



FKP Property Group Full Year Results Presentation

26 August 2010

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Contents

1. Overview
2. Divisional Commentary
3. Capital Management
4. Strategy and Outlook
5. Appendices

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Solid performance and positioning

Delivered on priorities

- Earnings in line with guidance – underlying profit of \$108.6m up 38%
- Reduced debt gearing levels to 28.5%
- Increased distribution policy to reflect positive earnings outlook
- Repositioned investments through sale of non-core assets and acquisition of strategic stake

Positioned to deliver growth and returns

- Strong residential pipeline across both land and built form projects
- Premium retirement portfolio underpinned by mature nature of villages in prime metropolitan locations

Positive outlook

- Balanced portfolio targeting 50% recurring, 50% trading income over five year cycle
- FY11 guidance 10-15% increase on FY10 underlying profit

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Earnings in line with guidance

Underlying profit after tax ¹	\$108.6m	<ul style="list-style-type: none"> In line with full year guidance of \$105-\$110m
Underlying EPS	9.7cps	<ul style="list-style-type: none"> 2H10 EPS up 11% to 5.1cps
Statutory profit after tax	\$50.8m	<ul style="list-style-type: none"> Impacted by non-cash investment property valuations
Recurring income percentage	62%	<ul style="list-style-type: none"> Consistent with long term strategy
Operating cash flow ²	\$262.0m	<ul style="list-style-type: none"> Sales at Point Cook \$49.6m and Energex \$157.6m main contributors
Distribution	1.5cps	<ul style="list-style-type: none"> 2H10 distribution up 100% to 1cps (on 1H10)
NTA per unit	\$1.26	<ul style="list-style-type: none"> Securities currently trading at 42% discount to NTA
Gearing	28.5%	<ul style="list-style-type: none"> Well below maximum target gearing level

¹ Underlying profit reflects statutory profit as adjusted to reflect Directors' assessment of the result for the ongoing business activities of FKP, in accordance with AICD/ Finsia principles of recording underlying profit

² Before development investment spend

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Profit underpinned by strong divisional contributions

	FY10 \$m	FY09 \$m	Change
Retirement operations	40.3	26.3	▲ 53%
Retirement valuation	76.4	93.0	▼ 18%
Residential Communities	33.6	8.3	▲ 305%
Commercial and Industrial	36.7	23.1	▲ 59%
Funds and Investments	25.2	14.7	▲ 71%
Corporate overhead	(24.7)	(20.5)	▼ 20%
EBITDA	187.5	144.9	▲ 29%
Depreciation and amortisation	(6.9)	(5.4)	▼ 28%
EBIT	180.6	139.5	▲ 29%
Interest	(37.9)	(35.0)	▼ 8%
Profit Before Tax	142.7	104.5	▲ 37%
Income tax	(31.6)	(21.5)	▼ 47%
Profit After Tax	111.1	83.0	▲ 34%
Minority interests	(2.5)	(4.4)	▲ 43%
NET UNDERLYING PROFIT	108.6	78.6	▲ 38%



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Retirement – Drives recurring income

- Retirement division continues to provide the largest profit contribution and source of recurring income
- Strong lift in profit supported by significant increase in cash earnings from DMF and capital gains
- Resale volumes returned to more normalised levels following the impact of the GFC in FY09, with a particularly strong end to FY10
- Average DMF per transaction continues to grow which is a function of;
 - Continual increase in transaction price points
 - Realisation of improved contract terms implemented in previous periods
- Contract terms (share of DMF and capital gains) across the portfolio continue to marginally improve, albeit at slower rates
- The maturity of the retirement portfolio complements a discretionary unit buyback and refurbishment program
- Average resident age also continues to increase

Key Performance Indicators	FY10	FY09	Change
Divisional profit contribution	\$40.3m	\$26.3m	▲ 53%
Cash DMF / CG generated	\$44.2m	\$30.1m	▲ 47%
Resale volumes (unit #'s)	477	346	▲ 38%
Average DMF resales	\$93,000	\$87,000	▲ 7%
Average price point	\$252k	\$232k	▲ 9%
Portfolio turnover (based on sales)	10%	8%	▲ 25%
Average DMF rate of existing contracts	29%	29%	-
Average capital gain share of existing contracts	50%	50%	-
Average age of residents	82.0	81.9	-
Underlying property value	\$1.8b	\$1.8b	-

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Retirement - Investment property valuation

- As with previous reporting periods, the fair value of the retirement assets has been determined by a FKP Directors valuation
- Key assumptions that have been used in determining the retirement valuation are consistent with those used in the prior period but recognising the current market environment and characteristics of the properties
- FKP Directors also engaged Deloitte to produce an independent external valuation to validate the Directors valuation
- Deloitte’s valuation analysis focussed on a DCF approach as the most appropriate methodology to value retirement assets
- The DCF was supported by a number of broad cross checks eg: comparable transaction/company implied values per unit
- The Deloitte DCF analysis arrived at an independent view on each of the key variables (discount rate, turnover, property price growth) driving the retirement valuation
- The adopted FKP Directors valuation is supported by the valuation determined by Deloitte

