


FKP Property Group

Full Year Results

For the period ended 30 June 2013

21 August 2013






Agenda

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1. Overview
2. Strategy
3. FY13 Result
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5. Focus on Retirement Living
6. Non-Retirement
7. Outlook
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   iii. Non-Retirement Information
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Overview – Direction of Group Established

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Clear strategic direction

- **Strategy being implemented**
  - ✓ The Group will become a pure Retirement business: Australia's leader in the Retirement sector
  - ✓ Streamlined, simplified and easily understood business
  - ✓ New CEO promoted from within Retirement business
  - ✓ Proposed rename to Aveo Group to align with current branding of villages

- **Delivering on stringent capital management policy**
  - ✓ Continued focus on cash generation: improving operational cash flow, cost efficiency and cost control
  - ✓ In line with the stated strategy, continued divestment of non-retirement assets
  - ✓ No dividend will be paid for FY14, distributable income as determined by the Directors will be paid from the Trust

Strategy

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Aveo Group – Strategic Approach

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Creating value by progressing to pure play retirement

- Proposed rename to Aveo Group
- Rationalise the FKP, AEH and RVG platforms
- Accelerate the 800[1] unit development pipeline
- Focus on growth of existing and new care offerings

What this means for non-retirement assets and construction business

- Plan to sell-down non-retirement assets over the medium-term
- Large built form projects to be realised as a key priority and internal construction activities ceased
- Will continue to exit remaining fractional platforms
- Have achieved sales totalling $134m in Property Trust assets, all at or around book value, in the last 12 months
- Have major non-retirement assets in due diligence

Balance sheet revalued and the capital position under control

- Retirement platform continues to be independently valued every 12 months
- Non-retirement assets fair valued at 30 June 2013
- Non-retirement asset values demonstrated as realisable
- Debt to be reduced through asset sales and operating business cash flows; debt maturities manageable
- Continued support of major shareholder

[1] Includes Retirement Villages Group development pipeline.

Aveo Group – The Timetable to Pure Play

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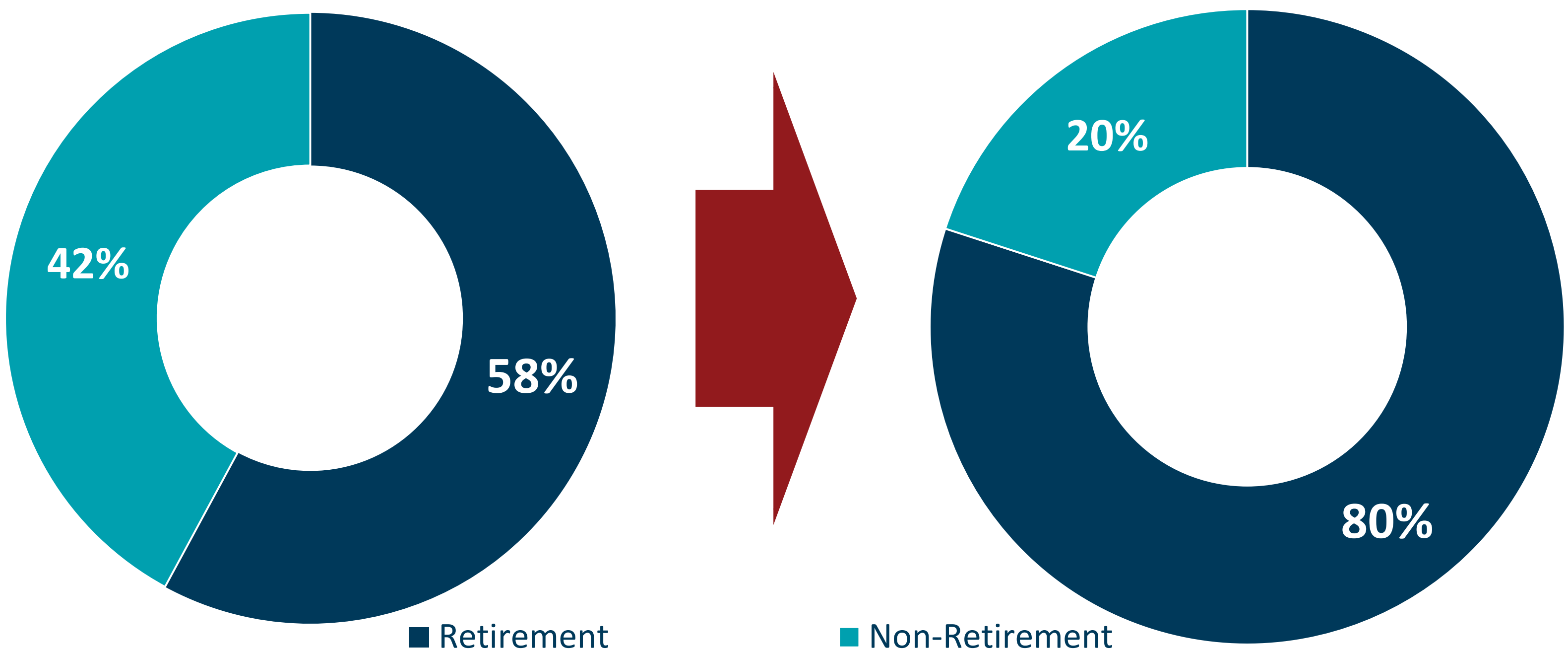
- Asset sales and operating cash flows will be used to reduce gearing to metrics more consistent with listed retirement peers in New Zealand
- The Group will progress to predominantly pure play over the medium term, subject to the timetable for the sale of major assets

FKP Asset Weighting – FY13

To be at least 80% Retirement Asset Weighting by FY16



FY13 Result

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Key Financial Outcomes

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Outcome	FY13	FY12	Comment on FY13
Statutory profit after tax	**($166.5m)**	($350.3m)	▪ Principally driven by development impairments
Underlying profit after tax	**$39.2m**	$41.3m	▪ Impacted by sale of company owned retirement stock
Underlying EPS	**13.6cps**	24.1cps	▪ Adjusted for additional stapled securities on issue following capital raise
Dividend/Distribution	**1.0cps**	19.6cps	▪ Reduced distribution in line with focus on capital management
NTA per stapled security[1]	**$3.53**	$6.33	▪ Adjusted for additional stapled securities on issue following capital raise and non-retirement impairments
Gearing	**31.5%**	39.0%	▪ Reduced by raising capital, asset sales, and the sell-down of company owned retirement stock

[1] Restated for security consolidation.

Divisional Contributions

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	FY13 ($m)	FY12 ($m)	Change
Retirement			
Retirement Operations	24.0	33.2	(28%)
Retirement Funds and Investments	4.0	13.1	(69%)
Total Retirement	**28.0**	**46.3**	**(40%)**
Non-Retirement			
Residential Communities and Apartments	30.2	18.9	60%
Commercial and Industrial	14.3	9.3	54%
Non-Retirement Funds and Investments	2.3	0.8	188%
Total Non-Retirement	**46.8**	**29.0**	**61%**
Corporate overheads	(15.3)	(14.9)	3%
EBITDA	**59.5**	**60.4**	**(1%)**
Depreciation and amortisation	(2.7)	(2.9)	(7%)
EBIT	**56.8**	**57.5**	**(1%)**
Interest and borrowings expense	(9.2)	(12.5)	(26%)
Profit Before Tax	**47.6**	**45.0**	**6%**
Income tax	(8.3)	(1.7)	388%
Profit After Tax	**39.3**	**43.3**	**(9%)**
Non-controlling interests	(0.1)	(2.0)	(95%)
Net Underlying Profit[1]	**39.2**	**41.3**	**(5%)**
Statutory Profit/(Loss)	**(166.5)**	**(350.3)**	**(52%)**

[1] The underlying profit has been calculated as per the AICD Underlying Profit Guidelines.

Capital Management

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Capital Management: Asset Impairments

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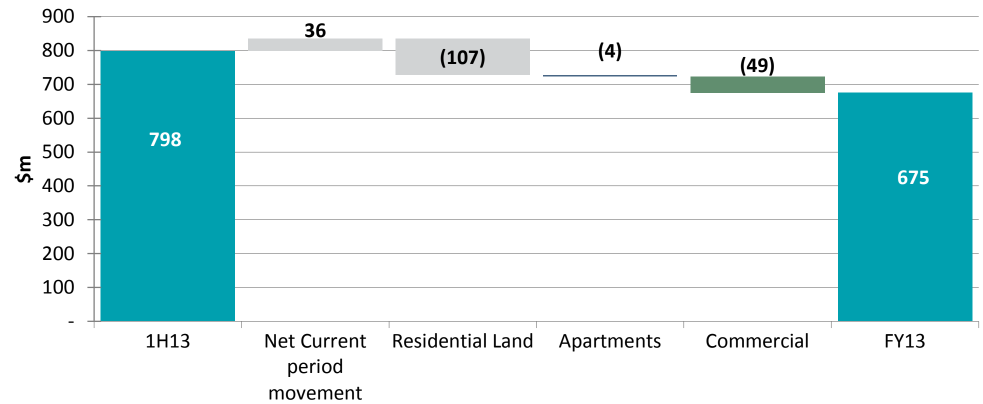
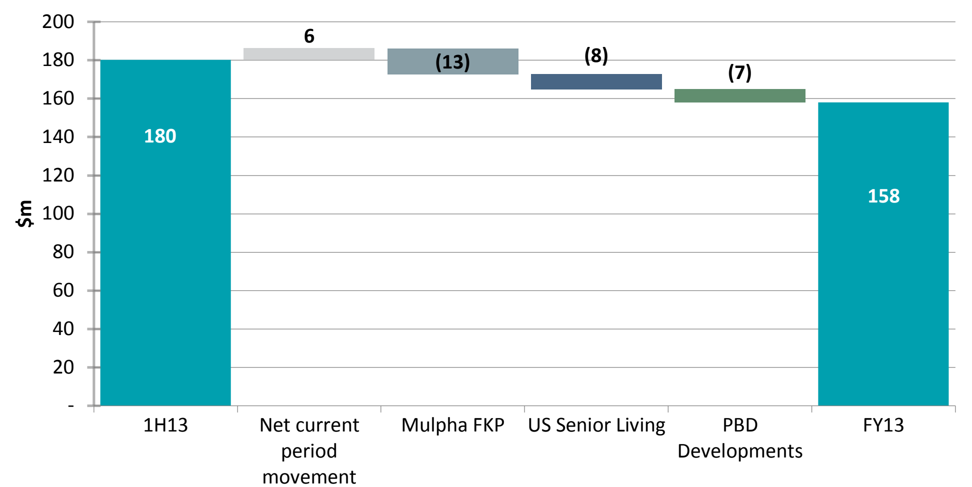
- As part of the review of all the Group's property asset values, the development and equity accounted investments have been fair valued
- In previous periods the Group carried its development assets at the lower of cost or net realisable value
- In previous periods the net realisable value assumed each asset would be realised through being fully developed and sold upon completion
- With a plan to exit non-retirement assets over the medium term, it is appropriate to now take their current fair value as net realisable value
- Listed equity accounted investments are valued at period end share price
- Resulted in pre-tax impairments of $180m across non-retirement development assets
- Major retirement assets continue to be carried at fair value supported by external valuations, with no impairments required
- Minor impairment of $8m to retirement assets relating to share in US Senior Living portfolio

