

Shareholders Newsletter

Enclosed in this newsletter is a **Notice of General Meeting for Friday, 17 June 2011**.

The primary purpose of the meeting is to seek shareholder approval to **change the name of the company** from **Queensland Trustees & Investment Limited** to **Trustees Australia Limited**.

It is also intended to take the opportunity to **update the constitution** of the company to reflect recent changes in the Corporations Act and ASX Listing Rules.

These matters require approval by members of the Company as Special Resolutions in accordance with the Corporations Act. The explanatory information forming part of the Notice of Meeting deals with the regulatory requirements of these resolutions.

Directors also wish to update shareholders on aspects of the company, particularly, the outcomes from their investigation into the merits of a demerger of components of the business. This is outlined more at page four (4) of this newsletter.



Trustee & Custodian Services

The Company has been focussing on developing its Trustee and Custody activities in the last few years and after considerable investigation of the opportunity, the Board has adopted an initial five year strategy for this business pursuit. The Board intends that this primary focus on Trustee and Custody will support sustained earnings growth and enhance shareholder value in the Company.

The Board's objectives are as follows:

- > **Over the next five years Trustees Australia Limited will become a leading independent specialist in the Australian Domestic Custody and Responsible Entity markets as a technologically sophisticated, non-bank, Custodian, Trustee and Responsible Entity;**
- > **For Australian investors in International markets, Trustees Australia Limited will foster relationships with Global Custodians and Fund Managers;**
- > **For Foreign investors in Australian markets, Trustees Australia Limited will provide independent sub-custody services for Global Custodians and, in some cases, directly to foreign custodians in particular jurisdictions;**
- > **Trustees Australia Limited intends to significantly grow its Independent Trustee activities particularly through the anticipated, regulatory induced, consolidation of Responsible Entities in Australia;**
- > **Trustees Australia Limited will progressively develop a specialist Trustee and Custody facility servicing Chinese investors in Australian assets.**

Why the Custody and Trustee Focus?

There are **fewer than 20 custodians** operating in Australia. Between them **they hold more than \$2.5 trillion of Australian and Foreign assets**.

Around \$1.9 trillion of the \$2.5 trillion is held by Foreign Global Custodians operating in Australia, who predominantly acquired the business from Australian custodians, which have exited the custody market during the last two decades.

However, a market opportunity exists for **a non-bank, independent Australian Domestic only Custodian**.

In Australia, the major custody providers progressively consolidated their custody operations. During the last 10 years the major Australian banks, with the exception of the NAB, have generally exited the custody area to concentrate on core banking activities. This has left a significant gap in the market. Trustees Australia Limited seeks to fill this gap.

Opportunities

The opportunities in the Trustee Custody and Responsible Entity sectors are attractive because:

- > there are **high and increasing barriers to entry** through increasingly stringent regulatory capital, liquidity and licensing requirements;
- > increasing compliance and **regulation supports growing demand for services**;
- > **recurrent revenues** and highly scalable fee generation activities where there are financial **barriers to exit for customers**;
- > **competition is minimal** between custody providers for the low to mid-tier market, leading to poor service quality **in spite of higher margins** for service providers **at this market end**;
- > **greater interest in global investment** and **greater complexity in investment products** generate **steadily growing use of** custodians by investors;
- > **growth in asset management**, particularly from compulsory superannuation also provides **reliable demand growth for Custody and Responsible Entity services**;
- > Australia has relatively **complex taxation and anti-money laundering regulations** which encourage Global Custodians to use Australian sub-custodians or outsource administration.

The Board sees a compelling argument for building an independent Australian Domestic Custodial and Trustee business within Trustees Australia Limited and believes this will be of enduring benefit for shareholders.

Why change the company name?

PRESENTING A NATIONAL BRAND IMAGE

Many long established companies with names that reflect their State or City of origin eventually grow to operate on a national basis or international basis. At some point in their growth, particularly if they are successful, they often face the challenge and significant expense of changing an established branding image to cast off the more parochial original name. For large successful corporations this is often a multi-million dollar exercise that the company's founders did not envisage.