Key Valuation Assumptions		FY10	FY09
Discount rate		12.5%	12.5%
Future property price growth ¹		5%	5%
Subsequent resident tenure (years)	Independent living units	9	9
	Serviced apartments	4	4

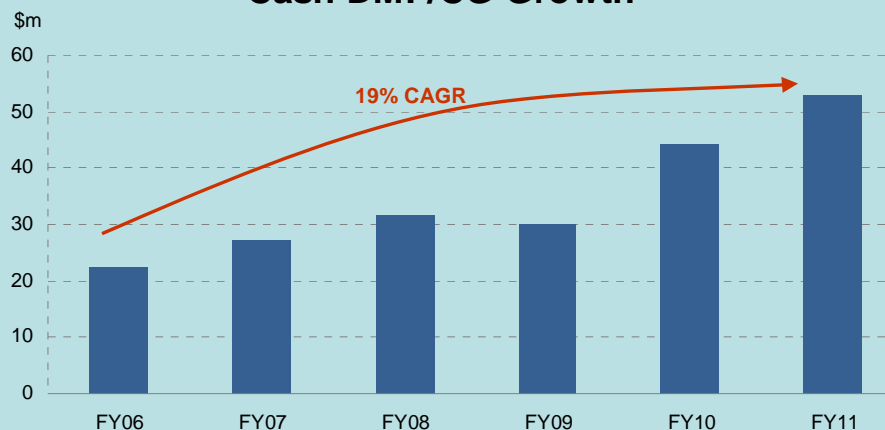
¹ Actual long-term property price growth achieved in the FKP portfolio is 6% per annum

Retirement – Solid future earnings growth

FY11 Outlook:

- Forecasting a 20% lift in cash DMF/ capital gains in FY11
- Reactivation of the rollout of the development pipeline will provide continued incremental profit and cash generation
- Significant increase in discretionary unit buyback and refurbishments are forecast in FY11, which would drive higher development profits and unit price points

Cash DMF/CG Growth



Advantages of FKP's leading retirement portfolio

Capability

Experience:
More than 20 years experience

Maturity of retirement portfolio:

Over 90% of villages more than 10 years old

Location:

Prime village location - 96% of FKP villages are located in State capitals, Gold and Sunshine Coasts

Advantages

- Provides resident with a level of comfort regarding operational experience
- Provides FKP unique insight into the investment class
- Villages already operating at stabilised turnover levels
- Value adding refurbishment opportunities are only available in older villages
- Limited land supply
- Large catchment area
- Strong property price growth
- Low competition risk

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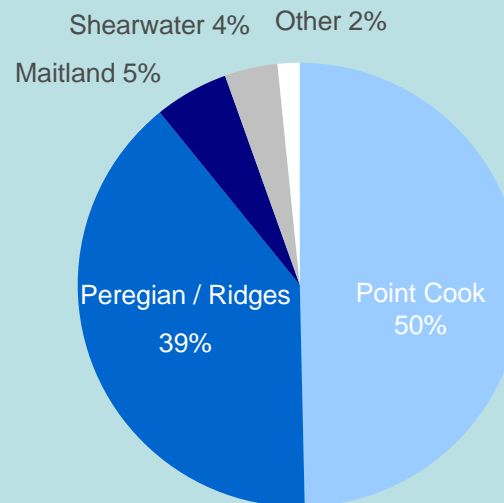


Residential Communities – Re-weighting to residential rewarded

- Significant profit increase of 305% on FY09, driven by:
 - Release of first five stages (258 settlements) at Saltwater Coast, Point Cook
 - Increased land sales at Peregian Springs and Ridges, Peregian Springs
- Re-weighting of residential portfolio has been enhanced with acquisition of the former eye hospital site in Woolloomooloo, Sydney
- Well placed to deliver FY11 sales targets with 68 settlements and an additional 309 contracts on hand
- Future residential pipeline of approximately 8,000 lots/ apartments

Key Performance Indicators		FY10	FY09	Change
Divisional profit contribution		\$33.6m	\$8.3m	▲ 305%
Land lot sales		433	210	▲ 106%
Built product sales		60	210	▼ 71%
Contracts on hand	Built form	201	18	▲ 1,016%
	Land	302	272	▲ 11%
	Total	503	290	▲ 73%

FY10 Project Profit Contribution



Residential Communities – Strong pipeline

Major land projects:

- All FKP owned lots are zoned and only require civil works to be ready for sale

Major built form projects:

- Major urban renewal projects have been reconfigured to maximise allowable site density and enhanced weighting towards residential

Capitalising on strong asset base and pipeline:

- Land banks all located in growth corridors
- All apartment sites located close to capital city CBDs
- Focus on second and subsequent home buyers
- Continued focus on recycling residual completed inventory

