

12 April 2012

REPORT TO CREDITORS OF
EQUITITRUST LIMITED
(RECEIVER APPOINTED)
(ADMINISTRATORS APPOINTED)
(RECEIVERS AND MANAGERS APPOINTED)
("the Company")
A.C.N. 061 383 944
PURSUANT TO SECTION 439A
OF
THE CORPORATIONS ACT 2001

Administrators: Richard Albarran
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- "B" DIRECTORS' TITLE SEARCHES
- "C" BALMAIN PROPOSAL
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Report to Creditors under Section 439A of the Corporations Act 2001

1.0 GLOSSARY

Abbreviation	Term
Administrators	Richard Albarran, Glen Oldham and Blair Pleash
AFSL	Australian Financial Services License
AIIPAAP	All Prior and After Acquired Property
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
Balmain	Balmain NB Corporation Limited
BOQ	Bank of Queensland
BOSI	Bank of Scotland International
CBA	Commonwealth Bank of Australia
CFC	Capital Finance Corporation
Company Search	Company Search of ASIC data base
court appointed Receiver	David Whyte of BDO
Deed	Deed of Company Arrangement
DIRRI	Declaration of Independence, Relevant Relationships and Indemnities
ECGA	ECG Administration Pty Ltd (In Liquidation)
EIF	Equititrust Income Fund
EPCIF	Equititrust Priority Class Income Fund
EPF	Equititrust Premium Fund
ERV	Estimated Realisable Value
FY	Financial Year
GFC	Global Financial Crisis
IBS	Investor Briefing Session
Lion	Lion Advantage
LVR	Loan to Value Ratio
MM Holdings	MM Holdings Pty Ltd (Receivers and Managers Appointed)
NAB	National Australia Bank
NSW	New South Wales
NSX	National Stock Exchange
NTA	Net Tangible Assets
POD	Proof of Debt
PPSR	Personal Property Securities Register
QLD	Queensland
RATA	Report as to Affairs
RCPS	Redeemable Convertible Preference Shares
RE	Responsible Entity
the Act	Corporations Act 2001
the Company	Equititrust Limited (Receiver Appointed) (Administrators Appointed) (Receivers and Managers Appointed)
the court	Supreme Court of Queensland
the Directors	Mark McIvor, Ross Honeyman and David Hickie
Trilogy	Trilogy Funds Management Limited
VAGL	Venture Axxess Group Limited
Westpac	Westpac Banking Corporations

2.0 SYNOPSIS

I note that this report has been prepared in accordance with the Section 439A of the Corporations Act 2001 and the Insolvency Practitioners Association Guidelines which requires Administrators to address and detail a number of issues that arise during the Administration. The following has been prepared as a summary of the key points in this report.

2.1 Financial Position

The following is the estimated asset and liability position of the Company:

Description	Amount (\$)
Assets	
Cash at Bank	179,464
Sundry Debtors	2,571,633
Other Receivables	628,771
Due from Controlled Entities	1,112,508
Due from Related Entities	2,666,901
Shares & Other Securities	343,977
Other Assets	185,846
Total Assets	7,689,100
Liabilities	
Secured Creditors	17,136,498
Unsecured Creditors	69,064,522
Total Liabilities	86,201,020
Contingent Creditors	Unknown

Investigations conducted and discussed in this report indicate that the estimated return to unsecured creditors of the Company ranges between nil to 7 cents in the dollar. This however is based upon the realisation of the abovementioned assets.

2.2 The Funds

In addition to trading in its own right with respect to various investments the principal business activity of the Company was to act as a Responsible Entity ('RE') and manager/custodian of the following managed investment schemes:

- Equititrust Income Fund ('EIF')
 - Estimated return to unit holders between 34 to 46 cents in the dollar
 - Contact David Whyte of BDO in regards to the current value and status of your investment
- Equititrust Priority Class Income Fund ('EPCIF');
 - Nil expected return to unit holders
 - Contact David Whyte of BDO in regards to the current value and status of your investment
- Equititrust Premium Fund ('EPF').
 - Estimated return to unit holders between nil to 0.1 cents in the dollar
 - Contact Henry McKenna of McGrathNicol in regards to the current value and status of your investment

Whilst reading this report unitholders should note the following key points:

- Your investment is not in the Company but rather funds for which the Company is a responsible entity for

- This report provides a summary of the current position and expected return on your investment in section 7 of this report
- A number of unitholders have raised the possibility of having the Company replaced as the responsible entity of EIF. This is discussed further in section 14 of this report.
- The forthcoming meeting is not being convened to pass a resolution in regards to the replacement of the Company as the responsible entity. Unitholders may complete the form at Annexure F to indicate their preference which will guide the Administrators as to whether any further action is taken with respect to this issue.
- Further to a return from your unit holding in your respective fund, there are also potential claims that you may have against the Company and its directors for which you are contingent creditors. These are discussed further in section 10.3 of this report.

2.3 Investigations & Litigation

As part of the investigations required the Administrators have identified a number of offences with respect to the Corporations Act and also a number of voidable transactions relating to unfair preferences and uncommercial transactions which have been detailed in this report. The Administrators have noted that Public Examinations will however be required to gather further evidence with respect to these prior to commencing any legal action.

2.4 Administrators' Recommendation

The Administrators have recommended that the Company be placed into Liquidation at the forthcoming meeting of creditors.

2.5 Meeting of Creditors

Time: 11.00am
Date: Friday 20 April 2012
Location: Watermark Hotel & Spa Gold Coast, 3032 Surfers Paradise Boulevard, Surfers Paradise, QLD, 4217

Teleconferencing facilities have also been arranged for creditors which are located interstate and details of this are available in this report.

The above is intended as a brief synopsis of the Administrators Report pursuant to Section 439A and creditors should review the report in its entirety.

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3.0 INTRODUCTION

Richard Albarran, Glen Oldham and I were appointed Administrators of the Company under Part 5.3A of the Corporations Act 2001 ('the Act') on Wednesday 15 February 2012 by the Directors of the Company.

Further to the above I also note the following appointments in regards to the Company and related entities:

Date	Entity	Appointee	Capacity	Appointor
21/11/2011	Equititrust Income Fund	BDO David Whyte	Receiver	Pursuant to Court Order
16/02/2012	Equititrust Limited	FERRIER HODGSON William Colwell Gregory Moloney	Receivers and Managers	National Australia Bank
21/02/2012	Equititrust Limited in its capacity as manager of the Equititrust Premium Fund	MCGRATHNICOL Jamie Harris John Cronin Joseph Hayes	Receivers and Managers	Bank of Scotland International

The purpose of the appointment of an administrator is to allow for an independent insolvency practitioner to take control of and investigate the affairs of an insolvent company. During that time creditors' claims are put on hold. At the end of that period the administrator is required to provide creditors with information and recommendations to assist creditors to decide upon the company's future.

Pursuant to Section 439A(1) of the Act, an administrator is required to convene a meeting of creditors within the convening period as provided by Section 439A(5) of the Act. Section 439A(6) of the Act provides that the Court may extend the convening period by an application made by the Administrators of the Company.

On 7 March 2012, I made an application to the Supreme Court of Queensland for the extension of the convening period in accordance with Section 439A(6) of the Act. The application was made on the basis that the convening period established by the Act did not allow me sufficient time to conduct adequate investigation into the following issues:

- Investigations into the contingent claims of the Company;
- Investigation to ascertain related party relationships and relevant transactions;
- Complications arising from relevant appointments and interplay of respective appointees duties;
- A review of the Company's insurance – Directors & Officeholders Policy and Liability Policy to determine scope of cover and any applicable exclusions;
- Investigations into the management fee for the 2011 financial year and the validity of a purported waiver of such fees;
- Investigations surrounding allegations raised by the Australian Securities and Investments Commission ('the ASIC') with respect to the following:
 - Breach of Section 601FD(1) of the Act by Mark McIvor with respect to improper use of his position as an officer of Equititrust for personal benefit to the detriment of unit holders
 - Breach of Section 601FD(1) of the Act by Mark McIvor as he did not act honestly in dealings with various borrowers, loans and properties in the EIF
 - Breach of Section 208, 601FD(1) and 1021C of the Act by Mark McIvor in amending the constitution without disclosure to unit holders to the detriment of unit holders
 - Breach of Section 675 of the Act by Mark McIvor in failing to disclose various transactions to unit holders which would have had an impact on the value and interest of the unit holder investments
- Treatment of unit holders as shareholders or creditors and accordingly whether they have a vote with respect to the future of the company; and
- Investigations into a new Responsible Entity including discussions with three potential parties who are interested in becoming a new Responsible Entity of the funds.

The Court granted my application and extended the convening period to Friday 13 April 2012.

The purpose of this report is therefore to provide creditors with sufficient information for them to make an informed decision about the future of the Company, including:

- background information about the Company;
- the results of my investigations;
- the estimated returns to creditors;
- the options available to creditors and my opinion on each of these options.

In the time available to me, I have undertaken the following investigations to prepare this report and formulate my opinion:

- Conducted an investigation into the affairs of the Company utilising the books and records held by the Company;
- Issued demands to deliver books and records of the Company to various parties;
- Attended Company premises to review and take control of Company records;
- Held numerous meetings and discussions with the Company's Directors';
- Held numerous meetings and discussions with staff employed/contracted by ECG Administration Pty Ltd (In Liquidation) which was subject to a Service Agreement with the Company;
- Held numerous meetings and discussions with representatives of the other appointees identified earlier;
- Meeting with King & Wood Mallesons on behalf of NAB, Gadens Lawyers on behalf of BDO, BDO and Ferrier Hodgson to ascertain the scope of the respective external administrators appointments;
- Considered and if appropriate acted on information supplied by third parties, in particular with respect to insurance issues, various breaches of the Corporations Act and allegations against the Company and its current/former Directors;
- Held various meetings and discussions with lawyers with respect to a number of litigious issues;
- Attending to enquiries from unit holders of the funds for which the Company is a Responsible Entity ('RE') via the use of an investor enquiry line and email address;
- Liaised with other potential REs in regards to future management of the funds;
- Reviewed the management accounts and externally prepared financial statements of the Company;
- Reviewed the validity and quantum of secured creditor claims;
- Reviewed records with respect to the funds managed by the Company in order to gain an understanding of these and their respective asset portfolio to determine possibility of a new Responsible Entity;
- Discussions with government authorities regarding various regulatory issues;
- Meeting with ASIC enforcement officers to discuss the Administration, ongoing issues and the future direction of the appointment;
- Assessment of admissibility and quantum of contingent claims of the Company;
- Investigations into related party relationships and relevant transactions;
- Review of the Company's insurance – Directors & Officeholders Policy and Liability Policy to determine scope of cover and any applicable exclusions;
- Circumstances surrounding the recovery of management fee for the 2010/2011 financial year and the validity of a purported waiver of such fees;
- Investigations surrounding allegations raised by ASIC as identified earlier.

I note that whilst I have conducted investigations into the above issues these are not conclusive and will continue following the forthcoming meeting of creditors. This however has not prevented me from being able to provide sufficient, meaningful information in this report or from being able to form an opinion on what is in the creditors' best interests.

At the meeting of creditors to be held on Friday 20 April 2012, creditors will be asked to make a decision by passing a resolution in respect of options available to them. **In this report I have recommended to creditors that the Company go into liquidation and detailed why this option is, in my opinion, in creditors' best interests.**

4.0 ADMINISTRATORS' PRIOR INVOLVEMENT

The Partners of Hall Chadwick have not received any payments as an inducement for the acceptance of this appointment and the Partners of Hall Chadwick have not paid any inducement to secure this appointment.

Hall Chadwick is not a creditor of the Company or its Directors, past and present. The Administrators are not disqualified from acting as Administrators, Liquidators or Deed Administrators of the Company by virtue of the provisions of the Act or any other rules.

I refer creditors to the Declaration of Independence, Relevant Relationships and Indemnities which was attached to my previous report to creditors and tabled at the initial meeting of creditors in accordance with Section 436DA of the Act.

For the purposes of disclosure, I note that we, Richard Albarran, Glen Oldham and I, have been appointed to act as Administrators of ECG Administration Pty Ltd. I also note that Richard Albarran, David Ross and I have been appointed to act as Administrators of Wirrina Resort & Conference Centre Pty Ltd. I advise that this relationship does not pose a threat to our independence due to the following:

- Neither Richard Albarran, Glen Oldham and I have had previous dealing with the Directors other for the purposes to discuss the relevant appointments; and
- Neither Richard Albarran, Glen Oldham, David Ross (appointee of Wirrina Resort & Conference Centre) and I, nor our firm, have provided any professional services to the Company and its associated entities in the previous 24 months.

Section 448C(1)(b) of the Act envisages the possibility that related corporations may share common Administrators without giving rise to a conflict of interest.

Further to the above you will be aware that in the DIRRI it was noted that the Directors of the Company had agreed to indemnify me for the payment of professional fees and disbursements in the amount of \$30,000 plus GST each week the Administrators and Deed Administrators were appointed to the Company for payment of their fees and expenses in regards to that appointment should sufficient funds not be recovered during the appointment to cover payment of these fees and expenses.

It is my understanding the directors do not have the capacity to honour this indemnity and accordingly it is unlikely that there will be funds available to the Administrators pursuant to this indemnity.

5.0 BOOKS AND RECORDS

Creditors should be aware that an Administrator is required to conduct an investigation into the position of the Company. In doing so, a review has been conducted of the books & records of the Company in my possession.

Section 286 of the Act provides that a Company must keep written financial records that:

- a) correctly record and explain its transactions and financial position and performance; and
- b) would enable true and fair financial statements to be prepared and audited.

Subsequent to my appointment I have issued demands for the following parties to provide me with the books and records of the Company:

- Mark McIvor, Ross Honeyman and David Hickie ('the Directors');
- KPMG (the Company's auditors);
- Tucker & Cowen Solicitors; and
- Nyst Lawyers.

On 8 March 2012 KPMG responded noting that they will require 28 days to provide the books and records as per the notice. In further correspondence from them on 27 March 2012 they

indicated that their files *"will likely consist substantially or entirely of documents or copies of documents that are KPMG's property and are confidential to KPMG."* They also advised that they can conduct a review of their files to determine whether they do hold any books of the Company however such a review would cost \$6,405 (excluding GST). I have not requested such a review due to the costs involved and the likelihood that a majority of documents will be claimed as confidential by KPMG. If necessary I will require production of such documents in accordance with an examination process discussed in further detail in Section 12 of this report.

On 8 March 2012 my staff received a response from Mr Tucker of Tucker & Cowen Solicitors that all matters he is working on relate to the EIF and accordingly the court appointed Receiver is knowledgeable on these. Accordingly no documents were provided however Mr Tucker advised that he can attend a meeting to discuss the litigation that his firm had been dealing with. I have not proceeded with a meeting with Mr Tucker as the updates can be provided by the court appointed Receiver.

I note that I am currently awaiting a response from Nyst Lawyers in regards to the request for books and records.

The Directors have advised that all books and records of the Company were stored on the business premises and the Administrators have had access to these during the course of the Administration. Due to the limited timeframe of the Administration my staff has not been able to review all documents available. The books and records identified and reviewed to date comprise of the following:

- Various minutes of meetings of shareholders and directors;
- Externally prepared and finalised audited financial statements for financial years ending 1999 to 2010;
- Company's management accounts (MYOB);
- the Company's bank account statements with National Australia Bank and other banking records;
- Aged payable records and creditors invoices;
- ATO correspondence, BAS records and running balance account;
- Fixed assets register;
- Lease documents;
- Insurance documents;
- Asset schedule;

Given the size and nature of the business operated by the Company, it appears that the Company's books and records are adequate to comply with Section 286 of the Act.

This opinion on the adequacy of the Company's books and records is an initial opinion based on investigations that have been carried out over a limited period of time. In providing this opinion, I note that an audit has not been completed (nor will an audit be completed) of the Company's financial records. Because of the short time period as prescribed by the Act for this report to be completed I have only reviewed the books and records of the Company relevant to the preparation of this report.

6.0 BACKGROUND INFORMATION

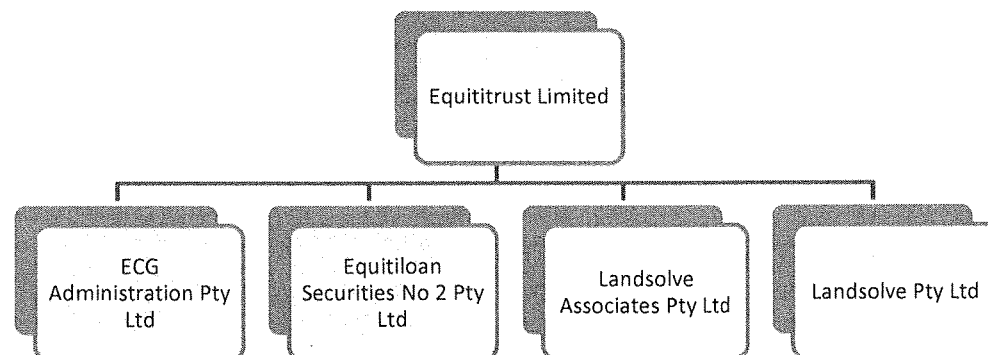
A search of the ASIC data base ("Company search") has shown that the Company was incorporated on 18 August 1993. Prior to the appointment of Administrators in addition to trading in its own right with respect to various investments the principal business activity of the Company was to act as a Responsible Entity ('RE') and manager/custodian of the following managed investment schemes:

- Equititrust Income Fund ('EIF')
- Equititrust Priority Class Income Fund ('EPCIF'); and
- Equititrust Premium Fund ('EPF').

These funds are discussed further in section 7 of this report. A series of events have led to the Company's role as RE of these funds diminishing and this is discussed further in section 8.2 of this report.

The Company conducted its business from premises located at Level 1, 65-67 Thomas Drive, Chevron Island, Surfers Paradise which was also the Company's registered office. I note that Company did not own the premises but leased them from a related entity, MM Holdings Pty Ltd (Receivers and Managers Appointed). I note that William Colwell and Gregory Moloney of Ferrier Hodgson are also appointed Receivers and Managers of this entity.

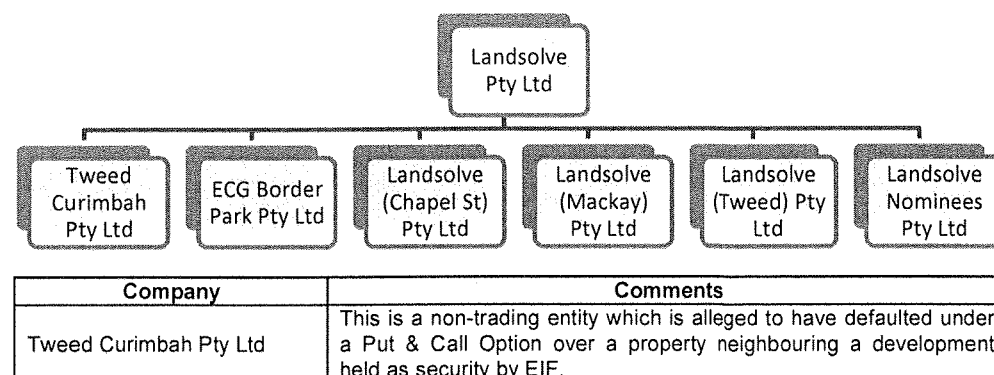
Further to the above, information retrieved from the ASIC database and Company records indicates that the Company is a parent entity for a number of entities as follows:



Whilst investigations into the financial position of these subsidiaries are continuing the following preliminary comments can be made with respect to each:

Company	Comments
ECG Administration Pty Ltd (In Liquidation)	As noted above Richard Albarran, Glen Oldham and I are also appointed Administrators to this company. On Monday 27 February 2012 at a major meeting of creditors this company was wound up and we were appointed Liquidators.
Equitiloan Securities No 2 Pty Ltd	Investigations indicate that this is a non-trading entity which holds a small number of units to establish funds (i.e. Equititrust Priority Class Income Fund) and also shares in WIPA Pty Ltd.
Landsolve Associates Pty Ltd	Former staff has advised that this entity holds a real estate licence which may have been removed, operates a general bank account and a trust account and previously operated Wirrina Cove Real Estate.
Landsolve Pty Ltd	This is a holding company for a number of companies created for specific projects as discussed below. It also holds a Heads of Agreement and is a proposed contracting party for a loan entered into by EIF.

Landsolve Pty Ltd is a parent entity for a number of other special purpose vehicle entities as follows:



Company	Comments
Tweed Curimbah Pty Ltd	This is a non-trading entity which is alleged to have defaulted under a Put & Call Option over a property neighbouring a development held as security by EIF.

ECG Border Park Pty Ltd	This is a non-trading entity which was intended to be the contracting party for a transaction entered into pursuant to an EIF loan however this currently is in place with Landsolve Pty Ltd.
Landsolve (Chapel St) Pty Ltd	This is a non-trading entity and holds no assets.
Landsolve (Mackay) Pty Ltd	This is a non-trading entity and holds an option over a property neighbouring a development held as security by EIF.
Landsolve (Tweed) Pty Ltd	This is a non-trading entity however is the development manager of a development in an EIF asset and holds a Power of Attorney from a borrower in an EIF loan, Tweed Central Pty Ltd.
Landsolve Nominees Pty Ltd	This is a non-trading entity and holds no assets.

A review of the financials of those entities that maintained them indicates there is minimal value to the shareholding of these entities.

6.1 Directors and Secretaries

The Company search indicates that the current Directors and Secretaries of the Company are as follows:

Name	Position	Appointment Date
Mark Mclvor	Director	21 November 2011
Ross Honeyman	Director & Secretary	21 November 2011
David Hickie	Director	12 January 2012

During the last two years the directors of the Company were as follows:

Name	Commence	Cease
Mark Mclvor	1-Jul-95	13-Jun-11
Thomas Haney	3-Jul-00	3-Sep-10
Wayne Mclvor	10-Aug-00	14-May-10
David Kennedy	14-May-10	14-Jun-11
David Tucker	3-Sep-10	11-Oct-11
Craig Treasure	12-Oct-10	16-Oct-11
John Goddard	12-Oct-10	17-Oct-11
David Jackson	28-Jul-11	17-Oct-11
Harvey Parker	11-Oct-11	12-Oct-11
Warwick Powell	11-Oct-11	21-Nov-11
Troy Bingham	12-Oct-11	21-Nov-11
Jeffrey McDermid	17-Oct-11	21-Nov-11
Paul Vincent	24-Oct-11	21-Nov-11
Stacey Mclvor	21-Nov-11	16-Dec-11

6.2 Shareholders

A company search indicates 500 ordinary shares issued to Mark Mclvor paid up to an amount of \$4,097,385.

6.3 Registered Charges

The Company search and a search of the Personal Property Securities Register ('PPSR') indicate the existence of registered charges and securities which can be summarised as follows:

Charge holder	Type of Charge^	PPSR Registration No.	Date Created	Date Registered
Commonwealth Bank of Australia	AIIPAAP	201112170128171	2/08/2004	3/08/2004
National Australia Bank Limited	AIIPAAP	201112122204591	14/12/2005	22/12/2005
	AIIPAAP	201112160651922	28/11/2003	15/12/2003
	AIIPAAP	201112204029431	*	*
	AIIPAAP	201112204030685	*	*
BOS International (Australia) Ltd	AIIPAAP	201112170104295	2/07/2004	27/07/2004
	AIIPAAP	201112160773089	13/06/2007	15/06/2007
	AIIPAAP	201112160773091	13/06/2007	15/06/2007
	AIIPAAP	201201120666165	*	*

	AIIPAAP	201201120680280	*	*
	General Intangible	201201120680365	*	*
Capital Finance Corporation (Australia) No. 1 Pty Ltd	AIIPAAP	201112130758358	24/12/1999	24/12/1999
ECG Funds Management Ltd as Custodian for Equititrust Ltd as Responsible Entity for the Equititrust Priority Class Income Fund	AIIPAAP	201112290100877	20/12/2010	20/12/2010

* Charge document not locatable on PPSR

^ AIIPAAP stands for All Prior and After Acquired Property

7.0 RESPONSIBLE ENTITY

As previously noted the Company acted as RE and manager/custodian of three 3 funds. It was able to act as both an RE and the manager/custodian as a result of it meeting the minimum net tangible asset requirements of a custodian.

7.1 Equititrust Income Fund (Receiver Appointed) ('EIF')

The EIF (ARSN 089 079 854) is a registered managed investment scheme established under Chapter 5C of the Corporations Act which has been open to investment since 1999. Investigations indicate that EIF invested in mortgage loans secured by first mortgages on real property and cash investments. David Whyte of BDO was appointed Receiver of EIF pursuant to Supreme Court orders on 21 and 23 November 2011.

As at the date of our appointment there are 203,634,856 investor units in EIF held by approximately 1620 unit holders. The estimated unit value as at 31 December 2011 as per the BDO report dated 1 February 2012 is as follows:

Description	Amount	
	Low \$000's	High \$000's
Estimates selling prices of assets	93,315	119,065
Selling Costs – marketing and agents fees	(3,266)	(4,167)
Secured Creditors	(12,100)	(12,100)
Land Tax and Rates	(7,200)	(7,200)
Other Unsecured Creditors	(1,600)	(1,600)
Receiver's Fees	(115)	(115)
Net Realisable Value (est.)	69,034	93,883
Investor Units	203,635	203,635
Value/ Unit (est.)	0.34	0.46

The above calculations are based on funds generated from the selling of assets as opposed to the recovery of loans outstanding from borrowers. This is as a result of a majority of the borrowers being in default and having had enforcement action commenced against the underlying securities. Accordingly the amount expected to be recovered is of the underlying securities and not the value of the loans.

The difference in the available assets from the above calculations and the historical book values of the funds is as a result of an impairment adjustment recommended by the fund auditors ('KPMG') to the EIF assets (being the decrease in value of the underlying securities of the loans). Pursuant to the Australian Accounting Standards Board ('AASB') standard 136:

an entity must ensure that its assets are carried at no more than their recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and the Standard requires the entity to recognise an impairment loss.

Accordingly KPMG recommended an impairment of \$167,510,994 to the asset balances in the draft annual report for the 2011 financial year which was a significant contributing factor to the reduction of the report net asset value of the fund. A comparison of the financial statements for the fund below indicates the fall in the assets of EIF and also the increase in the expenses incurred during the 2011 financial year.

	Annual Report 30 June 2010 (\$)	Draft Annual Report 30 June 2011 (\$)
Revenue	36,378,860	30,327,145
Expenses	-6,316,234	-174,274,586
Profits From Operations	30,062,626	-143,947,441
Finance Costs	-30,062,626	-13,106,893
Net Profit/(Loss)	0	-157,054,334

	Annual Report 30 June 2010 (\$)	Draft Annual Report 30 June 2011 (\$)
Assets		
Current Assets	107,900,711	106,702,281
Non – Current Assets	173,736,554	0
Total Assets	281,637,265	106,702,281
Liabilities		
Current Liabilities	38,880,967	20,121,659
Non-Current Liabilities	242,756,198	86,580,522
Total Liabilities	281,637,165	106,702,181
Net Assets	100	100

7.2 Equititrust Priority Class Income Fund (Receiver Appointed) ('EPCIF')

The EPCIF (ARSN 089 079 729) is a registered managed investment scheme in accordance with Chapter 5C of the Corporations Act and was established in December 2010 to facilitate the repayment of the NAB debt owed by EIF. This was to be facilitated by the money raised by investors investing in EPCIF which it would have in turn on lent to EIF. In return EPCIF would receive interest on this loan.

In February 2011 ASIC identified a potential conflict in that the Company was the RE for EIF and was also to be the RE of EPCIF, i.e. it was going to be the RE for the borrower as well as the lender. The Company attempted to address this issue however ASIC's concerns were not satisfied and accordingly the EPCIF was not progressed. It currently has 5 unit holders with no tangible assets.

7.3 Equititrust Premium Fund ('EPF')

The EPF is an unregistered managed investment scheme which commenced in May 2003 with the principal activity of investing in mortgage loans secured by mortgages on real property and cash investments. It should be noted that mortgages securing loans in EPF are second ranking and accordingly subject to more risk.

I understand that during the 2011 financial year the principal activity changed to being a winding up of the fund through the orderly realisation of EPF's assets and settlement of its liabilities. Jamie Harris, John Cronin and Joseph Hayes of McGrathNicol were appointed Receivers and Managers of the Company in its capacity as manager of EPF and directly to the fund pursuant to securities held by Bank of Scotland International on 21 February 2012.