Inventory Movements



Equity Accounted Investment Movements



Capital Management: FY13 Metrics

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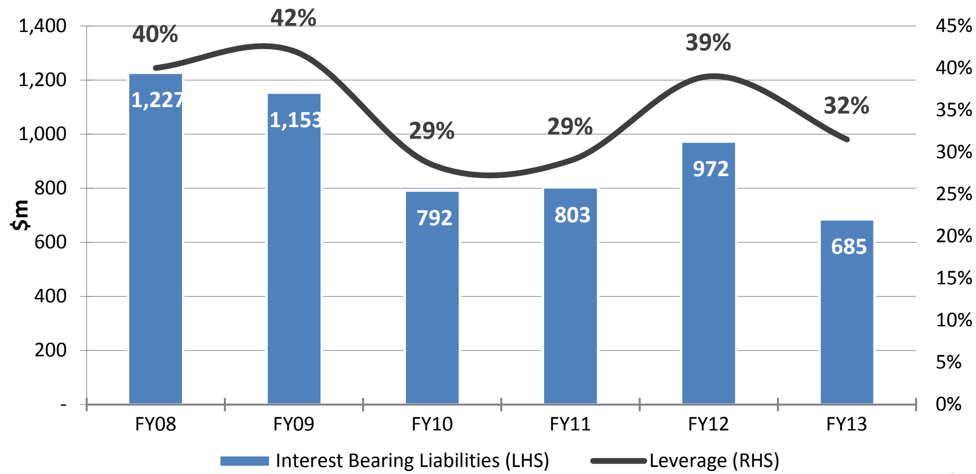
- Have reduced gearing and debt levels through the net repayment of nearly $550m of debt over the past five years
- During the period $365m of existing facility limits were cancelled or amortised
- New $60m working capital facility established
- Reported gearing, measured as net debt divided by cash adjusted assets (net of resident obligations) is at 31.5%
- Interest coverage ratio is 2.5 times against a covenant of $\geq$ 2 times
- Weighted average borrowing cost is 8.1% with a weighted average time to maturity of 1.7 years
- Early close out of $115m of interest rate swaps
- All covenants have been satisfied
- No dividend paid, $3.2m Trust distribution to be paid

Metrics	FY13	FY12
Reported gearing	31.5%	39.0%
Covenant gearing	43.6%	51.2%
ICR	2.5x	2.7x
Total interest bearing liabilities	$685m	$972m
Undrawn committed lines[2]	$139m	$182m
Available facilities	$92m	$51m
Weighted average borrowing cost[1,3]	8.1%	8.1%
Weighted average debt maturity[3]	1.7 years	2.3 years
Fixed % on drawn debt[3]	76%	73%
Fixed % on facility limit[3]	63%	64%
Weighted average hedge maturity[3]	2.7 years	2.8 years

[1] Includes margins and line fees.
[2] Undrawn facilities are dependent upon having sufficient security.
[3] Excludes PBD Developments in FY12.

Interest Bearing Liabilities and Gearing History



Capital Management: FY14 Strategy

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Existing Debt Funding	▪ Convertible Note holders have the option to put their notes back to FKP in January 2014 or hold until January 2016 ▪ Asset sales are well progressed to fund any puts of the Convertible Note ▪ Discussions are underway to refinance the next material debt maturity on 31 March 2014 for the Retirement Facility
New Funding Sources	▪ Group will continue to diversify its sources of capital away from traditional bank sources to funding which is more aligned to FKP's resident roll over linked cash flow ▪ Look to switch retirement term debt to retirement development debt ▪ Terms have been agreed for The Milton project financing
Existing Capital	▪ Continue to progress non-retirement asset sales ▪ Group is investigating means to reallocate capital from the Trust to the Company. It is expected that any such transaction would be subject to securityholder approval at the appropriate time ▪ No dividend will be paid for FY14, distributable income as determined by the Directors will be paid from the Trust

Capital Management: Asset sales

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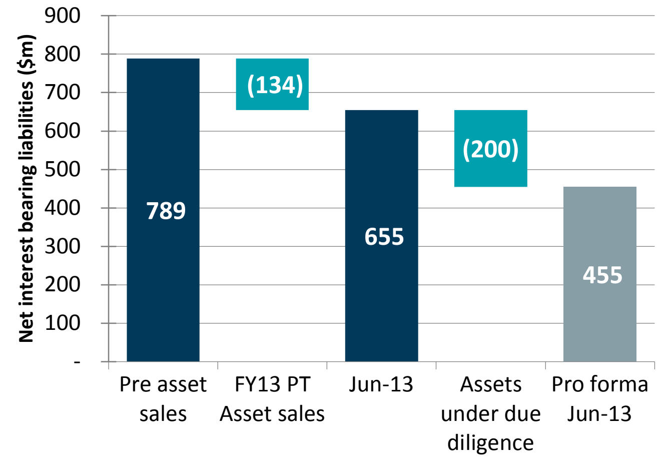
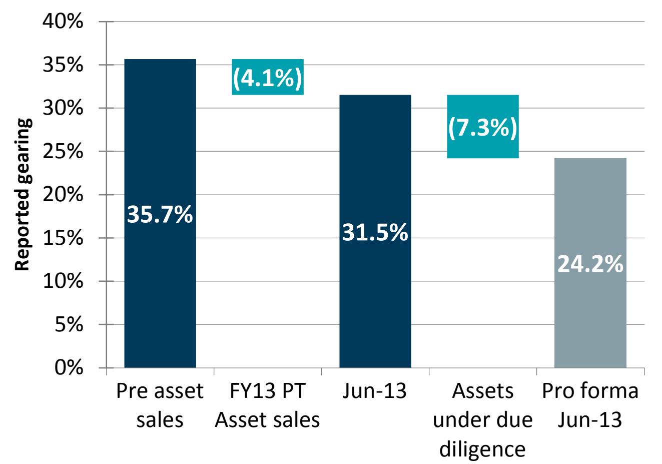
- Commitment to the sale of non-retirement assets evidenced in the sale of key commercial property assets during FY13
- Sale of several Property Trust assets for a total of $134m including:
  - 465 Victoria Avenue
  - Browns Plains Homemaker Centre
  - Browns Plains Town Centre
- Completed the sale of the Gasometer 2 (BOQ headquarters) development asset
- $104.6m of Aerial settlements occurred during the period with a further $34.1m to settle
- $25m of lot sales at Industroplex, Mackay to settle in 1HY14
- Sales proceeds used to reduce debt and resulted in a significant decrease in leverage levels
- Currently have in excess $200m of assets under exclusive due diligence by potential buyers
- Asset sales and large development settlements are expected to provide substantial liquidity for upcoming refinancing events
- FKP is not in the position of a forced seller and will only transact if a sale provides value

Net Debt Levels Pre/Post Asset Sales



Leverage Levels Pre/Post Asset Sales



Focus on Retirement Living

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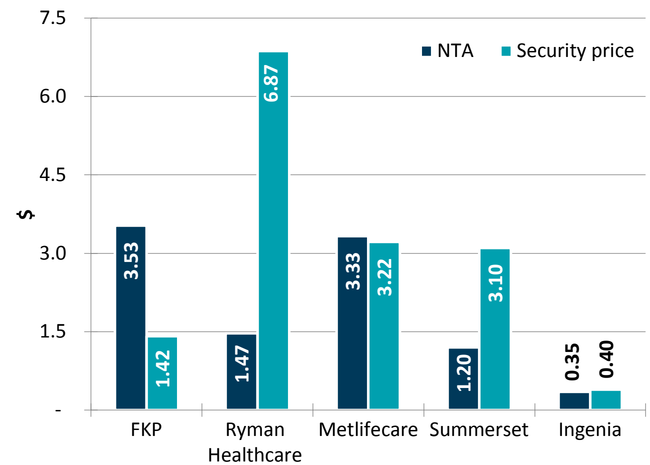
Aveo Group – Creating Value

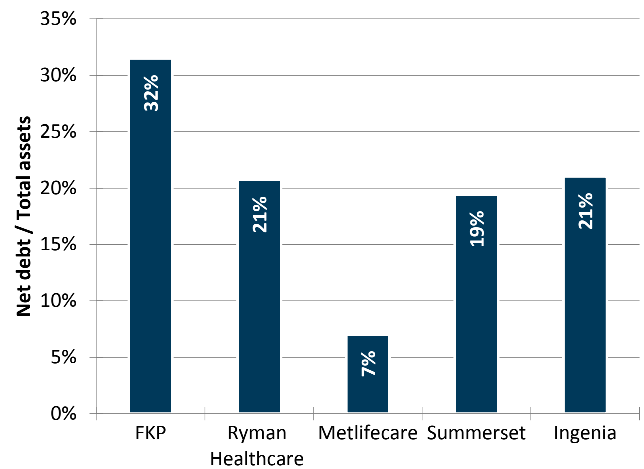
- Steps to create value
  - Reduce complexity of business, focusing on a single sector in which the Group has a strong competitive advantage
  - Increase exposure to retirement development, both brownfield and greenfield sites
  - Focus on additional revenue streams like care services
  - Reduce leverage to a level comparable to or below trading peers
- FKP trades at a 60% discount to NTA with a significant upside as the above initiatives are executed and we re-rate in line with our market peers
- Pure play listed retirement peers in New Zealand are trading at or above NTA

Retirement Peers: Trading at or above NTA



Source: Company announcements, pro forma for any equity raising, ASX + NZX close price at 19 August 2013.

