



Residential
Community
Living



Dec 2009 Results Presentation & Business Update to 28 February 2010

09 March 2010

AGENDA

1. **Dec 2009 Operational & Financial Overview**
2. Financial Performance
3. Capital Management
4. Operational Update
5. FY 2010 Operational Strategy & Outlook
6. Appendices

DEC 2009 OPERATIONAL & FINANCIAL OVERVIEW

Financial results

- Underlying net loss after tax and minority interests of \$2.2 million.
- NTA of \$0.65 per stapled security.
- Business conditions continued to strengthen for the six months to 31 December 2009 with presales and settlements totalling \$135.8 million across the portfolio of both consolidated and non consolidated projects.
- Forecast settlements for the financial year through to 30 June 2010 expected to range between \$300 million and \$325 million across both consolidated and non consolidated projects

Portfolio Review

- Detailed review of portfolio resulting in a \$2.2 million provision against the carrying value of loan receivables.

Capital management

- Debt facilities are covenant compliant and financiers continue to be supportive.
- Continued focus on capital retention and de-leveraging across the portfolio.
- Distributions remain suspended for the foreseeable future.

Operational Initiatives

- Internalisation of Management Agreement and accession from Babcock & Brown materially complete.
- Rationalisation of operating framework to drive cost savings continuing.

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FINANCIAL PERFORMANCE

	Year ended 31 Dec 2009	Period ended 31 Dec 2008	Variance
Underlying net profit/(loss) before tax	\$(6.4)m	\$(2.6)m	\$(3.8)m
Underlying net profit/(loss) after tax	\$(2.2)m	\$0.5m	\$(2.7)m
Reported net profit/(loss) after tax	\$(3.7)m	\$(19.4)m	\$15.7m
Distribution per stapled security	Nil	Nil	

FINANCIAL PERFORMANCE

	As at 31 Dec 2009	As at 30 June 2009
Total assets	\$373.5m	\$383.4m
Net tangible asset backing	\$0.65	\$0.66

- Total assets lower reflecting:
 - Ongoing sale and settlement of lots.
 - Provision against inventory values and loans receivable.
- NTA of \$0.65.

RECONCILIATION OF REPORTED PROFIT AFTER TAX

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	Year ended 31 Dec 2009
Underlying net profit/(loss) after tax	\$(2.2)m
Impairment of loans receivable	\$(1.5)m
Reported net profit/(loss) after tax	\$(3.7)m

- Non-cash adjustments to Underlying Loss After Tax include:
 - Following a review of RCL's loans receivable, a \$2.2 million provision against carrying values of the loans was taken. (\$1.5m is Tax effective value).
 - Consolidated projects are valued at the lower of cost or net realisable value in the balance sheet, meaning any uplift in values achieved through rising markets, successful re-zonings and infrastructure initiatives cannot be recognised.
 - Long term structured receivables are valued on the basis of the effective interest method.

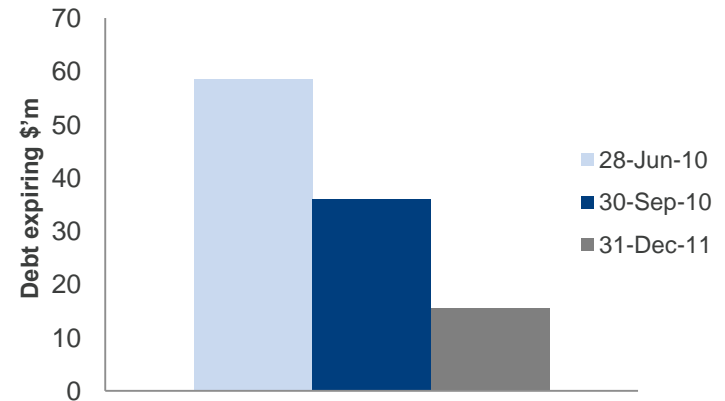
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CAPITAL MANAGEMENT

Facility	Limit	Utilised
Project (\$)	\$125.2m	87.8%
Corporate	\$124.5m	99.2%
TOTAL	\$249.7m	93.5%

Project debt facilities maturity profile



RCL's corporate debt includes a \$100 million facility that expires on 28 June 2010.