As at the date of our appointment there were 56,708,086 investor units in EPF held by approximately 38 unit holders and the estimated value of these units as a result of our investigations is as follows:

Description	Amount	
	Low \$000's	High \$000's
Assets (est.)	7,680	12,635
Selling Costs (marketing and agents fees)	(269)	(442)
Secured Creditors	(6,800)	(6,800)
Unsecured Creditors	(5,337)	(5,337)
Net Realisable Value (est.)	(4,726)	56
Investor Units	56,708	56,708
Value/ Unit (est.)	Nil	0.001

The above calculations are based on funds generated from the selling of assets as opposed to the recovery of loans outstanding from borrowers. This is as a result of a majority of the borrowers being in default and having had enforcement action commenced against the underlying securities. Accordingly the amount expected to be recovered is of the underlying securities and not the value of the loans.

The difference in the available assets from the above calculations and the previous book value is as a result of impairment recommended by the fund auditors ('KPMG'). A comparison of the financial statements for the fund below indicate the fall in the assets of EIF and also the increase in the expenses incurred during the 2011 financial year. A significant contributing factor to the reduction in the net asset position of the fund is the impairment of \$70,637,418 as recommended by KPMG to the asset balances in the draft annual report for EPF for the 2011 financial year.

	Annual Report 30 June 2010 (\$)	Draft Annual Report 30 June 2011 (\$)
Revenue	15,691,212	11,373,132
Expenses	-8,147,337	-73,278,428
Profits From Operations	7,543,875	-61,905,296
Finance Costs	-7,543,875	-5,380,511
Net Profit/(Loss)	0	-67,285,807

	Annual Report 30 June 2010 (\$)	Draft Annual Report 30 June 2011 (\$)
Assets		
Current Assets	32,149,242	405,191
Non – Current Assets	62,582,930	17,098,344
Total Assets	94,732,172	17,503,535
Liabilities		
Current Liabilities	31,234,046	18,081,156
Non-Current Liabilities	0	0
Total Liabilities	31,234,046	18,081,156
Net Assets	63,498,126	-577,621

7.4 Sophisticated Fund

Another fund in the control of the Company is the Sophisticated Fund which was established for specific investors who required their funds to be lent directly to borrowers as opposed to being part of a managed investment scheme. Investigations indicate there are currently 5 loans outstanding in this fund as follows:

Borrower	Notes	Outstanding (\$)	Estimated Realisable Value (\$)
OTM Developments Pty Ltd	1	1,328	Nil
Rosea Pty Ltd	2	783,916	783,916
Castlecrag Nominees Pty Ltd	3	22,719	Nil
Elite Property Investment Group Pty Ltd	4	226,965	Nil
Morvale Land Pty Ltd	5	86	Nil
Total	-	1,035,014	783,916

1. Loan has been settled with securities released
2. Recoverability subject to a Deed of Settlement dated 16 May 2011 which involves funds owed to EIF and EPF as well as the Sophisticated Fund. Investigations are also continuing into the entitlement by the external funder towards the loan, Shareholding Pty Ltd.
3. Final payment to settle this loan was paid to Tucker & Cowen Pty Ltd in reduction of outstanding legal fees.
4. The Company holds secondary securities and unlikely to be any equity following the payment of first security holders and accordingly amount un recoverable
5. Loan has been settled with securities released.

8.0 HISTORICAL ANALYSIS

8.1 Financial Analysis

Investigations indicate that the Company maintained an up to date internal accounting system and also prepared external accounts in accordance with the Australian Accounting Standards and the Act. The Annual Financial Report for the year ended 30 June 2010 is available via the website and also includes financials for the year ended 30 June 2009. However externally audited accounts for the year ended 30 June 2011 have not yet been finalised and approved by KPMG.

Accordingly the below analysis is based on the following:

- Finalised Annual Financial Reports for the 30 June 2009 and 30 June 2010 financial years;
- Internally prepared management accounts for the 30 June 2011 financial year and the period 1 July 2011 to 15 February 2012

This office has not undertaken any work to verify the figures contained in the Company's management accounts and as such the Administrators do not make any representations as to the accuracy of those figures.

Profit and Loss				
	30 June 2009	30 June 2010	30 June 2011	15 February 2012
Revenue	29,805,703	21,471,553	15,216,353	2,470,067
Expenses	15,641,322	15,350,880	91,201,446	3,687,330
Profit/(Loss) Before Tax	14,164,381	6,120,673	(75,985,093)	(1,217,263)
Income tax expense	-4,276,807	-1,612,512	-	-
Net Profit	9,887,574	4,508,161	(75,985,093)	(1,217,263)

Balance Sheet				
	30 June 2009	30 June 2010	30 June 2011	15 February 2012
Assets				
Current Assets	22,540,437	13,804,048	5,201,108	3,373,888
Non – Current Assets	73,003,943	78,082,168	3,878,676	4,309,232
Total Assets	95,544,380	91,886,216	9,079,784	7,683,120
Liabilities				
Current Liabilities	26,542,484	18,663,729	5,793,433	5,613,181
Non-Current Liabilities	256,856	44,412	93,370	93,370
Total Liabilities	26,799,340	18,708,141	5,886,803	5,706,551
Net Assets	68,745,040	73,178,075	3,192,981	1,976,569
Current Ratio	0.85	0.74	0.90	0.60

In regards to the above, I note the following:

- The above historical financial information is for the Company in its own right only and does not reflect the financial position of the funds for which the Company is the RE. I note that the Company also prepared consolidated financial reports for the 2009 and 2010 financial years however for the sake of clarity I have presented the historical financial information separately for the Company.
- The Company's current ratio has been below 1 for the last 3 financial years and also as at the date of our appointment. Often, a current ratio of below 1 is an indicator that the Company may not have had sufficient cash flow to pay its debts as and when they fall due.
- It is evident from the above that major changes in the financial position of the company occurred during the 2011 financial year, as follows:
 - Increase in expenses;
 - Decrease in assets.

I note that the above can be primarily attributed to the write-off of investments held by the Company during that financial year. As at June 2010, the Company held \$40m and \$10m subordinated units in EIF and EPF respectively. During the 2011 financial year, KPMG made recommendations to the Company that the assets of the funds be impaired in an amount of \$167,000,000. These impairments resulted in a net loss being recorded for the two funds.

The respective constitutions of the funds provide that in these circumstances, the loss is to be borne in the first instance by the subordinated unit holders. As such, the unit holding of \$50m in the funds was written down, and accordingly this loss was expensed by the Company in the 2010/2011 financial year.

Further to this I note the following assets were also written down and accordingly expensed during the 2010/2011 financial year:

- Investment in the Sophisticated Fund of approximately \$13 million
- Loans to MM Holdings Pty Ltd (Receivers and Managers Appointed) of approximately \$15 million
- Amounts outstanding by ECG Administration Pty Ltd (Administrators Appointed) of approximately \$7 million

These were written down as they were deemed unrealisable however further investigations will continue into the appropriateness of these write downs in the event the Company is placed into liquidation at the forthcoming meeting of creditors.

8.2 Explanation for Difficulties

8.2.1 Directors' Explanation

During the period of Administration my staff held discussions with the Directors of the Company regarding the financial position of the Company. The Directors have identified that the failure of the Company is as a result of the issues experienced by the funds for which the Company acts as the RE. They have noted that the funds have experienced difficulty for the following reasons:

- The Global Financial Crisis ('GFC') saw an unprecedented tightening of credit;
- Banks demanded long established credit lines be repaid;
- The Government guarantee for bank deposits during the GFC contributed to a radical increase in redemption requests which had to be met and accordingly reduced the funds under management;

- The property market has fallen over a number of years resulting in a decrease in value of the securities held in the funds;
- Banks are not providing reasonable funding for property development and accordingly the value of the assets held cannot be increased and rather sits dormant.

The following timeline can be provided of the circumstances to the failure of the Company:

1. Breaches of the Company's Australian Financial Services License

Date	Event
30 June 2011	Impairment of assets in EIF by KPMG resulted in a fall of value of the units in EIF and this loss was first borne by the subordinated investment of the Company. The subordinated investment worth \$40m was effectively eliminated which reduced the Company's Net Tangible Assets to below that required as per Clause 6 of the Company's Australian Financial Services License. Clause 6 of the Company's AFSL notes that the minimum Net Tangible Assets are required to be \$5m.
30 September 2011 14 October 2011	The audited financial report for the Company which included EIF and EPCIF as these were prepared on a consolidated basis were due to be lodged for 2010/2011 financial year by 30 September 2011. This was not possible and accordingly following a request by the Company, ASIC granted an extension to 14 October 2011. These annual reports were not finalised by 14 October 2011 and ASIC didn't grant any further extensions. This was a breach of sections 292, 301 and 319 of the Corporations Act. Also breached section 601HG(1) by not ensuring an audit compliance is completed for the compliance plans of EIF and EPCIF and also section 601HG(7) by not lodging this auditor's report.
11 November 2011 21 November 2011	Clause 16 of the AFSL requires insurance to be maintained with respect to professional indemnity and fraud by officers. Insurance held by the Company was due to expire on 11 November 2011 and the Company was successful in having an extension granted to 21 November 2011. There was no further extension beyond this date resulting in the Company further breaching it's AFSL.

2. Proceedings commenced by ASIC

Date	Event
20 October 2011	ASIC conducted searches of the Company premises in order to obtain books and records to investigate the breaches of the Company's AFSL and the Act
25 October 2011	ASIC made an application to the Supreme Court of Queensland ('the court') to restrict the powers of the Company in its capacity as the RE for EIF and EPCIF. This application was on the basis of the breaches of the Company's AFSL and the Act
27 October 2011	The court made the orders applied for by ASIC
12 December 2011	The orders made on 27 October 2011 modified and extended to 1 February 2012 upon request and consent by the Company
1 February 2012	The orders made on 27 October 2011 and 12 December 2011 further extended to 29 March 2012
28 March 2012	The orders were further extended to 10 May 2012

In summary, the effect of these orders is that the Company cannot:

- modify, or repeal and replace, the constitution of EIF in the absence of a special resolution passed by the members of EIF and without 21 days' notice to ASIC;
- redeem, cancel or modify existing members' interests in EIF, without 21 days' notice to ASIC;
- deal with any property held or controlled by the Company in its capacity as responsible entity of EIF, other than in the ordinary and proper course of business;

- (d) deal with any property held or controlled by the Company in its own capacity, other than in the ordinary and proper course of business;
- (e) enter into any contracts, deeds or agreements in respect of or in relation to any property held or controlled by the Company in its capacity as responsible entity of EIF without 21 days' notice to ASIC;
- (f) renegotiate the terms of loans made or controlled by, or securities and guarantees held or controlled by the Company in its capacity as responsible entity of EIF, other than in the ordinary and proper course of business;
- (g) commencing or discontinuing legal proceedings in respect of loans made by, or securities and guarantees held or controlled by, the Company in its capacity as responsible entity of EIF, other than in the ordinary and proper course of business.

As a result of orders of the court dated 28 March 2012 (d) above does not apply to the Administrators or the Receivers and Managers of the Company and the complete order does not apply to the court appointed Receiver.

3. Applications for the winding up of EIF and EPCIF

Date	Event
12 October 2011	Then directors of the Company resolved that the Company could not continue to act as the RE of EIF and EPCIF and steps should be taken in order for a temporary RE to be appointed or the alternatively the funds be wound up
25 October 2011	ASIC intervened in proceedings commenced by Tucker SF Pty Ltd to have EIF wound up and caused them to be heard with proceedings on 27 October 2011
15 November 2011	The Company made an application in accordance with the resolutions passed on 12 October 2011 that the Company be replaced as RE of EIF and EPCIF or alternatively EIF and EPCIF be wound up
21 November 2011 23 November 2011	The court made orders that EIF and EPCIF be wound up and David Whyte appointed as the person responsible for ensuring the winding up of the funds
19 December 2011	The Company lodged a notice of appeal to the orders made on 21 and 23 November 2011 however this has not progressed further as a result of the appointment of Administrators and Receivers and Managers to the Company
29 February 2012	The court made orders clarifying powers of the court appointed Receiver with respect to the winding up of EIF and EPCIF. These were consented to by the Administrators and Receivers and Managers of the Company as well as by ASIC.

4. Winding up Proceedings

Date	Event
21 September 2011 2 December 2011	Ian Lazar initiated winding up proceedings against the Company however these proceedings were dismissed with costs orders awarded to the Company

8.2.2 My Explanation

In addition to the above factors however I note that the failure may also be attributed to:

Disharmony between directors

It is apparent from section 6.1 of this report that a number of directors have been appointed to the Company and subsequently resigned and/or were removed. This constant change in directorship of the Company is symptomatic of disharmony at board level and has affected the strategic ability of the board to address the significant issues faced by the Company.

These changes commenced in mid-2010 with the resignation of Wayne McIvor and Thomas Haney. At this time David Kennedy, David Tucker, Craig Treasure and John Goddard were all appointed and remained on the board for approximately a year. Investigations indicated that the board and the shareholder had reservations against the conduct of David Tucker as a result of a potential conflict in being a director of the Company as well as a partner of a law

firm commissioned on a significant number of recovery matters for EIF. As a result of these reservations David Tucker was ultimately removed as a director. These are further discussed in section 11.2 of this report.

Following the removal of David Tucker, Craig Treasure and John Goddard resigned at which time Warwick Powell, Troy Bingham, Jeffrey McDermid and Paul Vincent commenced directorship. Following their appointment their primary focus was on the resolution of the number of issues faced by the Company in its responsible entity role. Accordingly their appointments were for a short period, being approximately a month, up to 21 November 2011 at which time the court ordered for the funds to be wound up.

Poor strategic management of accounts receivable and business

This factor exists in the Company's ability to manage its accounts receivable in its own right as well as loans that were entered into via the funds and which the Company managed as RE of the funds.

As discussed further in section 10.1 of this report there are a number of related party loans which have not been realised and are unlikely to be realised due to the inability of the related parties to meet any demands. A number of these related parties are also subject to external administration and accordingly it is unlikely that recovery of these loans will be possible.

Investigations indicate that most if not all of the loans in EIF and EPF are under default and that interest on a large portion of these has not been paid but rather capitalised. This method of managing these loans has led to the situation that currently exists where the security underlying the loans is inadequate to recover the full balance of the loans. Financial reports of EIF and EPF have indicated that many loans were extended and if this had not happened they would have been in default at an earlier date and arguably impairment to the fund assets would have occurred at an earlier date.

Further the illiquid nature of much of the funds remaining real property investments does at least call into question the wisdom of the original investment into certain loan transactions. These matters however will be further investigated in the event creditors resolve to place the Company into liquidation at the forthcoming meeting.

9.0 TRADING

As previously noted the Company is the responsible entity for EIF, EPCIF and EPF. These are subject to various external appointments including the appointment of the court appointed Receiver over EIF.

Prior to my appointment, the court appointed Receiver negotiated a subsequent services agreement ("service agreement") dated 20 December 2011 between the Company, GCP (HQ) Pty Limited ("service provider"), ECG Administration Pty Ltd (In Liquidation) ('ECGA') and himself as Receiver to facilitate the winding up of EIF and therefore continued trading of the Company.

The negotiated terms of the service agreement were as follows:

- Responsible entity ("the Company") is liable to pay all costs, expenses and fees necessary to operate and maintain the business ("service costs");
- The Receiver is responsible for termination and redundancy entitlements upon termination of the agreement subject to approval;
- the Company is liable to pay a license fee on a fortnightly basis calculated in accordance with the agreement ("License Fee");
- ECGA is responsible for maintaining, paying and discharging all liabilities to be met by it as employer of the Staff and Consultants;
- ECGA is to provide the Receiver, the service provider and the responsible entity with all support services reasonably required to effectively utilise the staff and consultants available for the purpose of the agreement;

- ECGA is to maintain the necessary insurance to insure the service provider against risks in connection with the provision of the services.

Upon my appointment to ECGA on 15 February 2012, I reviewed the terms of the service agreement to determine whether it was feasible to continue trading and therefore maintain the services agreement. This services agreement was continued until 16 March 2012 from which time the court appointed Receiver has relocated to new premises and employed a number of staff directly to continue the winding down of EIF.

My investigations determined that invoices for services provided by ECGA for the period 20 December 2011 to the date of my appointment totalling \$159,146 had not been paid. As such I notified the court appointed Receiver on 23 February 2012 enquiring as to when the debts will be discharged. The court appointed Receiver has indicated that his intention is to claim an offset for the amounts owed to the Company against amounts he believed the Company owes EIF.

It will be seen that the court appointed receiver has been able to assert this position as a result of the complicated structure utilised for the on billing of services provided by ECGA. I am yet to invoice the court appointed receiver for expenses incurred by the Administrators during the administration and am not aware of any issues the court appointed receiver will have in making payment for this invoice. I note that there have not been any receipts and payments for my appointment to date.

10.0 CURRENT FINANCIAL POSITION

Following the appointment, my staff provided to the Directors of the Company a Directors' Questionnaire and a Report As To Affairs ("RATA") for completion in accordance with Section 438B(2) of the Act. At the date of this Report being dispatched to creditors, the Directors of the Company have yet to complete and return either the Directors' Questionnaire or RATA to this office. I have informed ASIC of the directors' non-compliance in this regard.

As a result the following table of the Company's assets and liabilities has been prepared by using the management accounting reports and conducting investigations into the specific items in the management accounts as at 15 February 2012.

Description	Management Accounts (\$)	Estimated Realisable Value (\$)
Assets		
Cash at Bank	119,424	179,464
Sundry Debtors	2,571,633	Unknown
Other Receivables	682,831	628,771
Due from Controlled Entities	1,112,508	Nil
Due from Related Entities	2,666,901	Unknown
Shares & Other Securities	343,977	Nil
Other Assets	185,846	Nil
Total Assets	7,683,120	Unknown
Liabilities		
Secured Creditors	Nil	17,136,498
Unsecured Creditors	5,706,550	69,064,522
Total Liabilities	5,706,550	86,201,020
Contingent Liabilities	Nil	Unknown
Net Assets (Liabilities)	1,976,570	(Unknown)

The Estimated Realisable Value-Liquidation ("ERV") is the price that is expected to be obtained from the sale of an asset by public auction, with a vendor who is compelled to sell with a sense of urgency. This is not the market value of the asset.

10.1 Assets

Receivers and Managers have been appointed to the Company and nominally assets of the company are subject to the control of Receivers and Managers. I note that we will continue to liaise with Ferrier Hodgson in regards to this and provide the following summary of the assets.

10.1.1 Cash at Bank

Investigations into the Company indicate that the Company holds two bank accounts with the National Australia Bank; a Business account for general trading and expenses and an Allocation account used as a trust account on behalf of other entities. Bank statements received upon appointment indicate an amount of \$86,094 and \$93,370 in the Business and Allocation account respectively.

10.1.2 Sundry Debtors

Investigations indicate that the Sundry Debtors account records the yield earned on the Company's investment in EIF and EPF as well as scheme expenses incurred in work completed on the funds. As at 1 July 2010 the opening balance was \$1,026,274 and the following provides a reconciliation of the account to the date of our appointment reflecting a balance as at that date of \$2,272,389.

Description	DR	CR	Balance
Opening balance	-	-	1,022,883
immaterial entries	5,791	4,141	1,024,533
Payment of EIF Yield for 2009/2010 FY	-	2,263,782	(1,239,248)
Charging of EIF Yield for 2010/2011 FY	4,511,722	-	3,272,474
Reversal of EIF Yield for 2010/2011 FY	-	4,511,722	(1,239,248)
Reversal of EIF Management Fee	-	3,015,659	(4,254,907)
Reinstatement of EIF Management Fee	3,015,659	-	(1,239,248)
Scheme expenses for 2010/2011 FY	6,779,834	-	5,540,586
Scheme expenses GST for 2010/2011 FY	151,962	-	5,692,548
Scheme expenses for July & August 2011	736,431	-	6,428,979
Journal Entry (payables also increased)	280,000	-	6,708,979
Adjustment to scheme expenses for 2010/2011 FY	-	743,270	5,965,709
Transfer to Billed Disbursements account	351	3,693,671	2,272,389
Total	15,481,749	14,232,243	

Accordingly it seems that the amount outstanding relates to scheme expenses for the 2010/2011 and 2011/2012 financial year. Negotiations are continuing with the court appointed receiver with respect to payment of this amount as the court appointed receiver has adopted a position that this amount should be set-off against Management Fees charged by the Company during the 2010/2011 financial year.

The constitution for EIF and EPF indicate that management fees may be charged for a distribution period in the event the interest payments to unit holders have been met for that particular interest period. In this regard I note the following:

- Distributions were made to unit holders during the 2010/2011 financial year from July 2010 to February 2011 and interest payments to unit holders were "frozen" from March 2011 onwards
- Accordingly management fees were calculated at the nominated rate in accordance with the EIF constitution of 1.5% of EIF's asset values for the months July 2010 to February 2011

The methodology apparently adopted by the court appointed receiver pursuant to which the management fees should not have been charged is based on the following:

- As a result of the impairment of the EIF assets in the amount of \$167,510,994 EIF would report a net loss for the 2010/2011 financial year
- Accordingly the distributions to investors from July 2010 to February 2011 are really repayments of capital and not interest distributions
- As a result the requirements of the EIF constitution were not maintained and the management fee is not chargeable

I note that at an Investor Briefing Session on 23 September 2011 the then chief executive officer David Kennedy advised investors that the \$2.8m management fee had not and will not be drawn. A reason for this is not noted in the investor briefing summary for that session. I note however that investigations conducted by my office indicate that the management fees had in fact already been drawn prior to this date. I also note that at a board meeting (i.e. a reconstructed board) held on 23 November 2011 the management fee was reinstated.

Investigations in regard to the scheme expenses and management fee position are continuing and I am currently seeking advice from counsel with respect to the chargeability and recoverability of these management fees.

10.1.3 Other Receivables

I note that accounts receivable include the following items and amounts as per the management accounts and investigations:

Item	Notes	Management Accounts (\$)	ERV (\$)
Billed Disbursements	a	35,726	223,984
Sophisticated Fund	b	202,214	Nil
Loan to EPCIF	c	25,789	Nil
Investment in EIF	d	25,563	11,248
Investment in Sophisticated Fund	e	393,539	393,539
Total		682,831	628,771

- (a) Billed disbursements represent payments made by the Company in its capacity as the responsible entity of the various funds, such as payment of lease liabilities, employee entitlements, legal fees etc. which are to be reimbursed by the funds. These expenses are expected to be discharged by the appropriate funds and the Administrators office will continue working on the recovery of same.

A reconciliation of this account indicates that on appointment approximately \$35,726 was owing to the Company by EIF and EPF. From this date amongst various other charges, the invoices relating to the period 20 December 2011 to 15 February 2012 totalling \$159,146 have been included bringing the total owing in regards to this account to \$223,984. As noted in section 11 of this report the court appointed receiver is of the position that this amount will be set-off against the management fees however negotiations in this regard will continue.

- (b) These are costs related to the Sophisticated Fund and as noted above there is no likely return from the Sophisticated Fund other than the investment discussed below. Accordingly the amount noted in the management accounts is unlikely to be realised
- (c) As noted previously there are no assets in EPCIF and accordingly it is unlikely that this loan will be recovered.
- (d) The Company holds 25,563 ordinary units (non-subordinated) in EIF and unit holders are expected to receive an estimated return of 44 cents in the dollar for their investment. Accordingly these units have an estimated value of \$11,248
- (e) The value of the investment in the Sophisticated Fund is expected to be realised via recovery of amounts owing by Rosea Pty Ltd under a settlement agreement dated 16 May 2011 via which recoveries are expected around June 2013

10.1.4 Due from Controlled Entities

I note that this is in relation to an amount owing from ECG Administration Pty Ltd (In Liquidation) and as previously discussed in this report Richard Albarran, Glen Oldham and I are Liquidators of ECG Administration Pty Ltd (In Liquidation). Investigations in that appointment indicate that a return to creditors is unlikely.

10.1.5 Due from Related Entities

The management accounts indicate loans given to MM Holdings Pty Ltd (Receivers and Managers Appointed) in the amount of \$2,666,901 which have operated as an overdraft facility for the Company. Investigations indicate that Westpac and NAB have appointed Receivers and Managers to MM Holdings Pty Ltd (Receivers and Managers Appointed). Accordingly we are continuing to investigate whether any assets will be available following recoveries by these Receivers and Managers for their clients to satisfy this debt owed to the Company.

10.1.6 Shares & Other Securities

As per the management accounts these include shares held in Equitiloan Securities No. 2 Pty Ltd in the amount of \$343,875 and other related entities totalling \$102. As previously advised Equitiloan Securities No. 2 Pty Ltd is a subsidiary of the Company and is a non-trading dormant entity and accordingly this investment is unlikely to be realised. Investments in other entities are immaterial and unlikely to be realisable

10.1.7 Other Assets

Other assets include Prepayments of \$10,846 which are unlikely to be recovered due to the Company now being placed in Administration and a Suspense account used as a balancing account accordingly it is not expected that this is a realisable asset.

10.2 Liabilities

10.2.1 Secured Creditors

Investigations indicate the following secured creditors and estimated amounts owed to each:

Creditor	Notes	Amount (\$)	Likely to be paid from
Capital Finance Corporation	a	800,000	Company
Commonwealth Bank of Australia	b	1,136,783	EIF
National Australia Bank	c	8,400,000	EIF
Bank of Scotland International	d	6,799,715	EPF
Subtotal		17,136,498	

a. Capital Finance Corporation ("CFC")

The Company search and PPSR search indicates that CFC holds security over the Company's rights, title and interest in the "Connect the World" Project. I note that I have sent correspondence to CFC requesting details of their facility and the debt owed to them; however I am yet to receive a response. I understand this security relates to an amount owed to CFC of approximately \$800,000. I am unaware of the current value of the security. Further investigations into the equity position of the project will be conducted by my office.

b. Commonwealth Bank of Australia ("CBA")

The CBA hold a charge over all of the assets of the Company, in its capacity as the Responsible entity of the EIF. I note that this debt is in relation to various bank guarantees provided by the CBA in respect to a number of properties/securities in EIF.

c. National Australia Bank ("NAB")

The NAB currently holds two separate fixed and floating charges over the assets of the Company in its own right and as the Responsible Entity of the EIF. As mentioned previously in this report, NAB appointed William Colwell and Gregory Moloney of Ferrier Hodgson as Receivers and Managers of the beneficially owned assets of the Company on 16 February 2012.

As per the circular to investors dated 24 February 2012 the Receivers and Managers rely on the case authorities of *Norman, in the matter of Forest Enterprises Australia Limited (Administrators Appointed) (Receivers and Managers Appointed) v FEA Plantations Limited (Administrators Appointed) (Receivers and Managers Appointed)* [2010] FCA 1274, subsequently affirmed in the matter of *RiverCity Motorway Limited (Administrators Appointed) (Receivers and Managers Appointed)* (Federal Court, Brisbane, 14 February 2012) for the proposition that they are not "officers" of the Company for the purposes of Chapter 5C of the Corporations Act and therefore are not responsible for the winding up of EIF, EPCIF or EPF.

As per the Proof of Debt submitted by NAB on 24 February 2012, I understand that the total debt owed to the NAB as at the date of my appointment to be in the order of \$8,400,000. I understand that the debt owed to NAB will be satisfied via the realisation of the assets of the EIF and the court appointed Receiver in his latest circular to investors has indicated an estimated timeframe of 30 June 2012 for this to occur.

d. Bank of Scotland International ("BOSI")

BOSI currently hold three charges over the assets of the Company in its own right and in its capacity as the Responsible Entity of the EPF. As mentioned previously in this report, BOSI have appointed Jamie Harris, John Cronin and Joseph Hayes as Receivers and Managers of the Company in its capacity as manager of EPF.

I note that I have issued correspondence to BOSI requesting details of their debt; however I have not received a response. Notwithstanding this, I understand the debt owed to BOSI to be in the order of \$7m and the debt owed to BOSI will be satisfied via the realisation of the assets of the EPF.

10.2.2 Unsecured Creditors

The Company's MYOB records unsecured creditors totalling \$5,706,550.

Utilising the proofs of debts submitted by creditors I have calculated unsecured creditor claims to be \$69,064,522. A summary of claims of unsecured creditors is set out as follows:

Unsecured Creditor Name	Amount (\$)
Australian Taxation Office	485,135
Cavallo Trading Pty Limited	2,805,934
Crackers Corporation Pty Limited	25,000,000
Graham Hayes	3,700,534
KPMG	137,500
MM Capital (In Liquidation)	205,033
MM Holdings Pty Ltd (Receivers and Managers Appointed)	10,766,519
Nyst Lawyers	15,005
Tucker & Cowen	501,553
Westpac	25,447,309
Total	69,064,522

This figure is subject to variation pending the receipt of final proofs of debt received.

