercial and industrial products and raised \$50,000,000 through the issue of convertible preference shares. The Company also completed the development of its fully operational web site, which is expected to provide Australand with an

The Balmain Shores development in Sydney.



AUSTRALAND →



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Commercial development for Coles Myer in Melbourne.

additional marketing channel, as well as the opportunity to streamline relationships with customers, investors, suppliers and other service providers. A new logo was also introduced as part of the exercise to rebrand and reposition the Company in the markets in which it competes.

A number of non-core assets and businesses were identified and disposed of as part of the Group's capital and asset management strategies to enable the Group to redeploy capital in projects with better risk/return profiles. This process will continue in 2001.

There have been a number of recent changes to Australand's Board following the merger of Australand's 63.3% shareholder, DBS Land Limited, with Pidemco Land Limited to form the Singapore-based CapitaLand Limited Group.

We welcome as Directors Mr Tham Kui Seng (Chairman), Mr Hiew Yoon Khong, Mr Stephen McMillan and Mrs Jennifer Loh. Mr Ed Ng Ee Peng, Mr Kee Teck Koon, Mrs Lim Joke Mui and Mr Lau Chan Sin have retired from the Board. We thank each retiring Director for the contribution they have made to the development of Australand, particularly Mrs Lim who has been a Director since 1995. Earlier in the year Dr Han Cheng Fong resigned as Chairman and as a Director of Australand after 5 years service, and Messrs Fan Kow Hin and Tan Boon Leong also resigned from the Australand Board,

after 5 and 3 years of service respectively. Their contributions to the development of Australand are also appreciated.

The acquisition of Walker Corporation, together with a number of senior appointments made during the year, has complemented and strengthened Australand's management depth and experience in both the operational and support areas of the business. This will underpin returns to shareholders in the coming years.

Australand's revenues and profits are closely tied to the overall strength of the economy and to the various market segments within which Australand operates.

The economic outlook for 2001 is unclear with mixed signals and implications for Australand's projects. Several business units are performing strongly, but their results may be offset over the course of the year by continued subdued activity in others. In these circumstances, Directors remain cautious about forecasting Australand's performance in 2001 except to state that revenues and profits are expected to exceed those achieved for the 2000 year.

Tham Kui Seng
Chairman

Brendan P Crotty
Managing Director

Right: Duncraig is a Land & Housing development, in Kellyville, Sydney.

Below: Watervale project at Taylor's Hill, Melbourne involves the development of 2,000 residential lots.



QUESTIONS & ANSWERS



THE PAST YEAR HAS SEEN A NUMBER OF MAJOR CHANGES AT AUSTRALAND. IN THIS DISCUSSION WITH BRENDAN CROTTY, WE LOOK AT WHAT CHANGES HAVE TAKEN PLACE AND HOW THESE CHANGES WILL AFFECT THE FUTURE DEVELOPMENT OF THE COMPANY AS IT STRIVES TO DELIVER SUPERIOR RETURNS FOR SHAREHOLDERS.



Seaforth Apartments, the Sunshine Coast.



AUSTRALAND →



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Chesterton Place development in Melbourne.



The Outlook project in Sydney's south.

Q Why did the Company decide to raise \$50 million through the issue of Reset Convertible Preference Shares?

A The issue was an effective and efficient means to raise capital without the time-consuming, and costly, necessity for preparing and issuing a prospectus, as offers to subscribe for the shares were made to "sophisticated investors" only.

The funds raised by the preference share issue are being used initially to reduce debt and then to finance the restocking of landbanks for the Apartments and Commercial and Industrial Divisions for the benefit of all shareholders.

Q Why has the Company formed a Wholesale Property Trust?

A Australand is a market leader in the provision of purpose-built quality commercial and industrial facilities for corporations in Australia.

Traditionally, once a tenant has pre-committed to lease an Australand developed facility it has been on-sold to an unrelated institutional fund manager normally as part of a portfolio of a property trust. Australand then had no further access to the income generated by, or any capital appreciation of, the property.

The establishment of the first Wholesale Property Trust

has been undertaken to provide Australand with the opportunity to develop and place approximately \$700 million worth of commercial and industrial property over a three-year period into a series of Australand-managed trusts. Australand will be an equity participant in the Trust, earning income through trust distributions as well as any capital appreciation in the portfolio of buildings.

The Trust provides investors with the ability to invest in a portfolio of recently completed commercial and industrial properties of premium quality, at a yield greater than that able to be secured in alternative property investments. The return to investors will be enhanced by using the quality of the lease covenants to secure borrowings at a cost substantially below the property yield.

Australand and its co-investors will have the opportunity to staple the units in the Wholesale Property Trusts that are intended to be formed over the next 3-4 years to Australand's ordinary shares, if these arrangements are likely to increase shareholder value and provide a suitable exit strategy for other Wholesale Property Trust investors. Otherwise, the Wholesale Property Trusts may be sold as going concerns, 3-5 years after establishment, or alternatively, the unitholders in the third and fourth Wholesale Property Trusts will be able to staple the units in each of the Trusts to each other and float the merged entity as a listed property trust.



As part of its rebranding exercise, Australand prepared a style manual in both CD-ROM and hard-copy format to ensure effective management of the new corporate identity. Australand also developed and launched a fully operational web site during the year featuring a number of its current projects. Visit us at www.australand.com.au



The Sebel Hotel at 394 Collins Street, Melbourne.



The King St Wharf joint venture project on the city side of Darling Harbour in Sydney includes residential, commercial and retail developments.



Paddington Barracks project in the Sydney suburb of Paddington.

Q What is the relationship between Australand and the Wholesale Property Trust and how will the Trust function?

A Nine of Australand's current Commercial & Industrial projects have been sold into the Trust which will have a total value on completion of approximately \$200 million. All properties have been pre-leased to high-quality tenants with a weighted average term in excess of 10 years.

The acquisition cost of these properties will be funded by a combination of debt, and equity provided by the Trust investors, with the gearing ratio capped at 65%. Australand will be an investor in the Trust, holding between 15% and 20% of the Trust's equity. The other investors are unrelated to Australand.

The Trustee of the Trust is a wholly-owned subsidiary of Australand. The Trustee will legally own all of the assets in the Trust and is responsible for conducting or supervising the entire investment management process. The Trustee will have a Board comprising three Directors, two of whom will be independent of Australand. The third Director will be an independent Director of Australand.

Australand is the developer of all projects acquired by the Trust. Although properties will be held in the Trust during their development, Australand, not the Trust, will bear all the development risk on each project. The Trust will acquire properties only to the value ascribed by an independent valuer, with Australand guaranteeing pre-

determined transfer prices for each of the properties acquired by the Trust. Any acquisition will require the approval of the investors in the Trust.

A subsidiary company of Australand provides property management services to the Trust.

The Trust derives returns based on proposed rent and rent reviews agreed with pre-committed tenants as well as projected rent increases, and is expected to make distributions to investors quarterly in arrears.

By setting up this Trust structure and maintaining an equity position, Australand will derive the benefits of income generated by the Trust through regular distributions to unitholders as well as any capital appreciation in the value of the portfolio, both of which were previously unavailable to the Company once a project was completed and sold.

Q Why was there a large increase in borrowing costs during the year?

A The increase in borrowing costs occurred primarily as a consequence of the acquisition of Walker Corporation at the beginning of the year. A number of Walker Corporation's Apartment developments were financed by project-specific borrowings, which will be repaid at the conclusion of the respective project. Following the merger these borrowings now become Australand Group borrowings on a consolidated basis.