State	Major land projects	Remaining lots approx.	Estimated remaining value \$m	Remaining project life
VIC	Saltwater Coast, Point Cook	1,900	550	7 years +
QLD	Peregian Springs and Ridges, Peregian Springs	1,350	375	8 years +
	The Rochedale Estates, Rochedale	1,200	425	5 years +
NSW	Bradley Ridge, Mulgoa	600	230	8 years +
Total		5,050	1,580	

State	Major built form projects	Estimated no. of apartments	Estimated remaining value \$m	Estimated completion date
VIC	Aerial, Camberwell	144	147	FY12
QLD	The Milton, Milton	298	210	FY13
	Gasworks, Newstead	900	625	FY17
	The Mill, Albion	360	200	FY15
NSW	Woolloomooloo	77	95	FY14
Total		1,779	1,277	

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Residential Communities – Future earnings well secured

FY11 land project outlook:

- Over 80% of divisional gross profit will be from land sales
- Growth driven by the release of The Rochedale Estates in September 2010 – first settlements to be delivered in late FY11

FY11 built form project outlook:

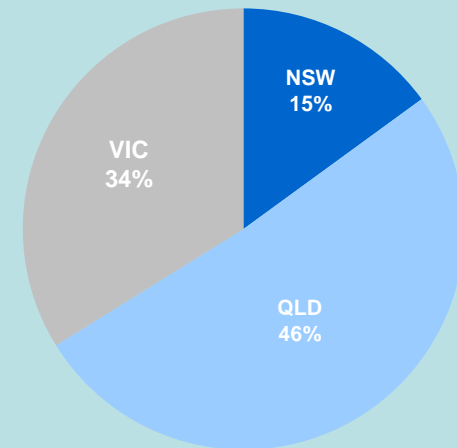
- A2 to settle in 1H11 (approximately 90% of apartments pre-sold)
- Aerial construction commenced in April 2010
- The Milton to be launched September 2010 – construction expected to commence FY11
- Woolloomooloo expected to launch September 2010

Strong sales in Residential Communities to date:

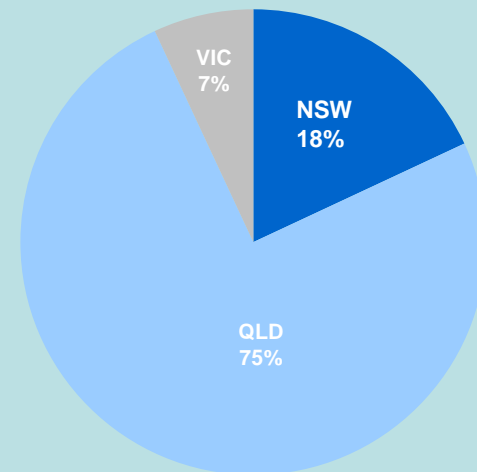
- Aerial approximately 65% pre-sold
- Additional stages at Peregrin Springs and Ridges, and Point Cook to be released due to significant increase in demand
- Point Cook approximately 50% of FY11 budgeted lot sales already contracted or settled

¹Including Mulpha FKP

Geographic Distribution of Land Lots Pipeline¹



Geographic Distribution of Built Form Units Pipeline¹



Commercial and Industrial – Positioning for quality growth

FY10 Result:

- Profit increased by 59% driven by \$15.8m Energex development profit as reported in first half
- Recurring profit increased by 34% as a result of increased occupancies at a number of key properties
- Recycling of assets continues in Property Trust:
 - Disposals in FY10 of Clarence Street and Redbank
 - Disposal of Illawong Shopping Centre in August 2010
- All leasing targets met across the portfolio

FY11 Outlook:

- Focus on development of retail and commercial components of Circa and Gasworks

Key Performance Indicators		FY10	FY09	Change
Divisional profit contribution		\$36.7m	\$23.1m	▲ 59%
Comprised of:	Trading	\$18.3m	\$6.9m	▲ 165%
	Recurring	\$18.4m	\$13.7m	▲ 34%
Trading sales revenue		\$69.7m	\$67.5m	▲ 3%
Properties held		10	12	▼ 2

Project	State	Estimated revenue over project life \$m	Estimated completion date
Gasworks, Newstead	QLD	400	FY17
Circa, Norwest	NSW	600	TBC

Funds Management and Investments – Consolidation of platform

Funds Management:

- Funds management continues to be a core competency of FKP's integrated business model
- Retirement Villages Group settlements up 37%, consistent with growth in FKP retirement portfolio
- Recycling of capital from Core Plus Funds occurring where value of assets has been maximised

Investments:

- Port Bouvard: strategic stake acquired to gain exposure to the Western Australian property market and increase residential market exposure
- US Senior Living Group: occupancy levels have been adversely impacted by economic conditions in the US

Underlying Profit Contribution	FY10 \$m	FY09 \$m	Change
Funds Management	0.7	1.9	▼ 63%
Retirement Villages Group	22.1	10.4	▲ 113%
FKP Core Plus Funds	1.9	1.7	▲ 12%
US Senior Living Group	0.5	0.7	▼ 29%
Total	25.2	14.7	▲ 71%

