

27 July 2010

ASX RELEASE

Business Update

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The orderly wind-down of the funds management business of the Everest Financial Group Limited ("EFG" or "the Group") continues in accordance with previous ASX announcements.

Responsible Entity/Trustee and Management functions have started to move across to the One Investment Group, (OIG). OIG has agreed to sub-let office space from EFG, effective 15 August 2010, which will further assist in a smooth transition of the funds management operations as well as contributing to the reduction in EFG's operating costs. Various aspects of the transitional arrangements with OIG remain subject to finalisation of unitholder approvals and counterparty consents. It is anticipated that these approvals will be obtained by the end of September 2010.

EFG will continue to be Responsible Entity/Trustee of two funds totalling approximately \$85 million in assets under management. In order to fulfil its duties in relation to these funds, EFG intends to outsource certain functions to OIG. EFG will seek suitable longer term arrangements for these funds when appropriate to do so.

The Group and its Managing Director and Chief Executive Officer, Jeremy Reid, have now reached agreement whereby Mr Reid has been given notice of his termination from his role as CEO. By agreement, Mr Reid will step down as Chief Executive Officer of EFG on 31 July 2010 and commence serving out his 12 month notice period as a consultant to EFG. In his position as a consultant to EFG, Mr Reid will assist with the orderly transition of funds to OIG as well as assist the EFG Board with the orderly wind down of the Group and the return of capital to EFG's shareholders. During this time, Mr Reid will continue to be paid his existing contractual entitlements, but will receive no payments in respect of the consultancy. It is currently envisaged that Mr Reid will leave the Group on 28 February 2011 and, will be paid the balance of his notice period and any statutory and contractual entitlements which consist of:-

- accrued but untaken annual and long service leave; and
- a severance payment of 2 weeks base salary per year of service.

From 2 August 2010, EFG will be staffed by 3 full time employees in addition to Mr Reid.

Risk & Capital Management

As well as focusing on costs minimisation during the wind down of the business, the board is also focused on optimal capital preservation strategies that serve the best overall interests of all EFG shareholders - both longer term shareholders as well as those who have more recently joined the register.

To this end, the Board has determined that the cash assets of the Group will be retained as cash or cash like assets with a prudent risk profile. Capital management initiatives will be undertaken only when the Board is confident that it is equitable to all shareholders to do so.

Board Composition

Soon after the cessation of his role as CEO and Managing Director, Jeremy Reid will step down as a Director of EFG. Mr Brett Howard has agreed to join the Board as an independent, Non – Executive Director. Mr Howard will take up his role as a Director, immediately prior to Mr Reid's resignation from the Board.

Mr Howard has considerable experience in finance, property and funds management. He founded the Howard Mortgage Trust which became the largest such trust in Australia and also established the Howard Group which merged with the Challenger International in 1998. Mr Howard served on the board of Challenger's Responsible Entity from 1998 to 2001. He was also Chairman of HFA Holdings Limited from 2006 until 2009. Mr Howard holds a B.Com from the University of NSW.

Trading Results

The 2010 interim earnings result will be announced on or around 26 August 2010.

EFG will continue to provide further business updates to the market as is appropriate.

ENDS

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