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MEDIA RELEASE

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RUN RELEASES 2007 RESULTS

RUN Corp Limited today released the Company's detailed consolidated results for the year ended 30 June 2007* as set out in the Appendix 4E Preliminary Final Report lodged with the Australian Stock Exchange today:

	2007 Actual (\$'000)	2006 Actual (\$'000) *
Revenue	25,279	16,531
EBITDA profit/(loss)	544	(7,893)
Depreciation and amortisation	(4,567)	(2,504)
Provision for asset impairment	(7,615)	(9,284)
Net finance cost	(3,660)	(1,694)
Taxation (charge)/benefit	(1,754)	3,517
Net loss attributable to members	(17,052)	(17,858)

* It should be noted that the largest increase in properties under management occurred during the period from 30 November 2005 to 31 December 2005 when the acquisition of 18 rent rolls was completed and settled and consequently the financial results for 2006 are not wholly reflective of a full financial year.

Business Strategy and Operations

RUN CEO Mr Rob Farmer said that the Company had successfully achieved three major strategic goals in the financial year ended 30 June 2007 which were to:

- reduce business operating costs;
- further improve customer service levels; and
- secure capital raising opportunities to fund future growth.

Mr Farmer said that over the course of the year, RUN had significantly cut costs and improved customer service levels across the Company through a number of initiatives including:

- decentralising RUN's operations (RUN now has 20 customer service outlets in Melbourne, Brisbane and Sydney);
- restructuring staff functions (252 full time equivalents at June 2007 compared with 308 at June 2006);

- migrating all Victorian and New South Wales residential properties on to the RUN proprietary management system;
- introducing **RUN**online, a web based management tool for landlords; and
- launching RUN Rental Alerts, a unique search management tool for tenants;
- launching a new insurance offering to RUN customers with the first product being landlord protection insurance.

"All these initiatives were completed on time and within budget and have had a major impact on reducing expenditure, improving efficiencies and increasing customer and staff satisfaction levels," he said.

"In addition, the rental market has been particularly strong with low vacancies, fast re-lets and increased rents."

Mr Farmer said that RUN had also been successful in attracting capital to fund future business growth activities, having signed a formal agreement with Elders Property Management Pty Ltd (Elders) in June 2007 to enter into a strategic alliance which includes an initial investment in RUN of \$10 million.

Financial Performance

The following commentary on the results for the 2007 financial year focuses on performance compared against the previous year as well as a comparison between the first half and second half of the current financial year.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) is the most meaningful indicator of financial performance as it measures the trading performance of the Company, coupled with its ability to service financing costs. EBITDA for the year ended June 2007 of \$544k is \$8.4 million higher than the previous year.

EBITDA for the second half of the year was \$722k against the first half EBITDA loss of \$198k. This represented a decrease in operating expenditure of \$1.2 million, primarily in employee related expenses, which was partially offset by \$241k in lower revenue.

Depreciation and amortisation, both non cash flow items, primarily reflect the Company's policy of a 13 per cent per annum amortisation charge on purchased Property Management Rights. Depreciation and amortisation for the last six months of \$2.3 million was \$88k higher than in the first six months of the financial year ending June 2007.

Net interest expense includes the financing costs of the \$43 million bank facility and includes one-off accrued redemption fees of \$457k as well as \$166k in accrued interest on loans procured by the founders. Net interest expense of \$2 million for the second half of the year was \$367k higher than the first half, reflecting higher bank debt and interest on the founder procured loans.

Revision of accounting estimates - Goodwill Impairment

In previous reporting periods, Goodwill and other assets relating to cash-generating units were decreased by deferred tax liabilities arising from property management rights intangible assets for the purposes of impairment testing.

The Directors believe that RUN's circumstances have changed and that, in their judgement, these changed circumstances make it appropriate to change and revise the impairment assessment assumptions to exclude the deferred tax liabilities for impairment testing to better reflect the current economic circumstances of the group.

These changed circumstances mainly relate to:

- The revision of the time required to establish a greater presence in the market which has caused us, excluding potential benefits that may arise from the relationship with Elders, to forecast losses after interest and amortisation for 2007/08.
- As a test of the reasonableness, the Directors have reviewed the net asset value of the Company as compared to its market value position. Given the market sounding process that has been completed in securing the relationship with Elders, the Directors believe that the net asset value on the proposed new basis results in the Company's balance sheet more accurately reflecting its market value position.
- Some of the criteria used in prior periods in assessing impairment have not been achieved and the revision results in a more conservative assessment that is more in line with market forces.

Of the \$7.6 million impairment adjustment, \$1.6 million results from lost properties due to sale by owners, owners re-occupying and other reasons that occurred during the year.

Tax Losses

At the end of last financial year the Company considered that it was reasonable to carry forward tax losses of \$2.8 million as a deferred tax asset on the basis that the Company would pass the *Continuity of Ownership* test or failing that the *Same Business* Test and that it was probable that future taxable profit would be available against which they could be utilised.

With the potential impact on the *Continuity of Ownership Test* as a result of the Elders' transaction and the onerous requirements of the *Same Business* Test, the Directors have deemed it prudent to reverse these tax losses (including the additional tax losses recognised as a deferred tax asset in the six months to December 2006).

Capital and Funding Structure

At 30 June 2007, the Company had bank debt of \$43m with \$1.6m cash on deposit.

The Company has undertaken interest rate risk management activity and fixed the rate on \$21m of debts for periods from one to three years. The rates are below the currently prevailing levels of fixed and floating rates.

On 22 May 2007, RUN announced that it had in principle agreement with Elders to form a strategic alliance. Subject to shareholder approval on 28 August 2007, the alliance involves:

1. Elders subscribing for converting notes and options which on conversion and exercise, will deliver a majority equity interest in RUN for an initial investment of \$10 million.
2. Subject to shareholder approval, \$2.6 million of loans provided to the Company in August 2006 by entities associated with Mr Cher and Mr Herszberg will become converting notes on terms similar to the Elders transaction. These loans have been disclosed as current liabilities in the June 2007 Balance Sheet.
3. The Board also proposing that all shareholders be offered an opportunity to participate in the capital raising via a Share Purchase Plan, subject to the receipt of the required shareholder approvals. If implemented, the Share Purchase Plan will entitle shareholders to invest up to \$5,000 each at a share price of \$0.10 per share.

Subject to the Elders' transaction being completed, the Company will repay its NAB working capital facility and accrued fees of \$3,457 million from the proceeds received from the capital raising. Commencement of scheduled loan repayments for the \$40 million drawn bank bills has been deferred from September 2007 to September 2009, with the facility expiring in August 2012.

Future Prospects

Mr Farmer said that having successfully consolidated RUN's business operations and recapitalising in 2007, he now looked forward to growing the business in the coming 12 months.

"The proposed alliance with Futuris will provide RUN with cash resources and synergistic business opportunities to grow the business in the short and long term," he said.

"Over the past year, the Board and Executive Team have worked hard to build RUN's service credibility and to attract a Company of the scale and calibre of Futuris to enable RUN to move to the next level.

"Today, our operations, systems and staff are sound and we have an excellent retail presence.

"Looking ahead, the recapitalisation provided by this alliance will allow us to implement a comprehensive range of business growth activities which is good news for all stakeholders in RUN.

"One of first actions of the newly constituted board will be to develop and implement a growth strategy for RUN including exploring opportunities to:

- work with the 13,500 properties in the Elders network;
- develop a service model for the wider industry;
- target new acquisitions; and
- further stimulate organic growth.

"We look forward to implementing these growth strategies and to cementing RUN's position as the premier property management Company in Australia," he said.

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