Retirement Peers: Balance Sheet Gearing



Source: Company announcements.

Retirement: How to Measure our Results

Brought to you by... FKP

	FY13	FY12	Change	Comments
Key Performance Indicators				
Total sales	$153.4m	$134.1m	14%	▪ Current sales strategy is delivering improved results
Total sales (units)	622	504	23%	▪ Current sales strategy is delivering improved results
Portfolio turnover (based on sales)	10%	8%	2%	▪ Strong turnover compared to peers
Occupancy	95%	93%	2%	▪ Sell-down of company owned stock has reduced vacant units
Average age of residents (years)	82.8	82.7	-	▪ Age of residents continues to grow with the mature portfolio
Underlying property value	$1.8b	$1.9b	(5%)	▪ Reflective of previous price adjustments
Profit Contribution				
Retirement Operations	$24.0m	$33.2m	(28%)	▪ Driven by change in the mix of sales with a focus on company stock
Retirement Funds and Investments	$4.0m	$13.1m	(69%)	▪ Reduced profit contribution from RVG
Total Retirement Contribution	$28.0m	$46.3m	(40%)	

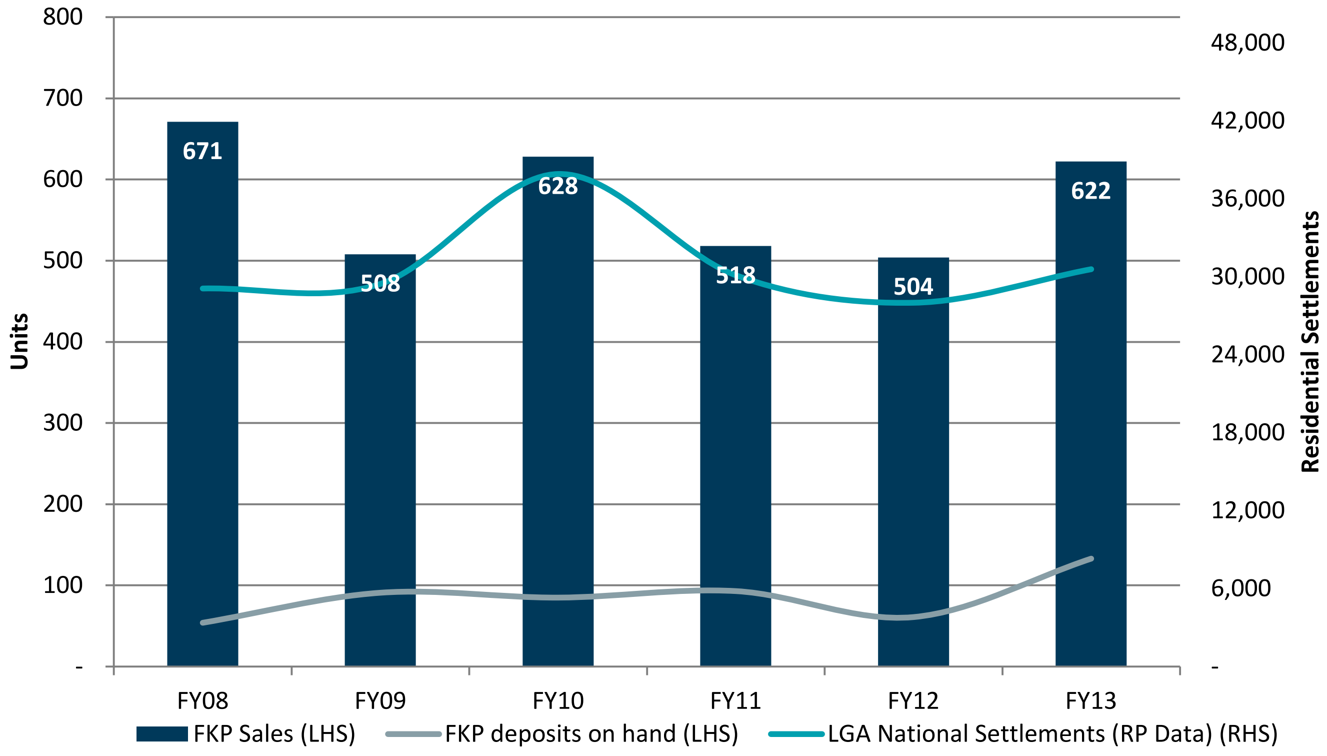
- Temporary decrease in divisional profit contribution was driven by a focus on clearing low profit margin company owned stock to recycle capital
- With company owned stock levels now back to near target levels, mix of sales and profit will return to more normalised levels going forward
- Strong turnover demonstrates that the back to basics approach taken by management in FY12-FY13 is working, with sales and occupancy improving during the year

Retirement: Our Portfolio Today – Sales Trends

Brought to you by... FKP

- FY13 traded at absolute and relative sales levels not seen since before the GFC
- Re-engineering the sales process is having a strong impact
- Discounted unit list prices by approximately 10% over the period 30 June 2012 to 31 December 2012

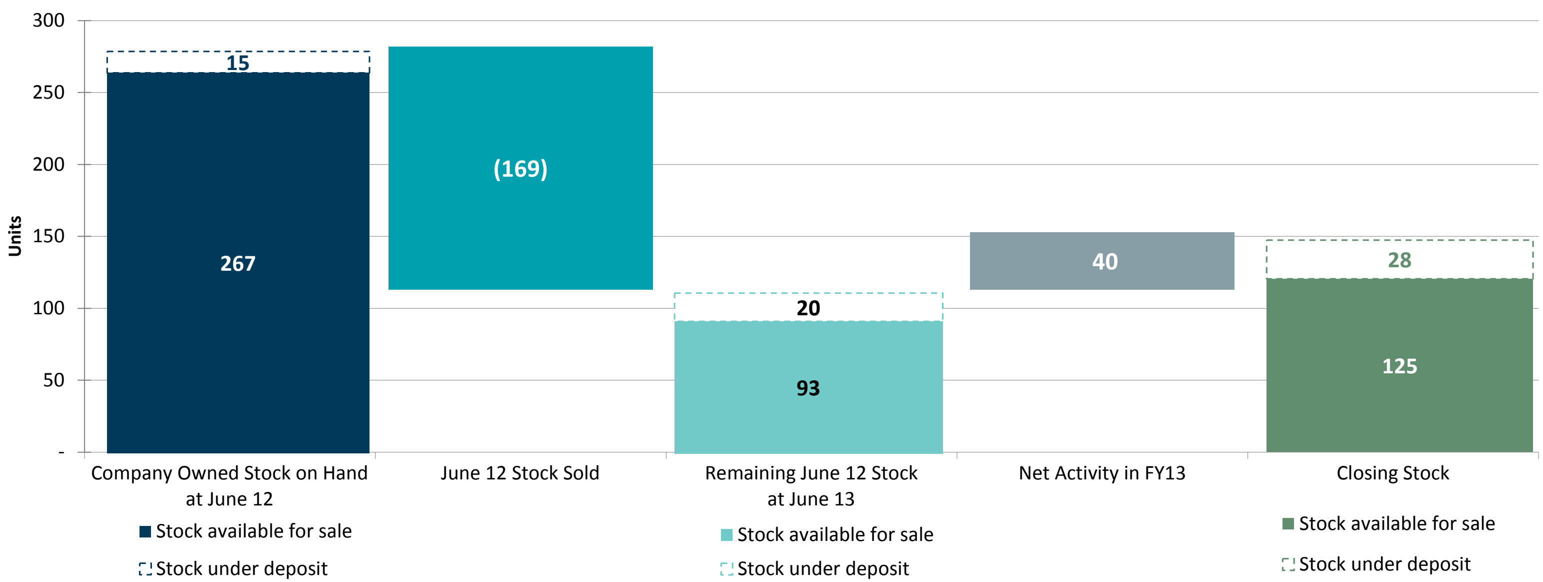
Total Unit Sales Levels vs National Residential Settlements



Source: RP Data (LGA Relative to Villages, Price Point Range $420,000 to $1.2m).

Retirement: Recycling Company Owned Stock

- Sell-down of built-up company owned stock has been a strong focus during FY13
- Company owned stock levels are now nearing optimal levels
- Ongoing targeted buy back and refurbishment program has refreshed the quality of stock now available for sale



Retirement: Investment Property Valuation

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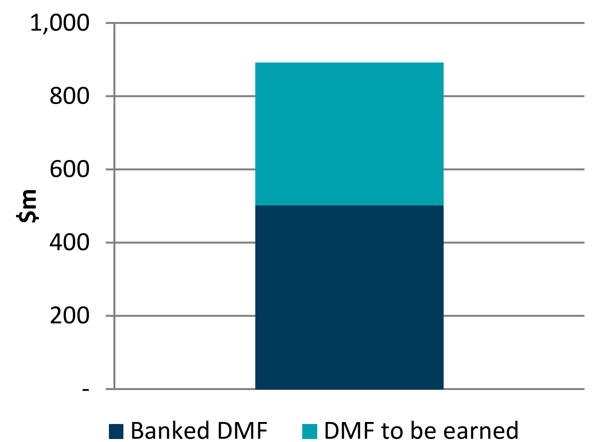
- External valuation prepared by Deloitte Touche Tohmatsu supports the Directors' valuation
- Decreases to unit list prices were made in June 2012 and December 2012 totalling approximately 10%
- Other key assumptions regarding discount rate, price growth and turnover are also consistent with those at December 2012
- Amount of $501m already "banked" from a valuation perspective
  - Represents the cash already earned that FKP would be entitled to if all residents sold their units and exited today
  - Comprises over half of the value in the NPV of future annuity streams

Key Valuation Assumptions/Outcomes		**FY13**	**FY12**
Discount Rate		12.5%	12.5%
Future property price growth	Medium term[1]	3.5%	3.5%
	Long term[2]	4.5%	4.5%
Current resident tenure	Independent Living Units Serviced Apartments	Life Tables	Life Tables
Subsequent resident tenure (years)	Independent Living Units	10	10
	Serviced Apartments	4	4
NPV of annuity streams		**$891.9m**	**$918.4m**

[1] Medium-term property price growth averages 3.5% over years one to five (increases from 3.0% in year one to 4.0% in year five).
[2] Long-term property price growth is constant from year six onwards.

