

FREQUENTLY ASKED QUESTIONS

6 NOVEMBER 2009

1. Can you update me on the most recent developments regarding Mahogany Capital?

The Court of Appeal in the United Kingdom handed down its judgment on 6 November 2009.

The Court ruled that "Noteholder Priority" favouring the claims of the Mahogany noteholders over the "collateral" is valid and effective under English Law. The "collateral" makes up the financial assets that will enable Perpetual Trustee Company (Perpetual) to recover the funds you have invested in Mahogany Capital.

2. Does this latest Court decision mean I'll soon receive the money that is owed to me by Mahogany Capital?

It's an important and encouraging step towards the recovery of your investment in Mahogany Capital but not necessarily a final resolution.

The complex and multi-jurisdictional legal environment spans the United Kingdom and the United States and continues to frustrate our efforts to enforce your rights.

3. Why do legal barriers still exist when the UK Court of Appeal has ruled in Perpetual's favour?

Primarily, there are two reasons for this.

Firstly, the positive decision handed down by the UK Court of Appeal is now subject to final appeal to the House of Lords in the United Kingdom. Lehman Brothers has now indicated that they will seek permission to appeal the decision. Any decision about whether the English courts will allow the appeal should be made by around December 2009.

Secondly, Lehman Brothers is pursuing a parallel action against the BNY Corporate Trustee Services (BNY) in the United States regarding the collateral. Until this is resolved, BNY may be prevented from releasing the collateral to Perpetual for the benefit of noteholders.

4. Why did Perpetual sue the Bank of New York and not Lehman Brothers or Mahogany Capital?

BNY holds the collateral on trust in the UK for a number of creditors. Given this, Perpetual had to sue BNY in an effort to enforce the rights of Mahogany noteholders to the collateral.

Given BNY's UK-base and the fact that the collateral is located in the UK and all relevant legal documents are governed by English law, the appropriate forum for the action against BNY is in the UK courts.

5. How long will it take before these legal cases are resolved?

This is difficult to say. Lehman Brothers has decided to seek permission to appeal the UK Court of Appeal decision. In addition, the initial hearing in the US proceedings are scheduled to take place on 19 November 2009. Any outcome in the US proceedings may also be appealed.

6. Who is funding the proceedings?

Perpetual is currently meeting any costs not covered by Mahogany Capital. As trustee, we are entitled to be reimbursed from the proceeds of any recovered property, for example from the sale of the collateral.

7. What is likely return investors can expect to receive on their investment and when are they likely to see it?

It is difficult at this point to estimate a likely return to investors. This will ultimately depend on the success of the continuing legal proceedings, and subsequently the value of the property at the time it is recovered and the timing of the recovery process, which may take some time to complete. We are hopeful our action will provide some clarity around the timing and amount of any return.

8. Where can I go to get more information?

Perpetual Trustee Co has issued a press release which is available on the News and Media Centre on our website.

While the matter is before the courts, we are not in a position to make any further comment. We will ensure investors are kept updated on any developments in this matter and will be sending a letter to investors next week providing more detailed information on the proceedings.

If you have queries about your decision to invest in Mahogany, please contact your investment or other professional advisors.