The Regency project at Chatswood in Sydney is a major residential development for Australand, which has attracted a high level of pre-sales from both owner-occupiers and investors.

A distribution centre developed for Goodman Fielder in Sydney.



AUSTRALAND →



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New commercial facility for Allied Pickfords.

Q Why was the Company's pre-tax profit margin substantially lower for the year ended 31 December 2000 than for the corresponding period in 1999?

A In the prospectus, issued in November 1999, for the two for three non-renounceable Rights issue to fund the acquisition of Walker Corporation Limited (Group), Directors foreshadowed that financial performance in 2000 would be affected by the change in accounting treatment of the Walker Corporation business to Australand's more conservative policies, particularly in respect of profit recognition.

Under Australand's accounting policy, revenue and profit on land and housing projects are brought to account when an unconditional sale contract is exchanged. For medium- and high-density projects, 75% of the expected profit and 100% of revenue on pre-sales are brought to account when construction reaches 85% completion, with the remaining 25% of profit on pre-sales being brought to account on registration of the strata plan.

Walker Corporation's accounting policy recognised profit on pre-sales progressively from the time that construction passed the 20% completion level.

The impact of this difference in accounting policies was that some of the profits that would otherwise have been brought to account in the 2000 financial year will not now be recognised until 2001.

The 2000 result was also impacted by the higher than

anticipated legal costs and claims associated with litigation involving Walker Corporation Limited.

Q Has the Company been able to retain key staff?

A Australand's acquisition of the Walker Corporation group of companies has created one of Australia's largest diversified property development groups, with a financial strength to undertake larger, more complex and profitable projects than either company could previously consider as stand-alone entities. The enlarged Australand now also undertakes a greater variety and increased geographic diversity of projects than ever before.

This size, diversity and financial strength have provided new challenges and greater opportunities for all employees to fully utilise their skills and experience, which has created a stable workforce with a low turnover rate. It is pleasing to report that Australand has retained all its key staff, including those who joined from Walker Corporation as well as existing Australand employees.

Underpinning the work environment at Australand are appropriate remuneration and other human resource management policies to attract and retain appropriately qualified and experienced executives who will deliver enhanced shareholder returns. The Company's policies to retain and motivate staff are regularly reviewed by the Board's Remuneration Committee and tested against industry benchmarks.



Warehousing development for Fisher & Paykel.



In Sydney, construction has started on the 10,500 m² first stage of the campus style Rhodes Business park.



The Maltings project in Perth.



AUSTRALAND →



The Brighton by the Swan River, Perth.

Q Has the introduction of the Goods and Services Tax had a detrimental impact on Australand?

A The introduction of the Goods and Services Tax had a greater than anticipated impact on the housing industry, as the pull-forward effect prior to 30 June 2000 was greater than expected (20% plus) and the market during the December 2000 half-year was commensurately weaker than expected. Generally, the GST has eroded margins in the weaker residential market segments, specifically in Perth and south-east Queensland projects. The margins on most Sydney and Melbourne projects have been able to be maintained.

Q Is the housing market interest rate sensitive?

A Weaker demand in the December half-year was also caused by the increase in interest rates as well as the introduction of the GST. The recent reduction in interest rates has been a catalyst for an increase in visits to sales offices by prospective clients, which will inevitably lead to an improvement in the rate of sale of a number of projects. A further interest rate reduction during 2001 would be welcomed by most industry participants and could offset the residual negative impact of the GST on the housing industry.

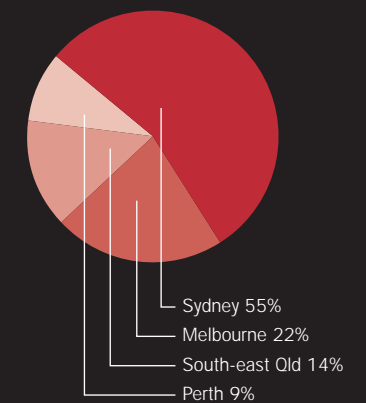
Q What is Australand's current restocking strategy?

A During the June 2000 half-year, Australand invested over \$100 million in acquiring land for new land and housing projects. These projects were expected to deliver reportable profit in the December 2001 half-year but delays in obtaining town planning consent have pushed most of the anticipated December 2001 profit into 2002. As the Land & Housing Division generally has sufficient stock to enable it to maintain earnings for 2001 and 2002, the majority of the working capital allocated to restocking will be invested in development sites for the Apartments and Commercial & Industrial Divisions. Although the Company is committed to reducing its gearing during 2001, current sales projections suggest that at least \$150 million should be able to be allocated to the acquisition of new development sites during 2001.

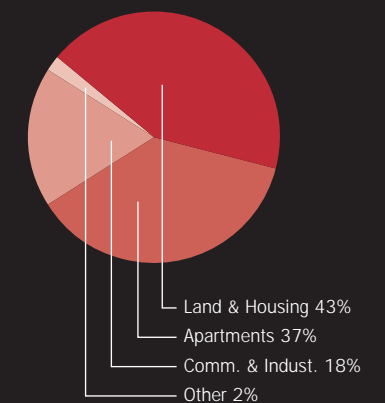
Review of Operations



Australand's investment in development projects can be summarised regionally as:



Australand's % revenue contributions are as follows:



Land & Housing

Mr Joyce joined the Group in 1998 as General Manager, Western Australia. He has over 15 years experience in all facets of the real estate industry, both in Australia in the Victorian and Western Australian markets, and overseas in London and Hong Kong. Prior to joining the Group he was Managing Director of Colliers Jardine (WA) Pty Ltd. He holds a Bachelor of Business in Property, has completed an advanced general management course at Mt Eliza Business School and is an Associate of the Australian Property Institute.

Right: The “Tree Tops” development in the southern Sydney suburb of Picnic Point offered a choice of 23 double-storey homes in a tranquil environment.

Below: The Runaway Cove project in Queensland offered the unique lifestyle amenities of the Gold Coast’s canals.



Land & Housing generated revenue of \$393.6 million from the sale of 1,768 lots and 757 houses from its activities in the States of New South Wales, Victoria, Queensland and Western Australia. Revenues were impacted adversely through a number of events that combined to reduce consumer confidence and lower enquiry levels compared to the prior year.

In the first part of the year, the market in general experienced a lower level of activity due to a number of factors. Potential buyers were deterred by unacceptably long industrywide house construction periods, particularly in the Sydney and Perth markets, due to a shortage of materials and skilled trades. There was also an expectation that house construction costs may fall in the latter half of the year which, when coupled with the potential encouragement to first home buyers to defer purchase decisions until after 1 July to take advantage of the \$7,000 grant, dampened sales activity.

Australand was able to maintain a satisfactory level of sales during this period. Its long-standing relationships with a variety of suppliers and skilled trades minimised delays in its projects, thereby offering a high degree of certainty to purchasers in the completion time of their homes. Housing stock under construction pre-30 June incurred a limited Goods and Services Tax liability which was also attractive to purchasers at that time.

Consumer confidence was further eroded in the latter

half of the year through a combination of uncertainty following the introduction of the GST on 1 July, and increases in interest rates reducing house affordability and debt servicing capacity. An additional impact on the market was the distraction caused by the Sydney Olympics in September. Land sales in all States slowed. Activity was also affected by an oversupply of stock in some regions such as the north-west of Sydney, north Perth and south Brisbane corridors. Lower migration to Western Australia and Queensland coupled with a reduction in full-time employment growth in some regions, as well as a tendency of first home buyers to use their grant to purchase established property, which doesn't attract GST, also constrained sales. Australand introduced a number of initiatives to counter this downturn in consumer confidence which caused clients to delay or defer purchasing decisions.

