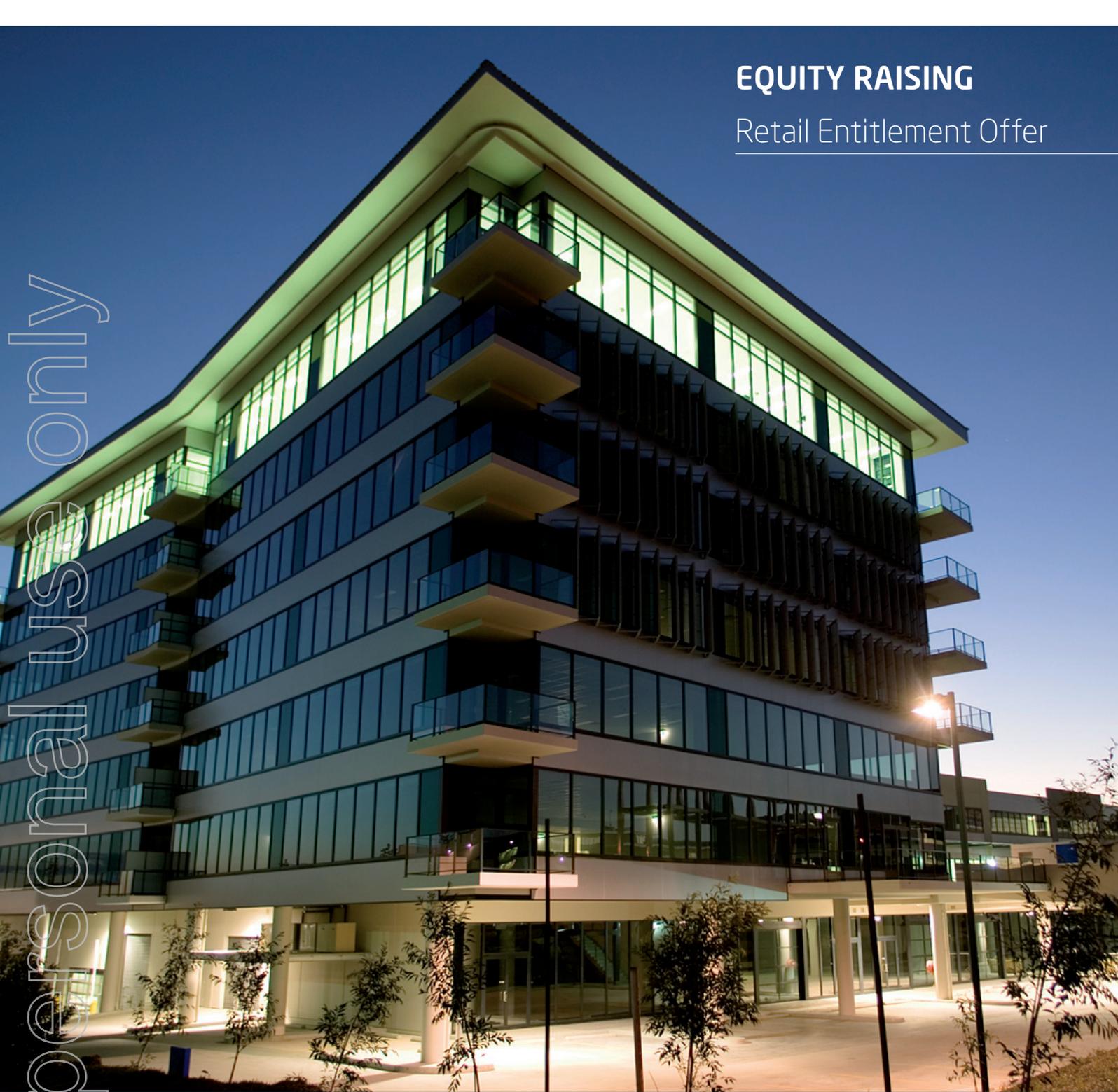


# EQUITY RAISING

Retail Entitlement Offer

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## DETAILS OF A 2.3 FOR 1 RENOUNCEABLE PRO-RATA ENTITLEMENT OFFER OF FKP PROPERTY GROUP ORDINARY STAPLED SECURITIES AT AN OFFER PRICE OF \$0.40 PER NEW STAPLED SECURITY

THIS ENTITLEMENT OFFER CLOSES AT 5PM (AEST) ON 17 JULY 2009 (EARLY APPLICATIONS UNDER THE RETAIL ENTITLEMENT OFFER CLOSE AT 5PM (AEST) ON 9 JULY 2009)

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This is an important document which is accompanied by an Entitlement and Acceptance Form for you to subscribe for new ordinary stapled securities in FKP Property Group. Please read this document carefully and call your professional adviser or the FKP Security Holder Information Line if you have any queries.

FKP Property Group consists of FKP Limited (ACN 010 729 950) and FKP Property Trust (ARSN 099 648 754) of which FKP Funds Management Limited (ACN 089 800 082) is the responsible entity.

Brought to you by...



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# Directory

## **Registered Office**

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Brisbane QLD 4000  
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## **Security Registry**

FKP Security Registry  
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GPO Box 5240  
Brisbane QLD AUSTRALIA 4001

## **Underwriter**

Goldman Sachs JBWere  
Level 48 Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000

## **Australian Legal Adviser**

Freehills  
Level 38 MLC Centre  
19-29 Martin Place  
Sydney NSW 2000

## **Independent Accountants**

PKF Corporate Advisory (East Coast) Pty Limited  
1 Margaret Street  
Sydney NSW 2000

## **Website**

[www.fkp.com.au](http://www.fkp.com.au)

## **FKP Security Holder Information Line**

Australia: 1300 658 814

International: +61 3 9415 4316

Open 8.30am to 5.00pm (AEST) Monday to Friday during the Retail Entitlement Offer period

# About FKP

FKP is a leading Australian property and investment group. Our strategy of diversification and integration has seen us build a comprehensive property portfolio that capitalises on our proven expertise in development, construction, land subdivision, retirement village ownership and management, property investment and asset management.

Over more than thirty years, our portfolio has grown to include mixed use, land, retail, residential, retirement, industrial and commercial that today defines how hundreds of thousands of people come together to live, work, play and invest.

29 June 2009

Dear security holder,

### FKP Equity Raising - Retail Entitlement Offer

On behalf of your Board, I am pleased to invite you to participate in a 2.3 for 1 fully underwritten renounceable pro-rata entitlement offer of FKP Property Group (FKP) ordinary stapled securities (New Stapled Securities) at an offer price of \$0.40 per New Stapled Security (Entitlement Offer). New Stapled Securities issued under the Entitlement Offer will rank equally with existing FKP ordinary stapled securities but will not be entitled to receive the estimated 2009 final distribution of 1.45 cents per stapled security.

The net proceeds of the Entitlement Offer will be used to repay debt, boost liquidity reserves for the business and strengthen the balance sheet.

On 29 June 2009, FKP announced that it had successfully raised approximately \$204 million through the institutional component of the Entitlement Offer (Institutional Entitlement Offer), with very strong response from existing institutional security holders.

This booklet relates to the retail component of the Entitlement Offer (Retail Entitlement Offer), which will raise approximately a further \$120 million. The issue price of \$0.40 per New Security under the Retail Entitlement Offer is the same issue price paid by institutional investors under the Institutional Entitlement Offer, and represents a discount of 48% to the closing price of FKP ordinary stapled securities on 23 June 2009, a discount of 21% to the theoretical ex-rights price and a discount of 67% to pro forma net tangible assets per FKP ordinary stapled security as at 31 December 2008.

The structure of the equity raising is in the form of a pro-rata entitlement offer, providing the opportunity for all eligible security holders to participate.

This booklet contains important information about the Entitlement Offer under the following headings:

- Key Dates for the Retail Entitlement Offer;
- ASX Offer Announcements;
- How to Apply; and
- Important Information.

With this booklet you will also find your personalised Entitlement and Acceptance Form which details your entitlement, to be completed in accordance with the instructions provided on the form and the instructions under the heading 'How to Apply.'

It is important to note that the Retail Entitlement Offer closes at 5pm (AEST) on 17 July 2009, and early applications under the Retail Entitlement Offer close at 5pm (AEST) on 9 July 2009. To participate, you need to ensure that your completed Entitlement and Acceptance Form and your Application Money is received by FKP before this time and date OR you have paid your application monies via BPAY® pursuant to the instructions that are set out on the Entitlement and Acceptance Form. Please refer to the instructions under the heading 'How to Apply' for further information.

Entitlements are renounceable, and security holders who do not take up their entitlements may be able to have those entitlements sold on their behalf through a bookbuild process (Retail Bookbuild) and any proceeds realised over the issue price of \$0.40 per New Stapled Security will be returned to renouncing security holders (for more information, see the information under the heading 'How to Apply'). Entitlements will not be able to be traded on the ASX or privately transferred.

You should consult your stockbroker, accountant or other independent professional adviser to evaluate whether or not to participate in the Retail Entitlement Offer.

For further information regarding the Retail Entitlement Offer, please call the FKP Security Holder Information Line on 1300 658 814 (local call cost from within Australia) or +61 3 9415 4316 (outside Australia) at any time from 8.30am to 5.00pm (AEST) Monday to Friday during the Retail Entitlement Offer period or visit our website at [www.fkp.com.au](http://www.fkp.com.au).

On behalf of the Board of FKP, I invite you to consider this investment opportunity and thank you for your ongoing support of FKP.

Yours sincerely



Seng Huang Lee

Chairman

\*Registered to BPAY Pty Ltd ABN 69 079 137 518

#### NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS.

Forward-looking statements, opinions and estimates provided in this booklet are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

This booklet, and the accompanying ASX Offer Announcements and Entitlement and Acceptance Form do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any 'U.S. person' (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the **Securities Act**)) (U.S. Person). The New Stapled Securities offered in the Entitlement Offer have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons absent registration or in a transaction exempt from or not subject to the registration requirements of the Securities Act.

# Key Dates for the Retail Entitlement Offer

Event	Date
Record Date for the Entitlement Offer	7pm (AEST) 29 June 2009
Retail Entitlement Offer opens	29 June 2009
Early Retail Close Date	5pm (AEST) 9 July 2009
Settlement of the Institutional Entitlement Offer and Retail Entitlement Offer applications received by the Early Retail Close Date	14 July 2009
Normal trading of New Stapled Securities (Institutional Entitlement Offer and early applications under the Retail Entitlement Offer)	15 July 2009
Retail Entitlement Offer closes (Final Retail Close Date)	5pm (AEST) 17 July 2009
Retail Bookbuild	23 July 2009
Settlement of Retail Entitlement Offer (excluding early applications) and Retail Bookbuild	30 July 2009
Final Allotment Date - allotment of New Stapled Securities under the Retail Entitlement Offer	31 July 2009
Normal trading of New Stapled Securities issued under the Retail Entitlement Offer expected to commence on ASX	4 August 2009
Despatch of holding statements and confirmation notices and posting of confirmations on Computershare's Investor Centre	4 August 2009

Note: Dates and times are indicative only and subject to change. All times and dates refer to Australian Eastern Standard Time (AEST).

Applicants are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Retail Entitlement Offer opens. FKP reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws to vary the dates of the Retail Entitlement Offer, including extending the Retail Entitlement Offer or accepting late applications, either generally or in particular cases, without notice. No cooling off rights apply to the Retail Entitlement Offer.

## Enquiries

If you have any questions, please call the FKP Security Holder Information Line on 1300 658 814 (local call cost within Australia) or +61 3 9415 4316 (outside Australia) at any time from 8.30am to 5.00pm (AEST) Monday to Friday during the Retail Entitlement Offer period, or consult your stockbroker, accountant or other independent professional adviser.

Website: [www.fkp.com.au](http://www.fkp.com.au)

# ASX Offer Announcements

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.<sup>1</sup>

### **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.

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

# ASX Offer Announcements continued

## 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 <sup>2</sup>	74
Other items	9
<b>Total estimated non-operating items before tax</b>	<b>268</b>
<b>Total estimated non-operating items after tax<sup>3</sup></b>	<b>203</b>

## 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 commences	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).

<sup>2</sup> Including equity-accounted investments

<sup>3</sup> 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.

### 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:

Katherine O'Regan, General Manager, Corporate Communications (m) 0419 411 801

Shalome Mielewska, Investor Relations Manager (m) 0404 811 847

### 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.

**Issued by FKP Limited ABN 28010729950 [www.fkp.com.au](http://www.fkp.com.au)**

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This announcement contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Any forecast or other forward looking statement contained in this announcement are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. While due care and attention have been used in the preparation of forecast information, such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of FKP, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. You are cautioned not to place undue reliance on forward looking statements.

# ASX Offer Announcements



## Equity Raising Presentation

25 June 2009

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The performance of an investment in FKP is not guaranteed by FKP, any of its related bodies corporate or any other person or organisation. An investment in FKP is subject to investment risk including possible loss of income and principal invested. Please see Appendix 3 of this presentation for further details.

This presentation contains certain "forward-looking statements." The words "expect", "should", "could", "may", "predict", "outlook", "guidance", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of FKP and its officers, employees, agents and advisers, that may cause actual results to differ materially from those predicted or implied by any forward-looking statements. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements.

The historical information in this presentation is, or is based upon, information that has been released to the market. For further information, please see past announcements released to the Australian Securities Exchange including the Half Year Report for the period ended 31 December 2008 announced to the market on 26 February 2009.

All dollar values are in Australian dollars (A\$) and financial data is presented as at 31 December 2008 unless otherwise stated. The pro-forma historical financial information included in this presentation does not purport to comply with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

No action has been taken to register securities of FKP or otherwise permit a public offering of the securities in any jurisdiction outside of Australia and New Zealand. This presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any "U.S. person" (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (Securities Act)). Securities may not be offered or sold in the United States absent registration or an exemption from registration. The securities to be offered and sold in the offer have not been and will not be registered under the Securities Act, or under the securities laws of any state or other jurisdiction of the United States.

