



FULL-YEAR RESULTS

for the 12 months ended

30 June 2006

Presented by Jim Hazel

Managing Director

7 September 2006

Key Messages



“Continued operational improvements”

“Substantial reduction in legacy issues”

“Active participant in industry consolidation across Australasia through PrimeLiving Trust”

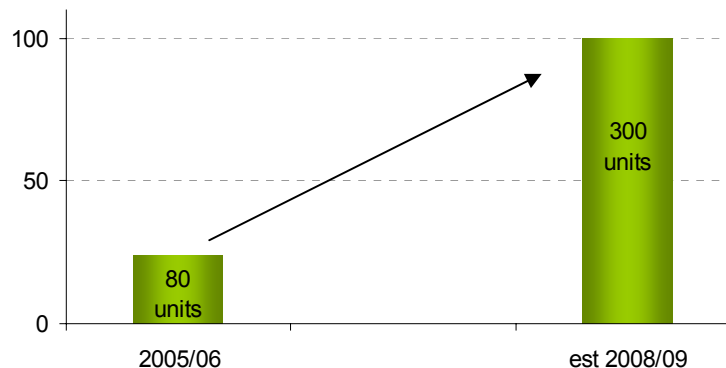
“Clear strategy of ownership and management of retirement villages and aged care facilities”

“Continued Operational Improvements”



Development

- Operating cash flows more balanced – turning positive going forward
- 208 settlements in the full year (80 first time sales of new Primelife stock valued at \$24m)
- Planned build up in inventory in Primelife owned projects
 - at 30 June 2006, 130 units valued at \$35m
- Strategic goal to build to a maintainable pipeline of 300 units per annum



“Continued Operational Improvements”



Retirement Villages

- 38 villages, 6,000 residents under Primelife banner
- EBITDA up 54% to \$18.5m
- DMF cash inflow of \$8.5m for the full year (21% increase)
- Average age of residents 80+ (42% of residents with average length of stay of > 12 years)
- Adoption of Investment Property Accounting under AIFRS
 - Primelife retains ownership of the retirement villages (assets) and recognises an obligation to repay the resident loans (liabilities)
 - recognition of present value of all future DMF entitlements
 - changes to fair value of Investment Property taken to Profit & Loss
 - only applicable to owned properties – accounting for DMFs from sale and leaseback properties remain unchanged

“Continued Operational Improvements”



Aged Care

- 1,000 beds under management
 - proportion of owned beds increasing to 30% by June 2007
- Successful acquisition of facilities on balance sheet as a result of MIS resolutions
 - Montclair (announced 7 July 2005)
 - several acquisitions planned for 2006/2007 – Highwood Court, Avonlea and Lexington
- Run rate of \$6,000 operating profit per bed achieved in June 2006
- Positive restructure of contractual arrangements within sale and leaseback arrangements
- Significant improvement anticipated in 2006/2007
 - improvement in RCS management
 - improvement in staff cost management

“Continued Operational Improvements”



Corporate

- Corporate cost reduced by 32% to \$19.5m
- Significantly over \$13m target due to legal and accounting costs
 - legacy litigation – legal fees of \$5.0m
 - accounting fees in relation to movement to AIFRS
 - provisions against negative MIS outcomes of \$5.5m
- Major reductions expected going forward
 - reduced legal cost once remaining MIS and legacy issues resolved
 - improvements in IT systems and management expected to yield additional cost savings

“Substantial Reduction in Legacy Issues”



Resolution of Managed Investment Schemes

Since 30 June 2005:

- Repurchased Montclair AC
- Renegotiated management agreements in relation to Trevi Court AC, Glen Woodley RV, Vermont RV and Bayside AC as part of sale to third party
- Repurchased Camberwell Green RV
- Repurchased the new Mount Evelyn RV development
- Agreed to repurchase Highwood Court AC, Avonlea AC, Lexington RV & AC and Red Bluff development
- 5 remaining schemes relating to Primelife facilities and developments still to go through winding up process
 - to be finalised by the end of this calendar year