These initiatives included:

- the establishment of a mortgage origination function which enabled the Company to offer a very competitive financing package to purchasers of residential property;
- initiating co-operative marketing and promotional arrangements with major builders in each capital city to sell both housing and land on a GST-inclusive basis;
- increasing where possible the number of lots on which Australand houses are constructed; and





Left: The St Claire project at Doncaster East in Melbourne comprised 38 houses and 30 apartments.

Below: The completed development of 46 houses and townhouses at Prospect Place, Greystanes, in western Sydney, represents an efficient use of land whilst maintaining residents' privacy and amenities.

Land & Housing

- increased promotional and marketing activity across all States.

Despite the more subdued market conditions experienced in 2000 the Division successfully completed more than 15 major projects in all States, with a similar number under construction at year end. Underlying demand in Melbourne was stronger than in other areas due in part to rising employment as well as increased net migration into Victoria. Overall more than 70 projects contributed to the Division's revenue in 2000.

A concerted effort was made to build up both land and housing inventories to underpin increased profit generation in 2001 and 2002. The majority of this investment was incurred in the first half of the year to reduce the transitional impact of the GST, and was concentrated in the more buoyant markets of Sydney and Melbourne.

It is pleasing to report that a number of Land & Housing's projects received professional recognition of excellence during the year. For example the Urban Development Institute of Australia awarded our Victorian business first prize for its Greenmount (Surrey Hills) project for developments under 20 dwellings, joint first prize for our Hector Rise (Macleod) project for developments over 20 dwellings and first prize to the Company's Botanica Park (Bundoora) project for best development over 400 lots.

Land & Housing Division's revenues and profits are closely tied to the overall strength of the Australian economy. The trend towards lower interest rates may stimulate sales activity by increasing house affordability and capacity to service debt.

However, at this time the outlook for the Division's markets remains patchy, with mixed signals on the status of the Australian economy and the level of consumer confidence.

Excess stock in some regions should be reduced by mid-year and there are expectations of a mild recovery in some residential property market segments in the latter half of the year.

The specific challenges for the Division in this environment are to continue to increase the proportion of lots on which Australand dwellings are constructed, to improve margins on projects to offset the effects of the Goods and Services Tax and to maximise the sales of its current portfolio of projects.



Robert Pradolin DEPUTY GM VICTORIA



REVIEW OF OPERATIONS →



Daniel Smith DEVELOPMENT MANAGER



Land & Housing – Focused on Customers The careful planning of streetscapes, efficient use of an increasingly expensive land component and the most appropriate mix of housing products to ensure residents’ privacy and amenities are important in creating each Australand community. Australand’s objective is to deliver not only a quality lifestyle but also a sound long-term investment to its customers, as reflected in the Mt Warner, Victoria, development featured below. Also pictured are Australand staff involved with this development.



Steve De Pellegrin PROJECT MANAGER



Phil Anderson PROJECT MANAGER



Anna Tzanis ESTATE SALES MANAGER



Apartments

Mr Dransfield was formerly chief executive of Long Corporation (a Sydney-based property developer) and Director of Housing for the NSW State Government. He is a qualified accountant with over 20 years experience in industrial and residential property development, having worked in all States of Australia as well as the United States. Mr Dransfield was formerly General Manager of the Residential and Major Projects divisions of Walker Corporation.

Right: “Sur Mer” at Cronulla combines residential, investment, serviced apartments and commercial property in a vibrant beachside environment. Below: “Eclipse” at Bondi Junction has a range of apartments from one-bedroom investments to luxury penthouses featuring dynamic architecture and views of Sydney Harbour.



Australand’s Apartments Division, with activity concentrated mainly in the inner suburbs of Sydney, generated sales revenue of \$339.173 million from the sale of 971 dwellings during the year with strong contributions from all projects. This was a substantial increase on the revenue generated in the prior year and reflects the good strategic fit between the merged Australand and Walker Corporation businesses in terms of both the location of projects and the skill set of employees.

Australand’s two major projects from the prior year – Manly Peninsula and Balmain Shores – progressed during the year. The Manly Peninsula project, comprising approximately 160 apartments and 3,500m² of retail space as well as a 300-vehicle public car park, was completed and settled with a total realisable value of more than \$110 million.

The Balmain Shores project is a joint venture between the Company and its major shareholder, Capitaland. When completed, Balmain Shores will comprise approximately 460 apartments and townhouses and 5,000m² of commercial space. Stage 1, comprising 213 apartments, all of which were pre-sold, was completed during the year.

Stage 2, which has also attracted a high level of pre-sales, has commenced construction; as has the marketing of Stage 3 which will yield a further 100 apartments on completion.

Other Sydney projects settled during the year included the Finger Wharf at Woolloomooloo, Balmain Cove, “Forester” at Marsfield, “Verde” at Wollstonecraft and Stage 1 of the King Street Wharf project on the city side of Darling Harbour.

A number of projects in Sydney were also commenced during the year including “Sur Mer” at Cronulla Beach; Adelaide Street, Bondi Junction; Berry Street, North Sydney; Moore Park Road, Paddington and the South Tower of the King Street Wharf project. Each has attracted a pleasing level of pre-sale commitments.

The former Walker Corporation projects – “Regency” at Chatswood and “Altair” at Rushcutters Bay – also moved toward completion during the year with both generating a high level of pre-sales.

In Melbourne, activity was concentrated on the re-development of 19th-century commercial buildings into residential apartments retaining the heritage characteristics of the structures. The Port Authority Building in the city was completed and settled during the year, as was the conversion of the Bank of Australasia Building, on the Corner of Queen and Collins Streets, into a 115-room hotel for the Sebel chain.

Construction commenced on the Company’s combined residential project on an old commercial site at Trenerry Crescent in the inner suburb of Abbotsford.

In Queensland, activity was concentrated on developing





REVIEW OF OPERATIONS →



Left: The “Altair” project in the inner Sydney suburb of Rushcutters Bay has attracted a high level of investor sales. The building has been designed by award winning architects to maximise the use of space and light. The majority of the apartments are north facing providing extensive views of Sydney.

The Manly Peninsula project in Sydney



Apartments



the Company’s project on the Brisbane River at New Farm, the “Seaforth” project at Alexander Headlands on the Sunshine Coast and the “Deepwater Point” project on the Broadwater at the Gold Coast. Despite relatively subdued markets for property in Queensland, a reasonable level of sales was achieved.

During the year the Division entered into contracts to acquire development sites with a total yield of more than 1,000 apartments, mostly concentrated within the inner suburbs of Sydney. Presently Australand holds development sites with an aggregate yield in excess of 2,500 apartments as well as a 50% interest in joint ventures which hold development sites with a total yield of more than 830 apartments.

Australand remains true to its successful strategy of selecting sites for development which offer certain attractions to purchasers in locations which already have an established community lifestyle such as the Sydney suburbs of Balmain, Bondi and Crows Nest, where a quality product can be delivered which satisfies its target customers’ requirements. The Company’s experience and proven success in delivering developments on time, on budget and which continue to meet market requirements (as reflected by the high level of pre-sales) will ensure the continued successes of the Apartments Division.

The objective for the Division in 2001 is to at least achieve the 2000 level of sales by maintaining, or

increasing, its level of participation in both the owner occupier and investor markets. The high level of current pre-sale commitments will underpin sales revenue over the next few years. The business’s main challenge is to continue to acquire appropriately zoned sites, particularly in its main markets of Sydney and Melbourne.

