

Annual General Meeting

28 November 2008

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Chairman's Address



Ben Macdonald

Managing Director & CEO Report



- Our Current Position
- Performance: 2007/2008 and year to date
- Capital Management Initiatives
- Outlook

Our Current Position



- **Consistent and proven performer**
 - 2007/2008: \$150.2m operating NPAT, up 11% on the prior comparative period
 - Strong contribution from the Retirement and Land Divisions
- **Diversified business model will assist in challenging market conditions**
 - High level of recurring profit from property trust and market leading retirement platform
 - Geographic and sector diversity in development and land projects avoids overexposure to individual market segments
 - Allows flexible response to business overheads
- **Active Capital Management**
 - Completed capital initiatives: Placement, Entitlement Offer
 - Completed Operational Review: reduction in cost base, freeze of senior management base salaries, reduction in discretionary expenditure
 - Currently conducting Strategic Review to explore opportunities to unlock value in FKP assets

Performance: Growth in Operating Profit



Compound growth of 19% in Operating Profit After Tax over last four years



Performance: Strong Land Contribution



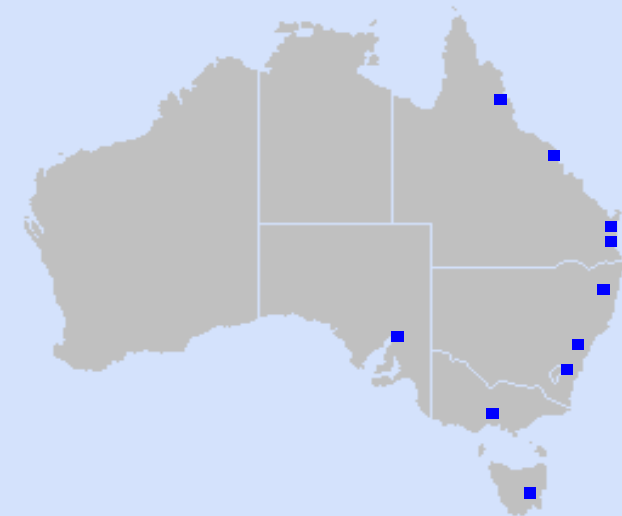
Division	FY08	FY07	Change %
Retirement	125.3	103.3	↑ 21%
Development	36.1	55.6	↓ 35%
Land	40.4	20.8	↑ 94%
Funds Management	5.5	4.5	↑ 22%
Trust and Investments	46.6	40.2	↑ 16%
Unallocated Overhead	(21.6)	(20.9)	↑ 3%
Earnings before Interest / Tax	232.3	203.5	↑ 14%
Interest	(37.3)	(24.9)	↑ 50%
Profit Before Tax	195.0	178.6	↑ 9%
Tax	(40.4)	(40.9)	↓ 1%
Profit After Tax	154.6	137.7	↑ 12%
Outside Equity Interests	(4.4)	(2.8)	↑ 57%
Net Profit	150.2	134.9	↑ 11%

Performance: Quality Retirement Portfolio



- Leading position in the Australian retirement village market
 - 45 villages consolidated on the FKP balance sheet
 - 35 villages are managed for RVG
- Leverage development skills to continually upgrade the quality of units, increasing the base for future annuity streams
- Predominantly in prime metropolitan locations which are virtually impossible to replicate

Aveo Units (30 June 2008)	Existing	Pipeline	Total
On FKP Balance Sheet	5,947	969	6,916
Managed for RVG*	3,967	1,406	5,373
Managed for Syndicates	224	233	457
Total	10,138	2,608	12,746



* RVG also has villages in New Zealand which are not managed by FKP

Performance: Quality Retirement Portfolio



- **Resilient**

- Retirement investment is more resilient to economic downturns than most forms of property
- Continuing to lift pricing – 9% average price increase in 2007/2008 and planning average 3% increase in 6 months to December. Above average growth in South Australia.

- **Value Add**

- Buyback and refurbishment of vacated units continuing to add to market value of portfolio. Average 25% increase in pricing achieved since July 1 with more efficient use of working capital.

