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CORPORATE PARTICIPANTS

Peter Brown
FKP Property Group - CEO and Managing Director

Darryl Guihot
FKP Property Group - CFO

PRESENTATION

Peter Brown - ***FKP Property Group - CEO and Managing Director***

Good morning everybody and welcome to the FKP Half Year Profit Result. As we put what can only be described as a very hard and rugged two years behind us, it is very pleasing to be able to sit here and deliver what I think is a result that shows a true return to form for FKP, and usually I would like to say at the beginning of the presentation rather than the end is, my hat is off to all of the staff of FKP who have had to endure this two years and to deliver such a strong result is of great credit to them.

When I say a strong result, it needs to be broken down. I think the result will speak for itself as we go through the presentation. I think in terms of the cash coming out of both the business and the cash position, it's a very, very strong result. We look forward we have strong sales and the strong sales aren't really even coming up in the profit figure that we'll talk through this morning, then of course the strong financial position. So when you see that we've come through these two years with a strong operational result and the quality of that base, of FKP totally intact, it augers very well as we move into the next growth phase.

The presentation I will give this morning will obviously start off with the summary and the Group results. We will then move onto the gearing and covenants. This is one area that we've given a fairly early mention in the presentation, but it's an area that we are seeing as becoming less and less of an issue. So we will see that not being as pronounced I think in future presentations. We will of course move onto the divisional commentary, cash flow and funding and then finally we will finish in terms of the summary and outlook.

The key outcomes for the Group is an operating profit after tax of AUD49.2 million. That's a 40% increase on the prior corresponding period. A very strong result, but of course it's one thing to see that sort of growth, but it's very important to delve into that number and just see what the strength is and I think we've delivered a very strong result here. Operating EPS of 4.6 cents per security. The statutory profit after tax of AUD48.8 million, a clear indication that at least as far as FKP is concerned, we believe the vicious write-down cycle which has encompassed all property groups over the last two years, has slowed and all but ceased in the case of FKP. Operating cash flow, a very strong AUD115 million being a 90% increase on the prior period. Distribution as guidance is 0.5 cents per security. The NTA moves up from AUD1.22 last year so AUD1.27 and gearing at a very conservative 28% going forward.

Slide six I think shows really in graphical form the strength of the result that I'm referring to and the true return to form of the operating business of FKP. You compare the December 2008 to the December 2009 and you can see that the EBITDA prior to revaluation has 186% lift. That's a clear indication of the strength of the foundation business of the operating business of FKP and it is why I'm very comfortable to say that I believe this is a very strong result and I think that graph says it all.

In terms of the last two years, we talked at the Full Year last year about using the period, not only to work our way through it and sort out banking facilities and so on, but the operating business of FKP was working very hard. It was working very hard towards continuing to deliver on our strategies, our strategies being the diversified residential group, building our recurring income, making sales throughout the Group, the geographic mix of the business, the segment mix of the business.

What that really saw was the reconstruction of many of our projects that were planned. We saw a de-weightingfrom mixed-use project more to residential projects. Really being a clear indication of where our research saw the markets moving to as we came out of the global credit crisis. That now sees us very well geared in terms of our structure. We now have a national structure, moving away from a state structure and if the first Half Year results are anything to compare to, I think that structure is working very well for us.

In terms of the divisional contributions, on slide 8 the retirement number is slightly down but the very strong message to be had from this result is the 52% lift in cash DMF and capital gains. Those results in a lower revaluation because there is obviously a relationship between those two.

Those investors and analysts will recall, I've been saying now, and Darryl has been saying now for the last couple of years, all our modelling sees good cash growth coming through. In terms of valuation increases you must have cash coming in at some point and we've been saying we see that come in and that's evidence here and we see that continuing to pick as we move forward.

Residential communities, well this result is not about residential communities. It's nice to see a move back into the black from where it was last year. That's very much on the result of a modest pick up at Peregian and some current inventory apartment sales made in the first half but as we will mention later in this presentation, the future operating profit is very much going to be driven in terms of our growth by this residential community business, together with of course our residential retirement business moving forward.

