Appendix 4D
Preliminary Half-Yearly Report
Results for Announcement to the Market

1. Company details and reporting period

Name of Entity and ABN:	FKP PROPERTY GROUP ('Combined Group') comprising of FKP Limited ABN 28 010 729 950 ('Parent Entity') and its Controlled Entities and FKP Property Trust ARSN 099 648 754 ('Property Trust') and its Controlled Entities, the responsible entity of which is FKP Funds Management Limited ABN 17 089 800 082. AFS Licence Number 222273.
Reporting period:	31 December 2009
Previous Corresponding Period:	31 December 2008

2. Results for Announcement to the Market

				$m
Revenue from ordinary activities	**Up**	**79.5%**	**to**	**248.8**
Net profit / (loss) for the period attributable to members	**Up**	**na%**	**to**	**48.8**

Dividends (distributions)	Cents per security	Franked amount per security (cents)
Interim dividend	-	-
Interim trust distribution (rounded to 2 decimal places)	0.50	-
Total distributions	0.50	-
Previous corresponding period		
Interim dividend	-	-
Interim trust distribution	2.00	-
Total distributions	2.00	-
Record date for determining entitlements to the dividends (if any)	31 December 2009	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood: Refer to Directors' Report

3. Statement of Comprehensive Income with notes to the statement
Refer to page 3 of the Financial Report for the Half-Year Ended 31 December 2009 and accompanying notes.

4. Balance Sheet with notes to the statement
Refer to page 4 of the Financial Report for the Half-Year Ended 31 December 2009 and accompanying notes.

5. Cash Flow Statement with notes to the statement
Refer to page 6 of the Financial Report for the Half-Year Ended 31 December 2009 and accompanying notes.

6. Dividends/Distributions
Refer to page 10 of the Financial Report for the Half-Year Ended 31 December 2009.

7. Dividend/distribution reinvestment plan (DRP)
The Combined Group's DRP is operational for the 2009 interim distribution. The deadline for participation was 31 December 2009. The price for the DRP is $0.76 per stapled security. The price is calculated in accordance with the DRP rules, based on the volume weighted average price of the Combined Group's stapled securities for the 10 trading days from Tuesday, 5 January 2010 to Monday, 18 January 2010 inclusive, less a discount of 2.5%. Securities issued are fully paid and rank equally with existing fully paid ordinary stapled securities.

8. Statement of Changes in Equity
Refer to page 5 of the Financial Report for the Half-Year Ended 31 December 2009.

9. Net tangible assets (NTA) per security

	31 December 2009 $	31 December 2008 $
NTA per stapled security	1.27	3.65

10. Entities over which control has been gained or lost during the period
Not applicable.

11. Associates and joint venture entities
Refer to page 11 of the Financial Report for the Half-Year Ended 31 December 2009.

12. Other significant information
Not applicable.

13. Accounting standards used for foreign entities
Not applicable.

14. Commentary on the results for the period
Refer to page 1 of the Financial Report for the Half-Year Ended 31 December 2009.

15. Status of audit
The attached Financial Report for the Half-Year Ended 31 December 2009 has been reviewed.

16. Dispute or qualifications if not yet audited
Not applicable.

17. Dispute or qualifications if audited
Not applicable.

Sign here:	.... Company Secretary	25 February 2010 Date
Print name:	Susan Stewart	

FKP Property Group

(consisting of combined Financial Reports of
FKP Limited ABN 28 010 729 950
and its Controlled Entities and
FKP Property Trust ARSN 099 648 754 and its Controlled Entities)

Half-Year Financial Report
31 December 2009

Directors' Report for the Half-Year Ended 31 December 2009

The Directors present their Report together with the Financial Statements of the Combined Group, consisting of FKP Limited ('Parent Entity') and its Controlled Entities and FKP Property Trust ('Property Trust') and its Controlled Entities ('Consolidated Property Trust') for the half-year ended 31 December 2009 and the Independent Auditor's Review Report thereon.

DIRECTORS

The Directors of FKP Limited and FKP Funds Management Limited, as Responsible Entity for FKP Property Trust, during the half-year and until the date of this Report are:

SH Lee	Non Executive Chairman
D C Crombie	Non Executive Deputy Chairman
P R Brown	Managing Director and Chief Executive Officer
P Parker	Non Executive Director
L R McKinnon	Non Executive Director
J E F Frayne	Non Executive Director
G C Dyer	Non Executive Director

All Directors shown were in office from the beginning of the half-year until the date of this Report, unless otherwise stated.

REVIEW AND RESULTS OF OPERATIONS

The combined profit for the half-year ended 31 December 2009 attributable to the security holders of FKP Property Group was:

	31 December 2009 $m	31 December 2008 $m
Net profit/(loss) from continuing operations attributable to members of FKP Limited	44.0	(151.2)
Net profit/(loss) from continuing operations attributable to members of FKP Property Trust	4.8	(7.2)
Net Profit/(Loss) from Continuing Operations Attributable to Stapled Security holders	**48.8**	**(158.4)**

The net profit from continuing operations attributable to stapled security holders for the period was $48.8m (2008: $158.4m loss). Earnings/(loss) per stapled security during the period was 4.5 cents per stapled security ('cps'), compared with (38.9) cents in the previous corresponding period.

Refer to the attached ASX and Media Release for further analysis of the results.

Current Assets and Current Liabilities

The Balance Sheet of the Combined Group discloses total current assets of $271.1m and current liabilities of $1,356.2m. This largely arises because of the requirement under Australian Accounting Standards to classify Resident Loans as a current liability, whereas the asset to which this relates, Investment Properties, is required to be classified as a non-current asset. In practice, the rate at which the Combined Group's Retirements' residents vacate their units, and hence the rate at which the Resident Loans will fall due for repayment, can be estimated on the basis of statistical tables.