I note that clause 6.1 of EIF's constitution provides that "*the Manager is indemnified out of the Assets for all debts, liabilities, damages, costs, Taxes, charges, expenses and outgoings reasonably and properly incurred by it*".

As such it is my opinion that the Company, through its appointed administrators, is able to call on that indemnity in accordance with the EIF Constitution. As the court appointed Receiver has the responsibility for winding up EIF, I will be forwarding to him the proofs of debt submitted to the Company together with my adjudications in respect of those proofs of debt. To the extent that those creditors are paid directly by the court appointed Receiver, it will reduce the amount for which they are able to prove for against the Company.

I note that the proof of debt submitted by Westpac relates to a Guarantee and Indemnity provided by the Company to secure the obligations of M.M. Holdings Pty Limited (Receivers and Managers Appointed). I note that I have requested further information from Westpac regarding their securities and the amount they anticipate claiming from the Company in relation to the indemnity and guarantee.

Whilst the Bank of Queensland has not submitted a proof of debt against the company, an affidavit of Paul Vincent sworn on 18 November 2011 indicates an amount of \$7m outstanding to BOQ. I understand this may relate to guarantees provided by the Company with respect to debts owed to BOQ by MM Holdings Pty Ltd (Receivers and Managers Appointed).

10.3 Contingent Creditors

Investigations indicate that on 11 November 2011 Piper Alderman on behalf of a number of unit holders wrote to the directors and officers of the Company notifying them of a number of claims and providing them details of such claims. Further correspondence was sent by Piper Alderman on 24 February 2012 identifying further claims against the Company and its directors/officers.

I note that at this stage no litigation has been commenced with respect to these potential causes of action and as such the unit holders of the funds are considered to be contingent creditors with unliquidated claims as a result of having notified the Company and other related parties about a prospective intent to commence proceedings against the Company and the appointed directors/officers of the Company appointed at the time of the alleged breaches.

Corporations Regulation 5.6.23(2) states that a creditor must not vote in respect to an unliquidated or a contingent claim unless a just estimate of its value has been made. As such, for the purpose of the initial meeting of creditors, the unit holders claims and proof of debts were admitted. However, in circumstances such as these where the quantum of any claim is subject to proof and a range of factors and where it is difficult to say from a causation perspective whether a decrease in unit value is due to the alleged wrongs of the Company or its Directors, there was case law to the effect that it was appropriate to admit the relevant creditors for voting purposes for the nominal value of one (1) dollar.

A summary of the key matters as per the correspondence from Piper Alderman dated 11 November 2011 with respect to unit holders claims is as follows.

10.3.1. Breach of fiduciary duties

Pursuant to Section 601FC(1)(c) a responsible entity must act in the best interests of the members and, if there is a conflict between the members interests and its own interests, give priority to the members' interests.

During the years 2005 to 2008 the Company paid to itself an amount of \$67,216,541 in interest warranty fees and in 2009 and 2010 collected returns on the subordinated interest in an amount of \$20,445,144.

The interest warranty fees and returns on the subordinated unit holding of the Company were calculated as the *remaining surplus Income of the Scheme* in which Income included *all receipts* from borrowers, whether interest repayments or capital. Accordingly these were substantial and excessive following the deduction of various expenses.

Income for the Company was based on the interest warranty fee or the return on its subordinated unit holding. As the unit holders received monthly interest payments and these

were generally fixed, the increase in surplus was an increase in income for the Company. Although it could have led to an increase in the redemption value of the unit holders it did not as their price remained at \$1 per unit.

As an increase in surplus only increases the income for the Company, there becomes an issue as to whether the increased borrowing by the Company was necessary. From 2000 to 2003 the Company retained funds received from unit holders so that it could meet liquidity requirements. From 2004 however it applied investor funds towards loans and accordingly commenced borrowing from banks to meet liquidity requirements. This application of unit holder funds to loans was to improve Fund performance however the unit holders had no direct benefit of this as improved fund performance was beneficial only to the Company in increased in terms of surpluses.

As a result Piper Alderman have argued that there has been a breach of fiduciary duties due to –

- Excessive and unjustified interest warranty fees and returns on subordinated units from EIF's assets being paid by the Company to itself;
- The Company borrowed excessively for its own benefit as opposed to the benefit of unit holders; and
- The Company failed to retire credit lines efficiently and out of the surplus remaining

10.3.2 Breach of trust

Pursuant to Section 601FC(2) a responsible entity holds scheme property on trust for scheme members. In this regard there are three key issues leading to an alleged breach of trust.

(i) Loan to Value Ratio ('LVR')

The EIF Constitution required that the total money advanced and secured over Land and any other property shall not exceed 80% of the value of the Land and other property in which Land was defined as freehold estate or interest in real property including buildings, fixtures and fittings and other improvements erected or installed therein.

Accordingly the Company could not take into consideration an estimated value of the completed project on a particular development when determining the loan to value ratio of respective investments. Piper Alderman have indicated that this may not have been the case and that money was lent on the basis of "as if complete" valuations. A significant drop in these valuations has led to the significant impairment of the loans previously discussed.

(ii) Imprudent Investments

Piper Alderman have alleged that the Company's imprudent actions by advancing money on the basis of "as if complete" valuations was further compounded by underlying property developments being unsound or carrying high credit risk, such as the example of loans related to Mr Dudley Quinlivan.

(iii) Re-negotiating Mortgages

Piper Alderman also alleges that it is a breach of trust to re-negotiate mortgages which are already in default due to the increased credit risk involved in doing so. In this regard they note that during the 2008, 2009 and 2010 financial years a number of mortgage loans were extended which otherwise would have been in default. If this was not the case these loans would have been impaired in the respective financial years, providing a more accurate financial position.

Accordingly the Company is alleged to have breached the trust of the unit holders due to the following:

- Invested EIF's assets in projects outside the investment criteria of the EIF constitution

- Entered into imprudent investments with unsound property developments
- Re-negotiated mortgages and extended loans which would otherwise be overdue

10.3.3 Breaches of the Corporations Act

Pursuant to Section 675 a disclosing entity must report information that it becomes aware of which may materially affect the price or value of securities of the entity.

During the 2009 and 2010 financial years the Company recorded loan impairments of only \$2,978,378 which Piper Alderman allege are materially low in comparison of the amount of loan impairments the Company ought to have been aware of and impaired during the 2009 and 2010 financial years.

Accordingly the failure to report the correct and adequate level of impairments has led to a lack of reporting by the Company which is an alleged breach of the Act as noted above.

10.3.4 Negligence

Piper Alderman assert that the directors of the Company at various times have not exercised reasonable skill and diligence in performing their duties which includes ongoing amendments to the constitutions, improper lending and misleading statements to the market and unit holders.

10.3.5 Misleading and deceptive conduct

Piper Alderman allege claims for misleading and deceptive conduct based on Section 12DA of the Australian Securities and Investments Commission Act and/or Section 1041E and 1041H of the Corporations Act.

These arise from claims that were made and/or should have been made by the Company from as early as 2005 in various product disclosure statements released to unit holders and also the Company's financial statements. Examples of these statements include, but are not limited to, the following:

- Statements relating to prudent lending guidelines
- Statements regarding the charging of management fees
- Statements regarding the concentration of credit risk
- Treatment of loans and mortgages in the financial statements

10.3.6 Relief

Piper Alderman have noted that relief sought by unit holders would include:

- The amount of fees and returns to the Company from the respective funds; and
- The loss incurred by the unit holders by the fall in their unit holding. For example, on the basis that the estimated return to unit holders is 34 to 46 cents in the dollar, the loss is 54 to 66 cents in the dollar equating to approximately \$110m to \$134m.

As the Company is in Administration and unlikely to have any assets to meet such a claim I anticipate that this claim will also be made on the insurance policies previously held by the Company. In this regard the onus of defending such a claim will fall upon the insurer, Liberty International Underwriters. As the Company is currently subject to Administration the unit holders cannot commence their contemplated proceedings against the Company without my consent as Administrator or leave of the court in accordance with Section 440D of the Act.

Whilst investigations into these claims and the availability of the insurance policies to meet these are continuing I note that the policies previously held by the Company are claims made policies. Accordingly the insurer will only respond to these claims if the Company had made these claims prior to the insurance lapsing. Investigations indicate that the insurer was informed of the Piper Alderman class action however investigations into the extent of the notification are continuing.

It is my present intention to rule on the alleged claims of the unit holders at the forthcoming meeting of creditors in a similar manner to that which was adopted in the initial meeting of creditors, i.e. the claims are properly characterised as contingent claims of an unliquidated nature and accordingly are inadmissible to proof unless a just estimate of the value is made. A just estimate in the circumstances would be \$1.

In this regard I note the following:

- Piper Alderman, on behalf of the so called unit holders class action have not sought leave to commence proceedings against the Company nor have they sought my consent as Administrator to do so. This course of action as noted above is available to them;
- Any other ruling could have an impact on third party rights such as insurers and the relevant directors, without them having the right to challenge the alleged evidence against them. In my opinion such a denial of natural justice would be inappropriate and amount to an abuse of the proof of debt adjudication process.

It should be noted that the possibility of a claim against the fund auditors, KPMG, has also been brought to the attention of the Administrators. I understand that such a claim would relate to KPMG's audit opinions in the financial accounts and whether they were appropriate given the circumstances of the Company. The Administrators will continue to liaise with Piper Alderman with respect to the above actions to facilitate a positive outcome for unit holders.

10.4 Related Entities

A creditor of the Company may apply to the court to set aside or modify a resolution authorising the execution of a resolution on the future of the Company if it was carried as a consequence of a related entity casting a vote.

In this regard an applicant creditor must demonstrate the resolution passed is contrary to the interests of the creditors as a whole or that it unreasonably prejudiced the interests of the creditors who opposed the resolution passed.

In relation to the claims of related entities, please refer to the following table:

Name of Related Entity	Quantum of Claim (\$)	How debt was incurred	How a related entity
MM Capital Pty Ltd (In Liquidation)	205,033	Related party loan	Common director
MM Holdings Pty Ltd (Receivers and Managers Appointed)	10,766,519	Related party loan	Common director
Total	10,971,652		

11.0 OFFENCES, VOIDABLE TRANSACTIONS AND INSOLVENT TRADING

11.1 Offences

I have conducted investigations into the affairs of the Company and have identified offences that may have been committed by the directors of the Company. I propose to report the results of my findings to ASIC in accordance with Section 438D of the Act. I have noted a number of these potential offences and breaches as follows:

ASIC Search Warrant

The warrant produced by ASIC in conducting its search on 20 December 2011 notes the following allegations (summarised) of inappropriate transactions by the responsible entity's owner (Mark Mclvor):

- Breach of Section 601FD(1) by Mark Mclvor with respect to improper use of his position as an officer of Equititrust for personal benefit to the detriment of unit holders

- Breach of Section 601FD(1) by Mark Mclvor as he did not act honestly in dealings with various borrowers, loans and properties in the EIF
- Breach of Sections 208, 601FD(1) and 1021C by Mark Mclvor in amending the constitution without disclosure to unit holders to the detriment of unit holders
- Breach of Section 675 by Mark Mclvor in failing to disclose various transactions to unit holders which would have had an impact on the value and interest of the unit holder investments

On 26 March 2012 I wrote to ASIC to request documentation supporting these allegations to which ASIC advised they do not intend on making any comments or providing any further information regarding these suspected contraventions.

11.2 Voidable transactions

The law requires an Administrator to specify whether there are any transactions that appear to the Administrator to be voidable transactions in respect of which money, property or other benefits may be recoverable by a liquidator under Part 5.7B of the Act. This issue is relevant to creditors if they are being asked to choose between a DOCA or a liquidation, because voidable transactions are only able to be challenged if a liquidation occurs.

For general information about what voidable transactions are, please refer to the attached information sheet, marked Annexure A.

From a preliminary review of the Company's books and records in my possession it is my opinion that the Company may have an action against certain parties for transactions that may be voidable such as the following:

- Unfair Preferences
- Uncommercial transactions
- Unfair loans
- Unreasonable payments to directors

11.2.1 Unfair Preferences

A transaction is an unfair preference given by a company to a creditor of the company if, and only if:

- the company and the creditor are parties to the transaction (even if someone else is also a party); and
- the transaction results in the creditor receiving from the company, in respect of an unsecured debt that the company owes to the creditor, more than the creditor would receive from the company in respect of the debt if the transaction were set aside and the creditor were to prove for the debt in a winding up of the company.

In this regard a review of the management accounts for the six months prior to my appointment as Administrator indicates an amount of \$810,000 in payments which are not reconcilable to specific invoices. I note that of this amount \$616,000 relates to payments made to related entities. A summary of these payments is as follows:

Payee	Amount (\$)
Non Related Entities	
CFC	125,000
Nyst Lawyers	40,000
Pogetti Capital	10,000
Strategic Assets	19,000
Total Non-Related Entities	194,000

Related Entities	
Various directors	33,000
Guardian Capital	250,000
MM Holdings Pty Ltd (Receivers and Managers Appointed)	333,000
Total Related Entities	616,000

These may be preferential in nature as the payees may not have received the amounts had they been required to prove in the administration of the Company. A defence to these however may be whether the payees provided an ongoing service in the nature of a running account.

As previously noted MM Holdings Pty Ltd (Receivers and Managers Appointed) is subject to external appointment and accordingly the benefits of pursuing that company for unfair preferences may be limited. Investigations however are continuing into the payments to the other entities and will be facilitated in the event creditors resolve to place the Company into liquidation at the forthcoming meeting.

11.2.2 Uncommercial Transaction

Pursuant to Section 588FB of the Act a transaction of a company is an uncommercial transaction of the company if, and only if, it may be expected that a reasonable person in the company's circumstances would not have entered into the transaction, having regard to:

- (a) the benefits (if any) to the Company of entering into the transaction; and
- (b) the detriment to the company of entering into the transaction; and
- (c) the respective benefits to other parties to the transaction of entering into it; and
- (d) any other relevant matter.

Section 588FC states that a transaction of a company is an insolvent transaction of the company if, and only if, it is an unfair preference given by the company, or an uncommercial transaction of the company, and:

- (a) any of the following happens at a time when the company is insolvent:
 - i. the transaction is entered into; or
 - ii. an act is done, or an omission is made, for the purpose of giving effect to the transaction; or
- (b) the company becomes insolvent because of, or because of matters including:
 - i. entering into the transaction; or
 - ii. a person doing an act, or making an omission, for the purpose of giving effect to the transaction.

Further to this, Section 588FDA provides that a transaction of a company is an unreasonable director related transaction of the company if, and only if:

- (a) the transaction is:
 - i. a payment made by the company; or
 - ii. a conveyance, transfer or other disposition by the company of property of the company; or
 - iii. the issue of securities by the company; or
 - iv. the incurring by the company of an obligation to make such a payment, disposition or issue; and
- (b) the payment, disposition or issue is, or is to be, made to:
 - i. the director of the company; and
 - ii. a close associate of a director of the company; or
 - iii. a person on behalf of, or for the benefit of, a person mentioned in subparagraph (i) or (ii); and
- (c) it may be expected that a reasonable person in the company's circumstances would not have entered into the transaction, having regard to:
 - i. the benefits (if any) to the company of entering into the transaction; and

- ii. the detriment to the company of entering into the transaction; and
- iii. the respective benefits to other parties to the transaction of entering into it; and
- iv. any other relevant matter."

I have identified a number of circumstances which may have enlivened the provisions with respect to uncommercial transactions and unreasonable director related transactions of the company and have discussed these below.

Waiver of Management Fee

As previously noted in this report at an investor briefing seminar on 23 September 2011 investors were notified of the waiver of the management fee for the 2011 financial year in the amount of \$2.8 million. Whilst investigations are continuing into the background of this, by doing so an entitlement of the Company has been disposed of arguably without provision of adequate consideration.

As such investigations into whether this waiver of the management fee is potentially an uncommercial transaction are continuing as it resulted in the Company potentially having lost the entitlement to an asset of approximately \$2.8 million. Further it is arguable the Company became insolvent for the purposes of Section 588FC as a result of entering into the transaction.

The waiver of the management fee also may enliven Section 181 which states that a director or other officer of a corporation must exercise their powers and discharge their duties:

- (c) in good faith in the best interests of the corporation; and
- (d) for a proper purpose.

The waiver was not in the best interests of the Company as it has resulted in a potential claim against the Company by EIF. The court appointed receiver has indicated that he is likely to submit a proof of debt in the Administration as a result of this waiver. The amount for this proof of debt would be the \$2.2 million outstanding as per the Company's books and records less the \$2.8 million waiver meaning a claim of \$600,000.

Accordingly the Administrators are currently seeking legal advice on the validity of such a claim. Investigations are continuing on who approved such a waiver however the directors at the time of this waiver were David Tucker, Craig Treasure and John Goddard. It should also be noted that David Kennedy was the Chief Executive Officer of the Company at the time.

In this regard clause 4(c) of the EIF constitution provides that the manager is under a duty *"to act in the best interests of members and if there is a conflict between the members interests and the managers own interests give priority to the members interests"*.

Accordingly there is at least some inherent tension between the directors duties to members of the fund and their duties to the Company in its own right.

Tucker & Cowen

As previously noted David Tucker was a director of the Company from 3 September 2010 to 11 October 2011. During this time Mr Tucker was also a partner of a law firm Tucker & Cowen and the Tucker Super Fund was a unit holder of EIF. It has been brought to the attention of the Administrators that during this time the Company instructed Tucker & Cowen on a number of litigation matters and paid fees and expenses to Tucker & Cowen as follows:

Financial Year	ETL (\$)	EIF (\$)	EPF (\$)	Total (\$)
2009	70,342	Nil	Nil	70,342
2010	527,514	104,152	83,501	715,167
2011	565,310	933,448	Nil	1,498,758
2012	84,266	216,530	Nil	300,796
Total	1,247,432	1,254,130	83,501	2,585,063

Accordingly during the financial year in which Mr Tucker was a director of the Company, Tucker & Cowen received fees in an amount of approximately \$1.5m. During this time Mr Tucker also received remuneration for his role as a director of the Company.

Pursuant to Section 182 a director, secretary, other officer or employee of a corporation must not improperly use their position to:

- (a) gain an advantage for themselves or someone else; or
- (b) cause detriment to the corporation.

Pursuant to Section 183 a person who obtains information because they are, or have been, a director or other officer or employee of a corporation must not improperly use the information to:

- (a) gain an advantage for themselves or someone else; or
- (b) cause detriment to the corporation.

Investigations are continuing into whether this factual matrix enlivens the provisions of Section 182 and Section 183 of the Act.

Transactions with MM Holdings

A review of the financial statements of the Company has indicated that from at least 1 July 2004 to 30 June 2008, the Company and MM Holdings Pty Ltd had a risk sharing arrangement whereby MM Holdings indemnified the Company for a 20% share of any lending and interest loss incurred by the Company. The financial statements also indicate that MM Holdings made available its property assets as security to support credit facilities of the Company and its respective funds. In return for the provision of this indemnity and security MM Holdings received a warranty fee of initially 25% and then 15% of income during these financial years.

This risk sharing arrangement was ended on 30 June 2008 from which time MM Holdings provided the Company with an unsecured overdraft facility. This facility allowed the Company to draw or repay principal amounts when required with interest paid monthly. This interest was charged at a variable rate of 10% above MM Holding's borrowing costs and for the 2009 and 2010 financial years this equated to a weighted effective average interest rate of 20% per annum.

The above is summarised in the table below, with the contribution received being the amount paid by MM Holdings pursuant to the indemnity discussed above:

Financial Year	Contribution received (\$)	Warranty Fee (%)	Warranty Fee (%)	Interest (\$)	Interest (%)	Loan Outstanding (\$)
2011 – 2012	-	-	-	166,603		4,763,882
2010 – 2011	-	-	-	1,848,078	20	4,899,220
2009 – 2010	-	-	-	3,668,775	20	15,588,404
2008 – 2009	-	-	-	3,767,611	20	23,298,000
2007 – 2008	1,062,632	3,225,784	15	-	-	-
2006 – 2007	1,264,454	5,812,344	25	-	-	-
2005 – 2006	1,275,406	4,490,933	25	-	-	-
2004 – 2005	276,467	3,110,919	25	-	-	-
Total	3,878,959	16,639,980	-	7,436,386	-	-

Accordingly it seems that the Company entered into the above agreement with MM Holdings and paid approximately \$17m to receive benefits totalling approximately \$4m however the level of security provided by MM Holdings via its assets is unknown. In this regard I note that the credit facilities of the Company and its respective funds have always been significantly less than the value of the assets and accordingly the assistance provided by MM Holdings in regards to the security would seem minimal.

Entering into such agreements raises the possibility whether this factual matrix has enlivened the provisions of Section 180 pursuant to which a director or other officer of a corporation must exercise their powers and discharge their duties with the degree of care and diligence that a reasonable person would exercise if they:

- (a) were a director or officer of a corporation in the corporation's circumstances; and
- (b) occupied the office held by, and had the same responsibilities within the corporation as, the director or officer.

Investigations are continuing into whether entering into the agreements with MM Holdings were something a reasonable person would have entered into and also whether they are a breach of Section 181, i.e. were they in the best interests of the Company. In this regard I note Mark McIvor is the director and majority shareholder of MM Holdings.

I note that the investigations of potential voidable transactions conducted to date are not finalised and a Liquidator would have sufficient time to investigate in further detail the likely recovery of potential voidable transactions.

Difficulties with pursuing voidable transactions may include:-

1. Legal and accounting fees could be substantial and the matter may take some time to resolve,
2. The recipient of the potential voidable transaction may have a valid defence,
3. The recipient of the potential voidable transaction may not be in a position to pay back those monies if and when a favourable judgment is received,
4. It can be difficult to sustain a claim against a creditor for the receipt of certain types of voidable transaction as the issue of suspicion of insolvency can be disputed.

Based on the above potential difficulties and past experience an estimated return from any voidable transaction recoveries has not been included in any estimated return to creditors calculation at this time. Given my recommendation that the Company be wound up at the forthcoming meeting, further investigations into the affairs of the Company will be conducted.

11.3 Breaches of Directors Duties

Sections 180 to 184 provide a number of key obligations and duties of directors of a corporation which provide guidance for directors in how to act and perform their roles. A number of these may have been breached by the directors of the Company with respect to various issues which have been discussed above.

In summary these include breaches of Section 181 with respect to the waiver of the management fee and transactions relating to MM Holdings and also Sections 182 and 183 in respect to the potential conflicts of interest relating to David Tucker.

11.4 Insolvent trading

Information about possible insolvent trading is relevant to creditors when making a decision about the future of a company as directors of a company may generally only be sued for insolvent trading if the company is in liquidation. As with the voidable transaction analysis above, creditors have to assess the advantages to them of a Deed of Company Arrangement, which cannot include proceeds from insolvent trading actions, compared to the likely return in a liquidation, which could include the proceeds of any successful insolvent trading action.

As set out in section 15 of this report, it is my opinion that the only option available to creditors is that the Company is placed into liquidation at the forthcoming meeting. In these circumstances, I will continue to investigate the affairs of the Company during the course of the winding up. I will be conducting further investigations into the possibility of insolvent trading if appointed liquidator.

For general information about insolvent trading, please refer to the attached information sheet, marked Annexure A.

There are a number of presumptions afforded to a Liquidator in the assessment and recovery of an insolvent trading claim. Two important presumptions are:

Presumption of Continued Insolvency – Section 588E(3) of the Act provides that if it is proved that a company is insolvent at any time during the twelve months preceding the Administrator's appointment, then the Company is presumed to remain insolvent continuously from that point until the appointment date. This presumption assists a Liquidator who would otherwise be required to prove that the Company was insolvent at each time a new debt was incurred.

Presumption of Insolvency – Section 588E (4) of the Act provides that a company is presumed to be insolvent if it has failed to maintain books and records in accordance with Section 286 of the Act.

However, whilst it is acknowledged that these presumptions exist, a Liquidator would nonetheless conduct an investigation and review other documentation bearing on the Company's solvency. An initial discussion on the Company's solvency is outlined below.

A company is considered to be insolvent at the point when it is unable to pay its debts as and when they fall due for payment. Consideration is given to when the debts are commercially due for payment. Accordingly, the test of insolvency is primarily a cash flow test.

Mandie J in ASIC v Plymin (2003) 46 ACSR 126 referred to a checklist of indicators of insolvency as follows:

1. Continuing losses
2. Liquidity ratios below 1
3. Overdue Commonwealth and State taxes
4. Poor relationship with present Bank, including inability to borrow further funds.
5. No access to alternative finance.
6. Suppliers placing Company on COD, or otherwise demanding special payments before resuming supply.
7. Inability to raise further equity capital.
8. Creditors unpaid outside trading terms.
9. Issuing of post-dated cheques.
10. Dishonoured cheques
11. Special arrangements with selected creditors.
12. Solicitors' letters, summons, judgments or warrants issued against the company.
13. Payments to creditors of rounded sums which are not reconcilable to specific invoices.
14. Inability to produce timely and accurate financial information to display the company's trading performance and financial position, and make reliable forecasts.

Some of these indicia as they apply to the Company are as follows:

Continuing losses

In relation to the performance of the Company I provide the following:

	Jun-09	Jun-10	30-Jun-11	23-Feb-12
Revenue	29,805,703	21,471,553	15,216,353	2,539,931
Expenses	15,641,322	15,350,880	91,201,446	3,755,712
Profit/(Loss) Before Tax	14,164,381	6,120,673	(75,985,093)	(1,215,781)
Income tax expense	(4,276,807)	(1,612,512)	-	-
Net Profit	9,887,574	4,508,161	(75,985,093)	(1,215,781)

From the above, the Company has recorded a trading loss for the 30 June 2011 period and also the period from 1 July 2011 to 23 February 2012, indicating that it may not have been able to pay its debts as and when they fell due during that period.

Liquidity ratios below 1

An analysis of the Company's liquidity ratio for the period prior to my appointment is as follows:

	Jun-09	Jun-10	30-Jun-11	23-Feb-12
Current Assets	22,540,437	13,804,048	5,201,108	3,114,843
Current Liabilities	26,542,484	18,663,729	5,793,433	5,706,550
Current Ratio	0.85	0.74	0.90	0.55

The liquidity ratio is a good indication of a company's solvency and a ratio of 1 is considered to be the minimum acceptable level.

The above table suggests that the Company may have been unable to meet its current obligations with its current assets during the period 30 June 2011 to 23 February 2012. The Company's liquidity ratio declined between June 2011 and February 2012 which reflects the Company's deteriorating financial position.

Overdue Commonwealth and State taxes

I note that a review of the Running Account Balance on the Australian Taxation Office ("ATO") portal shows that the Company had a current debit balance of \$46,037.19 owing to the ATO. I note that for the majority of time prior to November 2011 the Company maintained its tax liabilities to a minimum however, since that date the Company has only made two payments, totalling \$49,115. Notwithstanding this the proof of debt lodged by the ATO indicates an amount outstanding of \$485,134.

I note that documentation received from the ATO indicates lodgements outstanding which may increase or decrease the liability to the ATO. The Company's management accounts indicate a return of approximately \$30,000 may be payable to the Company.

The inability to pay Commonwealth and State taxes is indicative of a company's financial difficulties and may suggest that the Company was unable to pay its debts as and when they fell due from a certain point in time.

Poor relationship with present Bank, including inability to borrow further funds

I refer to my comments earlier in this report regarding the various lenders and their respective insolvency appointments to the Company. I understand the Company had been subject to an investigating accountants assignment commissioned by NAB prior to the appointment of the court appointed receiver which reflects a level of apprehension regarding the Company's financial position and it would have been unlikely that various banks would have provided further accommodation to the Company.

No access to alternative finance

In addition to the above, I understand the Company may have experienced difficulty in obtaining funding from sources other than the Bank.

Creditors unpaid outside trading terms

A review of the Company's MYOB file suggests creditors of the Company were unpaid outside the regular trading terms. The Company's management accounts indicate that as at the date of my appointment, approximately 75% of the Company's creditors had remained outstanding in excess of 30 days. A review of the POD's received to date shows the earliest overdue invoices date back to 3 November 2011.

Payments to creditors of rounded sums which are not reconcilable to specific invoices

I note that a review of the management accounts for the six months prior to my appointment as Administrator reflects an amount of \$810,000 in rounded payments which may not be reconcilable to specific invoices.

I note that if the Company is wound up at the forthcoming meeting of creditors, further investigations will be conducted to fix the precise date of insolvency and hence the quantum of any potential insolvent trading claims.