Summary of Funds Under Management	Sector	FUM \$b	FM Ownership
FKP Property Trust	Commercial	0.3	100%
FKP Core Plus Funds	Commercial	0.3	100%
Retirement Villages Group	Retirement	1.2	50%

Portfolio Investments ¹	Sector	Holding	Book Value \$m
Retirement Villages Group	Retirement	18%	131.1
US Senior Living Group	Retirement	50%	18.2
FKP Core Plus Fund	Commercial	15%	15.8
FKP Core Plus Fund Two	Commercial	28%	8.7
Port Bouvard Ltd	Residential	29%	22.8
Total			196.6

¹ Where investments are less than 100%, book value shown is value of FKP investment



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Distribution and Gearing Policies

Distribution policy

- New distribution policy announced in June 2010 to commence in FY11
- Targeting distribution of 40-60% of Realised Underlying Profits (RUP)
- Excludes the non-cash component of the retirement revaluation from the base
- Balances recurring income with earnings growth from developments
- Expected FY11 distribution 3.0cps

Gearing policy

- Announcing a target gearing level of less than 35% measured as Net Debt divided by Cash Adjusted Assets (assets less cash)
- Consistent with the definition that FKP currently quotes
- Target gearing level in range of other comparable property entities
- Provides sufficient flexibility to allow for the successful execution of growth targets

Capital Management

Senior Debt Facilities:

- No material debt maturities until the Retirement Syndicate facility in March 2011 (\$375m)
- In advanced negotiations with financiers to refinance the Retirement Syndicate for a further 3 years
- Wilbow facility – credit approval for a 3 year evergreen facility (\$130m)

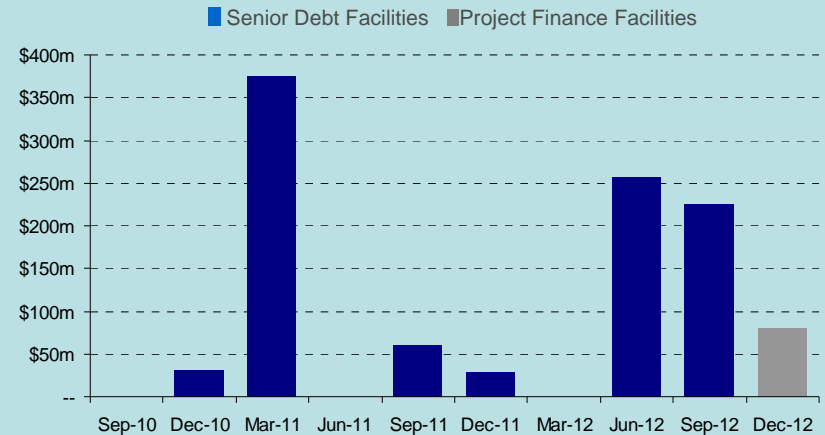
Project Financing:

- Strategy to move to project finance as it better matches development risk with specific development assets
- Credit approved project finance for Aerial development (\$80m)

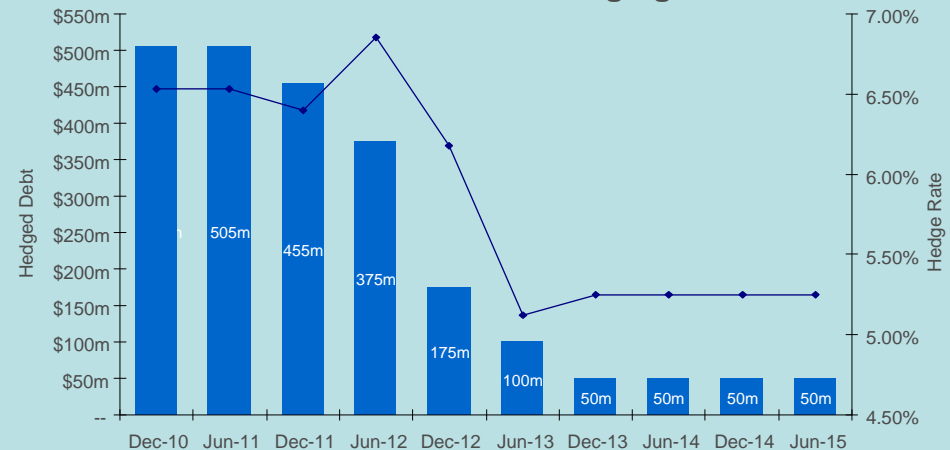
Capital Management Metrics:

- Debt reduced by 31% to \$791.6m during FY10
- Group gearing below maximum level at 28.5%
- Interest coverage ratio comfortable at 3.2 times
- Weighted average time to maturity of debt facilities is 1.6 years (excludes Aerial)
- Current hedging at 65% is within preferred range of 60-80% of bank debt drawn, with a weighted average time to maturity of 1.8 years and a weighted average fixed rate of 6.6%