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## Executive summary

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- FKP Property Group (“FKP”) is undertaking a fully underwritten accelerated renounceable entitlement offer (the “Offer”) to raise approximately \$324 million
- The raising follows agreement being reached for the extension or repayment of all banking facilities due in July – September 2009<sup>1</sup>
- The net proceeds of the Offer will be used to repay debt and boost liquidity reserves for the business
  - Strengthens balance sheet by reducing pro forma balance sheet gearing to 34%<sup>2</sup>
  - No material debt maturities until March 2011

<sup>1</sup> The extension of these facilities (and revision to covenants described on slide 9) is conditional on a capital raising satisfied by the underwritten proceeds of the Offer

<sup>2</sup> Balance sheet gearing figure reflects net bank debt relative to assets (net of cash)



# Why invest in FKP?

- Opportunity to invest in FKP at an attractive valuation
  - Offer represents 67% discount to pro forma NTA 31 December 2008
- Strong base of recurring earnings
  - Stability and growth associated with a mature retirement portfolio of over 6,200 units
  - Passive income from FKP Property Trust investments
- Leveraged to economic recovery through exposure to development and land projects
  - Point Cook (Saltwater Coast) land development expected to begin generating revenue in FY10
  - Seeking to enhance value on a number of major urban renewal sites through revised development approvals



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## Recent capital management initiatives

### Operating

- FKP has reduced cash operating costs by approximately 25%<sup>1</sup> over the last six months
- Deferred commencement of new development unless specific funding can be sourced and high level of earnings certainty (eg. Point Cook)

### Investing

- Participation in December 2008 RVG capital raising being funded from medium-term asset management contract revenues
- Suspended discretionary retirement buy-back program

### Financing

- Extended maturities or restructured approximately \$1.1 billion of debt facilities
- Restructured and simplified debt covenants
- Current dividend policy to only pay distributions out of FKP Property Trust

<sup>1</sup> Annualised basis



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## Restructure of existing bank facilities

- FKP has successfully restructured / renewed its key banking facilities

Cash Banking Facilities	Facility Limit	Maturity
<b>FKP Limited Facilities</b>		
Currumbin Acquisition	\$36m	Nov-09
Forest Place Group	\$12m	Dec-09
Retirement Syndicate	\$375m	Mar-11
Development MOF	\$320m <sup>1</sup>	Dec-09 – Jul-12 <sup>2</sup>
Willow Acquisition and Development	\$150m	Jun-12
<b>FKP Property Trust Facilities</b>		
Peregian Springs Shopping Centre	\$14m	Dec-11
General Trust	\$173m	Jun-12 <sup>3</sup>
<b>Total Cash Banking Facilities<sup>4</sup></b>	<b>\$1,080m</b>	

<sup>1</sup> The lender also provides \$45m of bank guarantee facilities comprising a general \$25m bank guarantee facility plus a specific \$20m Energex building bank guarantee facility

<sup>2</sup> The Development MOF facility amortises incrementally across a 3 year period. Mandated step downs comprise \$10m in December 2009, \$10m in June 2010, \$60m in July 2011 and \$15m in December 2011. The core \$225m portion matures in July 2012

<sup>3</sup> The Property Trust has agreed to use best efforts to repay an additional \$50m of debt by 31 December 2009 through asset sales. If at least \$35m is not repaid, pricing on the facility increases by 1% from that date

<sup>4</sup> Excludes \$30m advance from Mulpha FKP joint venture



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# Bank covenants

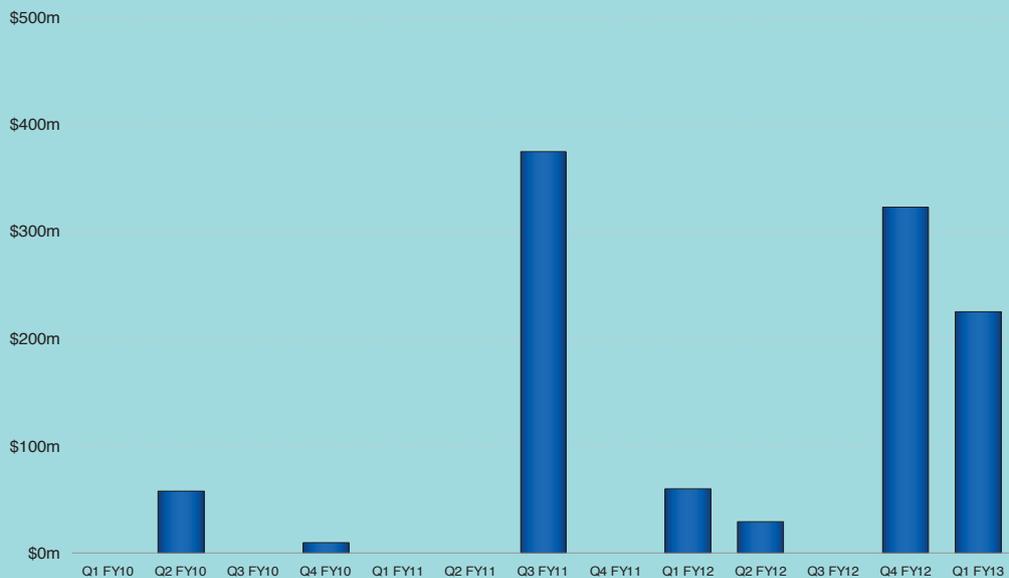
- The refinancing has also allowed simplification and greater consistency in corporate covenants
- Three key ongoing financial covenants will be measured at corporate level
  - Covenant gearing = total liabilities / total tangible assets maximum of 55%<sup>1</sup>
  - Interest cover to exceed<sup>2</sup>
    - 1.5x (12 months to June 2010)
    - 1.75x (12 months to December 2010)
    - 2.0x (six monthly thereafter)
  - Total net tangible assets to be not less than \$1.0 billion
  - No corporate ICR test applied at June 2009 under any facility
- Facility specific covenants also exist within the retirement syndicate (1.2x cash cover covenant) and General Trust facility (1.3x cash cover covenant for FY10, increasing to 1.4x and 1.5x in the two financial years thereafter). Maximum LVR of 60% under both facilities
  - These covenants have not changed and FKP remains in compliance with them
- Management expects FKP to have sufficient headroom under all of these covenants

<sup>1</sup> Adjusted Total Liabilities (total liabilities less resident loans less deferred tax liabilities) divided by adjusted Total Tangible Assets (total assets less intangibles less resident loans less deferred tax liabilities)  
<sup>2</sup> Measured as the ratio of (i) operating EBITDA adjusted for the net change in fair value of retirements/other investment properties and resident obligations and less write-down of current inventory to (ii) profit and loss interest expense excluding certain one-off fees/payments to lenders



# Bank debt maturity profile

- No material debt maturities until the Retirement Syndicate facility in March 2011



## Future debt maturities

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- Facilities relating to the Currumbin acquisition (\$36m) and Forest Place Group (\$12m) are due for refinancing in November and December 2009 respectively
  - Currumbin is expected to be extended with the facility limit being a function of security valuation
  - Forest Place Group has minimal gearing
- Liquidity position post raising allows sufficient headroom to repay these facilities if necessary and to meet mandatory amortisation within the development facility
- First material maturity is the retirement syndicate facility (\$375m) in March 2011



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## Funding adequacy

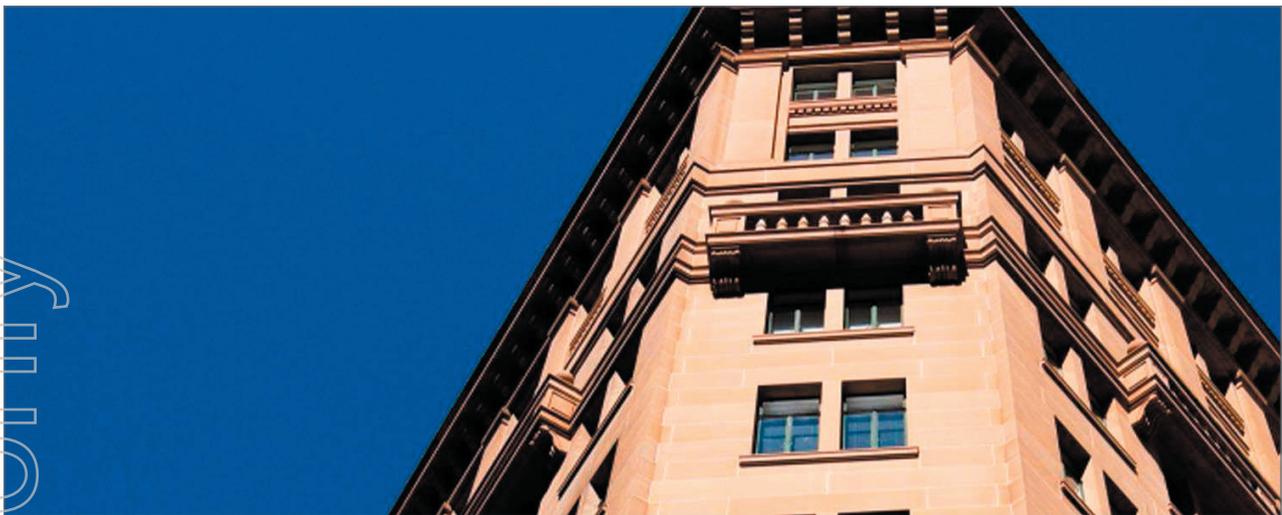
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- The refinancing and equity raising combine to provide sufficient funding capacity to deliver on all committed expenditure over the next two years
- The largest commitments within the Development and Land Divisions are the Energex building and the initial stages of the Point Cook project
- Projects such as Newstead (other than the Energex building), Milton, Camberwell and Rochedale are in approval phase (in some cases revised approvals) and no material expenditure is committed



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## Distributions

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- Estimated distribution for the FY09 of 3.45 cents per security
  - the expected distribution for 2H09 is 1.45 cents per security
- The securities to be issued under this Offer will not be eligible for the 2H09 distribution
- Management expects minimum DPS for FY10 of 1.0 cent<sup>1</sup>
- DPS estimate based on distribution of earnings from the FKP Property Trust only: no dividend from FKP Limited is included in this estimate
- The current distribution policy will be reviewed as business conditions and the credit climate improves
- Non-underwritten DRP to operate for the 2H09 distribution at a 2.5% discount

<sup>1</sup> Based on existing number of securities plus new stapled securities to be issued under the underwritten portion of the Offer



## Divisional FY09 operating review

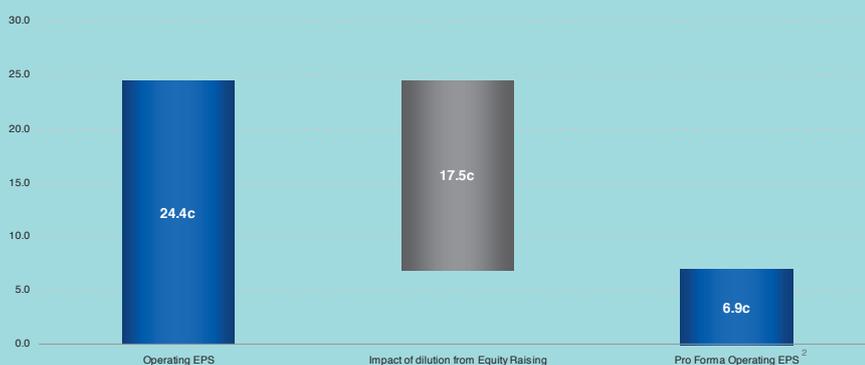
- Strong pick up in deposits across retirement portfolio observed in last three months
- Retirement village average unit price growth of 6% p.a. achieved in FY09
- Despite weak economic conditions and operating environment, key milestones achieved in the land and development divisions
  - Finalisation of approvals at Point Cook with substantial pre sales generated
  - Successful launch and first settlements achieved at Ridges Peregrin Springs
  - Construction of SL8 development completed with over 85% of the project contracted to be settled in June 2009
  - Completion and sale of TAC building in Geelong
  - Construction of Energex building progressing on schedule
- Rationalisation of Property Trust portfolio with sale of retail assets at Colmslie and Ferny Grove
- Successful capital raising achieved by the RVG managed fund



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## Operating earnings guidance

- Operating profit for FY09 is expected to be within the range of \$75m-\$80m<sup>1</sup>
- Final figure will depend upon timing of settlements across several projects, the year end composition of the resident base within the retirement portfolio, and final reported earnings of equity-accounted associates
- Excludes any contribution from sale of Energex building
- Even assuming no contribution from Energex, the result is consistent with guidance in February 2009 that second half operating profits would exceed those of the first half



<sup>1</sup> \$77.5m has been used as a midpoint of the range for illustration purposes

<sup>2</sup> For illustrative purposes assumes full year impact of additional securities to be issued under the Offer without any corresponding benefit to earnings



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# Non-operating items

- Subject to audit, the anticipated non-operating items for the second half of the financial year ending 30 June 2009 are expected to result in an overall charge to statutory profit of between \$260m and \$280m prior to tax
- This figure relates largely to impairments of assets, plus a relatively minor amount of non-operating expenses (collectively referred to as “non-operating items” in this presentation) and the current estimates are set out below

Asset	Amount (\$ million)	Description
Inventory	72	Assessed impairment of development and land projects based on DCF of updated feasibilities
Retirement investment properties	65	See details on slide 18
Trust investment properties	48	FKP Property Trust assets (updated valuation or 50bps movement)
Investments <sup>1</sup>	74	Predominately interests in RVG and Norwest JV
Other items	9	Other non-operating items including hedging, options expensing
<b>Total Estimated Non-Operating Items</b>	<b>268</b>	
<b>After Tax<sup>2</sup></b>	<b>203</b>	

