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ASX Statement / Media Release

Becton Announces Recapitalisation and Debt Refinancing Plan

Becton Property Group (“**Becton**” or “**the Group**”) today announced that it has reached in principle agreement with key debt providers for a plan intended to recapitalise and stabilise the Group’s balance sheet and provide long-term financing.

Key elements include:

- conversion of at least \$80 million of the Group’s outstanding liabilities to equity
- extension of the Group’s existing working capital facility maturing August 2011 to September 2015
- debt finance for the construction of the first 289 apartments at Divercity, Waterloo, and
- support for the refinancing and recapitalisation from Becton’s major lender, BOS International (Australia) Ltd (“**BOSI**”).

Becton CEO Mr Matthew Chun said he was confident the plan once implemented would stabilise the Group and put Becton in a strong position to capitalise on the strength of its operating businesses.

“This is a significant milestone for Becton and is the result of a considered and thorough process to restructure and recapitalise the Group for the benefit of security and note holders. It will allow the Group to continue to manage and grow the value of its asset base and at the same time will significantly strengthen our balance sheet.”

The recapitalisation and refinancing will deliver the following benefits:

- removes uncertainty about the Group’s capital structure
- improves NTA by at least \$80 million
- significantly improves gearing and reduces interest expense by at least \$6.5 million per annum
- enables the Group to focus on generating profits in key business divisions:
 - Development and Construction – more than \$1.6 billion in end-value under development
 - Retirement – more than \$500 million in dwellings under management (in which Becton has a 50% interest under a Retirement Alliance with the Oman Investment Fund)
 - Funds Management – more than \$1.3 billion in properties under management.

Background

Since the start of 2008, Becton has worked on a three-pronged strategy to return the business to stability and profitability. The three areas of focus are:

1. **Active management** - deleverage and drive core assets to improve income.
 - **Achievements since Jan 2008** - \$1.3 billion of Group and Funds Management asset sales, improved occupancy in fund properties to 96.7%, all Retirement and Development projects demonstrating strong selling activity and profits.
2. **Simplification** - focus on a core group of profitable projects.
 - **Achievements since Jan 2008** – number of development projects reduced from 40 to 7, reduction in assets managed from 90 to 59 and corresponding reduction in headcount from 177 to 91.
3. **Reshaping and capital management** - explore ways to recapitalise the three business units.
 - **Achievements since Jan 2008** – \$561 million of Group debt reduction and \$241 million of refinance, \$33.5 million raised through a Retirement Alliance with Oman Investment Fund, \$3 million additional equity issued to Oman Investment Fund in June 2009.

“The achievements of the Group over the past two years have enabled us to put this plan in place,” said Mr Chun. “The strong relationships we have built with our customers, tenants, investors and joint venture partners over 30 years and our loyal and dedicated staff in our diversified property business are all essential ingredients in enabling the Group to restore value to our supportive stakeholder group within a sustainable capital structure and in an improving market.”

Next steps and approvals required

The proposal to recapitalise Becton will require a number of formal approvals and third party consents including the approval of Becton security holders. As part of the recapitalisation proposal, Becton expects to put a proposal to the holders of Becton Convertible Notes (ASX: BECG) for the conversion of 100% of these notes. On conversion, the new equity holders, including key debt providers and the holders of Becton Convertible Notes, will own a significant proportion of Becton securities. This will result in dilution to existing security holders.

While the material terms for a refinancing and recapitalisation have been agreed in principle between the relevant parties, no assurance can be given that binding documentation will be completed and executed or that final terms of any agreement for refinancing and recapitalisation will not differ from those currently contemplated and described above.

The process of finalising the transaction terms, executing transaction documentation and obtaining all necessary regulatory, financier and security holder approvals is expected to take several months. Becton will update the market when further information is available.

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