Current Debt Maturity Profile



Current Interest Rate Hedging Profile



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Strategy and Outlook – Allocation to growth assets

50% recurring income

Retirement:

- Continued growth in cash generation
- Refurbishment program provides both a return on capital expenditure and increases future DMF cash streams
- Reactivation of the retirement development pipeline

Commercial and Industrial (recurring):

- Continuing to reposition assets
- Divestment of non core assets

Funds Management:

- Reposition managed funds
- Continue to leverage existing platform

50% trading income

Residential Communities:

- Continued realisation of value in the development pipeline
- Release of additional stages of land developments to meet demand
- Launch of major new developments in both land and built form during FY11
- Complemented by existing projects which continue to deliver into FY11

Commercial and Industrial (trading):

- Focus on extensive commercial pipeline at Circa and Gasworks

Investments:

- Leverage strategic stake in WA market

10-15% underlying profit growth

Greater allocation to growth assets underpinned by stability and predictability of strong recurring earnings

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Outlook and Strategy – Strong momentum carried into FY11

Solid start across divisions

- Retirement – strong growth in FY10 expected to continue into FY11
- Residential Communities – approximately 40% of budgeted lot sales contracted or settled with strong pre-sales in built form
- Commercial and Industrial – positioning for quality growth
- Funds Management and Investments – focus on consolidation of platform

Positive outlook

- FY11 underlying profit growth of 10-15% on FY10
- Distribution of 3.0cps in FY11

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1. Reconciliation of Statutory Profit to Underlying Profit¹

	FY10			FY09		
	Gross \$m	Tax \$m	Net \$m	Gross \$m	Tax \$m	Net \$m
Statutory Profit After Tax			50.8			(319.4)
Mark to market of interest rate swaps	(4.1)	1.2	(2.9)	26.1	(7.8)	18.3
Retirement portfolio fair value adjustments	6.6	(1.8)	4.8	130.5	(39.2)	91.3
RVG investment fair value adjustment	27.7	(8.3)	19.4	63.7	(19.1)	44.6
Equity investments fair value adjustment	10.0	-	10.0	33.8	(10.1)	23.7
Non-cash share-based payments under AASB2	4.4	-	4.4	2.4	-	2.4
FKP Property Trust asset fair value	22.4	-	22.4	67.8	-	67.8
Doubtful debt provision	(3.1)	0.9	(2.2)	-	-	-
Development impairments	2.3	(0.7)	1.6	168.5	(50.5)	118.0
Redundancies	0.4	(0.1)	0.3	3.5	(1.1)	2.4
Managed funds carrying value adjustment	-	-	-	11.6	-	11.6
Disposal of investments	-	-	-	23.7	(7.1)	16.6
Other	-	-	-	3.6	(2.3)	1.3
Underlying Profit After Tax¹			108.6			78.6

¹ FY10 underlying profit reflects statutory profit as adjusted to reflect Directors' assessment of the result for the ongoing business activities of FKP, in accordance with AICD/ Finsia principles of recording underlying profit

2. Reconciliation of Segment Notes to Underlying Profit¹

	Reported Segment Profit \$m	AASB2 Non-Cash Share Payments \$m	Retirement Portfolio Fair Value \$m	Property Trust Fair Value \$m	Share of Equity Investments \$m	Non Underlying Fair Value \$m	MarkTo Market of Swaps \$m	Other \$m	Underlying Profit ¹ \$m
Retirement	108.0	-	6.4	-	1.9	-	-	0.4	116.7
Residential Communities	29.5	-	-	-	4.3	-	-	(0.2)	33.6
Commercial and Industrial	12.1	-	-	22.4	-	-	-	2.2	36.7
Funds Management and Investments	0.7	-	-	-	(13.7)	37.7	-	0.5	25.2
Corporate	(28.6)	4.4	-	-	-	-	(4.1)	3.6	(24.7)
Equity Investments	(7.5)	-	-	-	7.5	-	-	-	-
EBITDA	114.2	4.4	6.4	22.4	-	37.7	(4.1)	6.5	187.5
Depreciation and Amortisation	-	-	-	-	-	-	-	(6.9)	(6.9)
EBIT	114.2	4.4	6.4	22.4	-	37.7	(4.1)	(0.4)	180.6
Unallocated/ Interest Expense	(37.9)	-	-	-	-	-	-	-	(37.9)
Income Tax	(22.8)	-	(1.8)	-	-	(8.3)	1.2	0.1	(31.6)
Minority Interest	(2.7)	-	0.2	-	-	-	-	-	(2.5)
NPAT	50.8	4.4	4.8	22.4	-	29.4	(2.9)	(0.3)	108.6

¹Underlying profit reflects statutory profit as adjusted to reflect Directors' assessment of the result for the ongoing business activities of FKP, in accordance with AICD / Finsia principles of recording underlying profit

