



Residential
Community
Living

Level 5, 50 Margaret Street
Sydney NSW 2000 Australia

Telephone +61 2 8011 0357
Facsimile +61 2 8011 0359

www.rclgroup.com.au

ASX Release

3 September 2010

UPDATE ON BABCOCK & BROWN

SUBORDINATED LOAN

RCL Group Limited (ASX:RLG) provides the following update to the market in respect to the rollover of the Babcock & Brown International Pty Limited (**Babcock & Brown**) subordinated corporate loan.

In ASX releases dated 2 August 2010 and 30 August 2010, RLG advised that it had received a letter of confirmation from Babcock & Brown that it was prepared to rollover its subordinated corporate debt until December 2012 on the same terms and conditions that are currently in place. However, RLG has received notification from Babcock & Brown's legal advisors, purporting to withdraw this letter of confirmation on the basis of alleged breaches by RLG of its loan arrangements with Babcock & Brown which allegedly arise as a result of the arrangements to extend RLG's maturing senior corporate and project debt facilities being entered into on 2 August 2010. RLG rejects these allegations and is consulting with its legal advisers in relation to this matter.

RLG confirms that the Babcock & Brown corporate loan is fully subordinated to the senior corporate loan and cannot be called for repayment without the consent of the senior corporate lender. In addition, the loan does not provide for the charging of a default rate of interest.

RLG will ensure that the market is properly informed as this matter progresses.

ENDS

Further Information:

David Wightman
Chief Executive Officer

David.Wightman@rclgroup.com.au

Suite 07, level 7, 454 Collins Street, Melbourne Victoria

P +61 3 8319 4034 F +61 3 8319 4041

RCL Group Limited
ABN 49 119 517 985

RCL Group Trust
ARSN 119 613 848

RCL Group Services Limited
ABN 40 118 364 499

AFSL No. 298788

**About RLG**

RLG offers Securityholders geographic, project and product diversity, access to quality private developers and long-term potential for growth.

The current portfolio comprises interests in 16 residential land development projects located in Australia and New Zealand with a total lot yield on acquisition of over 9,900 lots. These projects are being developed by an experienced group of partners including PRM Property Group (in which RCL owns a 60% interest), Urbex, Metricon Group, Winten Property Group, and Links Living in Australia, and Darby Partners in New Zealand.

RCL Group Limited
ABN 49 119 517 985

RCL Group Trust
ARSN 119 613 848

RCL Group Services Limited
ABN 40 118 364 499

AFSL No. 298788