

2009 ANNUAL GENERAL MEETING

THE CHAIRMAN'S ADDRESS

22 July 2009

Fellow shareholders, ladies and gentlemen, welcome to the 124th Annual General Meeting of Trust Company Limited.

As we have a quorum present, I officially declare the meeting open.

My name is Bruce Corlett, and I am privileged to be the Chairman of Trust Company. My fellow Directors, starting from your left are:

- John Macarthur Stanham, your Vice Chairman
- John Atkin, your Managing Director and Chief Executive Officer

I am delighted to be introducing John to his first Annual General Meeting of Trust Company. It was exactly a year ago at last year's AGM that I announced Jonathan Sweeney's intention to resign at the end of the 2008 calendar year. We count ourselves extremely fortunate to have attracted John to become your new Managing Director and Chief Executive Officer. Since taking office on 19th January 2009, it's accurate to say that John has hit the ground running as you will see when he addresses you later in this meeting.

- Roger Davis
- Warren McLeland, and
- James King

Members of our Executive Team are also here today and I would like to introduce them to you.

- Vicki Allen, Chief Operating Officer
- David Grbin, Chief Financial Officer
- Andrea Free, Head of People & Development

- Simon Lewis, Head of Strategy & Communications

Having made these introductions I now propose that the Notice convening the Annual General Meeting be taken as read.

- All those **in favour**, please raise your blue coloured ballot paper.
- Those **against**?

I declare the motion carried.

I am sure all of you would agree with me when I say that market volatility and turbulence over the past 18 months or so has dominated investor sentiment and seriously impacted the global economy. The impact of the Global Financial Crisis has been the first real test of Australia's managed investments regulatory regime and its creation of the Single Responsible Entity which was brought into effect by the Managed Investment Act in June 2000. There have been a number of high profile corporate failures during this troubled period and affected investors are now more acutely aware of the risks of investing in an imperfect disclosure regime. Increasing value is now being placed on true independence. As a consequence, Trust Company has, over recent months, been actively involved in a number of work-outs of distressed schemes in its capacity as independent responsible entity, either in participation with the administrators or on behalf of unit holders.

Further abroad, the Singapore market has been hit particularly hard. This has frustrated our objective of building a business around a REIT trustee offering, there being no new issues in this market for the last two years. Saying this, we are well placed to benefit when an upturn eventually occurs thanks to the good work of our Singaporean team.

I am pleased to say the business delivered a relatively strong performance in Financial Year 2009 despite the turbulent markets and the leadership transition. Our core measure of profitability – Operating Earnings Before Interest, Tax, Depreciation and Amortisation – was down a modest 8%, and within market guidance. This result reflects the underlying strength of the business, its high levels of recurring income, its loyal client base and prudent cost control. Whilst revenues were down by \$6.1m due principally to lower investment markets our net earnings were largely protected by \$4.4m of cost savings. Pleasingly, our operating margin rose by 2% to 34%.

After recognising a net contribution of \$5.1m from significant items, reported net profit after tax (NPAT) increased by 2%.

The sale of our 50% share in the securitisation joint venture with The Bank of New York Mellon for a total consideration of \$39.2m resulted in an after tax profit of \$13.9m. We were delighted with this transaction which was completed eight months into the Global Financial Crisis. Its success, both as to timing and structure reflects extremely well on the skills of our executive team. On receipt of the sale proceeds in June last year, we rewarded shareholders with a special dividend of 100c per share, franked to 70%. This caps a successful period of driving returns for shareholders through strategic transactions and sale of non-core assets as a consequence of which shareholders have received significant returns through the payment of special dividends in four of the last five years.

Ordinary dividends for FY09 amounted to 42c, which were fully franked. Pleasingly, therefore, total dividends paid to shareholders in respect of FY09 amounted to 142c per share.

This large dividend payout combined with impairment of our listed investments has substantially reduced our levels of retained earnings. In April this year, we announced a change in dividend payout policy in respect of the earnings for the current financial year ending 28 February 2010 (FY10). For FY10, we will now target a payout ratio of 100% of reported net profit after tax (NPAT). This compares with the practice in recent years of paying out not less than 90% of operating NPAT. We also announced that we will be conducting a review of our capital management and dividend policies for subsequent financial periods. In doing so, you can be assured we will be mindful of the importance shareholders place on their annual dividend flow.

As I mentioned in my remarks in the Annual Report, we will not be voting on any new employee share schemes today. Although such schemes better align employee and shareholder interests and are an important component of overall remuneration, the Federal Government's recent budget announcement created significant uncertainty on the tax treatment of such schemes. Once we know where we stand from a legislative perspective, we will determine the most suitable scheme arrangements to place before you for your consideration. This is likely to occur at an Extraordinary General Meeting to be called later this calendar year.

Shareholders should note that, consistent with previously approved share schemes, the rules and thresholds will be set with reference to market conditions and share prices prevailing at the outset of the current financial year. In the interests of transparency the reference price per Trust Company share will be \$4.94. We regret the delay and the uncertainty this creates for employees and appreciate their continued commitment while we resolve this issue.

There is also little doubt that, as we emerge on the other side of this financial crisis, the regulatory regime for trustees and the wider financial services market will look somewhat different. The much anticipated draft of the Uniform Trustee Corporations Act is now in circulation, and Trust welcomes this prospective legislation as a mechanism to streamline the regulation and operations of the

managed investments sector. On the taxation front, we were concerned to learn that the Henry Review was considering the removal of the dividend imputation rule as part of its overall agenda to redress the corporate tax system. Fortunately, for the time being at least, this proposal appears to have been shelved.

We believe this is an opportune time to be in our industry. Trust Company with its proud legacy, its strong financial position supported by a suite of specialised services is well placed to play an important role in restoring integrity and investor confidence in the managed investments sector of Australia's financial system.

Philanthropy is a particular area of Trust's operations that is dear to our hearts. Investment in our communities and the welfare of those less fortunate is central to our ethos and our commitment to enhance society more generally. With our national economy currently under considerable stress, we believe our work in this area is even more important.

As is customary when there is a change in leadership and, given the challenges and opportunities emerging from the global financial crisis, John Atkin and his executive team have initiated a strategic review of the business. This is a comprehensive and detailed piece of work, the outcome of which will determine what Trust Company looks like in the future. John will brief you on this matter when he addresses you shortly.

Outlook

I now move to the Outlook for the current financial year

Trading conditions since the start of the current financial year have been mixed. While investment markets have performed above our expectations, we have experienced lower commissions in our traditional estate management business. Balancing this, we continue to have a tight cost control regime in place. So long as investment markets remain stable, Trust expects earnings to remain within the guidance announced in April 2009. Clearly we will be in a much better position to provide updated guidance on the earnings outlook for the full year when we announce our half yearly results and the outputs of the Strategic Review in October.

Finally, a sincere thank you to all the Trust staff and my Board colleagues for their support through this period of transition and renewal. Having successfully navigated Trust Company through a period of great financial stress, my colleagues and I remain confident in the future prosperity of your Company.

I would also like to thank Jonathan Sweeney for his outstanding contribution to Trust Company, especially during his 8 year term as Managing Director & Chief Executive Officer. This ended 30

years of Sweeney family stewardship of Trust Company. Happily, the Sweeney family continue as significant shareholders and we look forward to maintaining our close relationship with them.

Before I hand over to John to address you, I would like to ask my predecessor Gordon Moffatt to join me at the podium while I present him with a framed certificate of appreciation for his outstanding services to Trust Company over so many years particularly during his period in the Chair.

I now hand over to John. At the completion of John's presentation I will conduct the formal part of the meeting.