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3. Summary Balance Sheet

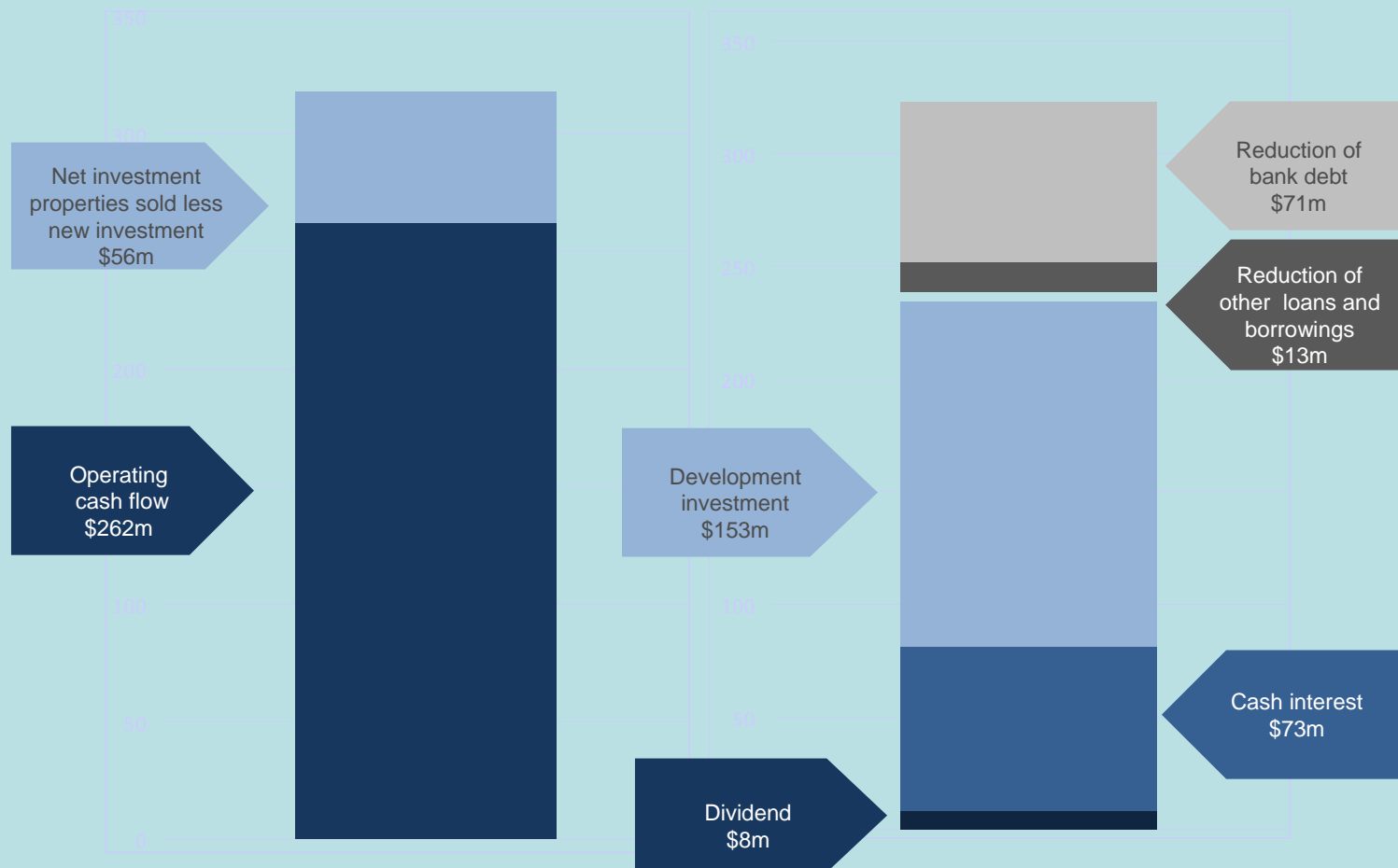
	FY10 \$m	FY09 \$m	Change
Assets			
Cash/ receivables/ other	200.2	161.6	▲22%
Investment properties	2,671.9	2,582.2	▲3%
Inventories	596.5	633.1	▼6%
Investments	357.3	327.3	▲9%
PP& E	31.5	65.2	▼52%
Intangibles	3.4	3.4	-
Total Assets	3,860.8	3,772.8	▲2%
Liabilities			
Payables & provisions	212.5	197.3	▲8%
Resident loans	1,194.2	1,132.0	▲5%
Bank debt	764.7	1,116.4	▼32%
Other borrowings	22.1	36.8	▼40%
Deferred tax	174.3	153.2	▲14%
Hedge liability	16.0	22.6	▼29%
Total Liabilities	2,383.8	2,658.3	▼10%
Net Assets	1,474.2	1,114.5	▲32%

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4. Full Year Cash Analysis

	FY10 \$m	FY09 \$m	Change %
Cash generated from recurring income and past development activity	262.0	215.0	▲ 22
Expenditure on development for future period realisation	(75.6)	(100.4)	▼ 25
Net Cash Flow from Operations per Statutory Accounts	186.4	114.6	▲ 63