11.5 Directors' Personal Financial Position

Additionally, as discussed in the attached information sheet, marked Annexure A in certain circumstances a directors may be personally liable for insolvent trading. I have sought to make reasonable enquiries to establish the director's capacity to pay any judgment obtained.

Due to financial and time constraints, I have not sought to conduct a public examination of the directors. Therefore I am limited to public information and information provided by the directors, or authorised by the directors to be disclosed by third parties.

I advise creditors that I have undertaken the following enquiries:

- I have provided the directors with a questionnaire to complete disclosing their personal financial position.

Despite the request of same, the directors have not returned the completed questionnaires.

- I have undertaken searches of the New South Wales ("NSW") and Queensland ("QLD") Land Titles Search on the directors' name to determine any property owned by the directors.

Please find enclosed as Annexure B a copy of the results of the above searches.

It must be noted that whilst there are only three current directors there are a number that were previously appointed on whom the searches have also been conducted. This is because these former directors may have been a director of the company during a period it traded whilst insolvent and accordingly may also be subject to any potential claims.

At present I am unaware of the equity position in relation to the referred properties however should the Company be placed into Liquidation at the forthcoming meeting of creditors I will investigate the equity position if warranted.

11.6 Return to Creditors from an Insolvent Trading Action

The attached information sheet published by the IPA notes that a director may be personally liable for insolvent trading and an action for insolvent trading would only be brought against the Director by a Liquidator if a benefit would accrue to creditors from doing so.

In this regard directors have several defences available to them which are outlined as follows:

- a) The Director had reasonable grounds to expect and did expect that the Company was solvent and would remain so;
- b) The Director had reasonable grounds to believe and did believe that a competent and reliable person was providing adequate information to the Director and based on that information the Director expected the Company to be solvent and to remain so;
- c) The Director did not take part in the management of the Company at the time due to illness or some other good reason; and
- d) The Director took reasonable steps to prevent the Company from incurring the debt.

Accordingly, creditors should note the following:

- The directors in continuing to trade the Company may have relied on the right of indemnity held from the funds for debts properly incurred in the administration of that fund. A number of the debts currently outstanding may very well be debts characterised as subject to that indemnity.

- The directors may also purport to rely on the fact that the EIF and EPCIF have had a Court appointed Receiver since 21 November 2011 and accordingly have been out of their direct control since that date.
- A number of the Company's related entities are subject to various external appointments, obviously this issue will specifically effect whether or not action is commenced in regards to insolvent trading or any other claims.

Given my recommendation that the Company be wound up at the forthcoming meeting, further investigations into insolvent trading will be undertaken. Creditors will be informed of the outcome of those investigations in due course. However, creditors will note some of the impediments to a successful prosecution of such claim in the circumstances of this Company as noted in this report.

12.0 PUBLIC EXAMINATIONS

A number of potential causes of action arising out of the Company's business property affairs and financial circumstances have been identified throughout the course of this report. In the event creditors resolve to place the Company into liquidation at their forthcoming meeting I propose to utilise the examination powers of Part 5.9 of the Act to acquire evidence with respect to the Company's examinable affairs.

Pursuant to Section 596A Mandatory Examination states as follows:

"The Court is to summons a person for examination about a corporation's examinable affairs if:

- (a) *An eligible applicant applies for the summons; and*
- (b) *The Court is satisfied that the person is an officer or provisional liquidator of the corporation or was such an officer or provisional liquidator during or after the 2 years ending:*
 - (i) *If the corporation is under administration – on the Section 513C day in relation to the administration; or*
 - (ii) *If the corporation has executed a deed of company arrangement that has not yet terminated – on the Section 513C day in relation to the administration that ended when the deed was executed; or*
 - (iii) *If the corporation is being, or has been, wound up – when the winding up began; or*
 - (iv) *Otherwise – when the application is made.*

In addition, Section 596B Discretionary Examination states as follows: -

"The Court may summons a person for examination about a corporation's examinable affairs if:

- (a) *An eligible applicant applies for the summons; and*
- (b) *The Court is satisfied that the person:*
 - (i) *Has taken part or been concerned in the examinable affairs of the corporation and has been, or may have been, guilty of misconduct in relation to the corporation; or*
 - (ii) *May be able to give information about examinable affairs of the corporation.*

I note that Liquidators are 'eligible applicants' for the purposes of Part 5.9 of the Act and accordingly a mandatory public examination of at least the following directors and other officeholders will be initiated:

- Mark McIvor
- David Kennedy
- David Tucker
- Craig Treasure
- John Goddard

Sufficient evidence must be provided to the court in relation to a relevant party having information with respect to the examinable affairs of the Company before that relevant party can be examined under the discretionary examination provisions.

The timing of public examinations, the proposed examinees, the scope of the relevant examinations and the funding thereof may be an appropriate consideration of a committee of creditors should creditors resolve to appoint one at their forthcoming meeting. Further information with respect to the public examination provisions of the Act will be provided to the creditors at the forthcoming meeting on Friday 20 April 2012.

13.0 ESTIMATED RETURN FROM A WINDING UP

	Note s	Liquidation Scenario (Low) \$ (excl GST)	Liquidation Scenario (High) \$ (excl GST)
Receipts			
Sundry Debtors	1	Nil	2,571,633
Other Receivables	1	393,539	628,771
Due from related entities	1	Nil	2,666,901
Voidable Transactions	2	Unknown	Unknown
Insolvent Trading	2	Unknown	Unknown
Total Receipts (estimated)		393,539	5,867,305
Payments			
- Receivers and Managers Remuneration	3	Nil	Nil
- Receivers and Managers Disbursements	3	Nil	Nil
- Administrators Remuneration	4	400,000	650,000
- Administrators Disbursements	4	40,000	150,000
- Liquidators Remuneration	4	200,000	300,000
- Liquidators Disbursements	4	50,000	50,000
Secured Creditor	5	17,136,498	Nil
Return to Secured Creditors (c/\$)	5	n/a	n/a
Amount for Ordinary unsecured creditors	6	Nil	4,717,305
Ordinary unsecured creditors' claims	6	69,064,522	69,064,522
Return to Ordinary unsecured Creditors (c/\$) (Est.)	6	Nil	6.83

Notes:

1. Realisability of assets is discussed earlier in section 10.1 of this report.
2. Claims with respect to voidable transactions and insolvent trading are discussed earlier in section 11 of this report.
3. The Receivers and Managers of the Company may recover their costs from EIF as they are appointed by NAB who has security over EIF.
4. The basis on the fees of the Administrators and Liquidators is discussed in section 16 of this report.
5. As discussed in section 10.2 the secured creditors have securities in other entities and accordingly should they recover their debt from these other entities they will not participate in any recoveries made from the Administration/Liquidation.
6. Refer to section 10.2 of this report for a discussion of the unsecured creditors of the Company. It should be noted that contingent creditors is not included in this figure however will be added to the unsecured creditors upon satisfaction that their debt has been established and quantified.

14.0 REPLACEMENT OF THE RESPONSIBLE ENTITY

I note that the information provided in this section of the report is introductory only and should be used by relevant parties to seek legal and financial advice and form their own opinions. I confirm that the Administrators are not providing financial advice and unit holders should conduct their own due diligence in respect of the information provided. The Administrators will not be liable for the information provided nor decisions made on reliance of this information.

At the previous meeting of creditors the possibility of a replacement of the Company as responsible entity of EIF was canvassed. I note that Chapter 5C of the Act relating to managed investment schemes and the constitution of the respective funds contemplates this possibility. It should be noted that only a change in the RE for EIF has been considered and not any of the other funds as EPF is unlikely to discharge its secured creditor in full.

14.1 Procedure to replace

In order for the RE to be replaced there would be a number of key steps involved:

1. Unit holders meeting
2. Informing ASIC
3. Court Application
4. Any consequential amendments to the fund's constitution resulting from a change of RE

1. Unit holders meeting

As per the funds' constitutions the Company, as Manager, or the unit holders in certain circumstances, may call a meeting of the Members at any time. In order to convene this meeting at least twenty one ('21') days written notice must be given in writing. The notice must be provided to each member entitled to vote at the meeting, each director of the manager, the auditor and also the auditor of the compliance plan. A notice of meeting sent by post is taken to be given 3 days after it is posted. A notice of meeting sent by fax, or other electronic means is taken to be given on the business day after it is sent.

The notice must set out the date, place and time of the meeting; state the general nature of the meeting's business; if a special or extraordinary resolution is proposed, then set out an intent to propose a special or extraordinary resolution and state the resolution and contain a statement setting out that the member has the right to appoint a proxy, that the proxy does not need to be a member and that if the member appoints 2 proxies, the member may specify the proportion or number of votes the proxy is appointed to exercise.

At this meeting the unit holders must vote on:

- (a) An extraordinary resolution that the current manager should be removed; and
- (b) An extraordinary resolution choosing a person to be the new manager.

The constitutions indicate that a special or extraordinary resolution put to the vote at a meeting of Members must be decided on a poll. Such a resolution would require at least a majority of all unit holders entitled to vote in favour of it for it to be approved.

2. Informing ASIC

As per proceedings commenced by ASIC discussed in Section 8.2 of this report and the latest court orders dated 28 March 2012 ASIC is required to be notified of any change to the constitution of the EIF. This includes the replacement of the Company as RE and accordingly ASIC will have to be made aware of such action.

3. Court Application

A threshold issue I have considered with respect to the possible replacement of the Company as RE is the orders of Applegarth J of the Supreme Court of Queensland dated 21 November

2011 and 23 November 2011 that the company wind up EIF and EPCIF and that the court appointed Receiver be appointed as the person responsible for ensuring the respective funds are wound up in accordance with their respective constitutions.

That is the court has effectively ordered the funds to be wound up and in such circumstances, the reasonable question could be what the role for a replacement responsible entity is.

I have taken legal advice with respect to this issue and have been advised there is no authority which suggests the winding up could not be reversed by a further order of the court.

The legal advice I have received suggests in the absence of binding authority, the jurisdiction of the court would be discretionary and analogous to the considerations when a court orders a stay of an Official Liquidation pursuant to Section 482 of the Act.

Considerations which the court has had regard to in that jurisdiction include:

- The applicant must make out a positive case for the favourable exercise of the courts discretion;
- The applicant must show the nature and extent of the creditors and whether all debts have been discharged;
- The attitude of creditors, contributories and the Liquidator is a general consideration;
- The applicant must show the general trading position and general solvency of the company;
- The applicant must provide a full explanation of any non-compliance by the directors with their statutory duties;
- The applicant must explain the general background and circumstances leading to the winding up order;
- The applicant must show the nature of the company's business and whether the conduct of the company was in any way contrary to the commercial morality and the public interest;

Upon applying these considerations to the circumstances of the Company it would seem the minimum considerations to be satisfied prior to the court exercising its discretion to stay and order reversal of the orders of 21 November 2011 and 23 November 2011 would be as follows:

1. Quarantine former board from any involvement in fund affairs;
2. Repayment of secured debts of NAB and CBA of approximately \$9.6 Million
 - In this regard I note the court appointed receiver in his latest investor update estimates that to occur by 30 June 2012;
3. Replacement responsible entity reputable and substantial;
4. In best interest of investors-
 - In this regard the issue of whether the replacement by the company by a new RE would result in reconversion of subordinated units held by the company in its own right and a decrease in the value of units held by other members is a relevant consideration.
5. Position of contingent claims
 - these contingent claims would be preserved against the old RE and the relevant directors;
6. Whether it is just and equitable to replace the RE.
7. I would anticipate the audit of the funds which was being undertaken by the funds auditor KPMG for the financial year ended 30 June 2011 would need to be completed. The court appointed receiver has indicated this will not be a prerequisite of his role as the funds are in wind down mode.

8. Any replacement of the Company as responsible apply of the funds would require the support of ASIC.

In this regard I note some of these threshold issues have not been satisfied as at the date of this report – e.g. discharge of secured creditors although circumstances may be subject to variation in which case an application for a stay/reversal of the winding up may be a feasible alternative for investors consideration at some point in the future.

14.2 Subordinated Units

As per discussions earlier in this report the Company holds 40million subordinated units in EIF which, as a result of the impairment recommended by KPMG, currently have nil value. I note however that as per the EIF's constitution in the event the Company is removed as RE its subordinated units will convert to an ordinary class of unit, in the event the absence of consent of the Company to retaining subordinated status.

This conversion of the subordinated units is calculated on a formula based on the value of the ordinary and subordinated units at the time of the conversion. In the absence of the Company's consent to waive this conversion, such a conversion could unfavourably affect the position of the remaining ordinary unit holders as it would diminish the share in the available funds for the balance of the ordinary unit holders.

Accordingly we are currently seeking legal advice as to whom the Company must act in the interests of, i.e. itself and its creditors or the unit holders as RE of the funds. I note that it may be that the Receivers and Managers of the Company may also need to consent to any such action in order to remove the clause regarding the conversion.

14.3 Potential new RE's

During the course of the Administration I have met and held discussions with a number of potential REs that may be interested in taking over the role from the Company. I have summarised the proposals received from these below.

Balmain NB Corporation Limited ('Balmain')

- Once Balmain is appointed their asset management and recovery team is to undertake a due diligence process to prepare any asset realisation recommendations
- Fee structure: Management Fee of not less than 2% per annum of the gross asset value, payable monthly in arrears (including costs of calling members meeting to appoint an independent RE)

See Annexure C for the Balmain proposal in full.

Trilogy Funds Management Limited ('Trilogy')

- Initially Trilogy to act as temporary RE
- Once installed as temporary RE Trilogy is to conduct a due diligence process including:
 - An asset review to develop a realisation plan,
 - Develop a plan to continue winding up the fund (based on asset realisation plan),
 - Develop a plan to deal with the subordinated units (noting this may require directions from the court),
- Intention to call a meeting of unit holders within three months;
- Intention to establish an Investor Committee
- Fee structure: Management Fees at 1.25% per annum of the value of assets

See Annexure D for the Trilogy proposal in full.

Venture Axxess Group Limited

- Lion Advantage (to be wholly owned by VAGL) ('Lion') will become RE of the funds;

- Unit Holders will be offered Redeemable Convertible Preference Shares ('RCPS') in VAGL. Effectively investors are to exchange units in EIF for RCPS in VAGL. See full proposal for a detailed explanation on RCPS.
- VAGL is expected to be re-quoted on the National Stock Exchange ("NSX") by mid April 2012. If investors exchange their units for the RCPS it is expected that the shares can be traded on the NSX (*no guarantee of liquidity*);
- Lion currently holds appropriate licenses and insurance cover and engaged Perpetual Nominees Limited as an independent Custodian to hold the assets of the fund;
- Section 4 of the full proposal includes details on the strategy for asset realisation. Effectively the strategy is based on an assessment of the (distressed) asset and determining if it is best realised on a short, medium or long term basis.
- VAGL will also pursue debt recovery to the fullest extent possible;
- Section 5 of the full proposal includes details on the strategy for treatment of the subordinated units. Effectively the strategy is based on redemption of subordinated units only occurring once the value of ordinary units reaches \$1;
- Fee structure: Management fee at 1.50% per annum of gross assets; and
- Expected return will be between 3 and 5 years

See Annexure E for the VAGL proposal in full.

Points to note in relation to the respective proposals received are as follows:

- Both the Balmain and Trilogy proposals presuppose a continued wind down of the funds with a view to an ultimate return of investor funds. The VAGL proposal envisages the investors' funds forming part of a new managed investment scheme with unit holders interests to be converted to a hybrid form of "tradeable" security termed Redeemable Convertible Preference Shares;
- Balmain and Trilogy have considerable experience and expertise in dealing with the winding up of distressed managed investment schemes;
- David Hickie, a current director of the Company (although recently appointed on 12 January 2012) is also a director of VAGL;
- It is my understanding that VAGL is to utilise the Australian Financial Services Licence belonging to VentureAxess Fund Managers Limited however it has not to date amended this license from wholesale to retail and VAGL has not to date been relisted on the NSX. Accordingly VAGL is not currently in a position to effectuate its proposal;
- Given the uncertainty surrounding key aspects of the VAGL proposal, in particular the ultimate likely return to unit holders, VAGL would need to provide persuasive evidence to convince the Administrators that their proposal is in investors best interests and indeed to secure the support of ASIC to their proposal;
- In those circumstances it may well be that any comparison in respect of the wind down of the funds to be made by unit holders may involve an assessment of the relative cost of the alternatives remaining available.

As noted earlier, certain threshold issues have not been satisfied wherein it is appropriate for a meeting of unit holders to be convened to consider replacement of the Company as RE. Further I am conscious that the process will involve a degree of expense involving as it does a meeting of investors and an application to court seeking consequential orders.

On this basis I have enclosed as Annexure F a survey form for unit holders to complete as to whether they require further work to be completed to transition the Company as RE. The results of this survey will inform the Administrators decision as to whether further work is appropriate to be completed with respect to this aspect of the administration. In the event unitholders are unable to attend the meeting of creditors dated 20 April 2012 the survey form can be forwarded separately to my office.

15.0 ADMINISTRATORS' RECOMMENDATION

The following options are available to creditors to decide pursuant to Section 439C of the Act, being that:

- the Company execute the proposed Deed;
- the administration should end; or
- the Company be wound up.

My opinion on each option and the reasons for my opinion are set out in the following:

a) The Company execute the proposed Deed

I note that a Deed has not been proposed and accordingly this option is not available for creditors and I am unable to express an opinion as to whether execution of a deed is in creditors best interests.

b) The administration should end

I refer to the Company's schedule of assets and liabilities detailed earlier in this report and note that the Company is insolvent. As Administrator, I do not see any reason to recommend to creditors that the Administration should end and the Company be handed back to the Director.

Accordingly, it is my opinion that it is not in the creditors' interests for the Administration to end.

c) The Company should be wound up

In the circumstances where the Directors have not put forward a proposal for the Company to execute a Deed of Company Arrangement and there is no benefit to creditors from returning the Company to the control of the Directors, it is my opinion that it is in the interests of creditors for the Company to be wound up.

The Liquidators will continue to investigate the affairs of the Company during the course of the winding up. This option will enable the following

- Facilitate collection of assets of the Company identified in this report;
- Facilitate replacement of the Company as RE of the EIF and EPF funds should members so resolve;
- Facilitate public examinations of the director and relevant parties into the examinable affairs of the Company;
- Facilitate verification and quantification of unit holders contingent claims in respect of:
 - Alleged breach of fiduciary duties;
 - Alleged breach of trust;
 - Alleged breach of the Corporations Act;
 - Alleged negligence; and
 - Alleged misleading and deceptive conduct.
- Facilitate investigations into the availability of actions (and if appropriate) recoveries in respect of voidable transactions, breach of directors duties and insolvent trading; and
- Finalisation of the Company's affairs in accordance with the Corporations Act.

For this reason, it is my opinion that it is in the creditors' interests for the Company to be wound up.

16.0 REMUNERATION AND DISBURSEMENTS

Pursuant to Section 449E of the Act the Administrator is entitled to such remuneration as is determined by agreement between the Administrator and the committee of creditors (if any), or by resolution of the Company's creditors, or if there is no such agreement or resolution – by the Court. Where the remuneration is determined by agreement with the committee of creditors or by resolution of the Company's creditors, the Court may, on the application of ASIC, the Administrator or of an officer, member or creditor of the Company review the remuneration and confirm, increase or reduce it.

An Administrator, when seeking approval for remuneration, should provide sufficient information to enable creditors to properly consider the reasonableness of the remuneration sought. If creditors do not believe that they have received sufficient information in this report to allow them to approve the Administrator's fees at the forthcoming meeting of creditors then I request that you immediately contact this office to determine whether further information can be provided.

In accordance with Section 449E(7) of the Act before remuneration is fixed by the creditors the Joint and Several Administrators must prepare a report setting out:

- (i) such matters as will enable the members of the committee of creditors or the creditors to make an informed assessment as to whether the proposed remuneration is reasonable; and
- (ii) a summary description of the major tasks performed, or likely to be performed, by the liquidator; and
- (iii) the costs associated with each of those major tasks; and
- (iv) give a copy of the report to each member of the committee of creditors or creditors at the same time as they are notified of the relevant meeting.

I attach for your reference, marked Annexure G the creditors information sheet titled "Approving Remuneration in External Administrations" issued by the Insolvency Practitioners Association.

Creditors are referred to:

- a) My initial advice to creditors regarding remuneration calculation methods, sent out with my report to creditors dated 17 February 2012. In my initial advice I noted that I proposed that my remuneration be calculated on a time basis.

I also attach, marked Annexure H a schedule of hourly rates which also includes a guide showing the qualifications and experience of staff engaged in the administration and the role they take in the administration.

- b) The tables set out at Annexure I. These tables set out a general description of work carried out for the period of the :
 - i. Voluntary Administration to 20 April 2012
 - ii. The winding up from 20 April 2012 to completion.
- c) The spreadsheet set out at Annexure J that sets out the calculation of remuneration by appointee, employee and position.

It is apparent from the abovementioned annexures that the Administrators' work in progress from appointment to the date of the meeting totals \$650,000 plus GST. The Administrators are prepared to seek a reduced approval at this time in accordance with the resolution set out below. In the event of recoveries the Administrators will seek approval of the full balance of the fees incurred at a later date. Creditors will appreciate recoveries (if any) will be subject to a significant delay.

This amount for which approval has been sought has been determined by reducing the Administrators' work in progress with respect to tasks such as:

- Photocopying records utilised for investigations so that originals may be collected by the respective Receiver and/or Receivers and Managers;
- Investigations into various issues for the report to creditors including review of historical information relating to the Company;
- Investigations into related entities and potential recoveries from same;
- Extension of the convening period and associated documents that were required to be prepared;
- Attendance at initial meeting of creditors, in particular attending to queries in regards to same.

In summary, at the forthcoming meeting the Administrators will seek creditor approval that:

Administrators' Remuneration:

"the remuneration of the Administrators from the commencement of the Administration to 20 April 2012 be approved up to a maximum amount of \$400,000 plus GST, calculated in accordance with the Hall Chadwick hourly rates as detailed in the Report to Creditors dated 17 February 2012 ("the base rate") and as varied from time to time with such annual increases (if any) to be no greater than 10% of the base rate, and that the Administrators be authorised to draw the remuneration on a monthly basis or as required."

Liquidators' Remuneration:

"the remuneration of the Liquidators from commencement to the completion of the liquidation be approved up to a maximum amount of \$200,000 plus GST, beyond which creditors further approval will be sought, calculated in accordance with the Hall Chadwick hourly rates as detailed in the Report to Creditors dated 17 February 2012 ("the base rate") and as varied from time to time with such annual increases (if any) to be no greater than 10% of the base rate, and that the Liquidators be authorised to draw the remuneration on a monthly basis or as required."

In addition to the Administrators and Liquidators remuneration discussed above and for which I will seek creditors approval, disbursements made by my office on behalf of the Company will be charged at the rates disclosed in the attached summary of disbursement rates, marked Annexure K.

Creditors will note included in the disbursements is approximately \$100,000 in legal costs to the Administrators legal advisors. This cost is being carried by my firm and was incurred to seek clarity on a number of the complex issues encountered in the course of the administration for the benefit of creditors.

16.1 Indemnity from fund assets

Subsequent to the initial meeting of the creditors the Administrators have had further legal advice that work completed by the Administrators with respect to the Company's role as responsible entity may be subject to the Company's indemnity under the constitution.

The scope and nature of any indemnity available to the Administrators is complicated by the appointment and indemnity available to the court appointed receiver under the orders dated 21 and 23 November 2011.

As such the Administrators will be approaching the court to seek clarity on the scope of any indemnity available to the Administrators in this regard.

17.0 MEETING

Creditors are invited to attend the meeting of creditors to be held on **Friday 20 April 2012 at 11:00am**. Enclosed please find the following:

- Notice of Meeting (Form 529)

The second meeting of creditors has been convened to be held on **Friday 20 April 2012 at 11.00am** at Watermark Hotel & Spa Gold Coast, 3032 Surfers Paradise Boulevard, Surfers Paradise, QLD, 4217.

I advise that there will be teleconferencing facilities available at the following locations, for those creditors located interstate:

Sydney:

Hall Chadwick
Level 29
31 Market Street
Sydney NSW 2000

Local time of the Meeting: 11:00 AM

Perth

Hall Chadwick
243 Hay St
Subiaco WA 6008

Local time of the Meeting: 9:00 AM

Melbourne:

Hall Chadwick
Level 14
45 William Street
Melbourne VIC 3000

Local time of the Meeting: 11:00 AM

Brisbane:

Hall Chadwick
Level 19
144 Edward Street
Brisbane QLD 4000

Local time of the Meeting: 11:00 AM

It is not compulsory for you to attend this meeting. You can nominate someone else or the chairman to attend and vote on your behalf. The chairman will vote on your proxy as directed by you. Your non-attendance will **not** affect the validity of your claim against the Company. A specific voting proxy on the meeting's resolutions is **attached** to the proxy form and may be completed if you are not able to attend.

- Proxy Form (Form 532)

The proxy form submitted (if any) for the previous meeting cannot be used for this meeting.

A new proxy form must be completed. Please note that corporate creditors must submit a proxy if they intend to vote at the meeting. Proxies may be lodged up to the time of commencement of the meeting.

- Formal Proof of Debt Form

Please only submit this form if you have not already done so, or if your claim has altered.

18.0 DISCLAIMER

The information contained in this report is based upon investigations into the affairs of the Company and advice from relevant parties. In these circumstances creditors must appreciate the limitations in the information provided. The *Corporations Act 2001* timetable necessitates the completion of this report in a relatively short period of time.

The statement of financial position recorded earlier in this report and the estimated outcome is an estimate only based on information available at the date of this report. Many factors affect the estimated outcome to creditors. The data used in this report may change as further information becomes available and after all matters in the administration are finalised. If there is any additional material information received in the Administration then it will be presented to creditors as soon as practicable.

Creditors are encouraged to either attend and actively participate at the meeting or supply information to the Administrators about the Company's financial affairs. Without such assistance from creditors, you cannot expect to maximise your return from the Administration and Liquidation.

Creditors will be aware that the Administrator must act as Chairman of the forthcoming meeting of creditors. Further, it may be necessary for the Chairman to use a casting vote in respect of a motion to wind up the Company or for the Company to enter into a Deed of Company Arrangement.

It is my intention, as Administrator, to use any casting vote in accordance with the recommendations contained within this report. This intention is based on the information available at the date of this report and the reasons set out in this report. This position is subject to the Administrators not receiving any further information before or during the meeting that would result in the recommendation being changed.

I trust that this report adequately discloses information relevant to the Company's position and therefore allows creditors to make an informed decision as to the Company's future. I welcome further advice or comments from creditors on the report and the affairs of the Company in general.

Should you have any further queries, please do not hesitate to contact Jovan Singh of this office.

Yours faithfully,



BLAIR PLEASH
ADMINISTRATOR

Regulation 5.6.12

FORM 529

Corporations Act 2001

Notice of Meeting of Creditors of Company Under Administration

**Equititrust Limited
(Receiver Appointed)
(Administrators Appointed)
(Receivers and Managers Appointed)
ACN: 061 383 944 ("the Company")**


Notice is given that pursuant to Section 439A of the *Corporations Act 2001* the major meeting of the creditors of the Company will be held at Watermark Hotel & Spa Gold Coast, 3032 Surfers Paradise Boulevard, Surfers Paradise, QLD, 4217 on Friday, 20 April 2012 at 11:00AM.

The purpose of the meeting is to consider and if thought fit, vote on the following issues:

- (a) Whether the Company execute a Deed of Company Arrangement;
- (b) Whether to end the Administration;
- (c) Whether the Company be wound up;
- (d) Whether to adjourn the meeting (for a maximum of 45 business days);
- (e) If a Deed of Company Arrangement is approved, the appointment of Administrators of that Deed;
- (f) Approval of the remuneration of the Administrators and Deed Administrators or Liquidators;
- (g) If the company is wound up, to consider the early destruction of the books and records after the deregistration of the company;
- (h) If the company is wound up, to consider appointing a Committee of Inspection; and
- (i) Any other business.

A Form of Proxy and Form of Proof of Debt are enclosed for your convenience. These documents must be lodged at this office prior to the meeting. If a Proof of Debt has already been lodged, there is no need to provide further details to the Administrators. Please note the requirement to lodge original proxy forms in addition to any faxed copy.

Dated 12 April 2012.