Commercial and industrial, well we are a diversified property group and the achievements that we had on the C&I side for the first half are very strong. Of course the presale of the AUD170 million plus Energex office building, the first 6 Star building in Queensland, in what was very difficult market conditions, was of great credit to the C&I division and hence that result. Obviously with the re-weighting of the Group as I said earlier, with moving more of our capital towards residential, as of the last two years, it sees us moving to the low point with the sale of Energex and TAC of the C&I but it doesn't see us exiting that C&I because as we all know those markets are cyclical.

Funds and investments, well it's down. But that's a result of the types of funds that we do manage. They are very much performance driven and it's been very much just bedding down. Of course the unlisted fund space has had all the issues that the listed area has had, but of course it hasn't been in the public spectre. So you haven't been reading about it every day.

So that results in an EBITDA of 86.8 against the equivalent of the prior year of 68.8. the only other mention I would make on this page is really the interest. Obviously there's reduced debt but that's partially offset by the higher margins that came through in terms of the refinancing that's been carried out over the last two years.

End result being a 49.2% net operating profit. If we move onto the gearing and covenants onto slide 10, as I mentioned we put this fairly in the presentation, but in terms of FKP we are seeing a very different world in terms of the credit markets from what we've been experiencing over the last two years. So we've put this, I guess for in terms of completeness but I do want to emphasise my opening remarks, that we do not see this as a issue going forward, and we would be not putting so much significance on it in future presentations would be my expectation.

We are seeing the banks freeing up. We are seeing minimal opportunities out there. I'm not making any comment about general markets, I'm just making comment in terms of FKP and how we're seeing it related to our operating business and more importantly to the quality of the assets that we have.

So basically the December 2009 sees net bank debt drawn of AUD742 million. That is gearing of 28%. The covenant gearing of 38% which sees it down from 55% in the June 2009 figure and the look through gearing also at 28% and as the note points out the look through gearing has no import in terms of the banking facilities that FKP has.

There will be a slide later in the presentation which goes very much to the heart of how the gearing of FKP works and I will be talking a lot more about that at that point in the presentation.

Slide 11 just shows the facilities we have in place. I point out that up to July 2009 virtually all of these large facilities were in fact refinanced. So as we look forward we are fairly comfortable that we are in good shape in terms of our banks and as we move forward we don't see any issues on the horizon. It sees us with available capacity at December 2009 of AUD302 million. Again I will talk a little bit more about this funding issue later on. But what is very important for investors and analysts to understand is that from where we see our operating business and where we see our pipeline of assets, we do not believe that we need any more funding at this stage and it's an important point which I don't think was quite picked up by all in our Full Year result last year.

In terms of the covenants, of course the refinancing that we did of all our facilities in July 2009 led to a simplification of our covenants. We issued all those covenants for the first time then. I think it was very good feedback in terms of issuing those covenants and this just shows I guess the strength of the business. You look at our corporate covenants, our gearing of 38% against a covenant being below 55. Interest cover up 3.7 times against a requirement of being over 1.5 times. An NTA of 1.5 billion against requirement to have a greater than AUD1 billion NTA.

The Retirement Syndicate and the General Trust Facility of course, much more recurring, much more stable businesses in terms of the earnings that come through. So the interest cover there, which I believe is a fairly conservative number, where we've taken any, what we would call abnormal type cash events out of a 1.9 times against a 1.2 times. An LVR of 35% against less than 60% and then the trust being at 2.2 times against 1.3 and an LVR of 52% against less than 60%. I point out and as I said at the Full Year, we saw no issues in achieving our covenants, we still see no issue and we feel we have very good cover in terms of those.

The cash flow is a good story obviously when you're selling assets, when you are making sales across the business and you're having cash in and you're actually not developing an awful lot right now that results in a very strong cash result. The last couple of years we've often heard from investors saying, well hang on, what about this cash flow figure. Of course it is a function of where your inventory goes in. But a lot of our inventory's going into our land development at the moment which are going to provide very good earnings and there will be more about that into the future. We are seeing the retirement cash very strong. So all in all I think a very, very positive story from FKPs first half in terms of the overall cash.