The Babcock & Brown debt facility expires on 28 June 2010, however is fully subordinated to the \$100 million corporate debt facility. Babcock & Brown has no right to accelerate the repayment of this facility whilst the \$100 million corporate facility remains in place.

Management are working with financiers to seek approval to roll over facilities that mature in calendar year 2010 prior to 28 June 2010.

For all projects currently under active development, where project development debt facilities are in place, capacity exists within facility limits to develop and deliver land lots to completion.

CAPITAL MANAGEMENT

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As at 31 Dec 2009	
Gearing (debt/total assets)	64%
Weighted average debt maturity	0.5 years
Hedging	20.9%

- RCL continues to generate sufficient cash to both cover interest and retire debt. Where bridging assistance has been required, financiers have continued to be supportive.

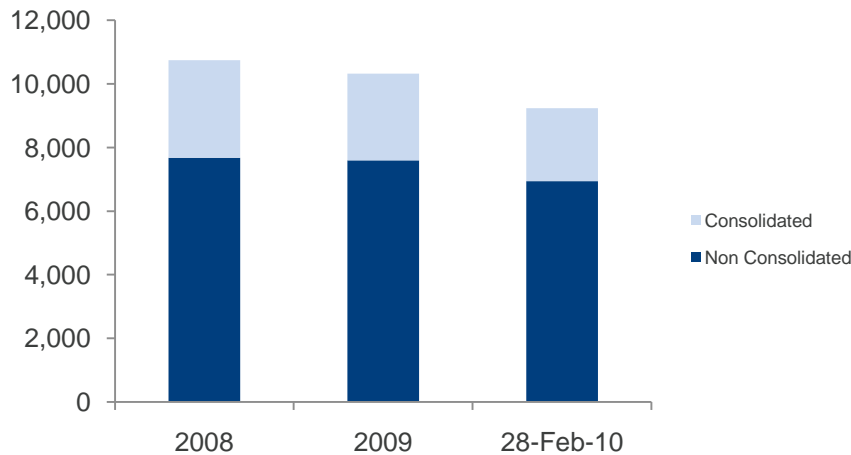
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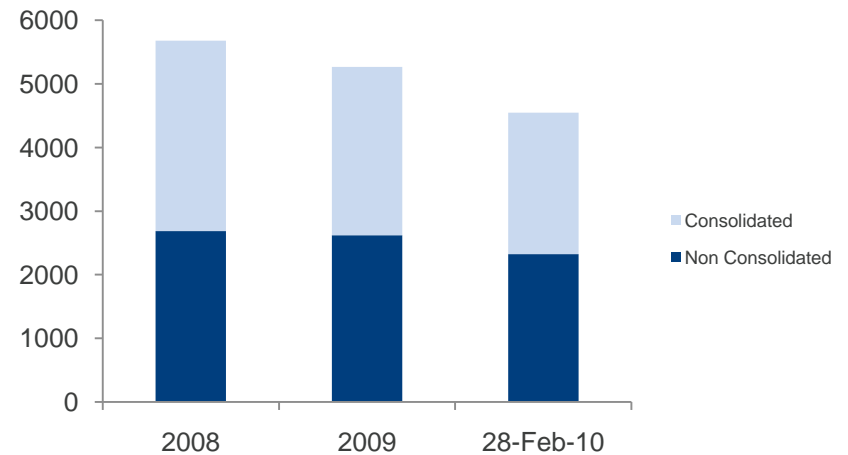
PORTFOLIO SUMMARY

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Gross Lot Yield 2008 to Current