Blair Pleash
Administrator
Hall Chadwick
Level 19
144 Edward Street
Brisbane QLD 4000

Form 532

Corporations Act 2001

Regulation 5.6.29

**Equititrust Limited
(Receiver Appointed)
(Administrators Appointed)
(Receivers and Managers Appointed)
A.C.N. 061 383 944
("the Company")**

APPOINTMENT OF PROXY

*I/We.....(if a firm, strike out "I" and set out the full name of the firm)
of.....(address), a
creditor/*contributory/*debenture holder/*member of Equititrust Limited (Administrators Appointed),
appoint.....(name, address and description of the person
appointed) or in his or her absence.....as*my/*our *general/*special
proxy to vote at the *meeting of *creditors/*contributories*debenture holders/*members/*joint meeting of members and
creditors to be held at Watermark Hotel & Spa Gold Coast, 3032 Surfers Paradise Boulevard, Surfers Paradise, QLD,
4217 on Friday, 20 April 2012 at 11:00am, or at any adjournment of that meeting. If a creditor is appointing a special
proxy, please indicate whether your vote is in favour/ against/ or abstaining of the resolution. It is expected the
following resolutions may be voted upon:

Resolutions	To Vote For	To Vote Against	Abstain
The Company should execute Deed of Company Arrangement.			
The Company should be wound up.			
The administration should end.			
The meeting to be adjourned for a maximum period of 45 business days.			
<u>Administrators' Remuneration (1):</u> "the remuneration of the Administrators from the commencement of the Administration to be approved up to a maximum amount of \$400,000 plus GST, calculated in accordance with the Hall Chadwick hourly rates as detailed in the Report to Creditors dated 12 April 2012 ("the base rate") and as varied from time to time with such annual increases (if any) to be no greater than 10% of the base rate, and that the Administrators be authorised to draw the remuneration on a monthly basis or as required."			
<u>Liquidators' Remuneration (if applicable) (2):</u> "the remuneration of the Liquidators from commencement to the completion of the liquidation be approved up to a maximum amount of \$200,000 plus GST, calculated in accordance with the Hall Chadwick hourly rates as detailed in the Report to Creditors dated 12 April 2012 ("the base rate") and as varied from time to time with such annual increases (if any) to be no greater than 10% of the base rate, and that the Liquidators be authorised to draw the remuneration on a monthly basis or as required."			

*Only if appointing a Special Proxy should you tick the relevant box indicating which way you wish to vote on each resolution

Dated

Signature

CERTIFICATE OF WITNESS

(This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the creditor, contributory, debenture holder or member must not be witnessed by the person nominated as proxy)

I _____ (name), of _____ (address), certify that the above instrument appointing a proxy was completed by me in the presence of _____ and at the request of the person appointing the proxy and read to him or her before she signed or marked at the instrument.

Dated

Signature of witness

Description

Place of residence

FORM 535

Subregulation 5.6.49(2)

Corporations Act (2001)

**FORMAL PROOF OF DEBT OR CLAIM
(GENERAL FORM)**

To the Administrators of Equititrust Limited (Administrators Appointed)

1. This is to state that the Company was on, Wednesday, 15 February 2012 and still is, justly and truly indebted to:.....
(full name and address of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor) for \$.....and.....cents.

Date	Consideration (state how the Debt arose)	Amount \$ c	Remarks (include details of voucher substantiating payment)

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: *(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).*

Date	Drawer	Acceptor	Amount \$c	Due Date

- *3. I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.
- *4. I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

.....
 Signature:
 Occupation:
 Address:

Dated:

Proof of Debt Reference:

Annexure “A”

Offences

A summary of offences that may be identified by the administrator:

180	Failure by officer to exercise a reasonable degree of care and diligence in the exercise of his powers and the discharge of his duties.
181	Failure to act in good faith.
182	Making improper use of position as an officer or employee, to gain, directly or indirectly, an advantage.
183	Making improper use of information acquired by virtue of his position.
184	Reckless or intentional dishonesty in failing to exercise duties in good faith for proper purpose. Use of position or information dishonestly to gain advantage or cause detriment.
206A	Contravening an order against taking part in management of a corporation.
206A, B	Taking part in management of corporation while being an insolvent under an administration.
206A, B	Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences.
209(3)	Dishonest failure to observe requirements on making loans to directors or related companies.
254T	Paying dividends except out of profits.
286	Failure to keep proper accounting records.
312	Obstruction of auditor.
314-7	Failure to comply with requirements for financial statement preparation.
437C	Performing or exercising a function or power as officer while a company is under administration.
437D(5)	Unauthorised dealing with company's property during administration.
438B(4)	Failure by directors to assist administrator, deliver records and provide information.
438C(5)	Failure to deliver up books and records to administrator.
590	Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors.

Voidable Transactions

Preferences

A preference is a transaction such as a payment between the company and one or more of its creditors, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant time period is six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

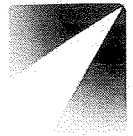
Where a creditor receives a preferred payment, the payment is voidable as against a liquidator and is liable to be paid back to the liquidator subject to the creditor being able to successfully maintain any of the defences available to the creditor under either the Corporations Act.

Uncommercial Transaction

An uncommercial transaction is one that it may be expected that a reasonable person in the company's circumstances would not have entered into having regard to:

- the benefit or detriment to the company;
- the respective benefits to other parties; and,
- any other relevant matter.

To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation. However, if a related entity is a party to the transaction, the time period is four years and if the intention of the transaction is to defeat creditors, the time period is ten years.



The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

Unfair Loan

A loan is unfair if and only if the interest was extortionate when the loan was made or has since become extortionate. There is no time limit on unfair loans – they only have to have been entered into any time on or before the day when the winding up began.

Arrangements to avoid employee entitlements

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person. It will only be necessary to satisfy the court that there was a breach on the balance of probabilities. There is no time limit on when the transaction occurred.

Unreasonable payments to directors

Liquidators have the power to reclaim "unreasonable payments" made to directors by companies prior to liquidation. The provision relates to transactions made to, on behalf of, or for the benefit of, a director or close associate of a director. To fall within the scope of the section, the transaction **must** have been unreasonable, and have been entered into during the 4 years leading up to a company's liquidation, regardless of its solvency at the time the transaction occurred.

Voidable charges

Certain charges are voidable by a liquidator:

- Floating charge created with six months of the liquidation unless it secures a subsequent advance;
- Unregistered charges; and
- Charges in favour of related parties who attempt to enforce the charge within 6 months of its creation.

Insolvent Trading

In the following circumstances, directors may be personally liable for insolvent trading by the company:

- a person is a director at the time a company incurs a debt;
- the company is insolvent at the time of incurring the debt or becomes insolvent because of incurring the debt;
- at the time the debt was incurred, there were reasonable grounds to suspect that the company was insolvent;
- the director was aware such grounds for suspicion existed; and
- a reasonable person in a like position would have been so aware.

The law provides that the liquidator, and in certain circumstances the creditor who suffered the loss, may recover from the director, an amount equal to the loss or damage suffered. Similar provisions exist to pursue holding companies for debts incurred by their subsidiaries.

A defence is available under the law where the director can establish:

- there were reasonable grounds to expect that the company was solvent and they actually did so expect;
- they did not take part in management for illness or some other good reason; or,
- they took all reasonable steps to prevent the company incurring the debt.

The proceeds of any recovery for insolvent trading by a liquidator are available for distribution to the unsecured creditors before the secured creditors.

Important note: This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances.

Annexure “B”

EQUITITRUST SCHEDULE OF DIRECTOR TITLES

DIRECTOR	Title Reference	Joint Ownership	Mortgagee	State
Wayne McIvor	2/221426	No		
Thomas Haney	2/101708	No	Commonwealth Bank	QLD
David Kennedy	Further investigation is required			
David Tucker	95/101179	No	ING Bank	QLD
Harvey Parker	N/A			
Craig Treasure	N/A			
David Jackson	92/100727	No	Westpac	QLD
John Goddard	57/132618	Avril Goddard	Darling Downs Building Soc	QLD
	6/216114W	No	Commonwealth Bank	VIC
	66/216319	Sharon Goddard		NSW
	134/241199	Stephen Goddard, Peter Goddard, Helen Prevett, Maria Goddard	N/A	NSW
	3/252872	Carolyn Goddard	Westpac	NSW
Paul Vincent	Lot 1/4353	No	NAB	QLD
	39/1772	No	N/A	NSW
Warwick Powell	11/214533	Mercedes Walter	Suncorp Metway	QLD
	5/148774	No	Suncorp Metway	QLD
Troy Bingham	N/A			
Jeffrey McDermid	49/5819	No	Commonwealth Bank	QLD
	54/5819	No	Commonwealth Bank	QLD
	1004/149735	No	N/A	QLD
	12/163558	No	N/A	QLD
Stacey McIvor	30/70060	MM Holdings Pty Ltd	Westpac	QLD
David Hickie	69/4126	Veronica Joyce Hickie	IMB Limited	NSW
	269/31999	No	NAB	QLD
Mark McIvor	9/126604	MM Holdings Pty Ltd	Bank of Queensland	QLD
	8/119510	MM Holdings Pty Ltd	Bank of Queensland	QLD
	7/119510	MM Holdings Pty Ltd	Bank of Queensland	QLD
Ross Honeyman	N/A			

Annexure “C”

23 March 2012

Mr Blair Pleash and Mr Richard Albarran
Hall Chadwick
Level 29, St Martins Tower
31 Market Street
Sydney NSW 2000

By email: bpleash@hallchadwick.com.au

Dear Blair and Richard,

Equititrust Limited (Receiver Appointed)(Receivers and Managers Appointed) (Administrators Appointed) ACN 061 383 944

Equititrust Income Fund (Receiver Appointed) ARSN 089 079 854

Equititrust Premium Fund

We refer to your letter dated 14 March 2012 and our meeting with Blair Pleash and Tim Cook in our offices on 16 March 2012.

We note that it is your intention to call a meeting of Unitholders of the schemes for the purpose of making resolutions including the nomination an alternate Responsible Entity and/or manager. To the extent that you may consider our appointment as Responsible Entity and/or manager in respect of Equititrust schemes, we believe that we have the requisite capabilities to perform the required services. In particular –

1. Balmain holds an Australian Financial Services License (No. 333-213);
2. Balmain holds Australian Credit Licenses (Nos. 391-864, 390-689, 391-865);

The Balmain group has been in operation for 30 years comprising 110 staff in 8 offices in Australia and New Zealand.

Loan Servicing

- Balmain is the founder and 40% owner of AMAL Asset Management Ltd (AMAL)
- AMAL is the Australia's largest specialist commercial loan servicer
- AMAL's 39 staff manages over \$5.5bn in loans and 12,000 receivables under administration on behalf of 28 clients including the major banks
- AMAL is rated "Strong" by Standard & Poor
AMAL has been accredited by SAI Global Quality Management Systems (ISO 9001:2008) for over 15 years

Funds Management

- Balmain's fund management team comprises 35 staff
- Current FUM of \$600m in 9 investment schemes
- The credit team of 10 staff has underwritten over \$1.2bn in commercial loans in the last 5 years
- Balmain's has a specialist asset management and recovery team of 4 staff

Asset and Credit Management

Over the past 5 years Balmain has been appointed to manage assets aggregating \$2.65bn in 9 separate funds.

Asset Realisation plan and Fee Structure

Balmain's asset management and recovery team will need to undertake a due diligence of the schemes' assets before presenting to Unitholders recommendations for the realisation of the assets.

Any notice of meeting for the purpose of appointing Balmain as the Responsible Entity/investment manager of the schemes will require a resolution by Unitholders to amend the schemes' constitution to provide for a responsible entity/investment management fee of not less than 2% per annum of the gross asset value of the schemes payable monthly in arrears.

Additionally, Balmain would reserve the right, prior to the calling of any meeting of Unitholders, to appoint an independent responsible entity. In this event the costs associated with such appointment and the ongoing remuneration of the responsible entity would be part of the 2% management fee and not an additional cost to the fund.

For the sake of clarity Balmain does not require any reimbursement of any costs incurred by Balmain in offering itself to Unitholders as a potential new responsible entity, whether or not Balmain is actually appointed as responsible entity.

Please do not hesitate to contact me if you have any queries or require any further information.

Yours Sincerely,

Balmain NB Corporation Limited

A handwritten signature in black ink, appearing to read 'Andrew Griffin', with a horizontal line extending to the right.

Andrew Griffin
Director

Annexure “D”

TRILOGY

funds management

21 March 2012

Blair Pleash
Hall Chadwick
Chartered Accountants and Business Advisers
Level 29
31 Market Street
SYDNEY NSW 2000

Email: bpleash@hallchadwick.com.au

Dear Blair

In regard to your letter of 14 March 2012, we are pleased to submit our Capacity Statement.

In order to assist we have set out your dot points and commented and/or directed your attention to the appropriate section of our Capacity Statement.

- **Qualifications and experience:**

Qualifications are set out on pages 3-7. The relevant experience is covered by the change of RE from City Pacific to Trilogy (see page 2) and from APGF to Trilogy (see page 6).

- **Confirmation of capacity to assume RE role:**

Please refer to the attached Capacity Statement and references to our AFSL.

- **Fund wind-up plan:**

We wish to make clear that in our opinion there is negligible chance that sufficient investor confidence could be returned, and a rebranding sufficient for a "rebirth" of the Equititrust Funds through retention of capital funds for a new mortgage lending business. Consequently a careful program of realisation of the security/assets would be planned and implemented.

- **Asset realisation plan:**

This goes hand-in-hand with the comments above. It is important to note that until we are appointed (temporary) RE it is not possible to have a sufficient knowledge of the assets and the markets in which they exist. Thus, our first task is a thorough

asset review and a report to unitholders. Following this an asset realisation plan would be formulated.

- **Plan to deal with subordinated units:**

As already discussed with you any proposal to hold a meeting of unitholders to change the Constitution to "remove" the subordinated units runs the risk of a challenge based on the "removal of rights of the holder."

We believe there is an alternative court hearing that could clarify this situation.

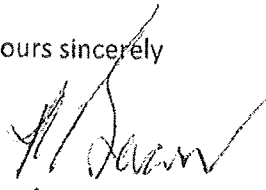
- **Fee structure**

The fee for the RE services will be 1.25% p.a. of the value of the assets. In addition there may be ancillary services provided by related bodies of Trilogy which will be at arms length commercial rates.

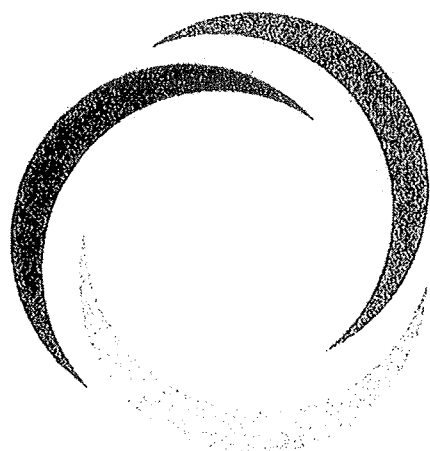
- **Timing of returns of capital:**

We can not estimate this timing until such time as we have completed the asset review.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rodger Bacon', written over a horizontal line.

Rodger Bacon



TRILOGY
Funds
Management
Limited

Operating Capacity Statement
Mortgage and Property
Investment Management

21 March 2012

Introduction

Trilogy has the expertise and capacity to act as a temporary Responsible Entity for the Income Fund (Receiver Appointed) A.R.S.N 089 079 854, Priority Class Income Fund (Receiver Appointed) A.R.S.N. 089 079 729 and Premium Fund ("Funds") ("Equititrust Funds") and would aim to assist unitholders by stabilising Fund performance and increasing the transparency and frequency of communications. Trilogy would therefore call a meeting of unitholders within three months of the appointment of Trilogy as temporary Responsible Entity and subsequently:

- Be appointed as the Responsible Entity for the Equititrust Funds;
- Ensure that there are no related party transactions associated with the Funds going forward;
- Conduct an asset review of all assets of the various Funds and report back to unitholders upon completion of this review;
- Establish a schedule to commence asset sales and returns of capital to unitholders, subject to the findings of the asset review and available liquidity;
- Ensure custodial functions are outsourced to an independent specialist;
- Proposal for an Investor Committee which may include Trilogy Management, Unitholder representatives and an independent chair; and
- Examine the requirement for a legal review of the past conduct of the Funds' management.
- Trilogy has very relevant experience of the change of RE, and the complex management and sale of security distressed assets in the case of the City Pacific First Mortgage Fund (renamed Pacific First Mortgage Fund).

Further:

- Trilogy will not instigate a rapid (fire sale) disposal of Fund assets Equititrust;
- Trilogy will address the current structure of all fees charged by Equititrust and any associated entities and propose implementing a fee structure in alignment with industry standards.
- Review banking facilities for each of the Funds.

Other factors which would facilitate a seamless and successful transfer of the Responsible Entity from Equititrust to Trilogy would include:

- Trilogy has extensive mortgage management experience which is detailed under the appropriate section of this document.
- Trilogy is known to majority of dealer groups who may currently hold significant funds under advice with Equititrust.
- Trilogy's Brisbane head office and the Equititrust head office on the Gold Coast are in reasonably close proximity compared to other potential responsible entities.
- Trilogy has strong relationships with the following:
 - Property management agents;
 - Mortgage brokers;
 - Valuers;
 - Quantity Surveyors;
 - Property funders; and
 - Architects and engineers

To support the above objectives Trilogy provides the following information in regard to our capacity as temporary Responsible Entity for Equititrust Funds .

About Trilogy Funds Management Limited

Trilogy Funds Management Limited holds an Australian Financial Services License No. 261425 and acts as Responsible Entity for a number of mortgage funds, property syndicates and real estate investment trusts (REIT).

Trilogy currently has funds under management of approximately A\$500M spread across Queensland, New South Wales and Victoria. Trilogy has offices in Brisbane, Sydney and Melbourne.

Trilogy's objective is to offer investors, both wholesale and retail, competitive investment performance and high quality services through a range of managed investment schemes. The underlying philosophy of all Trilogy products is the belief that property represents one of the most significant planks of wealth creation for all investors, large or small.

Trilogy's strength is underpinned by the quality and experience of its Directors, senior management and staff - harnessing years of management experience across property investment, mortgage management, financial services and law. Trilogy's management team includes former Challenger International senior executives Rodger Bacon, David Hogan and John Barry, who have channelled their combined property and funds management expertise into developing a solid business organisation.

The role of Trilogy in acting as the temporary Responsible Entity is to ensure that fund assets are managed and dealt with in accordance with the Fund's Constitution, the Corporations Act and ASIC regulations.

Board Experience

Trilogy's Board has been appointed to provide strong governance and encompass a wide range of expertise. This includes Law, Property Management, Accounting, Corporate Finance, Lending, Engineering, Quantity Surveying, Marketing and Distribution.

Management Experience

In the area of property investment, property development and mortgage lending, there is no substitute for extensive experience. This experience is grounded in the disciplines of accounting, law, financial services, mortgage management and property lending. In a practical sense it covers all elements of the property development and investment process from sourcing and negotiating for assets, on-going management of property assets, lending against property assets and transaction management at all levels, and capital structuring.

Experience in these areas and the networks of contacts developed over many years provide access to information and knowledge of risks and opportunities which might otherwise not be obvious.

Trilogy is devoted to the property sector and is a specialist direct property and mortgage Fund Manager.

The Trilogy Directors and Senior Executives

Trilogy Directors

Robert Willcocks, BA, LL. B Sydney, LL. M (Independent Chairman)

Mr Willcocks is the Independent Chairman of the Trilogy board. He is a former partner with Mallesons Stephen Jaques and, since 1994, a corporate adviser. He has represented clients on a range of assignments including private equity, fundraising, mergers and acquisitions, contractual negotiations and special projects. Mr Willcocks is a former member of the Council of Bond University. In the late 1990s he was appointed by the Australian Government to be a member of the Australian International Legal Advisory Committee for the term of its program. Mr Willcocks is currently a non-executive Director of CBH Resources Limited (ASX listed), APAC Resources Limited (Hong Kong listed), ARC Exploration Limited (ASX listed) and an Alternate Director of Mt Gibson Iron Limited (ASX listed).

Rodger Ingle Bacon, BCom (Merit), AAIDC, SFFin

Rodger is the Executive Deputy Chairman of Trilogy. In the recent past he was an Executive Director of Challenger International Limited. Two of the most successful products operated and marketed by Challenger were the Howard Mortgage Trust ('HMT') and Challenger Annuities. While at Challenger, Rodger's roles and experience included strategic planning, the establishment of ASX listed financial services companies, responsible for lending, acting as Chairman of the Credit Committee, establishing Challenger Annuities in 1997-98 and to capture 30% of capital annuities sales in Australia, and built a property portfolio in excess of A\$2.7billion. Prior to this, Rodger worked with the Schroder Merchant Banking Group for 15 years during which he had extensive experience in all aspects of funds management including domestic and foreign fixed interest and direct property portfolios, management of equities, research and analysis, corporate finance and was a member of the Merchant Bank Board (Australia) for 6 years. Rodger has a Bachelor of Commerce and is a Fellow and National Board Member of the Financial Services Institute of Australasia and an Associate in the Australian Institute of Company Directors.

Philip Ashley Ryan, LL. B, Dip Legal Practice, Dip SIA, Dip Mortgage Lending, FFIN, FTIA

Philip is the Managing Director of Trilogy Funds Management Limited. He sits on a number of committees including the Compliance Committee and the Investment Committee. He also acts as General Counsel for Trilogy.

Philip has been a solicitor for more than 25 years and was a partner in a Brisbane law firm for 20 years. He has significant experience predominantly in the areas of commercial and corporate law. In addition to qualifications in law, he is a Fellow of Finsia and has qualifications in mortgage lending and financial services (through Finsia). His experience in the financial services industry dates back to 1986 and originated first in financial planning and thereafter in funds management. More recently, he was a founding director in 1998 of the funds management entity which evolved into Trilogy. His focus is the mortgage and property sectors which he sees as primary drivers for producing attractive income returns to investors.

John Collis Barry, BA, ACA

John is an Executive Director of Trilogy Funds Management Limited and Chairman of Westpac RE Limited. John spent 5 years as a senior consultant to ABN AMRO in its infrastructure and funds management area. Previously he was an Executive Director of Challenger International Limited and was instrumental in its growth into a broadly based financial services company. John has a background in Chartered Accountancy with Coopers & Lybrand both in Australia and the UK. After this he worked in the corporate advisory area of Morgan Grenfell Australia and was a Director of Rothschild Australia Limited.

Rohan Butcher, BSc Quantity Surveying, Dip Project Management, Lic Real Estate Agent, Registered Builder - Independent Director

Rohan is a non-executive Director of Trilogy. Rohan brings more than 19 years' experience to the Board in the construction and property industry in a number of roles including Quantity Surveying, Estimating, Project Administration, Development Management, Planning and Project Management for both construction and development activities. Rohan has specialist expertise in the area of design management, cost planning and control together with project management, construction and planning. He has been involved in a number of major projects within the residential, retail and commercial property sectors, while undertaking a variety of senior appointments with major public and private companies. Rohan is also an independent member of the Lending Committee. Rohan is a member of the Urban Development Institute of Australia.

Nigel Chamier - Independent Director

Nigel is a Non-Executive independent Director of Trilogy Funds Management Limited and Chairman of NAC Investments (Qld) Pty Ltd. Nigel is also the Honorary Consul for Sweden. He was elected President of the Queensland Division of the Property Council of Australia from 1985 to 1986 and was awarded a Medal in the Order of Australia for services to real estate and the property industry in 1994. In June 2008 Nigel was also awarded the Royal Order of the Polar Star for Services to Sweden. Nigel was with Jones Lang LaSalle from 1972 to 1992, latterly as joint Managing Director in Queensland and a proprietor of the firm in the Pacific region. In 2001, he retired after serving for nine years as Chairman of the Office of Economic Development for the City of Brisbane Limited. Nigel was also previously a Director of the City of Brisbane Airport Corporation.

Senior Property and Lending Executives

David Hogan, AFAIM, AFin- Head of Property Assets

David is the Head of Property Assets at Trilogy and has more than 35 years' experience in the property industry. This experience encompasses the areas of risk management, capital structuring, lending, acquisitions and property syndications. David was previously an Executive Director of Challenger Property Capital Limited. During this period he played a significant role in the development of Challenger's global commercial property portfolio which, at that time, had an estimated value in excess of approximately \$2.6 billion (AUD). David's role included senior executive participation in the development and strategic and transaction management of Challenger's property syndication business including property acquisition, PDS preparation, funding and distribution. He provided debt funding and property acquisition services to Challenger and was also a member of the Lending Committee of the Howard Mortgage Trust. David is the Chairman of the Trilogy Lending Committee and is a member of the Trilogy Treasury Committee. David is a Fellow of the Australian Institute of Management (AFAIM),

an Associate of Finsia (Financial Services Institute of Australia) and was previously a member of the Property Council of Australia on behalf of Challenger.

Paul Wood - Lending Manager

Paul is a key member of the mortgage lending department and is responsible for the sourcing of new lending opportunities for Trilogy. Paul has a wide range of knowledge in property lending with more than 10 years' experience with financial companies such as AMP Bank, Suncorp Metway and ANZ Bank. During his career, Paul has been responsible for managing and maintaining a construction lending portfolio in excess of \$300 million with a diverse range of projects and areas. Part of Paul's role with Trilogy is to oversee all loan submissions from inception to completion and repayment. This includes the sourcing of loans from brokers and dealing directly with borrowers, preparation of loan submissions for the Lending Committee, preparation of Letters of Offer and satisfaction of all loan conditions, monthly construction drawdowns and monitoring of all loans. Paul has a degree in Property Economics and a Graduate Certificate in Project Management from the Queensland University of Technology.

Suzanne Barber - Property Asset Manager

Suzanne joined the Trilogy team in 2005 as Property Asset Manager bringing with her some 17 years' property asset management experience gained across commercial, industrial and retail portfolios along the east coast of Australia. Her corporate experience includes managing property portfolios with Challenger Financial Services, Deutsche Asset Management (now Dexus), and Westfield. Suzanne holds formal qualifications in Business Management and Property Valuation.

Ashton Wendt - General Manager Development

Ashton Wendt has over 16 years' of extensive property and funds management experience and is currently General Manager - Development Syndication. After graduating with a Civil Engineering Degree from Sydney University, Ashton commenced his career in property construction and project management with Leighton Contractors followed by several project manager roles on major commercial and retail developments with Bovis Lend Lease. Ashton has been involved with construction and development projects valuing over \$1B including the Star City Casino project and the redevelopment of Warringah Mall Shopping Centre in Sydney. Since completion of his MBA from MGSM, Ashton worked for Challenger Financial Services prior to joining Trilogy in 2006.

Tony Du Vernet - Property Consultant

Tony has extensive experience in property related markets which includes property funding with Beneficial Finance and the State Bank of South Australia. Tony has held senior lending and management positions with Custom Credit in New South Wales and has had over 10 years experience managing property development projects and providing consultancy services to the industry throughout Australia.

Joint Venture Partners: During 2010/2011 Trilogy commenced a close working relationship with Cyre Funds Management, including becoming the replacement RE for its (6) unit trust funds. The skills and experience are now closely integrated with those of Trilogy and comprise property investment skills, asset management skills, project management and quantity surveying.

The Trilogy Compliance Structure

A strong compliance structure is integral to Trilogy's continued business success. Robust compliance procedures are paramount and include an independent Compliance Committee and an external audit process.

Compliance Officer

Philip Ryan is the Compliance Officer and Maura Vijars is the Compliance Manager.

External Compliance Committee

- Comprises Mr Philip Ryan (Chairman), Mr Campbell McCart and Mr Peter Starkey. The majority of members must be and are independent of the Responsible Entity;
- Monitors compliance with the Compliance Plan, Constitution and the Corporation Act 2001;
- Reports breaches, if any, of the Act, Compliance Plan or Constitution to the Board, and to ASIC;
- Assesses whether the Compliance Plan or compliance system is adequate;
- Reports on the adequacy of the Compliance Plan or compliance system and makes recommendations to the Board in relation to amendments;
- Has a duty to act honestly, exercise a degree of care and diligence that a reasonable person would exercise if they were in the Committee's position, not make improper use of position to gain an advantage for themselves or any other person, not make improper use of information acquired in exercise of position and to do other things as the Act requires them to do;
- Reviews registers: breaches, complaints, professional indemnity and property insurance, service providers, related interests, delegations, authorised representatives, including disaster recovery, transfers, financial accounts, contact with ASIC, risk management, AFSL, loan book, compliance plan checklists, random checks, and monitoring of custodian.

Audit, Compliance & Risk Management Committee

- Comprises Mr Nigel Chamier (Independent non-executive Chairman), Mr John Barry (Executive Director) and Mr Robert Willcocks Independent non-executive Director).
- Reviews the Risk Management, disaster recovery process, reviews audit reports and management responses on an annual basis, and makes appropriate recommendations.
- Monitors reports from the Compliance Committee.

