



## 2011 ANNUAL GENERAL MEETING

25 NOVEMBER 2011

B|E|C|T|O|N



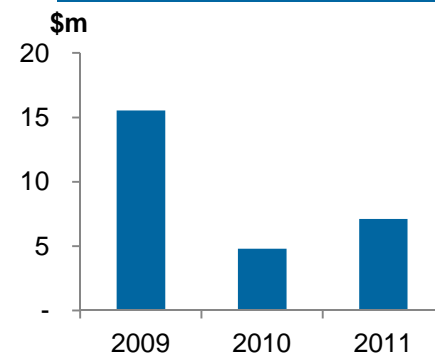
# Agenda

- Welcome and meeting opened – Bill Conn, Chairman
- CEO's address – Matthew Chun, CEO
- Business of the meeting – Bill Conn, Chairman and Peter Dempsey, director
- Meeting close

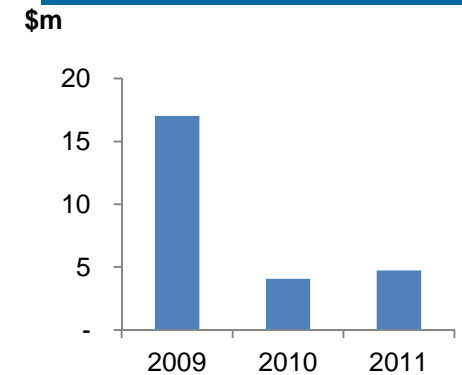
# FY11 Overview

- Financial result improvement on FY10
  - NPAT \$4.7 million, up 17%
  - Stat loss \$44.3, reduced by 50%
  
- Simplification of business now almost complete
  - Sale of Funds Management (December 2010), investments in unlisted property funds (June 2011) and Breezes Mackay Retirement Village (June 2011)
  - Focusing on execution and growth - residential property (including retirement) in Victoria and NSW
  
- Capital management significant progress through 2011
  - Corporate debt reduced from \$276.3 to \$201.9 million