<sup>1</sup> Certain of these figures relate to equity-accounted investments held by FKP. In such cases, FKP is bound by the accounting determinations of third parties which FKP does not control. The estimated impairment charges are based on known information and the best estimates available as at the date of this presentation

<sup>2</sup> The after tax 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



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# Valuation parameters for retirement portfolio

- Based on the estimated impairment, the book value of the consolidated retirement annuity streams at 30 June 2009 would be approximately \$975m (\$1,006m at 30 June 2008)
- The three most significant variables in retirement portfolio valuations are discount rate, projected unit price growth and tenure assumptions

### Discount Rate

- Discount rate eased 50 bps to 12.5%, following 50bps easing in December 2008

### Projected Unit Price Growth

- Projected growth in market price of units of 5% p.a., compared with long term historical growth of 6% p.a. achieved since inception, including 6% p.a. growth in FY09

### Turnover

- Tenure assumption of 9 years (ILUs) / 4 years (SAs) for next generation of residents, which together with specific projections for existing residents, implies average tenure over the valuation model prediction period of 11.4 years (ILUs) / 5.4 years (SAs)



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# Recent non-operating items and NTA

- Pro Forma<sup>1</sup> Net Tangible Assets per security (NTA) before giving effect to the Offer decreases to \$3.08 as a result of the estimated non-operating items (the positive impact of 2H09 operating profit net of distributions is ignored for this purpose)



<sup>1</sup> Unless the context requires otherwise, "pro forma" in this presentation means pro forma based on FKP's 31 December 2008 balance sheet, as adjusted for receipt of the net proceeds of the Offer and the booking of the non-operating items described in slide 17 and does not take into account the proceeds of the asset sales in 2H09



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## Offer overview

- FKP has announced an equity raising to raise approximately \$324 million to repay debt and boost liquidity reserves for the business
- FKP's equity raising will comprise:
  - A **2.3 for 1** Accelerated Renounceable Entitlement Offer to raise approximately **\$324 million**
  - The equity raising is fully underwritten
- Offer price of **\$0.40** per security
- Renounced institutional entitlements will be sold via the institutional bookbuild which will start at a floor price of **\$0.40** per security
- New securities issued under the Offer will rank equally with existing FKP securities but will not be entitled to receive the FY09 final distribution of 1.45 cents per security
- Goldman Sachs JBWere is Sole Lead Manager and Underwriter to the Offer
- Mulpha, FKP's largest securityholder with 22.6%, has shown its strong support for the Offer<sup>1</sup>
  - Mulpha has committed to take up its full entitlement under the Offer (approximately \$73 million) and to sub-underwrite \$75 million of the Offer in addition to its entitlement
  - Mulpha's investment subject to FIRB approval

<sup>1</sup> See Appendix 6 - Potential control implications



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## Offer details

- Offer is an accelerated renounceable entitlement offer to raise approximately **\$324 million**
  - **2.3** new securities for every **1** security held at a price of **\$0.40** per security
  - Institutional entitlement offer to raise approximately **\$178 million**
  - Retail entitlement offer to raise approximately **\$146 million**
- Offer to registered FKP securityholders as at the Record Date (**7pm 29 June 2009**)
- Eligible Securityholders may choose to accept their pro rata entitlement or renounce
  - If renounced, the entitlement will be sold through a bookbuild process and any proceeds realised in excess of the entitlement offer price will be returned to renouncing securityholders
- Some securityholders resident outside Australia and New Zealand are not eligible to participate in the Offer due to securities law restrictions on the offer of FKP securities in certain jurisdictions ("**Ineligible Securityholders**")
  - The securities that these Ineligible Securityholders would have been entitled to take up had they been eligible to participate in the Offer will be sold in the institutional bookbuild

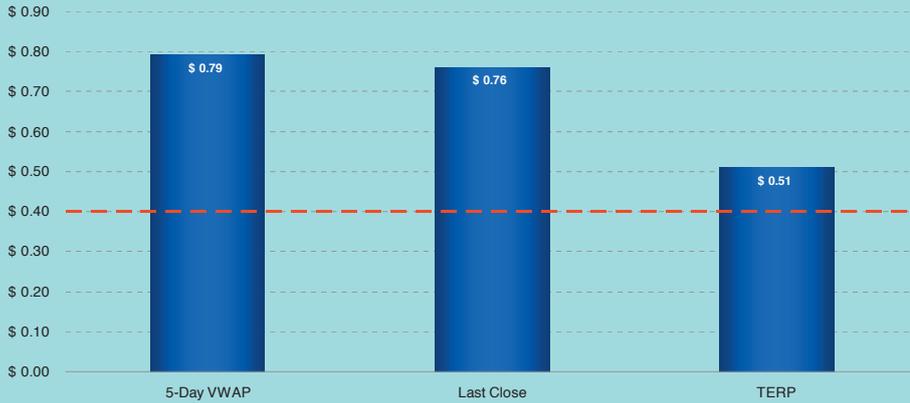
Note: There is no guarantee that the institutional bookbuild or retail bookbuild will price above the Offer Price and to the extent it does not renouncing securityholders will receive no value for their renounced entitlements and have their holding in FKP diluted



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# Attractive offer price discount

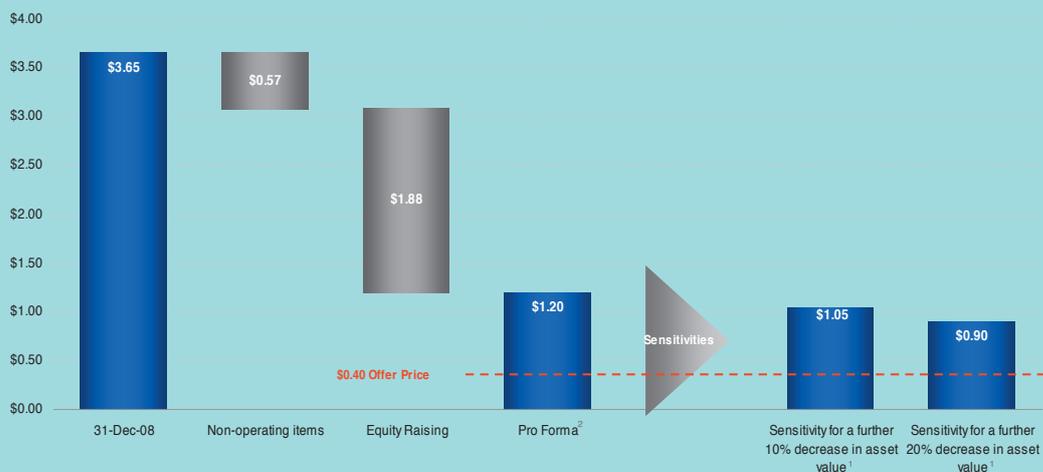
- Offer price of \$0.40 represents a significant discount
  - 47.4 % discount to last close
  - 49.4% discount to 5 day VWAP
  - 21.4% discount to Theoretical Ex-Rights Price (“TERP”)



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# Deep discount to NTA

- Pro Forma Net Tangible Asset per Security (NTA) is \$1.20
- The Offer price of \$0.40 represents 67% discount to Pro Forma NTA



<sup>1</sup> Assets sensitised include inventories, trust investment properties, and net retirement investment properties and investments  
<sup>2</sup> The Pro Forma does not take into account asset sales during the period

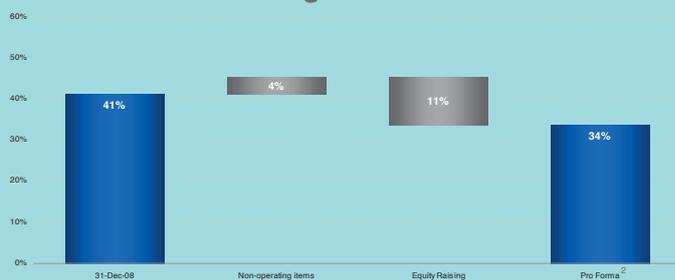


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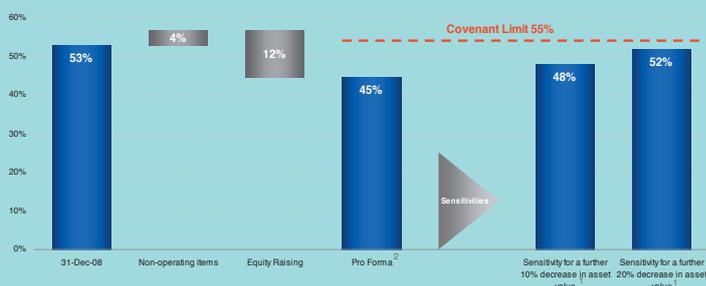
# Impact on gearing

## Balance Sheet Gearing



- Pro forma balance sheet gearing reduces to 34%

## Covenant Gearing



- Pro forma covenant gearing reduces to 45% post raising
- FKP has sufficient gearing headroom as highlighted by the sensitivities

<sup>1</sup> Assets sensitised include inventories, trust investment properties, and net retirement investment properties and investments  
<sup>2</sup> The Pro Forma does not take into account asset sales during the period

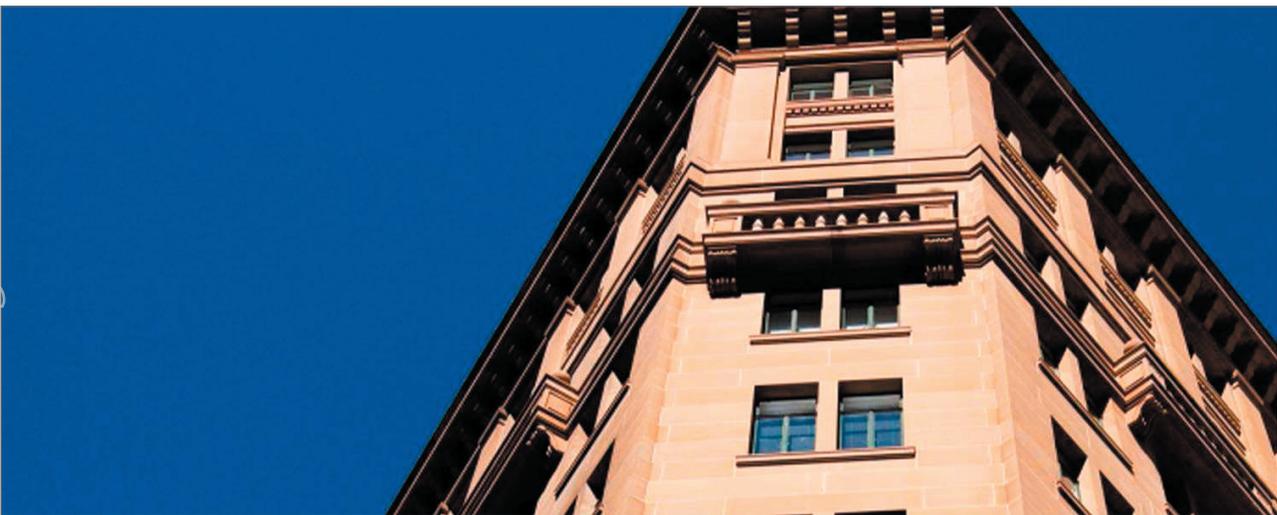


# Timetable

Summary of Key Dates	
Institutional Entitlement Offer	Thursday 25 June 2009
Institutional Bookbuild	Friday 26 June 2009
Securities recommence trading on ASX	Monday 29 June 2009
Record Date to determine entitlements	7pm Monday 29 June 2009
Retail Entitlement Offer opens	Monday 29 June 2009
First close of Retail Entitlement Offer	Thursday 9 July 2009
Settlement of Institutional Offer (and early applications under the Retail Entitlement Offer)	Tuesday 14 July 2009
Trading of new securities issued at Institutional Settlement commences	Wednesday 15 July 2009
Retail Entitlement Offer closes	Friday 17 Jul 2009
Retail Bookbuild	Thursday 23 July 2009
Settlement of Retail Entitlement Offer (excluding early applications) and Retail Bookbuild	Thursday 30 July 2009
Retail Offer Allotment	Friday 31 July 2009
Trading of new securities issued at Retail Settlement commences	Tuesday 4 August 2009

All times refer to Australian Eastern Standard Time. These dates are indicative only. FKP reserves the right to vary the dates and times of the Offer, which includes closing the Offer early, without prior notice





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## High quality assets and operating platform

Retirement	Land	Development and Construction	Investment & Funds Management
 <p><i>Market leading diversified portfolio in Australia with over 30 years of operating history</i></p>	 <p><i>Portfolio of large scale master planned community developments in key urban growth corridors</i></p>	 <p><i>End-to-end property development capabilities spanning residential, commercial, industrial, retail and retirement</i></p>	 <p><i>Quality income stream provided from Property Trust assets and other investments and provision of funds management services to predominantly wholesale investors</i></p>

### Highlights

- |  |  |   |   |
|--|--|---|---|
| <ul style="list-style-type: none"> <li>• Leading retirement brand – “Aveo – Live Well”</li> <li>• Portfolio of 45 owned retirement villages (more than 6,200 units) <sup>(1)</sup></li> <li>• Manages additional 35 villages for Retirement Villages Group (RVG) (nearly 4,000 units)</li> <li>• Pipeline for further development</li> </ul> | <ul style="list-style-type: none"> <li>• ~5,800 land lots remaining</li> <li>• Sites located in attractive and diversified growth corridor</li> <li>• Point Cook expected to commence in FY10</li> </ul> | <ul style="list-style-type: none"> <li>• Diversified across sectors and geographies</li> <li>• Long track record of successful delivery</li> <li>• Prominent urban renewal sites in Brisbane and Melbourne</li> </ul> | <ul style="list-style-type: none"> <li>• \$2.0bn funds under management</li> <li>• Joint fund manager of RVG, largest retirement fund in the combined Australia and NZ market</li> <li>• 12 properties in FKP Property Trust with WACR of 8.1% at Jun 09</li> <li>• Investments in RVG, Core Plus Funds and US Retirement Joint Venture with Macquarie</li> </ul> |
|--|--|---|---|