The Combined Group's best estimate is that of the total Resident Loans of $1,163.0m, only $87.3m is expected to be paid within the next twelve months. Further, if this amount was repayable, it is estimated that incoming contributions of more than $136.2m would be received from new residents. Accordingly, on the basis of the best estimates available to the Combined Group, rather than there being net current liabilities of $1,085.1m, the Combined Group believes it has net current assets of $126.8m.

DIVIDENDS AND DISTRIBUTIONS

A trust distribution of 0.5 cps as estimated to the market on 18 December 2009 has been confirmed.

ROUNDING

The amounts contained in this Report and in the Half-Year Financial Report are presented in Australian dollars and all values have been rounded off to the nearest one hundred thousand dollars in accordance with ASIC Class Order 98/100, unless otherwise indicated.

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

We confirm that we have obtained the Auditor's Independence Declaration which is set out on Page 2.

Signed in accordance with a resolution of the Directors:

Director
Peter Brown

Dated at Sydney this 25th day of February 2010.

PKF

Chartered Accountants
& Business Advisers

Auditor's Independence Declaration

As lead auditor for the review of FKP Property Group for the half-year ended 31 December 2009, I declare that to the best of my knowledge and belief there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of FKP Property Group which comprises both FKP Limited and the entities it controlled during the half year and FKP Property Trust and the entities it controlled during the half-year.

PKF

PKF

Grant Saxon
Partner

Dated at Sydney this 25th day of February 2010

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PKF | ABN 83 236 985 726
Level 6, 10 Eagle Street | Brisbane | Queensland 4000 | Australia
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Consolidated Statement of Comprehensive Income for the Half-Year Ended 31 December 2009

	Note	Combined Group 31 December 2009 $m	31 December 2008 $m
Sale of goods and construction contract revenue		196.0	86.5
Cost of sales		(166.1)	(81.7)
Gross Profit		**29.9**	**4.8**
Revenue from rendering of services		48.2	41.7
Change in fair value of investment properties		69.0	0.2
Change in fair value of resident loans	8	(33.6)	(33.5)
Other revenue from ordinary activities		4.6	12.1
Change in fair value of financial instruments		10.9	(60.6)
Employee expenses		(26.1)	(33.0)
Marketing expenses		(3.0)	(3.0)
Occupancy expenses		(2.1)	(3.0)
Administration expenses		(14.0)	(18.2)
Inventory write-down to net realisable value		(0.5)	(64.2)
Other expenses		(1.5)	(13.4)
Finance costs		(16.8)	(21.0)
Share of net profit/(loss) of associates accounted for using the equity method		8.6	(26.8)
Profit/(Loss) from Continuing Operations Before Income Tax		**73.6**	**(217.9)**
Income tax benefit/(expense) relating to ordinary activities		(22.8)	60.1
Net Profit/(Loss) from Continuing Operations After Income Tax		**50.8**	**(157.8)**
Net profit/(loss) attributable to minority interests		(2.0)	(0.6)
Net Profit/(Loss) Attributable to Equity Holders of the Combined Group		**48.8**	**(158.4)**
Net (profit)/loss attributable to members of FKP Property Trust		(4.8)	7.2
Net Profit/(Loss) Attributable to Members of FKP Limited		**44.0**	**(151.2)**
Other comprehensive income			
Foreign currency translation differences for foreign operations		(3.3)	(0.6)
Equity settled employee benefits		5.6	2.7
Income tax on other comprehensive income		0.3	2.7
Total other comprehensive income for the period, net of income tax		**2.6**	**4.8**
Profit/(Loss) attributable to:			
Members of FKP Limited		44.0	(151.2)
Members of FKP Property Trust		4.8	(7.2)
Minority interest		2.0	0.6
Net Profit/(Loss) from Continuing Operations After Income Tax		**50.8**	**(157.8)**
Total comprehensive income attributable to:			
Members of FKP Limited		48.6	(155.4)
Members of FKP Property Trust		2.8	1.8
Minority interest		2.0	0.6
Total comprehensive income attributable to equity holders of the Combined Group		**53.4**	**153.0**
Earnings/(loss) per Security:			
Basic earnings/(loss) per security - Combined Group [1]		4.5 cents	(38.9) cents
Diluted earnings/(loss) per security - Combined Group [1]		4.5 cents	(38.9) cents
Basic earnings/(loss) per share - FKP Limited [1]		4.1 cents	(37.1) cents
Diluted earnings/(loss) per share - FKP Limited [1]		4.1 cents	(37.1) cents

[1] Reported earnings per security for the half-year ended 31 December 2008 has been modified for adjustments made to securities for increases as a result of the renounceable Entitlement Offer announced on 25 June 2009. The previously reported loss of (55.5) cents per security has been amended to (38.9) cents per security for the Combined Group. The previously reported loss of (53.0) cents per share has been amended to (37.1) cents per share for FKP Limited.

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the accompanying Notes to the Half-Year Financial Report set out on pages 7 to 13.