Investment Property Valuation Composition



Retirement: Returns from Established Portfolio

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Key Performance Indicators	FY13	FY12	Change	Comments
Gross DMF/CG generated	$38.0m	$49.3m	(23%)	▪ Change in the mix of sales has resulted in lower overall DMF/CG
Avg DMF/CG transaction price point	$257k	$276k	(7%)	▪ Fall reflective of previous price adjustments
Avg DMF/CG per transaction	$78k	$108k	(28%)	▪ Impacted by mix of stock actually sold
Avg DMF rate of existing contracts	30%	30%	-	▪ In line with previous period
Avg CG share of existing contracts	50%	50%	-	▪ In line with previous period

- DMF/CG result is lower due to management's focus on the sale of company owned stock which improved cash generation during the year
- Average DMF/CG transaction price point was impacted by previous unit list price reductions made to facilitate the continued turnover in available units while company owned stock levels were being cleared

Retirement: Ramping up Our Development Activity

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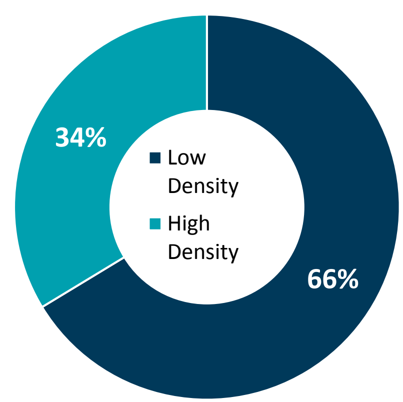
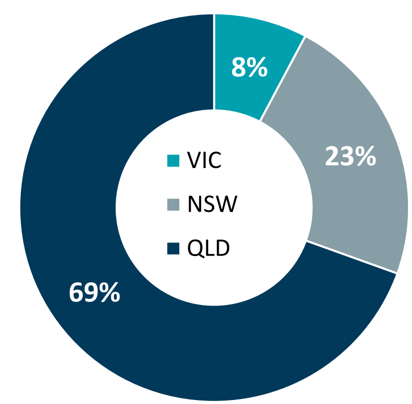
- Delivery of new units in FY13 was minimal due to the strategy to focus on selling down company owned stock balances to target levels before commencing new developments
- Target rate of 200 units developed per annum by FY16
- Roll out to target villages with minimal vacancies
- Existing development pipeline comprises predominantly brownfield development sites
  - Lower risk developments
  - Existing community and care facilities and infrastructure in place
- Examining the potential to redevelop sections or entire sites where metropolitan locations now allow higher density development than when the villages were originally developed

Village	Entity	State	Units	Forecast Settlements					
				FY14	FY15	FY16	FY17	FY18	FY19+
Clayfield	AEH	QLD	191						
Island Point	FKP	NSW	129						
Durack	AEH	QLD	110						
Peregian	FKP	QLD	54						
Mingarra	FKP	VIC	44						
The Parks	FKP	QLD	14						
Cleveland	AEH	QLD	13						
Albany Creek	AEH	QLD	12						
New Projects									
Total			**567**						

Development Pipeline by Product



Development Pipeline by Location



Retirement: Caring for Our Residents

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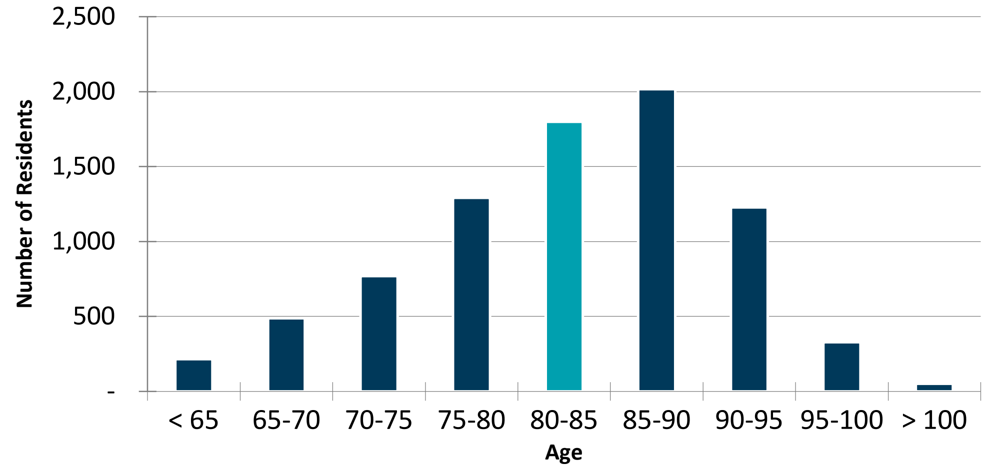
- Average age of residents is 82.8 years
- Recognition that 82% of our residents are aged over 75 years and require increasing levels of care to be provided to them
- Focus is on increasing the contribution made from care services
- Aim to roll out care services to 75% of the portfolio in FY14 and increase the co-location of care services by establishing strategic alliances with a range of key care providers
- Minimise the barriers that limit resident transfer enabling ageing in place within the Aveo portfolio
- Work with both our residents and residents' families to simplify and provide greater clarity and certainty around service offerings
- Implement a national respite program which enables short-term stay options for residents, residents' families and the wider community

FKP Resident Age Distribution – June 2013



Non-Retirement

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Non-Retirement: Residential Communities and Apartments

Brought to you by... FKP

- Increased profit contribution driven by completion of the Aerial apartment development in 1H13, 121 units settled in FY13
- Momentum continues at The Rochedale Estates, with strong foot traffic from the builders display village
- Positive contribution from Mulpha FKP based on strong sales at Mulgoa Rise and Bella Vista Waters
- Lower sales volumes at Saltwater Coast reflect subdued conditions in Melbourne
- Sunshine Coast continues to experience difficult market conditions but signs of improvement starting to emerge
- Luxe remains on track to be completed in mid FY14
- Construction underway with 206 pre-sales at The Milton to date

Key Performance Indicators	FY13	FY12	Change
Divisional profit contribution	$30.2m	$18.9m	60%
Sales revenue	$171.8m	$100.3m	71%
Land lot sales[1]	242	380	(36%)
Built product sales	123	13	846%
Mulpha FKP lot sales	134	87	54%
Average margin (incl. interest)[2]	21%	27%	(6%)
Average margin (excl. interest)[2]	33%	40%	(7%)

[1] Includes 3 (FY13) and 52 (FY12) lots relating to englobo sales.
[2] Does not include Mulpha FKP.

Residential Deposit Flow

Non-Retirement: Commercial and Industrial

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Development

- Sale of Gasometer 2 settled in May 2013
- Completion of Gasometer 1 in July 2013 with leasing of retail space almost fully complete
- Hastings Deering contract now unconditional on 14ha site at Industroplex, Mackay
- Enquiry remains consistent at Industroplex, Mackay

Investment Property

- Sale of 465 Victoria Avenue, Chatswood, Brown Plains Town Centre and Browns Plains Homemaker Centre, Brisbane for a total of $134m
- Miller Street, Pyrmont acquired in 2H13 as part of Core Plus Two Fund wind-up

Key Performance Indicators		FY13 ($m)	FY12 ($m)	Change
Divisional profit contribution		$14.3m	$9.3m	54%
Comprised of:	Development	$8.6m	$0.4m	2,050%
	Investment Property	$5.7m	$8.9m	(36%)
Trading sales revenue		$71.8m	$14.2m	406%
Properties held		2	4	(50%)

Non-Retirement: Investments

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Funds Management

- Non-FKP owned units in Core Plus One and Core Plus Two acquired at a discount to NTA during the year
- Commercial land at Hepher Road, Campbelltown and Miller Street property acquired as part of these transactions
- Exit from non-retirement funds management operations now complete

PBD Developments

- Subsequent to 30 June 2013 FKP disposed of its equity stake in PBD Developments, in line with its strategy to exit fractional holdings

Underlying Profit Contribution	FY13 ($m)	FY12 ($m)	Change
Funds Management	2.0	(1.1)	282%
PBD Developments[1]	0.2	0.2	-
Other	0.1	1.7	(94%)
Total Non-Retirement Investments	**2.3**	**0.8**	**188%**

[1] Based on FKP's cost base which is lower than reported in PBD Developments' statutory accounts.

Outlook

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Aveo Group – Outlook

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Australia's leading Retirement group

- Rename to Aveo Group, subject to securityholder approval
- Accelerate the 800[1] retirement unit development pipeline with a target of delivering 200 new units per annum by FY16
- Roll out care services to 75% of the portfolio in FY14
- Streamline ownership of villages currently held in FKP, AEH and RVG
- Continue to divest non-retirement assets over the medium term, with a minimum target asset weighting of 80% retirement by FY16

Prudent capital management

- Use proceeds from non-retirement asset sales to reduce debt and bring gearing in line with listed retirement peers
- Diversify sources of funding and extend debt maturity profile
- No dividend will be paid for FY14, distributable income as determined by the Directors will be paid from the Trust

[1] Includes Retirement Villages Group development pipeline.