Some well-known examples of these include the change by the Bank of New South Wales to Westpac and the change from Broken Hill Proprietary to BHP and subsequently BHP Billiton. Other current examples of companies which retained their traditional origin names include, by way of example, Bank of Queensland, Bendigo Adelaide Bank. There are many others.

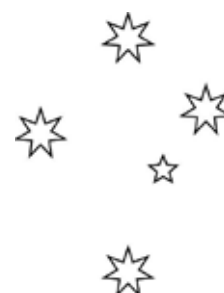
The Queensland Trustees **Board is determined that the Company will grow into a nationally significant Trustee and Custody company within a relatively short period of time.** We have an opportunity to adopt and present a new, fresh and confident image that can be built on. The Board believes this opportunity should be taken now on the basis that if it is ever thought beneficial to change the name from a Queensland perception to a national one, then it should be done now, so the effort in branding can be done once without needing to change in the future.

The **Australian emphasis is a conscious decision**, however, as the Board intends that the Company will be aiming to fill an obvious emerging void in the Australian market. That is to provide the independent, non-bank custody service for Australian assets for Australian clients directly and for Australia based Global Custodians.

Additionally, **the market opportunities for providing custody and trustee services to the growing number of Chinese investors in Australian assets is significant.** The Trustees Australia Limited name is considered very much more appealing to that market than the existing one. Trustees Australia Limited is progressively developing a Chinese investor focussed capacity.

Company names which include the word "Trust or Trustee" require specific approval from the Australian Treasurer, which has been obtained and the name has been reserved. Further, the ASX code of TAU has been reserved.

TAU resulted as a combination of thoughts - the obvious "T" for Trustee and "AU" for Australia. Additionally, out of interest, "AU" is also the elemental chart acronym for Gold and "TAU" is the 19th letter of the Greek alphabet which has been described as an ancient symbol for "rebirth" or "resurrection".



Update on demerger considerations

At the AGM in November 2010, shareholders approved a resolution for the Board to evaluate the potential for demerging components of the Company's assets into a separate listed entity.

The investigation and recent announcement of regulatory changes highlighted several issues which have led to the Board forming the view that a demerger is no longer advantageous.

The significant factors include:

- > The scheduled March 2011 release by ASIC of new guidelines for liquidity and capital adequacy for Responsible Entities has not occurred creating an uncertain financial and regulatory environment for any significant change in the structure of the Company's assets;
- > In February 2011, the Queensland Government announced, without accompanying legislation, changes to the Land Rich Corporations provisions of the Duties Act effective 1 July 2011. This presented considerable extra risk for significant additional duty costs in a demerger;
- > Other options for the development of property assets under negotiation with a third party property group may well produce a viable sale prospect for the Airlie Central development land.

As a result, further investigation of the demerger proposal has been discontinued.

UPDATING YOUR SHAREHOLDER DETAILS

Please note that the Share Registry for Queensland Trustees & Investment Limited is handled by Registries Limited.

Update your Shareholding Details:

- postal and email address
- bank account
- tax file number

All Shareholder updates should be sent to the following address:

REGISTRIES LIMITED
PO Box R67
ROYAL EXCHANGE
SYDNEY NSW 1223
T: (02) 9290 9600
F: (02) 9279 0664
E: registries@registries.com.au
www.registries.com.au

Note: Proxy Forms to be sent directly to:

Queensland Trustees &
Investment Limited.
GPO Box 6
Brisbane Q 4001

Queensland Trustees & Investment Limited
GPO Box 6
Brisbane Qld 4001

T: 07 3020 3020
F: 07 3020 3080
E: shareholders@qti.com.au
W: www.qti.com.au



STAYING IN TOUCH

Investors, shareholders and other interested parties are encouraged to register on our website to receive QTI news via email: www.qti.com.au

Once you have registered, all ASX and media releases will be automatically sent to you the same day as released.