Consolidated Balance Sheet as at 31 December 2009

	Note	Combined Group 31 December 2009 $m	Combined Group 30 June 2009 $m
Current Assets:			
Cash and cash equivalents		34.4	13.5
Trade and other receivables		89.4	97.1
Inventories		141.0	168.5
Non-current assets held for sale		-	19.4
Other		6.3	14.9
Total Current Assets		**271.1**	**313.4**
Non-Current Assets:			
Trade and other receivables		14.6	13.9
Inventories		468.8	464.6
Investment properties		2,672.7	2,582.2
Equity-accounted investments	5	329.7	327.3
Property, plant and equipment		33.1	65.2
Intangible assets		3.3	3.4
Other		9.5	2.8
Total Non-Current Assets		**3,531.7**	3,459.4
Total Assets		**3,802.8**	**3,772.8**
Current Liabilities:			
Trade and other payables		143.1	151.3
Interest bearing loans and borrowings		29.5	184.8
Provisions		10.9	10.6
Other financial liabilities		9.7	7.9
Total Current Liabilities (excluding resident loans)		**193.2**	**354.6**
Resident loans [1]		1,163.0	1,132.0
Total Current Liabilities		**1,356.2**	**1,486.6**
Non-Current Liabilities:			
Trade and other payables		24.9	33.6
Interest bearing loans and borrowings		767.5	968.4
Deferred tax liabilities		173.3	153.2
Provisions		1.9	1.8
Other financial liabilities		2.0	14.7
Total Non-Current Liabilities		**969.6**	**1,171.7**
Total Liabilities		**2,325.8**	**2,658.3**
Net Assets		**1,477.0**	**1,114.5**
Equity:			
Contributed equity		766.9	549.4
Retained profits		248.5	204.5
Reserves		(15.6)	(20.2)
Total Attributable to Members of FKP Limited		**999.8**	**733.7**
Minority Interests:			
FKP Property Trust		440.9	346.5
Minority interest		36.3	34.3
Total Minority Interest		**477.2**	**380.8**
Total Equity		**1,477.0**	**1,114.5**

[1] As referred to in Note 1 (c), Australian Accounting Standards require Resident Loans to be classified as a current liability. The Combined Group's best estimate is that of the total Resident Loans of $1,163.0m, only $87.3m is expected to be paid within the next twelve months. Further, if this amount was repayable, it is estimated that incoming contributions of more than $136.2m would be received from new residents.

The Consolidated Balance Sheet is to be read in conjunction with the accompanying Notes to the Half-Year Financial Report set out on pages 7 to 13.

Consolidated Statement of Changes in Equity for the Half-Year Ended 31 December 2009

	Note	Attributable to Equityholders of FKP Limited						
		Share Capital $m	Retained Earnings $m	Reserves $m	Sub Total $m	Consolidated Property Trust $m	Minority Interest $m	Total Equity $m
31 December 2008								
Comprehensive income:								
Loss for the period		-	(151.2)	-	(151.2)	(7.2)	0.6	(157.8)
Other comprehensive income		-	-	(4.6)	(4.6)	9.4	-	4.8
Total Comprehensive Income		**-**	**(151.2)**	**(4.6)**	**(155.8)**	**2.2**	**0.6**	**(153.0)**
Other transactions with owners in their capacity as owners:								
Dividends and distributions provided for	4	-	(29.9)	-	(29.9)	(7.1)	-	(37.0)
Issue of securities	3	99.0	-	-	99.0	38.2	-	137.2
Total Transactions with Owners		**99.0**	**(29.9)**	**-**	**69.1**	**31.1**	**-**	**100.2**
Total changes in equity during the period		99.0	(181.1)	(4.6)	(86.7)	33.3	0.6	(52.8)
Balance at 1 July 2008		449.8	502.4	(12.6)	939.6	367.1	33.6	1,340.3
Balance at 31 December 2008		**548.8**	**321.3**	**(17.2)**	**852.9**	**400.4**	**34.2**	**1,287.5**
31 December 2009								
Comprehensive income:								
Profit for the period		-	44.0	-	44.0	4.8	2.0	50.8
Other comprehensive income		-	-	4.6	4.6	(2.0)	-	2.6
Total Comprehensive Income		**-**	**44.0**	**4.6**	**48.6**	**2.8**	**2.0**	**53.4**
Other transactions with owners in their capacity as owners:								
Dividends and distributions provided for	4	-	-	-	-	(5.8)	-	(5.8)
Issue of securities	3	217.5	-	-	217.5	97.4	-	314.9
Total Transactions with Owners		**217.5**	**-**	**-**	**217.5**	**91.6**	**-**	**309.1**
Total changes in equity during the period		217.5	44.0	4.6	266.1	94.4	2.0	362.5
Balance at 1 July 2009		549.4	204.5	(20.2)	733.7	346.5	34.3	1,114.5
Balance at 31 December 2009		**766.9**	**248.5**	**(15.6)**	**999.8**	**440.9**	**36.3**	**1,477.0**

The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying Notes to the Half-Year Financial Report set out on pages 7 to 13.

Consolidated Cash Flow Statement for the Half-Year Ended 31 December 2009

	Combined Group	
	31 December 2009 $m	31 December 2008 $m
Cash Flows from Operating Activities:		
Receipts from customers	269.5	172.2
Payments to suppliers and employees	(54.4)	(94.9)
Payments for inventory	(126.4)	(122.4)
Interest received	0.9	1.6
Income tax received/(paid)	-	3.3
Dividends and distributions received	11.9	0.4
GST recovered / (paid)	(14.6)	4.6
Net Cash Provided By / (Used In) Operating Activities	**86.9**	**(35.2)**
Cash Flows from Investing Activities:		
Payments for property, plant and equipment	(1.4)	(35.7)
Proceeds from sale of property, plant and equipment	0.5	7.7
Proceeds from sale of investment properties	29.7	13.4
Payments for investment properties	(1.7)	(12.2)
Payments for interest in syndicates	(0.7)	(0.8)
Proceeds from sale of other investments	-	14.3
Payments for investments in associates	-	(7.8)
Proceeds from sale of investment in associates	-	3.4
Net Cash Provided By / (Used In) Investing Activities	**26.4**	**(17.7)**
Cash Flows from Financing Activities:		
Dividends and distributions paid	(4.8)	(31.4)
Proceeds from issue of securities	323.5	132.8
Costs associated with issue of securities	(11.2)	(7.3)
Proceeds from interest bearing loans and borrowings	44.0	103.5
Repayment of interest bearing loans and borrowings	(410.3)	(94.8)
Finance costs including interest and other costs of finance paid	(39.0)	(56.5)
Repayment of loans receivable	11.5	11.1
Net Cash Provided By / (Used In) Financing Activities	**(86.3)**	**57.4**
Net increase / (decrease) in cash and cash equivalents	27.0	4.5
Cash and cash equivalents at beginning of financial period	7.4	13.3
Cash and Cash Equivalents at End of Financial Period	**34.4**	**17.8**

The Consolidated Cash Flow Statement is to be read in conjunction with the accompanying Notes to the Half-Year Financial Report set out on pages 7 to 13.