Australand expects that the Apartments Division will continue to achieve a reasonable sales rate during the first half of 2001 unless a significant downturn in the economy occurs during this time. Sales activity overall, however, should improve in the second half of the year if the trend toward lower interest rates continues.

John Mortimer GM SALES & MARKETING



REVIEW OF OPERATIONS



Haig Conolly NSW STATE SALES MANAGER



Apartments – Meeting Demand In response to increasing demographic and lifestyle requirements for inner-city living, Australand continues to acquire suitable sites for development. The King Street Wharf project on Darling Harbour in Sydney is a major Australand development involving medium-density residential and commercial facilities. Also pictured are some of the Australand employees involved with the development.



Peter Morgan NSW STATE MANAGER
DEVELOPMENT & CONSTRUCTION



Lisa McCutcheon
MARKETING LIAISON EXECUTIVE



Commercial & Industrial

Mr McKenna was an employee of Walker Corporation for over 15 years and as a qualified civil engineer has held various management positions in the civil, contracting, building and development divisions of the company. He was formerly General Manager of the Commercial and Industrial division of Walker Corporation.



Right: Australand developed a new purpose-built facility for the steel product manufacturer Stramit Building Products at Crestmead in Queensland.

Below: Australand has developed purpose-built facilities for Toll Holdings to assist their logistics and transport operations.



Commercial & Industrial began 2000 with a policy of business expansion through an increased national presence. By the end of the year that policy was firmly in place, through the development of 19 warehousing and distribution centres and 4 commercial office precincts comprising a total of 214,000 m² of lettable space across 5 States.

The Division's position within the commercial development market is increasing. In Melbourne the final stage of the Richmond Business Park was completed with the joint Pacific Dunlop/Andersen Consulting entity Novare joining established tenants such as Country Road, Amcor, DDB Needham and Mattel Toys. Construction commenced on an office complex at Mulgrave which will provide 15,000 m² of space for Coles Myer as well as new premises for Australand's Victorian office.

In Sydney, Stage 1 of Henry Deane Place was pre-leased to the State Rail Authority and on-sold, together with a retail plaza, to the Colonial Property Trust. Construction has commenced on Stages 2 and 3 with a pre-lease commitment from the Department of Urban Affairs and Planning. Negotiations are well advanced for the remaining tenancy. Again in Sydney, construction has commenced on the 10,500 m² first stage of the campus-style Rhodes Business Park.

With 40,000 m² of office space in Melbourne and 25,000 m² under way in Sydney, the Company will expand its activity in commercial development in 2001. The

Division also expects to increase its development of bulky goods facilities in 2001.

2000 saw Commercial & Industrial continue to dominate the industrial development market. In New South Wales, TNT committed to a second warehouse, following the handover of its new Mascot facility. Boise Cascade, Wilson Logistics and CI, the technology arm of Computershare, were new additions to the Division's growing client list. Our Victorian business unit completed facilities for BMW, Lonely Planet, Allied Pickfords and Aspect Packaging, whilst in Adelaide warehousing for Southcorp Wines and Cummins Diesel continued our presence in South Australia. Facilities for Berri Fruit Juices, Hermes Precisa and Stramit were secured in Brisbane. The outlook for Western Australia is encouraging and the Division will consolidate in that region during 2001.

Repeat business continues at high levels, averaging an annual 70%. Hermes Precisa committed to its third facility, this time in Brisbane. An export facility in Adelaide for Southcorp Wines, a second warehouse for TNT in Sydney and 15,000 m² of office space for Coles Myer in Melbourne demonstrated the value of client service through a national presence.

The business's strategically located land holdings, reputation, client base and continued industry demand will underpin the Division's revenues, profits and business expansion in 2001.



Russell Barnes GM COMMERCIAL



Commercial & Industrial – Building Relationships More than 70% of the Division's activity was repeat business for a number of Australian industrial corporations. Australand's position within the commercial development market is also increasing. Henry Deane Plaza (below) is a multi-staged commercial development in central Sydney which has attracted a number of government departments as tenants. Also pictured here are some of Australand's staff involved with this development.



John Briggs
SENIOR DEVELOPMENT MANAGER



Tony Perrin
DEVELOPMENT EXECUTIVE



Michael Lochtenberg
DEVELOPMENT EXECUTIVE



Financial Overview

Mr Beale joined Australand on 1 September 1999. He was formerly Finance Director of Colly Cotton Limited. Mr Beale has over 25 years of experience in finance, including mergers and acquisitions, feasibility studies, capital efficiency, cashflow management, business plan development and implementation, business risk analysis, IT systems and development. His formal qualifications include a Bachelor of Commerce and a Graduate Diploma in Financial Management.



Philip Beale EXECUTIVE GENERAL MANAGER, FINANCE

Overview

Following the acquisition of Walker Corporation Limited in January 2000 the enlarged Australand Holdings group of companies now generates revenues approaching \$1 billion and has total assets of more than \$1.5 billion.

The strength and size of the Company’s balance sheet have now provided the opportunity for its operations to acquire sites on favourable terms and to undertake a greater variety and complexity of projects than would have been the case in the past. The Company’s financial philosophy is to allocate funds to divisions and projects that meet Australand’s internal rate of return requirements, generating strong cash flows and profits for our shareholders.

Preference Share Issue

During the year the Company raised \$50 million through the issue of Reset Convertible Preference Shares. This capital raising allowed the Company to take advantage of opportunities to restock its landbank of sites for development within our Apartments and Commercial & Industrial Divisions on favourable terms. The issue also allowed Australand to reduce its level of gearing by decreasing its reliance on bank debt to finance operations as well as to utilise franking credits that would otherwise be unavailable to shareholders.

Balance Sheet Management

Australand enjoys the support of its financiers, which provide cost-effective debt to the Company. Directors have an objective of reducing the Company’s gearing (measured by the ratio of net external liabilities to total tangible assets) to below 50% through prudent profit retention and effective balance sheet management. This includes rationalisation of non-core and underperforming assets, to permit the allocation of working capital resources to projects that meet the Company’s criteria in respect of returns. The Company’s current weighted average cost of capital is approximately 11% (pre-tax) and the business targets an internal rate of return of 25% pre-tax, interest and overheads on new projects.

The Walker Corporation unsecured notes issued in 1997, totalling \$54 million, will be repaid on maturity on 30 June 2002.

Australand is considering taking advantage of the current lower interest rate environment, given the structure of the forward yield curves, to hedge a significant portion of its three-year cash requirements.

Australand is committed to financial risk management as part of its overall business strategy. Potential projects are assessed in terms of the Company’s established risk and return criteria with any relevant issues identified at an early stage. Authority levels exist within the Company with Board of Director approval required for capital

expenditure and acquisitions above a certain dollar amount. Performance of projects is monitored on a monthly basis at business unit level and regularly reviewed by the Managing Director, through well-established procedures.

