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**ASX & MEDIA RELEASE**

**PELORUS COMPLETES \$50 MILLION RP TRUST STABILISATION**

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Pelorus Property Group (ASX: PPI) has successfully completed the major elements of its \$50 million stabilisation plan for RP Trust, formerly Reed Property Trust.

The stabilisation plan involved asset sales, trust and debt restructuring, and minor capital expenditure to increase NLA.

"We have completed our sales program and the capital raising and expect to be able to reinstate distributions over the coming six months," said Pelorus' Managing Director Stuart Brown.

The RP Trust portfolio now comprises six quality properties valued at approximately \$90 million. Debt is down from more than 80 per cent of asset value in June 2009 to around 65 per cent.

"We are working on a number of proposals to reconfigure some tenancies to grow income and expect to have these negotiations completed in time for our next debt review on 30 June," Mr Brown said.

Pelorus acquired management rights to the Trust for \$1.15 million in June 2009. At that time the Trust was under pressure from its lender as a result of high gearing and falling asset values. Stabilisation of the RP Trust has involved the following active management programs:

- Assessment of the portfolio and development of a strategy involving a focus on core assets for the future and preparation of the best assets for sale in a difficult market.
- Implementation of an asset management strategy involving a capital expenditure program to assist lease renegotiations.
- Sale of two smaller properties for a total of \$18.3 million.
- A capital raising of \$10 million including a placement with offshore investors.
- Debt restructuring.

The offshore placement was subscribed by a syndicate of high net worth Indian investors arranged through Pelorus' Bangalore retail property management joint venture (WT Retail India).

According to Mr Brown, the RP Trust stabilisation program typified the Pelorus strategy of applying fundamental property strategies and a variety of in house property skills to the funds management sector.

“Pelorus is currently pursuing other funds management mandates and expects this component of its business to be a significant contributor to future operations,” Mr Brown said.

Pelorus Property Group has grown significantly in the past 12 months with controlled assets increasing by over \$200 million to \$460 million.

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