



ASX AND MEDIA RELEASE

25 June 2009

EQUITY RAISING & RENEGOTIATION OF DEBT FACILITIES

FKP Property Group (FKP) today announced a fully underwritten renounceable Entitlement Offer to raise approximately \$324 million. The equity raising complements \$1.1 billion of debt facilities that FKP has re-negotiated.

These initiatives strengthen the FKP balance sheet and liquidity position. They also allow the company to fully focus on the delivery of existing marquee projects and continue to maximise the recurring revenue streams of the retirement portfolio.

Key points include:

- Reduced pro forma balance sheet gearing to 34%
- First material debt maturity due March 2011
- FY 09 operating profit \$75m-\$80m consistent with guidance

Equity Raising

The Entitlement Offer will be in the form of a fully underwritten accelerated renounceable Entitlement Offer under which security holders will be entitled to acquire 2.3 new FKP securities for every 1 security held as at the Record Date, at a price of \$0.40 per new security.

The Entitlement Offer will raise approximately \$324 million with the institutional component comprising approximately \$178 million and the retail component comprising approximately \$146 million. New securities issued under the Entitlement Offer will rank equally with existing quoted securities but will not be entitled to receive the estimated 2009 final distribution of 1.45 cents per security. Any renounced entitlements will be sold via the institutional and retail bookbuilds which will start at a floor price of \$0.40 per security.

Chief Executive Officer Peter Brown said the combined equity raising and debt re-negotiation will allow the company to fully focus its attention on its revenue streams.

“Our retirement assets on our balance sheet together with key projects including Saltwater Coast at Point Cook and Gasworks in Brisbane have the pedigree to deliver long term quality results that will continue to be in demand for years to come,” said Mr Brown.

The Record Date for the Entitlement Offer will be 7pm on Monday 29, June, 2009. Securities purchased by investors and FKP security holders up to and including Tuesday, 23 June, 2009 will be eligible to participate in the Entitlement Offer.

Mulpha, the largest shareholder in FKP currently holding 22.6% of the issued securities in FKP, has committed to take up its full entitlement and also to sub-underwrite up to \$75 million of the Entitlement Offer. Goldman Sachs JBWere is acting as Sole Lead Manager and Underwriter to the Entitlement Offer.

Debt Facilities Renegotiated

FKP has refinanced or restructured approximately \$1.1 billion of debt, about half of which is now not due for three years. FKP has negotiated simpler and more consistent corporate covenants, details of which are provided in the investor presentation. FKP expects to have sufficient headroom under all applicable covenants.

Part of the Entitlement Offer proceeds will be used to repay a portion of outstanding debt as agreed with lenders. Pro forma for the equity raising, balance sheet gearing will be 34% and the first material debt maturity will be in March 2011.¹

Earnings and Distribution Guidance

FY09 operating profit is expected to be in the range of \$75m-\$80m. This is consistent with the February 2009 guidance that H2 09 operating profit would exceed that for H1 09.

Final FY09 operating profit will depend on factors including timing of settlements on several projects, year end composition of the resident base within the retirement portfolio, and final reported earnings of equity-accounted associates.

Expected distribution for H2 09 is 1.45 cents per security, bringing the estimated total distribution for FY09 to 3.45 cents per security.

FKP expects a minimum distribution of 1.0 cent per security for FY10, including new securities issued under this Entitlement Offer. This distribution will again only be based on the earnings of the FKP Property Trust. The FKP Board will review the distribution policy when business conditions improve.

Non-operating items / Impairments

Subject to the completion of the 30 June 2009 audit, non-operating items including asset impairments are expected to be between \$260m and \$280m before tax.

Current estimates are provided below.

| Asset | Estimated Amount (A\$m) |
|------------------------------------------------------------------|--------------------------------|
| Inventory | 72 |
| Retirement investment properties | 65 |
| Trust investment properties | 48 |
| Investments ² | 74 |
| Other items | 9 |
| Total estimated non-operating items before | 268 |
| Total estimated non-operating items after tax³ | 203 |

¹ The extension of these facilities is conditional on a capital raising satisfied by the underwritten proceeds of the Entitlement Offer.

² Including equity-accounted investments

³ The after tax amount is not 70% of the pre-tax because of the impact of the Property Trust assets and some joint venture items, as well as sundries such as options expense.

Energex Update

On 25 February 2009, FKP announced it had entered into a conditional agreement for the sale and development of the Energex building at 33 Breakfast Creek Road, Newstead in Brisbane with the Cromwell Riverpark Trust.

There are a number of conditions precedent to the settlement that have not yet been satisfied. It is not certain whether the sale will be completed and FKP has assumed for liquidity purposes it will not. FKP continues to work with all parties towards satisfying all conditions precedent.

Entitlement Offer Timetable

| | |
|-----------------------------------------------------------------------------------------------------------|---------------------------------------|
| Institutional Entitlement Offer opens | Thu 25 June 2009 (pre market open) |
| Institutional Entitlement Offer closes | Fri 26 June 2009 |
| Securities recommence trading on ASX | Mon 29 June 2009 |
| Record Date to determine entitlements | Mon 29 June 2009 |
| Retail Entitlement Offer opens | Mon 29 June 2009 |
| First close of Retail Entitlement Offer | Thu 9 July 2009 |
| Settlement of Institutional Entitlement Offer (and early applications under the Retail Entitlement Offer) | Tue 14 July 2009 |
| Trading of new securities issued at Institutional Settlement commences | Wed 15 July 2009 |
| Retail Entitlement Offer closes | Fri 17 July 2009 |
| Retail Bookbuild | Thu 23 July 2009 |
| Settlement of Retail Entitlement Offer (excluding early applications) and Retail Bookbuild | Thu 30 July 2009 |
| Trading of new securities issued at Retail Settlement | Tues 4 August 2009 |

Note: Dates and times are indicative only and subject to change. FKP reserves the right to vary the dates and times of the Offer, which includes closing the Offer early, without prior notice. All times and dates refer to Australian Eastern Standard Time (AEST).

Stock Lending and Other Transactions

FKP has been granted a waiver by ASX so that, in determining security holder entitlements of the Entitlement Offer, it may ignore any changes in security holdings that occur after the commencement of the trading halt (other than registration of transactions that were effected through ITS before the halt).

Accordingly, a person who is a registered FKP security holder at the Record Date as a result of a dealing after the commencement of the trading halt (other than registrations of transactions that were effected through ITS before the halt) may not be entitled to receive an entitlement under the Entitlement Offer.

In the event that an FKP security holder has existing FKP securities out on loan at the Record Date, the borrower will be regarded as the security holder for the purposes of determining the entitlement (provided that those borrowed securities have not been on-sold).

For further information:

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FKP

With more than 30 years experience in the Australian property industry, 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.

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