PrimeLiving Trust



Portfolio*	Units	Pipeline	Location	Arrangement
Henry Kendall (3 villages)	932	298	NSW	1% net asset management fee & development management fee
Primecare (5 villages)	941	80	NZ	1% net asset management fee
Allora Gardens & Eaglemount Estate *	336	-	QLD	1% net asset management fee
Port Elliot *	69	131	SA	1% net asset management fee plus development profit share
Annesley & Gibraltar Park*	72	66	NSW	1% net asset management fee plus development profit share

* post 30 June 2006 acquisitions

- Industry consolidation vehicle launched in October 2005 as a strategic partnership with Babcock & Brown and MFS
- Total units under management of 2,350 with 575 to be developed
- Assets under management in excess of \$300m

Primelife – The Developer



Project	Units	Location	Structure	Status
Waterford Park	168	VIC	100% PLF owned	Commenced 2006
Woodlands Park	253	VIC	100% PLF owned	Commenced 2006
Mt Evelyn	121	VIC	100% PLF owned	Commenced 2006
Mt Martha	125	VIC	50:50 joint venture	Commenced 2006
Orden (AC)	105	VIC	PLF Managed	Opened May 2006
Princeton View (AC)	127	VIC	PLF Managed	Commenced 2005/06
Innes Park	150	QLD	BNB/PLF joint venture	To commence 2006/07
Griffith	146	NSW	PLF Owned	Ongoing
HK Coastal Waters	254	NSW	PLT Owned / PLF Managed	Commenced 2005
Gibraltar Park	66	NSW	PLT Owned / PLF Managed	Commencing 2006
Elliot Gardens	198	SA	PLT Owned / PLF Managed	Commenced 2005

Primelife – The Owner



Project	Units	Location	Status
Waterford Valley Lakes	185	VIC	100% sold and occupied. Bought out JV partner in 2005
Camberwell Green	45	VIC	Bought out investment syndicate in 2006
The Beaumont	54	WA	50:50 joint venture
Montclair (AC)	39	VIC	Purchased from syndicate in 2005
New developments			Generally 100% owned

A number of MIS resolutions involve Primelife acquiring full ownership in the coming half year

Primelife – The Manager



Portfolio	Units	Ownership	Arrangement
Sale & leaseback – RV	1,446	Third party Trust	Primelife entitled to DMFs and pays rent
Sale & leaseback – AC	672	Third party Trust	Primelife entitled to operating revenue and bond cash flows and pays rent
Managed facilities – RV & AC	609 / 358	Third parties	Primelife entitled to a profit share from the earnings of the villages and facilities
Managed facilities – RV	2,350	PLT	Primelife entitled to management fees and development fee.

Looking Forward 2007



- Continued improvement in underlying performance of core business
 - focus on project delivery and sales of new developments
 - growth in DMF book
 - reduce operating cost base
- Finalise legacy issues
 - MIS
 - other litigation
- Business growth
 - acquisitions via PrimeLiving Trust
 - development pipeline via Babcock & Brown JV
- Discussions with Babcock & Brown
 - advance discussion for the creation of a Babcock & Brown managed investment vehicle

Financial Results

Investment Property Accounting



A-GAAP – Trading Stock

- a) Sales recognised on a unit basis
- b) Cost of sales recognised on cost per unit
- c) Common infrastructure costs capitalised and depreciated (20 years)
- d) DMFs recognised on a discounted basis over 12 years

A-IFRS – Investment Property (IP)

- a) Total project costs accounted for in WIP
- b) Cost per unit is derived
- c) As units sold – WIP to IP (cost per unit)
- d) Resident loan recognised (sales price)
- e) IP revalued to “sales price” – other income
- f) Residents loan reduced by DMF – straight line
- g) Residents loans increased for share of capital gain
- h) Primelife’s share of capital gain in P&L
- i) Annual valuation adjustment based on NPV of DMF book

