

16 October 2008

The Directors
Nexus Bonds Limited
Level 16, Deutsche Bank Place
Cnr Hunter & Phillip Streets
Sydney NSW 2000
Australia

Deutsche Bank AG
ABN 13 064 165 162
Deutsche Bank Place
Level 16, corner of Hunter & Phillip Streets
Sydney NSW 2000 Australia
GPO Box 7033 Sydney NSW 2001

Tel: 61 2 8258 1234
Fax: 61 2 8258 3632

Direct: 61 2 8258 2978

Dear Sirs


Update in relation to Nexus4 Topaz Notes from the Portfolio Manager, Société Générale Asset Management Alternative Investments SA ('SGAM AI')

Further to our letter of 15 October 2008 in relation to the Kaupthing Banki hf (**Kaupthing**) Credit Event within the Nexus4 Topaz Notes portfolio, please find attached an update on the management of the portfolio prepared by SGAM AI.

Please note that this update relates solely to Nexus4 Topaz Notes and Kaupthing is not included in the portfolios linked to Nexus2 Notes (ASX code NXBHB) and Nexus3 Notes (ASX code NXBHC).

The next scheduled report due on Nexus4 Topaz Notes is the quarterly Portfolio Composition Report as at 30 September 2008 due in October 2008.

Yours faithfully



Deutsche Bank AG, Sydney Branch
(as Operating Agent for Nexus Bonds Limited)

Deutsche Bank AG, Sydney Branch
Deposit Bank
Nexus4 Topaz Notes

Wednesday, October 15th, 2008

Kaupthing Bank Hf credit event

1- Rationale for including Kaupthing Bank in the portfolio

On October 9th, 2008 Kaupthing Bank announced that the Icelandic Financial Supervisory (IFSA) had decided to take on the powers of Kaupthing Bank's shareholders' meetings. Furthermore, the board of directors resigned and the IFSA appointed a receivership committee to assume the powers of the board of directors with immediate effect. This was therefore considered as a Credit Event under the ISDA documentation. With assets of EUR 58bn at the end of 2007, Kaupthing Bank was Iceland's biggest lender with also foreign activities mainly in UK, Sweden and Denmark. Kaupthing Bank was included in the portfolio on April 27th, 2006 within a substitution aimed at financing the removal of corporate names (Tyson Foods Inc, Hertz Corp) whose credit profile were rapidly deteriorating

2- Why was Kaupthing Bank not removed from the Portfolio?

Despite the growing concern for Iceland and its banking system after the Lehman collapse on September 15th, we shared the view that Iceland's central bank would do its utmost to fully support its banking sector and would therefore avoid the situation of a receivership type of intervention, which at the end is always very negative for bondholders. We believed that the emergency loans provided by Scandinavian countries in May (about \$2.3bn) and most recently by Russia (EUR 4bn, on October 7th) to the Republic of Iceland would have been sufficient to finally bail out the 3 major banks. In addition, as the credit crisis morphed into a global confidence crisis over the last month (especially in the CDS market), it was almost impossible to trade out Kaupthing from the portfolio.

While we are disappointed with the above event and the impact on the Nexus4 Topaz Notes, we remain committed to managing the portfolios linked to Nexus4 Topaz Notes.

Yours sincerely,

Fabienne Crayssac
Global Head of Structured Asset Management



Immeuble SGAM
170, place Henri Regnault
92043 Paris - La Défense cedex
France

Tél: +33 (0) 1 56 37 82 32
Fax: +33 (0) 1 56 37 86 65
www.sgam.com

Société Anonyme au capital de :
294 337 200 EUR
Siège social : 170, place Henri Regnault
92400 Courbevoie
B 308 396 308 R.C.S. Nanterre

Information mentioned in this document is given upon your request and may not be shown, copied, transmitted or otherwise given to any person.

This statement only reflects the views of SGAM Alternative Investments on the date of its publication, based on information and sources it considers reliable, it does not constitute an advice or a recommendation to invest or liquidate any participation or investment in any securities or product issued, guaranteed, endorsed or arranged by any of the entity mentioned in this statement. You must make your own assessment of the information contained in this statement. Neither SGAM Alternative Investments nor any of its affiliates makes any representation as to, or assumes any responsibility or liability, for, the merits, suitability, expected or projected success, profitability, performance or benefit of any such information. SGAM Alternative Investments recommends that you take any decision based on this statement only after having considered, with the assistance of external advisors, without exclusive reliance upon SGAM Alternative Investments the specific risks of any decision based on this statement, including but not limited to, the legal, tax, and funding implications so as to enable you to appraise and understand the financial consequences of any decision based on this statement.