Lot Yield by Economic 2008 to Current

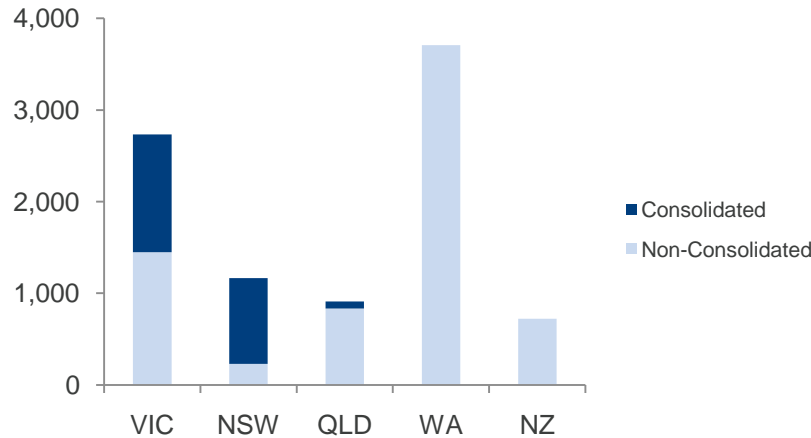


- Gross lot yield has reduced to 9,237 lots down from 10,746 lots at 30 June 2009
- On an economic interest basis the lot yield as at 28 February 2010 was 4,546 lots (5,267 as at 30 June 2009).
- The portfolio lot yield will continue to change due to responses to market forces (e.g. increased yield due to reducing lot sizes) as well as final resolution of the rezoning for Forster and planning approval for Officer.

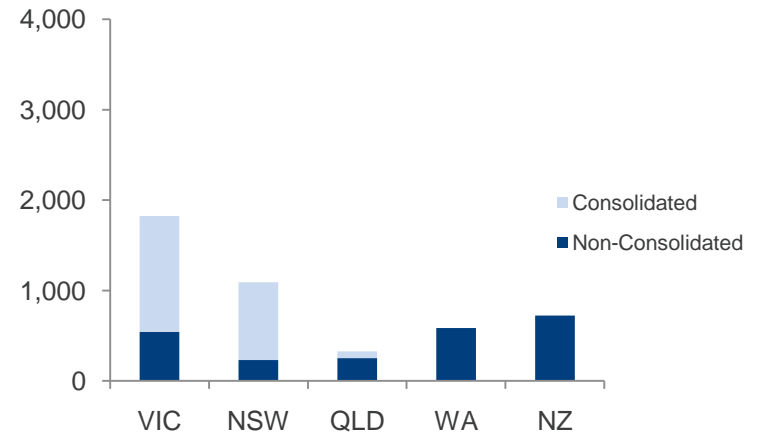
PORTFOLIO SUMMARY

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Gross Lot Yield as at 28 February 2010 by Region

