

**Lift Capital Partners Pty Limited ACN 111 015 500
Lift Capital Nominees No.1 Pty Limited ACN 112 913 532
(Administrators Appointed)(“Lift Capital”)**

General Update to all Creditors

UPDATE TO CREDITORS

The purpose of this update and the related updates referred to below (which address in more detail issues relevant to Category 1, Category 2 and Category 3 Lift Clients) is to provide further information on the Administrators' approach to (a) interest accruing and outstanding loan balances of Lift Clients and (b) the status of Lift Clients claims in respect of Identifiable and Non Identifiable Securities.

Charging of interest on clients' loan accounts

The Administrators have received a number of enquiries from clients of Lift Capital (*Lift Clients*) as to whether interest continues to accrue on outstanding loan balances. This update:

- + Provides information regarding the Administrator's view of the position in relation to interest accruing on outstanding loan balances; and
- + Outlines the interest rate the Administrators currently intend to offer to Lift Clients who repay their outstanding loan balances.

Client Categories

We have previously advised that Lift Clients fall into the following categories:

- + Category 1 : Lift Clients whose portfolio contains only Identifiable Securities;
- + Category 2 : Lift Clients whose portfolio includes at least one Non-Identifiable Security; and
- + Category 3: Lift Clients whose whole portfolio is represented by Non-Identifiable Securities.

An Identifiable Security is an asset within a Lift Client's portfolio that has not been transferred to MLIA or MLI and whose ownership can be specifically traced to that Lift Client.

Non-Identifiable Securities are all assets in respect of which a Lift Client may have a claim other than Identifiable Securities and includes:

- + Securities and other assets transferred to MLIA/ MLI, which were sold or otherwise disposed of by MLIA/MLI or, if returned to Lift after 10 April 2008, cannot be specifically identified as belonging to a particular Lift Client; and
- + Other assets that cannot be otherwise specifically identified as belonging to a particular Lift Client or cannot be located.

To the extent that Non-Identifiable Securities are not be able to be returned to Lift Clients (either because they have been sold or otherwise disposed of or because they are determined to form part of Lift Capital's assets), then the Administrators' expectation is that Lift Clients will submit a claim against Lift Capital in respect of the market value of those assets as at 10 April 2008, less the value of the client loan.

Facility Amount Outstanding

The amount due to Lift Capital in respect of a Lift Client's loan facility, i.e. the Facility Amount Outstanding, comprises the following elements:

- + The outstanding principal amount in respect of the loan facility (consisting of the balances due on the variable rate loan, fixed rate loan and/or protected share loan accounts) as at 10 April 2008 together with accrued interest to that date calculated in accordance with the terms of the facility, i.e. the Loan Balance; and

- + Interest accruing after 10 April 2008 on the loan accounts (**Post VA Interest**).

Where a Lift Client also has a potential claim against Lift Capital, it will be open to the Lift Client to lodge a Proof of Debt in respect of that claim. Following transition from voluntary administration to either a liquidation or a deed of company arrangement, the Administrators would expect, in the ordinary course, to assess the Lift Client's entitlement to claim against Lift Capital. In considering the extent to which that claim will be admitted, the Administrators will have regard to principles of set-off, including those set out in section 553C of the Corporations Act. The Administrators' expectation is that, in most cases, this should result in the loan amount owing by the Lift Client to Lift Capital being reduced by the verified amount of any proper claim which is admitted to proof in a liquidation or under a deed of company arrangement.

In the event that Lift Capital goes into liquidation or enters into a deed of company arrangement, the Administrators expect that the net amount on which Post VA Interest is charged, in the case of Category 2 and Category 3 Clients, is likely to be based on the difference between the Facility Amount Outstanding and the market value of Non-Identifiable Securities as at 10 April 2008, provided that the claims for these securities are verified and admitted. If the market value of Non-Identifiable Securities exceeds the Facility Amount Outstanding, the Administrators' expectation is that no Post VA Interest will be charged.

Position of Lift Clients

In summary:

Category 1 Clients

Category 1 Clients remain as debtors to Lift Capital for the Facility Amount Outstanding. Once that amount is repaid by the client (or recovered by Lift Capital) any Identifiable Securities (or any remaining portion thereof in the instance where those securities have been sold or redeemed to repay the loan) will be returned to the Lift Client.

Category 2 Clients

Category 2 Clients are both a debtor to Lift Capital for the Facility Amount Outstanding and a potential unsecured creditor of Lift Capital in respect of any claim in relation to Non-Identifiable Securities (subject to any set-off applying as between the Lift Client and Lift Capital in a liquidation or under a deed of company arrangement). We will deal with these on a case by case basis, but expect Category 2 clients to off-set the value of Non Identifiable Securities against their loan before submitting a claim or repaying the balance of the loan due.

Category 3 Clients

Category 3 Clients are both a debtor to Lift Capital for the Facility Amount Outstanding and an unsecured creditor of Lift Capital in respect of any claim in relation to Non-Identifiable Securities (subject to any set-off applying as between the Lift Client and Lift Capital in a liquidation or under a deed of company arrangement). On the basis off-set applies, these claims will be calculated as at 10 April 2008.

Further information relevant to Category 1, Category 2 and Category 3 Lift Clients are set out in the individual updates for each category of client which can be accessed via the McGrathNicol website www.mcgrathnicol.com.

Interest rate

Notwithstanding the above and reserving the rights of Lift Capital to enforce the terms of the Lift and SuperLift Facility agreements against Lift Clients, the Administrators for the time being, will calculate interest as follows:

- + Use the prevailing Reserve Bank Australia cash rate of 7.50% p.a. as the interest rate to be applied in the computation of Post VA Interest on all variable interest rate loans as well as fixed rate loans that reverted to variable rate loans following the expiry of their term;
- + Post VA Interest will be calculated on the amount which is the Facility Amount Outstanding as at 10 April 2008, reduced by the Administrator's assessment of the value of the Non-identifiable Securities of the Lift Client, which is expected to be the market value of these Securities as at 10 April 2008; and

The Administrators reserve Lift Capital's rights to charge interest and to enforce the rights of Lift Capital in accordance with the terms of the Lift and SuperLift Facility agreements.

Should clients require further clarification on this issue, please contact Mr. Sijmon van Loon on telephone number (02) 9338 2671 or by email svanloon@mcgrathnicol.com.



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