The AUD28 million development expenditure mentioned on slide 13 relates to really Point Cook and Rosebery being the two projects that are actually in the field at the moment.

Onto our divisional commentary. Slide 15 really talks about the last year and really goes into where the future of FKPs earnings over the next couple of years are going to be driven from and where that growth is going to be driven from. So you start with the December, the first half of this year, a really good result from retirement. The C&I that I mentioned before, the recurring income areas, again very credible and so you see a good mix of the earnings of the last year resulting in a good operating result.

We go forward and you can see when I talk about being a diversified property group and you talk about weighting towards residential development, you can see that we really are very much geared towards the growth. So you see the residential community's area being 80% of our development pipeline going forward. Retirement being 15%, add those together and you get 95% which is fundamentally a residential bias. So when you look at the growth, you look at our land bank, 95% of FKPs current development stock is all geared towards the residential sector. We are very comfortable with that. Everything we're seeing, both in terms of analysis and in terms of actual sales experience out there, is actually giving us more and more confidence in terms of where we've positioned our capital going forward.

It wasn't by accident, it was deliberate. Obviously it's impacted on the purchases that we've made, but also as I talked about restructuring current large projects like the Milton's, like the Albion's, to de-risk of commercial, de-risk the retail and go more towards residential and we feel very comfortable with that setting going forward.

Slide 16 talks about retirement. Really the story in the first half of retirement for this year is the cash position. The 62% up on the same period. A 30% in resales volumes to a record of 273. We said at the Full Year that we saw a big pick up in retirement sales. There was a slight sort of lag if you like in retirement sales but it was nothing very serious. Obviously it was enough to keep everything ticking over. But we have seen a very large increase in the first half and we've seen that increase into the second half. Those record 273 sales, we expect to be doing more in the second half.

A very important point to note on this slide is the higher transaction price point of AUD214,000 to AUD237,000. Those who understand our retirement business well will understand that as that transaction price point moves up it has a very favourable cash result on FKP and as we see more of our, call it newer stock, bearing in mind that over 90% is all over 10 years old, of our villages anyway, you're going to see more price growth and it is a very strong result, because as the unit cost increases, of course we share in that increase. So we're not just getting cash from a turnover, we're getting an increased cash amount as we move forward. Add to that the work that we've doing in terms of our shares of cash under the contract, again that's a positive cash. So you're seeing greater sales, a greater share and you're seeing greater price points, all leading to very strong cash growth going forward.

Property price growth for the first half 2.8% double that and you get 5.6% annualised. For those who do look at our retirement valuations, we do use a 5%, we've been saying for some time we believe that the business does perform greater than at 5%. Again here's evidence of that in the first half. The average age of the residents has increased to 82 years old. Again seeing FKP really as the most mature portfolio there is in the market and we're seeing slightly reduced new sales due to the lower completion of stock. That's very much a result of the credit crisis and putting a hold on capital spending and a lot of emphasis going into restarting that engine.

As you will see on the next slide, slide 17 and as that fourth dot point points out when we talk about restarting that engine, we've got a village at St George Basin on the New South Wales South Coast which we expect to see commencing in midyear this year. So that's starting. The Petrie development site that we had was compulsorily acquired from us by the Queensland government to make way for yet another freeway up in Queensland. So that does mean that our pipeline of retirement villages has reduced somewhat, but given what we have, as you can see from the chart, a pipeline on our balance sheet of 609. A pipeline that we manage for RBG of 616 and then of course in the syndicates in Forest Place with 250, it sees us with a very credible pipeline of just under 1,500 units.