<sup>1</sup> If FKP wishes to dispose of certain of its Australian retirement village interests Stockland has a right of first refusal

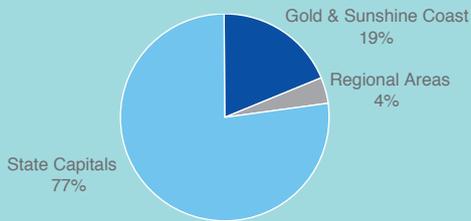


# Retirement

## Prime locations have allowed sustained long-term growth since inception of villages

FKP's retirement village portfolio is distinguished by its geographical presence in strong growth states (emphasis on Queensland and South Australia) and concentration in capital city locations

Location of Villages



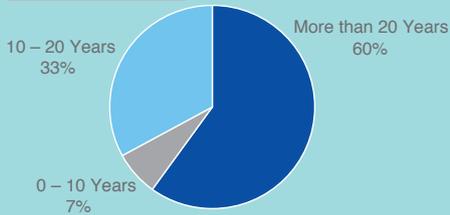
Historical CAGR by State<sup>1</sup>



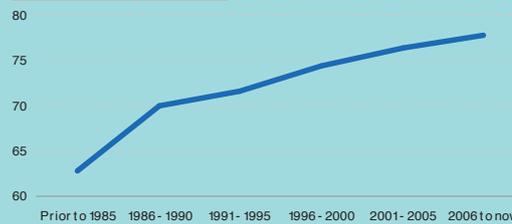
## Over 90% of FKP's retirement villages are more than 10 years old

Portfolio is mature, and average resident entry age has trended higher over time

Age of Villages



Average Entry Age



<sup>1</sup> QLD, SA and NSW based on a large sample size (>1,000 units), Victoria and Tasmania have a smaller sample size (<500 units)



# Land

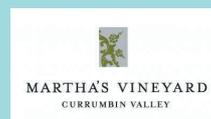
- Demonstrated track record of success at Peregian Springs/The Ridges estate over the last decade with over 1,000 lots sold to date and a pipeline of approximately 1,500 lots over the next decade
- Geographic diversity to be enhanced by the commencement of Point Cook in FY10
- Point Cook already received strong buyer interest with 80% of the first release of 200+ lots under unconditional contracts
- Development approvals are being advanced at Rochedale and Currumbin. These provide further long term opportunity for value creation into a recovering market



Peregian Springs, Sunshine Coast



Peregian Springs, Sunshine Coast



Currumbin, Gold Coast



Point Cook, Melbourne



Rochedale, Brisbane



# Development / Construction

- Diverse range of projects spanning the retail, commercial, industrial, retirement and residential property sectors
- Mixed use nature of several large urban renewal developments provides flexibility around project schemes to maximise value
- Three largest projects are being reconfigured to focus on strategic market segments



Newstead, Brisbane



Milton, Brisbane



Camberwell, Melbourne



- Revised FKP masterplan recently received preliminary approval increasing the overall density by 85% to 185,000m<sup>2</sup>
- Enhanced project scheme adjoining railway
- New development approval application expected to be lodged shortly
- Seeking to enhance existing approval through increased residential focus
- Improvements to design submission lodged with planning authorities



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# Funds Management

- FKP Core Plus Funds have continued focus on value adding and repositioning of assets for sale
- Successful sale of Coronation Drive building from Core Plus Fund in May 09
- RVG is the largest retirement village fund in the combined Australia and NZ market
- Strong metropolitan weighting and maturity a feature of the RVG portfolio

Summary of Funds Under Management		
Fund	FUM <sup>1</sup>	Manager Ownership
FKP Property Trust	\$0.4b	100%
FKP Core Plus Fund	\$0.2b	100%
FKP Core Plus Fund Two	\$0.4b	100%
Retirement Villages Group	\$1.0b	50%

<sup>1</sup> Of the \$2.0bn in funds under management (FUM), there is \$1.7bn of assets under management (AUM) with \$0.3bn of undrawn acquisition capacity with management fees calculated only on assets under management. These are forecasts to FY09



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# Trust and Investments

- Property Trust portfolio well diversified by both geography and sector
- Successful completion of Browns Plains Bulky Goods and Town Centre in FY09
- RVG de-leveraged following successful capital raising and refinancing in late 2008
- US Senior Living investment performing satisfactorily in difficult US climate, and has not required any base currency impairment charge

Portfolio Investments	Holding	Book Value (\$m)
FKP Property Trust	100%	376 <sup>1</sup>
Retirement Villages Group	16%	109 <sup>1</sup>
US Senior Living Group	50%	30 <sup>2</sup>
FKP Core Plus Fund	15%	17 <sup>1</sup>
FKP Core Plus Fund Two	28%	11 <sup>1</sup>
<b>Total</b>		<b>543</b>

FKP Property Trust Diversification<sup>3</sup>



<sup>1</sup> Post anticipated 2H09 non-operating items

<sup>2</sup> Assumes exchange rate of A\$ = US\$0.80

<sup>3</sup> By asset value after estimated non-operating items



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# Key risks summary

## FKP / sector risks

- Development and planning risk
- Property investment risk
- Retirement market conditions
- Refinancing risk
- Impact of financing covenants
- Earnings, impairment and capital expenditure expectations
- Market condition risk
- Investment risk
- Documentation and completion risk
- Asset value decline risk

## General risks

- Market price risk
- Counterparty/credit risk
- Inflation, interest rates
- Environment risk
- Employees and OH&S
- Regulatory, tax and accounting
- Changes to tax legislation

Further details on each of the key risks are set out in Appendix 3



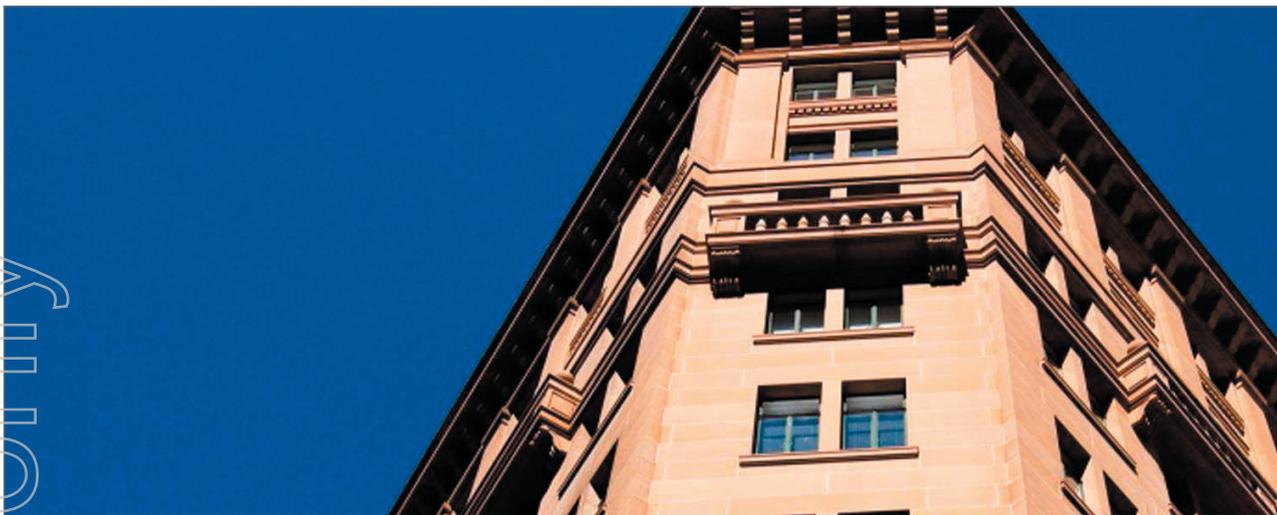
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### Appendices

1. Company Overview
2. Pro Forma Balance Sheet
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4. Foreign Selling Restrictions
5. Stock Lending and Other Transactions
6. Potential Control Implications



## Company overview

Appendix 1

---

- FKP is a leading Australian property and investment group
- The FKP strategy of diversification and integration has seen it build a comprehensive property portfolio
- The business capitalises on its proven expertise in development, construction, land subdivision, retirement village ownership and management, property investment and asset management
- Over more than thirty years the portfolio has grown to include mixed use, land, retail, residential, retirement, industrial and commercial, that today defines how hundreds of thousands of people come together to live, work, play and invest



# Company overview

Appendix 1 (continued)

## Retirement

- Leader in Australian retirement village market
- Eighty villages<sup>1</sup> in prime locations
- Ability to leverage FKP development and construction capability to effectively manage village stock quality

## Investment and Funds Management

- Manager of unlisted property funds specialising in core and value-add property assets
- Direct ownership and joint ventures across commercial, retail and retirement sectors
- Ability to leverage FKP development and construction capability



■ Retirement ■ Investment and Funds Management

<sup>1</sup> 35 villages managed for third parties



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# Company overview

Appendix 1 (continued)

## Development and Construction

- A well positioned development pipeline diversified across sectors and geographies
- An experienced integrated construction capability that delivers on targeted projects in the development and retirement portfolios

## Land

- Specialist expertise in creating master planned communities
- Strategically placed land estates that provide a pipeline for future growth



■ Development ■ Land



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# Pro Forma Balance Sheet

Appendix 2

\$ millions	Actual 31-Dec-08	Non-Operating <sup>1</sup> Items	Equity Raising \$324m	Pro Forma Underwritten
Cash	18	-	-	18
Receivables	140	(23)	-	117
Investment properties	2,564	(112)	-	2,452
Inventories	772	(72)	-	700
Property, plant and equipment	130	-	-	130
Equity-accounted investments	384	(69)	-	315
Other assets	32	(1)	-	31
<b>Total Assets</b>	<b>4,040</b>	<b>(277)</b>	<b>-</b>	<b>3,763</b>
Borrowings	1,253	-	(309)	944
Resident loans	1,105	-	-	1,105
Deferred tax liabilities	200	(65)	-	135
Other liabilities	194	(12)	-	182
<b>Total Liabilities</b>	<b>2,752</b>	<b>(77)</b>	<b>(309)</b>	<b>2,366</b>
<b>Net Assets</b>	<b>1,288</b>	<b>(200)<sup>4</sup></b>	<b>309</b>	<b>1,397</b>
Stapled securities on issue (millions)	351	-	810	1,162 <sup>3</sup>
NTA per stapled security (\$)	\$3.65	\$(0.57)	\$(1.88)	\$1.20
Covenant gearing (%) <sup>2</sup>	53%	4%	(12%)	45%
Balance Sheet Gearing (%)	41%	4%	(11%)	34%

<sup>1</sup> Non-operating items relate to adjustments to the value of investment properties, land and development inventories and investments

<sup>2</sup> Adjusted Total Liabilities (total liabilities less resident loans less deferred tax liabilities) divided by adjusted Total Tangible Assets (total assets less intangibles less resident loans less deferred tax liabilities)

<sup>3</sup> Includes 1.0m in securities issued under the Distribution Reinvestment Plan in April 2009

<sup>4</sup> Options expense of \$2.4m included in non-operating items on slide 17 is an adjustment of the Reserve balance

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# Key investment risks

Appendix 3

This section identifies some of the key investment risk associated with an investment in FKP. The risk highlighted in this section are not exhaustive. Before investing in FKP, you should consider carefully the risks described here, together with all other information in this presentation and publicly available information, and consult your professional adviser.

If any of the following risks materialise, FKP's business, financial condition and operational results are likely to suffer. In this case, the trading price of FKP's securities may fall and you may lose all or part of your investment, and/or the distributable income of FKP may be lower than expected or zero, with distributions being reduced or being cut to zero.

## FKP / sector risks

### Development and planning risks

As part of its property development and land development business FKP identifies, analyses and invests in property development and land projects. Generally, property development and land projects have a number of risks including:

- the risk that planning consents and regulatory approvals are not obtained or, if obtained, are received later than expected, or are not properly adhered to;
- development costs escalating beyond those originally anticipated;
- project delays due to factors beyond the control of FKP;
- expected sales prices or timing on expected sales are not achieved;
- a contractor or sub-contractor not performing their role or breaching their contract; and
- competing property development projects adversely affecting the overall return achieved by any property development projects undertaken by FKP, because they provide competitive alternatives for potential purchasers and lessees

A sustained downturn in the commercial, retail, industrial and/ or residential property markets due to further deterioration in the economic climate could result in reduced development profits through reduced selling prices or delays in achieving sales.

Increases in supply or falls in demand in any of the sectors of the property market in which FKP operates or invests could influence the acquisition of sites, the timing and value of FKP sales and carrying value of projects.

Market sentiment can impact the willingness of FKP clients to buy properties. The impact can be more pronounced in the short term, affecting for example, project enquiry levels or rates of sale, as compared to medium-term factors such as the likelihood of oversupply or undersupply of various market segments. Although project rates of sale may not have a significant influence on the profitability of individual projects in the medium/long term, a decline in market sentiment which reduces rates of sale could adversely influence the amount of profit that can be brought to account in a particular financial period.

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# Key investment risks

## Appendix 3 (continued)

### Property investment risk

Factors affecting investment property values include capitalisation and discount rates, growth outlooks, supply and demand, economic factors, environmental issues, native title claims, land resumptions and major infrastructure developments.

Changes in market conditions for investment properties may impact FKP assets held for investment, including vacancy rates, rental rates, incentive levels, and tenant default, potentially adversely affecting FKP's ability to achieve sales or reducing the income and carrying value of FKP assets.

### Retirement market conditions

FKP's earnings and cash flows from DMF and capital gains are affected by movements in the underlying prices of the retirement village units. Retirement village pricing is generally correlated with residential housing. A reduction in market prices for residential housing may reduce the value realised by customers from the sale of their property and affect their capacity to purchase a retirement village unit. This might reflect in a slower take-up of retirement village units and lower prices for these units. FKP could be affected by changes in the discount rates or property price growth assumptions that are considered appropriate by professional valuers in response to changes in market conditions.