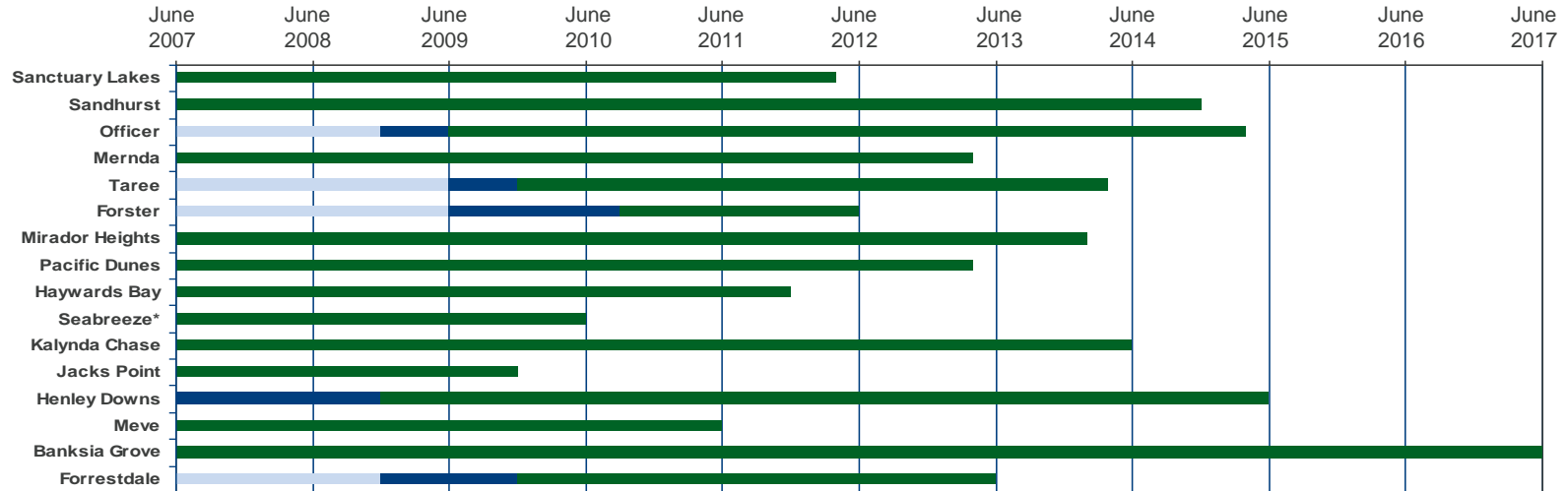


Lot Yield by Economic Interest as at 28 February 2010 by Region



- The portfolio has a heavy bias towards Victoria and is therefore leveraged into the benefits of the relative affordability of Victoria as compared to the other States.

PROJECT TIMING UPDATE



- Pre-delivery Stage
- Delivery Stage
- Sales & Marketing Stage

- The Stage 1 planning approval for Officer is currently being finalised and management expects to commence development works in July 2010.
- Re-zoning of Forster is being finalised with the local council and is expected to be complete prior to 30 June 2010.

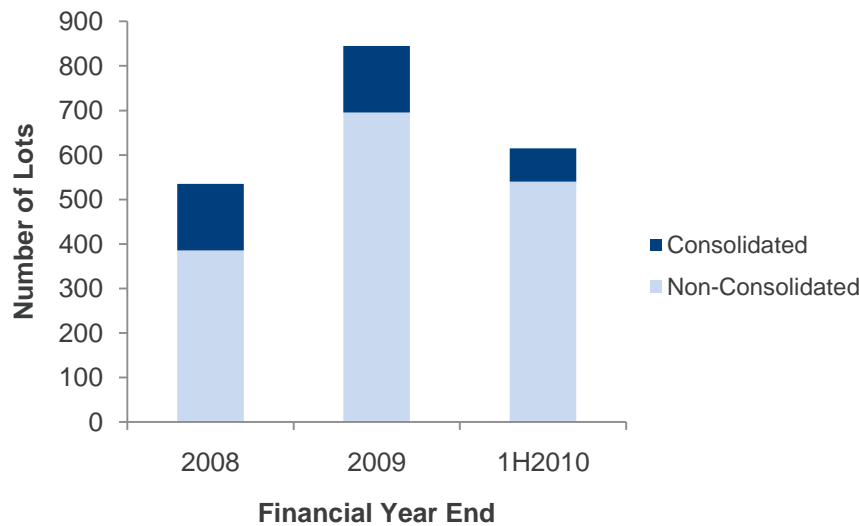
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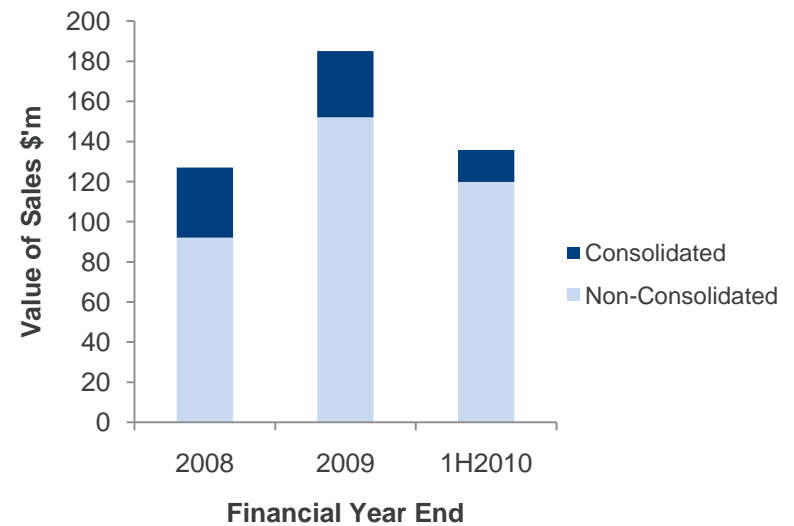
PORTFOLIO PERFORMANCE