New Systems

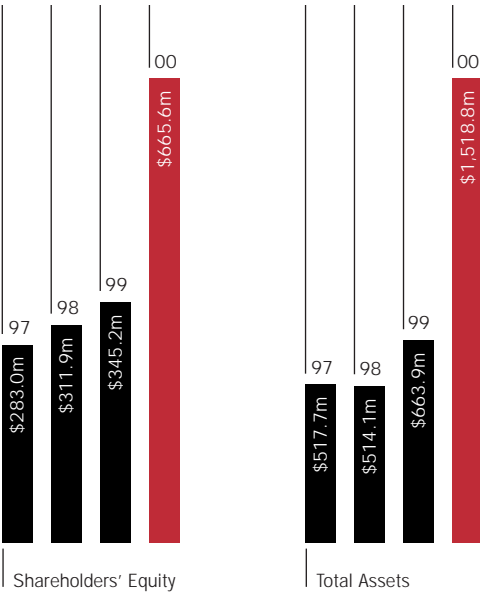
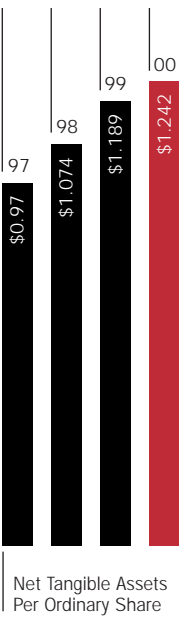
Following the integration of the Australand and Walker businesses in 2000 the Company is now implementing a new General Ledger and costing system designed to merge the operations onto one platform to provide management and the operations with more effective and timely data to assist the decision-making process.

Adoption of new Accounting Standards

Directors have approved the early adoption of a number of new accounting standards to assist in increased disclosure and explanation of the Company’s financial performance. The Accounting Standards adopted are:

- AASB 1010 (Recoverable Amount of Non-Current Assets)
- AASB 1041 (Revaluation of Non-Current Assets)
- AASB 1018 (Statement of Financial Performance)
- AASB 1034 (Financial Report Presentation and Disclosures)
- AASB 1040 (Statement of Financial Position)

and were used in the preparation of the 2000 Financial Statements.



Board of Directors



Mr Tham Kui Seng

Mr Tham Kui Seng

Chairman, Non-Executive Director, Chairman of the Executive Committee and a Member of the Remuneration Committee – Age 43.

Mr Tham joined the Board in December 2000 initially as an Alternate Director and was appointed a Director and Chairman in January 2001. He is currently the Chief Executive Officer of CapitaLand Residential Limited. Mr Tham was formerly Chief Operating Officer of Pidemco Land Limited, having joined that Company in 1996. Prior to joining Pidemco Land Mr Tham was Chief Executive of TPL Printers (UK) Limited, a subsidiary of Time Publishing Limited. Mr Tham holds a Bachelor of Arts (First Class Honours) degree in Engineering Science from Oxford University.

Mr James Glen Service AM

Deputy Chairman, Non-Executive Director, Chairman of the Audit Committee and a Member of the Executive Committee – Age 68.

Mr Service joined the Board in July 1995. He is Executive Chairman of JG Service Pty Limited, a specialist property consulting company. He serves on the board of a number of companies including Chairman of ACTEW Corporation Limited. Mr Service is a Past National President of the Property Council of Australia and was Chairman of Advance Bank Australia Limited prior to its merger with St George



Mr James Glen Service AM

Bank Limited. Mr Service is involved in a number of government, cultural and community organisations.

Mr Brendan Patrick Crotty

*Managing Director, Executive Director
Member of the Executive Committee – Age 54.*

Mr Crotty has been Chief Executive of Australand since 1990. He joined the Group (then the Land Division of Hooker Corporation Limited) in 1977 where he held the position of Executive General Manager of the Land and Housing Divisions. Prior to 1977, Mr Crotty held senior positions in a property development company and was a partner in a professional firm of surveyors, town planners and civil engineers. Mr Crotty has formal qualifications in surveying, town planning and business administration and also completed an advanced general management course at IMEDE, Lausanne, Switzerland in 1985.

Mr William John Beerworth

*Non-Executive Director
Member of the Audit & Remuneration Committees – Age 55.*

Mr Beerworth joined the Board in March 1997. He is Managing Director of Beerworth and Partners Limited, a corporate advisory firm specialising in strategic consulting and mergers and acquisitions. Mr Beerworth is a solicitor and has extensive experience in corporate law and investment banking. He has held a number of senior



Mr Brendan Patrick Crotty

positions, including Managing Director of HSBC Corporate Finance Limited, Senior Partner of Mallesons Stephen Jaques and Assistant Secretary of the Commonwealth Attorney-General’s Department. Mr Beerworth’s formal qualifications include: Bachelors degrees in Arts and Laws from the University of Sydney, Master of Laws and a Doctor of Juridical Science from the University of Virginia, Master of Commerce from the University of New South Wales and Master of Business Administration from Macquarie Graduate School of Management.

Lt Gen (Ret’d) Winston Choo

*Non-Executive Director
Member of the Executive Committee – Age 59.*

Lt Gen (Ret’d) Winston Choo joined the Board in July 1997. From 1994 to 1997 he served as Singapore’s High Commissioner to Australia and concurrently Ambassador to Fiji and from 1974 to 1992 was Singapore’s Chief of Defence Force. General Choo is currently Singapore’s Non-Resident Higher Commissioner to Papua New Guinea. He is an Executive Director of ABR Holdings Limited. He serves on the boards of a number of companies including Keppel Capital Holdings Limited, Keppel Tatlee Bank Limited, Keppel FELs Energy & Infrastructure Limited and is a member of an L.E.K. Consulting Advisory Board in Australia. He is Chairman of



Mr William John Beerworth



Lt Gen (Ret’d) Winston Choo

Sun Cruises Holdings Pte Limited, Consolidated Foods Australia Limited, the Singapore Red Cross Society and Non-Executive Chairman Burson-Marsteller (S.E.A.) Pte Limited. He was Chairman of Chartered Industries of Singapore and Deputy Chairman of the Central Provident Fund Board until 1994. He joined the Singapore Military Forces in 1959 and attended the Federation Military College, Malaysia, for officer cadet training, the Command and General Staff College in Singapore and Fort Leavenworth in the USA. Formal qualifications include Master of Arts in History at Duke University, USA and completion of the Advanced Management Programme at Harvard University.

Mr Hiew Yoon Khong *(Pictured overleaf)*

Non-Executive Director – Age 39.

Mr Hiew was appointed to the Board in January 2001. He is currently the Chief Financial Officer of CapitaLand Limited and an alternate Director of the Singapore-listed The Ascott Limited and Raffles Holdings Limited. Prior to his appointment to CapitaLand Mr Hiew was the Corporate Affairs Director of an electronics company listed on the Singapore Exchange, with responsibility for all debt and equity raising as well as merger and acquisition activity. Mr Hiew has also gained experience in project financing activities in South-East Asia while he was with a London-based merchant bank. Mr Hiew holds a Bachelor of Arts



Mr Hiew Yoon Khong



Mr Stephen Roy McMillan



Mrs Jennifer Loh

Corporate Governance

degree in Economics from the University of Portsmouth and a Master of Arts degree in Economics from the University of Warwick.

Mr Stephen Roy McMillan

Non-Executive Director – Age 45.

Mr McMillan joined the Board in January 2001. He is currently Chief Operating Officer of CapitaLand Residential Limited, having joined from the Lend Lease group in November 2000. During his 17 years with Lend Lease Mr McMillan was involved with many major development projects across the Asia-Pacific region, including the development of the Olympic Village used to house athletes at the Sydney Olympic Games. Prior to joining CapitaLand, Mr McMillan was Chief Executive Officer of Lend Lease Asia and Lend Lease Development, responsible for business development and operations in the Asian Region. He was formerly Chief Executive Officer for Lend Lease Property Services Group in Australia. Mr McMillan was also a Non-Executive Director of the Mirvac Group, a leading Australian property group from 1996 until joining CapitaLand. Mr McMillan holds a Bachelor of Architecture (Honours) degree from the University of Sydney and a Masters degree in Management from Stanford University.

