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Trust Company Limited
35 Clarence Street
Sydney, NSW 2000

ABN 59 004 027 749

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Trust Company Limited (ASX: TRU) today reported operating NPAT excluding significant items of \$15.5 million for the year ended February 2009, down 10 percent from the previous year. Operating EBITDA was down 8 percent to \$18.6 million compared with \$20.3 million in FY08. How do you assess these results in light of weaker equity markets?

MD & CEO John Atkin

These are solid results given the weak performance of financial markets over the past year. The results are in line with our earlier EBITDA guidance and reflect the underlying strength of the business, its high levels of recurring income, its sticky client base and good cost control.

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You have been in the position of MD & CEO for three months now. What are your first impressions of Trust?

MD & CEO John Atkin

Trust is a solid business with lots of potential. The long-term client relationships on the corporate and private side provide a good springboard for future business growth. There is also significant potential to grow organically within the existing service lines, particularly in Property and Infrastructure Custody (PIC) and as an independent Responsible Entity (RE). On the private client side, there's great growth potential in the Health and Personal Injury (H&PI) business.

Historically, Trust has been successful in driving returns for shareholders through strategic transactions such as the merger with Permanent and the establishment and subsequent exit from the joint venture with The Bank of New York Mellon. The opportunity now is to bring that same transactional discipline to the internal execution and management of our business to leverage the potential of our client base and achieve greater market penetration available in our chosen product areas. I sense there is a significant upside within the business.

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Where do you see Trusts' potential to grow revenues over and above the systemic impact of equity market movements and movements in other asset prices?

MD & CEO John Atkin

The potential lies in leveraging the client base, being more efficient in delivering our services and capitalising on the more immediate opportunities to grow certain business lines.

For instance, we provide Property and Infrastructure Custody (PIC) services to around 40 percent of the participants in Australian listed property sector. Having invested in the TRUaccess online custody platform we now have a significant opportunity to increase services to our existing clients and to grow market share by winning new clients. With the downturn in the property sector, managers are seeking greater back office efficiencies and the consolidation and asset churn anticipated within the sector will create significant opportunities. It also makes for good corporate governance to have an independent custodian of property and infrastructure assets, particularly when the investments are being made by a professional manager on behalf of other investors. We have a platform and market presence to maximise advantage from that trend.

Industry and client trends towards independent fiduciaries are also very positive for our Responsible Entity (RE) service.

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You've announced a strategic review of the business. Why are you doing this review? What are the objectives of the review?

MD & CEO John Atkin

A strategic review is periodically important for all businesses and especially for a new MD coming into this business which has been successfully managed by the Sweeney family for 30 years. The changes within the financial services sector following the global financial crisis will also be significant and I need to make sure Trust emerges a stronger company. For both of those reasons it's an ideal opportunity for us to be carrying out a review.

The objective of the review is to provide a clear vision for the company that aligns the aspirations of all our stakeholders. The key elements of the review are to examine and understand our existing business model (which we have already

initiated); to look at external market developments and changes flowing from the global financial crisis, and to review our brand and culture.

Our aim is to have the review completed by late September and to update the market at the time of our half year results presentations in October.

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Trust appointed you as MD & CEO effective 19 January 2009. What experience and expertise do you bring to a role whose core responsibilities relate to financial and fiduciary services?

MD & CEO John Atkin

I have over 25 years experience in the professional services sector and have learnt a lot about building client relationships and leading high performing teams firstly as Chief Executive of national law firm, Blake Dawson for the last 6 years and prior to that as a senior M&A/ECM partner at Mallesons Stephen Jaques. At Blakes, we transformed the culture from an entitlement and tenure based partnership to a \$400 million team and performance based services business. Throughout that 25 year period all of my client relationships were fiduciary and the entire focus of my practice was in and around regulation with a strong focus in equity capital markets. That background is definitely appropriate at Trust. During that period I built strategic capability initially as an M&A lawyer and then as Chief Executive. I also have an extensive network of personal contacts in corporate Australia which I'm already finding very advantageous in terms of positioning Trust for new opportunities.

