



MEDIA RELEASE

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Bluestone announces major investment led by ABN AMRO

Specialist lender, Bluestone Group, today announced a major investment led by Dutch bank, ABN AMRO. Under the terms of the transaction, ABN AMRO will acquire approximately 40% of Bluestone, with a further 10% being purchased by UK based fund manager Cambridge Place Investment Management ('CPIM'), and Bluestone's Chairman, David Clarke. Barclays Bank and Crescent Capital Partners intend to retain their minority stakes in the business.

The shares being purchased are made up of a combination of new issuance and shares sold by a syndicate of Bluestone's shareholders, including RMB Ventures ('RMB'), interests associated with Bluestone's Founder, Alistair Jeffery, together with staff and management. The transaction marks an outright exit for venture capital investor, RMB Ventures. RMB invested in the lender between 2001 and 2002, and currently hold approximately 20% of the company's shares.

As part of the transaction, Alistair Jeffery reduces his stake from approximately 40% to 25%, and he has extended his term as CEO of Bluestone for a further 3 years. Over this time, Bluestone intends to continue its push into new specialist segments including the rapidly emerging equity release market, and other residential and commercial markets.

"The transaction marks the culmination of several months of hard work by Bluestone's Board, management, staff and advisers. It represents both a liquidity event for existing shareholders and the start of Bluestone's next phase of growth, and we are extremely pleased to be welcoming investors with the global reach of ABN AMRO and the expertise of CPIM into the business", said Mr Jeffery.

"One feature of Bluestone's expansion has been a progressive employee share option programme which has seen staff and management build a shareholding of approximately 8% of the company since its launch in 2000. I'm also particularly pleased that those who have put in a lot of the hard work are now able to realise the fruits of their labour", he said.

Bluestone commenced a structured sale process following enquiry from a number of potential financial investors in early 2005. The transaction was initiated by 'straw-polling' existing shareholders to gauge the potential size of shareholding that could be created from selling interest, reviewing alternative liquidity strategies including an IPO, and then evaluating potential investors in what turned out to be the sale of a major minority block. Corporate advisory house Caliburn advised the company on the process, which is subject to shareholder approval.

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Editors Note:

Bluestone Group was established in 2000 to provide specialist home loan products. The business is backed by a number of large financial services groups including the UK's Barclays Bank plc. To date, Bluestone has provided over \$2 billion of home loans to Australians and New Zealanders. Bluestone won the BRW Fast 100 award in 2004, and was placed 9th in 2005. It operates specialist mortgage businesses in Australia and New Zealand, and an equity release business in Australia

Netherlands-based **ABN AMRO** is a leading international bank with total assets of EUR 899.3 bln (as at 30 September 2005). It has over 3,000 branches in more than 60 countries and territories, and has a staff of over 98,000 full-time equivalents worldwide. ABN AMRO is listed on the Euronext and New York stock exchanges.

ABN AMRO Capital is the global private equity business of ABN AMRO, with teams operating in seven countries worldwide including the Netherlands, UK, France, Spain, Italy, Sweden and Australia. Total funds under management (as at end June 2005) by ABN AMRO Capital are EUR 2.3 billion, of which EUR 100 million of capital is provided by international investors in ABN AMRO Capital managed funds in the UK and France. Since the beginning of 2005, ABN AMRO Capital has completed fifteen buy-outs with an aggregate deal value of EUR 2.7 bn, (aggregate ABN AMRO Capital equity investment of EUR 630 mln) and has realised eight exits.

Cambridge Place Investment Management LLP was founded in 2002 and is a global investment management group concentrating on the structured finance product market, principally Asset-Backed Securities (ABS). Investment professionals located in London and Boston provide local coverage of principal markets. Investment management services are offered from three investment platforms:

- open end funds: hedge funds that target low volatility and consistent returns:
- closed end funds: exchange-listed, traded obligations with explicit assigned public ratings by Moody's and/or S&P;
- separate accounts: bespoke products tailor-made for each investors' needs.

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