Mrs Jennifer Loh

Non-Executive Director

Member of the Audit Committee – Age 48.

Mrs Loh joined the Board in December 2000 as an Alternate Director and was appointed a Director in January 2001. She is currently Chief Financial Officer of CapitaLand Residential Limited, having been with Pidemco Land Limited since 1991. Prior to that Mrs Loh was with Rank Xerox Singapore as Financial Controller. Mrs Loh started her career with the chartered accounting firm KPMG Peat Marwick, spending eight years with them in their Singapore and Sydney offices. Mrs Loh has had more than 20 years experience in Finance, covering Accounting, Planning, Tax, Treasury and Corporate Finance as well as various aspects of Corporate Services including legal, secretarial and human resources. Mrs Loh sits on the Boards of a number of subsidiary and joint venture companies of CapitaLand Group and is a member of the Accounting Standards Committee of the Institute of Certified Public Accountants of Singapore. Mrs Loh is a Chartered Accountant and holds a Bachelor of Accountancy (Honours) degree from the National University of Singapore.

This statement outlines the main corporate governance practices and procedures of the Australand Group during the year ended 31 December 2000.

Strategic Role of the Board

The Board is responsible for the overall corporate governance practices of Australand, considering and approving strategic direction, key objectives and performance measures of the Company. The Board periodically reviews Australand’s corporate governance practices and performance based on their own experience, the practices of other companies and advice from external advisers and management.

Composition of the Board

The Board currently comprises 8 members, being the Managing Director and seven non-executive Directors. The Chairman is a non-executive Director. Messrs J G Service (Deputy Chairman) and W J Beerworth are independent Directors, having no affiliation with any particular stakeholder nor being a former executive of the Company. Four of the Directors are executives of Australand’s major shareholder, with Lt Gen (Ret’d) Winston Choo a former non-executive director of Australand’s largest shareholder.

One-third of the Directors other than the Managing Director retire by rotation each year and are eligible for

re-election by members at the Annual General Meeting. The appointment of Directors is based on their expertise and experience in property development, management and corporate matters. The Managing Director is directly accountable to the Board.

Meetings

During the year the Board has scheduled and met on a monthly basis. Special meetings of Directors have also been convened as required during the course of the year. At least two meetings are held in Singapore and meetings are also held in Australand’s interstate offices.

External Advice

Each Director has the right to seek independent professional advice at the expense of the Company. Prior approval of the Chairman is required which may not be unreasonably withheld. Any advice that is obtained must be made available to all Directors.

Board Committees

To assist the Board in discharging its responsibilities the following Committees of the Board have been formed.

Audit Committee

The role of the Audit Committee is documented in a Terms of Reference that has been approved by the Board.

The Committee comprises three non-executive Directors. The Managing Director, Chief Financial Officer and representatives of the internal and external auditors attend Committee meetings by invitation.

The primary role of the Audit Committee is to assist the Board in fulfilling its responsibilities relating to the accounting and reporting practices of Australand. The Committee:

- Oversees the quality of the audits conducted by the external and internal auditors and approves the internal audit plan;
- Serves as an independent and objective body to review the statutory financial information; and
- Reviews the adequacy of administrative, operating and accounting controls and the integrity of financial reporting.

Remuneration Committee

The role of the Remuneration Committee is to establish the remuneration policies of the Australand Group and to review the application of those policies.

In particular the Committee reviews and approves the remuneration policies and packages applicable to the Managing Director, senior executives and the Board, as well as the award of any performance bonuses.

The Committee may receive advice from independent consultants on remuneration policies and other executive

and employee benefits and on the appropriate level of fees for Non-Executive Directors.

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced executives who can deliver enhanced shareholder wealth.

Non-Executive Directors’ fees are determined by shareholders in general meetings and are divided and agreed between Directors based on recommendations by the Remuneration Committee.

Any Directors’ Retirement benefits payable are to be calculated in accordance with the provisions contained in the Corporations Law.

The Remuneration Committee comprises three Non-Executive Directors. The Managing Director attends meetings of the Remuneration Committee by invitation.

Executive Committee

The Executive Committee comprises two Non-Executive Directors and the Managing Director. The Committee’s role is to review and approve, to certain delegated limits, new site acquisitions and developments and to consider general corporate matters that occur between the regularly scheduled Board Meetings.

Strategic Planning Committee

The Strategic Planning Committee comprises three Non-Executive Directors. The Committee’s role is to review

strategic options and directions for the Australand Group and to make recommendations for the Board’s consideration.

Identification and Management of Significant Business Risks

The Board is responsible for ensuring that a comprehensive business risk management, assurance and financial and internal control framework is in place, although no framework will prevent or preclude all risks, errors or irregularities.

This framework includes:

- **Regular Board Meetings:** The Board meets at least once every month. Comprehensive Board Papers containing relevant operational, strategic, financial and legal information are prepared and circulated to Directors prior to each meeting.
 - **Financial:** Australand has in place a comprehensive budgeting and strategic planning process. Annual budgets and strategic plans are prepared for approval by Directors. Monthly actual trading results are presented to Directors at each Board Meeting, compared against budget and forecast, with revised forecasts prepared if required.
- Approvals for site acquisitions and developments, including a review of environmental issues, are in accordance with delegated authorities from the Board, or approved by the full Board if the acquisition cost is

above those delegated authorities. The Managing Director has been authorised to approve acquisitions and developments up to a certain level.

- **Reporting:** Half-yearly and full-year reports are submitted to the Australian Stock Exchange (ASX) and the Australian Securities and Investments Commission (ASIC). Procedures have been implemented to ensure that price-sensitive information is reported to the ASX in accordance with continuous disclosure requirements.
- **Operational:** The Board receives written reports each month on the operational performance of each business unit, with the respective business unit managers attending and presenting to each Board Meeting. Regular site visits to current and/or proposed developments are also undertaken by Directors.
- **Management:** Monitoring of performance occurs as part of each Board Meeting. Informal dialogue between Directors and the Managing Director/senior management on key issues is encouraged.
- **Insurance:** Insurance cover appropriate to the size and nature of Australand’s operations is carried to reduce the financial impact of any significant insurable losses.

Ethical Standards

Australand is committed to maintaining high ethical standards in its internal operation and its interaction with the investment and buying public.

The Board expects the highest standards of corporate governance practices and conduct by all Directors, management and employees of Australand.

A comprehensive policies and procedures manual dealing with a range of expected practices and behaviours has been prepared and circulated to all staff. It is also available on the Company's intranet site for reference by employees.

Informing Shareholders

Australand aims to ensure that its shareholders are kept informed of major developments that affect the Company through:

- **The Annual Report:** An Annual Report is distributed to all shareholders except those who have specifically requested not to receive it. A copy of this Annual Report may be obtained from the Company's web site.

- **Web site:** Australand's web site at *www.australand.com.au* contains a range of information on the Company including stock exchange releases and details of current projects.
- **Annual General Meeting:** Australand welcomes and encourages shareholder participation at the Annual General Meeting, usually held in April of each year.

Financial Statements



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Statutory Directors’ Report

For the year ended 31 December 2000

The Directors of Australand Holdings Limited (Australand Holdings) present their report, together with the accounts of the parent entity and its controlled entities (the Australand Group) for the financial year ended 31 December 2000.