You talk about scale, without looking at any of the interests that we may have through RBG in New Zealand, you're talking about a business with the pipeline developed out of just under 11,700 units, certainly an industry leading position. One thing to be industry leading, it's another thing in terms of the diversification of that and I think that pie chart tells a very solid story. I was interested to read things of late, talking about is being a Queensland retirement group, but I think that graph pretty well puts that to bed in terms of where we sit and the diversification. Again, a very important tenant of the FKP strategy. Certainly in my time as CEO has been the diversification in both the segment and geographies and I think that chart shows the success the Group have had over the last six years in putting this portfolio together.

I don't think there's much else to say in terms of the outlook going forward. I will move onto the residential communities. I talked about the credible return to profitability. It's not really a result for residential communities, it's a result for retirement and it's a result for C&I. Again the emphasis being the diversified nature of FKP, but very much it's a result moving forward of the future for communities.

The chart we've put there, we are seeing what a lot of residential groups are doing and to some extent we're trying to give investors a similar view of FKP. I don't think when you look at the chart showing our sales and our apartment sales for the last year it's a show- stopper by any means. But look a credible result showing the engine restarting but most importantly we should look at the land lots sales pipeline. So where you see that we have 376 sales, the vast majority of those sitting at Point Cook. It's not just about having a good solid result last year, it's about actually having the sales in place to know that we can increase our operating profit in the second half of this financial year.

Point Cook development has been a very strong story for us. I think we talked at the Full Year last year of somewhere around I think 130 sales. Well we are over 300 sales in terms of that development now and the first five stages only have 330 lots in it. So a very strong result as we go forward and knowing that our earnings have these pipeline sales in place already.

The other pleasing point I'd like to make in terms of the outlook, in terms of the residential community is the Peregian. Peregian was slow in the last two years, but again, just as the whole of FKP has had a good return to form, I was at Peregian Springs just this week and we've seen a very strong return to form from Peregian, to the extent where there was actually a stage launched in January and it all but sold out in only two weeks. So again we're seeing a very good return to form for Peregian and more importantly, we're seeing very strong residential sales across our projects.

Just on the built form side, the focus of course has been very much on getting these projects into play. A very credible 25% presales already achieve at Aerial in the first half of the year . it's only been launched for two months. So when you look at a project, which of course being a Melbourne project at Hawthorn, a very good result there. Particularly when you look at the fact that the price points are sitting around about the 10,000 square metre mark. So it shows the strength of that residential market when you combine that with the Point Cook sales that are in place for Victoria. You look at our geographical distribution in the pie chart on this page and you can see that when I talk about where we've put our capital, we've put it to residential, but we've also put the majority of it to Victoria and Queensland. Again we sit there very happy when we see what's happening in Victoria that we've chosen to do that over the last few years in terms of our pipeline going forward.

Slide 19 is really about outlook and it is a very good outlook in terms of this business. We know where we're going in the next sort of half year to a year with the sales we've already got in place, the enquiries getting stronger. A very important point to make, when we did the Full Year and the year ago, there was a lot of discussion about First Home Buyers and everyone kept sort of saying where do we sit on the First Home Buyers, well the reality is we probably missed out on the First Home Buyers market, but that's got us pretty well positioned.

I think that's well shown in terms of the so called up-grader house price index that we've put on this slide. FKP has never been geared to first home buyers, the rationale being that look it tends to be more cyclical than others. It tends to be more prone to gearing and it tends to have lower margins. We have preferred to take the smoother route which is very much this -up-grader market and I think again we are seeing good results. So lots controlled as we go forward which the vast majority of course are market-ready as we go forward AUD7,500 and by market-ready of course we mean that they're zoned and the majority have planning approval in place.

So as we go forward we now have Point Cook which of course has over 2,000 lots and we're doing the first 300 of those at the moment. We should civil works finished around March this year. We have Peregian picking up and then as we move forward into the next financial year, I'm pleased to say that we now have planning approval on Rochedale of course being a very positive area of Queensland and we'd expect to civil works moving in this half leading to proper contribution probably in the second half of the 2011 year.

