

26 February 2010

TO THE UNITHOLDERS

ARP GROWTH FUND ("ARP")

1 Background

Neil Singleton, Stephen Parbery and Nicholas Martin were appointed Voluntary Administrators to Trio Capital Limited ("Trio") on 16 December 2009. Trio is the Responsible Entity of the ARP Growth Fund ("the Fund").

Upon our appointment, and after establishing that the Fund was "illiquid", the Administrators closed the Fund to redemptions pending the outcome of their investigation into the financial position of the Fund.

2 Investigations

We have commenced investigation into the financial position of the Fund, particularly, the recoverability of its assets.

We note that the Auditors did not sign an audit report in respect of the Fund as at 30 June 2009 in the absence of available evidence to support the value of the assets disclosed in the Balance Sheet at that date.

As a consequence of our investigations, we are of the view that the Fund is "illiquid". In particular, we advise that the Fund's principal asset, an investment in Professional Pensions ARP Limited ("PPARP"), a British Virgin Island ("BVI") company, is proposed to be wound up (PricewaterhouseCoopers in the BVI have consented to act as Liquidators of PPARP).

Our comments in relation to the financial position of the fund are set out at Section 4 of this communication.

3 Winding Up

Prior to the appointment of the Administrators, the Board of Trio had resolved that the Fund was illiquid and that the Product Disclosure Statement should be withdrawn. The Fund is not in a position to receive any further subscriptions or meet redemption requests. We are unable at this time to provide any guidance as to the timeframe for the realisation of the Fund's assets, however it is likely to be lengthy.

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PPB Pty Ltd trading as PPB.
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PPB Pty Limited trades
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Its liability is limited to
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It has associated but
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any of the independent
entities or partnerships
shall attach to the
group as a whole or any
members of the group.



In the circumstances, we are of the view that an application should be made to Court to secure the appropriate orders in connection with the winding-up of the Fund.

The application for winding up was filed 26 February 2010 and is listed for hearing in the Supreme Court of New South Wales at 2pm on 19 March 2010.

Important Note: The winding up of the Fund does not mean a “fire sale” of the assets. The assets of the Fund will be realised in an orderly manner with a view to maximising the returns to unitholders. We propose to involve unitholders in decisions concerning the realisation of Fund assets.

4 Financial Position of Fund

Set out below is a summary of the estimated assets and liabilities of the Fund at the date of our appointment as Administrators based on information provided by Trio.

ARP Growth Fund		
Assets	Note	Book Value \$'000
Loans to Ualan Property Pty Ltd ATF Ualan Property Trust	1	501
Investment in PPARP	2	3,011
Units in ARP Sub-Trust No.1	2 & 3	55,312
TOTAL		58,824
Liabilities/Accrued expenses	4	(219)
Net assets		58,605

Units on Issue ('000)	69,005
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In relation to the above summary of financial position, we comment as follows:

Notes:

1 Ualan Property Trust has exposure to 2 developments, through the Ualan Somersby Unit Trust (“USUT”) and Ualan Myoora Unit Trust (“UMUT”). USUT is a property development based in Wisemans Ferry Road, Somersby comprising 27 industrial units. UMUT is a vacant lot of land based at Myoora Road, Somersby. The Trusts have insufficient funds to meet the monthly interest payments to financiers. We are assessing the likelihood of the loan being recovered.

2 The Fund has a direct investment (Book Value \$3.011m) and an indirect investment (Book Value \$49.464m) in PPARP through the ARP Sub-Trust No.1.

PPARP has invested in a number of overseas hedge funds. We are advised that PPARP ceased trading in December 2009 and is proposed to be wound up. We have written to the Liquidators elect in relation to the status of the winding up.

As at the date hereof, we have not been able to determine with any certainty, the existence or value of the investments in PPARP.

- 3 The residual assets of the ARP Sub-Trust No. 1, with a recorded Book Value of \$5.848m as at 31 December 2009, comprise of a number of secured loans and a further investment in the Ualan Property Trust (formerly Marq Property Trust) all of which we understand to be impaired to some extent.
- 4 The liabilities attributable to the fund include a Bank Overdraft and Administration fees outstanding.

Our investigation into the value and recoverability of the assets of APS is continuing. The Administrators do not at this time provide any warranties as to the ultimate value of the assets of the Fund or the value of the units in the Fund. Further updates will be provided to unitholders in due course.

5 Future Course of Action

Subsequent to the Court ordering the winding up of the Fund, the following steps are proposed:

- a Meeting of Unitholders to report on the circumstances of the Fund and consider the Administrator's winding up strategy.

Yours faithfully



**N.G Singleton
Joint Administrator**