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The Manager
Company Announcements Office
ASX Limited
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Dear Sir/Madam

Update on Strategic Review of Retirement Business by FKP

Attached is a copy of an announcement by FKP which refers to consideration of a possible demerger to separate its retirement and development/trust business.

END

For further information contact:
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ASX / MEDIA RELEASE

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FKP Update on Strategic Review of Retirement Portfolio

As announced at its half year results in February 2012, FKP has been conducting a strategic review of its retirement operating model evaluating the best way to meet the current and future market demand of the Australian retirement sector.

Preliminary findings from the strategic review indicate that by utilising FKP's integrated retirement sector skills and experience, there are significant opportunities for the Group to further integrate health services with accommodation in its retirement portfolio. In addition, FKP expects to grow its existing retirement development pipeline to generate stronger cash flow from this business.

In terms of structure, preliminary findings of the strategic review are that FKP may pursue a demerger to separate its retirement and development/trust businesses, subject to a further evaluation of the issues, costs and benefits to FKP's securityholders and continuing assessment of prevailing economic and capital market conditions. Analysis of this structural option is on-going and no decision to undertake a demerger has yet been made.

FKP intends to provide further detail to the market at its full year results in August.

FKP is being exclusively advised by Goldman Sachs.

For further information contact:

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About FKP

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 Property Group (ASX: FKP) comprising FKP Limited ABN 28 010 729 950 and FKP Funds Management Limited ABN 17 089 800 082, AFSL No. 222273 as Responsible Entity for the FKP Property Trust ARSN 099 648 754.
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