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Total Settlements by Lots



Total Settlements by Volume

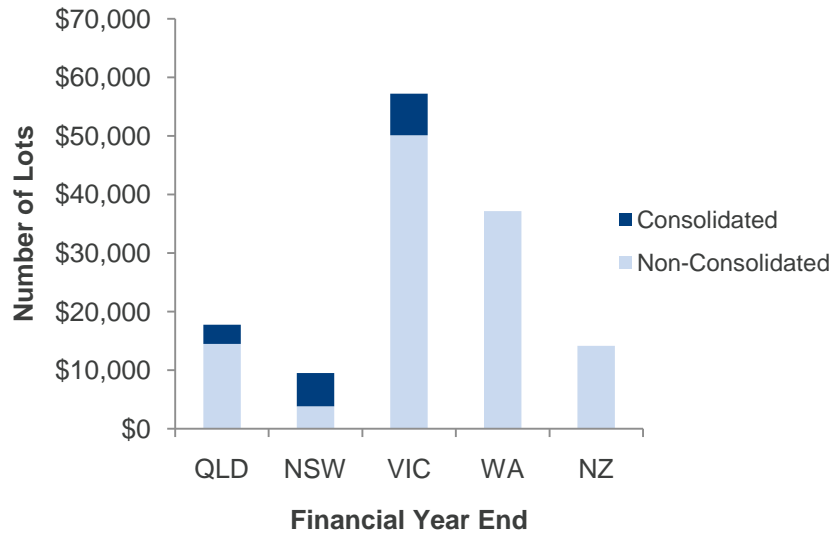


- Total settlements for the **6 months** to 31 December 2009 comprised \$135.8 million / 615 lots (gross) and \$57.1 million / 220 lots adjusted for RCL's economic interest, this compares to \$190.2 million / 843 lots (gross) and \$69.2 million / 161 lots adjusted for RCL's economic interest for the **12 months** to 30 June 2009.

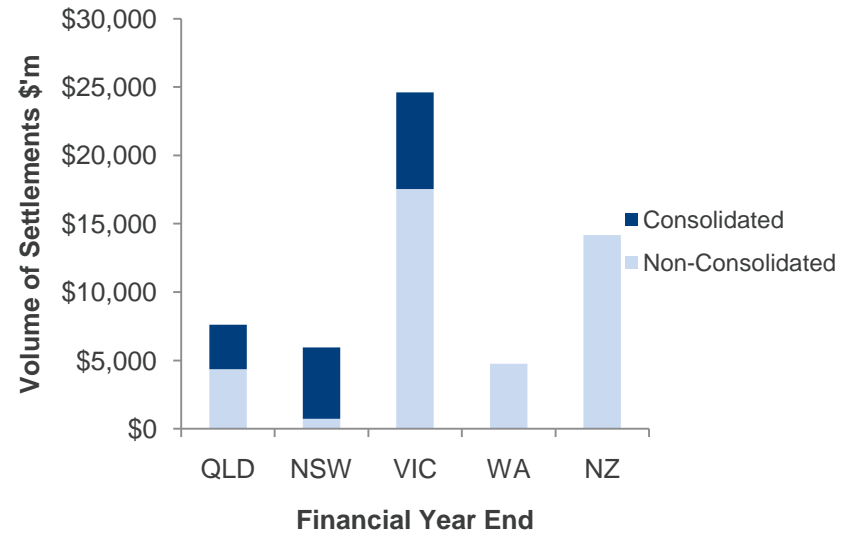
FY 2010 Operational Strategy & Outlook - Settlements

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Gross Portfolio Settlements as at 31 December 2009 (AUD\$000's)



Portfolio Settlements Adjusted for Economic Interest as at 31 December 2009

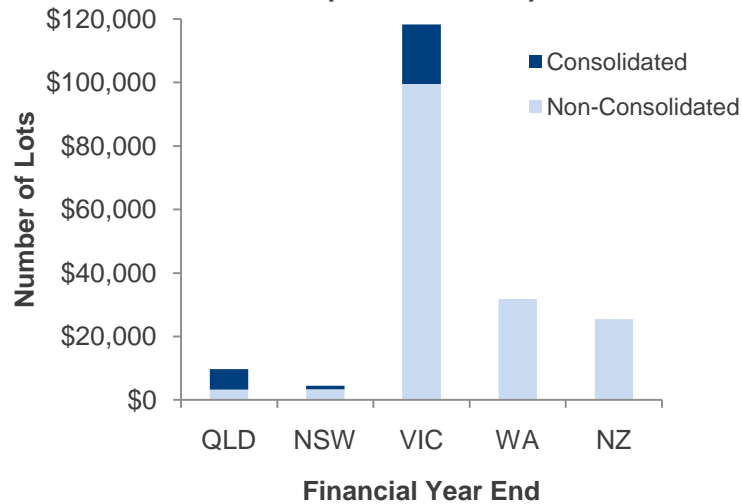


- Settlement activity through to 31 December 2009 has been spread across all regions with Victoria and Western Australia being particularly strong .