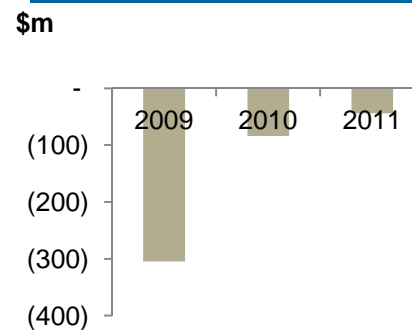
## Group operating EBT



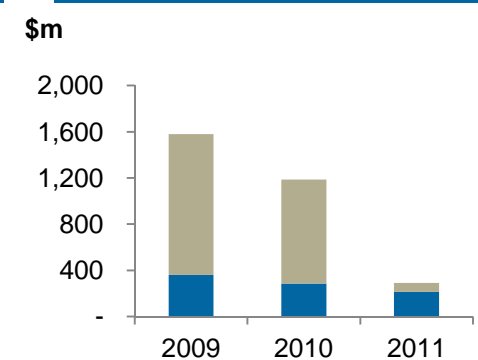
## NPAT from ordinary operations



## Statutory loss



## Debt reduction

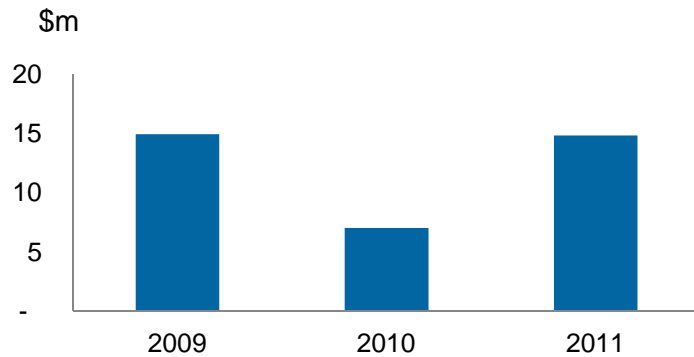


■ Corporate Debt

# FY11 operational performance

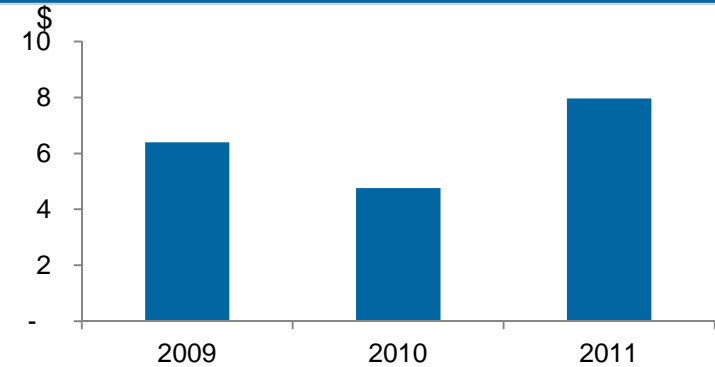
## Development & Construction

EBT \* up 112% to \$15 million

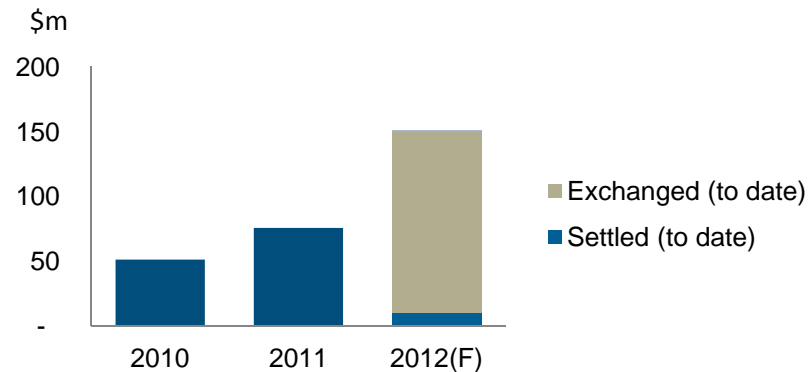


## Retirement Living

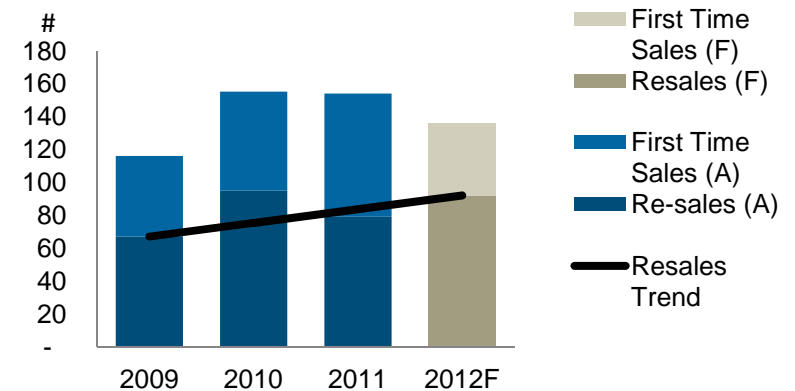
Retirement EBT# - increasing



## 49% increase in settlement revenue – & growing



## Resales growing as villages mature



\* Interest costs incurred that are directly attributable to a project are capitalised as part of the costs of that project, until the development and construction are complete, and then included in costs of sales when revenue is recognised. EBT includes such interest and interest on completed projects, if any. Interest incurred at a Group level is excluded.

#Direct interest incurred in the operations of the business are included in EBT, however Group interest is excluded

# Market conditions and demographic factors...

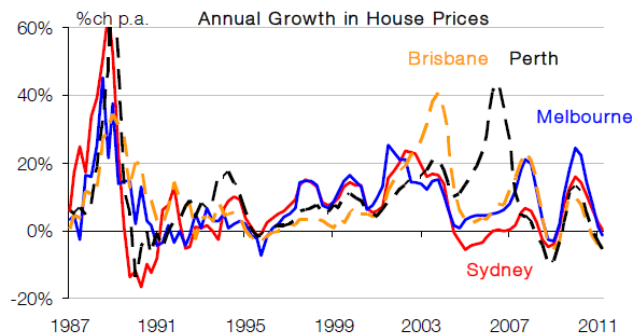
## — Short term/cyclical factors

- Two speed residential market:
  - Sydney – low supply , high demand
  - Melbourne – high supply, slowing demand
- General volatility in global financial markets
- Slowing immigration from very high levels