DIRECTORS

- a) Directors in office as at the date of this report (in office for a whole of year unless stated otherwise):
- Mr Tham Kui Seng (Chairman) (Appointed 31 January 2001)
- Mr James Glen Service AM (Deputy Chairman)
- Mr Brendan Patrick Crotty (Managing Director)
- Mr William John Beerworth
- Lt Gen. (Ret’d) Winston Choo
- Mr Hiew Yoon Khong (Appointed 31 January 2001)
- Mrs Jennifer Loh (Appointed 31 January 2001)
- Mr Stephen Roy McMillan (Appointed 31 January 2001)

- b) Directors who held office at any time during the year:
- Dr Han Cheng Fong (resigned 18 April 2000)
- Mr Ed Ng Ee Peng (appointed 28 April 2000) (resigned 31 January 2001)
- Mr Fan Kow Hin (resigned 28 April 2000)
- Mr Kee Teck Koon (appointed 28 June 2000) (resigned 31 January 2001)
- Mr Lau Chan Sin (appointed 28 April 2000) (resigned 31 January 2001)
- Mrs Lim Joke Mui (resigned 31 January 2001)
- Mr Tan Boon Leong (resigned 18 August 2000)

A number of changes to the composition of the Board were made on 31 January 2001. These changes were as a consequence of significant organisational changes and changes in executive responsibilities within Australand’s 63.3% shareholder (formerly called DBS Land Limited) following its merger with Pidemco Land Limited in November 2000.

Details of Directors’ qualifications, experience and specific responsibilities are set out on pages 36 to 38 and their attendance at meetings and interests in securities of Australand Holdings Limited are detailed within this Directors’ Report.

PRINCIPAL ACTIVITIES

During the financial year, the principal activities of entities within the Australand Group were:

- Land development
- Residential development – conventional and integrated housing, medium- and high-density projects
- Commercial and industrial property development

As a result of the acquisition of Walker Corporation Limited the level of residential development and commercial/industrial property development has increased significantly. There were no other significant changes in the nature of these activities during the year.

CONSOLIDATED RESULT

The Australand Group’s operating profit after income tax for the 2000 financial year was \$78.109 million (1999: \$68.097 million).

EARNINGS PER SHARE

Basic earnings per share for the 2000 financial year were 16.2 cents (1999: 23.5 cents). Diluted earnings per share is not materially different from basic earnings per share.

DIVIDENDS

Australand Holdings’ dividend policy is to declare and pay quarterly dividends and this policy was followed in 2000. Dividends paid or to be paid in respect of the 2000 financial year are:

- **Interim dividends**

Three quarterly fully franked interim dividends of 3.0 cents each, totalling 9.0 cents per share were paid during the year (equivalent period in 1999: 9.0 cents).

- **Final dividend**

A fully franked final dividend of 3.0 cents per share (1999: 3.0 cents) will be paid on 29 March 2001. Total dividends provided for or paid in respect of the year ended 31 December 2000 are \$58.12 million (1999: \$34.85 million).

Statutory Directors’ Report

For the year ended 31 December 2000

REVIEW OF OPERATIONS

The Review of Operations is set out on pages 2 to 33 of this Annual Report.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The significant change in the state of affairs of the consolidated entity during the financial year was the acquisition of Walker Corporation Limited on 13 January 2000 for \$246.35 million, via a two for three non-renounceable Rights issue which raised \$255.6 million in additional equity through the issue of 193,602,424 ordinary shares of \$1.32 each fully paid.

EVENTS SUBSEQUENT TO BALANCE DATE

In the period since the end of the 2000 financial year there has not been any other transaction or event of a material or unusual nature which in the opinion of the Directors, is likely to significantly affect the operations of the Australand Group, the results of those operations, or the state of affairs of the Australand Group in future financial years.

LIKELY DEVELOPMENTS

The Review of Operations in this Report refers to likely developments and the expected results of the operations of the Australand Group in future financial years. The Directors believe it would be prejudicial to the interests of the Australand Group to make any further disclosure.

ENVIRONMENTAL REGULATION

The Australand Group undertakes property development in the Sydney region of New South Wales, the Melbourne region of Victoria, south-east Queensland and Perth. It is subject to State legislation regulating development on land. Consents, approvals and licences are generally required for all developments and it is usual for them to be granted subject to conditions. The Australand Group has a policy of at least complying, but in most cases exceeding its environmental performance obligations. No significant breaches occurred during the year.

OPTIONS

No options over unissued ordinary shares of Australand Holdings were granted during or since the end of the financial year to any Directors or employees of the Australand Group. Options over unissued ordinary shares of Australand Holdings have been issued to employees under the terms of the Australand Share Option Scheme (the Share Option Scheme). Options held and outstanding as at the date of this Report are as follows:

Number of Options	Option Exercise Price	Option Exercise Period	Option Expiry Date
2,486,000	A\$1.00	21/4/2000 to 20/4/2002	
655,000	A\$1.10	12/8/2001 to 11/8/2003	

Under the terms of the Share Option Scheme, all options that are not exercised will lapse 5 years after their issue date. Options will also lapse on termination of the holder’s employment (excluding death of the holder) or on the holder being declared bankrupt.

The option holders have no right under the options to participate in any share issue of Australand Holdings. If there is any variation in the issued ordinary share capital of Australand Holdings such as by way of reduction, subdivision or consolidation then the number of ordinary shares which may be acquired on the exercise of any option and the exercise price will be adjusted as appropriate. There has not been any such variation to date.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

A total of 460,000 ordinary shares of Australand Holdings Limited were issued during the year ended 31 December 2000 on the exercise of options issued under the Australand Share Option Scheme. No further shares have been issued since that date. The amount paid on each of the shares was \$1.00. No amounts are unpaid on any of the shares.

Statutory Directors’ Report

For the year ended 31 December 2000

Statutory Directors’ Report

For the year ended 31 December 2000

ROUNDING OFF OF AMOUNTS

The Australand Group is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the “rounding off” of amounts in the Directors’ Report and financial statements. Amounts in the Directors’ Report and financial statements have been rounded off to the nearest thousand dollars in accordance with that Class Order unless specifically stated otherwise.

DIRECTORS’ BENEFITS AND INTERESTS IN CONTRACTS

Since the end of the previous financial year, no Director of Australand Holdings 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 consolidated 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 period) with Australand Holdings or an entity that Australand Holdings controlled, or a body corporate that was related to Australand Holdings when the contract was made or when the Director or associate received or became entitled to receive the benefit other than:

- Fees totalling \$45,000 paid to Beerworth & Partners Limited, of which Mr W J Beerworth is a partner, for services provided to the Australand Group in relation to the acquisition of Walker Corporation Limited, the issue of the Reset Preference Shares and other Company-related matters. These fees were based on normal terms and conditions.
- Fees totalling \$63,000 paid to J. G. Service Pty Limited of which Mr J G Service is a Director for development management fees in relation to one of the Company’s developments. These fees were based on normal terms and conditions.

DIRECTORS’ AND EXECUTIVES’ EMOLUMENTS

The Remuneration Committee, now comprising two non-executive Directors plus the Committee Chairman who is not a member of the Board, advises the Board on remuneration policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for

executive Directors, other senior executives and non-executive Directors.

Executive remuneration and other terms of employment are reviewed annually by the Remuneration Committee having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice, As well as a base salary, remuneration packages may include, at the option of the employer, superannuation contributions, performance-related bonuses and fringe benefits. Certain executives also participate in the Share Option Scheme.