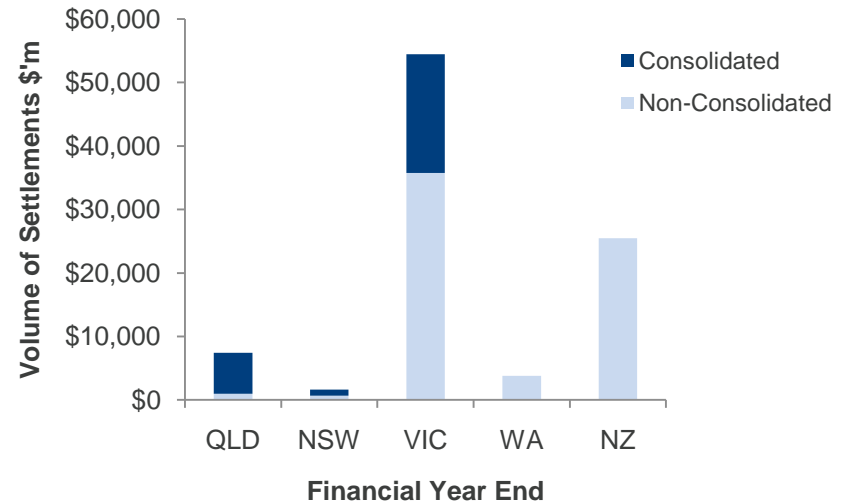
FY 2010 Operational Strategy & Outlook - Presales

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Gross FY10 Portfolio Presales as at 31 December 2009 (AUD\$000's)



Portfolio FY10 Presales Adjusted for Economic Interest as at 31 December 2009



- Presales continued to build through to 31 December 2009 .
- Presales forecast to settle during FY 2010, as at 31 December 2009 totalled \$ 189.6 million / 929 lots (gross) and \$92.6 million / 348 lots adjusted for RCL's economic interest.
- The first two months of calendar year 2010 (to 28 February 2010) has been particularly strong in Victoria and Western Australia.
- As at 28 February 2010 presales due to settle in the 2011 FY totalled \$ 63.1 million / 278 lots (gross) and \$30.2 million / 137 lots (adjusted for RCL's economic interest).

FY 2010 Operational Strategy & Outlook

De-leveraging & Debt Management

- Management continue to focus on de-leveraging the business by developing out the portfolio and introducing new value adding initiatives.
- Cash flow generated from the settlement of the presold lots will primarily be directed to debt reduction at the project level and create greater visibility of underlying asset values.
- Financiers remain supportive of the business and the overall strategy. Debt covenant management continues to be a key area of focus.
- Negotiations on an extension of corporate and project facilities are progressing and it is managements objective to secure a long term extension of key debt facilities so that RCL can continue to de-leverage the business by working through the portfolio.

Internalisation & Accession from Babcock & Brown

- Documentation of arrangements to internalise the management of RCL was signed in December 2009 and is subject to the consent of RCL's corporate financier. This matter is expect to be resolved during March 2010.
- RCL is operationally independent from Babcock & Brown.

Distributions

- Distributions will remain suspended for the time being whilst the focus remains of de-leveraging the business.