1. STATEMENT OF ACCOUNTING POLICIES

FKP Property Group ('Combined Group') is a group domiciled and incorporated in Australia. The Financial Report for the half-year ended 31 December 2009 of FKP Property Group consists of the aggregated Financial Statements of the Combined Group comprising of FKP Limited ('Parent Entity') and its Controlled Entities and FKP Property Trust ('Property Trust') and its Controlled Entities ('Consolidated Property Trust'). None of the entities whose securities are stapled is a Parent of the other entity and the entities do not have a common Parent. The Combined Financial Report for the half-year has been drawn up in accordance with ASIC Class Order 05/642 relating to combining accounts under stapling and for the purpose of fulfilling the requirements of the ASIC. The Combined Group's stapled securities are traded on the ASX.

The nature of the operations and principal activities of the Combined Group are described in Note 2.

The Half-Year Financial Report of the Combined Group was authorised for issue by the Directors on 25 February 2010.

The significant accounting policies which have been adopted in the preparation of the Half-Year Financial Report are:

(a) Basis of Preparation of the Financial Report

This general purpose Financial Report for the interim half-year reporting period ended 31 December 2009 has been prepared in accordance with Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

This Half-Year Financial Report does not include all the notes of the type of normally included in an Annual Financial Report. Accordingly this Report is to be read in conjunction with the Annual Financial Report for the year ended 30 June 2009 and any public announcements made by FKP Property Group during the half-year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

The half-year financial statements have been prepared using the same accounting policies and methods of computation as used in the annual financial statements for the year ended 30 June 2009, with the exception of new accounting standards and interpretations adopted below.

For the purpose of preparing the half-year Combined Group's financial statements, the half-year has been treated as a discrete reporting period.

(b) Stapling

On 12 November 2004, FKP Limited ceased to control FKP Property Trust as a result of the implementation of the stapling arrangement approved by the courts and FKP Limited shareholders. These same shareholders reinvested in and capitalised FKP Property Trust upon deconsolidation from FKP Limited.

FKP Limited has been identified as the acquirer and the parent for the purposes of preparing the Combined Group's financial statements. FKP Property Trust has been combined under the stapling arrangement and is identified as the acquiree.

The net assets of the acquiree have been identified as minority interests and presented in the Balance Sheet within equity, separately from the Parent's equity. The profit of the acquiree has also been separately disclosed in the Income Statement.

Although the interests of the equity holders of the acquiree are treated as minority interests, the equity holders of the acquiree are also equity holders in the acquirer by virtue of the stapling arrangement.

(c) Current Assets and Current Liabilities

The Balance Sheet of the Combined Group discloses total current assets of $271.1m and current liabilities of $1,356.2m. This largely arises because of the requirement under Australian Accounting Standards to classify Resident Loans as a current liability, whereas the asset to which this relates, Investment Properties, is required to be classified as a non-current asset. In practice, the rate at which the Combined Group's Retirements' residents vacate their units, and hence the rate at which the Resident Loans will fall due for repayment, can be estimated on the basis of statistical tables.

The Combined Group's best estimate is that of the total Resident Loans of $1,163.0m, only $87.3m is expected to be paid within the next twelve months. Further, if this amount was repayable, it is estimated that incoming contributions of more than $136.2m would be received from new residents. Accordingly, on the basis of the best estimates available to the Combined Group, rather than there being net current liabilities of $1,085.1m, the Combined Group believes it has net current assets of $126.8m.

(d) New Accounting Standards and Interpretations

When the adoption of the Standard or Interpretation is deemed to have a material impact on the financial statements or performance of the group, its impact is described below:

AASB 3 'Business Combinations (revised 2008)' and AASB 127 'Consolidated and Separate Financial Statements (revised 2008)'
AASB 3 (revised 2008) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interests (previously "minority interests"), the accounting for transaction costs, the initial recognition and subsequent measurement of contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period when an acquisition occurs and future reported results.

AASB 127 (revised 2008) requires that a change in the ownership interest of a subsidiary (without a change in control) is to be accounted for as a transaction with owners in their capacity as owners. Therefore such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss in the statement of comprehensive income. Furthermore the revised standard changes the accounting for losses incurred by a partially owned subsidiary as well as the loss of control of a subsidiary. The changes in AASB 3 (revised 2008) and AASB 127 (revised 2008) will affect future acquisitions, changes in, and loss of control of, subsidiaries and transactions with non-controlling interests.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(d) New Accounting Standards and Interpretations (continued)

AASB 101 'Presentation of Financial Statements'
The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Combined Group has elected to present one statement.

AASB 123' Borrowing Costs'
The revised AASB 123 requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The revised standard does not affect the Combined Group as all borrowings costs are capitalised with regard to qualifying assets.

AASB 2008-7 'Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'
The amendments delete the reference to the "cost method" making the distinction between pre and post acquisition profits no longer relevant. All dividends received are now recognised in profit or loss rather than having to be split between a reduction in the investment and profit and loss. However the receipt of such dividends requires an entity to consider whether there is an indicator of impairment of the investment in that subsidiary.