The Trust Company Limited ('Trust Co') as Independent Custodian for the Trilogy Funds

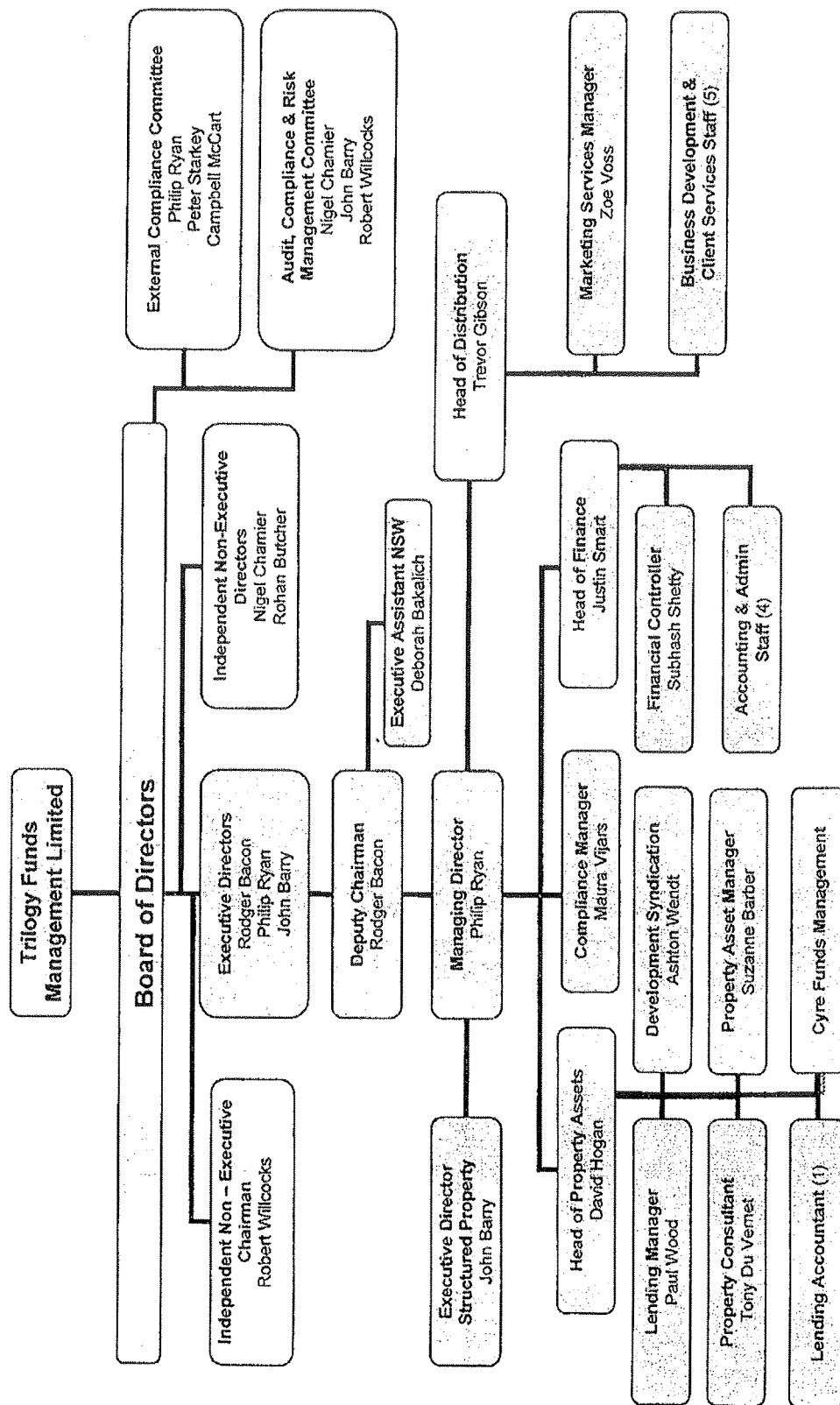
Trust Co has been a specialist fiduciary service provider in Australia since 1885 and provides personalised custodian and trusteeship services to institutions, intermediaries and individuals. With a market capitalisation of AUD \$385 million and over 250 staff in Australia and the Asia-Pacific region, Trust Company is one of the largest trustees in Australia operating outside the ownership of banks and other wealth management companies.

Compliance

Maura Vijars - Compliance Manager

Maura has worked in the Australian financial services and energy sector in various compliance and risk management roles for the past 15 years. Prior to immigrating to Australia she worked in a custodial setting for 8 years managing customer relationships in various Canadian banks. Maura has an educational background in Chemistry.

The Trilogy Organisational Chart as at March 2012



Compliance Committee

Comprises Mr Philip Ryan (Chairman), Mr Campbell McCart and Mr Peter Starkey. The majority of members must be and are independent of the Responsible Entity.

Custodians

The following custodians hold assets on behalf of the Responsible Entity:

- The Trust Company Limited
- The Trust Company (Australia) Ltd

Audit

BDO Audit (QLD) Pty Ltd is Trilogy's financial auditor, Compliance Plan auditor and auditor of the various Trilogy schemes.

Complaints Resolution

Trilogy is a financial member of the external complaints resolution scheme, the Financial Ombudsmen Service (FOS).

Specific Compliance Accountability

Trilogy's compliance with the Corporations Act 2001, both in relation to its role as a Responsible Entity and the holder of an AFS Licence, occurs at a number of levels:

- the Board of the Licensee
- the Compliance Committee;
- the nominated Responsible Managers;
- the Compliance Officer;
- any other representatives of the Licensee; and
- the Custodian and all other external service providers.

General

- The role of each of the Board, the Compliance Committee, the nominated Responsible Manager, the Compliance Officer and the Licensee's representatives in relation to compliance are set out in some detail in the Licensee's General Compliance Arrangements section of its compliance manual.
- The proposed compliance plan in respect of the management of any new fund (Compliance Plan) will also deal at length with the manner by which Trilogy is to comply with its obligations as the Responsible Entity of that scheme and as the holder of an AFS Licence.
- The Risk Management Statement adopted by Trilogy also deals with these matters.

Compliance Committee

- The Licensee will appoint a Compliance Committee for the Equitrust Funds in accordance with the requirements of section 601JA of the *Corporations Act 2001*.
- The Compliance Committee will be appointed prior to the registration of any additional funds managed by Trilogy.

Meetings of Compliance Committee - Equitrust Funds

The Compliance Committee for any new funds will meet:

- on a quarterly basis;
- whenever a Compliance Committee Member seeks a meeting;
- and as requested by the Compliance Officer or the Board.

Role of the Board in relation to Compliance

The role of the board of the Licensee in relation to Compliance generally is described in both the Compliance Plan and the *General Compliance Arrangements* section of the *Compliance Manual*.

Fulfilment of responsibilities:

The Board of the Licensee meets monthly. Special attention is given to compliance at each meeting. The Compliance Officer will report to that meeting.

Scheme Specific Systems

Accounting, Computer and Operating Systems

It is to be recognised that:

Trilogy will outsource to the Custodian.

Access and Security of Clients' Records

In relation to the internal IT systems used by the Licensee:

- all computers are password protected; and
- Compliance Rule 15 - *Recording Systems, Disaster Recovery and Business Continuity* of the Compliance Plan for all funds provides additional measures relating to access and security of computer and recording systems.

In addition, the security of investors' records must be maintained in accordance with the Licensee's *Privacy Policy* and Rule 22 of the *Compliance Plan* of the various funds.

The Trilogy Reporting Structure

Trilogy Funds Management Ltd as a Responsible Entity

Trilogy has a depth of experience in three areas:

1. Mortgage Trusts
2. Direct Property Investment Trusts
3. Property Development Syndication

Trilogy is the holder of Australian Financial Service Licence No. 261425 which authorises Trilogy to operate the following registered schemes:

- Trilogy First Mortgage Income Trust ARSN 121 846 722
- Trilogy Wholesale First Mortgage Income Trust ARSN 128 363 520
- Trilogy HealthCare REIT ARSN 127 026 251
- Trilogy Investor Choice MediLink Property Income Syndicate ARSN 120 943 188
- Trilogy Investor Choice Melbourne Campus Office Syndicate ARSN 112 377 009
- Pacific First Mortgage Fund ARSN 088 139 477
- Cape Parks Fund ARSN 145 938 914
- Austgrowth Property Syndicate Number 18 ARSN 104 390 016
- Austgrowth Property Syndicate Number 18 Unit Trust ARSN 104 389 933
- Brisbane Property Syndicate ARSN 100 197 546
- Brisbane Unit Trust ARSN 100 197 555
- Canberra Property Syndicate ARSN 099 015 013
- Canberra Unit Trust ARSN 099 015 031
- Trilogy Epping Commercial Office Income Trust ARSN 151 291 315

Responsible Managers

Mr Rodger Ingle Bacon
Mr John Collis Barry
Mr Trevor John Gibson
Mr David Hogan

Key persons listed on the AFS Licence

Mr Rodger Ingle Bacon
Mr Trevor John Gibson
Mr David Hogan

Compliance

Phillip Ryan is the Compliance Officer, and Maura Vijars is the Compliance Manager.

Client Services

Provision of general financial product advice:

- Only appropriately qualified staff members will provide general financial product advice to retail clients. Gary Connolly, Manager - Client Services is RG146 compliant, as are all other unitholder interfacing Trilogy Client Services Staff. Before any other staff member is authorised to provide general financial product advice, they are required to undertake RG146 training.
- It is to be noted, however, that the giving of general financial product advice would only occur as an incidental in providing factual and other information about the Equititrust Funds to clients who seek that information.

Additional Information Available upon Request

Trilogy would be pleased to provide further specific information as required. In addition, the following documents are available upon request:

- Privacy Policy
- Compliance Arrangements
- Risk Management Policy
- Conflicts of Interest Policy
- Continuous Disclosure Policy
- Dispute Resolution Policy
- Disaster Recovery Policy
- Human Resources Statement
- ICR Policy
- Current AFSL License Details (AFSL 261425)
- Monitoring & Supervision of Representatives Plan
- Outsourcing Statement
- Professional Indemnity Insurance Details
- Training Programme for Responsible Managers

Rodger Bacon

Chairman

TRILOGY CAPITAL GROUP

Brisbane Level 10, 241 Adelaide Street Brisbane, QLD 4000 (07) 3039 2828 F: 07 3039 2829	Sydney Level 13, 56 Pitt Street Sydney, NSW 2000 (02) 8028 2828 F: (02) 8028 2829	Melbourne Level 5, 454 Collins Street Melbourne, VIC 3000 (03) 8320 0828 F: (03) 8320 0829
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IMPORTANT: This report has been prepared as general information only. While due care and caution has been taken in the preparation of this information, Trilogy reserves the right to amend this material as additional information becomes available. Please note that past performance is not an indicator of future performance. Forecast yields are uncertain and rely on assumptions. The investment yields are affected by a number of factors and will vary over time.

Annexure “E”

21 March 2012

Blair Pleash – as Administrator for Equititrust Limited
Hall Chadwick
GPO Box 3555
SYDNEY NSW 2001

By email: bpleash@hallchadwick.com.au

Dear Blair

Equititrust Limited (ETL) as Responsible Manager (RE) & Trustee for Equititrust Income Fund (EIF), Equititrust Priority Class Income Fund (EPCIF) and Equititrust Premium Fund (EPF)

Thank you for your invitation directed to Lion Advantage Limited (Lion) to submit a proposal for the appointment as responsible entity of the above mentioned funds.

It is intended that Lion (which has been working with us on the liquidity solution for frozen mortgage investors) will be acquired wholly by VentureAxess Group Limited (VAGL) and therefore this proposal for Lion to become the Responsible Manager of the funds is in conjunction with VAGL on the following basis:

1) Background

Lion has obtained an agreement under its existing custody agreement with Perpetual Nominees Limited (Perpetual) for the abovementioned funds to be included. Lion has also obtained Professional Indemnity Insurance for EIF and EPF. EPCIF we understand has no funds under management. The insurance policy is for the impaired mortgage portfolio of both funds and is not for retrospective cover, only management going forward by Lion.

The copy of the cover details and cost of premium is attached and it should be pointed out that this cover is based upon the below mentioned structure and the Put Unit Holders First plan as per attached, the management of the investors will through VentureAxess Fund Managers Limited (VAFM) and the liquidity provided by the issue of redeemable convertible preference shares by VAGL leaving Lion to manage the assets of the fund under its Australian Financial Services Licence (AFSL), subject to the final approval of ASIC.

The 'Putting Unit Holders first solution is a generic solution designed to facilitate the aggregation of distressed assets in order to create deeper and broader markets that can optimise asset value. Lion was approached in November and has fully embraced the management proposal. Attached is a summary of the Put Unit Holders First proposal.

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2) Qualifications, Experience and Capacity to Assume Responsible Entity Role

We attach both the profiles of Lion and VAGL that set out the qualifications and experience of the directors of the companies and the company profiles. VAFM directors are Richard Green, myself and Simon Van Assche.

The Lion appointment is subject to ASIC approval. The offer to be made to investors by VAGL, under the VAFM AFSL, for their unsecured investment will be made after change of RE and during that period the VAFM AFSL will be amended from wholesale to retail in order to assist investors in the funds and to allow it to make the offer as detailed below.

It is not clear if the members are still classified as unsecured creditors but clarification will be sought on the change of RE so that the accounts re-classify investors as equity subject to resolution of the unsecured loans given by ET or its associates without compromising unit holders order of priority in relation to creditors.

This will be done subject to the resolution of the subordinated unit reversal trigger issue and the pecking order of Mark McIvor or associated entity related unsecured loans. This issue are being dealt with through written agreements with Mark McIvor and associated entities as detailed further in this proposal under plan for subordinated units.

3) Structure, Proposed Solution and Wind Up Plan

We propose a solution regarding the management of the abovementioned funds, which can:

- Enable members in hardship to become eligible for Centrelink payments
- Convert members' unsecured investment into a more liquid form of security
- Secure litigation rights for all members whether or not they are forced to crystallise losses by selling part or all of these securities.
- Secure upside in the value of these securities through our remediation and realisation activity.

In designing this solution, we note that:

- "members" or "unit-holders" are currently recorded as creditors in the consolidated accounts of ETL;
- **the funds have been placed in "wind up mode" which does not mean immediate liquidation** but rather a timely and orderly realisation of assets to provide value for members; and
- unlike other creditors such as the banks, these members do not wish to see the assets of the funds liquidated at what appears close to the bottom of the real estate market in Australia.

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The solution proposed features the following elements:

1. VAGL via its subsidiary company VAFM offers all members in the funds Redeemable Convertible Preference Shares (RCPS) in VAGL. This is subject to Lion being appointed as RE to the various funds mentioned above. Attachment 1 provides a definition and explanation of how RCPS operate.
2. Lion holds AFSL Number 229924 to act as a Responsible Manager for mortgage and property funds. Lion has arranged PI cover and an independent Custodian-Perpetual Nominees Limited, to hold the assets of the funds. The appointment as RE is subject to ASIC approval.
3. VAFM holds an Australian Financial Services Licence (AFSL 266712). This is currently a wholesale licence and is in the process of being changed to a retail financial advisory licence.
4. VAGL is expected to be re-quoted on the National Stock Exchange (NSX) by the mid April. VAGL has recently been restructured and the application for re-quotting has been lodged.
5. The issue of RCPS to the members of the funds in exchange for their units is expected to provide liquidity to these investors through the listing (quoting) of these RCPS on the NSX. This means that investors should be able to trade their RCPS on the NSX but investors should note that there is no guarantee of liquidity.
6. RCPS will be linked to the current value of the individual funds. This means that the value of the RCPS will be based on the underlying "net assets attributable to investors" as categorised in the current accounts of each fund at the time of the offer being made.
7. It should be noted that, the written down value of the mortgage assets in the accounts of the various funds, does not take account of any potential recovery of collateral securities that may still be possible nor for any upturn in the property market. Nor is there any provision for potential proceeds that may be recoverable under litigation. These values assume the worst ie that the current property market will remain in stagnation.
8. Lion, its staff and consulting team are experienced in the workout of distressed property and mortgage funds. The workout plan is being designed to extract as much value as possible from the distressed assets and to recover the highest possible value for investors, including collection of collateral securities and guarantees held under the mortgage loans. Lion is not beholden to any creditor to quickly liquidate assets in a manner which will be disadvantageous to investors

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other than the current bank lenders who we intend to refinance in the near term and get rid of receivers appointed by them to act in their interests.

9. The workout includes adding value where possible through asset strategies that seek to maximise the value of individual property assets prior to disposal, e.g. obtaining rezoning and development approvals as appropriate. More detail is provided in the asset realisation plan within this letter.
10. Lion has secured insurance through Lloyds of London. This is in the form of two separate policies:
 - a. one policy for the management of the distressed property/mortgage assets workout; and
 - b. one policy for the management (via VAFM) of members' interests.
11. *What does the management of members' interests by VAFM mean?*
 - a. VAFM has an agreement with T Mutual Limited (TM) for an aggregated management/marketing solution.
 - b. TM partners have developed a plan for its "Put Unit-holders First" concept
 - c. This concept provides for:
 - i. Professional information and assistance to members utilising VAFM's AFSL
 - ii. Assisting members with re-instatement of Centrelink benefits where appropriate or possible

4) Asset Realisation Plan

Asset Strategy for EIF and EPF

We understand that there are approximately 21 loans in EIF and approximately 17 loans in EPF. These loans are secured against property assets and the value of each of the Funds is underpinned by the underlying value of these assets. The value of the loans in both Funds has been written down in the accounts by the Auditor (KPMG). This written down value does not take account of any collateral securities or potential recovery through litigation against borrowers. The KPMG "revaluation" also includes debts owed in relation to land tax and council rates and taxes of approximately \$7.3 million.

Only one loan (in EPF) is not in default. We understand that not all properties are in a state of mortgagee in possession.

The EPF loans are predominantly second mortgages and many of these have EIF as the first mortgagee. Other first mortgagees include CBA, Bank West, NAB, Westpac, Suncorp and BOSI Australia.

Any workout of the distressed loan portfolios needs to consider:

- Duty of care to the investors in EIF and EPF;

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- Duty of care to mortgagors in dealing with and realising the property assets as a mortgagee in possession;
- Structured and measured approach to ensure orderly realisation of property assets;
- Opportunities to add value;
- Pursuit of debt recovery actions to the fullest extent possible.

In developing a strategy for the distressed property asset portfolio, consideration needs to be given to the potential of each asset and this can generally be split into short, medium or longer term solutions with due consideration for the current economic and property market conditions.

The short term solution will generally mean the asset should be taken to the market for sale.

The medium term solution is generally indicated when the current market conditions are not conducive to achieving an appropriate realisation for the asset. This may be due to factors such as planning risks, end sales risks, project scale etc.

The longer term solution is generally related to the potential for the asset to achieve a greater return through value adding activities including issue resolution.

The first step in establishing a robust portfolio strategy for the loan book workout is to undertake independent property valuations of the remaining underlying mortgage securities.

This will enable comparison with previous valuations and consideration of any potential for legal action against previous valuers. It will also facilitate the potential for renegotiation of outstanding rates and taxes. In addition it enables the categorisation of assets into short, medium and long term prospects for realisation.

Ascertaining the real market value of the underlying assets enables verification of net asset backing of the Funds which in turn translates to the value of investor funds. Under the VAGL proposal this will directly impact on the value of Redeemable Convertible Preference Shares and possible liquidity for investors.

The second step is to develop a strategy for each asset and to categorise into short, medium or long term prospects for recovery and realisation.

The third step is to determine financial requirements relating to any potential value adding activities. This may involve re-financing of assets to pay out current lenders to the Funds (such as NAB and BOSI). Funding for rezoning, planning approvals, decontamination activities, etc. may also be required prior to any disposals. In some cases it may be appropriate to enter into joint venture agreements to facilitate sales.

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Debt Recovery

In addition, to establishing the asset strategies, it will be imperative to pursue debt recovery to the fullest extent possible. This will include negotiations with liquidators and administrators where appropriate, foreclosures and pursuing guarantors, etc.

Planned Redemption Policy of RCPS

It is planned that the RCPS will be escrowed for 6 months from issue date during which time a full report will be provided to the investors on the state and value of the underlying mortgage assets and a realistic value can be confirmed of the members' investments.

During this period Lion will be able to determine a plan for realisation of the assets and a time frame and will be able to inform the members and the market of the realisation plan.

During the work out process some funds may be needed from sales of non-strategic assets to be redeployed into enhancing values of other assets held to maximise value of members interests and not repaid in actual redemption off market toholders of RCPS.

Joint ventures may be entered into in order to complete or further enhance assets of the fund and achieve some enhanced recovery of member's investments.

Under the current management, bank debt has to be repaid before investors could be repaid by way of partial redemption of their investment on a pro rata basis.

We expect to refinance current debt on a longer term commercial basis to help enhance some property values and at the same time use some of the funds available from property sales to actually make an offer to all members to redeem on a pro rata basis their RCPS during the first 12 months.

Once the market recognises the value of the underlying assets attached to the RCPS we expect liquidity will improve for the holders of the RCPS.

5) Plan for Subordinated Units

Clause 2.12 (g) of the constitution requires consent from the subordinated unitholder for the change of responsible entity, if consent is not granted the subordinated interest will convert to Access Investment Interest (no definition exists in the constitution for these units). The redemption of the subordinated units can only occur when the redemption price of an ordinary unit is \$1.00 and the income warranty is met.

The subordinated interest holder also has the right to vote at member meetings. The subordinated interest have been written down to zero but not cancelled.

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ASIC has expressed concern at the possible conversion of the subordinated units to ordinary units that may rank equal to the ordinary units when a change of RE takes place without the current manager's consent even though these subordinated units may be considered written off.

Prior to your Creditors Report we will provide the consents in writing from the holders of the subordinated units (we understand this to be the current RE in administration). However we understand that Mark McIvor and associated entity consents will be required to mitigate your risk. Mark McIvor and his associated entities have agreed to the subordinated unit concept to remain subordinated based upon the proposal contained in this letter. Please note that this agreement is only valid on the basis of this proposal.

These consents will ensure that:

- with the change of RE, the subordinated units will remain in place at the written down value and that these units do not have any value until a full repayment is made to ordinary unit holders at a unit price of \$1 per unit held by ordinary unit investors.
- these subordinated units remain in the accounts of the funds and are not converted to separate class of Redeemable Convertible Preference Shares until the tradable value of the ordinary RCPS issued to ordinary units reach the equivalent of the original \$1 per unit investment originally made by investors, such tradable value being measured over a 30 day trading period.

6) Fee Structure

Currently the management fee is not payable under the constitution and the only basis of payment of management fees is based upon a cost recovery basis only for services provided to the fund.

We would be seeking in due course at a members meeting, an amendment to the constitution for payment of a management fee of 1.25%pa of gross assets managed, enabling us to adequately carry out the steps listed above.

The amount of 0.25%pa will be paid by the RE to T Mutual Limited (not for profit) as a donation to be available to T Mutual to assist qualifying unit holders in severe financial stress, such qualifications for assistance to be set by the board of a T Mutual Limited. This payment is conditional upon the management and operation of the fund being covered by the fund.

In addition, there would be expense reimbursements which would be limited to external custody fees of 0.02%pa, accounting fees and audit fees related to the funds, registry fees, postage costs relating to unit holder correspondence, compliance costs related to the

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funds and professional indemnity insurance incurred on behalf of the fund, such expenses to be capped at 0.25% pa.

7) Expected Return and Timing

Distressed mortgage portfolio workouts, if undertaken in a measured and timely manner, would generally take between 3 – 5 years. This is particularly so in the current economic and financial climate where property markets are predominantly at the bottom of the cycle.

It is the expectation that liquidity of the investors RCPS will be enhanced by proactive news to the market of the progress of the realisation of assets and to the extent of property enhancement.

During this period, distributions will be made following the sale of assets and funds will be retained only to undertake activities that will enhance portfolio value where appropriate and to cover management fees and costs described above, ASIC lodgement fees and a final audit subject to having sufficient cash to realise assets at an improved value thereby improving the value and tradability of the RCPS.

Yours sincerely



David Hickie
Director

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Attachment 1

What are RCPS and how do they work?

A Redeemable Convertible Preference Share is defined as follows:

What is a Preference Share?

A preference share is a share which carries preferential rights in relation to the payment of dividends and the repayment of capital in the case of winding up of the company, ahead of the normal shareholders.

What is a Convertible Preference Share?

A convertible preference share gives the holder the right to convert his/her holding into ordinary shares, within a specified period of time or after a particular event or milestone has occurred.

What is a Redeemable Preference Share?

Redeemable preference shares can be redeemed on or after a particular event or milestone specified under the terms of issue or after the company gives a proper notice of redemption to preference shareholders.

VAGL issued Redeemable Convertible Preference Shares (RCPS)

Features include:

- RCPS to be issued by VAGL, in exchange for members' investments in the funds, relate to the assets within the respective funds, ie EIF RCPS and EPF RCPS.
- RCPS will only be tradeable on the market after 6 months from the date of issue.
- The ordinary shareholders of VAGL will have no interest in the assets of the funds.
- The current value (as determined by KPMG) of units in EIF and EPF is 44 cents and 1 cent respectively.
- Subject to revaluation of the asset portfolio, RCPS may be issued on the following basis:
 - For EIF: One 44-cent unit will be exchanged for nine EIF RCPS; and
 - For EPF: Five 1-cent units will be exchanged for one EPF RCPS,
- The Net Tangible Asset (NTA) value of EIF RCPS would need to reach 12 cents before a dividend could become payable.
- The NTA value of EPF RCPS would need to reach \$5 before a dividend could become payable.
- RCPS would be convertible to VAGL ordinary shares when the NTA reaches 12 cents per EIF RCPS or \$5 per EPF RCPS. This conversion to ordinary shares would be at a discount of 20% to market based on the volume weighted average price (VWAP) of VAGL ordinary shares over the previous 30 days of trading prior to giving the Conversion Notice.

VentureAxess Group Limited
ABN 42 087 426 953

Level 7 160 Queen Street Melbourne VIC 3000

Fax: +61 3 9923 6303 TEL: +61 3 9870 2122

<http://www.ventureaxess.cominfo@ventureaxess.com>

VentureAxess Group Limited (VAX)



Putting Unit Holders First

PREPARED FOR ET MUTUAL PTY LTD BY:
Founding Prosperity Research Program (PRP) partners in conjunction with the Equititrust
Investors Action Group

INTRODUCTION

As Equititrust investors we have a unique opportunity to help ourselves and other frozen mortgage fund investors, like us, by our approval of a commercially robust, socially responsible fund aggregation project to be implemented by ET Mutual Pty Ltd in conjunction with VentureAcess Group Limited (VAX) and its partners.

These partners are collaborating within a national aggregation project the intent of which is to deliver a strategic solution that will provide Equititrust investors (and in the future other investors in frozen funds) with:

- ⌘ Liquidity options;
- ⌘ Remediation of their assets and a stop to the "fire sales";
- ⌘ Access to Centrelink assistance (if eligible) to relieve hardship;
- ⌘ An extensive plan to deliver stable long term income and growth;
- ⌘ Financial counselling and education;
- ⌘ Maintenance of litigation rights and the ability to easily aggregate these rights.

The PRP Project partners that have prepared this management proposal include ET Mutual Pty Ltd and DNA Mutual Ltd, which are not for profit trustees that represent 'management and data aggregation vehicles.

These special purpose vehicles are constitutionally mandated to ensure the delivery of a mutually beneficial solution to PRP partners and the impaired financial services product communities and individual members they service.

disintermediation, which is an anti-competitive strategy of major manufacturers, including the banks. The PRP solution counters this by enabling unit holders to transition from an arms-length creditor centric wind-up to a DIY investor centric

The disintermediation process is a systemic process by which non-bank financial service offerings are decimated and destroyed to eliminate completion. This process is;

- ⤴ Instigated by banks through business lending credit freezes and foreclosures;
- ⤴ Compliantly supported by Audit and Insolvency Accountants through ruthless devaluation and fire sale liquidation;
- ⤴ Officiated and shepherded by the Courts that give consent to creditor wind-ups and cost securities orders against distressed unit holders.

VAX has been vigilant in its due diligence and strongly supports the PRP and its mission to fight back against disintermediation and enable Australians to take control of their financial destiny.

Within this infrastructure VAX will become a key co-developer of the PRP's national funds and asset remediation platform.

EQUITITRUST & THE PROSPERITY RESEARCH PROJECT (PRP)

It is the intention of the PRP, that Equititrust Ltd (EQT) unit holders will be the projects first living laboratory showcase group. As such the satisfaction of their needs and wants will be the pilot activity for the living laboratory project. This activity is focused on the development of an aggregation platform for impaired financial services products.

