

23 December 2009

ASX RELEASE

Please find attached a letter that has today been sent to all investors in Everest's unlisted managed funds.

Ends.

For further information please visit our website www.everest.com.au or contact:

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23 December 2009

Dear Investor,

Over the past few weeks we have been the subject of continued misleading and defamatory articles published by the Sydney Morning Herald and its affiliated publications (collectively "SMH"). We have attempted to correct the record by writing to the SMH seeking an apology and retraction on these matters, however none has been forthcoming and accordingly legal proceedings have now been instituted.

In order to ensure that our investors have a better understanding of the matters that have been subject to the media attention, we thought it appropriate to write to you directly.

Everest Babcock & Brown Income Fund (EBBIF or Fund) redemptions:

On 9 December 2009, the SMH published an article entitled 'Everest boss out before freeze', which made the assertion that our CEO, Jeremy Reid, personally redeemed \$16 million from the Fund "just weeks before other investors were blocked from redeeming". This assertion is false:

- Mr Reid (and his controlled entities) made a redemption request in January 2008 with an effective date of 29 February 2008.
- This was some 8 to 9 months prior to the suspension of withdrawals in late October 2008.
- Mr Reid's redemption in February 2008 was for a total of approximately \$4 million.
- This redemption was carried out in accordance with the terms of the fund and in the ordinary course of business.
- No redemptions have been made by Mr Reid and his controlled entities since that date.

As you know, the dramatic deterioration of global financial markets during the third quarter of 2008, including the collapse of Lehman, caused chaos in many markets and led to a large number of redemption requests across the funds management industry at that point in time. A number of factors including the large number of redemption requests during this time and difficulties associated with calculating and valuing asset prices, ultimately required many funds, including EBBIF, to suspend redemptions so that they could manage an orderly return of capital.

We have been committed and focused on returning cash to investors and it is worth noting that initial investors who contributed \$1.00 per unit have already received cash distributions and capital returns in excess of \$0.70 per unit with a residual estimated value of in excess of \$0.20.

Founder commitment to contribute capital:

On 10 and 12 December 2009, the SMH published further articles entitled 'Everest denies recent withdrawal' and 'Everest founders backflip on cash pledge'. These articles discussed an alleged commitment by the Everest founders to inject further monies into the Fund.

The facts are that in July 2007, Everest attempted a fund raising with the offering documents including a statement of intention by the Founders to invest further monies into the Fund. As investors would be aware, investment markets fell heavily around this time due to the sub-prime crisis and accordingly, this fund raising did not proceed and no investor applications were accepted under this offer.



A subsequent fund raising was undertaken in September of 2007. The Founders decided not to invest further monies into the Fund at this time and contrary to the assertions in the SMH, did not provide any indication that they would make any such contribution to the new fund raising.

Everest Financial Group takes its reputation for integrity very seriously and seeks at all times to protect the interests of its investors in all that it does. If you would like to discuss the above matters in more detail please do not hesitate to contact us.

Yours sincerely,

Everest Financial Group

Board of Everest Financial Group Limited