

Retirement Villages Group R.E. Limited

ACN 119 974 597
AFS Licence No. 302711

Retirement Villages Australia Limited

ABN 60 119 264 872

RVNZ Investments Limited

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FKP and Macquarie Announce Successful Establishment of the Retirement Villages Group Unlisted Managed Fund

FKP Property Group (FKP) and Macquarie Group Limited (Macquarie) today announced the establishment of the A\$850 million Retirement Villages Group fund (RVG) following a successful equity raising from Australian and international wholesale investors.

RVG, an unlisted investment fund, is the second largest retirement village owner in Australia and New Zealand and holds an estimated 5% market share.

RVG is jointly managed by a specialist management company owned by FKP, Australia's largest retirement village owner and operator, and Macquarie Capital which provides fund and asset management expertise.

RVG has a high quality portfolio of 36 mature villages with over 4,400 units under management¹ and a pipeline of over 550 units to be developed over the next five years. Of the portfolio, 36% of the units are in Australia and are operated by FKP under its 'Aveo – Live Well' brand. The balance of the portfolio is in New Zealand and includes the highly successful Metlifecare. Metlifecare is the largest retirement village operator in New Zealand.

Mr Patrick McClure, Chief Executive Officer of RVG said, "We are delighted to announce the successful establishment of the fund. We have found that the underlying themes in the retirement village sector present a compelling investment opportunity. Our population is aging and we believe this will underpin future demand for retirement villages in both Australia and New Zealand. In addition, we have identified that there is a limited supply of established high quality villages in metropolitan markets.

¹ As at 31 December 2006

None of the entities noted in this document is an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia) and their obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL) or FKP Property Group ABN 28 010 729 950/ARSN 099 648 754 (FKP). Each of FKP and MBL provides a limited \$2.5 million guarantee to the Australian Securities and Investments Commission in respect of Corporations Act obligations of Retirement Villages Group R.E Limited (RVGRE) as a responsible entity of managed investment schemes. Neither FKP nor MBL otherwise guarantees or provides assurance in respect of the obligations of RVGRE or any other entity noted in this document.

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“The fund’s prospects will be underpinned by organic growth in its existing portfolio, the current development pipeline of units and potential acquisition and development opportunities arising through FKP and Macquarie Capital’s expertise in sourcing attractive investment opportunities.

“Our investment objectives are simple. First, provide security holders with exposure to a diversified portfolio of retirement village investments. Second, where appropriate actively participate in industry consolidation and third manage our assets to ensure high quality performance that delivers to both our residents and investors,” Mr McClure said.

Managing Director and CEO of FKP Mr Peter Brown said today, “Macquarie and FKP have been working together on a range of projects since 1993 and this joint venture brings together the unique strengths of both our organisations. FKP and Macquarie’s joint move into funds management is an exciting evolution of our relationship and further strengthens FKP’s funds management platform which now exceeds A\$1.6bn.”

FKP retains 26% and Macquarie a 12% interest in RVG and the parties have committed to holding a minimum stake in the fund of 15% and 5% respectively.

FKP and Macquarie note that this transaction is not expected to be material to either party in the current financial year.

Macquarie and FKP began working together in the retirement villages sector in September 2005.

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