If retirement village resident turnover or demand for retirement village units reduces, this will delay the collection of cash by FKP and may adversely impact operating cash flow and the value of the FKP portfolio.

### Refinancing risk

FKP is exposed to risk relating to the refinancing of existing debt instruments and facilities. If debt facilities are not refinanced and are required to be repaid, it is possible that FKP will need to realise assets for less than their fair value, which would impact FKP's future cash flows. If the amounts cannot be repaid, secured, financiers could proceed against the security granted to them to secure debt owed. After giving effect to the refinancing, FKP will still have approximately \$58m of debt maturing before 31 December 2009. Refer to Section 2 for type of debt and more detail on the expiry profile.

Changes in the availability and cost of debt will impact FKP's earnings and may impact its financial performance and ability to conduct its operations.

### Impact of financing covenants

FKP's financiers require it to maintain certain gearing, interest coverage and secured asset covenants under its financing arrangements (collectively referred to as financial covenants). These financial covenants relate to FKP's earnings, cash flow and asset values, and an adverse movement in any of these may cause FKP to breach the financial covenants. A breach of these financial covenants without the consent of FKP's financiers is likely to have negative consequences for FKP, including the possibility that FKP may have to repay amounts owing to its financiers prior to the originally scheduled maturity. After giving effect to the refinancing and Offer, FKP expects to be in compliance with all of its debt facility covenants.



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# Key investment risks

## Appendix 3 (continued)

### Earnings, impairment and capital expenditure expectations

There can be no guarantee that the assumptions and contingencies contained within forward looking statements, opinions or estimates (including projections, guidance on future earnings, and estimates) will ultimately prove to be valid or accurate. The forward looking statements, opinions and estimates depend on various factors, many of which are outside the control of the FKP. Accordingly, there is a risk that the assumptions in the financial information in this presentation (such as settlement of development projects) may not hold such that the FKP's expected earnings, distributions and asset write-downs may differ from those set out in this presentation.

FKP properties may require significant unforeseen capital expenditure, which may not be able to be recovered from residents or tenants.

### Market condition risk

FKP's operating cash flow is influenced by, amongst other things, residential land sales to builders, home owners and investors, and commercial development sales to professional investors and institutions. The proceeds of the Offer in isolation may not be sufficient to fund FKP operating cash flow requirements, and a sustained downturn in the economic climate has the potential to reduce or delay FKP's cash flow receipts from, among other things, sales of real estate. Timing and volume of sales are particularly dependent on market conditions. Delays in cash flows could adversely impact FKP's ability to fund its operations and may impact FKP's ability to comply with its debt obligations and covenants.

### Investment risk

FKP holds interests in a range of funds and joint ventures. FKP also derives income from providing property and funds management services to these entities. A number of the funds and joint ventures bank loans have gearing and other financial covenants. The borrowings of these entities are non-recourse to FKP. Further deterioration in economic conditions and property markets could give rise to breach of these financial covenants and have an adverse impact on the income received from and value of FKP's investment in these funds and joint ventures.

### Documentation and completion risk

Many of the finance arrangements, investments, joint ventures and other arrangements to which FKP is party are complex and there is potential for error or differing interpretations in relation to documentation to lead to outcomes which may adversely affect FKP's financial performance.

FKP's financiers' agreement to the restructured finance arrangements referred to in this presentation is reflected in binding term sheets, rather than fully documented facilities (although in some cases the term sheets reflect agreement to make specific changes to fully documented facilities which are already in place). These term sheets include conditions which FKP must satisfy, the non-satisfaction of which will affect the ability of FKP to complete the refinancing and Offer without the consent of, or the waiver of the relevant condition by, its financiers. The conditions include raising of capital under the Offer. In addition, the conditions include the entry into definitive documentation in relation to the refinancing and related security packages by FKP and each lender (and in some cases, by two or more of FKP's lenders).

The underwriter of the Offer may terminate its obligations upon the occurrence of certain events including without limitation: (i) falls in the S&P/ASX 200 Index or the S&P/ASX 200 A-REIT Index by specified levels; and (ii) any material adverse change, or development (including but not limited to any regulatory change) or event involving a prospective change, in the condition, financial or otherwise, or in the assets, liabilities, business, operations, management, profits, losses or prospects of FKP taken as a whole. There is a risk that if the underwriter exercises its right to terminate the underwriting agreement and the minimum offer proceeds required by financiers are not raised, FKP's restructured finance arrangements will not become effective which will have a significant adverse effect on FKP.



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# Key investment risks

## Appendix 3 (continued)

### Asset value decline risk

Loans for property and Property Trust assets usually require certain amounts of security to be provided. There is a risk that if valuations decline, FKP would have to repay debt to stay within defined loan to value ratios.

### Pre-emptive right risk

If FKP wishes to dispose of certain of its Australian retirement village interests Stockland has a right of first refusal.

### General business and market risk

#### Market price risk

The market price of FKP stapled securities and the future distributions made to securityholders will be influenced by a number of factors including general movements in interest rates, the Australian and international investment markets, international economic conditions, global geo-political events and hostilities, investor perceptions and other factors that may affect the Group's financial performance and position.

#### Counterparty/credit risk

Third parties, such as tenants, developers and other counterparties to contracts may not be willing or able to perform their obligations to the Group.

#### Inflation, interest rates

Higher than expected inflation rates could be expected to increase operating costs and development costs. The recent global events may mean banks are unable to pass on any interest rate cuts which could have the effect of reducing the availability or increasing the cost of finance for the purchase of properties by FKP customers.

#### Environmental risk

The discovery of, or incorrect assessment of costs associated with, environmental contamination on any of the FKP projects could have an adverse effect on the profitability and timing of receipt of revenue from that project.

#### Employees and OH&S

The loss of key management personnel who have particular expertise may influence future earnings.

A failure to comply with the necessary OH&S regulatory requirements could result in damage to FKP's reputation, fines, penalties and compensation for damages as well as poor employee morale and industrial action.

Industrial disputes can affect the supply of building materials or delay scheduled completion dates. This may adversely affect the sunset dates in pre-committed leases.



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# Key investment risks

## Appendix 3 (continued)

### Regulatory, tax and accounting

FKP is subject to a range of industry specific and general legal and other regulatory controls (including legislation relating specifically to the Australian retirement village industry). Regulatory breaches may affect the operational and financial performance of FKP, through penalties, liabilities, restrictions on activities and compliance and other costs. Changes in local, state and federal government regulations and policies concerned with government land development, first home-buyer assistance, tenancy laws and delays in the granting of approvals or registration of subdivision plans, may affect the amount and timing of the future profits of FKP.

### Changes to tax legislation

Accounting standards may change. This may affect the reported earnings of FKP and financial position from time to time.

### Other significant risks

The future performance of FKP, including distributions, asset valuations and the market value of the securities, may be influenced by a range of factors outside the control of FKP. There are a number of risk factors that may impact the performance of FKP. These risks include, in addition to those set out above:

- changes in general economic and business conditions or in interest rates that may affect prices at which quoted securities are traded;
- changes in the stock market rating of the FKP's securities relative to other quoted securities, especially those of other property vehicles;
- changes in laws and government policy that may affect future earnings and the attractiveness of investment in the securities;
- FKP may become involved in unforeseen litigation; and
- war or terrorist attacks may occur and insurance cover may not be available to cover FKP for such attacks.



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# Foreign selling restrictions

## Appendix 4

### New Zealand

The Offer is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). No investment statement or prospectus under New Zealand law has or will be registered, filed with, or approved by any New Zealand regulatory authority under or in accordance with the New Zealand Securities Act 1978 or any other relevant law in New Zealand.

### United Kingdom

The disclosure materials are only being distributed to, and are only directed at, persons in the United Kingdom that are qualified investors and also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "FSMA Order"); or (ii) high net worth entities or other persons falling within Article 49(2)(a) to (d) of the FSMA Order (all such persons together being referred to as "Relevant Persons"). The disclosure materials and their contents are confidential and should not be distributed, published or reproduced (in whole part) or disclosed by recipients to any other person in the United Kingdom as this may contravene the Financial Services Markets Act 2000 ("FSMA"). Any investment or investment activity to which the disclosure materials relate is available in the United Kingdom, to Relevant Persons only. Any person in the United Kingdom that is not a Relevant Person should not act or rely on the disclosure materials or any of their contents.

Neither the information in this presentation nor any accompanying document has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000 of the United Kingdom (the "FSMA")) has been published or is intended to be published in respect of the new securities.

Each of FKP and the underwriter has:

- complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the new securities in, from or otherwise involving the United Kingdom; and
- only communicated or caused to be communicated and will only communicate or cause to be communicated in the United Kingdom any invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) received by it in connection with the issue or sale of the new securities in circumstances in which Section 21(1) of FSMA does not apply to FKP.



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# Foreign selling restrictions

## Appendix 4 (continued)

### France

Prospective investors are informed that no prospectus (including any amendment, supplement or replacement thereto) has been or will be prepared in connection with the offering of the new securities and entitlements that has been approved by the Autorité des marchés financiers or by the competent authority of another State that is contracting party to the Agreement on the European Economic Area and notified to the Autorité des marchés financiers. No prospectus subject to the approval (visa) of the Autorité des marchés financiers has been, or will be, prepared in connection with the new securities.

The new securities and entitlements are not issued in the Republic of France and the new securities and entitlements may not be offered or sold nor will be offered or sold to the public in the Republic of France and neither this document nor any other material or information relating to the new securities may be released, issued or distributed, caused to be released, issued or distributed, to the public in France, or used in connection with any offering of the new securities to the public in France, except that the new securities and entitlements may be offered exclusively to (i) persons licensed to provide the investment service of portfolio management for the account of third parties (personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers) and/or (ii) qualified investors (investisseurs qualifiés) or a restricted group of investors (cercle restreint d'investisseurs) provided that the said investors act for their own account, all as defined and in accordance with Articles L. 411-1, L. 411-2 and D.411-1 to D.411-4 of the French Code monétaire et financier and applicable regulations thereunder.

Prospective investors are informed that (i) such prospective investors may only take part in the transaction solely for their own account, as provided in Articles D. 411-1 to D. 411-4, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French Code monétaire et financier and (ii) the new securities and entitlements may not be further distributed, directly or indirectly, to the public in the Republic of France otherwise than in accordance with Article L. 411-1, L. 411-2, L. 412-1 and L.621-8 to L.621-8-3 of the French Code monétaire et financier and applicable regulations thereunder.

### Hong Kong

The contents of this presentation have not been reviewed or approved by any regulatory authority in Hong Kong.

The information in this presentation has not been, and will not be, registered as a prospectus in Hong Kong under the Companies Ordinance (Cap 32) ("CO") nor has it been authorised by the Securities and Futures Commission ("SFC") in Hong Kong pursuant to the Securities and Futures Ordinance (Cap 571) of the Laws of Hong Kong (the "SFO").

Accordingly, the information must not be issued, circulated or distributed in Hong Kong other than:

- to "professional investors" within the meaning of SFO and any rules made under that ordinance ("Professional Investors"); or
- in other circumstances which do not result in the information in this presentation being a "prospectus" as defined in the CO nor constitute an offer to the public which requires authorisation by the SFC under the SFO.

Unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the new securities, which is directed at, or the content of which is likely to be accessed or read by, the public of Hong Kong other than with respect to securities which are or are intended to be disposed of only to persons outside Hong Kong or only to Professional Investors.

No person allotted new securities may sell, or offer to sell, such new securities to the public in Hong Kong within six months following the date of issue of such new securities.

This offering is not an offer for sale to the public in Hong Kong and it is not the intention of FKP that the new securities be offered for sale to the public in Hong Kong.



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# Foreign selling restrictions

## Appendix 4 (continued)

### Singapore

The Offer, which is the subject of the disclosure materials (the "Offer Materials"), is not allowed to be made to the retail public. You should consider carefully whether the investment is suitable for you.

The Offer Materials have not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Offer Materials and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of new securities may not be circulated or distributed, nor may new securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Sections 274 and 282Y of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Sections 275(1) and 282Z(1), or any person pursuant to Sections 275(1A) and 282Z(2), and in accordance with the conditions specified in Sections 275 and 282Z, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where new securities are subscribed or purchased under Sections 275 and 282Z of the SFA by a relevant person which is:

- a. a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- b. a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the new securities pursuant to an offer made under Sections 275 and 282Z of the SFA except:
  1. to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Sections 275(2) and 282Z(3) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Sections 275 and 282Z of the SFA;
  2. where no consideration is or will be given for the transfer; or
  3. where the transfer is by operation of law.

### Netherlands

The new securities and entitlements may not be offered or sold in the Netherlands other than to Qualified investors (gekwalificeerde beleggers) within the meaning of Section 1:1 of the Dutch Financial Supervision Act (Wet op het financieel toezicht), including – but not limited to – banks, brokers, dealers, and institutional investors holding a license or being otherwise regulated to be active on the financial markets or undertakings whose only corporate object is investing in securities.

The respect of the Offer, FKP is not obliged to obtain a licence as an investment institution pursuant to the Dutch Financial Supervision Act (Wet op het financieel toezicht) and is not subject to market conduct supervision of the Netherlands Authority for the Financial Markets and prudential supervision of the Dutch Central Bank (De Nederlandsche Bank N.V.).



# Foreign selling restrictions

## Appendix 4 (continued)

### European Economic Area

This presentation has been prepared on the basis that all offers of new securities will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as implemented in Member States of the European Economic Area ("EEA"), from the requirement to produce a prospectus for offers of securities. Accordingly any person making or intending to make any offer within the EEA of new securities which are subject to the placement contemplated in this presentation should only do so in circumstances in which no obligation arises for FKP or the Underwriter to produce a prospectus for such offer. Neither FKP nor the Underwriter has authorised, nor do they authorise the making of any offer of new securities through any financial intermediary, other than offers made by the Underwriter which constitute the final placement of new securities contemplated in this presentation.