Statement of Financial Performance



\$million	2006	2005
Revenue from continuing activities	99.7	89.8
Other income	10.9	1.9
Share of associates profit	4.4	-
Total revenue	<u>115.0</u>	<u>91.7</u>
Expenses	92.3	93.4
EBITDA	22.7	(1.7)
Depreciation and Amortisation	1.3	2.2
Finance costs	<u>14.9</u>	<u>14.6</u>
Profit / (loss) before income tax	6.5	(18.5)
Income tax expense	<u>0.3</u>	<u>19.0</u>
Profit / (loss) for the year	<u>6.2</u>	<u>(37.5)</u>

Summary of Financial Performance



\$million	2006 EBITDA	2005 EBITDA
Business Operations		
Retirement Villages	18.5	12.0
Aged Care	19.0	16.0
Construction and Development	4.7	(0.9)
Corporate	<u>(19.5)</u>	<u>(28.8)</u>
	<u>22.7</u>	<u>(1.7)</u>

- Strong growth in all operating divisions

Cash Flow



\$million	2006	2005
Operating cashflow	(40.9)	(41.7)
Investing	16.0	(9.9)
Financing	21.6	66.5
Net movement for period	(3.3)	14.8

- Operating cash flow result of WIP / stock build up
- First half operating cash outflow – \$33.8m

Statement of Financial Position



\$million	2006	2005
Assets		
Cash	23.0	27.2
Receivables	42.2	64.2
Deferred Management Fees	61.5	57.9
Emerging accommodation bond asset	12.7	18.8
Inventories	33.2	23.4
Investment Property	95.3	78.3
Property, plant and equipment	77.2	68.2
Investments in Associates	11.7	6.9
Deferred tax assets	39.5	31.9
Intangible assets	11.1	9.8
Other	1.4	3.2
	408.8	389.8

- AIFRS - Investment Property Accounting – Waterford / Griffith / Berwick
- PLT in Investment in Associates
- Emerging bond asset decrease due to Cumberland View / Glendale

Statement of Financial Position



\$million	2006	2005
Liabilities		
Resident Loans	78.1	67.7
Payables	21.9	23.5
Accommodation bonds	33.0	52.5
Interest bearing liabilities	116.6	111.7
Deferred revenue	2.1	2.5
Deferred tax liability	48.8	41.0
Provisions	7.9	10.0
	308.4	308.9
Converting Notes (Dec 06)	42.9	60.0
Net Assets	57.5	20.9

- Resident loans / accommodation bonds are classified as current liabilities
- Accommodation bonds decreases due to Cumberland View termination and Glendale renegotiation

Retirement Villages



\$million	2006	2005
Revenue	30.5	19.7
EBITDA	18.5	12.0
Cash Flow		
DMF's cash	8.5	
Other income	3.4	
Payments	(11.7)	
Interest (net)	(0.2)	
Operating cash flow	0.0	

- Share of PLT profit \$4.4m
- Revaluation of Investment Property \$8.4m
- Annual rental payments of \$6.5m
- Village subsidies of \$1.8m

Aged Care



\$million	2006	2005
Revenue	50.9	50.2
EBITDA	19.0	16.0
Cash Flow		
Receipts	39.8	
Payments	(45.9)	
Accommodation Bonds (net)	13.3	
Interest (net)	0.5	
Operating cash flow	<u>7.7</u>	

- Emerging bond asset of \$8.8m
- Cumberland View termination / Glendale renegotiation - \$11.1m profit
- Annual rental payments of \$6.0m
- Operating profit per bed - \$6,000

Construction & Development



\$million	2006	2005
Revenue	27.0	20.1
EBITDA	4.7	(0.9)
Cash Flow		
Receipts	19.2	
Resident loans	12.4	
Payments	(56.0)	
Net interest	(3.2)	
Operating cash flow	(27.6)	
Net debt	16.7	
Primelife operating cash flow	(10.9)	

- Strong build up of stock – new developments only in stage 1

Corporate



\$million	2006	2005
Revenue	6.7	6.2
EBITDA	(19.5)	(28.8)

Includes:

- Aevum profit of \$2.4m
- Legal fees of \$5.0m
- Provisions against negative MIS outcomes of \$5.5m

- Normalised target of \$13m

Questions