

21 January 2004

Chairman's address to Scheme Meeting

This meeting has been convened in accordance with an order of the Supreme Court of Victoria made on 12 December 2003 under section 411(1) of the Corporations Act to allow holders of Preference Shares to consider and, if thought fit, pass a resolution approving the proposed scheme of arrangement between the Company and Preference Shareholders under which it is proposed that the Company will buy-back all of the Preference Shares on issue.

To be passed, the resolution must be approved by both:

- more than 50% by number of Preference Shareholders present and voting in person or by proxy, attorney or corporate representative; and
- 75% of the votes cast by Preference Shareholders.

A booklet containing explanatory information on the scheme, a report on the scheme by the independent expert, Grant Samuel, and the notices of this meeting, the General Meeting and the first Preference Shareholder meeting has been sent to all members of the Company, including all Preference Shareholders.

Grant Samuel has concluded that the scheme is in the best interests of Preference Shareholders.

Grant Samuel has valued the consideration for the buy-back at \$1.21 to \$1.24.

This represents a substantial premium to the price of the Preference Shares on the Australian Stock Exchange during the 12 months prior to the announcement of the proposed scheme.

Your Directors unanimously recommend that Preference Shareholders vote in favour of the scheme.

Detailed reasons for your Directors' recommendations are set out in section 5 of the Scheme Booklet.

We have strongly encouraged Shareholders to read those reasons in full.

Each Director entitled to vote on the resolution at this meeting intends to vote in favour of the resolution.

The proposed consideration for the buy-back is \$1.25 for every Preference Share held, 25 cents of which will be paid in cash, and \$1 of which will be applied under the scheme on behalf of the Preference Shareholders, to acquire one Unsecured Note with an initial face value of \$1.

Each Unsecured Note will have an initial face value of \$1 and is to be repaid in 3 instalments:

- 33 cents cash on the first anniversary of the date of issue of the Unsecured Notes;
- 33 cents cash on the second anniversary of the issue date; and
- 34 cents cash on the third anniversary of the issue date.

Interest will be payable on the principal outstanding on the Unsecured Notes six monthly in arrears at the rate of 10% per annum, the first interest payment being due 6 months after the issue date.

Noteholders will be entitled to attend general meetings of the Company but will not be entitled to vote.

The scheme must be approved by the Supreme Court of Victoria and will become effective on an office copy of the Court order approving the scheme being lodged with the Australian Securities & Investments Commission.

It is expected that the Court hearing at which the Court will be asked to approve the scheme will be held on or shortly after 30 January 2004.

Notwithstanding approval of the scheme by the Court, under section 246D of the Corporations Act, persons holding at least 10% of the Preference Shares may apply to the Court to have set aside any variation, abrogation or cancellation of rights attaching to the Preference Shares arising from the buy-back, the buy-back agreements, the resolution to approve the buy-back agreements or the scheme.

Such variation, abrogation or cancellation of rights will take effect one month after the variation, abrogation or cancellation is made, or, if an application is made to the Court to have the variation, abrogation or cancellation set aside, when the application is withdrawn or finally determined.

If the Court approves the scheme, it is proposed that the Company will lodge an office copy of the Court order approving the scheme with ASIC after this one month period has elapsed.

Accordingly, if no application is made to the Court to have the variation, abrogation or cancellation set aside, it is proposed that the Company will lodge an office copy of the Court order approving the scheme with ASIC on 24 February 2004.

If an application is made to the Court to have the variation, abrogation or cancellation set aside, it is proposed that the Company will lodge an office copy of the Court order approving the scheme with ASIC when the application is withdrawn or finally determined.

The scheme will become effective on the office copy of the Court order being lodged with ASIC.

If the office copy of the Court order being lodged with ASIC occurs on 24 February 2004, it is expected that the buy-back will take place on 2 March 2004. Accordingly it is expected that:

- holding statements in respect of the Unsecured Notes and the cash component of the buy-back consideration will be dispatched on 9 March 2004; and
- the Unsecured Notes will commence trading on the Australian Stock Exchange on 10 March 2004.