- **Growth**

- Expansion program in 2008/2009 with new stages completed at Mingara, The Parks and Albany Creek

Performance: Strong Development Assets



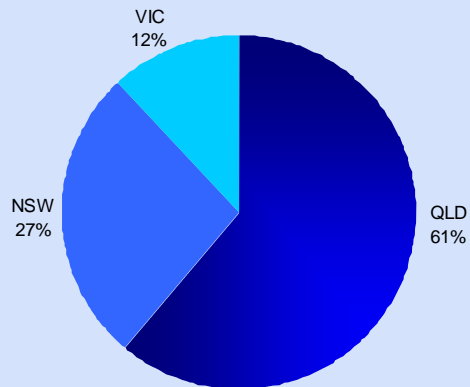
- **Diversification**

- assets are diversified across geography and sector

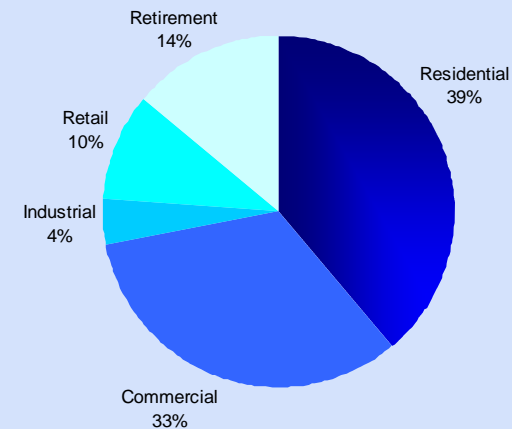
- **Pipeline**

- end value of over \$3 billion

Development Pipeline End Value by State



Development Pipeline End Value by Sector



Performance: Strong Development Assets



- **Highlights in 2007/2008**

- Settled: Newstead Riverpark, development approval, commenced construction on Energex building
- Construction: commenced SL8 West End, more than 80% of apartments pre-sold
- Pre-sold: retail developments Mt Annan (Sydney) and Circa Retail (Norwest Business Park), purchaser funding the remainder of the developments
- Approval: received for mixed use Aerial, Melbourne; Union, Milton; and The Mill, Albion

- **Year to date**

- Sold Kingsway (Melbourne commercial)
- Good progress on sale of Energex (Brisbane commercial), and Epsom (Victorian retail)
- SL8 (West End) scheduled for completion in 2008/2009
- Over \$85m pre-sales (90% of release) to date

Performance: Solid Land Pipeline



- **Growth**

- Up until 2007/2008, virtually all of the Land Division earnings came from one estate – Peregian Springs (Sunshine Coast)
- Used our experience in Master Planned Communities to accumulate additional strategic sites in growth areas in Brisbane, the Gold Coast and Melbourne

- **Solid Pipeline**

- Forward pipeline has an end value of approximately \$2 billion
- This pipeline will generate increasing profit and cash from 2008/2009 and will underpin earnings for many years

- **Highlights in 2007/2008**

- Peregian Springs traded strongly with 182 individual lot sales (more than double prior year) and 2 englobo sales

Performance: Solid Land Pipeline



- **Year to date**

- 2008/2009 earnings budgeted to include first settlements from The Ridges, Saltwater Coast and Rochedale
- Very good early sales at Saltwater Coast, Point Cook. Pre-launch enquiries have accounted for the sale of approximately 130 home sites
- Peregian Springs has been slow year to date, but had budgeted for a reduction from high 2007/2008 levels
- Waiting for final approval at Rochedale. Timing risk on Point Cook and Rochedale for inclusion in 2008/2009 results.