So what you are seeing is growth. We've got growth in place, what we currently have and we have growth of Point Cook, Peregian building up and then we have Rochedale coming in the year after and then we start seeing after that, the likes of the Rosebery coming into play in the next year. We'll start seeing Aerial come in and we plan to launch Milton up in South East Queensland very soon, which of course will give a very strong picture for our investors in terms of the growth over the next cycle for FKP.

Slide 20 talks through the contribution of the C&I division. The results here also include of course construction which has been quite profitable also during the first half of this year. Obviously the presale of Energex has been a large driver as well. We have seen an improvement in terms of sales in the first half of industrial land subdivision projects and it's good to see that current inventory moving. All of which has resulted in this very credible result. You can see that the divisional profit contribution of 27.3 compares to the 3.4 that was made in the prior year.

The recurring metric sees the property value of the trust of 11 properties being AUD342 million. The occupancy is 90% that needs to be measured against particularly the delivery of some of the office refurbishments being particularly Clarence Street in Sydney, Spring Street in Sydney and Bridge Street in Sydney and I'm pleased to say Spring Street is now fully leased and Clarence Street is picking up nicely, only just finished and at 25% leased. So we see an improvement coming through as we move forward on that.

In terms of the commercial industrial outlook on slide 21, well it's all about clearing the current inventory. We've seen a good pickup in the first half and we want to keep focusing on that. It's also about leasing, it's about picking up on our leasing going forward. We've seen good results starts in the first half. Browns Plains, it's pleased to see that up to about 70% leased, the large super centre that we have there. More recently we've just signed up in the last week JB Hi-Fi in one area of the development which should see greater vacancy pick up taken up around where they will be corner stoned. So we are seeing overall a very steady pickup in terms of our commercial industrial outlook going forward.

The geographical distribution again shows really where we pick our base. Of course C&I division is based in New South Wales and of course we have picked New South Wales of where we want to be outweighed, particularly the Sydney office market and the fringe through the funds that we have in our Core Plus Funds going forward.

The second half will see the completion of the Energex building which has been presold with the fund through going through. That will be a momentous occasion for FKP, it will be the largest commercial development we've ever done. The first 6 Star rated building in Queensland. So really a very credible result and outlook in terms of the C&I division going forward.

Look funds management I talked about in the opening remarks, really it has been the same work going on in funds management as has been going on in the public sphere. We sit there with the FKP funds, the ones that FKP manage, being in very strong shape. So we move forward. The asset positions made in those funds work very well. So I think we'll see those funds rebounding out of the Global Financial Crisis quite well.

In terms of the retirement village group, we have seen as we've seen in the general FKP balance sheet retirement assets, a fairly strong pickup in terms of sales coming out of RVG. We've also seen a pickup in New Zealand moving forward and as it says on the presentation on slide 22, the portfolio resales of RVG up 25% on the prior corresponding period.

The small US business that we own 50% with Macquarie Bank has continued to perform well, again, just showing the resilience. We've talked about this before, it's not a material part of the FKP balance sheet and the investment is almost worth it just from intellectual property point of view, understanding how retirement works in the other dominant area of retirement. If you break the world down into retirement space, you really have the two dominant geographic regions being Australia and New Zealand with the DMF model and North America with the rental model. So when you look to future opportunities in growth, particularly through Asia, it's very important to understand both those models to see which way Asia will go, which we see as being a fairly strong retirement growth opportunity in the years to come.

In terms of slide 23 the funds management investment outlook, it really just shows the weighting that we have. We have moved towards office. I've talked through the Core Plus Funds coming out of the Global financial Crisis in good shape, again credit to the team that have been managing those and to the investors who have worked with us to work through this Global Financial Crisis. We do see some continued improvement to come through projects such as the Mosman Cache in Sydney where we are working through a DA and to have, I think, a pretty exciting redevelopment there. So there has been work behind the scenes building these Core Plus Funds. It hasn't come through in terms of the fees but that's simply because it's related to performance. So we would be looking to see a pickup in that moving forward.