## — Longer term/ structural trends

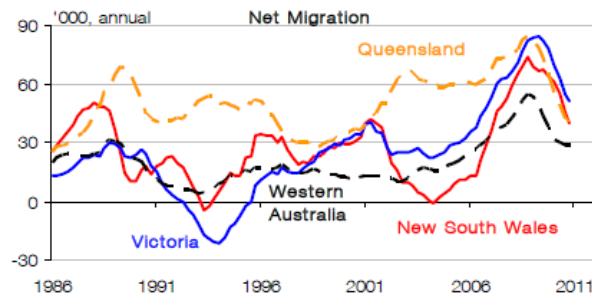
- Sydney market still strong due to chronic under-supply of affordable housing
- Ongoing tight credit conditions impacting development of new housing
- Ageing population living longer coupled with an under-supply of retirement dwellings, especially in Melbourne and Sydney
- Population growth and net migration slowing
- Indirect cost impact of carbon tax from July 2012

### House prices showing broader declines after a Melbourne-led growth cycle



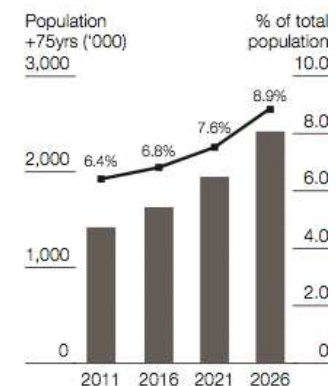
Source: Macquarie Capital, APM, REIA

### Net migration



Source: Macquarie Capital, APM, REIA

### Population growth 75+

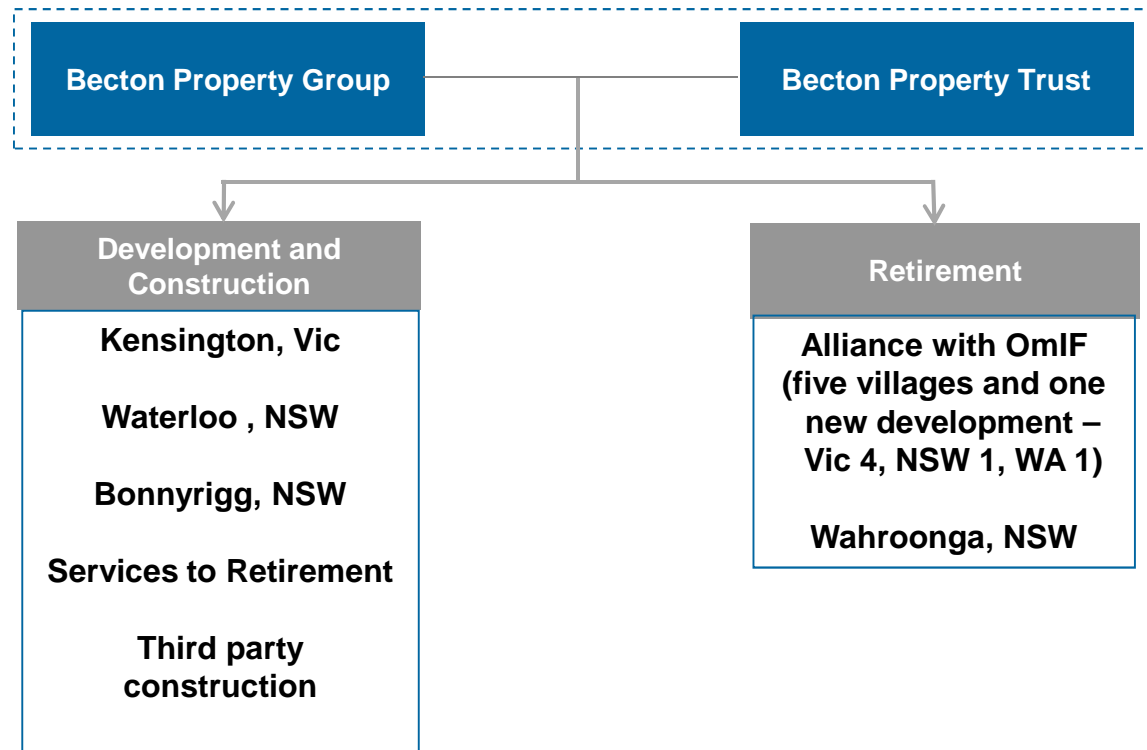


Source: Australian Bureau of Statistics

# ...continue to create opportunities for Becton

## Becton well positioned to make the most of current conditions

- Projects focused on markets in which long term fundamentals are sound
- Strong development pipeline in these markets
- Significant pre-sales have reduced short term market risk in softening markets
- Price point across the portfolio is skewed towards affordability – where there is greater demand and greater price stability