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What will be your business priorities while the review is underway?

MD & CEO John Atkin

We've set this year's work plan around three themes: engaging our stakeholders, focusing on the growth and momentum in key areas of our business and strengthening our core.

Firstly, in terms of engaging our stakeholders, we'll be focussing on our relationship with the market and investor base and being more transparent in explaining our operations. There are some great people here, and therefore it is important to make their lines of accountability and their KPIs clear so that we encourage and reward performance. A key priority is around developing our client management, ensuring effective cross selling and having systems to support that. We also intend to promote our philanthropic activities to drive stronger engagement with the market and community more generally.

Secondly, we'll be focussing on growing the business with key initial areas of focus being property and infrastructure custody (PIC), responsible entity (RE) and health and personal injury (H&PI) where we enjoy market leading positions.

Thirdly, in terms of strengthening the core, it is vital to clarify our business model and understand the underlying drivers more clearly. Getting an efficient structure

for both our product and service lines and also our core services will not only improve the quality and efficiency of service delivery to clients, but it will also improve the efficiency of our own back office. Putting in place some fundamental management information systems around clients, inventory and productivity will help us drive and reward performance. We will be bringing an integrated approach to the performance management of our people.

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Trust trimmed its overhead costs by \$4.4 million in FY09. How much more can be extracted from costs?

MD & CEO John Atkin

The reorganisation we implemented in February 2009 has reduced costs by an additional \$1 million annualised. We're adopting a cost conscious culture and cost control will remain an ongoing theme.

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In FY09, the Institutional Services' assets under supervision increased 4 percent to \$123 billion. What are the drivers of growth in assets under supervision in Institutional Services?

MD & CEO John Atkin

The drivers to this growth are the capabilities and efficiencies that we can offer to our clients. Our property clients are looking for greater efficiency and we're able to provide this. There'll also be significant ownership change and reformation of assets which will drive growth in assets under supervision.

Two thirds of the growth in assets under supervision stems from our property and infrastructure custody (PIC) business, reflecting its market leading status. There's also good growth in our responsible entity (RE) business reflecting the premium now being paid for independence in the RE space.

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Operating EBITDA for Institutional Services was slightly down to \$8.3 million from \$8.5 million in the previous corresponding period, with a \$0.5 million increase in the contribution from Property and Infrastructure Custody (PIC) offsetting declines in contributions from Structured Finance Trustee and Superannuation Trustee activities. Is the increase in PIC contribution sustainable in FY10?

MD & CEO John Atkin

There's a growing trend for participants in the property sector to outsource non-core functions in order to increase operational efficiency. That trend has been reinforced by the global financial crisis. We've expanded the services in PIC and spent about \$700,000 developing our online custody system called TRUaccess that we have been rolling out in the last six months to our clients. The increase in PIC contribution is sustainable plus there's also significant potential for further growth that we're exploring, not only in the property sector, but in other asset classes as

well. This growth potential will be offset to some degree by any future declines in the underlying values of the assets under custody.

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Financial Services' assets under supervision were down 24 percent to \$3 billion. What is the sensitivity of these assets to equity market movements? How will you seek to mitigate any future falls in the value of these assets?

MD & CEO John Atkin

At a group level, the sensitivity will vary with the ASX 200 index. For example at around the 3,500 level, a 1 percent movement in the ASX 200 will impact our revenue by about \$100,000. Our assets under management within Financial Services were down 24 percent, in part reflecting lower equity values. Around 60 percent of revenues in Financial Services are exposed to equity markets. We're focused on the things we can control around client service, the performance of our people and the efficiency of our own operations to drive growth and profitability in our underlying business. Once equity markets stabilise, those actions will generate growth.

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Trust has liquid assets of \$53.6 million and had no debt as at the end of February 2009. What is the rationale for Trust maintaining its ungeared position?