Delivery of the key retirement fundamentals for RVG, we need to keep focusing on the settlements in terms of RVG. We do feel that the valuation cycle has very much bottomed and we see that moving only on the upside going forward. Of course we will also be having a look strategically at the US business that we own, as I said, with Macquarie Bank moving forward.

Cash flow and funding I talked about the debt facilities earlier in the presentation and I mentioned a slide. This gives you a snapshot I guess into a day in the life of the FKP Corporate Finance Department and how it works. The view being giving the investors and analysts a better understanding of how the cash inflows work and how the cash outflows work. We set I think a new precedent in terms of disclosure at the Full

Year and we want to continue that. We've been very clear that we want to be very open in terms of our disclosure and so hence I think you're seeing a continuation of that theme going forward.

So if you look at our inflows, you basically have some property sold and you have a very strong operating cash flow position. If you look at how that then gets paid out in terms of the business, well there's a dividend at the bottom, there's cash interest of AUD39 million coming out of that. There's the development investment when I talked about Point Cook and Rosebery being the main ones, that's really where you see that money going to. There's the reduction of other loans and borrowings and then there's of course the reduction of bank debt. So when FKP has come through the global credit crisis, we of course haven't just looked at I guess an easy shot of a large equity raising to pay down debt, we've been working very hard in terms of asset sales. We've been working very hard through the cost basis across the whole business which has resulted in a strong cash flow generation from the business. It's been a whole of picture result I think putting us in a very strong cash position going forward.

The next slide I think is equally important to understand in terms of the day in the life of the corporate finance. From a financing point of view you can break the Group into two, the retirement and trust, what I call the recurring side of the business and fundamentally we draw fully down on that and that sees the ICR covenants measured against that, and rightly so, they should be because we say they recurring and they should be recurring and we should be comfortably meeting those covenants and we are. I should also point out that even in the darkest time of the Global Financial Crisis, we were also meeting those covenants even then. It shows the robustness of those businesses and just that what they're designed to do, recurring income, protecting investors in terms of the down period.

That then leads us to our development and so what we have is we have facilities in place which allows us to develop and as we say here it has AUD490 million of total capacity of which we've only drawn AUD188 million. Under this facility interest can be capitalised. So what that does is that reflects the differing nature of the development. Call it the non-recurring income part. I call it non-recurring but I don't think it should be seen as a huge negative because once you get to the scale of FKPs development pipeline, as you've seen through the Energex sale in the first half, as you've seen in the Point Cook and Peregian sales which will be booked in the second half, you do start moving out those development earnings.

But what that development book does, it provides huge growth and if there's one theme I'd like investors to take out of this presentation and this result is that FKP, I believe, is geared for growth better than any other property group I've seen out there and it's very important to see that. Looking at this development pipeline, I talked about it being enough for what we need to do and it's important to emphasise that. So the way it's treated differently, and it's treated differently by the banks because the banks understand our business, I think the banks understand all businesses a lot better than they did two years ago, and they understand that development is about putting cash in right up to a, usually, single cash collection point, where a whole lot of cash then comes back in. Very different to a recurring business, very different to a passive trust, very different to the recurring income of our retirement business and that's really the purpose of this slide to point that out.

In terms of the new term development pipeline, I talked about Rosebery and Point Cook. I talked about having the facilities in place to do what we need to do. It's not just those facilities, it's the cash flow coming out of the business itself and it does see us with enough. The two imminent material built projects of course are Aerial, I talked about the presales of 25% in place. We would like to see construction starting mid this calendar year. We are looking at just under a two year construction build period for that and that will see further expenditure of around AUD85 million as pointed out on slide 27, with an estimated end value of AUD135 million, which I believe will be conservative. Milton is a project that we want to launch in the next month or so. We have an approval on that site. We are very happy with the approval we have going forward and we believe it will be received in the market very well and the timing will work well. That will see another 125 million to be invested, again in a construction period around about two years, just under two years. An estimated end value, again I think conservatively of AUD190 million. So that again gives a snapshot in terms of the cash flow and the funding and how FKP works and how our corporate finance division works.

