



ASX / Media Release

25 November 2011

## FKP Property Group 2011 Annual General Meeting

### Chairman's Address:

Good morning and welcome to FKP's 2011 Annual General Meeting. My name is Seng Huang Lee and I am the Chairman of FKP. On behalf of the Board I would like to thank you all for attending today. Following my address, your Managing Director and CEO Peter Brown will provide you with an overview of our achievements, business operations and strategic direction.

I have been on the Board of FKP for almost six years, three of which I have served as Chairman. In my experience I have found our Annual General Meeting to be the ideal forum for you, our security holders, to engage directly with our Board and management team. I encourage you to take this opportunity and ask questions at the end of the presentation.

### Delivering Results

In highly volatile global market conditions, I am pleased to report that over the past financial year our business has performed well with the Board and management team working together to deliver a solid profit result for the Group. Despite challenging market conditions, our Residential Communities and Retirement divisions delivered record contributions for the year further highlighting the strength of our core business.

Our underlying profit after tax of \$121.0 million was in line with guidance and represented an increase of 11 per cent on the previous year. Our statutory profit was \$82.3 million against \$50.8 million last year representing an increase of over 62 per cent.

Throughout the year, in adverse market conditions, we adapted and executed our strategy to deliver growth from both trading and recurring income. Our solid profit result is testament to the experience of our management team, our diversified national platform and quality of our assets.

Against the previous financial year our distribution was up 100 per cent at 3.0 cents per stapled security and was in line with our policy of distributing between 40 to 60 per cent of realised underlying profit. Our target for this financial year is for a distribution of 3.3 cents per stapled security.

Although there continues to be uncertainty in the financial and property markets, the strength of our core business and our proactive strategy has positioned us to deliver future growth.

### Share price

While FKP has never been better positioned, with some of the best projects in the country underway, our focus is on bringing you value and bridging the gap of our current share price with our NTA backing of \$1.25 per security. On behalf of the Board, let me assure you that

we are as concerned as you that our share price does not reflect the value of our core business and the quality of our assets with our share price trading at a significant discount to our NTA per stapled security.

Whilst FKP is not immune to current market conditions, we have a geographically diverse business. Over the past twelve months our projects have continued to perform comparatively across our national platform.

We believe that with our focus on the delivery of our sizeable development pipeline and a clear strategy to crystallise the value of our retirement assets, this valuation gap should close as we remove the execution risks that have unfortunately discounted our current share price.

## **Management**

In June this year we announced to the market that an agreement had been reached with your Managing Director and CEO Peter Brown for an open-ended continuation of his contract, which had been set to expire at the end of the 2011 financial year. Mr Brown is passionate about the success of FKP and has risen to the challenges of the current economic climate.

In July we welcomed Mark Jewell to the Board as Executive Director. Mr Jewell has a broad skill set and brings extensive experience to the Group gained over his 20 year career in the Australian property industry. Mr Jewell is focused on asset delivery, concentrating particularly on our Queensland developments.

I believe we have a strong foundation with our experienced management team in place, a team that will continue to seek opportunities, chase returns, provide value to our investors and strategically position us for the future.

FKP delivered a solid result this year and while there is ongoing scrutiny in the media over remuneration practices, FKP's remuneration policies are clear and in line with our peers and the market. We firmly stand behind our policies and believe in a clearly defined "pay for performance" culture. There is no free lunch at FKP, and your company remains extremely vigilant on both payroll and non-payroll related costs.

As outlined in our Remuneration Report, it is worth noting that any bonuses paid to our Executive team are subject to the achievement of appropriately set quantitative and qualitative performance hurdles. These hurdles are aligned with FKP's strategic plan and are set to optimise financial and business outcomes.

Our remuneration policies are transparent and are fully disclosed in our Annual Report.

Your Board will be asking you to support the adoption of the Remuneration Report later in this meeting.

## **Outlook**

In an extremely volatile business environment, FKP continued to execute its strategy and generate growth from a balance of both recurring and trading income streams. Our continuing growth in the future will be secured by the delivery of our existing development pipeline, supported by stable income from our high quality retirement portfolio.

In August, we provided a cautiously optimistic outlook for the current financial year and barring any extraordinary circumstances, we reconfirm our guidance of an underlying profit increase on 2011 levels.

In concluding, I would like to take this opportunity to thank you, our security holders, for your continuing support over the years by recognising the value of FKP.

I would also like to take this opportunity to once again thank the Board, our management team and employees for their dedication and commitment over the last twelve months working to bring the myriad of skills we have together in the pursuit of our financial and corporate objectives.

I'll now hand over the presentation to your Managing Director and CEO Peter Brown.

Thank you.

**Seng Huang Lee**  
**Chairman**

**END**

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**About FKP**

With more than 30 years experience in the Australian property industry, FKP Property Group (FKP) is one of Australia's leading diversified property and investment companies. FKP successfully operates an integrated business model which includes retirement, property investment and funds management, land development, property development (incorporating residential, retail, industrial and commercial) and construction across Australia and New Zealand. FKP is an ASX top 200 company.

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