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each, a "Relevant Member State"), an offer to the public of any new securities may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any new securities may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- a. to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- b. to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year (in Sweden, during each of the last two financial years); (2) a total balance sheet of more than €43,000,000 (in Sweden, for each of the last two financial years) and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts (in Sweden, as shown in each of its last two annual accounts or consolidated accounts); or
- c. in any other circumstances falling within Article 3(2) of the Prospective Directive, provided that no such offer of new securities shall result in a requirement for the publication by FKP of a prospectus pursuant to Article 3 of the Prospective Directive.

Each subscriber for or purchaser of new securities in the offering located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a qualified investor within the meaning of the local law of the Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive ("Qualified Investor") or, if such implementation has not taken place, within the meaning of Article 2(1)(e) of the Prospectus Directive respectively. In the case of any new securities being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, warranted to and agreed with the Underwriter and FKP that: (i) the new securities acquired by it have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than Qualified Investors, as that term is defined by the local law of the Relevant Member State or as defined in the Prospectus Directive respectively, or in circumstances in which the prior consent of the Underwriter has been obtained to each such proposed offer or resale; or (ii) where new securities have been acquired by it or on behalf of persons in any Relevant Member State other than Qualified Investors, the offer of those new securities to it is not treated under the Prospectus Directive as having been made to such persons or under the local law of the Relevant Member State as a public offer which requires the prior publication of a prospectus or a respective offering document. FKP and the Underwriter, each of their respective affiliates and others will rely upon the truth and accuracy of the foregoing representation, warranty and agreement.

For the purposes of this provision, the expression an "offer of new shares to the public" in relation to any new securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offer and the new securities to be offered so as to enable an investor to decide to purchase the new securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. The expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.



# Foreign selling restrictions

## Appendix 4 (continued)

### Norway

The disclosure materials have not been approved by, or registered with, any Norwegian securities regulators pursuant to the Norwegian Securities Trading Act of 29 June 2007, as amended. The disclosure materials and any other materials in connection with the offer relating to Norway have not been approved or disapproved by, or registered with the Oslo Stock Exchange, the Norwegian FSA, the Norwegian Registry of Business Enterprises or any other Norwegian authority.

Accordingly, neither the disclosure materials nor any other offering material relating to the offering of the new securities and entitlement constitutes, or shall be deemed to constitute, an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007. The new securities and entitlements may not be offered or sold, directly or indirectly, to more than 99 natural or legal persons in Norway (other than 'professional investors' as defined in the Norwegian Securities Regulation of 29 June 2007 no. 876), subject to obtaining the prior consent of the Underwriter for any such offer, except:

- in respect of an offer of new securities and entitlements addressed to investors subject to a minimum purchase of new securities and entitlements for a total consideration of not less than €50,000 per investor;
- to "professional investors" as defined in the Norwegian Securities Regulation of 29 June 2007 no. 876, being:
  - a. legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
  - b. any legal entity which is registered as a professional investor with the Oslo Stock Exchange (No. Oslo Børs) and which has two or more of; (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
  - c. any natural person which is registered as a professional investor with the Oslo Stock Exchange (No. Oslo Børs) and which has two or more of; (1) an average execution of at least ten – 10 – transactions in securities of significant volume per quarter for the last four quarters; (2) a portfolio of securities with a market value of at least €500,000; (3) worked or works, for at least one – 1 – year, within the financial markets in a position which presuppose knowledge of investing in securities;
- in any other circumstances provided that no such offer of new securities and entitlements shall result in a requirement for the registration, or the publication by FKP or the Underwriter of a prospectus pursuant to the Norwegian Securities trading Act of 29 June 2007.

### Switzerland

The new securities and entitlements may not be publicly offered, sold or advertised, directly or indirectly, in or from Switzerland. Neither this document nor any other offering or marketing material relating to FKP or the new securities and entitlements constitutes a prospectus as that term is understood pursuant to article 652a or 1156 of the Swiss Federal Code of Obligations or the Swiss Federal Act on Collective Investment Schemes ("CISA"), and neither this document nor any other offering material relating to FKP or the new securities and entitlements may be publicly distributed or otherwise made publicly available in Switzerland. The new securities may only be offered and the presentation may only be distributed to a limited circle (as defined by article 652a of the Swiss Code of Obligations) of qualified investors (as defined in the CISA and its implementing ordinance). FKP is not authorized by or registered with the Swiss Federal Banking Commission under the CISA. Therefore, investors do not benefit from protection under the CISA or supervision by the Swiss Federal Banking Commission.



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# Stock lending and other transactions

## Appendix 5

- Offer to registered FKP securityholders as at 7pm (AEST) on the Record Date (29 June 2009). Notwithstanding the Record Date, FKP will be granted a waiver by ASX so that, in determining entitlements for the Offer, FKP may ignore changes in security holdings that occur after the announcement in the trading halt in securities for the Offer (other than registrations of transactions that were effected through ITS before that announcement)
- Accordingly, a person who is a registered FKP securityholder as at 7pm (AEST) on the Record Date for the Offer as a result of a dealing after the announcement of the trading halt in securities for the Offer (other than the registration of a transaction effected through ITS before that announcement) may not be entitled to receive an entitlement under the Offer
- In the event that a securityholder has existing securities out on loan as at the Record Date, the borrower will be regarded as the securityholder for the purposes of determining the entitlement (provided that those borrowed securities have not be on-sold)



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# Potential control implications

Appendix 6

Mulpha Australia Limited (**Mulpha**) owns approximately 22.6% of FKP's ordinary stapled securities on issue prior to the Offer. Mulpha has entered into an agreement with Goldman Sachs JBWere Pty Limited, underwriter of the Offer, pursuant to which Mulpha undertakes to sub-underwrite \$75 million of the Offer (excluding Mulpha's entitlement). Mulpha has committed to take up its full entitlement under the Offer and if there is a shortfall of entitlement take-up under the Offer such that Mulpha is required to subscribe for the full amount of its sub-underwriting commitment, Mulpha would hold, and be in a position to control, approximately 38.7% of the expanded capital of FKP following the completion of the Offer.

It is Mulpha's intention to continue as a substantial holder of FKP securities following completion of the Offer.



# ASX Offer Announcements

26 June 2009

## **COMPLETION OF INSTITUTIONAL ENTITLEMENT OFFER AND BOOKBUILD**

FKP Property Group (FKP) has successfully completed the institutional component of its accelerated pro-rata entitlement offer of new stapled securities in FKP (New Securities) announced on 25 June 2009 (Institutional Entitlement Offer).

The Institutional Entitlement Offer was fully underwritten by Goldman Sachs JBWere and received strong support from existing FKP institutional security holders with over 97% of securities available under the Institutional Entitlement Offer taken up.

Following higher than anticipated institutional participation, the Institutional Entitlement Offer will raise approximately \$204 million at the offer price of \$0.40 per New Security.

The institutional bookbuild was conducted today, following completion of the Institutional Entitlement Offer. The clearing price under the institutional bookbuild was \$0.46 per security, representing a 15% premium to the offer price. Renouncing security holders will receive \$0.06 for each renounced entitlement.

Chief Executive Officer Peter Brown, said the success of the institutional bookbuild was indicative of the support expressed by existing security holders.

"We're delighted with the success of the institutional offer, and the strong demand for the small number of renounced securities indicates the compelling value which the offer presents," said Mr Brown.

The New Securities taken up under the Institutional Entitlement Offer and the institutional bookbuild are expected to be issued on 15 July 2009 and commence trading on ASX on the same day.

## **Commencement of the Retail Entitlement Offer**

The retail component of the entitlement offer (Retail Entitlement Offer) opens on Monday 29 June 2009. The Retail Entitlement Offer will be open to eligible retail security holders in Australia and New Zealand as at the record date of 7.00pm (AEST) on Monday, 29 June 2009.

Eligible retail security holders are able to subscribe for 2.3 New Securities for every 1 FKP security held on the record date at the offer price of \$0.40 per security, which is the same as the offer price for the Institutional Entitlement Offer.

Eligible retail security holders may choose to take up their entitlement in whole, in part or not at all. The Entitlement Offer is renounceable, providing the opportunity for all eligible security holders to realise value.

A number of securities equivalent to those not taken up and those which would otherwise have been offered to ineligible retail security holders, will be offered for subscription to selected institutional investors through a retail bookbuild scheduled to take place on Thursday, 23 July 2009.

Retail security holders who do not take up their entitlement or who are ineligible to participate in the Retail Entitlement Offer will receive any positive difference between the retail bookbuild price and the offer price for New Securities of \$0.40 per New Security.

Goldman Sachs JBWere has been appointed as Sole Lead Manager and Underwriter to both the Institutional Entitlement Offer and the Retail Entitlement Offer.

A copy of the Retail Entitlement Offer Booklet and Entitlement and Acceptance Form will be dispatched to eligible retail security holders on or about 3 July 2009. The Retail Entitlement Offer closes on Friday, 17 July 2009 at 5.00pm AEST and early applications under the Retail Entitlement Offer close on Thursday 9 July 2009.

In deciding whether to take up the offer of New Securities, eligible retail security holders should read the Retail Offer Booklet carefully. Any eligible retail security holder who wishes to acquire New Securities under the Retail Entitlement Offer will need to complete the personalised Entitlement and Acceptance Form that will accompany the Retail Offer Booklet.

Eligible retail security holders who have any queries or who do not receive a Retail Offer Booklet by 7 July 2009 are encouraged to contact the FKP Security Holder Information Line on 1300 658 814 from within Australia between 8.30am and 5.00pm (AEST), or +61 3 9415 4316 from elsewhere between 8.30am and 5.00pm (AEST).

Copies of the Retail Offer Booklet will be available at [www.fkp.com.au](http://www.fkp.com.au) on 29 June 2009.

FKP securities will resume trading on ASX at the start of trading on Monday, 29 June 2009.

## **For further information:**

Katherine O'Regan, General Manager, Corporate Communications (m) 0419 411 801

Shalome Mielewska, Investor Relations Manager (m) 0404 811 847

# ASX Offer Announcements continued

## 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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### Important information

This announcement does not constitute an offer, invitation or recommendation to subscribe for or purchase any security and neither this announcement nor anything contained in it shall form the basis of any contract or commitment. In particular, this announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to any "U.S. person" (as defined in Regulation S under the Securities Act of 1933, as amended (the "U.S. Securities Act")) ("U.S. Person"). This document may not be distributed or released in the United States or to any U.S. Person. The securities in the capital raising have not been and will not be registered under the U.S. Securities Act, or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the securities in the capital raising may not be offered, or sold, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons, except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any applicable securities laws of any state or other jurisdiction of the United States.

This announcement contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Any forecast or other forward looking statement contained in this announcement are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. While due care and attention have been used in the preparation of forecast information, such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of FKP, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. You are cautioned not to place undue reliance on forward looking statements.

# How To Apply

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS.**

## 1 The Retail Entitlement Offer

Eligible Retail security holders (as defined under the heading 'Important Information' below) are being offered the opportunity to subscribe for 2.3 New Stapled Securities for every 1 FKP ordinary stapled security (Securities) held at 7pm (AEST) on Monday, 29 June 2009 (Entitlement), at the offer price of \$0.40 per New Stapled Security (Offer Price).

The Retail Entitlement Offer is being made pursuant to provisions of the Corporations Act which allow rights issues to be offered without a product disclosure statement or prospectus. As a result, it is important for Eligible Retail security holders to read and understand the information on FKP and the Retail Entitlement Offer made publicly available, prior to taking up all or part of their Entitlement.

In particular, please refer to this booklet, FKP interim and annual reports and other announcements made available at [www.fkp.com.au](http://www.fkp.com.au) (including the FKP half-year report for the half-year ending 31 December 2008 that was released to ASX on 26 February 2009). Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 2.3 New Stapled Securities for every 1 Security you held as at the record date of 7pm (AEST) on Monday, 29 June 2009, rounded up to the nearest whole New Stapled Security. If you have more than one holding of Securities, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. New Stapled Securities issued under the Retail Entitlement Offer will rank *pari passu* with existing Securities but will not be eligible to receive the distribution for the half year ending 30 June 2009.

## 2 Consider the Retail Entitlement Offer in light of your particular investment objectives and circumstances

Please consult with your stockbroker, accountant or other independent professional adviser if you have any queries or are uncertain about any aspects of the Retail Entitlement Offer. You should also refer to 'Appendix 3 – Key investment risks' of the Equity Raising Presentation released to ASX on Thursday, 25 June 2009 and included in this booklet.

## 3 Complete and return the accompanying Entitlement and Acceptance Form with your Application Monies or make a payment by BPAY

If you decide to take up all or part of your Entitlement, please complete and return the Entitlement and Acceptance Form with the requisite Application Monies OR pay your Application Monies via BPAY by following the instructions set out on the Entitlement and Acceptance Form.

FKP will treat you as applying for as many New Stapled Securities as your payment will pay for in full.

If you are paying by BPAY, please make sure to use the specific biller code and unique customer reference number (CRN) on the back of your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form, please only use the CRN specific to the Entitlement on that Form.

If you choose not to take up your Entitlement, you still have the potential opportunity to receive payment for those renounced Entitlements. Ineligible Retail security holders may also have the potential opportunity to receive payment for Entitlements they would have received had they been eligible to participate in the Entitlement Offer. Any premium realised in the Retail Bookbuild that is in excess of the Offer Price per New Stapled Security (Retail Premium) will be distributed pro-rata to each Eligible Retail security holder who does not take up their entitlement and Ineligible Retail security holders.