The amendments further clarify cases or reorganisations where a new parent is inserted above an existing parent of the Combined Group. It states that the cost of the subsidiary is the previous carrying amount of its share of equity items in the subsidiary rather than its fair value. The adoption of these amendments did not have any impact on the financial position or the performance of the Combined Group.

AASB 2009-3 'Amendments to Australian Accounting Standards - Embedded Derivatives [AASB 139 and Interpretation 9]'
These amendments to AASB Interpretation 9 require an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. AASB 139 now states that if an embedded derivative cannot be reliably measured, the entire hybrid instrument must remain classified as at fair value through profit or loss. The adoption of these amendments did not have any impact on the financial position or the performance of the Combined Group.

Annual Improvements Project
In May 2008 and April 2009 the AASB issued omnibus of amendments to its standards as part of the Annual Improvements Project, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions and application dates for each amendment.

AASB 140 '*Investment Property*': amends the standard to include investment properties under construction within the scope of the standard, and also allows investment properties to be measured at cost if fair value cannot be measured reliably until such time as the fair value becomes reliably measureable or construction is complete (whichever comes earlier). The Combined Group now classifies investment properties under construction as Investment Properties in the Balance Sheet. Previously these amounts were classified as Property, Plant and Equipment. Investment properties under construction that relate to the retirement segment of the Combined Group have been measured at cost. The particular investment properties that are currently under construction relate to the retirement segment of the Combined Group and they have been measured at cost as the Directors believe that the fair value of these particular assets cannot be reliably measured at this time.

The adoption of the other amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Combined Group.

2. SEGMENT INFORMATION

(a) Reportable Segments

The principal products and services delivered by the Combined Group, from which each reportable segment derives revenue is as follows:

- Residential Communities – development, construction and supply of land and residential property for sale ranging from small infill projects to master planned residential communities
- Commercial and Industrial – development, construction and management of income producing properties of commercial, retail and industrial property
- Retirement – retirement homes and independent living units provided along with the service of management for a majority of villages

Inter-segment pricing is determined on an arm's length basis.

(b) Changes to Reportable Segments

The Combined Group has amended its reportable segments from the 2009 Annual Report. The previously reported 'Land Subdivision', 'Property Development' and 'Investment and Funds Management' segments have been reclassified into 'Residential Communities' and 'Commercial and Industrial'. The new segments are based on the revised divisional and reporting structures implemented on 1 July 2009. The 'Retirement' segment remains unchanged.

(c) Segment Revenues and Results

The following is an analysis of the Combined Group's revenue and results by reportable operating segment for the periods under review:

	Residential Communities	Commercial and Industrial	Retirement	Other	Combined
31 December 2009	**$m**	**$m**	**$m**	**$m**	**$m**
Revenue:					
Revenue outside the Combined Group	56.5	154.5	37.4	0.4	248.8
Total Segment Revenue	**56.5**	**154.5**	**37.4**	**0.4**	**248.8**
Result:					
Net Segment Result	**8.9**	**16.7**	**60.3**	**(4.1)**	**81.8**
Share of net profit/(loss) of equity-accounted investments					8.6
Profit Before Interest and Income Tax					**90.4**
Interest expense					(16.8)
Profit before income tax					73.6
Income tax expense					(22.8)
Net Profit					**50.8**
Depreciation and amortisation	-	0.6	0.2	2.2	3.0

	Residential and Communities	Commercial and Industrial	Retirement	Other	Combined
31 December 2008	**$m**	**$m**	**$m**	**$m**	**$m**
Revenue:					
Revenue outside the Combined Group	28.2	78.0	31.7	0.7	138.6
Total Segment Revenue	**28.2**	**78.0**	**31.7**	**0.7**	**138.6**
Result:					
Net Segment Result	**(47.0)**	**(44.7)**	**(2.6)**	**(75.8)**	**(170.1)**
Share of net profit/(loss) of equity-accounted investments					(26.8)
Loss Before Interest and Income Tax					**(196.9)**
Interest expense					(21.0)
Loss before income tax					(217.9)
Income tax benefit					60.1
Net Loss					**(157.8)**
Depreciation and amortisation	0.4	0.7	0.1	1.4	2.6

(c) Geographical Segments

The Combined Group operates principally in Australia.

3. CONTRIBUTED EQUITY

	31 December 2009	30 June 2009	31 December 2009	30 June 2009
	Number of Securities		$m	$m
Balance at beginning of period	352,403,767	265,362,320	965.4	827.8
Securities issued as a result of:				
Subscription agreement	-	14,085,190	-	28.2
Capital raising [1]	808,631,706	69,682,700	323.5	104.5
Costs associated with capital raising	-	-	(8.9)	(5.8)
Dividend Reinvestment Plan	781,791	3,273,557	0.3	10.7
Balance at End of Period	**1,161,817,264**	**352,403,767**	**1,280.3**	**965.4**

[1] On 15 July 2009, FKP allotted 508,968,361 new securities under the Institutional Entitlement Offer and 8,568,915 new stapled securities pursuant to early applications received under the Retail Entitlement Offer. The Combined Group allotted a further 291,094,430 new securities under the final allotment of the Retail Entitlement Offer on 31 July 2009. The allotment of these 808,631,706 new stapled securities subsequent to year end raised $323.5m before transaction costs of $8.9m.

(a) Capital Management

When managing capital, being fully paid ordinary securities, retained profits and reserves, management's objective is to ensure that the Combined Group uses a mix of funding options, whilst remaining focused on the objective of optimising returns to its equity holders. Management aims to maintain a capital structure that ensures the lowest weighted average cost of capital available.

