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## ASX Release

2 August 2010

### **BUSINESS UPDATE DEBT FACILITIES ROLLOVER**

RCL Group Limited (ASX: RLG) provides the following update to the market on its business performance through to 30 June 2010 and the renegotiation of its maturing debt facilities

#### **BUSINESS UPDATE**

For the year ended 30 June, 2010, RLG achieved significant sale activity (\$388 million gross value) across its portfolio on both a consolidated and non-consolidated basis.

Mr David Wightman, Chief Executive Officer, noted that sales activity in the second half of the financial year was particularly strong and accordingly RLG has begun the 2011 financial year with a strong pipeline of sales that are expected to settle in the next twelve months. Presales at 1 July 2010 totalled \$183 million (gross value) compared to \$157 million (gross) for the same time last year.

The sales performance generated settlements of \$338 million (gross) for the 12 months to June 30, 2010. Mr Wightman said "the strong level of settlement activity across the portfolio to June 30 2010 has enabled RLG to reduce consolidated debt by \$22.6 million\* over the past financial year from its trading activities with a further \$28.6 million\* of debt reduction through the sale and settlement of Ascot Chase in the Melbourne suburb of Ascot Vale in September 2009," he said.

Mr Wightman said, "Conditions continue to be upbeat within RLG's key markets and this is continuing to underwrite the values of RLG's forecast revenues. Importantly this will assist in returning RLG to generating positive and sustainable net cash flows in the future and will assist the ongoing process of reducing debt through developing the portfolio and maximising value for shareholders."

Whilst sales and settlement activity has been strong, RLG expects to record a statutory loss for FY 2010 due primarily to interest and finance costs.

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The table below provides a profile of settlement activity and presales across the portfolio for the 30 June 2010 financial year.

### Settlement Activity FY2010

	Gross	Adjusted for Economic Interest
Lots	1,535	658
Gross Value	\$338.9 Million	\$156.2 Million

### Presales as at 30 June 2010

	Gross	Adjusted for Economic Interest
Lots	831	491
Gross Value	\$183.3 Million	\$103.2 Million

*\*Unaudited*

## DEBT FACILITIES ROLLOVER

RLG has obtained credit approval and is progressively finalising the execution of documentation for the restructuring and rollover of loan facilities with its senior corporate and key project financier. All facilities that expired on 30 July 2010 have been rolled over and the finalisation of documentation for the extension of remaining facility for Renaissance Rise, totalling \$33 million and expiring in September 2010, is expected to occur shortly.

In addition to this, and as previously disclosed, RLG has agreed terms with its subordinated corporate lender Babcock & Brown International Pty Limited, for the rollover of this facility.

Once the rollover of the corporate and project debt facilities has been completed and with the agreement from Babcock & Brown International Pty Limited to rollover its debt, RLG will have secured long term debt with a weighted average debt maturity profile of 2.42 years.

Mr Wightman said, "We are very pleased to have secured credit approval for a long term debt commitment from our core lenders. Over the past 15 months RLG has benefitted from robust conditions within its key markets and this has enabled us to actively pursue our core strategy of de-leveraging the balance sheet. We see this

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debt rollover, and the provision of project funding for Grandvue @ Officer a prestigious residential development in Melbourne's outer east, as a measure of confidence that our core lenders have in the business and the strategies that the board and management are pursuing to reposition the business. Importantly, going forward we will now be able to classify this debt as non-current"

The key amendments to the terms of the corporate and key project facilities include:

- Common expiry date of 31 December 2012 for all facilities other than those that are targeted to payout prior to this date.
- Provision of development funding for Grandvue @ Officer where RLG has secured development approval for the staged development of this project.
- Continuation of the primary covenant test being compliance with specific tolerance levels of an Agreed Cash Flow Forecast ('ACFF'), which will continue to be tested on a monthly basis.
- Removal of covenants relating to interest coverage, debt to asset ratio and net tangible asset backing.
- Cross collateralisation of project and senior corporate debt facilities.
- Payment of a further \$5.5 million restructure fee that is payable at the end of the facility term.
- Introduction of repayment milestones in June 2011, December 2011 and June 2012.

The project facilities have a number of conditions precedent such as sales rate covenants and presales thresholds that will need to be met to access these facilities and throughout the term of the facilities.

The additional restructure fee of \$5.5 million brings the total restructure fees payable to the senior corporate lender to \$10 million. This comprises the original \$4.0 million restructure fee associated with the initial restructure in April 2009, a further \$0.5 million in fees that were incurred during the current facility term as a result of further covenant waivers and the new fee of \$5.5 million. Importantly all of these fees are not paid until the expiry of the facilities in December 2012.

The cross collateralised security structure recognises that there is a common lender between the senior corporate facility and a majority of the consolidated project debt facilities and it is expected that this will provide greater alignment in the management and repayment of these debt facilities.

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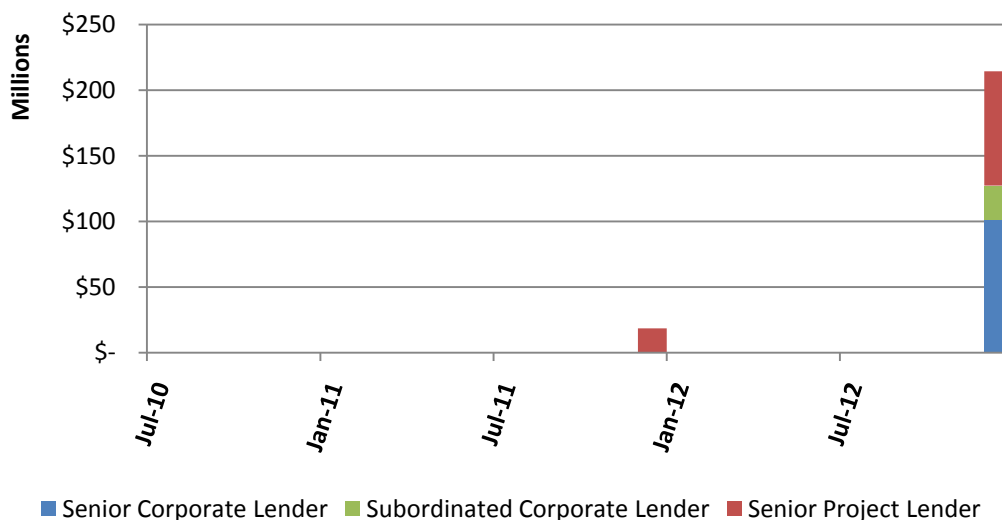
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The documentation of the extension to the Babcock & Brown International Pty Limited subordinated corporate facility through to an expiry date of 31 December 2012, with no other changes to the terms and conditions from the initial restructure date of April 2009, is continuing.

### Consolidated Debt Maturity Profile

The weighted average debt maturity profile will now be 2.42 years which enables RLG to classify this debt as non-current, whereas it is currently classified as current.



**ENDS**

### Further Information:

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Chief Executive Officer

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