The Retail Premium may be zero, in which case no distribution will occur to Eligible Retail security holders who did not take up their full Entitlement and Ineligible Retail security holders. To avoid doubt, any excess between the clearing price under the institutional bookbuild and the Offer Price which will be distributed as a premium pro-rata to each eligible institutional security holder (to the extent they did not take up their full Entitlement) and any premium distributed to ineligible institutional security holders is not an indication that there will be a Retail Premium or what the Retail Premium may be. The ability to sell New Stapled Securities under the Retail Bookbuild and the ability to obtain any Retail Premium will be dependent on various factors, including market conditions. To the maximum extent permitted by law, neither FKP, nor the Underwriter, nor their agents or affiliates, will be liable for any failure to procure applications under the Retail Bookbuild at a price in excess of the Offer Price.

If you take up and pay for all or part of your Entitlement before the Early Retail Close Date you will be issued your New Stapled Securities on Tuesday, 14 July 2009 and those New Stapled Securities may be traded on ASX from Wednesday, 15 July 2009. If you take up and pay for all or part of your Entitlement before the close of the Retail Entitlement Offer you will be allotted your New Stapled Securities on Friday, 31 July 2009 and those New Securities may be traded on ASX from Tuesday, 4 August 2009. FKP's decision on the number of New Stapled Securities to be allotted to you will be final.

FKP also reserves the right (in its absolute discretion) to reduce the number of New Stapled Securities allotted to Eligible Retail security holders, or persons claiming to be Eligible Retail security holders, if their claims prove to be overstated or if they or their nominees fail to provide information to substantiate their claims.

## 4 Acceptance of the Retail Entitlement Offer

The method of acceptance of the Retail Entitlement Offer will depend on your method of payment being:

- by BPAY; or
- by cheque, bank draft or money order.

By completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY, you will be deemed to have represented that you are an Eligible Retail security holder (as defined under the heading 'Important Information' below).

By completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY, you will also be deemed to have represented on behalf of each person on whose account you are acting that:

- (a) you are not in the United States and are not a U.S Person, and

# How To Apply continued

are not acting for the account or benefit of, a U.S. Person;

(b) you acknowledge that the New Stapled Securities have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdictions in the United States, or in any other jurisdiction outside Australia or New Zealand and accordingly, the New Stapled Securities may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws; and

(c) you have not and will not send any materials relating to the Retail Entitlement Offer to any person in the United States or that is, or is acting for the account or benefit of a U.S. Person, and to have made the declarations set out in section 18 under the heading 'Important Information'.

## Payment by BPAY

For payment by BPAY please follow the instructions on the personalised Entitlement and Acceptance Form. You can only make a payment via BPAY if you are the holder of an account with an Australian financial institution that supports BPAY transactions.

Please note that should you choose to pay by BPAY:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to make the declarations on that Entitlement and Acceptance Form; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Stapled Securities which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY payment is received by the Security Registry by no later than 5pm (AEST) on Friday, 17 July 2009 or, for early applications, by no later than 5pm (AEST) on Thursday, 9 July 2009. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment, and you should therefore take this into consideration when making payment.

Any Application Monies received for more than your final allotment of New Stapled Securities will be refunded on or around Thursday, 6 August 2009 by way of cheque to your registered address. No interest will be paid to applicants on any Application Monies received or refunded.

## Payment by cheque, bank draft or money order

For payment by cheque, bank draft or money order, you should complete your Entitlement and Acceptance Form in accordance with the instructions on the Form and return it accompanied by a cheque, bank draft or money order in Australian currency for the amount of the Application Monies, payable to 'FKP Property Group – Offer Account' and crossed 'Not Negotiable.'

Your cheque, bank draft or money order must be:

- for an amount equal to \$0.40 multiplied by the number of New Stapled Securities that you are applying for; and
- in Australian currency drawn on an Australian branch of a

financial institution.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies as your cheque, bank draft or money order will be processed on the day of receipt. If the amount of your cheque, bank draft or money order for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Stapled Securities you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Stapled Securities as your cleared Application Monies will pay for (and to have specified that number of New Stapled Securities on your Entitlement and Acceptance Form). Alternatively, your application will not be accepted.

Any Application Monies received for more than your final allotment of New Stapled Securities will be refunded on or around Thursday, 6 August 2009 by way of return cheque to your registered address. No interest will be paid to applicants on any Application Monies received or refunded.

Cash payments will not be accepted. Receipts for payment will not be issued.

## 5 Mail

To participate, your payment must be received no later than the close of the Retail Entitlement Offer, at 5pm (AEST) on Friday, 17 July 2009 or, for early applications, by no later than 5pm (AEST) on Thursday, 9 July 2009. Security holders who make payment via cheque, bank draft or money order should mail their completed personalised Entitlement and Acceptance Form together with Application Monies using the reply paid or self-addressed envelope provided with this booklet, or mail to:

FKP Security Registry  
C/- Computershare Investor Services Pty Limited  
GPO Box 5240  
Brisbane QLD AUSTRALIA 4001

# Important Information

## **NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS.**

This booklet (including the ASX Offer Announcements) and enclosed personalised Entitlement and Acceptance Form have been prepared by FKP. The information in this booklet is dated 29 June 2009 (other than the ASX Offer Announcements).

No party other than FKP has authorised or caused the issue of the information in this booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in the information in this booklet.

### **The information in this booklet is important and requires your immediate attention.**

You should read the information in this booklet carefully and in its entirety before deciding whether to invest in New Stapled Securities. In particular, you should consider the risk factors outlined in 'Appendix 3 – Key investment risks' of the Equity Raising Presentation released to ASX on Thursday, 25 June 2009 that could affect the operating and financial performance of FKP or the value of an investment in FKP.

FKP will apply for the grant by ASX of official quotation of the New Stapled Securities. It is expected that normal trading of New Stapled Securities issued under the Institutional Entitlement Offer and early applications under the Retail Entitlement Offer will commence on Wednesday, 15 July 2009. It is expected that normal trading will commence in relation to all other New Stapled Securities issued under the Retail Entitlement Offer on Tuesday, 4 August 2009. FKP disclaims all liability (to the maximum extent permitted by law) to persons who trade New Stapled Securities before the New Stapled Securities are listed on the official list of ASX or receiving their confirmation of issue, whether on the basis of confirmation of the allocation provided by FKP or the Security Registry.

### **1 Eligible Retail security holders**

The information in this booklet contains an offer of New Stapled Securities to Eligible Retail security holders in Australia or New Zealand and has been prepared in accordance with section 708AA and section 1012DAA of the Corporations Act as notionally modified by Australian Securities and Investments Commission (ASIC) Class Order 08/35.

Eligible Retail security holders are those holders of Securities who:

- are registered as a holder of Securities as at 7pm (AEST) on Monday, 29 June 2009 (Record Date);
- have a registered address in Australia or New Zealand;
- are not in the United States and are neither a U.S. Person nor acting for the account or benefit of a U.S. Person;
- are not an institutional security holder; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

All other holders of Securities who are not institutional security holders are Ineligible Retail security holders.

Please note in particular that the Retail Entitlement Offer is not available to eligible institutional security holders who were invited to participate in the Institutional Entitlement Offer (whether they accepted their entitlement or not) and institutional security holders who were ineligible to participate in the Institutional Entitlement Offer. For the avoidance of doubt, FKP may (in its absolute discretion) extend the Retail Entitlement Offer to any institutional security holder in foreign jurisdictions who were not invited to participate in the Institutional Entitlement Offer (subject to compliance with applicable laws).

### **2 No cooling off rights**

Cooling off rights do not apply to an investment in New Stapled Securities. You cannot withdraw your application once it has been accepted.

### **3 No Entitlements trading**

Entitlements are renounceable but cannot be traded on the ASX or any other exchange, nor can they be privately transferred, except in the Retail Bookbuild.

### **4 Distribution**

New Stapled Securities issued under the Retail Entitlement Offer will not be eligible to receive the 2009 final distribution.

### **5 Notice of nominees and custodians**

Nominees and custodians which hold Securities as nominees or custodians will have received, or will shortly receive, a letter from the Underwriter of the Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to eligible institutional security holders who were invited to participate in the Institutional Entitlement Offer (whether they accepted their entitlement or not) and institutional security holders who were ineligible to participate in the Institutional Entitlement Offer.

### **6 Not investment advice**

The information in this booklet is not a product disclosure statement or prospectus under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. FKP is not licensed to provide financial product advice in respect of the New Stapled Securities. The information in this booklet does not purport to contain all the information that you may require to evaluate a possible application for New Stapled Securities.

Before deciding whether to apply for New Stapled Securities, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the information in this booklet, you have any questions about the Retail Entitlement Offer, you should contact your stockbroker, accountant or other independent professional adviser.

<sup>1</sup> Pursuant to a waiver from the ASX and for the purposes of determining entitlements under the Entitlement Offer, FKP will disregard transactions in Securities after implementation of the trading halt in FKP securities on 24 June 2009, except for settlement of on-market transactions that occurred prior to the implementation of the trading halt.

# Important Information continued

## 7 Risks

The Equity Raising Presentation details important factors and risks that could affect the financial and operating performance of FKP. Please consult with your stockbroker, accountant or other independent professional adviser if you have any queries or are uncertain about any aspects of the Retail Entitlement Offer. You should also refer to 'Appendix 3 – Key investment risks' of the Equity Raising Presentation.

You should consider these risk factors carefully in light of your personal circumstances, including financial and taxation issues, before making an investment decision in connection with the Retail Entitlement Offer.

## 8 Taxation

Set out below is a summary of the Australian tax implications of the Retail Entitlement Offer for Eligible Retail security holders who are residents of Australia for tax purposes and who hold their Securities as capital assets.

The summary below does not necessarily apply to Eligible Retail security holders who hold their Securities as assets used in carrying on a business or who may carry on the business of security trading, banking or insurance.

The summary below does not necessarily apply to Eligible Retail security holders whose Securities are held through an employee security plan or whose Securities are held as revenue assets or trading stock.

The summary below also does not take account of any individual circumstances of any particular Eligible Retail security holder. Eligible Retail security holders should seek specific advice applicable to their own particular circumstances from their own financial or tax advisers.

The summary below is based on the law in effect as at the date of this booklet.

### Issue of Entitlements

Subject to the qualifications noted above, the issue of the Entitlements will not itself result in any amount being included in the assessable income of an Eligible Retail security holder.

### Sale or Expiration of Entitlements

The Entitlements are renounceable and will not be able to be traded on the ASX or privately transferred.

Eligible Retail security holders may however receive proceeds on expiration of their Entitlements under the Retail Bookbuild. The taxation treatment of an amount received in these circumstances is unclear.

The Commissioner of Taxation has expressed his view in Taxation Alert TA 2009/11 that any proceeds received by Eligible Retail security holders will be treated as either ordinary income or, to the extent the proceeds relates to the FKP Limited share that forms part of the New Stapled Security, as an unfranked dividend.

The Commissioner has also stated that the receipt of the proceeds should not be treated as a capital gain and hence will not be eligible for the capital gains tax (CGT) discount.

It is unclear whether the position adopted by the Commissioner of

Taxation is a correct interpretation of the law. As such, any Eligible Retail security holder who allows their Entitlement to expire and receives proceeds as a result of the Retail Bookbuild is strongly advised to obtain professional advice as to the taxation treatment of those proceeds.

### Exercise of Entitlements

Eligible Retail security holders who exercise their Entitlements and are allotted New Stapled Securities will acquire those Stapled Securities with a cost base for CGT purposes equal to the Offer Price payable by them for those Stapled Securities plus any non-deductible incidental costs they incur in acquiring them, but will not make any capital gain or loss, or assessable income, from exercising the Entitlements or subscribing for the New Stapled Securities.

### New Stapled Securities

Eligible Retail security holders who exercise their Entitlements will acquire New Stapled Securities. Any future dividends or other distributions made in respect of those New Stapled Securities will be subject to the same taxation treatment as dividends or other distributions made on Securities held in the same circumstances.

On any future disposal of New Stapled Securities, Eligible Retail security holders may make a capital gain or capital loss, depending on whether the capital proceeds of that disposal are more than the cost base or less than the reduced cost base of the New Stapled Securities. The cost base of those Stapled Securities is described above.

New Stapled Securities will be treated for the purposes of the CGT discount as having been acquired when the Eligible Retail security holder exercised the Entitlement to subscribe for them. Accordingly, in order to benefit from the CGT discount in respect of a disposal of those New Stapled Securities, they must have been held for at least 12 months after those dates before the disposal occurs.

### Other Australian taxes

No Australian Goods and Services Tax (GST) or stamp duty is payable in respect of the grant or exercise of the Entitlements or the acquisition of New Stapled Securities.

## 9 Rounding of Entitlements

Where fractions arise in the calculation of Entitlements, they will be rounded up to the next whole number of New Stapled Securities.

## 10 Information availability

Eligible Retail security holders in Australia and New Zealand can obtain a copy of the information in this booklet during the period of the Retail Entitlement Offer on the FKP website at [www.fkp.com.au](http://www.fkp.com.au) or by calling the FKP Security Holder Information Line. Persons who access the electronic version of this booklet should ensure that they download and read the entire booklet. The electronic version of this booklet on the FKP website will not include an Entitlement and Acceptance Form. A replacement Entitlement and Acceptance Form can be requested by calling the FKP Security Holder Information Line on 1300 658 814 (local call cost within Australia) or +61 3 9415 4316 (outside Australia) at any time from 8.30am to 5.00pm (AEST) Monday to Friday during the Retail Entitlement Offer period.

Neither the information in this booklet nor the accompanying Entitlement and Acceptance Form may be distributed to or relied upon by, persons in the United States or that are, or are acting on behalf of or for the account or benefit of, a U.S. Person, or otherwise distributed in the United States.

### 11 Future performance and forward looking statements

Neither FKP nor any other person warrants or guarantees the future performance of the New Stapled Securities or any return on any investment made pursuant to the Entitlement Offer. Forward-looking statements, opinions and estimates provided in the information in this booklet are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of FKP and the Board, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward looking statements in this booklet.

