

PRESS RELEASE



Hartleys sells its Margin Lending Book to Leveraged Equities

Hartleys Limited today announced it has finalised negotiations for the sale of its Margin Lending book to Adelaide Bank. The transaction will see Adelaide Bank acquire the Book at its face value, which is currently approximately \$130 million with Hartleys' JDV operations providing an outsourcing service to enable a seamless transfer of clients' accounts over the next three months. Settlement is scheduled to occur prior to the end of April.

Mr Tony Howarth, Interim Chief Executive of Hartleys, said the sale of the Margin Lending book is a further step in implementing the Hartleys Board's strategic review.

"This sale will complete the release of approximately \$20 million in capital that Hartleys had invested in its margin lending activities, which will be available to support the company's focus on growing the JDV business.

"The sale of the Margin Lending book to Leveraged Equities completes an extensive process that involved a number of interested parties", Mr Howarth said.

Mr Barry Fitzpatrick, Group Managing Director of Adelaide Bank, said today:
"The acquisition of the Hartleys' loan book by Adelaide Bank is another step in the growth of our margin lending business established in 2000 with the purchase of Leveraged Equities Limited.

"It is planned to integrate the \$130 million Hartleys' margin lending portfolio into the Leveraged Equities' loan book over time.

"This will boost the Leveraged Equities' loan book to in excess of \$1.2 billion.

"Adelaide Bank is looking forward to providing a full range of margin lending services to Hartleys' clients with the assistance of JDV and building a strong relationship with these clients and their advisors."

Hartleys previously announced that it has entered into arrangements with Macquarie Bank regarding its East Coast wealth management activities and an MBO team in relation to its Western Australian wealth management activities. Completion of these transactions will see Hartleys exit its loss-making Wealth Management business to concentrate on its technology and outsourcing business conducted through JDV.

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**Further comment can be obtained from Mr Howarth on (0419 812 838)
or from Mr Fitzpatrick on (08) 8300 6818.**