# Building communities – an award winning value proposition

- End-to-end capability: research, design, development, construction and management
- This gives us a deep understanding of what our customers value most and, in doing so, the ability to innovate our product and services in a way that continues to anticipate customer needs
- Expertise in retirement living and social housing – managing and building communities
- Award winning provider of residential communities:
  - Urban Taskforce Award 2011 for Masterplanned Communities
  - Urban Development Institute of Australia NSW Award 2011 for Urban Renewal
  - UDIA NSW President's Award 2011



# Solid ten year \$1.3b development pipeline of quality projects in target markets

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Sector	Project	End Value	FY12 Forecast Settlements	FY13 Forecast Settlements	FY14 and Beyond Forecast Settlements
Integrated Social / Private Residential	Kensington, Vic	\$55m	\$55m		
Integrated Social / Private Residential	Bonnyrigg, NSW	\$794m	\$21m	\$88m	\$685m
Private Residential / Retail	Waterloo, NSW	\$488m	\$69m	\$96m	\$323m
<b>Total</b>		<b>\$1,337m</b>	<b>\$145m</b>	<b>\$184m</b>	<b>\$1,008m</b>

As at 30 June 2011





# Retirement Living assets and development projects

	Brighton Classic Residences	Menzies Malvern	Dee Why Gardens	Woodstock West	Waverley Country Club	The Woniora#	Malvern East
Total number of units	371	124*	237	123 *	89 *	43 *	-
Average age – ILUs / SAs	85 / 86	83	82 /84	77	74	77	-
Average value – ILUs / SAs	\$622k / \$307k	\$1062k	\$468k / \$173k	\$468k	\$487k	\$778k	-
Development time frame	-	-	-	-	FY12 to FY13	FY12 to FY14	FY12 to FY15
Project Status	Complete	Complete	Complete	Complete	104 complete, 109 settled/ reserved, 30 more to build	52 complete, 49 settled/ reserved, 51 more to build	DA obtained for 75 units, first release in H1 FY13
Occupancy	95%	96%	100%	96%	100%^	100%^	-

As at 30 June 2011

Total units comprise both Independent Living Units (ILUs) and Serviced Apartments (SAs)

\*Villages comprised entirely of ILUs

#Village held on balance sheet, not in Retirement Alliance with the Oman Investment Fund

^Resale stock only

# Capital management - debt

Facilities	Drawn as at 31 October 2011	Lender	Maturity	Comments
Term Debt	\$73.6m	Suncorp	Nov-11	Short term extension to Feb-12 being pursued with Suncorp. Advanced negotiation underway with a number of financiers to refinance the Term Debt facility to May-14
East Malvern	\$2.6m	Bendigo	Dec-11	12 month extension to Dec-12 being pursued
Waverley	\$3.0m	Bendigo	Dec-12	Facility to be repaid in full from Stage 5 settlements
Wahroonga & Hervey Bay	\$5.0m	Suncorp	May-12	Refinance to Mar-13 being pursued
Kensington	\$8.9m	BOSI	Mar-12	Facility to be repaid in full from "LIV" settlements
Waterloo	\$87.8m	BOSI	Mar-13	
Corporate debt	\$83.0m	BOSI	Mar-13	
<b>Total debt</b>	<b>\$263.9m</b>			



