RUN ON TRACK WITH HALF-YEAR RESULTS

RUN Corp Limited released the results for the half-year ended 31 December 2009 as set out in the Appendix 4D lodged with the Australian Stock Exchange today.

The key points of RUN Corp's performance for the half year ended 31 December 2009 are:

- Significant increase in EBITDA, and in line with previous market guidance of $4.2 million for the financial year.
- Property Management income remains stable. VIC recorded property growth with diminishing net property losses in NSW & QLD. There are a number of initiatives geared towards increasing property numbers in these states.
- Well progressed on recruiting for staff in new areas in QLD and NSW.
- Increase in Agentplus revenue with additional customers on the platform.
- Total operating expenses 6% lower than the previous corresponding period.
- Commencement of RUN sales in NSW and VIC which is tracking according to plan.

Financial Commentary

	Half-year December 2009 ($'000)	**Half-year December 2008 ($'000)**
Revenue	12,666	12,244
EBITDA profit/(loss)	**2,170**	**442**
Net finance cost	(1,677)	(1,468)
EBITDA less interest	493	(1,026)

Total Earnings before Interest, Taxation, Depreciation, and Amortisation (EBITDA) for the first half was $2.2 million compared against an EBITDA of $0.4 million for the 6 months ending December 2008. EBITDA net of interest was $0.5 million which was $1.5 million higher than the corresponding reporting period. Total revenue for the period was $12.7 million with $9.2 million generated from property management commission income with the balance relating to letting fees, sales commission, other ancillary income and interest received.

Sales commission of $0.6 million is expected to increase in the second half of the year with the establishment and growth of the sales divisions in Victoria and New South Wales. RUN will continue to work with partner sales agents where these relationships are providing benefits to both parties.

Agentplus revenue of $0.5 million exceeded the corresponding period by $0.3 million and reflects the growth of this division. As at December 2009, Agentplus was providing trust accounting and administrative services to the RUN group as well as to three external real estate agencies. Agentplus has signed contracts with two additional agents, which will be migrating onto the proprietary platform in the second half of the financial year. The Company will also continue with the Elders rollout over the next 6 months.

Total operating expenses of $15.3 million were $0.9 million (6%) lower than the corresponding period ending December 2008. Total operating expenses include employee related expenses of $7.3 million, other operating expenses of $3.2 million, interest expense of $1.7 million and non cash charges of $3.1 million representing depreciation and amortisation. The company has increased headcount from 197 employees at the beginning of the financial year to 208 employees at the end of December 2009, reflecting the growth in the Agentplus and direct sales businesses.

In accordance with group policy and the requirements of Australian Accounting Standards the carrying value of the property management rights, both the identifiable intangible and the goodwill associated with property management rights, have been assessed for impairment. For the period ended 31 December 2009, RUN received formal correspondence from external valuers confirming the valuation multiples, per office, applicable and evidence of recent arms length transactions tracking rent rolls at consistent multiples based on information supplied by RUN including property numbers, average rent and average commission rates. The valuation of the RUN rent roll (before disposal costs) applying these metrics was calculated at $62.4 million as compared to a carrying value of $46.3 million.

During the half year, there was a cash inflow from operations of $0.5 million (including $1.7 million net interest paid) and a cash outflow from investing activities of $0.5 million. This compared favourably against the corresponding period where there was a cash outflow of $0.9 million from operating activities .The Company exceeded its free cash forecast in the 2009 financial year and $1 million was paid to National Australia Bank at the end of August. As at the end of December the company had $2 million cash on hand, with an additional $0.5 million in funds available under existing facilities with National Australia Bank.
The Company exceeded the free cash flow budget for the 6 month period ending December 2009 and in consultation with the Bank have agreed to reduce the total banking facility by $750k. This will be achieved by:

- A reduction in the unused facility of $500k.
- Payment of $250k which is reflected as a current liability at 31 December 2009.

As previously announced, a total of 28,868,709 shares were issued to NCN Investments Pty Ltd and Rentamobile Pty Ltd on 31 August 2009 in settlement of the converting notes issued in August 2007. An additional 2,750,000 shares are proposed to be issued to 3 executives (other than the CEO and CFO) in 3 tranches, based on continued employment, as follows

- 375,000 shares on continued employment on 1 July 2010
- 1,425,000 shares on continued employment on 1 July 2011
- 950,000 shares on continued employment on 1 July 2012

No additional shares are to be issued to the CEO and CFO, other than as previously disclosed in the annual report.

RUN Property CEO, Mr Rob Farmer, said that he was pleased with the first half performance and was excited by the opportunities ahead. “The AgentPlus business has gained traction and we are in discussion with a number of real estate agents. We are also pleased with our initial success in our direct sales activity and we are actively recruiting for sales people in all three states. We continue to focus on increasing property numbers and we are well progressed on recruiting staff for new areas in NSW and QLD”.

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