MD & CEO John Atkin

The amount of liquid assets and no interest bearing debt on our balance sheet reflects historical conservatism both in terms of building reserves and transactional discipline in the last few years where we refrained from spending money on acquisitions in the bull market. It's not necessary to retain this amount of liquid assets and reserves. In the nature of business we're in, we need to maintain a level of reserves in a "capital adequacy" style retention. We see some significant opportunity to invest in the existing business and drive growth. We won't be retaining surplus reserves if it's not in the best interest of shareholders and will invest according to the best risk-return option that the business has; whether that's more into the business, back to shareholders or into acquisitions. We'll have more clarity on this post the strategic review. The equity that's in the liquid assets is under review and we will consider returning this to shareholders subject to its return expectations and the removal of any restrictions on returning capital currently embedded in trustee legislation.

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After tax impairment charges on investments in Equity Trustees Limited (ASX: EQT) and Tasmanian Perpetual Trustees Limited (ASX: TPX) were \$1.8 million and \$1.7 million notwithstanding the \$1.9 million impairment change for TPX investments in the first half. What is the destiny of these investments going forward?

MD & CEO John Atkin

TPX is the subject of a proposed merger with MyState Financial. We understand the scheme booklets will be available later this month and we'll be reading them

with interest. It's not appropriate for me to say anything further at this stage. In relation to EQT, they are running a good business and we're comfortable with our shareholding. I am confident it will continue to benefit us in the longer term.

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In 2006, Trust established a presence in Singapore offering Institutional Services products to the Asian market. What is your strategy for the international business? Will you be expanding this end of the business?

MD & CEO John Atkin

Singapore is positioning itself as a key regional service centre in the longer term. The levels of competition for the services we provide in Singapore are also pretty low compared to the Australian level. We've also been quite disciplined in reducing cost in Singapore, whilst expanding our service offerings beyond REIT trustee to include for example, property custody and escrow. Andrew Cannane, our Chief Executive Officer in Singapore has done a great job positioning us in the market there. We see significant opportunities over the longer term for us there as the economy recovers.

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In November 2008, irregularities in the accounts of the Townsville office were announced and a \$7 million restitution account established. The Townsville event reduced Trust's FY09 operating cash flow by \$8.3 million. What is the anticipated timeline for resolving the problem in Townsville?

MD & CEO John Atkin

As soon as we became aware of these irregularities we notified our insurer, appointed forensic accountants to investigate and set about establishing a restitution fund to honour our obligations to our clients. The forensic investigation uncovered a fraud that goes back 16 years, and we have thus had to complete a full forensic reconstruction of the accounts. That has been provided with the formal claim to the insurer and is currently being assessed by them. I would expect resolution of this within the next six months and most certainly within the current financial year.

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You expect operating EBITDA to decline between 14 and 30 percent to a range of \$13 million to \$16 million in FY10. What assumptions underlie your operating EBITDA guidance?

MD & CEO John Atkin

Our operating EBITDA guidance for FY10 is based on Trust continuing to experience high volatility in markets and lower overall investment market returns when compared to FY09. We have assumed an opening ASX200 of 3500, and total investment market returns of 5.5 percent during the year. Property market values which predominantly impact PIC revenues are expected to decline by an average of 10 percent over the year. The relatively wide guidance range reflects the high volatility we are witnessing in investment markets at present.

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Trust has announced a fully franked final dividend of 22 cents per share, bringing the full-year payment for 2009 to 142 cents (including a special dividend of 100 cents following the sale of your BNYTA stake), up from 54 cents in 2008. You've also announced that Trust intends to target a dividend payout of 100 percent of **reported** NPAT for FY10. Previously you maintained a policy of paying out not less than 90 percent of **operating** NPAT. Why have you changed the payout policy?

MD & CEO John Atkin

We will review our dividend policy, together with our policies around capital management, as part of our strategic review. While we are carrying out that review we have adjusted our dividend policy to a percentage of reported net profit after tax to be in line with our shareholders' focus on dividend yield and reported earnings per share and to ensure that our executives are more disciplined in managing the significant items that arise below the operating profit line.

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Thank you John.

For further information on Trust please visit www.trust.com.au or call John Atkin on (02) 8295 8100.

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