



Becton Property Group Ltd

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ASX Statement / Media Release

Becton Property Group – December Quarter Business Update

Becton Property Group Limited (“**Becton**”) wishes to provide the market with its December quarter business update.

The Group performed well at an operational level in the December quarter, despite continuing difficult market conditions in the first half of FY10. As the Group communicated at its Annual General Meeting in November 2009, Becton continues to actively manage its way through the cycle and implement its strategy to reduce balance sheet gearing and simplify the business through active capital management and a focus on core areas of competitive advantage.

BUSINESS DIVISION UPDATE

Development and Construction

The Development and Construction business has continued a steady level of sales and settlements in the first half of FY10.

At Kensington Stage 10c, all 88 apartments are under contract or have been reserved. Construction has commenced with completion due in June 2010.

Bonnyrigg, Becton’s urban renewal public private partnership in New South Wales (“**NSW**”), has achieved 31 exchanged contracts and a further eleven reservations (out of a total of 56 dwellings for private buyers) to 31 December 2009. An additional 39 houses have been pre-sold to the state government of NSW. Construction of the new dwellings commenced in September 2009, with settlement on those dwellings due in June 2010.

Becton’s latest project -- “Divercity”, a residential development in Waterloo (NSW) -- was released to the public in December 2009. Of the first stage, comprising 75 apartments, 42 were under contract or reserved at 31 December 2009.

| Becton Property Group Inventory Settlements and Sales | FY10 1st half |
|--|------------------------|
| Settled | \$55.8 million |
| Exchanged | \$66.5 million |
| Reserved / Under Offer | \$52.3 million |
| Sub-total | \$174.6 million |
| Apartments (Completed) for Sale* | \$26.3 million |
| Total | \$200.9 million |

*Excludes Bonnyrigg and Kensington stages under construction

In addition to the above, the Becton Development Fund No.1 (“**BDF#1**”) has received approximately \$160 million in settlements in the first half of FY10.

Retirement

The retirement business has produced a very strong result for the first half of FY10. Becton delivered a total of 110 sales (\$30.2m in new sales and \$24.7m in resales) across the retirement portfolio, averaging 18 sales per month. This compares to 85 sales (new sales and re-sales totalling \$40.3) for the first half of the previous year. The additional first time sales increase the number of Becton’s dwellings under management to 967.

Funds Management

Becton continues to actively manage its Funds Management portfolio in an effort to stabilise the capital position of the funds. This has included leasing and asset sales, refinancing of FY10 debt maturities and capital restructuring initiatives..

Excluding BDF#1, the Funds Management business has achieved approximately \$126 million in settled asset sales in the first half of FY10. These assets were sold in aggregate at a 4.7 per cent discount to book value with the majority of sale proceeds applied to debt reduction.

The settlements achieved in FY10 by BDF#1 enabled the fund to completely repay all of its financiers and pay its first distribution of \$0.41 per unit to unit-holders in late December 2009.

The business has successfully executed 108 leases in the first six months of FY10, resulting in more than 47,736 square metres of space being let.

Capital restructuring activity has been a priority for the Funds Management business in the first half of FY10 as the trend for valuations remains flat or downward, the availability of capital remains limited and the cost of credit continues to rise, especially for refinancings.

The Becton Industrial Fund (“**BIF**”) Entitlement Offer to investors raised insufficient funds (approximately \$6 million) to adequately address the needs of the fund. Application monies, together with interest, were returned to investors.

Becton is now considering other options to recapitalise its funds. These include:

- Sale of further fund assets
- Management internalisation
- Merger or stapling with other entities
- Raising capital
- Raising capital from a mezzanine lender
- Listing on ASX
- A combination of the above.

On 14 December, unit holders in five of the Becton funds voted in favour of changes to the constitutions of those funds, making them simpler and more uniform. This was an important step in the recapitalisation process, making the funds more attractive to potential investors.

Recapitalisation, asset sales, leasing activity and debt reduction remain priorities heading into the second half of FY10.

DEBT REFINANCING

During the December quarter – and prior to their scheduled maturity dates - Becton repaid in full two debt facilities (Funds Management and Property Investment) with outstanding debt of approximately \$15 million. The facility repayments were funded from available cash resources and asset sales.

The Becton Office Fund No. 2 completed its refinancing of approximately \$45 million of debt with the Commonwealth Bank of Australia. The facility has been refinanced on the same terms and conditions as the maturing facility (including pricing) with the maturity date being reset to 30 December 2010.

OUTLOOK

Becton will continue to divest its remaining non-core assets and actively pursue alternative capital management initiatives to bolster the balance sheet of the Group, and its managed funds, to best position the business for the remainder of FY10 and beyond.

“Despite a good first half to FY10 at the operational level, market conditions remain challenging. Reducing debt both at the Group level and in our funds remains critical to stabilising our platform and we continue to make this a priority across the business. We are grateful for the continuing strong support of our lenders as we move through this process,” said Matthew Chun, Becton chief executive officer.

-Ends-

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