Slide 28 really tells that story if you like, there's a lot of writing on that page, but you can see there that we've got existing loans available of AUD300 million, estimated cash surplus to arise when the first settlements come in from Point Cook, the first stages, as well as Rosebery of AUD80 million. Completed inventory available for sale AUD150 million which of course is another financing opportunity for us going forward, has the double benefit of usually having profit as well as cash attached to it, inventory sales going forward. So what we're seeing with those is of course the recurring income business components producing surplus cash over funding costs. So again there's more cash coming out of that.

We don't have any significant projects. As I alluded to earlier, if you look at Point Cook, Point cook is very much a model where you might spend AUD20 to AUD30 million doing a number of stages and then receive a lot more cash in settlements on completion of those stages which usually take about six months to run. It's a nice cycle, it's not putting too much pressure in terms of your cash flow. Rochdale will be similar, Peregian of course is very similar. The bigger projects being Aerial and Milton, of course they do take more and that's where that facility has been put in place to cover the cost of those. The projects we see coming on downstream are Albion and Newstead, we talk about having funding in place, it is likely that those projects will straddle where the current facilities expire. Again we feel very comfortable with that though because we have seen a massive change in terms of the banking environment as it impacts on FKP going forward.

So in conclusion I would just like to summarise that we've come through the financial in strong shape and most importantly with our key assets intact. We are set to deliver on this growth. I talk about a return to form, I don't think anyone can argue with the form of FKP prior to the Global Financial Crisis. You've got a management team which is basically intact and in fact strengthened through the reorganisation of that. So it's important to realise when we talk about keeping our assets intact, that we've not only kept out important development, retirement and trust assets, we've also kept of course our most important asset being our staff in place. So what you see as we go into the upswing cycle is FKP very well positioned to really dominate I think other property groups in terms of growth going forward.

Retirement as I alluded to, only had a temporary turndown during the financial crisis. We did keep our cash and earnings but we have seen the cash and earnings growth resume and resume very strongly and only last week having a look at the retirement sales, just for February we are seeing continued growth in this very important business for FKP going forward across the board in terms of our retirement sales, augers very well for that business. Had we weighted, and it's a deliberate one, we don't resile away from that, it's not saying that C&I is no good and doesn't have a future, it will have a future. But we see the markets over the next couple of years being extremely strong in residential and obviously we've weighted to that. As we do our strategy and forward planning, and there will be a lot more of that in our Full Year presentation, we'll see also the role that C*I will play in the future also.

Medium-density developments are Aerial and Milton are expected to commence construction over the next six months where adequate presales are in place. I think we are well on the way in terms of that with Aerial, so we feel fairly comfortable with where that's going. We are also quite excited about the launch of Milton and if the inquiry that we are currently getting and looking at where the price point of that development are, where basically all the units are price or the vast majority of units are priced at AUD800,000 and below, we expect to see Milton taken up very well and the inquiry coming through would give us confidence on that.

That leads to our outlook. Traditionally we don't really give too many outlooks to everyone. But I think we can't sit there in terms of the result we've had in the first half and the very solid sales portfolio we know that we're sitting on going forward and not give some further guidance in what we are doing. So we do see market consensus having us for the Full Year at AUD100 million. We currently expect, looking at what sales we have in place, to exceed that by between 5% and 10%. Of course that's always subject to the usual riders which are mentioned on the presentation.

Lastly I would just like to point out that we did say to the market that this year as we stabilised the business and settled everything down and restarted the engine, that we'd be just paying dividends out of the trust. That is obviously the case in terms of the dividend that's been announced today. But obviously with the very strong performance of the Company, with the strong balance sheet position of the Company, with the much improved attitude that we're seeing with FKPs own banks, we will review that as we move to the Full Year going forward.

So with that I will finish the presentation. I will open up to questions and I would just like everyone to take away one thought when they look at FKP and that's the growth that's going to come through in the next few years, thank you.