Appendices

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Appendices

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Appendix i	**Detailed Financial Information**
Appendix ii	Retirement Information
Appendix iii	Non-Retirement Information
Appendix iv	Capital Management

Reconciliation of Statutory Profit to Underlying Profit

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	FY13			FY12		
	Gross ($m)	Tax[1] ($m)	Net ($m)	Gross ($m)	Tax[1] ($m)	Net ($m)
Statutory Profit After Tax			**(166.5)**			**(350.3)**
Change in fair value of derivatives	(7.5)	2.3	(5.2)	41.3	(12.4)	28.9
Change in fair value of Retirement Investment Property	55.3	(17.2)	38.1	257.6	(86.1)	171.5
Change in fair value of Property Trust portfolio	3.2	-	3.2	27.8	-	27.8
Share of non-operating loss of equity accounted investments	11.9	-	11.9	118.4	(23.7)	94.7
Impairment of equity accounted investments	20.9	(0.2)	20.7	-	-	-
Business combination related impairments	-	-	-	21.5	-	21.5
Development impairments	164.5	(48.0)	116.5	57.8	(18.0)	39.8
Assessment of Convertible Note term	4.1	(1.2)	2.9	-	-	-
Impairment of Deferred Tax Asset	11.3	-	11.3	-	-	-
Other	10.4	(4.1)	6.3	10.4	(3.0)	7.4
Underlying Profit After Tax			**39.2**			**41.3**

[1] The tax adjustment in relation to the change in fair value of the Retirement Portfolio Investment Property and Peregian Springs Doubtful debt in Other includes tax and OEI.

Reconciliation of Underlying Profit to Segment Notes

Brought to you by... FKP

($m)	Underlying Profit ($m)	Change in fair value of derivatives	Change in fair value of investment portfolio	Share of net loss from equity investments	Impairment of equity accounted investments	Development impairments	Assessment of convertible note term	Impairment of deferred tax asset	Other	Statutory Result
Retirement	24.0	-	(55.4)	-	-	-	-	-	(1.0)	(32.4)
Residential	30.2	-	-	-	(13.5)	(111.0)	-	-	(1.9)	(96.2)
Commercial and Industrial	14.3	-	(3.2)	-	(0.6)	(49.0)	-	-	(3.9)	(42.4)
Funds and Investments	6.3	-	-	(12.6)	(6.8)	(0.4)	-	-	0.4	(13.1)
Corporate	(15.3)	7.5	-	-	-	-	-	-	(1.1)	(8.9)
Discontinued Operations	-	-	-	-	-	(14.0)	-	-	(1.0)	(15.0)
EBITDA	**59.5**	**7.5**	**(58.6)**	**(12.6)**	**(20.9)**	**(174.4)**	**-**	**-**	**(8.5)**	**(208.0)**
Depreciation and amortisation	(2.7)	-	-	-	-	-	-	-	-	(2.7)
Interest expense	(9.2)	-	-	-	-	-	(4.1)	-	(1.9)	(15.2)
Income tax	(8.3)	(2.3)	16.6	-	0.2	48.0	1.2	(11.3)	2.9	47.0
Non-controlling Interest	(0.1)	-	0.7	0.7	-	9.9	-	-	1.2	12.4
NPAT	**39.2**	**5.2**	**(41.3)**	**(11.9)**	**(20.7)**	**(116.5)**	**(2.9)**	**(11.3)**	**(6.3)**	**(166.5)**
Discontinued Operations										15.0
Minority Interest										(12.4)
NPAT from continuing operations										**(163.9)**

Summary Statutory Balance Sheet

Brought to you by... FKP

	FY13 ($m)	FY12 ($m)	Change
Assets			
Cash/receivables/other	148.3	256.0	(42%)
Investment properties (refer slide 36)	2,352.5	2,427.5	(3%)
Inventories (refer slide 37)	674.9	871.5	(23%)
Investments (refer slide 38)	158.0	159.7	(1%)
Property, plant and equipment	21.8	23.8	(8%)
Intangibles	2.4	2.8	(14%)
Total Assets	**3,357.9**	**3,741.3**	**(10%)**
Liabilities			
Payables/provisions/deferred revenue/other	189.5	211.8	(11%)
Resident loans	1,248.2	1,275.5	(2%)
Interest bearing liabilities	685.0	971.7	(30%)
Deferred tax	30.0	70.4	(57%)
Hedge liability	31.2	40.7	(23%)
Total Liabilities	**2,183.9**	**2,570.1**	**(15%)**
Net Assets	**1,174.0**	**1,171.2**	**-**
NTA per stapled security	**$3.53**	**$6.33**	**(44%)**

Management Balance Sheet

Brought to you by... FKP

	FY13 ($m)	FY12 ($m)	Change
Assets			
Real Estate Assets:			
Property Trust Assets	50.5	155.0	(67%)
Commercial and Industrial Developments	213.9	198.6	8%
Residential Communities	381.5	529.1	(28%)
Residential Apartments	152.3	232.9	(35%)
Retirement[1]	1,097.5	1,153.8	(5%)
Other Assets (including cash and trade receivables)	115.5	101.4	14%
Total Assets	**2,011.2**	**2,370.8**	**(15%)**
Liabilities			
Interest Bearing Liabilities (refer slide 52)	685.0	971.7	(30%)
Derivative Liabilities	42.1	62.8	(33%)
Deferred Tax Liabilities	30.0	70.4	(57%)
Other Liabilities (including trade payables, provisions, deferred revenue)	80.1	94.7	(15%)
Total Liabilities	**837.2**	**1,199.6**	**(30%)**
Net Assets	**1,174.0**	**1,171.2**	**-**

[1] Net of resident obligations and deferred income.

Investment Property Summary

Brought to you by... FKP

	FY13 ($m)	FY12 ($m)	Change
Retirement			
NPV of annuity streams (refer slide 20)	891.9	918.3	(3%)
Resident obligations	1,248.2	1,275.5	(2%)
Deferred income net of accrued DMF	96.6	94.9	2%
Investment properties under construction – Retirement	49.8	43.1	16%
New units available for first occupancy	16.9	35.6	(53%)
Buy back units available for occupancy	29.6	60.1	(51%)
Subtotal	**2,333.0**	**2,427.5**	**(4%)**
Property Trust			
Investment properties – FKP Property Trust	50.5	155.0	(67%)
Total Investment Properties	**50.5**	**155.0**	**(67%)**
Assets reclassified as available for sale	(31.0)	(155.0)	(80%)
Operating lease receivables and incentives	-	-	-
Subtotal	**19.5**	**-**	**-**
Total Investment Properties per Balance Sheet	**2,352.5**	**2,427.5**	**(3%)**

Inventories and Impairments Summary

Brought to you by... FKP

	FY13 ($m)	FY12 ($m)	Change
Inventories			
Residential Communities	328.4	480.5	(32%)
Residential Apartments	147.8	230.3	(36%)
Commercial and Industrial	198.7	160.7	(24%)
Total Inventories	**674.9**	**871.5**	**(23%)**

	Residential Communities ($m)	Residential Apartments ($m)	Commercial and Industrial ($m)	Total ($m)
Impairments				
Balance as at 1 July 2012	84.8	29.1	2.7	**116.6**
Additional provisions recognised	107.4	3.6	49.0	**160.0**
Amounts utilised	-	(6.7)	-	**(6.7)**
Balance as at 30 June 2013	**192.2**	**26.0**	**51.7**	**269.9**

Investments Summary

Brought to you by... FKP

	FY13 ($m)	FY12 ($m)	Change
Investments			
Retirement			
RVG	86.9	68.7	27%
US Senior Living	5.0	10.2	(51%)
Total Retirement	91.9	78.9	17%
Non-Retirement			
FKP Core Plus Funds[1]	-	6.4	(100%)
Mulpha FKP	55.6	71.2	(22%)
PBD Developments[2]	7.9	-	100%
Brookvale	2.6	3.2	(19%)
Total Non-Retirement	66.1	80.8	(18%)
Total Investments	**158.0**	**159.7**	**(1%)**

[1] Effective May 2013, the consolidated Group acquired 100% of the Core Plus Funds.
[2] Effective December 2012, the accounts of PBD Developments Limited were deconsolidated from the consolidated Group and treated as an investment in an associate accounted for under the equity method.

Interest Expense Reconciliation

Brought to you by...

	FY13 ($m)	FY12 ($m)
Interest expense paid	70.8	80.5
Less: Capitalised interest		
Residential Communities	(30.3)	(34.4)
Residential Apartments	(13.7)	(14.8)
Commercial and Industrial – Trading	(16.5)	(11.9)
Commercial and Industrial – Recurring	-	(6.0)
Other	(1.1)	(0.9)
Total	**(61.6)**	**(68.0)**
Net finance costs	**9.2**	**12.5**
Add: Capitalised interest expenses in COGS		
Residential Communities	8.8	13.0
Residential Apartments	11.6	0.3
Commercial and Industrial – Trading	7.4	1.2
Other	-	-
Total	**27.8**	**14.5**
Finance costs including capitalised interest expensed in COGS	**37.0**	**27.0**

Corporation Statutory Income Tax Reconciliation

Brought to you by...

	FY13 ($m)	FY12 ($m)
Statutory loss before tax	(210.9)	(492.4)
Less: Property Trust contribution	(14.3)	(2.5)
Corporation loss before tax	**(225.2)**	**(494.9)**
Add: Non deductible items (net of non assessable items)	23.3	60.4
Add: unfranked dividends received	4.2	1.5
Corporation adjusted taxable loss	**(197.7)**	**(433.0)**
Tax benefit @ 30%	59.3	129.9
Prior period adjustment	(0.5)	2.6
Adjusted tax benefit	**58.8**	**132.5**
Effective tax rate [1]	*26%*	*27%*
Non-recognition of deferred tax asset [2]	(11.8)	-
Tax benefit	**47.0**	**132.5**

[1] Calculated based on adjusted tax benefit divided by corporation loss before tax.

