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ASX CODE: PPK

ASX Announcement

PPK ENTERS AGREEMENTS IN RELATION TO ARNDELL PARK PROPERTY

PPK Group Limited (**PPK**) is pleased to announce that it has entered into binding contractual agreements in relation to its industrial property at Arndell Park.

The property has been leased for a term of five years with two five year options at a commencing rental of \$1.1 million per annum plus outgoings with minimum annual 4% increases.

Contemporaneously, the parties have entered into Put and Call Options which, depending on the decisions of the purchaser and PPK, have an effective end date of 15 July 2014.

Assuming an exercise of either the Put or the Call Option, the net proceeds of sale will be approximately \$12.2 million against a book value of \$12.7 million giving rise to an impairment of \$500,000.

The property was vacated by the previous tenant in August 2009 and since then has been leased on short term tenancies which have helped defray holding costs and had either a negative or negligible effect on earnings.

In the event that the tenant exercises the Call Option during the 2013 year (and depending at what stage of the year), the sale will result in a maximum loss of \$300,000 or a small overall profit from the property during the 2013 year. This is as a result of the blending of the impairment with rental income and/or interest savings.

On a full year basis going forward:

- assuming an exercise of the Put or the Call Option and the sale proceeds being applied to retire debt, interest savings will then add 1.0 cent per share to earnings; or
- if the property remains leased the rental income and the outgoings recovery will add 1.5 cents per share in earnings.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Jury Wowk'.

Jury Wowk
Chairman



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