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5. Summary of Banking Facilities

Net Bank Debt Drawn

	FY10 \$m	FY09 \$m
Interest bearing liabilities	791.6	1,153.2
Less: Non bank items ¹	(22.1)	(36.8)
Less: Bank Overdraft	(4.9)	(6.1)
Gross Bank debt Drawn	764.6	1,110.3
Less: Cash (net of overdraft)	(39.1)	(7.4)
Net bank debt drawn	725.5	1,102.9

Summary of Undrawn Facilities

	Limit \$m	Drawn \$m	Undrawn ³ \$m
Major Facilities	932	730	202
Minor Facilities	58	35	23
Cash at Bank	-	-	39
Total	990	765	264

Summary of Bank Facilities

	Facility Limit \$m	Maturity
Major Facilities (> \$100m):		
Development MOF ²	300	Jul-11 – Jul-12
Wilbow ⁴	130	Jun-12
Property Trust	127	Jun-12
Retirement Syndicate	375	Mar-11
Total Major Facilities	932	
Drawn	730	
% Drawn	78%	
Minor Facilities (< \$100m):		
Currumbin	30	Nov-10
Peregian Springs Shopping Centre	14	Dec-11
Forest Place Group	14	Mar-20
Total Minor Facilities	58	
Amount Drawn	35	
% Drawn	60%	

¹Includes \$19m advance from Mulpha FKP joint venture plus vendor finance and lease payables

²Amortises incrementally across a 3 year period, mandated step downs comprising \$60m in July 2011 and \$15m in December 2011. The core \$225m portion matures July 2012

³Undrawn facilities are dependent upon having security to draw the full \$264m

⁴Credit approval for 3 year evergreen facility (first maturity June 2013)

6. All Key Covenants Met

Covenant		FY10	Required	Status
Development MOF / Retirement				
(Total Liabilities - Resident Obligations - Deferred Tax Liability) / (Total Tangible Assets - Resident Obligations - Deferred Tax Liability)	Gearing	41%	<55%	✓
(Underlying EBITDA - Net non-cash component of retirement revaluation) / Net Finance Costs - Loan Establishment Fees	Interest Cover	3.2x	>1.5x	✓
The amount by which total tangible assets exceeds total liabilities	NTA	\$1.47b	>\$1.0b	✓
Retirement Syndicate				
Cash receipts (as defined) / Net Finance Costs - Loan Establishment Fees	Interest Cover	2.1x	>1.2x	✓
Loan amount outstanding / Mortgaged Property Valuation ¹	LVR	48%	<60%	✓
Property Trust				
Net Rent / Interest Expense	Interest Cover	2.0x	1.3x	✓
Loan amount outstanding / Mortgaged Property Valuation	LVR	44%	<65%	✓

¹Based on Directors valuation at 30 June 2010 and supported by Deloitte external valuation

7. Interest Rates

Drawn Debt Type	Bank Debt \$m ¹	% of Bank Debt	Avg Base Rate	Weighted Avg Maturity
Floating Rate	210	27	4.71% ³	NA
Fixed Rate	555 ²	73	6.91%	1.6 years
Total / Weighted Av.	765	100	6.30%	NA

¹ Gross bank debt drawn as at 30 June 2010

² Counterparties hold options to extend swaps in some cases. This chart shows a worst case outcome assuming those options are exercised

³ 30 days BBSW rate as at 30 June 2010

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8. Reconciliation of Investment Property Figure in Statutory Accounts

	FY10 \$m	FY09 \$m	Change	
Retirement				
NPV of annuity streams	1,049.3	974.6	▲	8%
Resident loans	1,192.2	1,132.0	▲	5%
Deferred Income net of Accrued DMF	67.1	53.7	▲	25%
Investment properties under construction - Retirement	19.9	-	▲	100%
New units available for first occupancy	65.4	77.3	▼	15%
Subtotal	2,393.9	2,237.6	▲	7%
Property Trust				
Investment properties – FKP Property Trust	303.3	362.7	▼	16%
Investment properties under construction – FKP Property Trust	1.3	-	▲	100%
Assets Reclassified as available for sale	(20.5)	(16.0)	▼	28%
Straight-lining adjustment	(6.1)	(2.1)	▼	190%
Subtotal	278.0	344.6	▼	19%
Total Investment Properties per Balance Sheet	2,671.9	2,582.2	▲	3%

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9. Retirement Division Assets

Retirement Assets ¹	FY10 \$m	FY09 \$m	Change
Hard Assets			
New units available for first occupancy (Investment Properties) ²	65.4	77.3	▼ 15%
Retirement properties under construction (Investment Properties)	19.9	25.7	▼ 23%
Nursing homes (Property, Plant and Equipment)	12.9	13.0	▼ 1%
Investment in syndicates (Equity-Accounted Investment)	33.7	29.6	▲ 14%
Bed licences (Intangibles)	0.5	0.5	-
Subtotal	132.4	146.1	▼ 9%
NPV of annuity streams ¹	1,049.3	974.6	▲ 8%
Retirement Assets³	1,181.7	1,120.7	▲ 5%