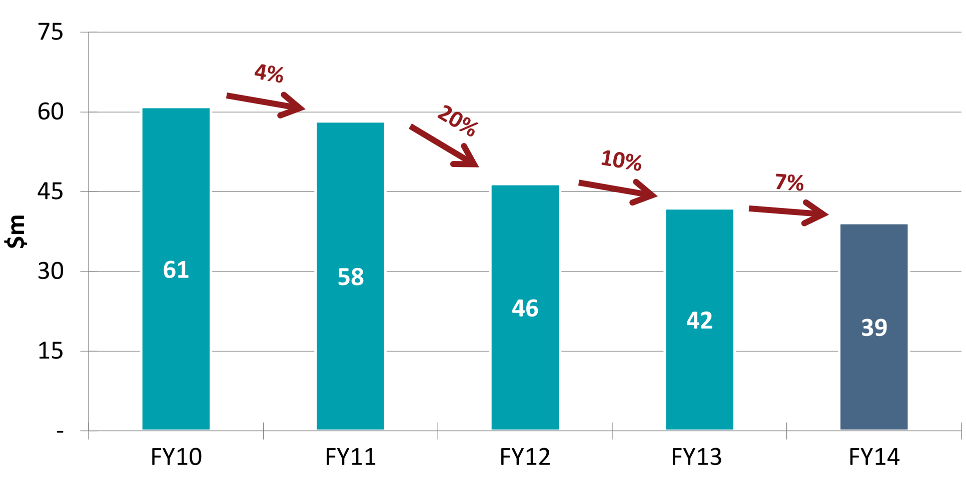
[2] An assessment of the recoverability of certain deferred tax assets related to equity accounted investments has been made. This assessment determined that tax benefits of $11.8 million is not currently considered recoverable with sufficient certainty . As a result these tax benefits have not been recognised.

Group Management Expenses

Brought to you by... FKP

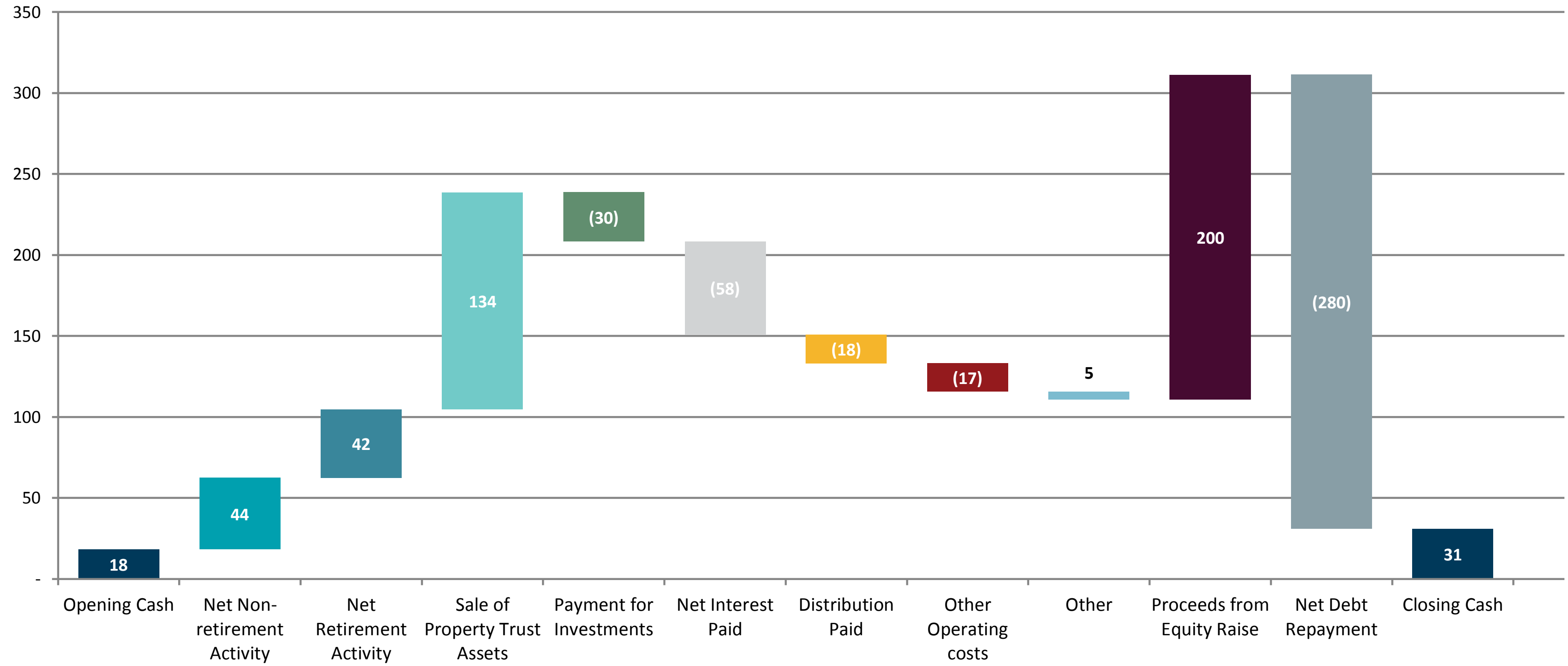
- Track record of successfully identifying and implementing cost saving initiatives
- Targeted reductions in management expenses achieved during the year
- Targeted reduction in management expenses of 7% over the course of FY14
- Focus remains on the following areas
  - Streamlining and centralising corporate functions as the business moves to pure Retirement business
  - Retirement procurement initiatives
  - Process automation

Management Expenses



Cash Flow Reconciliation

Brought to you by...



Appendices

Brought to you by...

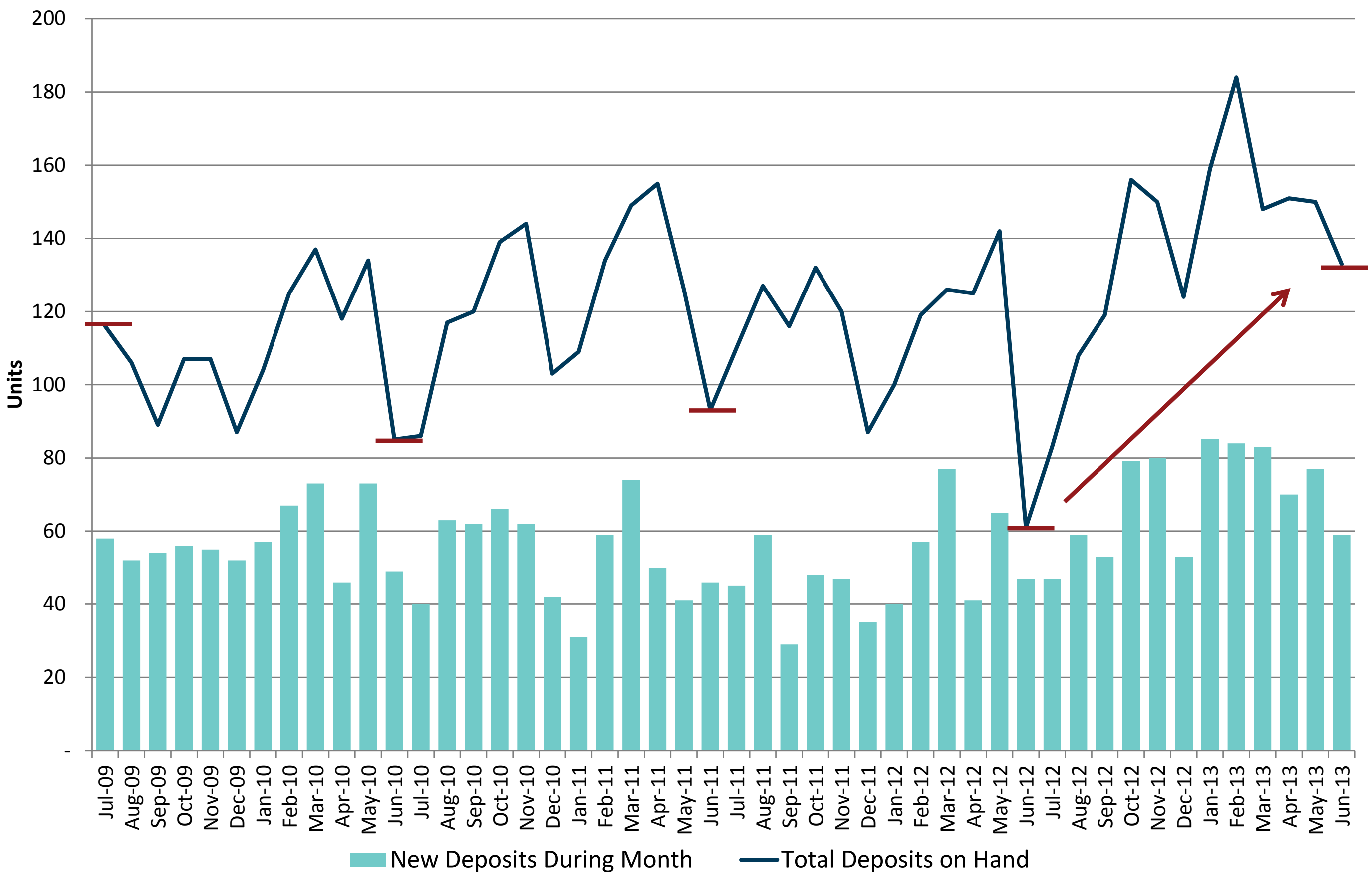
Appendix i	Detailed Financial Information
Appendix ii	**Retirement Information**
Appendix iii	Non-Retirement Information
Appendix iv	Capital Management

Retirement: Recent Deposit Trends

Brought to you by...