The PRP plan is to transition impaired unit holders to become empowered shareholders, in order to illustrate as a living laboratory project participant, how the aggregation method can offer:

- ⤴ A stop to the insolvency practitioner fee feeding frenzy;
- ⤴ Hardship relief to eligible investors;
- ⤴ Short-term liquidity;
- ⤴ An orderly, land use remediation system;
- ⤴ An efficient means to secure compensation for investor loss or damages;
- ⤴ Upside for investors who can stay in the market and wait for recovery in better economic conditions.

To seize this opportunity as Equititrust Investors we are forming an Action Group. This Action Group is led by Stuart Norton. Mr Norton, who ETL unit holders elected as their voluntary receivers creditors committee, is expressing strong unit holder support for the 'Action Group' initiatives as set out below is to:

- ⤴ Provide an aggregated voice that protects and advances the rights of Equititrust Income Fund (EIF) and Equititrust Property Fund (EPF) unit holders;
- ⤴ Influence and change how capital is deployed and the assets of the fund realised;
- ⤴ Rebuild the investors capital position through a long term view that could deliver an improved unit price by tapping new aggregated wholesale markets with early adopter advantages;
- ⤴ Retain litigation rights and maximum return of any damages unit holders might be entitled to.

THE OPPORTUNITY

VentureAcess Group Limited (VAX) is dedicated to delivering advice and investment services to emerging business in Australia. Its services have ranged from corporate advisory and capital raising, to IPO support, direct investment and funds management.

VAX and its strategic PRP partners have developed an innovative solution that can provide investors in frozen funds with liquidity and also a strategy to receive cash flow and rebuild their capital investment. This solution is being implemented through an agreement between VAX and T Mutual Ltd as the EIF and EPF frozen fund aggregation trustee.

The PRP project manager Ross Honeyman is working closely with VAX and other PRP Partners to ensure their agenda alignment in the delivery of this opportunity and its benefit. These benefits are achieved through community learning that empowers consumers and small business to make sound financial decisions and to better access, protect and develop their investments assets through the power of aggregation.

The PRP is a comprehensive project plan, which Ross is authorised to articulate, resource and co-ordinate, is designed to aggregate the common responsibilities of; communication co-ordination, compliance and other services that can support an aggregated frozen fund solution. These responsibilities, which are to be probity supervised by DNA Mutual Ltd entail the securing and dissemination of all intellectual property required to deliver the distressed mortgage funds aggregated remediation solution.

The PRP Project is also being overseen by some of Australia's leading Universities. These Universities are desirous of supporting the continuous improvement of the EIF and EPF aggregation initiative as improvisational living laboratory that supports the Australian Retirement Income Policy (ARIP). This Policies key driver to the development of sustainable financial services solutions that empower every-day Australians to be able to provide for themselves, when in distress and in retirement, through DIY education and smart income, expenditure and asset and liability management.

The fact that current financial systems have proven to be unsustainable, is evidenced by the widespread losses experienced by mums and dads who have invested in products issued directly or by the intermediaries (financial planners), the majority of which, are owned by major banks and fund managers.

A change is needed. Those that answer our national call as PRP project participants will be instrumental active research subjects that facilitate the development of solutions that can be delivered by intermediaries that become PRP partners to demonstrate their intent to give their first duty of care to us as investors.

The only way we, as investors, will be helped, is if we work with the consumer focussed small business entrepreneurs that engage as PRP project partners and authorise them and an aggregation system that supports them to focus on our mutual learning and financial wellbeing.

The PRP project is a meticulously designed, aggregation plan that mandates a culture of co-operation and transparency for the mutual benefit of all participants. The community resource centre structure that the PRP is assembling has been designed to counter the process of

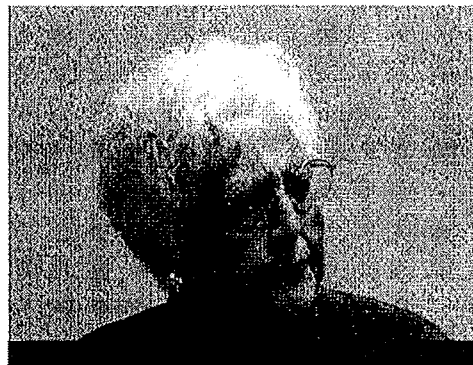
THE NEED FOR A BETTER SYSTEM

Why should the
banks
get **paid**
before us?



What does all this
jargon mean?

Why cant you
tell me what's
happening & in a
way I can
understand?



If you have been asking yourself these questions
then you're not alone!

These are just some of the many questions that thousands of angry and frustrated unit holders of frozen funds are rightfully asking.

We believe the time has come to bring together the power of the people to make change. We are passionate about putting unit holders first and turning the tables on a morally corrupt system that is stripping the mums and dads, grandparents and grandchildren of their life savings and inheritance. It is time to stand up, be heard and authorise our own solution design, development and implementation project team.

THE NEED FOR SOCIALLY RESPONSIBLE CAPITAL

The PRP aggregation system has completed its design development phase and is now entering its operational phase as an end-user driven financial services project and platform.

Through this project and platform's end-user focus, unit holders are empowered to authorise the aggregation of their distressed assets and the integration of PRP project/platform operators required to assemble a sustainable solution for hundreds of thousands of mums and dads that would otherwise have their retirement saving decimated by being forced out at the bottom of the market.

The operators and users of the platforms are implementing a community resource centre which will operate under strict socially responsible mandates and be continuously improved through a living laboratory which is supported by a number of major Universities to maximise its positive social impact.

The cost of this nationally important project will not be borne by EIF and EPF unit holders but amortised across a significantly growing range of platform operators and users and supplemented by Government Grants which are being applied for by commercial and University Partners.

Capitalisation of the platform is occurring through a phased approach as set out below:

- ▲ VAX Convertible Note to fund the Action Groups empowerment including establishing meetings, the domain database, legal and court case work.
- ▲ VAX Rights Issue to fund initial services to Action Group members including advisory, budgeting and capital solution development services.
- ▲ VAX Investment Corporation initiative to fund commercial scalability of a common platform for a substantial number of Action Groups and other financial services customer database users.

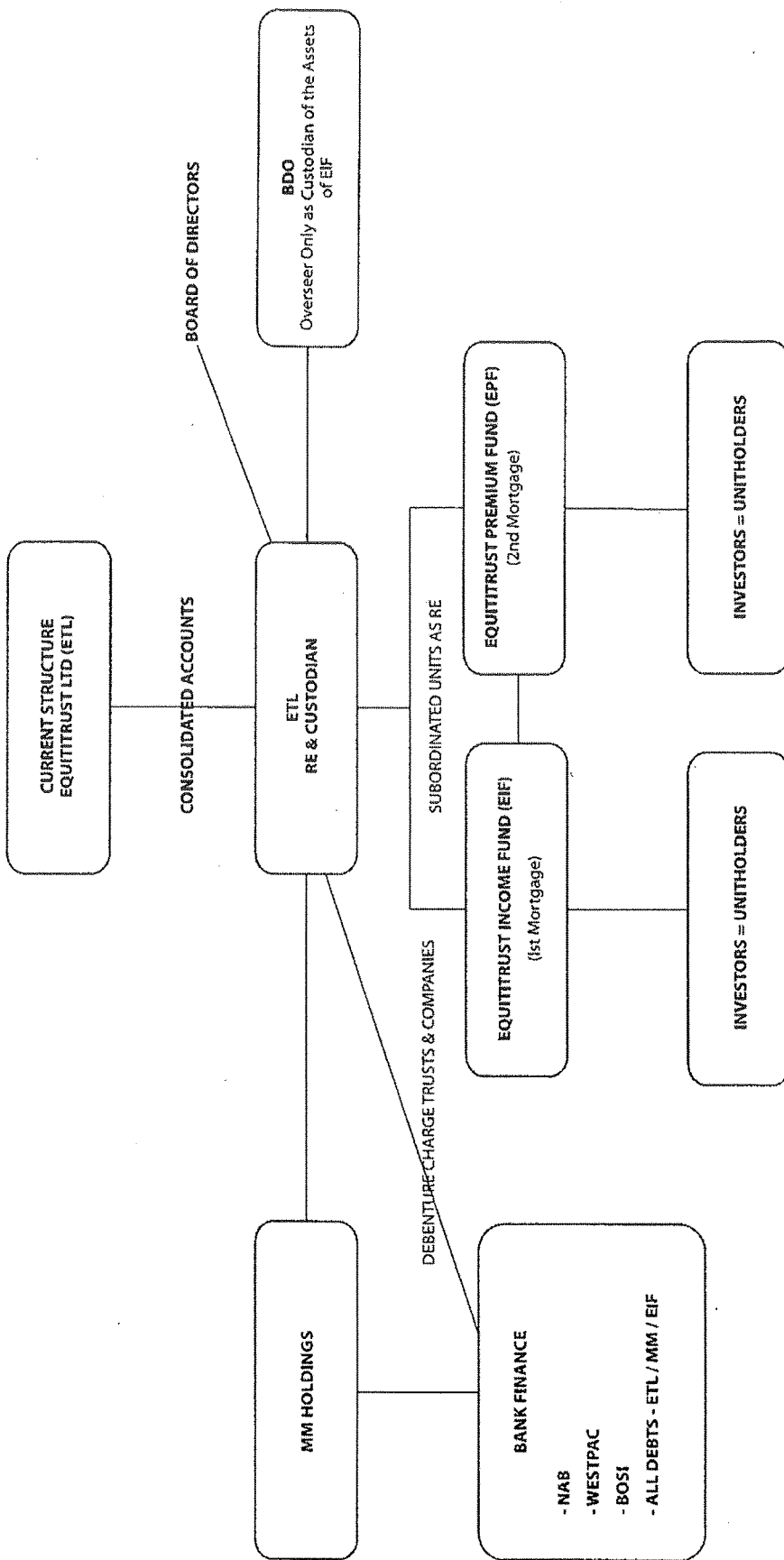
PERCEIVED CONFLICTS

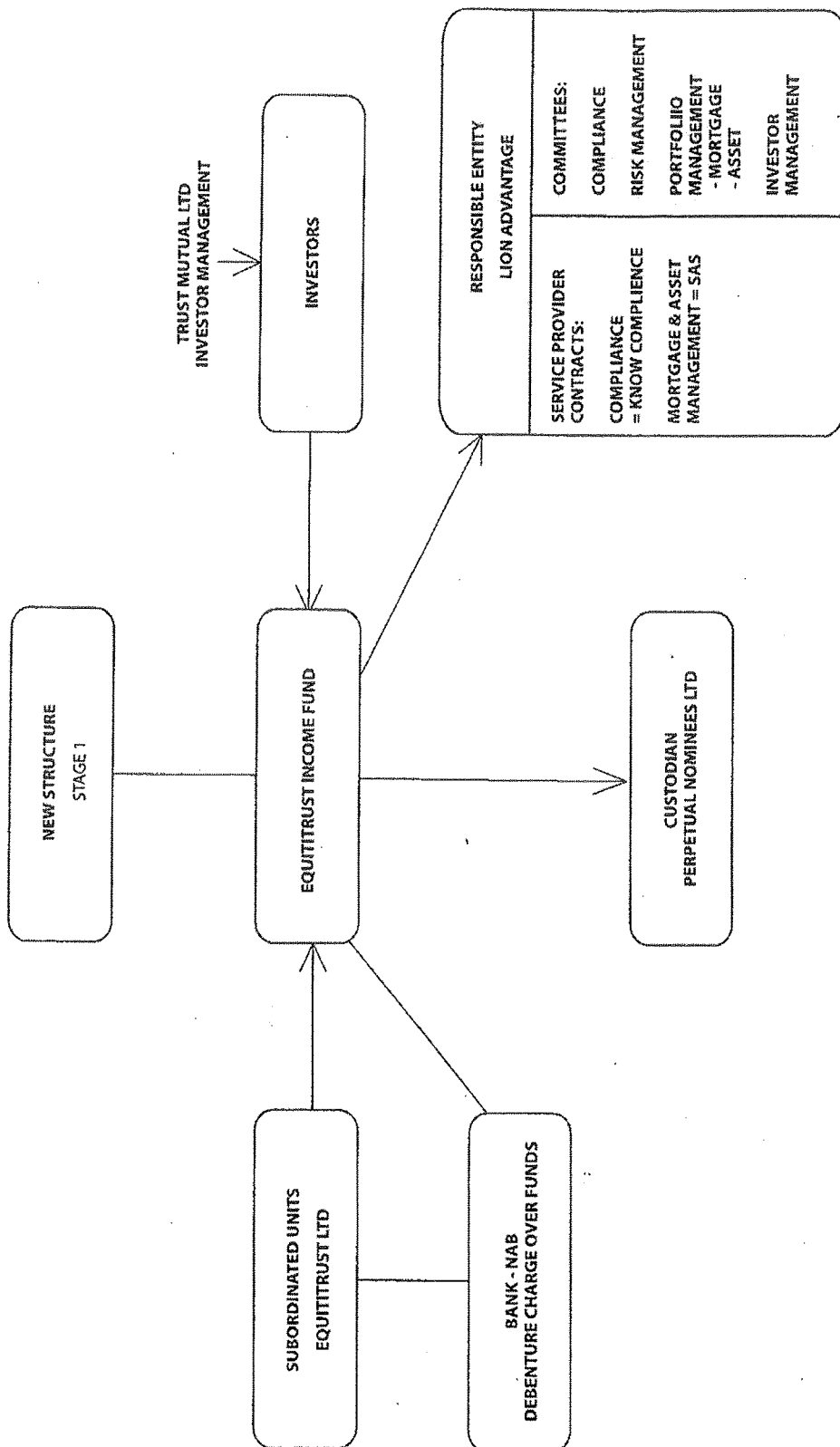
To address the issue of conflicts that may be perceived in respect to David Hickie's Equititrust Board position. David is regularly retained by companies that are experiencing asset impairment issues and was retained by Equititrust to assist Ross Honeyman in the development of the 'Putting Unit Holders First' management proposal.

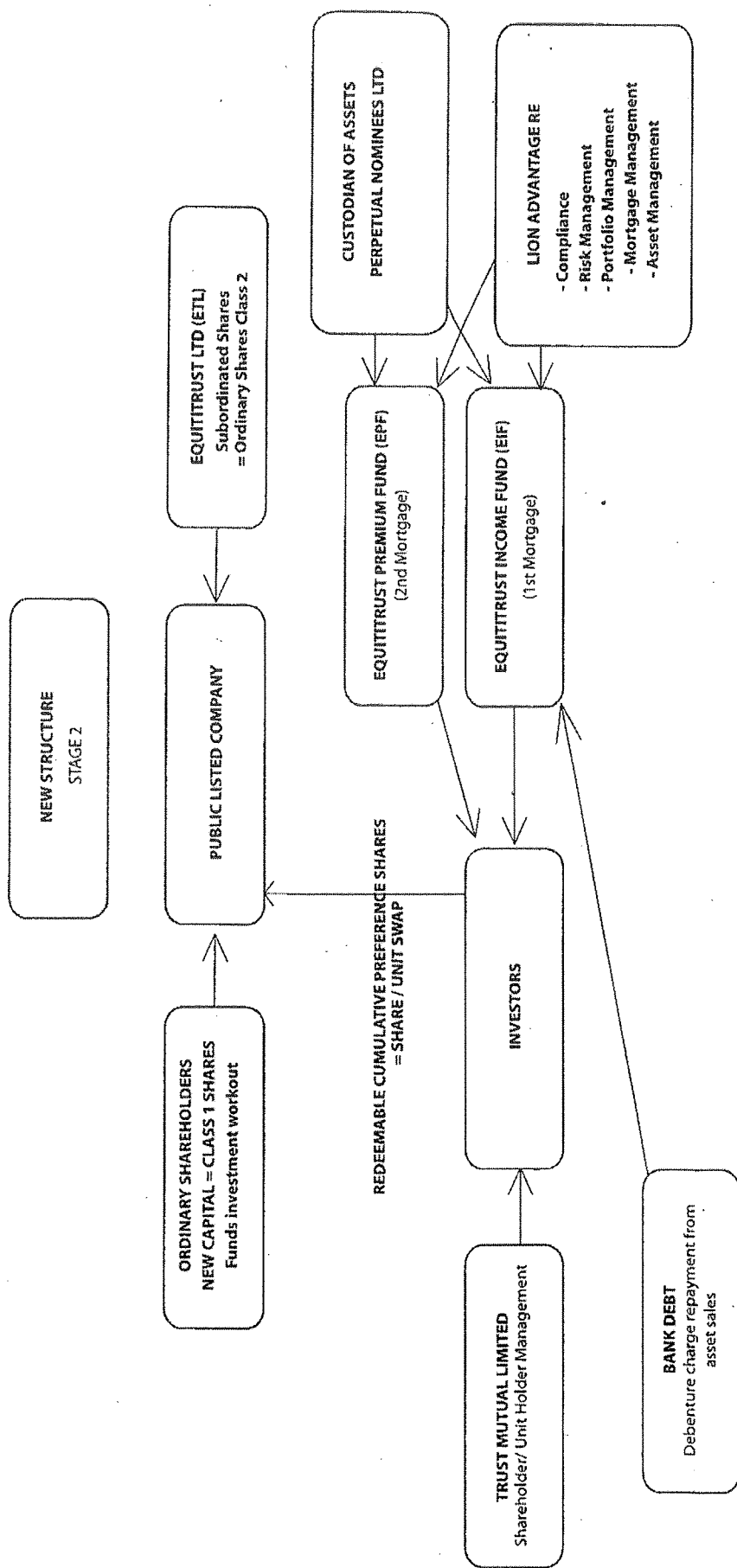
In implementing this management proposal it has been necessary for Mr Honeyman and David to set up special purpose vehicles (SPVs) and sit on boards of these SPVs and other SMEs service providers required to form a solution design, development and implementation partnership.

This partnership structure requires the agenda alignment of SPV and SME agendas, which can only be accomplished by the confluence of interest enabled by David's and Ross' transitional roles on both out-going and incoming boards that can affect the solution's success.

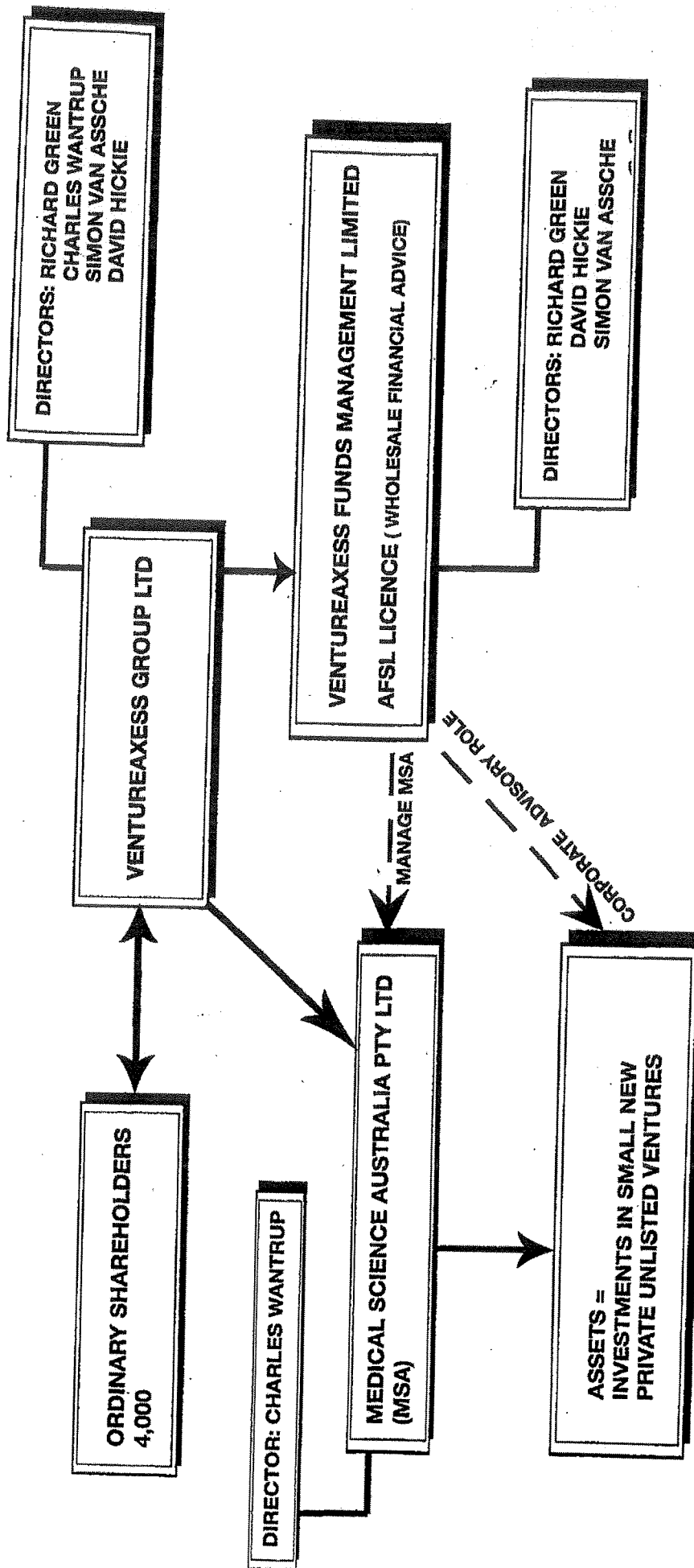
In implementing the solution David and Ross have dealt with conflicts by negotiating agreement with Mark McIvor to disassociate himself from the asset management activity and deal with his unit holdings in ways that serve other unit holders interests.



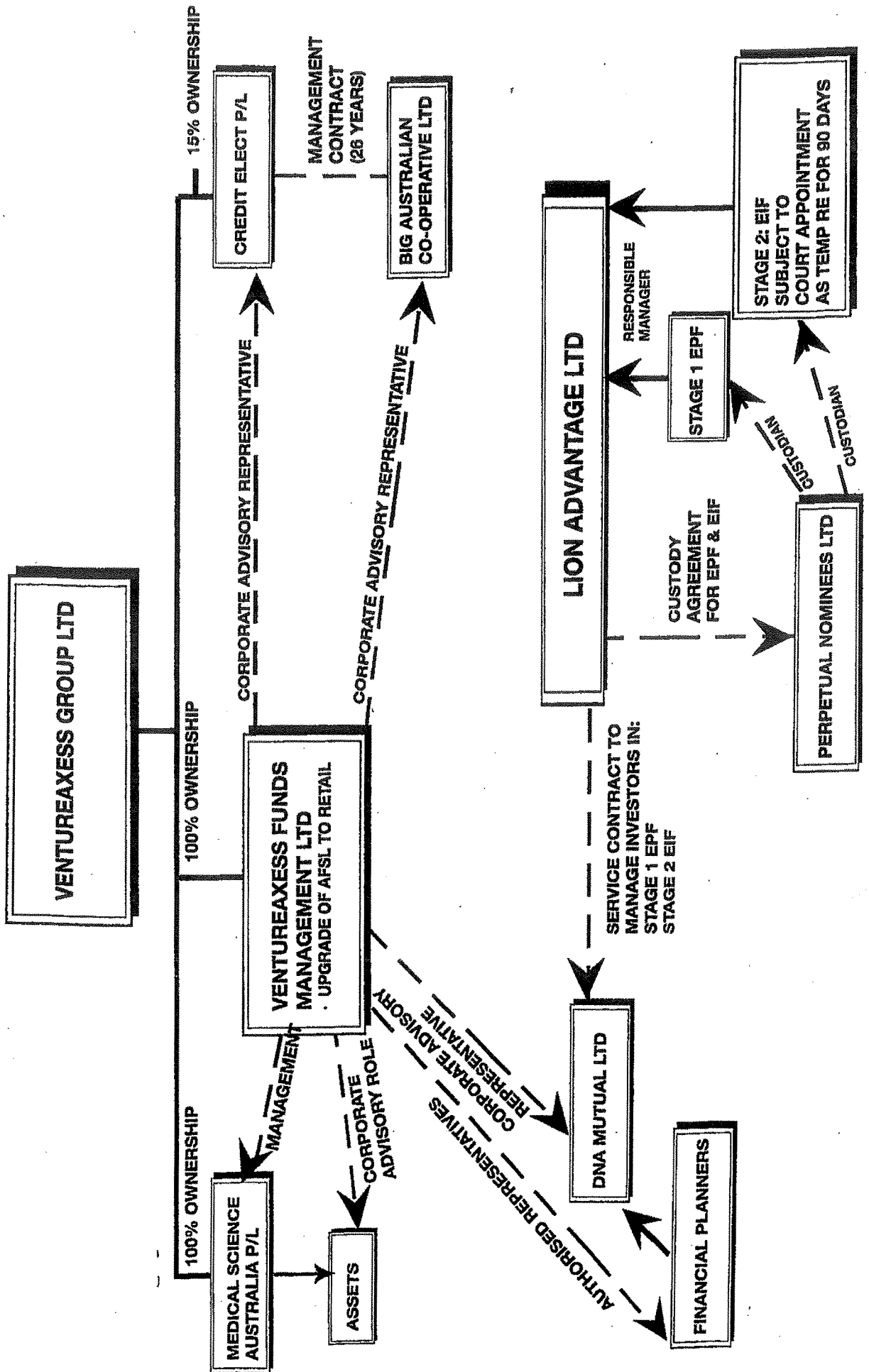




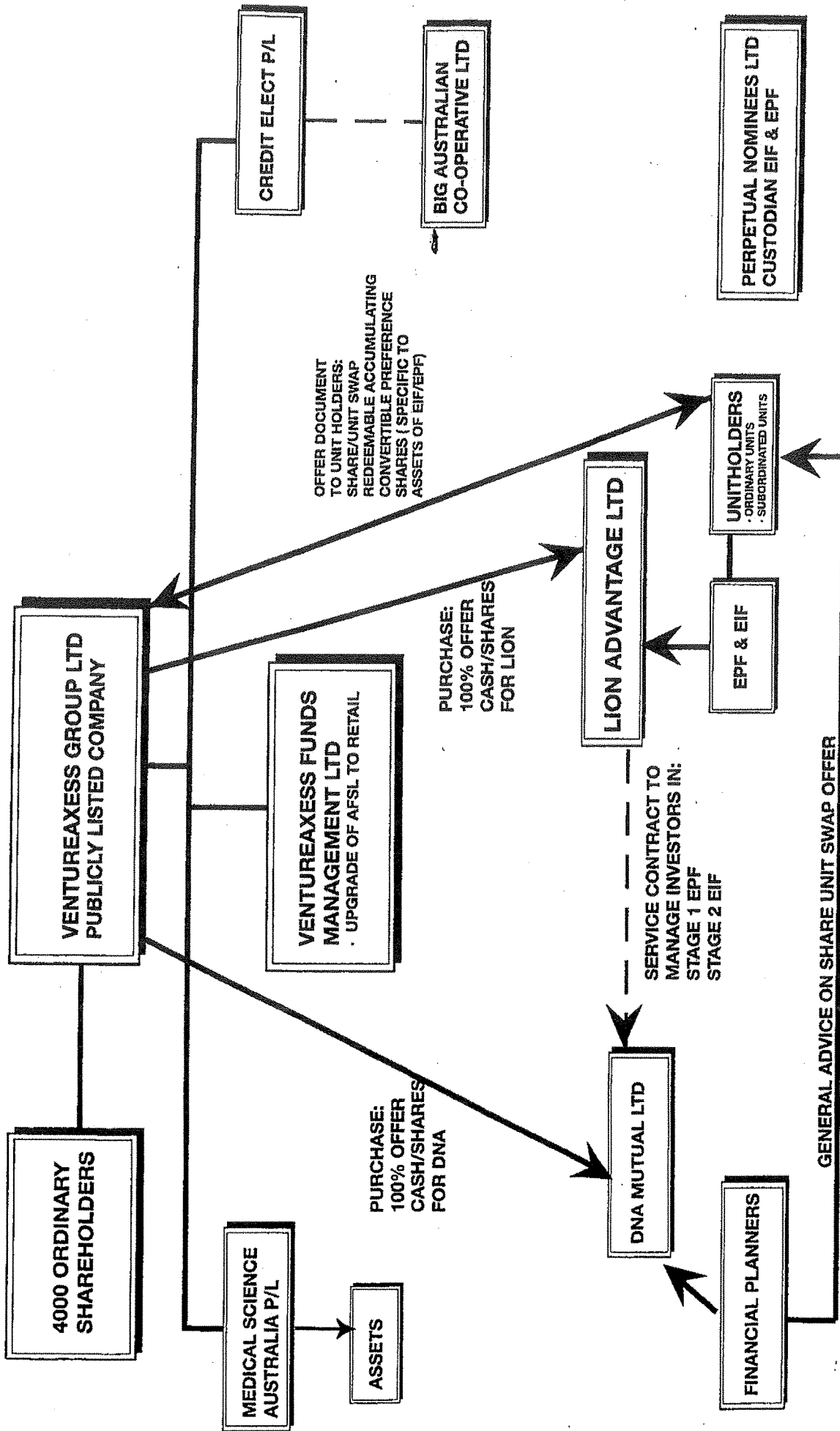
EXISTING STRUCTURE



PROPOSED STRUCTURE: 30 - 60 DAYS (SUBJECT TO CONTRACTS)



PROPOSED STRUCTURE: 90 - 120 DAYS



VENTUREAXESS GROUP LIMITED
ACN 087 426 953

VENTUREAXESS 

COMPANY PROFILE

March 2012

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David Hickie – Executive Director



David has over 40 years of experience in banking, finance and funds management. His experience extends across the banking, building society, friendly society and credit union movement from 1969 to 1983 before entering funds management.

