RCG ANNOUNCES SUCCESSFUL COMPLETION OF $50 MILLION CAPITAL RAISING AND 26.9 MILLION SHARE DIRECTOR SELL-DOWN

26 February 2016

Capital Raising

RCG Corporation Limited (ASX: RCG) today announced the successful completion of its fully underwritten placement to raise $50 million as announced on 24 March 2016 (the "**Capital Raising**").

The Capital Raising was conducted at $1.50 per share, which represents a discount of approximately 7% to the volume weighted average price of RCG's shares for the five days prior to 24 February 2016 and was conducted on an ex-dividend basis.

A total of approximately 33.3 million new shares, representing 7% of RCG's existing issued capital, will be issued under the Capital Raising. These shares will rank equally with existing ordinary shares and are expected to be issued and to commence trading on the ASX on Friday, 4 March 2016 which is after the record date for the 2016 half-year interim dividend and as such will not qualify for the interim dividend. Settlement of the Capital Raising is expected to occur on 3 March 2016.

The proceeds from the Capital Raising will be used to strengthen RCG's balance sheet and set the platform for accelerated growth.

Maintaining a conservatively geared balance sheet is one of RCG's core guiding principles. RCG intends to use the funds raised to repay the $28 million vendor note used to part fund the 2015 acquisition of Accent Group Limited, and to fund RCG's expected 35 – 40 store rollout over the next 18 months.

Director Sell-down

In conjunction with the Capital Raising, the six original RCG directors (and associated entities) who recapitalised the company in 2006-2007 and who have presided over average compound annual shareholder returns of in excess of 30% over eight consecutive years (the "**Vendors**") have agreed to sell approximately 26.9 million shares held by them (comprising approximately half of their respective RCG shareholdings) ("**Sell-down**").

The Sell-down was undertaken in conjunction with the capital raising and is also expected to be settled on Thursday, 3 March 2016 on the same terms and price as the Capital Raising.

The Vendors will still retain approximately 27.5 million shares in RCG, an aggregate investment worth more than $45 million based on RCG's closing share price on 23 February 2016.

Bell Potter Securities Limited acted as lead manager and underwriter to both the Capital Raising and Sell-down, with Morgans Corporate Limited acting as co-manager.

Arnold Bloch Leibler acted as legal advisors to both the Capital Raising and Sell-down.

Further information

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