



ASX / Media Release

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## FKP Property Group Announces FY13 Results

FKP Property Group (ASX: FKP) ('the Group') today announced its full year results for the year ended 30 June 2013 (FY13). FKP reported an underlying profit of \$39.2m, in line with guidance and slightly below the FY12 result.

The full year statutory result was a \$166.5m loss, solely attributable to the previously announced revaluation adjustments of FKP's non-retirement assets at 30 June 2013.

### Group Financial Results

- Statutory profit/(loss) after tax: (\$166.5m) (FY12: (\$350.3m))
- Underlying profit after tax: \$39.2m (FY12: \$41.3m)
- Net tangible assets per stapled security: \$3.53 (FY12: \$6.33)
- Underlying earnings per stapled security: 13.6cps (FY12: 24.1cps)
- Gearing: 31.5% (FY12: 39.0%)
- Distribution: 1.0cps (FY12: 19.5cps)

FKP's CEO Mr. Geoff Grady said: "The past year has been transformational for FKP. In the year ahead we will continue to divest non-retirement assets as we transition FKP Property Group to Aveo Group – Australia's leading retirement group.

"While market and property conditions continue to be challenging, we achieved 622 retirement unit sales in FY13, up 23% on FY12, representing one of the best sales rates since pre the financial crisis. The level of deposits on hand at 30 June 2013 was the highest in the last five years and provides a solid foundation for FY14.

"With more buoyant sales activity across our retirement portfolio and an accelerated retirement development pipeline, we remain confident about the outlook for our business."

### Retirement

FKP's Retirement business contributed \$24.0m to underlying profit in FY13, down from the \$33.2m recorded in FY12. This reflects the strategic focus on reducing company owned stock held on the balance sheet. A more normalised mix of sales is expected going forward.

The successful sell-down of company owned stock has resulted in an increase in occupancy across the portfolio; now at 95%, from 93% in FY12.

In FY14 the Retirement division will accelerate its development pipeline, initially at Aveo Mingarra, Aveo Durack and Aveo Albany Creek, with a target rate of 200 units to be developed per annum by FY16.

Approximately 82% of the 12,000 residents living within Aveo villages are aged over 75 years old. The Group has set a target to provide care services to 75% of the portfolio in FY14.

As previously announced, no change has been made to the 31 December 2012 valuation of FKP's retirement assets. An independent valuation was completed by Deloitte Touche Tohmatsu at 30 June 2013.

## **Non-Retirement**

The Residential Communities and Apartments division contributed profit of \$30.2m in FY13, up 60% on FY12, driven by the settlement of 121 apartments at the Aerial development in Melbourne and the settlement of 242 lots across the land estates.

Interest levels remain high at The Rochedale Estates in Brisbane. Saltwater Coast was impacted by continued subdued conditions in the Melbourne market. Buyer sentiment is improving with a strong level of pre-sales across all the land estates which are due to settle in FY14.

Construction at the Luxe apartment development in Sydney is on track to be completed in mid-FY14. Ten units remain available for sale. Construction is underway at The Milton in Brisbane with 206 of 303 apartments pre-sold to date. Enquiries and sales rates into FY14 remain strong.

The Commercial and Industrial division contributed \$14.3m of profit in FY13, up 54% on FY12. This was largely driven by the sale of Gasometer 2 and the sale of industrial lots at Industroplex in Mackay.

Gasometer 1 in Brisbane achieved practical completion in July 2013. Almost all of the retail area has been leased, with tenants currently completing fitouts.

## **Capital Management**

The Group continued to deliver on reducing debt levels in FY13. FKP has reduced debt by \$287m from \$972m to \$685m. Group gearing has reduced from 39.0% to 31.5%.

This was a result of:

- Successful entitlement offer in September 2012;
- Settlement of units at Aerial;
- Divestment of \$134m of Property Trust assets; and
- Sale of Gasometer 2 in May 2013.

The Group currently has assets with a value in excess of \$200m in exclusive due diligence. Over the next two months FKP will announce the results of these dealings should they become unconditional.

Over the period to 30 June 2014, FKP has the following major debt facilities expiring:

- \$99.7m of Convertible Notes currently outstanding expiring in January 2016, with a put option investors can exercise in January 2014; and
- \$250m Retirement Facility expiring on 31 March 2014.

With the asset sales noted above plus the current available capacity, FKP believes that it will be able to meet its short-term debt liabilities.

The Board deemed it appropriate to continue to preserve capital and, as announced at FKP's AGM in November 2012, no dividend will be paid from the Company in relation to FY13. However, the Trust is required to pay a distribution, accordingly the Board announced a 1.0cps distribution in June 2013.

Following the recently announced impairments, the reported NTA per stapled security decreased by \$0.45 from \$3.98 at 31 December 2012 to \$3.53 at 30 June 2013.

No dividend from the Company will be paid for FY14. Distributable income as determined by the Directors will be paid from the Trust.

## **Outlook**

The Group will continue to execute its stated strategy and progress to become Australia's leading pure retirement group through divesting non-retirement assets and further enhancing care services across the retirement portfolio. The Group has a target of an 80% asset weighting to retirement by FY16. Proceeds from non-retirement asset sales will be used to reduce gearing and accelerate the retirement development pipeline.

As previously announced, FKP will be rebranded to Aveo Group. The proposed name change will be put to securityholders at the 2013 AGM.

In line with the rationalisation of various fractional interests and holdings over the last 12 months, FKP is exploring further rationalisation to streamline its business.

FKP's FY13 Results presentation will be webcast live from [www.fkp.com.au](http://www.fkp.com.au) at 11.00am (AEST) today.

## **ENDS**

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### **About FKP**

With more than 30 years' experience in the Australian property industry, FKP Property Group (FKP) is one of Australia's leading diversified property and investment companies. FKP successfully operates an integrated business model which includes retirement, property investment and funds management, land development, property development (incorporating residential, retail, industrial and commercial) and construction across Australia and New Zealand. FKP is an ASX Top 200 company.

**Issued by** FKP Property Group (ASX: FKP) comprising FKP Limited ABN 28 010 729 950 and FKP Funds Management Limited ABN 17 089 800 082, AFSL No. 222273 as Responsible Entity for the FKP Property Trust ARSN 099 648 754.  
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