Management may adjust the Combined Group's capital structure to take advantage of favourable changes in the cost of capital. This could include changing the amount of dividends to be paid to equity holders, returning capital to equity holders or adjusting debt levels.

During the period ended 31 December 2009, the Combined Group raised capital through the public market and some capital was retained through the Dividend Reinvestment Plan.

Under the ANZ Development facility and the Retirement Village Division ('RVD') Syndicated Loan facility, there is a requirement to maintain net tangible assets of at least $1,000.0m at all times.

The Combined Group is not subject to any other externally imposed capital requirements.

4. DIVIDENDS AND DISTRIBUTIONS

	31 December 2009	31 December 2008	31 December 2009	31 December 2008
	Cents Per Security		$m	$m
Paid or Declared during Period:				
In respect of the current financial period:				
Interim distribution	0.50	2.00	5.8	7.1
In respect of the prior financial period:				
Final dividend	-	11.28	-	29.9
Total Paid and Declared during Period	**0.50**	**13.28**	**5.8**	**37.0**

5. EQUITY-ACCOUNTED INVESTMENTS

(a) Carrying Amounts

	Activity	Ownership Interest 31 December 2009 %	Ownership Interest 30 June 2009 %	31 December 2009 $m	30 June 2009 $m
Forest Place Cleveland Syndicate [1]	Retirement village	86.3	86.3	17.0	15.7
Forest Place Clayfield Syndicate [1]	Retirement village	64.8	62.4	14.9	13.9
Retirement Villages Group[4]	Retirement villages	17.5	16.4	127.8	114.4
FKP Core Plus Fund [2]	Property investment	14.7	14.7	15.7	15.7
FKP Core Plus Fund Two [2]	Property investment	27.9	27.9	9.1	9.1
Mulpha FKP Pty Ltd	Property developer	49.9	49.9	116.6	127.6
Carrum Downs JV Pty Ltd	Property developer	50.0	50.0	-	-
Formica Pty Ltd [3]	Property developer	50.1	50.1	0.4	0.4
Big Hepher JV Pty Ltd	Property developer	50.0	50.0	-	-
US Senior Living Property Trust	Retirement villages	50.0	50.0	27.5	28.9
US Senior Living Tenant Trust	Retirement villages	50.0	50.0	0.7	1.6
				329.7	**327.3**

All equity-accounted investments are formed or incorporated in Australia.

1 The investment in the Forest Place Cleveland and Clayfield Syndicates have been treated as investments in associates as the Combined Group does not have the ability to make key financial and operating decisions as this requires unanimous agreement by all syndicate members, and precludes the Combined Group from voting on matters benefiting the Combined Group.

2 The investment in FKP Core Plus Fund and FKP Core Plus Fund Two have been treated as investments in associates as the Combined Group has the power to participate in operating policy decisions. The Combined Group participates in the policy-making process through one-quarter representation on the Investment Committees.

3 The Formica Pty Ltd Constitution provides that the Combined Group had a 50% voting right, however key decision-making requires a majority on key constitutional changes and decision-making. In addition, an Investment Committee with two-thirds (independent of unitholders and voting rights) external members are responsible for key investment decisions which the Combined Group cannot alter.

4 The investment in Retirement Villages Group (RVG) has been treated as investments in associates as the Combined Group has the power to participate in operating policy decisions. The Combined Group participates in the policy-making process through representation on the Board of Directors and acts as joint fund manager of RVG.

(b) Movements in Carrying Amounts

	6 Months Ended 31 December 2009 $m	Year Ended 30 June 2009 $m
Carrying amount at beginning of period	327.3	405.6
Purchase of investment in associates	9.2	16.4
Share of net profit/(loss)	8.6	(86.3)
Dividends received - associates	(12.1)	(1.8)
Dividends received - joint ventures	-	-
Share of movement in foreign currency translation reserve	(3.3)	(3.1)
Return of capital	-	(3.5)
Carrying Amount at End of Period	**329.7**	**327.3**

5. EQUITY-ACCOUNTED INVESTMENTS (CONTINUED)

(c) Summarised Financial Information of Associates

	Combined Group's Share of			
31 December 2009	Assets $m	Liabilities $m	Revenues $m	Profit/(loss) $m
Associates				
Forest Place Cleveland Syndicate	48.7	31.7	0.2	1.3
Forest Place Clayfield Syndicate	51.0	36.1	0.2	0.3
Retirement Villages Group	539.5	411.7	7.7	5.8
FKP Core Plus Fund	25.8	10.1	1.3	0.6
FKP Core Plus Fund Two	19.0	9.9	0.8	0.6
Mulpha FKP Pty Ltd	194.7	48.3	20.0	(0.1)
Joint Ventures				
Carrum Downs JV Pty Ltd	8.7	9.3	0.9	-
Formica Pty Ltd	7.1	6.7	2.3	-
Big Hepher JV Pty Ltd	6.9	6.9	-	-
US Senior Living Property Trust	68.1	40.6	2.4	0.5
US Senior Living Tenant Trust	4.7	4.0	5.5	(0.4)

	Combined Group's Share of			
30 June 2009	Assets $m	Liabilities $m	Revenues [1] $m	Profit [1] $m
Associates				
Forest Place Cleveland Syndicate	46.4	30.7	0.4	(0.7)
Forest Place Clayfield Syndicate	47.1	33.2	0.4	(0.7)
Retirement Villages Group	508.3	393.9	21.4	(53.5)
FKP Core Plus Fund	25.2	9.5	2.7	(4.2)
FKP Core Plus Fund Two	18.5	9.4	1.7	(5.8)
Mulpha FKP Pty Ltd	220.5	62.1	30.1	(21.3)
Joint Ventures				
Carrum Downs JV Pty Ltd	9.5	9.5	0.5	(0.2)
Formica Pty Ltd	7.7	7.3	1.5	(0.2)
Big Hepher JV Pty Ltd	6.6	6.6	-	-
US Senior Living Property Trust	74.6	45.7	5.1	0.7
US Senior Living Tenant Trust	5.1	3.5	12.9	(0.4)

[1] The Revenues and the Profit are for the year ended 30 June 2009.