- Current level of deposits on hand is at the highest level seen at a financial year end in the last five years
- Increase in deposit levels seen in the first half of FY13 was sustained into the second half of the year
- Provides an extremely strong foundation from which to drive settlements into FY14

Monthly New Deposit Levels and Deposits on Hand



Retirement: Investment Property Sensitivities

Brought to you by... FKP

- Key drivers of the net present value of future cash flows and their respective sensitivities from the status quo are presented adjacent
- Consideration must be given to various portfolio characteristics
  - **Property based**: age, location, quality of facilities etc. which will drive property demand and capital appreciation in unit prices
  - **Resident based**: average age will determine proximity of a turnover event and economic contract terms (e.g. accrual period)
  - **Discount rate**: reflects combination of portfolio investment characteristics

Retirement Investment Property Annuity Stream Sensitivity ($m)

Medium Term Property Price Growth	**4.5%**	**4.0%**	**3.5%**	**3.0%**	**2.5%**
Net Present Value of Annuity Streams	931.2	910.9	**891.9**	871.1	850.5
Long Term Property Price Growth	**5.5%**	**5.0%**	**4.5%**	**4.0%**	**3.5%**
Net Present Value of Annuity Streams	1,017.6	950.1	**891.9**	837.4	792.4
Subsequent Turnover – ILUs (years)	**8**	**9**	**10**	**11**	**12**
Net Present Value of Annuity Streams	992.0	936.9	**891.9**	849.6	816.4
Discount Rate	**11.5%**	**12.0%**	**12.5%**	**13.0%**	**13.5%**
Net Present Value of Annuity Streams	1,023.6	952.4	**891.9**	837.1	788.3
Average Age of Current Residents (years)	**86.8**	**84.8**	**82.8**	**80.8**	**78.8**
Net Present Value of Annuity Streams	1,015.1	966.2	**891.9**	847.3	783.8

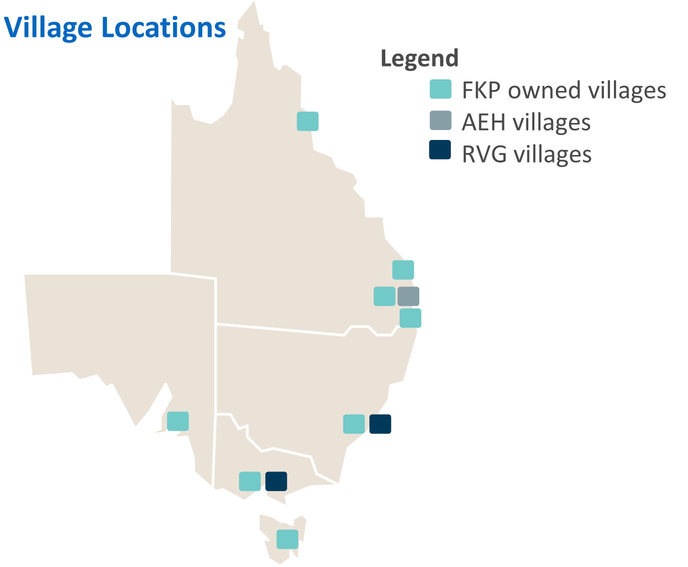
Assumption adopted for accounting purposes

Retirement: Our Portfolio – Units Under Management

Brought to you by... FKP

- FKP manages 76 villages across the eastern seaboard and Adelaide
- Villages predominantly located in prime metropolitan locations
- Portfolio characterised by mature villages with 55 villages more than 20 years old, with established resident communities and a demonstrated resident turnover transaction history
- Accommodation primarily made up of independent living units (ILUs) but does offer the full range of accommodation options across the resident needs spectrum (including serviced apartments (SAs) and aged care) at selected villages

Village Locations

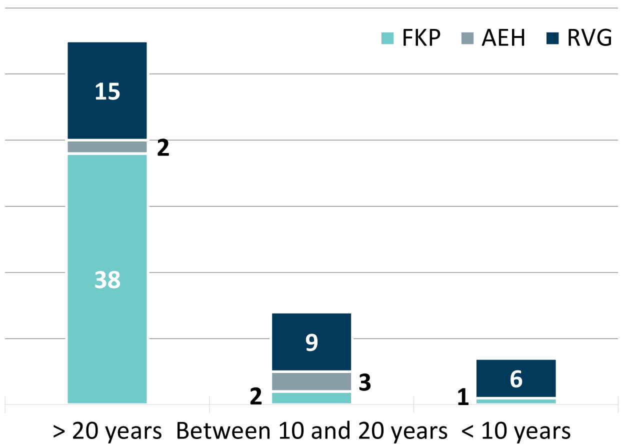


Portfolio Snapshot

Units	ILUs	SAs	Existing Total	Pipeline	Total Units	Aged Care Beds	Total Units and Beds
FKP Balance Sheet[1]	4,145	877	5,022	241	5,263	184	5,447
Aveo Healthcare[2]	1,028	252	1,280	326	1,606	25	1,631
RVG Australia[3]	2,832	657	3,489	275	3,764	-	3,764
Total Managed	**8,005**	**1,786**	**9,791**	**842**	**10,633**	**209**	**10,842**

[1] Includes 20 units not offered for accommodation purposes e.g. managers' units.
[2] Includes 10 units not offered for accommodation purposes e.g. managers' units.
[3] Includes 12 units not offered for accommodation purposes e.g. managers' units.

Village Maturity



Retirement: the Australian Competitive Landscape

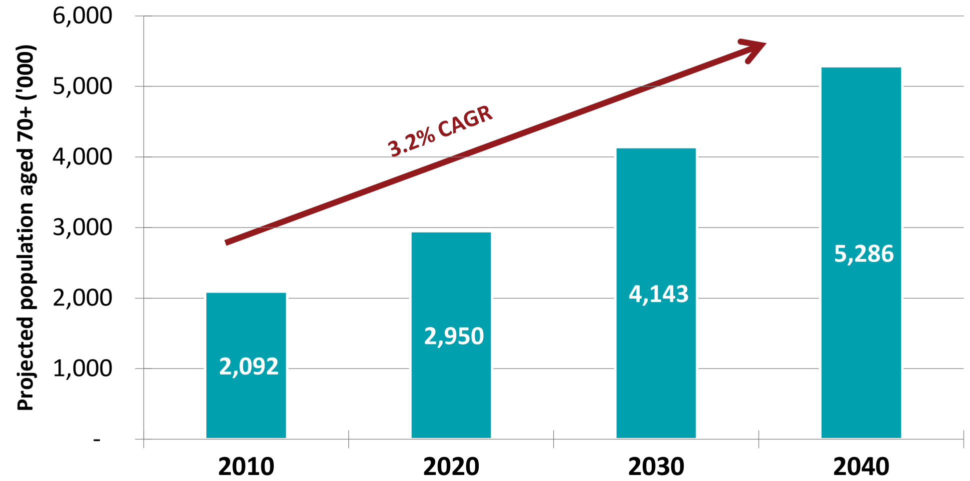
Demographic Trends

- Ageing population provides underlying support to demand dynamics
- Share of population aged 70+ expected to grow from 9% to 16% by 2040
- Represents an increase of 3.2m people
- Those aged 85+ share of population to more than double from 1.6% to 4.1%
- Demand will be further increased if current penetration rates (~5%) trend higher to rates seen internationally (8%-10%)

Market Overview

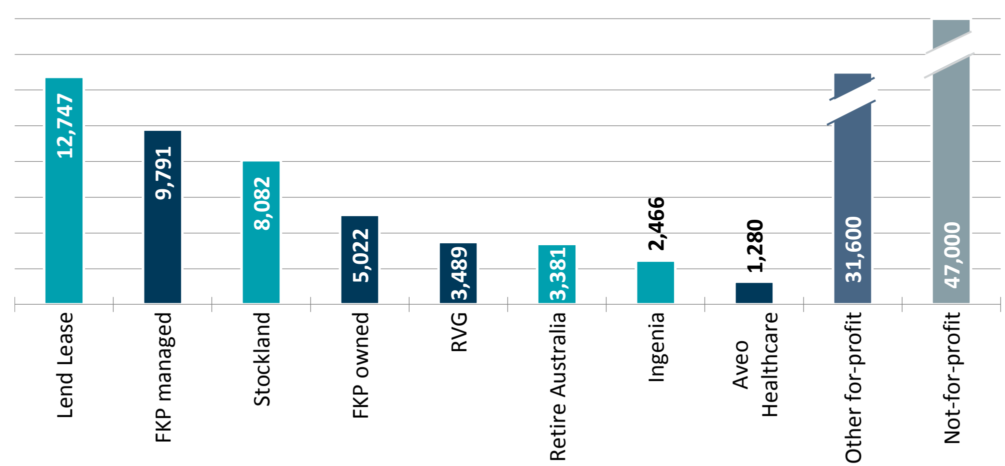
- Estimated there is a current national supply of about 115,000 retirement village units
- For-profit sector constitutes about 60% of total units and the not-for-profit sector about 40%
- Three largest participants in the sector are currently diversified listed property entities
- FKP is the largest operator in the market positioning to become a focused retirement specialist

Retirement Living Demand: An Ageing Population



Source: Aust. Gov't Productivity Commission Inquiry Report, Caring for Older Australians (June 2011).

Retirement Industry Operators by Units Under Management



Source: Company announcements, RVA.

Appendices

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Non-Retirement: Residential Communities and Apartments

Brought to you by... FKP

Land projects	Location	Remaining lots approx.	FY14 Target annual lot sales	Medium Term Target annual lot sales
Saltwater Coast, Point Cook	VIC	1,350	80 – 100	125 – 145
Peregian Springs and Ridges, Peregian Springs	QLD	900	60 – 80	100 – 120
The Rochedale Estates, Rochedale	QLD	750	80 – 100	90 – 110
Mulgoa Rise, Mulgoa	NSW	450	100 – 120	110 – 130
Other[1]	-	800	50 – 70	50 – 70
Total		**4,250**		

Apartment projects	Location	Status	Total Residential Units	Available for Sale[2]	Percentage Sold
Completed Projects					
Aerial, Camberwell Junction	VIC	Completed	144	20	86%
Subtotal			144	20	
Current Projects					
LUXE, Woolloomooloo	NSW	Under construction	77	10	87%
The Milton, Milton	QLD	Under construction	303	97	68%
The Hudson at Albion Mill, Albion	QLD	Currently selling	143	84	41%
Subtotal			523	191	
Total			**667**	**211**	
Future Projects					
Albion Mill, Albion	QLD	Future stages	275		
Gasworks Residential, Newstead	QLD	Sales launched 2HY12	750		
Subtotal			**1,025**		
Total			**1,692**		

[1]Includes FKP and Mulpha FKP lots.
[2]As at 31 July 2013.