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CONSOLIDATED INCOME STATEMENT

	Consolidated 6 months ended 31 December 2009 \$'000
Revenue from continuing operations	19,641
Other income	1,160
Cost of sales	(15,157)
Management charges	(145)
Marketing & other operating expenses	(4,033)
Operating profit	(1,466)
Finance costs	(8,198)
Impairment of loans receivable	(2,147)
Share of profit of equity accounted investments	352
Net profit/(loss) before tax	(8,527)
Unrealised foreign exchange loss	(14)
Net profit/(loss) before tax and after foreign exchange adjustments	(8,541)
Tax (expense) / benefit	4,805
Net profit/ (loss) after tax	(3,736)
Minority interest	197
Net profit/ (loss) after tax attributable to members of the parent	(3,539)
Basic earnings per security (cents)	(2.01)c
Diluted earnings per security (cents)	(2.01)c

CONSOLIDATED BALANCE SHEET

	Consolidated as at 30 December 2009 \$'000
Current Assets	
Cash	3,613
Receivables	363
Inventories	40,631
Other assets	1,983
Total Current Assets	46,590
Non-current Assets	
Loans receivable	101,049
Inventories	193,204
Equity accounted investments	14,565
Other financial assets at fair value	3,801
Deferred tax assets	12,248
Property, plant and equipment	176
Intangible assets	1,848
Total Non-Current Assets	326,891
Total Assets	373,481
Current Liabilities	
Trade and other payables	7,242
Employee provisions	235
Interest bearing liabilities	223,111
Other financial liabilities	1,411
Total Current Liabilities	231,999

CONSOLIDATED BALANCE SHEET (CONT'D)

	Consolidated as at 31 December 2009 \$'000
Non-current Liabilities	
Other payables	2,000
Employee provisions	78
Borrowings	7,828
Interest bearing liabilities	15,878
Other financial liabilities	34
Total Non-Current Liabilities	25,818
Total Liabilities	257,817
Net Assets	115,664
Equity holders of the parent	
Contributed equity	1,656
Reserves	(972)
Retained earnings	(36,572)
	(35,888)
Equity holders of the Other Stapled Entity	
Contributed equity	162,448
Reserves	-
Retained earnings	(10,268)
	152,180
Minority Interest	(628)
Total Equity	115,664

CASH FLOW STATEMENT

Consolidated
6 months ended 31 December 2009
\$'000

Cash flows from operating activities	
Cash receipts in the course of operations	19,390
Cash payments in the course of operations	(14,543)
Interest received	16
Interest paid	(5,696)
Net cash outflow from operating activities	(833)
Cash flows from investing activities	
Loans receivable – funding	(7,077)
Loans receivable – payments received	16,570
Payments for purchase of property, plant and equipment	-
Net cash outflow from investing activities	(9,493)
Cash flows from financing activities	
Proceeds from borrowings	21,300
Repayment of borrowings	(27,171)
Dividends & Distributions paid	(185)
Net cash inflow from financing activities	(6,056)
Net increase in cash assets held	2,604
Cash and cash equivalents at beginning of half year	1,009
Cash and cash equivalents at end of the half year	3,613

ACCOUNTING TREATMENT BY PROJECT

Project	Interest	Accounting method
Renaissance Rise and The Groves, Mernda	100%	Consolidated
Seabreeze, Pottsville	100%	Consolidated
Officer	100%	Consolidated
Haywards Bay, Wollongong	92%	Consolidated with minority interest
Mirador, Merimbula	92%	Consolidated with minority interest
Forster	92%	Consolidated with minority interest
Marie Avenue, Taree	92%	Consolidated with minority interest
Kalynda Chase, Townsville	30%	Fair value through the P&L
Pacific Dunes, Port Stephens	19.1%	Preferred equity return accounted for as interest income
Sandhurst, Melbourne	26.7%	Preferred equity return accounted for as interest income
Sanctuary Lakes, Melbourne	50%	Preferred equity return accounted for as interest income
Jacks Point, Queenstown	100%	Preferred equity return accounted for as interest income
Henley Downs, Queenstown	100% ¹	Preferred equity return accounted for as interest income
Forrestdale, Perth	25%	Equity accounted through PRM holding company
Meve, Perth	7.5%	Equity accounted through PRM holding company
Banksia Grove, Perth	15%	Equity accounted through PRM holding company

- **Note:** This table illustrates why consolidated revenue is not the most appropriate measure of portfolio performance. Differing accounting treatments for each project means that net profit and lot sales are more appropriate metrics.
- RCL's 60% interest in development manager PRM Group is consolidated with minority interest
- ¹ Following a restructure of the JV arrangement for Henley Downs, RCL's economic interest will increase to 100% once base return hurdles are met

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