¹ Refer to Appendix 8 for further details of the Investment Property Assets

² Includes refurbished buyback stock

³ Excludes working capital accounts

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10.1 Retirement Value Drivers Property Price Growth Sensitivity

- If FKP's villages were valued at the actual long term growth rate, the valuation would be \$214m higher

Property Growth Sensitivity	7%	6%	5%	4%	3%
Annuity Streams (\$m)	1,559	1,263	1,049	885	757
Hard Assets (\$m)	132	132	132	132	132
Total Divisional Assets (\$m)	1,691	1,395	1,181	1,017	889



10.2 Retirement Value Drivers Turnover Sensitivity

Subsequent Turnover – ILUs / SAs Sensitivity (years)	Annuity Streams \$m	Hard Assets \$m	Total \$m
7.0 / 3.0	1,185	132	1,317
8.0 / 4.0	1,105	132	1,237
9.0 / 4.0	1,049	132	1,181
10.0 / 4.0	1,000	132	1,132
11.0 / 5.0	940	132	1,072

- This table shows sensitivities to the June 2010 valuation arising from different assumptions on the tenure of future resident intake
- No sensitivity is appropriate for existing residents since these are actuarially determined on a resident by resident basis

Assumption adopted for accounting purposes

10.3 Retirement Value Drivers Discount Rate Sensitivity

- As with property growth, it should not be expected that all retirement villages would have the same discount rate any more than all commercial properties should have the same cap rate
- Village quality, location and maturity are all relevant in determining discount rates
- FKP's villages are overwhelmingly in reduced competition, capital city locations
- The high average age of FKP residents implies that projected cash receipts are relatively closer to collection point – a lower risk proposition

Discount Rate Sensitivity	Annuity Streams \$m	Hard Assets \$m	Total \$m
11.5%	1,228	132	1,360
12.0%	1,131	132	1,263
12.5%	1,049	132	1,181
13.0%	979	132	1,111
13.5%	917	132	1,049

Assumption adopted for accounting purposes

10.4 Retirement Accounting and Cash Reconciliation

Profit & Loss	June 10 \$m
Underlying Profit	116.7
Less:	
Non-Underlying Revaluation Component	(5.9)
Depreciation	(0.4)
Non-Underlying syndicate profits	(0.5)
Share of Syndicate Profits	(1.9)
Statutory Segment Note	108.0

Cash Flow from Operations	June 10 \$m
Underlying Profit	116.7
Less:	
Net Non-Cash Component of Underlying Revaluation	(76.4)
Share of Syndicate Profits	(2.4)
Realisation of past period development expenditure	18.3
Working Capital Reduction	(3.5)
Segment Contribution	52.7

Revaluation within Statutory Accounts \$m	Property Trust \$m	Retirement Non-Underlying \$m	Retirement Underlying \$m	Statutory Accounts Income Statement \$m
Change in Fair Value of Investment Properties	(21.0)	(5.9)	135.6	108.7
Change in Fair Value of Resident Obligations			(57.3)	(57.3)
Net Disclosed in Income Statement	(21.0)	(5.9)	78.3	51.4

Non-Cash Underlying Revaluation	\$m
Component disclosed separately in Income Statement	78.3
Cash component (relates to development)	(1.9)
Net movement in deferred income/accrued DMF	-
Net Non-Cash Component of Underlying Revaluation	76.4

10.5 Cash Flow from Operations – Retirement

		FY10 \$m
Retirement Cash Flow from Operations		52.7
<i>Represented by:</i>		
Cash DMF/CG	44.2	
Other Resident Receipts	4.1	
DMF per Statutory Accounts		48.3
Development Cash flow from Operations		17.9
Other – Includes aged care trading, management fees, change in working capital, all net of overheads		(13.5)

Retirement share of \$186.4m
Cash Flow from Operations
per Statutory Accounts

Total Cash DMF/CG
represents approximately 5%
yield on opening valuation.

11. Summary of Property Trust Assets at 30 June 2010

Asset	State	Sector	Directors valuation \$m	Cap. Rate
399 Lonsdale St	VIC	Office	37.5	8.25%
Browns Plains	QLD	Bulky goods	27.3	8.25%
Indooroopilly	QLD	Retail	12.5	8.75%
Peregian Springs	QLD	Retail	21.5	8.00%
Browns Plains JV	QLD	Retail	23.0	8.75%
Browns Plains TC	QLD	Retail	36.5	8.50%
Vero Tower	NSW	Office	69.0	8.00%
8 Spring St	NSW	Office	32.0	7.75%
17 Bridge St	NSW	Office	23.0	7.00%
Illawong	NSW	Retail	21.0	8.75%
Total / Average			303.3	8.15%



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