



MEDIA RELEASE

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RUN Property records 62% increase in earnings and successfully launches national sales business

RUN Corporation Limited has recorded a 62% increase in Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) for its consolidated results ended June 30, 2010 in line with previous market guidance.*

RUN Property CEO Rob Farmer said the improved financial performance would only get stronger in the next 12 months as the sales business continues to develop.

“The launch of our sales business provides an incredible opportunity for RUN to unlock substantial new revenue streams without the need for additional fixed infrastructure,” Mr Rob Farmer said. “The early indicators of our roll-out have been very positive and we are extremely excited about the coming 12 months.”

RUN has produced an improved EBITDA result and has assessed the fair value of the rent roll at \$62 million against a carrying value (measured at historical cost) of \$43.8 million, with net debt of \$34 million. This results in net equity in the rent roll of \$28 million and a net debt to fair value ratio of 55%.

RUN’s 2010 result included a non-cash amortisation charge of \$5.7 million. In 2012 RUN’s amortisation charge will reduce by approximately \$3 million and in 2013 will reduce by a further \$2 million, which will contribute to substantially improving RUN’s NPAT result. Depreciation and amortisation, both non cash flow items, primarily reflect the Company’s policy of a 15-20% per annum amortisation charge on purchased property management rights.

The company is in the process of expanding its sales capacity in NSW, VIC and QLD. There is a cost associated with this growth, which has been reflected in the second half trading results.

“The property management business is stable and we are now well positioned to leverage off our existing fixed cost base by establishing sales people in all our offices,” Mr Farmer stated. “We know from past experience that approximately 1,000 properties sell from our rent-roll each year and we are well positioned to generate substantial income from this. We expect the sales business to contribute positively to EBITDA in the second half of next financial year.”



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 grown significantly over the last 12 months,” Mr Farmer continued. “There were 14,815 non-RUN ‘properties’ were on the platform at 30 June 2010, an increase of 10,248 properties over the previous year. Approximately 4,000 properties were added to the platform in the last week in June will generate income from July 2010.”

Mr Farmer said that RUN Property is continuing to develop a range of strategies to increase properties on the platform. These initiatives include but are not limited to:

- Preferred management arrangements with developers
- Referrals from financial planners, accountants and mortgage brokers
- Continued Agentplus growth
- Property sales

“Our offices are more profitable than 12 months ago and profitability should increase further as new sales revenues grow over the coming year.”

Financial results summary

	2010 Actual (\$'000)	2009 Actual (\$'000)
Property management commission	18,386	18,494
Other revenue	7,033	6,148
Total revenue and other income (excluding interest received)	25,419	24,642
EBITDA	4,231	2,605
Net finance cost	(3,488)	(3,034)
EBITDA less financing costs	743	(429)



Shareholder enquiries

Media enquiries

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

The additional \$1,626,000 EBITDA can be attributed to \$777,000 higher operating revenue complemented by \$849,000 in lower operating expenses. The increase in revenue was primarily attributable to \$625,000 in higher Agentplus revenues, \$408,000 in higher sales commission, stable property management commission and letting fees with \$256,000 lower income from other sources.