### 12 Past performance

Investors should note that the past security performance of the Securities provides no guidance as to future price performance.

### 13 Governing law

This booklet, the Retail Entitlement Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the laws applicable in Queensland, Australia. Each applicant for New Stapled Securities submits to the non-exclusive jurisdiction of the courts of Queensland, Australia.

### 14 Foreign jurisdictions - restrictions and limitations

The information in this booklet has been prepared to comply with the requirements of the securities laws of Australia and New Zealand.

The New Stapled Securities being offered under the information in this booklet are also being offered to Eligible Retail security holders with registered addresses in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). The information in this booklet is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

The information in this booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements or the New Stapled Securities, or otherwise permit the public offering of the New Stapled Securities, in any jurisdiction other than Australia and New Zealand.

The distribution of the information in this booklet (including an electronic copy) outside Australia and New Zealand is restricted by law. If you come into possession of the information in this booklet,

you should observe such restrictions and should seek your own advice on such restrictions.

Any non-compliance with these restrictions may contravene applicable securities laws.

The Entitlements and the New Stapled Securities have not been, or will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States or by persons who are, or are acting for the account or benefit of a U.S. Person, and the New Stapled Securities may not be offered, sold or resold in the United States or to, or for the account or benefit of, a U.S. Person, except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Accordingly, the New Stapled Securities may constitute 'restricted securities' within the meaning of Rule 144(a)(3) under the Securities Act and, for so long as the New Stapled Securities remain restricted securities, the New Stapled Securities may not be deposited in any unrestricted American Depository Receipt facility with respect to the securities of FKP.

See 'Appendix 4 - Foreign selling restrictions' of the Equity Raising Presentation released to ASX on Thursday, 25 June 2009 and included in this booklet for more information.

### 15 Underwriting arrangements and fees

FKP has entered into an underwriting agreement with Goldman Sachs JBWere Pty Ltd (the Underwriter) who has agreed to manage and underwrite the Entitlement Offer.

As is customary with these types of arrangements:

- FKP has agreed to indemnify the Underwriter and its directors, officers, employees, agents and advisers against losses they may suffer or incur in connection with the Entitlement Offer;
- the Underwriter may, at any time up to settlement of the Retail Entitlement Offer (expected to occur on Thursday, 30 July 2009), terminate the underwriting agreement and be released from its obligations under it on the occurrence of certain events, including if:
  - Securities are suspended for a period (other than a trading halt or voluntary suspension requested by FKP and consented to by the Underwriter) or FKP is delisted;
  - there are material disruptions in financial conditions or markets or certain declines in financial markets;
  - to the extent that an event is scheduled to occur before the settlement of New Stapled Securities issued under the Institutional Entitlement Offer and early applications received by the Early Retail Close Date, there is a delay in the timetable for the Entitlement Offer;
  - to the extent that event is scheduled to occur after the settlement of New Stapled Securities issued under the Institutional Entitlement Offer and early applications received by the Early Retail Close Date, there is a delay in the timetable for the Entitlement Offer of more than 2 business days;
  - FKP or any of its subsidiaries (FKP Group) breaches or defaults under any provision, under taking, covenant or ration of a material debt or financing arrangement to which that entity is a party, which is not immediately waived by the relevant

# Important Information continued

financiers, and the effect of which has or is likely to have a material adverse effect on the FKP Group;

any financing or related arrangement referred to in the Equity Raising Presentation is not or will not be refinanced, terminated, amended or entered into in the manner or time described in the Equity Raising Presentation, or a term sheet accepted by a member of the FKP Group or a condition precedent, or condition to funds being available for draw down under any such arrangement is not or will not be, or is incapable of being, satisfied by the time and in the manner required;

the sub-underwriting agreement (Sub-underwriting Agreement) with Mulpha Australia Limited (Mulpha) is void or voidable, breached, terminated or rescinded by Mulpha, or circumstances exist or have arisen which would entitle the Underwriter to terminate that agreement, or result in a condition precedent to an obligation under that agreement being, in the reasonable opinion of the Underwriter, incapable of being satisfied; and

application is made by ASIC or another person for an order under Part 9.5 of the Corporations Act, or to any government agency, in relation to the Offer Materials or the Entitlement Offer, ASIC or any government agency commences, or gives notice of an intention to hold, any investigation, proceedings or hearing in relation to the Entitlement Offer or any of the Offer Materials or prosecutes or commences proceedings against or gives notice of an intention to prosecute or commence proceedings against FKP Limited or FKP Funds Management Limited as the responsible entity of the FKP Property Trust, except (other than where the relevant act is taken by ASIC) where the relevant application, notice, prosecution or proceeding first arises (i) after 4 hours after the close of the Institutional Bookbuild, it is disposed of or withdrawn to the Underwriter's reasonable satisfaction within 5 business days of it first arising and in any event before 2.00pm on 14 July 2009 and (ii) after that time, it is disposed of or withdrawn to the Underwriter's reasonable satisfaction within 5 business days of it first arising and in any event before 2.00pm on 30 July 2009;

- the Underwriter will be remunerated by FKP at market rates.

The Underwriter has not authorised or caused the issue of, and takes no responsibility for, the information in this booklet, and to the maximum extent permitted by law, disclaim all liability in connection with the Entitlement Offer and the information in this booklet.

## 16 Sub-underwriting arrangements

As announced by FKP on 25 June 2009, Mulpha (the largest security holder of FKP) has entered into the Sub-underwriting Agreement with the Underwriter to sub-underwrite \$75 million of the Entitlement Offer.

Customary with these types of arrangements, the Underwriter can terminate the Sub-underwriting Agreement if the Underwriting Agreement is terminated or the Entitlement Offer is withdrawn.

## 17 Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Retail Entitlement Offer that is not contained in this booklet.

Any information or representation that is not in this booklet may not be relied on as having been authorised by FKP, or its related bodies corporate in connection with the Retail Entitlement Offer. Except as required by law, and only to the extent so required, none of FKP, or any other person, warrants or guarantees the future performance of FKP or any return on any investment made pursuant to the information in this booklet.

None of the parties referred to in the Directory of this booklet (other than FKP), has made or authorised the making of any statement that is included in this booklet or any statement on which a statement in this booklet is based. To the maximum extent permitted by law each of these parties expressly disclaims and takes no responsibility for any statements in or omissions from this booklet other than references to its name or a statement or report included in this booklet with the consent of that party as specified above.

## 18 Declarations

If you make an application for New Stapled Securities under the Retail Entitlement Offer, you will be taken to make the declarations to FKP that you:

- agree to be bound by the terms of the Retail Entitlement Offer;
- authorise FKP to register you as the holder of the New Stapled Securities allotted to you;
- declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- declare you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- acknowledge that once FKP receives the Entitlement and Acceptance Form or any payment of Application Monies including via BPAV, you may not withdraw it;
- agree to apply for the number of New Stapled Securities specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies including via BPAV, at the issue price of \$0.40 per New Security;
- agree to be allotted the number of New Stapled Securities that you apply for;
- authorise FKP, the Underwriter, the Security Registry and their respective officers or agents, to do anything on your behalf necessary for New Stapled Securities to be issued to you, including to act on instructions of the Security Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- declare that you are the current registered holder of Securities and are an Australian or New Zealand resident with a registered address in Australia or New Zealand;
- acknowledge that the information contained in this booklet and the Entitlement and Acceptance Form is not investment advice nor a recommendation that New Stapled Securities are suitable for you given your investment objectives, financial situation or particular needs, and is not a product disclosure statement, does not contain all of the information that you may require in order to assess an investment in FKP and is given in the context of FKP past and ongoing continuous disclosure announcements to ASX;

- represent and warrant that the law of any other place does not prohibit you from being given this booklet and the Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Stapled Securities;
- acknowledge the statement of risks in the 'Appendix 3 – Key investment risks' section of the Equity Raising Presentation, and that investments in FKP are subject to investment risk;
- acknowledge that neither FKP or any of the directors, officers, employees, agents, consultants nor advisers of either FKP Limited or FKP Funds Management Limited as responsible entity of the FKP Property Trust, nor the Underwriter, guarantees the performance of FKP, nor do they guarantee the repayment of capital from FKP;
- represent and warrant (for the benefit of FKP, the Underwriter and their respective affiliates) that you are not in the United States and that you are not, and you are not acting for the account or benefit of, a U.S. Person;
- represent and warrant (for the benefit of FKP, the Underwriter and their respective affiliates) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, and are otherwise eligible to participate in the Retail Entitlement Offer;
- acknowledge that Entitlements and New Stapled Securities have not, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdictions in the United States, or in any other jurisdiction outside Australia and New Zealand and accordingly, Entitlements may not be taken up, and New Stapled Securities may not be offered, sold or otherwise transferred, in the United States or to, or for the account or benefit of, any U.S. Person, except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws;
- agree not to send this booklet, the Entitlement and Acceptance Form or any other material relating to the Equity Raising to any person in the United States or that is, or is acting for the account or benefit of, a U.S. Person; and
- agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and/or of your holding of Securities on the Record Date.

# Glossary

Term	Meaning
<b>\$ or A\$</b>	Australian dollars
<b>AEST</b>	Australian Eastern Standard Time
<b>Application Monies</b>	Monies received from applicants in respect of their applications
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASX</b>	ASX Limited (ABN 98 008 624 691)
<b>ASX Listing Rules</b>	The official listing rules of ASX, as amended or replaced from time to time except to the extent of any waiver granted by ASX
<b>ASX Offer Announcements</b>	Announcements made by FKP in respect of the Entitlement Offer as attached in this booklet
<b>Corporations Act</b>	Corporations Act 2001 (Cth)
<b>CRN</b>	Customer Reference Number; also known as Reference Number
<b>Early Retail Close Date</b>	The date contemplated in the Key Dates section
<b>Eligible Retail security holder</b>	As defined in Part 1 of the Important Information section
<b>Entitlement</b>	The entitlement to subscribe for 2.3 New Stapled Securities for every 1 existing Stapled Security held on the Record Date by Eligible Retail security holders
<b>Entitlement and Acceptance Form</b>	The Entitlement and Acceptance Form accompanying this Retail Entitlement Offer Booklet upon which an application can be made
<b>Entitlement Offer</b>	The offer of New Stapled Securities to Eligible security holders as announced by FKP on Thursday, 25 June 2009
<b>Equity Raising Presentation</b>	The presentation in relation to the Entitlement Offer lodged with ASX on Thursday, 25 June 2009.

Term	Meaning
<b>Final Allotment Date</b>	The date contemplated in the Key Dates section
<b>Final Retail Close Date</b>	The date contemplated in the Key Dates section
<b>FKP</b>	FKP Property Group, which consists of FKP Limited (ACN 010 729 950) and FKP Property Trust (ARSN 099 648 754) of which FKP Funds Management Limited (ACN 089 800 082) is the responsible entity
<b>Initial Allotment Date</b>	The date contemplated in the Key Dates section
<b>Institutional Entitlement Offer</b>	Institutional component of the Entitlement Offer
<b>New Stapled Securities</b>	FKP ordinary stapled securities issued under the Entitlement Offer at the Offer Price
<b>Offer Materials</b>	<p>Offer Materials means:</p> <ul style="list-style-type: none"> <li>the notice lodged by FKP at the ASX in respect of the Entitlement Offer which complies with subsections 708AA(2)(f), 708AA(7), 1012DAA(2)(f) and 1012DAA(7) of the Corporations Act as modified by ASIC Class Order 08/35;</li> <li>all announcements released to ASX by FKP in connection with the Entitlement Offer including the Equity Raising Presentation;</li> <li>this booklet;</li> <li>the confirmation letter sent by the Underwriter to institutional security holders and institutional investors who subscribe for New Stapled Securities under the Institutional Entitlement Offer which includes the necessary settlement details in respect of New Stapled Securities issued under the Institutional Entitlement Offer;</li> <li>the procedures manual distributed by the Underwriter to institutional security holders and institutional investors on behalf of FKP and any attachments or electronic forms of those documents and any amending documents thereto;</li> <li>all correspondence delivered to security holders or excluded security holders in respect of the Entitlement Offer and approved by or on behalf of or issued with the concurrence of FKP or its legal advisers; and</li> <li>any press releases, presentation materials, or public or media statement made (on or after 25 June 2009 and up to and including 30 July 2009) in relation to FKP (or any of its subsidiaries) or any component of the Entitlement Offer, including amendments or updates to any Offer Materials, or in relation to bids or applications received for New Stapled Securities or the progress or results of the Entitlement Offer, in each case by or on behalf of or issued with the concurrence of FKP or its legal advisers (or with their consent)</li> </ul>
<b>Offer Price</b>	A\$0.40 per New Stapled Security

# Glossary continued

Term	Meaning
<b>Record Date</b>	The time and date for determining which security holders are entitlement to an Entitlement under the Entitlement Offer, being 7.00pm (AEST) on Monday, 29 June 2009.
<b>Retail Bookbuild</b>	A bookbuild process whereby renounced Entitlements of security holders are sold to other security holders
<b>Retail Entitlement Offer</b>	Retail component of the Entitlement Offer
<b>Retail Premium</b>	Any cash realised in the Retail Bookbuild that is in excess of the Offer Price per New Stapled Security
<b>Security</b>	FKP ordinary stapled security, being one ordinary share in FKP Limited stapled to one ordinary unit in FKP Property Trust
<b>Security Registry</b>	Computershare Investor Services Pty Limited (ACN 078 279 277)
<b>Security holder</b>	The registered holder of a Security
<b>Sub-underwriting Agreement</b>	The sub-underwriting agreement between the Underwriter and Mulpha Australia Limited (ACN 002 888 039) dated on or about 25 June 2009
<b>Underwriter</b>	Goldman Sachs JBWere Pty Limited ACN 006 797 897
<b>Underwriting Agreement</b>	The underwriting agreement with the Underwriter dated 25 June 2009, as amended from time to time

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