Remuneration packages are set at market levels, to attract and retain executives who will effectively manage the operations of the Australand Group. Remuneration of non-executive Directors is determined by the Board within the maximum amount approved by the shareholders from time to time.

The following tables set out the nature and amount of the fees and emoluments received by each Non-Executive Director of Australand Holdings (or their associates) for their services as Directors, and each of the five employees of the Australand Group who received the highest emoluments.

(i) Non-Executive Directors

	Directors’ Base Fee	Committee Fees	Total Directors’ Fees
Name			
Dr Han Cheng Fong	22,728	15,153	37,881
Mr Ed Ng Ee Peng	51,295	34,197	85,492
Mr J G Service AM	63,250	37,950	101,200
Mr W J Beerworth	37,950	31,625	69,575
Lt Gen Winston Choo	37,950	25,300	63,250
Mr Fan Kow Hin	12,407	12,407	24,814
Mr Kee Teck Koon	19,288	19,288	38,576
Mr Lau Chan Sin	25,648	–	25,648
Mrs Lim Joke Mui	37,950	18,975	56,925
Mr Tan Boon Leong	24,028	–	24,028
	\$332,494	\$194,895	\$527,389

The time of Mr Ed Ng Ee Peng, Mr Kee Teck Koon and Mrs Lim Joke Mui was made available by DBS Land Limited and by CapitaLand Limited. Mr Ed Ng Ee Peng, Mr Kee Teck Koon and Mrs Lim Joke Mui are not personally paid any Directors’ fees.

(ii) Employees

Name	Salary	Value of Company Car	Car Allowance	Company Super. Contributions	Performance Bonus	Total Remuneration
Brendan Crotty <i>Managing Director</i>	570,000	0	30,000	76,175	447,500	1,123,675
Peter Dransfield <i>Executive General Manager – Apartments</i>	447,848	0	30,000	156,225	230,000	864,073
Paul McKenna <i>Executive General Manager – Commercial & Industrial</i>	421,900	72,490	–	42,227	115,000	651,617
Matthew Joyce <i>Executive General Manager – Land & Housing</i>	336,808	0	30,000	46,413	120,000	533,221
Ernest Philip <i>General Manager – NSW Land & Housing</i>	274,745	0	30,000	35,097	150,000	489,842
Peter Burke <i>General Manager – Victoria Land & Housing</i>	266,920	0	30,000	22,548	150,000	469,468
Total	\$2,318,221	\$72,490	\$150,000	\$378,685	\$1,212,500	\$4,131,896

- Matthew Joyce received a Relocation Allowance of \$14,300 which is not included in the above table.
- Paul McKenna received a Meal Allowance of \$1,482 which is not included in the above table.

The amounts paid to DBS Land Limited and to CapitaLand Limited, in respect of these services, comprise the above figures.

The time of Mr Lau Chan Sin was made available by DBS Bank Limited. Mr Lau Chan Sin is not personally paid any Directors’ fees. The amounts paid to DBS Bank Limited, in respect of these services, are included in the above figures.

The time of Mr J G ServiceAM was made available by J. G. Service Pty Limited. Mr Service is not personally paid any Directors’ fees. The amounts paid to J. G. Service Pty Limited, in respect of these services, are included in the above figures.

The time of Mr W J Beerworth was made available by Beerworth & Partners Limited. Mr Beerworth is not personally paid any Directors’ fees. The amounts paid to Beerworth & Partners Limited, in respect of these services, are included in the above figures.

The time of Dr Han Cheng Fong and Mr Fan Kow Hin was made available by DBS Land Limited. Dr Han Cheng Fong and Mr Fan Kow Hin were not personally paid any Directors’ fees.

The amounts paid to DBS Land Limited, in respect of these services, are included in the above figures.

The time of Mr Tan Boon Leong was made available by Temasek Holdings (Private) Limited. Mr Tan Boon Leong was not personally paid any Directors’ fees. The amounts paid to Temasek Holdings (Private) Limited, in respect of these services, are included in the above figures.

DIRECTORS’ AND OFFICERS’ INDEMNITY INSURANCE

In accordance with its Constitution, Australand Holdings has agreed to indemnify the Directors, Secretary and executive officers against all liabilities to other persons (other than to the parent entity or its related bodies corporate) that may arise from their position as Director, Secretary or executive officer of Australand Holdings and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. Australand Holdings has agreed to indemnify the Directors, Secretary and executive officers against all costs and expenses

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incurred in defending an action that falls within the scope of the indemnity.

Australand Holdings has paid premiums with respect to a contract insuring the Directors, Secretary and executive officers of the parent entity and its controlled entities against liabilities incurred while acting as officers. The insurance contract prohibits the disclosure of the amount of the premium paid in respect of the contract. No part of the premium has been included in Directors’ emoluments in the accounts.

Directors’ Interests as at 31 December 2000

Director	Ordinary Shares Held Directly	Ordinary Shares Held Indirectly	Options
Mr Ed Ng Ee Peng	–	–	–
Mr J G Service AM	–	166,600	–
Mr B P Crotty	50,000	83,333	385,000
Mr W J Beerworth	–	3,333	–
Lt Gen (Ret'd) W Choo	–	–	–
Mr Kee Teck Koon	–	–	–
Mr Lau Chan Sin	–	–	–
Mrs Lim Joke Mui	–	–	–

MEETINGS

The number of Directors’ meetings and meetings of Committees of Directors held in the period each Director held office during the year and the number of meetings attended by each Director are:

Board Meetings

Director	Number of Meetings Held	Number of Meetings Attended
Dr Han Cheng Fong ¹	5	5
Mr Ed Ng Ee Peng ²	9	8
Mr J G Service AM	15	12
Mr B P Crotty	15	15
Mr W J Beerworth	15	15
Lt Gen (Ret'd) W Choo	15	14
Mr Fan Kow Hin ³	6	4
Mr Kee Teck Koon ⁴	6	5
Mr Lau Chan Sin ⁵	9	3
Mrs Lim Joke Mui	15	13
Mr Tan Boon Leong ⁶	11	6

AUSTRALAND

Notes:

1. Dr Han Cheng Fong resigned from the Board on 18 April 2000.
2. Mr Ed Ng Ee Peng was appointed a Director and Chairman on 28 April 2000.
3. Mr Fan Kow Hin resigned from the Board on 28 April 2000.
4. Mr Kee Teck Koon was appointed a Director on 28 June 2000.
5. Mr Lau Chan Sin was appointed a Director on 28 April 2000.
6. Mr Tan Boon Leong resigned as a Director on 18 August 2000.

Audit Committee Meetings

Director	Number of Meetings Held	Number of Meetings Attended
Mr J G Service AM	4	4
Mr W J Beerworth	4	4
Mrs Lim Joke Mui	4	4

Remuneration Committee Meetings

Director	Number of Meetings Held	Number of Meetings Attended
Dr Han Cheng Fong ¹	–	–
Mr W J Beerworth	1	1
Mr Ed Ng Ee Peng ²	1	1
Mr Fan Kow Hin ³	–	–
Mr Kee Teck Koon ⁴	1	1

Notes:

1. Dr Han Cheng Fong resigned as Chairman, and a member of the Committee on 18 April 2000.
2. Mr Ed Ng Ee Peng was appointed Chairman of the Committee on 28 April 2000.
3. Mr Fan Kow Hin resigned as a member of the Committee on 28 April 2000.
4. Mr Kee Teck Koon was appointed a member of the Committee on 28 June 2000.

No meetings of the Committee were held during the period when Dr Han Cheng Fong and Mr Fan Kow Hin were Committee Members.