

21 September 2009

TREASURY GROUP LIMITED NEW BOUTIQUE FUND MANAGER ANNOUNCEMENT



Capital Management Pty Ltd

Treasury Group (TRG) is pleased to announce its first investment in the alternatives area through a new partnership with AR Capital Management (AR Capital), the Melbourne based absolute return manager. Treasury Group will hold a 30% equity stake in AR Capital.¹

AR Capital is one of the leading absolute return managers in the Asia Pacific region, with an investment team that has outstanding credentials, and an enviable track record built over the past four years managing the Ascot Fund – an Australian equity absolute return fund with long/short capability.

The Ascot Fund has achieved an impressive four year compound annual net return for its investors of 15.75% to 31 August 2009.

Prior to launching AR Capital in 2004, the principals of AR Capital held senior roles in the investment banking industry including as Head of Proprietary Trading and Head of Research at outstanding global institutions. AR Capital is differentiated from its peers by the quality of the investment team which brings together a strong edge in fundamental analysis, market timing and risk management of their Australian absolute return fund.

The investment team is led Tony Cooper, Craig Connelly and Peter Lucas.

Tony Cooper has 24 years equity market experience. Prior to founding AR Capital with Craig, Tony was the Head of Trading at Goldman Sachs JBWere from 1998 to 2004, and Head of Trading at Credit Suisse from 1986 to 1993.

Craig Connelly was the Head of Equity Research at Goldman Sachs JBWere from 2001 to 2004, and worked as an equity market analyst with Goldman Sachs JBWere from 1993 to 2004.

Peter Lucas is a former head of Hedge Fund Sales (Australia) at Credit Suisse and has over 18 years equity and credit market experience. Peter has worked in a range of analytical and trading roles in Melbourne, London and Sydney.

¹ See note.

Treasury Group Limited
Level 5, 50 Margaret St
Sydney NSW 2000

ABN: 39 006 708 792
phone 02 8243 0400
facsimile 028243 0410

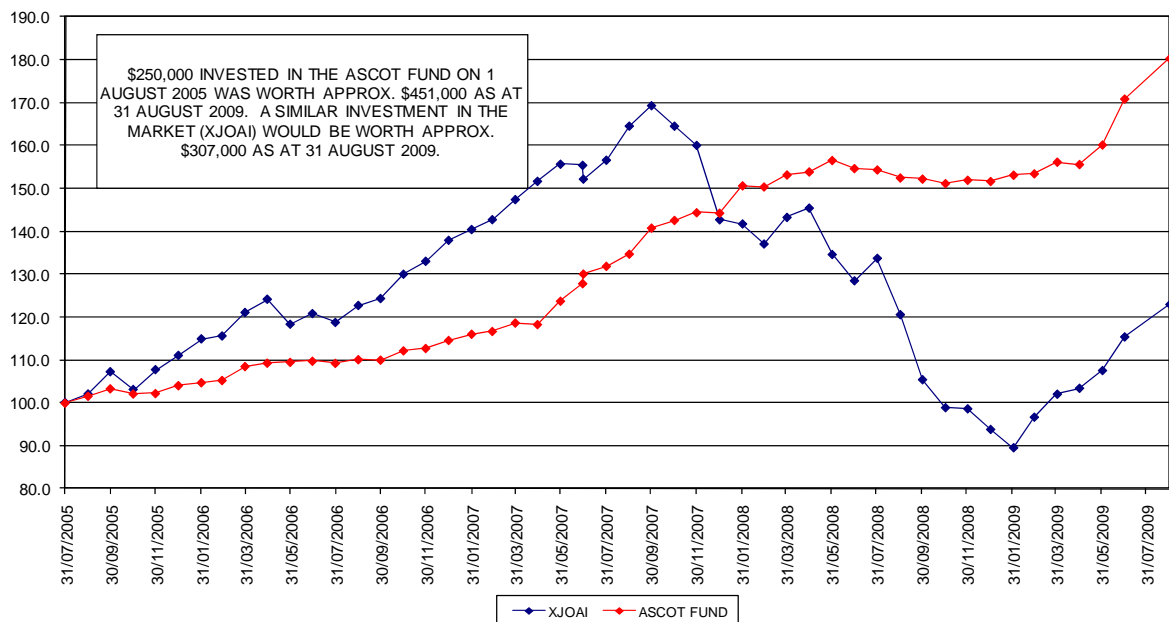
“The involvement of Treasury Group in our business is a logical next step as we look to grow the business from our current \$80m asset base. Treasury Group’s reputation and proven record of supporting and building asset management businesses will assist us greatly in growing our business while at the same time allowing us to focus on investment returns for our clients.” Craig Connelly said.

Mark Burgess, Managing Director of Treasury Group said: “As our first move into alternative assets, we are extremely excited to work with AR Capital. Our focus is always on partnering with only the highest quality investment teams. In the absolute return market, AR Capital is a leading manager with a level of experience and skill rarely available in the Australian market.

The quality of returns achieved by AR Capital since they launched the Ascot Fund in August 2005, particularly their impressive performance during the recent market turmoil, demonstrates an adherence to an investment process we all believe is scalable and with a clear focus on risk management.

Looking forward, we believe that absolute return investing will grow as an appropriate allocation in the portfolios of both institutions and individual investors. We look forward to working together and supporting AR Capital in the growth of their business”.

**ASCOT FUND RETURNS COMPARED TO THE ALL ORDINARIES ACCUMULATION INDEX
(1 August 2005 TO 31 August 2009)**



For further information

Treasury Group
Mr Mark Burgess
Managing Director
+61 2 8243 0400

AR Capital
Mr Craig Connelly
Principal
+61 3 9661 8600

Note

A heads of agreement has been reached and subject to any negotiation issues, we expect to conclude the shareholders agreement and purchase shortly. Treasury Group will invest \$1.1m for a 30% equity holding in AR Capital. This acquisition involves a related party as one of the sellers is TRG Chairman, Mr Mike Fitzpatrick. Mr Fitzpatrick will sell a 10.4% holding to TRG. Mr Fitzpatrick will continue to hold an 8.4% stake in the company post the TRG acquisition.

The sale price and transaction have been reviewed by the TRG Board. Mr Fitzpatrick absented himself from any involvement in the decision in accordance with Corporations Act requirements. The Board is satisfied that the related party sale has occurred at reasonable arms length terms. TRG will also purchase an additional 19.6% of equity from parties unrelated to TRG to take a total holding of 30%. The principals of AR Capital will retain a controlling interest in AR Capital.

AR Capital Management – Background Information

AR Capital was started in 2004 by Tony Cooper, Craig Connelly and Janet Wong. AR Capital's sole investment fund, The Ascot Fund, was launched in August 2005. Peter Lucas joined AR Capital from Credit Suisse in 2008. Today AR Capital manages over \$80m of assets on behalf of institutions and high net worth individuals. The key principals are highly experienced investment personnel with extensive trading and fundamental analytical expertise.

Treasury Group – Background Information

Treasury Group partners boutique fund managers in developing their businesses including offering support in business administration, governance, risk and compliance services. In addition Treasury Group provides distribution and other business support functions. TRG currently has six investment partners, who manage assets over \$10.9bn (at June 30 2009). Clients of TRG boutiques are based in Australia, Europe, Asia and the US. Further information is available at www.treasurygroup.com