

## **MEDIA RELEASE**

Thursday, August 25, 2011

### **RUN Property doubles commission from expanding sales division**

RUN Corporation Limited recorded a 12% increase in total revenue, driven by a 100% increase in sales commission income.

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) for its consolidated results for the ended June 30, 2011 was \$4,043k, a decrease of \$188k from the previous year.

RUN Property CEO Rob Farmer said that he was pleased with the overall results which were achieved in a very difficult sales market.

“We have spent the last 12 months continuing to invest in growing both our property management and sales businesses. Our rent roll value has grown in both VIC and QLD with reduced property losses in NSW” Mr Rob Farmer said. “Despite a difficult sales market RUN has doubled its revenues in this division and is focussed on achieving scale that will deliver positive earnings contribution”.

“We need to invest further in our sales business in the next 12 months to generate the required return from this division in future years. We have budgeted to spend more in marketing and other activities to increase the RUN sales brand” Mr Farmer continued.

RUN’s 2011 result included a substantially non-cash amortisation charge of \$5.5 million. In 2012 RUN’s amortisation charge will reduce by approximately \$3 million and by a further \$1.5 million in FY13, which will contribute to improving RUN’s NPAT result. Depreciation and amortisation primarily reflect the Company’s policy of a 15-20% per annum amortisation charge on purchased property management rights.

Mr Farmer said that the business continues to invest heavily in enhancing its unique IT systems, and through Agentplus is able to provide trust accounting and other services to third party Real Estate Agents.

“The Agentplus business has generated higher earnings than the previous year with an increase in property numbers together with lower cost from operational efficiency” Mr

Farmer continued. “There were over 15,000 non-RUN ‘properties’ on the platform at 30 June 2011 and our focus over the next 12 months will be to continue to reduce our cost of servicing these properties. Elders are franchising their corporate offices and we are expecting property losses but, assuming further cost efficiencies, earnings for the 2012 year are not expected to be materially impacted”.

Mr Farmer said that RUN Property is continuing to develop a range of strategies to increase revenue and profitability, leveraging off the rent roll asset. These initiatives include but are not limited to:

- Property sales
- Insurance products
- Mortgage and financial services products

#### Financial results summary

	<b>2011 Actual (\$'000)</b>	<b>2010 Actual (\$'000)</b>
Property management commission	18,567	18,386
Sales Commission	2,802	1,397
Other revenue	7,002	5,636
Total revenue and other income (excluding interest received)	28,371	25,419
<b>EBITDA</b>	<b>4,043</b>	<b>4,231</b>
Net finance cost	(3,529)	(3,488)
<b>EBITDA less financing costs</b>	<b>514</b>	<b>743</b>
Depreciation and amortisation	(6,122)	(6,289)
Loss before income tax	(5,608)	(5,546)

**Shareholder enquiries**

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\* The results are set out in the Appendix 4E Preliminary Final Report lodged with the Australian Stock Exchange today.