(d) Summarised Financial Information of Jointly Controlled Entities

	Combined Group's Share of					
	Current Assets $m	Long Term Assets $m	Current Liabilities $m	Long-Term Liabilities $m	Revenues $m	Expenses $m
31 December 2009	32.4	62.3	27.5	39.9	11.1	10.9
30 June 2009	20.3	82.9	28.3	44.3	19.9	20.0

6. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Interest Rate Swap Options (Swaptions)

An interest rate swaption gives the right, but not the obligation, for the Combined Group's debt financiers to enter into an interest rate swap with the Combined Group at an agreed interest rate on a set date in the future. The fair value of the interest rate swaptions contingent liability at 31 December 2009 is $11.1m. The Combined Group's debt financiers will not make a decision on whether to enter into the interest rate swap with the Combined Group until a fixed date into the future. There is no present obligation and therefore no liability recognised.

Put Options - Syndicates

As part of the syndicate arrangements for the Cleveland and Clayfield retirement villages, members of the syndicates have the right to put their shares in the syndicate to the Combined Group based upon a formula set out in the Syndicate Deed. A number of these options have been exercised by syndicate investors and have been recognised in the Balance Sheet. The net present value of the amounts which would be payable under the put options for the remaining shares if they were exercised by the investors of the Cleveland and Clayfield Syndicates at reporting date is as follows:

	31 December 2009 $m	30 June 2009 $m
Cleveland Syndicate	3.8	4.8
Clayfield Syndicate	7.1	12.4

Call Options - Syndicates

As part of the syndicate arrangements for the Cleveland and Clayfield retirement villages, the Combined Group has a call option over the other shares in the syndicates, exercisable on completion of the villages. The net present value of the payments for the remaining shares under each call option if exercised by the Combined Group at reporting date using a new Master Plan Development, are estimated as follows:

Cleveland Syndicate	2.6	3.0
Clayfield Syndicate	2.2	6.6

7. DISCLOSURE OF DEFERRED INCOME AND ACCRUED DEFERRED MANAGEMENT FEES

The Combined Group previously disclosed the period movement in the net balance of deferred income and accrued deferred management fees as a single entry within the deferred management fees component of 'Revenue from rendering of services' in the Consolidated Statement of Comprehensive Income. The net movement is now offset against 'Change in fair value of resident loans' in the Consolidated Statement of Comprehensive Income to better reflect the nature of these amounts and to make the period movement in valuation more transparent.

8. SUBSEQUENT EVENTS

Since 31 December 2009 there have been no events which have a material effect on the Combined Group that have not already been reported in the current period.

The Directors of FKP Limited and FKP Funds Management Limited as Responsible Entity for FKP Property Trust, declare that they are of the opinion that:

(a) the Financial Statements and Notes of the FKP Property Group are in accordance with the Corporations Act 2001, including that they:

  (i) comply with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations 2001; and

  (ii) give a true and fair view of the financial position as at 31 December 2009 and the performance for the half-year ended on that date of the FKP Property Group;

(b) at the date of this Statement there are reasonable grounds to believe that the Combined Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Director

Peter Brown

Dated at Sydney this 25th day of February 2010.

PKF

Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Stapled Security Holders of FKP Property Group

Report on the Half-Year Financial Report

FKP Property Group comprises FKP Limited and the entities it controlled during the half year and FKP Property Trust and the entities it controlled during the half year.

We have reviewed the accompanying half-year financial report of FKP Property Group, which comprises the consolidated balance sheet as at 31 December 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of both FKP Limited and FKP Funds Management Limited as Responsible Entity for the FKP Property Trust.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Parent Entity and the directors of FKP Funds Management Limited as Responsible Entity for the Property Trust are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of FKP Property Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of FKP Property Group is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the FKP Property Group's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

PKF

PKF

Grant Saxon
Partner

Dated at Sydney this 25th day of February 2010

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ASX AND MEDIA RELEASE **25 February 2010**

FKP ANNOUNCES 40% LIFT IN FIRST HALF OPERATING PROFIT

Financial Highlights

Net Operating Profit $49.2m, up 40% on prior year

Statutory Profit $48.8m as writedown cycle eases

Cash flow from operations (before inventory investment) $115.1m up 92%

NTA $1.27 per security

Gearing 28%

1H distribution 0.5c per security confirmed

FKP Property Group (FKP or the Group) today announced an operating profit after tax of $49.2m for the half year to December 2009, an increase of 40% on the corresponding prior period.

The cycle of write-downs in the valuation of investment properties and development assets which has affected the whole property sector for the past eighteen months has slowed, with only minor adjustments to values required in the December half. Largely for this reason, the statutory or "headline" profit for the half was $48.8m, compared with a loss of $158.4m in the corresponding period in the prior year. A reconciliation of operating and statutory profit is attached in an Appendix to this announcement.

CEO and Managing Director Peter Brown said today "*the first half result was solid, and showed the Group is back on track, but more importantly the outlook in the short to medium term is positive.*"

FKP had limited development commitments during the last six months, so the strong operating cash flow from the Group's recurring income businesses and sale of development stock was very evident. Statutory Cash Flow from Operations (before inventory investment) was $115.1m compared with $60.0m in the corresponding period last year.

