



**ASX AND MEDIA RELEASE**

**17 October 2007**

## **FKP Extends CEO Appointment to 2011**

FKP Property Group today announced that it had agreed the terms of a new employment contract with Managing Director and Chief Executive Officer, Mr Peter Brown.

FKP Chairman, Mr Ben Macdonald, said the Board was delighted to have secured Mr Brown's services until 30 June 2011.

Mr Macdonald said "Mr Brown's existing contract was not due to expire until June 2008, but the Board felt it was firmly in the Group's interest to resolve any issue over his future well ahead of that date. Today's announcement provides certainty that the Group will remain firmly focussed on the execution of the strategies that have served security holders so well in the past few years".

Since Mr Brown was appointed in February 2003, he has overseen a period of record profits and returns to FKP security holders. The period has been characterised by significant geographic expansion and market diversification, consistent with the strategic vision communicated to security holders.

FKP is today recognised as Australia's largest owner-operator of retirement communities, and its development divisions have a forward land pipeline of more than \$5 billion by end value. The Group has established a funds management business that is projected to have some \$2 billion of funds under management by the end of the financial year. FKP now has operations broadly based within Australia and New Zealand, and is examining a number of initiatives to build upon its recent investment in China.

The Group's profits have grown from \$26.7m in 2003 to \$194.8m in 2007. Over the same period, distributions have increased from 12.0 cents to 31.7 cents. FKP's security price has increased from \$1.38 at the date of Mr Brown's appointment to \$7.45 at close of business on 16 October 2007.

Mr Macdonald said today "Mr Brown has more than met the Board's expectations when he was appointed to the role in 2003. His leadership skills, experience and strategic vision will be pivotal in ensuring FKP's continued success in coming years. Today's announcement is a very good outcome for FKP security holders."

A summary of the terms of Mr Brown's employment contract is attached.

### **For further information:**

Shalome Mielewska, Investor Relationships Manager on 0404 811 847  
Geoff Breusch, Media and Communications Manager 0424 779 043

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### **FKP Property Group**

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

**Issued by FKP Limited ABN 28 010 729 950 [www.fkp.com.au](http://www.fkp.com.au)**

## Summary of Key Terms of Employment Contract

### 1. Remuneration Package

Mr Brown's remuneration package consists of:

- (a) a fixed based salary of \$1.5M per annum including compulsory superannuation, increasing annually by 3%;
- (b) an annual short term incentive bonus of up to 100% of his base salary.

The actual short term incentive awarded will be determined against significant growth hurdles including the achievement of set operating profit targets for each year of the term; and

- (c) a long term incentive bonus of 5,000,000 options.

The option exercise period commences on 1 January 2011 and expires on 30 June 2012. The option exercise price will be \$7.05 per option. This exercise price is equivalent to the price paid by institutional investors in the placement that took place on 18 April 2007.

The issue of options to Mr Brown is subject to the receipt of security holder approval at this year's AGM. If security holder approval is not obtained, a cash settled payment will be implemented on no less favourable terms to replace the long term incentive bonus.

### 2. Terms of Engagement

The contract will expire on 30 June 2011.

Mr Brown may terminate the contract by giving six months' prior written notice. Mr Brown will be entitled to receive a severance payment equal to 24 months' base salary if, at the instigation of the Board, he ceases to be the most senior executive officer of FKP (other than as a result of serious breach, misconduct, incapacity or similar event).

FKP may terminate the contract by 24 months' prior written notice or by the payment of an amount equal to 24 months' base salary at the rate payable at the time of the notice of termination. Mr Brown's entitlement to exercise his options will not be affected if FKP terminates the contract during the 24 month period prior to 1 January 2011.