

29 December 2010

The Manager
Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Dividend and Gearing Policy

As announced on 1 November 2010, the Board has been reviewing its current capital management requirements and has now adopted a formal dividend policy to take effect from the 2010/2011 financial year.

The new policy reflects that the company's villages have now reached a scale and level of maturity where there is both greater certainty and growth in ongoing cash flows from the business to support future dividend payments, subject to the company's development and investment requirements.

From 1 July 2010, FPG intends to distribute 40% to 60% of its Realised Underlying Profits with the non-cash component of any retirement revaluation to be excluded from the base. The interim dividend for the half-year period ending 31 December 2010 will be determined by the Board in February 2011 when the financial results are released to the market.

The new policy will seek to balance the Group's recurring income with proposed development plans for the Albany Creek, Durack and Clayfield villages. It is anticipated that the first development will take place at Albany Creek in early 2011.

As part of its capital management review, the Board has also agreed to adopt a formal gearing policy with a target maximum gearing level of 35%. The adoption of a target gearing range will provide flexibility for assessment of the company's ongoing development and investment requirements although any proposed changes to existing or future debt levels will still be subject to all of the Board's normal approval processes, including approval by the Contract Review Committee.

The company's current bank facilities are the same as reported in the 2010 Annual Report.



Justin Laboo
Executive Director
Forest Place Group Limited
ABN 75 061 421 565