Appendices

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Distributions

Brought to you by... FKP

- As announced at the November 2012 AGM, in line with a pro active capital management plan, no dividend is paid for FY13
- FY13 distribution from the FKP Property Trust is $0.01 per unit ($3.2m in total)
- This is less than the $4.9m AFFO generated by the Group
- Distribution forecast to be paid in September 2013
- No dividend will be paid for FY14
- Distributable income as determined by the Directors will be paid from the Trust

	FY13 ($m)	FY12 ($m)
Underlying profit after tax	**39.2**	**41.3**
Adjustments:		
Profit from equity accounted investments	(4.1)	(17.9)
Dividends from equity accounted investments	5.0	5.7
Capitalised interest	(63.3)	(68.0)
Capitalised interest included in COGS	27.8	14.5
Leasing commissions, tenant incentives and maintenance capital expenditure	(9.0)	(1.0)
Amortisation of leasing incentives	1.0	1.3
Tax effect of above adjustments	10.6	14.3
Application of prior period tax losses	(2.3)	(11.6)
Actual Funds From Operations (AFFO)	**4.9**	**(21.4)**
Distribution declared	**3.2**	**33.7**
DRP	-	13.5
Net distribution	3.2	20.3
Distribution as a % of UPAT	**8%**	**82%**
Distribution as a % of AFFO	**66%**	**(158%)**
Net distribution as a % of AFFO	**66%**	**(95%)**

Summary of Debt Facilities

Brought to you by... FKP

Net Bank Debt Drawn	FY13 ($m)	FY12 ($m)	Change ($m)
Interest bearing liabilities[1]	685	972	(287)
Add: Establishment fee adjustments	3	0	3
Add: Convertible note adjustments	1	9	(8)
Less: Vendor finance and leases	(2)	(1)	(1)
Total Debt Facilities Drawn	**688**	**980**	**(292)**
Less: Mulpha FKP	-	(12)	12
Less: PBD Developments	-	(44)	44
Less: Convertible Note	(109)	(125)	16
Gross Bank Debt Drawn	**579**	**799**	**(220)**
Less: Available cash	(29)	(16)	(13)
Net Bank Debt Drawn	**550**	**783**	**(233)**

Summary of Undrawn Debt Facilities[2]	Limit ($m)	Drawn ($m)	Undrawn ($m)
Major Facilities	759	640	119
Project Finance	50	34	16
Minor Facilities	18	14	4
Total	**827**	**688**	**139**

[1] Excludes Bank Guarantees.
[2] Undrawn facilities are dependent upon having sufficient security.
[3] Voluntary facility limit amortisation of $25m due 31 December 2013.
[4] Debt is in two tranches, Tranche 1 is secured at $50m and available, Tranche 2 for $30m is available subject to bank approval.

Summary of Drawn Debt Facilities[1]	Facility Limit ($m)	Maturity
Major Facilities		
Retirement		
Retirement Syndicate	250	31/03/2014
Aveo Healthcare[4]	80	30/03/2017
Non-Retirement		
Development MOF[1]	170	31/07/2015
Wilbow[3]	90	31/07/2014
Working Capital Facility	60	1/08/2014
Group		
Convertible Note	109	05/01/2016
Total Major Facilities	**759**	
Drawn	**640**	
% Drawn	**84%**	
Project Finance		
LUXE Project Finance	50	28/02/2015
Total Project Finance	**50**	
Amount Drawn	**34**	
% Drawn	**68%**	
Minor Facilities (<$25m)		
Currumbin	6	12/04/2014
Property Trust	12	30/03/2014
Total Minor Facilities	**18**	
Amount Drawn	**14**	
% Drawn	**78%**	

Financial Covenants

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- All financial covenants met

Covenant		FY13	Required
Development MOF			
(Total Liabilities – Resident Obligations – Deferred Tax Liability) / (Total Tangible Assets – Resident Obligations – Deferred Tax Liability)	**Gearing**	**44%**	≤50%
(Underlying EBITDA – Net non-cash component of retirement revaluation + Capitalised interest in COGS-Inventory Impairment) / (Net Finance Costs – Loan Establishment + Capitalised interest in COGS)	**Interest Cover**	**2.53x**	≥2.0x
The amount by which total tangible assets exceed total liabilities	**NTA**	**1,172m**	≥1,000m
(Interest bearing loans and borrowings – Cash and cash equivalents)/ (Underlying EBITDA – Net non-cash component of retirement revaluation + Capitalised interest in COGS-Inventory Impairment)	**Net Debt / Underlying EBITDA**	**7.49x**	≤8.25x
Retirement Syndicate			
Cash receipts (as defined) / (Net Finance Costs – Loan Establishment Fees)	**Interest Cover**	**2.28x**	≥ 1.75x
Loan amount outstanding / Mortgaged Property Valuation[1]	**LVR**	**46%**	≤ 50%

[1] Last bank valuations for mortgage security purposes were conducted in December 2012.

Interest Rates

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Base Funding Cost Summary

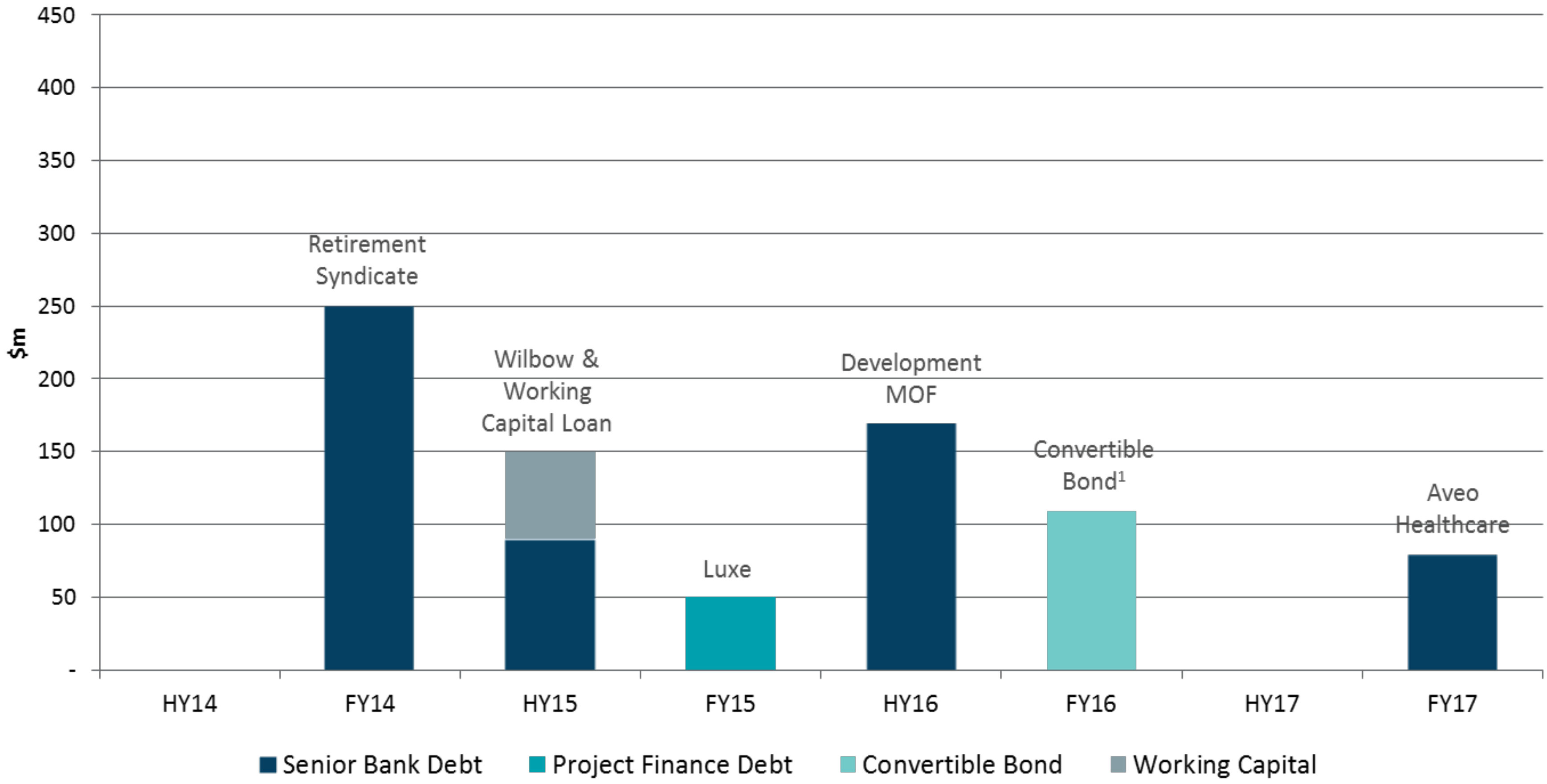
Drawn Debt Type	($m)	(%)	Avg Base Rate	Weighted Avg Maturity
Floating Rate Debt	169	25%	2.87%[1]	NA
Fixed Rate Debt	519	76%	5.64%	2.7
Total / Weighted Average	**688**	**100%**	**4.96%**	**NA**

Fixed Rate Debt Profile

	FY 13	FY 14	FY 15	FY 16
Face Value of Fixed Rate Debt ($m)[2]	519	560	500	175
Weighted Average Interest Rate on Fixed Rate Debt	5.64%	5.41%	5.70%	5.99%
Weighted Average Time to Maturity (years)	2.7	1.6	0.8	0.2

[1]Based on BBSY 28 June 2013.
[2] Includes Convertible Note and working capital facility fixed debt.

Debt Maturity



[1] Convertible note holders have the right to put the note back to FKP January 2014.

Brought to you by…

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