

## Product Notice

### Important information

## CONQUISTADOR Securities

Friday, 12 February 2010

Dear Investor,

As you are aware RBS Group (Australia) Pty Ltd ("**the Issuer**") issued the Conquistador Securities ("**Securities**") under the Product Disclosure Statement dated 1 May 2008 as supplemented by the Supplementary Product Disclosure Statement dated 1 July 2008 (together the "**PDS**").

Further to the product notices dated 30<sup>th</sup> June 2009 and 11<sup>th</sup> September 2009, the Issuer has been advised that the Gems Progressive Fund II SPC ("**GEMS**") is still locked and not allowing further redemptions, accordingly the Issuer is unable to redeem its hedge for the Securities. The Issuer has not received any clarity from the GEMS fund manager with respect to when it will receive the balance of its investment in GEMS. The Issuer will provide further updated information about the liquidation of its investment in GEMS in due course as it becomes available. Notwithstanding the investment in GEMS, the Issuer will continue to provide full capital protection to the Securities at the Maturity Date as per the PDS .

The Securities Value on 29<sup>th</sup> January 2010 was 64.40%.

### Buyback Offer

The Buyback facility previously offered by the Issuer is still available for Investors who wish to exit their investment in the Securities. This will continue to be available on a monthly basis. The Issuer may accept requests from investors to have their Securities bought back at its sole and absolute discretion. The Issuer also retains sole discretion to cease the Buybacks at any time without any further notice.

The Buy-Back Price will be determined by the Issuer and will not take into consideration the value of liquidating its hedge in GEMS.

Investors should be aware that accepting the Buy-Back Price is likely to give them a worse return than if they wait until such time as the Issuer has received the proceeds from the liquidation of the GEMS portfolio. Please note that due to market volatility the value of the liquidation proceeds in GEMS may go up or down and investors should make their own decision whether or not to make a Buy-Back request.

For example, the Securities Value for January was 64.40%. However, the Issuer's Buy-Back Price was only 59.92%. Once its investment in GEMS has been redeemed, the Issuer expects this difference between the Securities Value and the Buy-Back Price to narrow to the benefit of Investors who continue to hold the Securities. Please note this may not always be the case. For example, if Investors choose to wait until the GEMS redemption proceeds are received by the Issuer but then subsequently market interest rates rise, then Investors could end-up receiving less for their Securities than if they had accepted the earlier Buy-Back Price. Investors should note that once their Securities have been bought back by the Issuer, the Issuer will be under no obligation to make any additional payments to the investor regardless of what the Issuer receives from the liquidation of its investment in GEMS.

The Buy-Back prices over the last few months are noted in the table below though this is not an indication of the actual value of future monthly buy-back prices.

<b>Month</b>	<b>Buy-Back Price</b>
Jan-10	59.92%
Dec-09	56.94%
Nov-09	57.75%
Oct-09	54.96%
Sep-09	54.47%
Aug-09	54.69%

As per previous Notices regarding the Buy-Back Offer, the Issuer advises Investors to request an estimate of the Buy-Back Price before effecting the Buyback. Investors must acknowledge that this is an estimate only and the actual Buy-Back Price on the Buy-Back Date may be significantly less than the estimate. An Investor may request the Issuer buyback the full amount of their Securities only on the last Business Day of any month up to but not including the Maturity Date by completing and returning to Netwealth the Early Redemption Form. Investors can obtain a copy of the Early Redemption Form at the website [www.rbs.com.au/structuredproducts](http://www.rbs.com.au/structuredproducts). By submitting an Early Redemption Form, Investors agree and acknowledge that the Issuer is unable to liquidate its hedging arrangement (as specified in clause 15.4.3 of the PDS) because GEMS is still locked. Consequently, the Buyback Date will be the date the Issuer accepts the Early Redemption Form from Netwealth and calculates the Buyback Price. As indicated above, the Buyback Price will not take into consideration the full value of liquidating GEMS because this is not possible at this time.

Investors should always consider the PDS when making any decision regarding their Securities.

Capitalised terms not defined in this notice have the same meaning given to them in the PDS.

For further information, please contact your adviser or Netwealth on 1800 888 223.

Regards

RBS Group (Australia) Pty Limited