Project	Location	Approx End Value (\$m)	Remaining Lots Approx.	Sales Release	Estimated Remaining Project Life
Peregian / Coolum	Sunshine Coast, QLD	700	1,600	Selling	10 years
Saltwater Coast	Melbourne, VIC	590	2,700	Pre-selling	15 years
Rochedale	Brisbane, QLD	425	1,200	Pre-Selling	8 years
Martha's Vineyard	Gold Coast, QLD	300	500	2009	9 years

Performance: Growth in Funds Management



- **Opportunities**

- Provides management services to wholesale investors in unlisted property funds
- Focuses on three types of opportunities:
 - Core assets in geographic markets expected to show growth outperformance
 - Value add assets where the division can reposition properties for additional income
 - Developments in joint venture with FKP

- **Growth**

- At June 2008 Funds Management had \$2.5b of funds under management across four funds and was joint Fund Manager of Retirement Villages Group (RVG) wholesale fund
- Strong reputation for delivering on stated strategy that is expected to underpin future growth

- **Recurring Income**

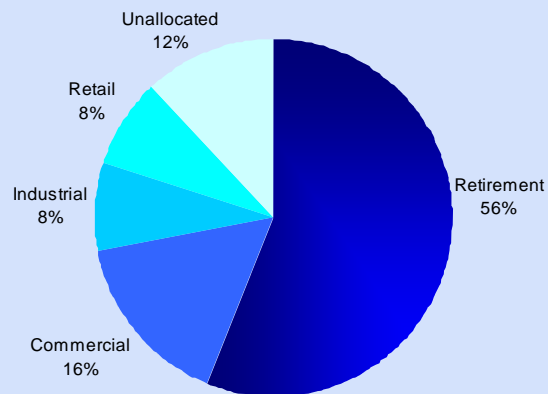
- Strengthens FKP recurring income levels

Performance: Growth in Funds Management

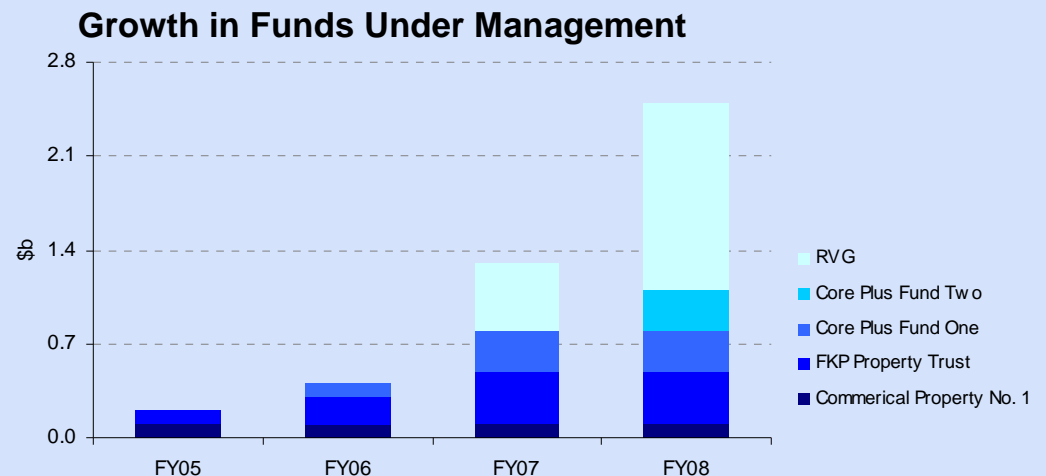


Year to date

- Properties managed are primarily “value add”, with additional income sourced through upgrading or expansion of NLA. Potential for significant capital growth when market recovers
- Acquisition capacity in FKP Core Plus Fund Two allows for opportunistic purchases in depressed market. Currently assessing acquisition options
- New funds in planning phases, but short-term expectations are modest in view of market conditions



Sector diversity (underlying portfolio)



Additional income sources

- Direct ownership of commercial and retail assets in the FKP Property Trust
 - FKP Property Trust acquired Vero Tower (Chatswood) and Peregian Springs Retail Centre
 - Approx 27,000m² (36% of existing portfolio) was let, renewed or reviewed during 2007/2008, with an average 9% increase
- 15% ownership of FKP Core Plus Fund One
- 32% ownership of FKP Core Plus Fund Two
- 50% ownership of Principal Senior Living Group (United States Senior Living)
 - Purchased a portfolio of US Senior living facilities in South-Eastern United States, in combination with Macquarie Group, in November 2007. Occupancy levels in the US portfolio have increased by 1% since acquisition.

