



MEDIA STATEMENT

28 SEPTEMBER 2007

RUN STATEMENT ON McGRATH LITIGATION

RUN Corp has commenced legal proceedings in the Federal Court of Australia against Mr John McGrath, McGrath Limited and associated companies (McGrath).

In late 2005, RUN purchased McGrath's Sydney residential property management rent roll for \$12 million and entered into a strategic partnership. To secure the value of RUN's investment, McGrath agreed to work with and not compete against RUN (directly or indirectly) in the residential property management market in NSW for 5 years. John McGrath was a foundation partner and joined the Board of RUN as part of the strategic alliance between the two companies.

Unfortunately, despite the contractual, statutory and fiduciary obligations owed to RUN, McGrath has established franchises which compete with RUN and has recently stated that McGrath intends to resume property management business in NSW. This is contrary to McGrath's legal and commercial obligations to RUN.

RUN's management has worked hard to negotiate a mutually favourable resolution of the issues which have arisen as a result of McGrath's actions, in order to avoid the necessity to resort to litigation. However, these attempts have been rejected by McGrath, such that RUN has been left with no alternative but to now take positive steps in the Federal Court to protect its \$12 million investment and the interests of its stakeholders.

Consequently, RUN is seeking relief from the Court to restrain McGrath from future breaches of its obligations and by way of damages or account of profits in respect of past breaches. The amounts in question cannot be quantified. McGrath denies it has breached its obligations.

Today, McGrath gave interim undertakings to RUN and to the Federal Court, pending a further hearing on 23 October 2007 and a trial in December 2007.

As the case is now before the Court, RUN does not expect to make any further public statement about the litigation until after the case has been heard.

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