Net Tangible Assets

NTA has increased to $1.27 per security.

Divisional Operating Results

Division	December 2009 EBITDA ($m)	December 2008 EBITDA[1] ($m)
Retirement	56.1	63.4
Residential Communities[2]	5.5	(1.1)
Commercial & Industrial (C&I)[3]	27.3	3.4
Funds Management & Investments	5.4	10.7

Operating Highlights

Retirement

The trading activity within the Retirement division continued the strong trend that had been apparent in the final quarter of the 2009 financial year. The cash generated from DMF/Capital Gains on traditional resident to resident resales was 62% higher than in the corresponding period last year. About half of the increase was attributable to a recovery in volumes from the low point of the cycle, but the other half was due to a higher pricepoint of the average transaction and the continuing impact of the Group's average contract terms being lifted over time.

Although the overall profit of the division was reduced, this is due to the lower revaluation increase compared with the year before.

The Retirement division has budgeted for a further increase in cash generation in the second half of the year.

Residential Communities

The newly constituted Residential Communities division posted a modest profit in the first half, as compared with a loss in the first half of the corresponding prior period. The turnaround came via a modest pick up of sales at Peregian and smaller estates, plus increased activity in the sales of completed apartment product.

The division is positioned to be a significant profit contributor going forward, with the second half expected to see the first settlements from the Point Cook estate in Melbourne. The pre-sales at Point Cook now exceed 300, and at the current rate FKP will sell nearly all of the 380 lots available in the first releases before completion – an excellent result given that the product first came to the market during the GFC.

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[1] Comparative numbers have been restated in accordance with the new organisational structure
[2] Includes the former Land Division plus medium density
[3] Development of non-residential product (trading income) plus FKP Property Trust (recurring income)

The Aerial apartments project in Melbourne had its formal launch in late 2009, and to date about 25%-30% of the project has been pre-sold. FKP currently anticipates that construction will commence in mid-2010, with a two year delivery timeframe.

Approval was recently received for the Union at Milton apartment project in Brisbane. FKP believes the market is currently receptive to the product and pricepoint of this development, and expects to formally commence pre-selling in the near future.

The Rochedale project in Brisbane (residential land) has also received approval recently, and FKP expects this development to make its initial contribution in FY 2011.

Commercial and Industrial

Trading Income $18.2m
Recurring Income $9.1m

Commercial and Industrial (C&I) encompasses non-residential development, and also the earnings of the FKP Property Trust (the Trust).

The trading income was underpinned by the profit on the pre-sale of the Energex development in July, and ongoing project management and construction fees associated with the project. The division also continued to sell out completed inventory on legacy projects, and recorded profits on external construction activity.

FKP has currently weighted its development book towards residential, so there are no significant C&I development projects about to start, but detailed planning is taking place on the retail and remaining commercial components of the Newstead Riverpark development in Brisbane.

The division continued its focus upon management of project assets within the Trust. The property at Clarence Street, Sydney was completely refurbished, and shortly after completion more than 25% of the project has been leased. The Town Centre at Browns Plains, completed in mid-2009, is now over 70% committed, with the recent commitment of JB Hi-Fi to the centre.

Funds Management and Investments

FKP's funds management operations and its investments returned combined operating profits of $5.4m compared with $10.9m in the corresponding period last year.

The current economic climate is not conducive to earning performance fees, and base fees were slightly down as a result of asset divestments.

The largest external investment, RVG, saw improved cash trading, but due to a lower revaluation component, overall reported profits were lower. The Core Plus Funds have performed satisfactorily, with asset valuations appearing to have stabilised.

Financial Position

FKP remains in a strong financial position as it moves back into a growth cycle, and met its covenants easily during and at the end of the period.

Debt gearing is at 28%, based on net bank debt drawn of $743m. At the same time last year, gearing was 41%, and net bank debt was $1,222m. The Group raised $312m (net of costs) in a capital raising in July 2009 to repay debt, but a further $167m of bank debt has been repaid, as well as about $30m of other loans and borrowings, from a combination of operating cash flow and asset sales.

FKP has just over $300m of undrawn development facilities available to it, with additional liquidity to become available through the completion of Point Cook and Rosebery later in 2010, the continued sale of other completed inventory, plus surplus cash flow from the recurring income arms of the business. Accordingly, the Group has funding to embark on the imminent development of Aerial, Union on Milton and Rochedale, which will commence when acceptable levels of pre-sales are in place.

The Group is no longer seeking to achieve asset sales to fund its future commitments, and FKP will only consider the disposal of an asset if it believes that value would be optimised by such a transaction.

Outlook

The first half Operating NPAT of $49.2m is consistent with existing consensus estimates of earnings for the full year of approx. $100m.

Based on current and anticipated trading, FKP expects a stronger second half and full year Operating NPAT may be 5% to 10% ahead of existing consensus. Apart from a general caveat as to there being no material change to the economic environment, the major risk factor to this projection is completion of works on land stages (particularly at Point Cook) and settlement by June 30. Based upon current progress, schedules are expected to be met.

For the half, the distribution has been limited to earnings from the FKP Property Trust, but the policy will be reviewed before the full year distribution is determined. That review will consider the status of current and anticipated trading, and consideration of the Group's funding position as it then sits.

For further information:

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

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

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 28010729950 www.fkp.com.au

Annexure 1

Statutory (AIFRS) profit

	$m
Operating Profit After Tax	**49.2**
Mark to market of interest rate swaps	7.6
Non-cash share-based payments under AASB2	(5.6)
FKP Property Trust asset write-downs	(9.8)
Non-operating gains in retirement portfolio	4.1
Non-operating gains on equity investments	1.4
Other (includes bad debts recovered)	1.9
Headline Profit After Tax	**48.8**