Window's opening for Australand

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DEVELOPER Australand Property has opted for short-term balance sheet pain as it prepares to take advantage of an improving residential construction outlook.

A series of writedowns dented the group's full-year profit, which was down 25 per cent to $135 million.

But operating profit, reflecting earnings in "ongoing activities", was up 4 per cent to almost $148 million — in line with Australand's forecasts.

The group said residential sales were up 25 per cent.

"Positive buyer sentiment and low interest rates have resulted in a significant increase in sales activity," managing director Robert Johnston said.

He said the group's residential development business was positioned well for the current year.

Australand took writedowns of $65 million in November in relation to four residential projects and five commercial and industrial projects, mostly based in Queensland. Mr Johnston said the writedowns were disappointing but reflected a "strategic decision to take advantage of current market conditions to accelerate capital recovery from these projects".

Australand said although business confidence levels were improving, operating conditions in the commercial and industrial sectors were expected to remain challenging this year.

Despite those conditions, the company said it expected to deliver improved earnings this year and flagged the prospect of lifting its full-year dividend to 22c per security.

Australand declared a final dividend of 11c a share for a total of 21.5c.

IG Markets analyst Evan Lucas said Australand had timed the writedowns well, and noted its shares had rebounded to the mark reached before the writedown revelations, closing yesterday at $3.93. "It was a good confession to make; they're clearing the decks from a capital management point of view," Mr Lucas said.