Retirement Alliance debt



Becton debt



# Consolidation aims to reduce volatility improve liquidity and attract capital

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## Consolidation Proposal

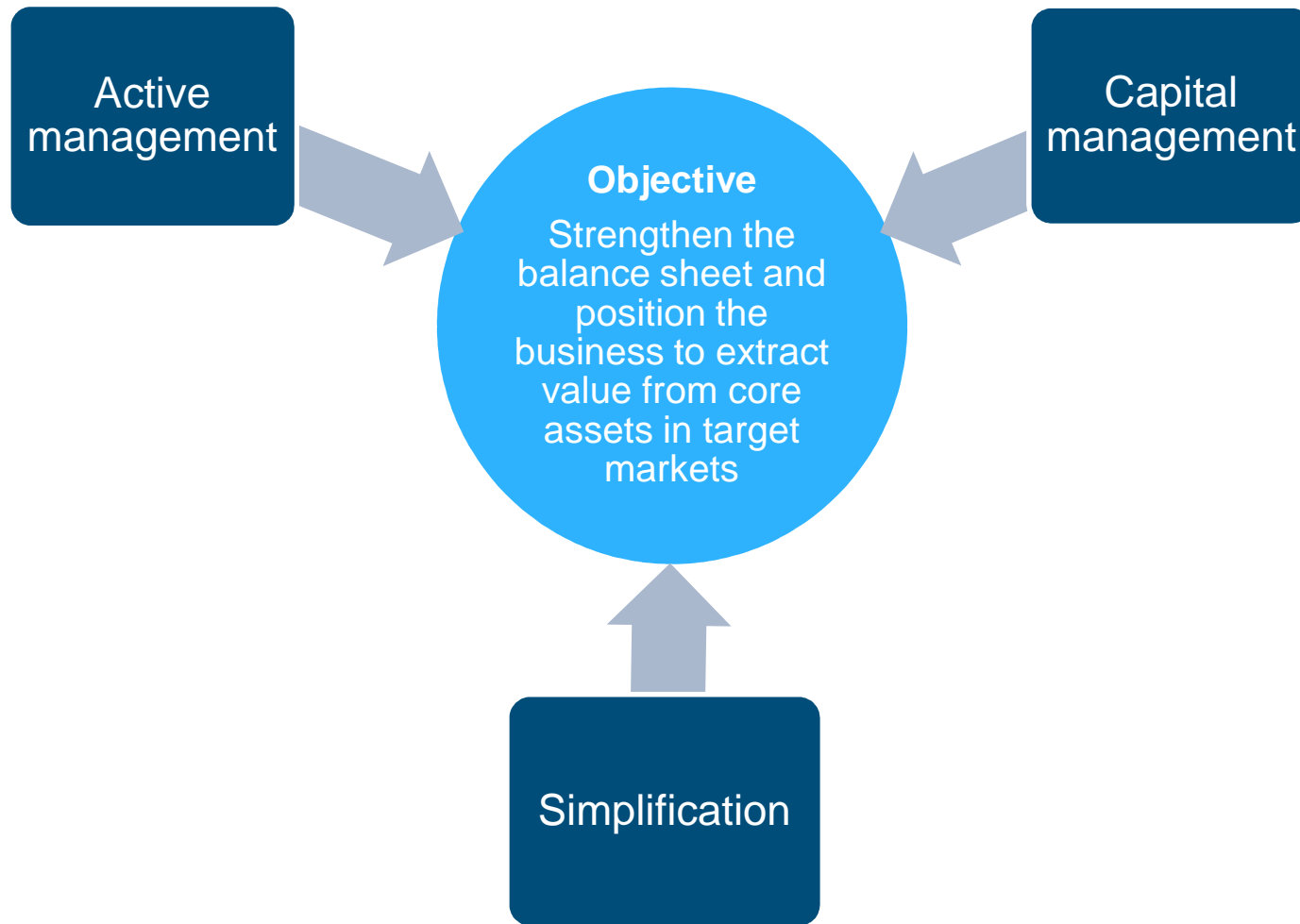
- 200 BEC Securities to 1
- Will reduce total potential shares on issue from 4.3 billion to 21.7 million

## Timetable

- Trading on a deferred settlement basis commences - 29 November 2011
- Last day to register transfers on a pre-consolidation basis - 5 December 2011
- Holding statements issued and sent - 6 December 2011
- Trading on deferred settlement basis ends - 9 December 2011

## Benefits

- Better aligns securities on issue to market capitalisation and underlying net asset value following implementation of the capital restructure in June 2011
- Reduces security price volatility flowing from small movements in price
- Liquidity improved via simultaneous sale offer to holders of unmarketable parcels of BEC Securities



# Focus and priorities for 2012 – execution to extract value from pipeline



## Active Management

- pre-sales
- execution and delivery
- anticipate customer needs



## Simplification

- end-to-end capability
- focus on product and service
- explore opportunities within our core capabilities



## Capital Management

- consolidation
- strengthen balance sheet
- invest in staff
- cost efficiency

**Objective: Strengthen the balance sheet and position the business to extract value from core assets in target markets**





Business of the Meeting  
*Bill Conn, Chairman*



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