



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.

28 July 2010

Recommendation

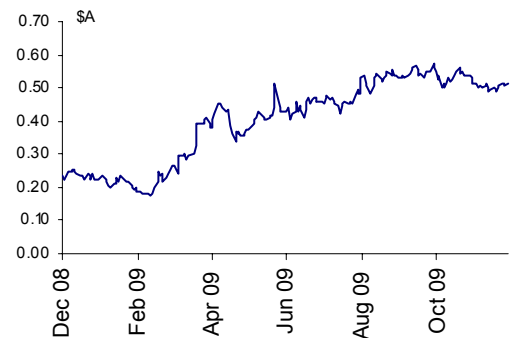
Recommendation: Outperform
Relative to: All Ind (ex Fins)

Investment Fundamentals

ASX code: ALZ
Stock price: \$2.70
Market cap: \$1,557m

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	12.9	11.7	11.1	10.6
PE relative	x	0.7	0.9	1.1	1.1
DPS	¢	20.5	20.8	21.1	21.4
Yield	%	7.6	7.7	7.8	7.9
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 22.0%
3135 & 3277 Beaudesert Rd, Parkinson, QLD	6.1	3 year -24.0%
28 Southbank Boulevard, Southbank, VIC A?	5.2	5 year -5.0%
Stage 2		10 year 4.0%
350 Wellington Rd, Mulgrave, VIC	3.8	Dividend Reinvestment
Rhodes Corporate Park, Rhodes, NSW	3.8	Plan No
26-30 Lee Street, Gateway Building, Sydney, NSW	3.4	Shareholder
Civic Tower, 66-68 Goulburn Street, Sydney, NSW	3.3	Discounts 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:

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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.

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