Capital Management Initiatives



- **Refinancing**
 - Successful refinancing of \$900+m of debt in May 2008 – with an increase of \$75m in facilities
- **Liquidity**
 - Financial plan for 2008/2009 showed a positive liquidity position, with a modest additional bank debt program and completion of agreed asset sales to fund operations
- **Credit Crisis impact**
 - Some agreed sales fell over as a result of the credit crisis so a modest capital injection was necessary to fund developments under construction (Energex, TAC, SL8)
- **Placement and Entitlement Offer**
 - Raised \$133m
 - Many companies adopted this course of action

Capital Management Initiatives



- **Debt**

- Current debt of \$14m (as at June 2008) was repaid in October 2008
- High proportion of debt due to mature in the first half of FY10
- Most of this debt was last extended in March 2008 (during the credit crisis)
- FKP is compliant, and expects to remain so, with all covenants
- Post raising, group gearing estimate at 38% (using book values)
- FKP has a small number of key banking relationships, and will seek to diversify its exposure
- Capacity for reduction of debt through sales such as Energex and TAC
- A transaction on retirement assets has the potential to significantly alter debt profile

- **Expenditure**

- Planned significant expenditures over next 6 months restricted to:
 - Energex (pre-let)
 - TAC (pre-let)
 - SL8 (substantially pre-sold)
 - Browns Plains (Harvey Norman anchor)
 - Point Cook/Rochedale (assuming satisfactory pre-sales)
- No speculative developments to be commenced unless specific project finance obtained

- **FKP is committed to generating securityholder value**
 - Solid 2008 performance demonstrates underlying property capabilities
 - Delivering project / asset sales in challenging market conditions
 - Solid land pipeline of approx \$2 billion should deliver increasing profit and cash from 2008/2009 and will underpin earnings for many years

- **Profit**
 - No specific guidance for year ended June 2009 due to possibility of sale of retirement assets (outcome, price, timing)
 - Possible sale of Energex building, and completing first stages of Saltwater Coast and Rochedale will be key drivers for 2008/2009 profitability
 - Profit will be skewed towards 2nd half of year given timing of project completions in Land and Development

Resolutions



Resolution 1

That Mr Philip Parker, who retires by rotation in accordance with clause 10.3 of the Company's Constitution, is re-elected as a director.

For	82,487,012
Against	27,305,298
Open	5,599,380
Abstain	3,350,185

Resolutions



Resolution 2

That Mr David Crombie, who retires by rotation in accordance with clause 10.3 of the Company's Constitution, is re-elected as a director.

For	90,351,450
Against	21,927,714
Open	5,601,880
Abstain	860,831

Resolution 3

That Mr Tze Hien Chung, who retires in accordance with clause 10.8 of the Company's Constitution, is re-elected as a director.

For	109,333,221
Against	3,407,937
Open	5,608,804
Abstain	391,913

Resolution 4

That Mr Jim Frayne, who retires in accordance with clause 10.8 of the Company's Constitution, is re-elected as a director.

For	106,342,271
Against	6,351,597
Open	5,610,617
Abstain	437,390

Resolutions



Resolution 5

That Mr Denis Hickey, who retires in accordance with clause 10.8 of the Company's Constitution, is re-elected as a director.

For	110,009,137
Against	2,668,904
Open	5,629,098
Abstain	434,736

Resolution 6

That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the year ended 30 June 2008 be adopted.

For	82,243,316
Against	30,416,671
Open	5,338,070
Abstain	718,784

Resolutions



Resolution 7

That for all purposes under the Corporations Act and the Listing Rules, including Listing Rule 7.4, the issue of 14,085,190 stapled securities to Stockland Retirement Pty Limited on 15 October 2008 be approved.

For	96,235,571
Against	2,160,333
Open	5,495,639
Abstain	765,142
Excluded	14,085,190

QUESTIONS

THANK YOU