Whilst at Global Funds Management Limited, David managed the Global Monthly Income Fund which was awarded the Mortgage Fund of the Year 1994 and 1995 by Money Management Magazine. David was responsible for the establishment of the YWCA Ethical Fund, the first Ethical Fund in Australia and the management of the Fixed Interest and Mortgage part of the portfolio.

At Global Funds Management, David was involved in the reconstruction of the collapsed Estate Mortgage Group portfolio; recovery of mortgage securities and funds owed to the banks and over 56,000 investors; and successful litigation for breaches of trust together with the successful ASX listing of the portfolio as the Meridian Investment Trust.

David worked for the Queensland and Federal Governments to assist the setting up of the Cape Bank Limited to provide banking services to the remote areas of Cape York for Indigenous people in Cape York through a Bendigo Bank franchise. David also introduced the Family Income Management Program to the women of Cape York generating budgeting systems and a savings mentality with the aim of ultimately increasing wealth in the community.

He was instrumental in negotiating a settlement between Rio Tinto, the largest listed mining company in Australia, and the 17,000 indigenous people of Cape York that were affected by the company's mining operation across their 17 different regions of Cape York. Co-Existence and Mining Royalty Agreements were signed which are still in place via a structured Charitable Trust approved by the State and Federal Governments.

For a period of approximately a decade, David was a non-executive director of the Société Generale Australia Limited securitisation conduits, ACE Limited, ACE Funding Limited, AUSTRA Limited and HOMES Limited with over \$7.8 billion under management and is now consulting on structured finance to a number of parties locally as well as offshore.

Internationally he has provided consulting services to the Bank of Russia on its introduction to property ownership and mortgage finance. He spent 12 months negotiating and advising the Luso International Bank of Macau on the securitisation of its mortgage portfolio.

Appointed to the VentureAcess Group Board on 22 October 2009.

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BOARD OF DIRECTORS

Richard Green - Chairman
B.Comm CPA MAICD, SIA (Aff)



Richard is a stockbroker with over 40 years of experience. Richard is the Chairman of VentureAxess Limited, Newsat Limited and the Big Australian Co-operative Limited. He has been Chairman of the Alpine Resorts Commission, a former Board Member of Tourism Victoria and National President of the Belgium Luxemburg Chamber of Commerce.

Richard has extensive experience in the stock broking industry working for major stock broking companies such as JB Were, Ord Minnett, Ord BT, Cortis and Carr later renamed Bache Cortis and Carr and subsequently, renamed Prudential Bache Securities Limited.

Richard has had extensive funds management experience and was formerly a director of Oceanic Funds Management Limited, Chairman of Global Funds Management Limited and is the current Chairman of Lion Advantage Limited.

He is also an affiliate member of the Australian Stock Exchange, a Commerce Graduate from Melbourne University, a Certified Practising Accountant, and a Member of the Institute of Directors.

Appointed to the VentureAxess Group Board on 21 April 2008.

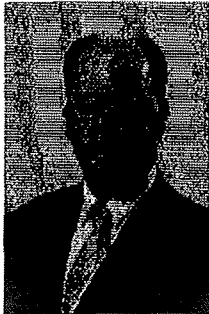
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Simon Van Assche — Non Executive Director



Simon has degrees in Law and Commerce from the University of Melbourne. He was admitted as a Barrister and Solicitor of the Supreme Court of Victoria in 1979.

Simon has been involved in a senior capacity in the investment banking industry for over twenty five years both in Australia and for periods in London, New York and Tokyo. These positions involved opening the London office of DBSM (now UBS), Head of Capital Markets London and New York (BZW), Director International Capital Markets Daiwa (Tokyo), and Director Structured Finance Merrill Lynch. During this period Simon developed expertise over the entire asset class spectrum including debt, equity, property, including structured debt and equity capital markets, structured finance, securitisation, infrastructure, equity raisings and property funds management.

Simon was also founding director of York Capital Limited and Lamont Capital Limited. These companies are specialist property investment banking conduits that have structured financial and legal project managers in large property transactions. They both coordinate and act in a lead role with experts in public property acquisitions. Simon has successfully completed over \$650 million of listed and unlisted property management investment schemes over the past ten years.

Appointed to the VentureAcess Group Board on 22 October 2009.

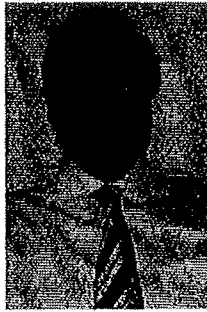
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Charles Wantrup – Non Executive Director



Mr Charles Wantrup has been practicing exclusively as a commercial solicitor for over 30 years.

He has extensive experience in funding and financing, taxation law and practice, intellectual property law, industrial relations, international trade and investment and in corporation's law, capital raising and mergers and acquisitions.

A key aspect of his approach to providing services is his concentration on structuring business enterprises. This involves an understanding of corporations and other business structures, both in Australia and overseas, at a legal and accounting level.

He has pioneering experience in the establishment and structuring of high technology companies, mining joint ventures and venture capital funds.

Appointed to the VentureAcess Group Board on 17 November 2009.

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HISTORY AND NATURE OF BUSINESS

To date, VentureAcess Group Limited (VAGL) has been dedicated to delivering advice and investment to emerging business in Australia and venture capital investments. Services range from corporate advisory and capital raising to IPO support, direct investment and funds management.

VAGL has 3860 ordinary shareholders and is expected to be re-quoted on the National Stock Exchange (NSX) by the end of February. VAGL has recently been restructured and the application for re-quoting on the NSX has been lodged. VAGL's company code is VAX.

VAGL is also a holding company for Medical Science Australia Pty Limited (MSA) and VentureAcess Fund Managers Limited (VAFM).

MSA is a mezzanine investment company (previously a pooled development company) with a series of key investments in emerging Australian technology companies.

VAFM holds an Australian Financial Services Licence (AFSL 266712) from ASIC. This is a wholesale advisory licence which is currently being upgraded to a retail financial advisory licence. This will enable VAFM to provide General Advice and supporting para-planning and review services.

It is anticipated that VAGL will extend its range of financial services to provide a full suite of services and products to individuals, families and communities, including savings plans, banking services, financial planning, insurance and loan products, funds management, and partnership programs with local communities. Particular emphasis will be placed on ethical business practices and socially responsible projects where appropriate.

This constitutes an extension of VAGL's traditional corporate advisory and venture capital funding and flows from its relationship with Credit Elect Pty Limited which has a 3.88% shareholding in VAGL.

Credit Elect owns a proprietary electronic wallet system contained in a debit visa card with the means whereby personal finances of families and individuals can be managed. The fully automated program pre-allocates funds to family expenses to protect income against misallocated expenditure and to educate (through results) the benefits of financial management. Credit Elect has extensive experience working with the aboriginal communities of Cape York in implementing financial management programs and small business development.

As well as expenditure management and debt reduction, Credit Elect also offers credit advice and financial literacy education. The website of Credit Elect can be found at www.creditelect.com.au

Credit Elect was appointed as the manager of The Big Australian Co-Operative Limited (BIG) effective from the BIG's AGM on 4 November 2010. The BIG is a retail co-operative that will give members access to low cost banking and other benefits such as discounted goods and services. The BIG has been in existence for 20 years and is an approved deposit taking institution under the Co-Operatives Act. Richard Green, the Chairman of Venture Acess Group Limited, has been appointed a director of The Big Australian Co-Operative Limited since late 2010.

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Mission

To assist investors or lenders to maximise the value of their investment or lenders to maximise the recovery of funds lent to developers and/or borrowers struggling to complete or realise the sale of their secured property asset.

Lion Advantage Limited provides a comprehensive, integrated property and mortgage fund management service, without a slash and burn attitude, to maximise recovery of investment value and funds advanced by the lender.

Scope of Services -

Investment Management Services and Responsible Entity Services

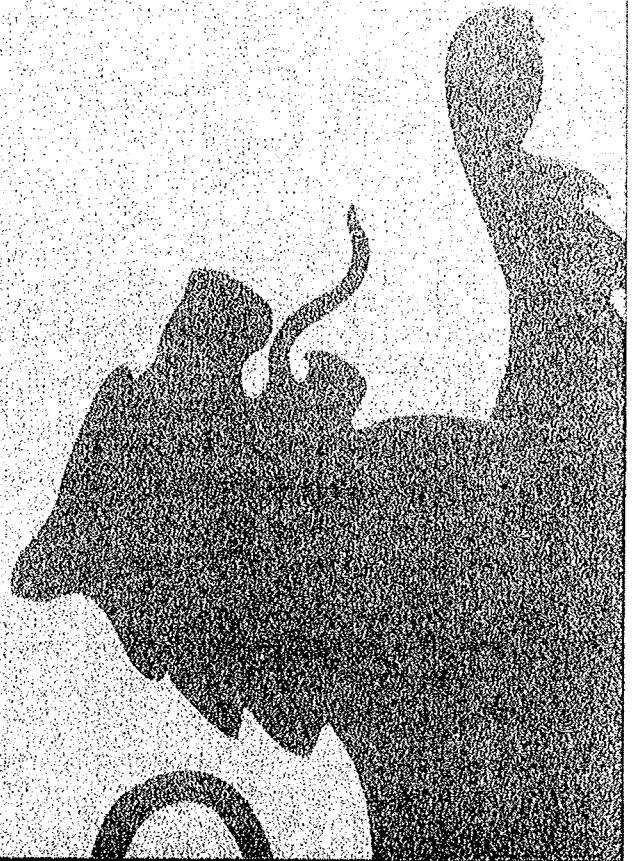
Lion Advantage Limited will provide the appropriate expertise, qualifications and resourcing to facilitate investment management of:

- Property developments controlled by the lender or borrower via mortgage security taken,
- Sales of completed mortgaged property, and
- Any recovery action required to facilitate maximum recovery of investor funds or funds lent.

This will necessitate efficient and effective ongoing management of the secured assets by Lion Advantage Limited without an alternate solution of liquidation of assets.

The range of services required to achieve this includes developing a strategy for protecting the lenders' mortgage portfolios, recovering investors or lenders' funds and maximising returns. The steps in this process include:

- undertaking a strategic review of individual secured properties to ascertain how to add value and maximising returns in the short, medium and longer term;
- mortgage management of all loans by efficiently collecting interest payments, arrears and repayments of loans;
- assisting property developers to re-finance their loans where necessary;
- achieving optimal value in the sale of completed but unsold stock;
- monitoring and, where necessary, managing the property developments where the lender is in possession of the security property;
- managing properties in possession to maximise value longer term; and
- ensuring that any property sales, mortgagee or otherwise, are conducted in a timely manner without compromising potential value realisation



COMPANY PROFILE

JUNE 2011

To successfully manage the debts owed to the lender in the interests of the lender or investors, Lion Advantage Limited recognises that it is crucial to:

- manage relationships with all stakeholders to provide time to manage out the investments to maximise value;
- establish appropriate risk management and compliance strategies;
- provide timely, effective and responsible reporting to lenders or investors so they are kept informed of the progress with the investment management process and are prepared to accept a longer term view of their investment or loan provided to maximise value and minimize loss.

The Team

The team at Lion Advantage Limited has a wealth of expertise in mortgage, property, securities management, compliance and risk management.

All team members have experienced these property market conditions previously and have a proven track record in work-outs and recovery in the funds management industry.

We are individually experienced from our management roles at Global Funds Management Limited in investment recovery of the former Estate Mortgage Funds, which resulted in a re listing as the Meridian Investment Trust and the recovery of unit holder funds. This process took 5 years in a similar property cycle.

Our team has professional qualifications in a number of disciplines in banking, finance, property and mortgage management services.

Each team member individually has 20 to 40 years of experience in their respective areas of expertise.

Profiles of team members are included at the end of this Proposal document.

The Proposal

Lion Advantage Limited proposes to take over the investment or lending management function from the lenders and manage the recovery process to maximise recovery of value for both the lender and stakeholder.

A contract would provide for Lion Advantage Limited to manage the property and mortgage assets of a fund or portfolio, ensure compliance and develop a Risk Management Plan for the property being managed.

The reporting process will be outlined in the agreement to be provided.

Under an investment management contract, the secured lender or investor will pay Lion Advantage Limited a management fee and performance fee relative to the current value of the secured asset.

Why Lion Advantage Limited

The team at Lion Advantage Limited offers the necessary experience, expertise and skills to lead the lenders or investors through its current crisis and beyond.

In order to preserve the value of the secured portfolio, rather than sell off property at bargain basement prices and discount, it would better benefit the profile of liquidators/investors/lenders if Lion Advantage Limited works with the borrowers to pay off their debt.

We specialise in the recovery of debt from distressed property and management of mortgage portfolios. Our team is well positioned to provide the required expertise to save investors or lenders from potentially high losses.

Director Profile

Richard Green - Chairman
B.Comm CPA MAICD, SIA (Aff)



Richard is a stockbroker with over 40 years of experience. Richard is the Chairman of Venture Axess Limited, Newsat Limited and the Big Australian Co-operative Limited. He has been Chairman of the Alpine Resorts Commission, a former Board Member of Tourism Victoria and National President of the Belgium Luxemburg Chamber of Commerce.

Richard has extensive experience in the stock broking industry working for major stock broking companies such as JB Were, Ord Minnett, Ord BT, Cortis and Carr later renamed Bache Cortis and Carr and subsequently, renamed Prudential Bache Securities Limited.

Richard has had extensive funds management experience and was formerly a director of Oceanic Funds Management Limited, Chairman of Global Funds Management Limited and is the current Chairman of Lion Advantage Limited.

He is also an affiliate member of the Australian Stock Exchange, a Commerce Graduate from Melbourne University, a Certified Practising Accountant, and a Member of the Institute of Directors.

Director Profile

*John O'Grady - Property Director
Valuation and Structures*



John has had a long career specializing in the commercial valuation and property consultancy areas of major residential, commercial, retail, industrial and retirement development projects throughout Australasia over the last 35 years.

In 2007 to 2009 John was Head of Acquisitions/Divestments for Becton Property Group Limited where he was responsible for the Group's property acquisitions and divestments, specifically in the Development, Construction and Retirement businesses.

Prior to joining Becton Property Group in 2007 he was Managing Director of Knight Frank Valuations and also their National Health and Aged Care business. Before joining Knight Frank in 2000, John was Managing Director of Savills Melbourne Office, being a former proprietor of the business since its inception in 1986.

John has been involved in most categories of the property industry; he has primarily specialized in property valuation for all purposes since 1968. During his valuation career, he has been fortunate enough to have concluded valuations in virtually all classes and categories of real estate throughout Victoria, Tasmania, New South Wales, Queensland and South Australia.

John is an Associate Member of the Australian Property Institute; Registered Valuer in Victoria, NSW, QLD & Tasmania; Licensed Real Estate Agent and holds a Certificate – Real Estate Management and Valuations.

John's major clients have included Australand Limited, Becton Corporation, MAB Corporation, Mirvac, ANZ Bank, National Australia Bank.

Director Profile

*Evan Price - Non-Executive Director
B Econ, M Bus (Marketing)*

Evan Price has a solid foundation in finance and investment industry marketing.

He has more than 20 years experience in the marketing field and is the principal of Price Marketing Services, a marketing consultancy firm.

Evan's strong experience in all facets of business marketing management has been developed through

his background in advertising, public relations, marketing research and media.

His skills are a versatile addition to the Lion Advantage Limited Board of Directors. Evan is also a part-time staff member of the University Of Queensland School of Business.

Director Profile

David Hickie – Director Mortgage Management and Structuring



David has over 40 years of experience in banking, finance and funds management. His experience extends across the banking, building society, friendly society and credit union movement from 1969 to 1983 before entering funds management.

Whilst at Global Funds Management, David managed the Global Monthly Income Fund which was awarded the Mortgage Fund of the Year 1994 and 1995 by Money Management Magazine. David was responsible for the establishment of the YWCA Ethical Fund, the first Ethical Fund in Australia and the management of the Fixed Interest and Mortgage part of the portfolio.

David also set up and managed the Undervalued Property Fund of Australia for the indigenous Inuits of Canada with returns of 39% and 49% in the first two years of operation.

David worked for the Queensland and Federal Governments to assist the setting up of the Cape Bank Limited to provide banking services to the remote areas of Cape York for Indigenous people in Cape York through a Bendigo Bank franchise. David also introduced the Family Income Management Program to the women of Cape York generating budgeting systems and a savings mentality with the aim of ultimately increasing wealth in the community.

He was instrumental in negotiating a settlement between Rio Tinto, the largest listed mining company in Australia, and the 17,000 indigenous people of Cape York that were affected by the company's mining operation across their 17 different regions of Cape York. Co-Existence and Mining Royalty Agreements were signed which are still in place via a structured Charitable Trust approved by the State and Federal Governments.

David has had extensive experience in the management of various listed and unlisted trusts, including Mortgage and Property Trusts, Mortgage Securitisation, Equity Funds, Healthcare/Hospital Funds and Master Superannuation Funds through his previous directorships and while a fund manager at Oceanic and Global Funds Management Australia Limited.

For a period of approximately a decade, David was a non-executive director of the Société Générale Australia Limited securitisation conduits, ACE Limited, ACE Funding Limited, AUSTRA Limited and HOMES Limited with over \$7.8 billion under management and is now consulting on structured finance to a number of parties locally as well as offshore.

Internationally he has provided consulting services to the Bank of Russia on its introduction to property ownership and mortgage finance. He spent 12 months negotiating and advising the Luso International Bank of Macau on the securitisation of its mortgage portfolio.

Team Profiles

*Christine Hicks - Portfolio Management
B Bus (Prop), FAPI, SA Fin*



Christine has over twenty five years of experience in the property industry in Australia and the UK covering investment management and recovery; property and mortgage trust portfolio management; strategic asset planning; investment analysis and research; project development, acquisitions and divestments.

Her experience has been gained with organisations such as NSW Government, Australia Post, Global Funds Management, National Mutual (now AXA), Commonwealth Bank of Australia, Brick Securities Limited, Permanent Trustee Company Limited and the former State Bank of Victoria.

At Global Funds Management, Christine was involved in the reconstruction of the collapsed Estate Mortgage Group portfolio; recovery of property assets and funds owed to the banks and over 56,000 investors; and the successful ASX listing of the portfolio as the Meridian Investment Trust.

In 1998, Christine established an independent property consultancy which provides advice and expertise to both the private and public sectors.

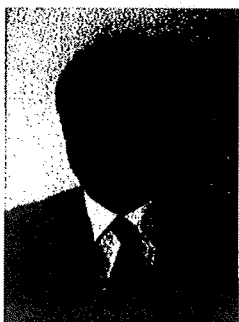
Christine has recently provided advice on the development of a high technology hospital at Hurstville with a construction and technology cost of \$180m; carried out analysis and investment rating of property funds and syndicates for Property Investment Research Pty Limited; and has also undertaken a number of strategic projects for NSW Government.

Christine is an Independent Director of Austpac Funds Management Limited and Castlereagh Capital Limited. She is also a Fellow Member of the Australian Property Institute; a Senior Associate Member of the Financial Services Institute of Australasia; and a Licensed Real Estate Agent (NSW).

Christine has been involved in many industry committees, councils and boards that have involved her in policy making, research, lecturing, course development and property best practice awards both in Australia and Overseas. In 2003 Christine was awarded the S F Whittington Gold Medal for her service to the property profession.

Team Profiles

Len O'Mara – Mortgage Management
B Bus, MBA



Len has over 20 years experience in the property and finance industries with a particular interest in the formation of investment structures and the appraisal of property developments, mortgage funds and loans.

Len has been the CEO of an ASX listed company and held directorships and senior executive positions in a range of public entities.

Len has a reputation for adding value to projects through exhaustive analysis and innovative insight created by the depth of knowledge, experience and networks he has within the finance and property industries.

Len uses up-to-date information on trends not relying merely on extrapolation of historical data and specialises in one-off research and analysis.

Len's expertise has been sought after in multi-disciplinary teams involved with major development/master planning for regions, major residential sub-divisions, integrated sites, and tourism, hotel, commercial and retail developments.

On behalf of clients he has been involved in consultation and negotiation with a range of stakeholders including government, special interest groups, contractors and operators.

Len's experience extends to project managing major residential sub-divisions for clients and completing in-house developments.

Len has been involved in the development of a range of equity and finance structures including listed and unlisted companies and property trusts, mortgage funds - pooled and contributory and syndicated loans, senior debt facilities and wholesale banking lines.

He has worked in various finance roles and currently holds a directorship in a public finance company. Len has been sought out by a number of major groups to complete assignments including the assessment of loan books, review of credit policy and procedures and the formulation of exit strategies.

His specific areas of professional expertise include accounting, construction finance, property and business lending and corporate governance. He holds a Master of Business Administration and a Bachelor of Business (Accounting).

Len has worked throughout Australia, PNG and the Pacific for organizations such as, Walker Corporation, Manboom Limited, Colliers International, Charter Pacific, PKF Consulting, Ernst & Young and a number of national, state and local government bodies.

Team Profiles

Bruce Munday – Mortgage Management

B.Econ

Bruce has extensive experience throughout the banking and finance industry.

Bruce was the joint founding partner of Robert Bruce Capital Pty Limited - an investment banking and finance broking business specialising in private placement venture capital opportunities. His previous roles include:

- Managing Director of St Laurence (Australia) Limited, the Australian subsidiary of a New Zealand based mortgage, mezzanine finance and direct property fund manager;
- Portfolio Manager of Mezzanine Finance for Perpetual Investment Management Limited where he established a new Mezzanine Mortgage business within Perpetual Investments;
- Senior Manager Property Finance for Capital Finance (Australia) Limited with responsibility for the generation and management of a portfolio of specialized property investment loans and highly leveraged property development loans to generate interest margin and fee based income. Transaction sizes ranged from \$1m to \$100m;
- Corporate Banking at Bank of Singapore (Australia) Limited / OCBC Bank Limited with responsibility for origination and management of corporate and commercial loans and management of a corporate banking team for the Australian subsidiary (subsequently converted to a branch). Transaction sizes ranged from \$1m to \$125m with primary emphasis on property based transactions; and
- Business Finance and Corporate Banking at Rural Bank of NSW / State Bank of NSW.



Wednesday, 11 January 2012

David Hickie
Chief Executive Officer
Lion Advantage Limited
e david@lionadvantage.com.au

ABN 28 118 001 415
ACL & AFSL No. 307107
Suite 108 | Level No.1
Ashington Court
147 King Street
Sydney NSW 2000

t 02 9233 2481
f 02 9233 2482

By Email

Correspondence
GPO Box 2481
Sydney NSW 2001

Dear Mr Hickie,

Insurance Placement Solutions

Our Ref: LION
Client: Lion Advantage Limited
Product: Investment Management Insurance

Thank you for taking the time to meet with me.

I confirm I have requested underwriters to provide further Limit options as discussed and once this is known we will be able to confirm the Premium accordingly for each option under separate cover.

Please see below the interim Policy Terms:

Company: Lion Advantage Limited
Address: Level 7, 160 Queen Street, Melbourne VIC 3000
Policy Period: For 12 months to be agreed
Funds: in accordance with the Insuring Sections and Sections 3.9, 3.10 and 3.16 of the Policy:

- Equititrust Income Fund
- Equititrust Premium Fund

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Lion Advantage Limited

ACN 088 638 911

Melbourne Office:

Level 7
160 Queen Street
Melbourne VIC 3000

Phone: +61 3 9670 2122
Mobile: +61 408 580 087

Sydney Office:

Suite 802 Level 8
84 Pitt Street
Sydney NSW 2000



Lion Advantage Limited
ACN 088 638 911 AFSL No. 229924



David Hickie

Limit of Liability:

AUD\$5,000,000.00 in the aggregate for the Policy Period in respect of Insuring Section 1 - Manager Directors & Officers Liability Cover and Insuring Section 3 - Fund Directors & Officers Liability Cover

and separately

AUD\$10,000,000.00 in the aggregate for the Policy Period in respect of Insuring Section 2 - Manager Professional Indemnity Cover and Insuring Section 3 - Fund Professional Indemnity Cover

Retentions:

Nil	for each <i>Claim</i> in respect of Section 1.1 (a)
Nil	for each <i>Claim</i> in respect of Section 1.1 (b) but:
USD\$25,000.00	for each <i>Claim</i> in respect of Section 1.1 (b) in respect of a <i>Claim</i> that is brought in the USA
AUD\$50,000.00	for each <i>Claim</i> in respect of Section 1.2
Nil	for each <i>Claim</i> in respect of Section 1.3 (a)
Nil	for each <i>Claim</i> in respect of Section 1.3 (b) but:
USD\$25,000.00	for each <i>Claim</i> in respect of Section 1.3 (b) in respect of a <i>Claim</i> that is brought in the USA
AUD\$50,000.00	for each <i>Claim</i> in respect of Section 1.4

Premium:

Base Premium	AUD\$44,850
GST	not applicable as London placement
Stamp Duty	AUD\$4,485 (State of Victoria rate is 10%)
Brokerage	AUD\$4,000
Brokerage GST	AUD\$400
Total	AUD\$53,735

Conditions:

Policy Wording:	Argo Investment Management V 1.0
Prior & Pending Proceedings Date:	See Section 4.8 of the Policy Wording
New Subsidiary Cover:	See Section 2.1 of the Policy Wording
New Fund Cover:	See Section 2.2 of the Policy Wording
Governing Law & Jurisdiction	See Section 8.4 of the Policy Wording

Endorsements:

Australian Legal Amendments Endorsement - as attached (note: to be amended to "fit" the terminology of the Policy.

Initial Public Offering of Securities Exclusion - as attached

Prior Wrongful Acts and Investment Management Wrongful Acts Exclusion [effective date being the date on which Lion Advantage Limited became Responsible Entity for Equitrust Income Fund and Equitrust Premium Fund - date to be confirmed] - as attached

Service of Suit Clause (Australia) naming local Lloyd's agent

CONDITIONS:

1. Our quotation is valid for up to 14 days from date of issue subject to no material change of the risk.



David Hickie

2. Cover will only be effected once we are in receipt of written confirmation of your acceptance of our terms and once the Insurer noted herein has confirmed they are holding cover.

3. If any claim / fidelity loss is made/sustained or if the Proposer becomes aware of any act, omission, conduct, fact, event, circumstance or matter which might reasonably be expected to give rise to a claim or fidelity loss between the date of this Quotation or any Proposal Form and the inception of the proposed insurance, then these terms may be subject to revision.

TERMS ACCEPTED STATEMENT:

Please bind cover as per the particulars herein:

Signature: _____

Name: _____

Date: _____

I look forward to hearing from you shortly and should you have any queries in the interim, please contact me.

Kind regards,

Peter McDermott Jnr Dip.F.S (Ins), ANZIIF (Snr Associate), CIP

Managing Director

m 0410 50 45 50

e Peter@lf-A.net.au



Sunday, 8 January 2012

David Hickie
Chief Executive Officer
Lion Advantage Limited
e david@lionadvantage.com.au

ABN 28 118 001 415
ACL & AFSL No. 307107
Suite 108 | Level No.1
Ashington Court
147 King Street
Sydney NSW 2000

t 02 9233 2481
f 02 9233 2482

By Email

Correspondence
GPO Box 2481
Sydney NSW 2001

Dear Mr Hickie,

Insurance Placement Solutions

Our Ref: LION
Client: Lion Advantage Limited
Product: Investment Management Insurance

Thank you for taking the time to meet with me.

I confirm I have requested underwriters to provide further Limit options as discussed and once this is known we will be able to confirm the Premium accordingly for each option under separate cover.

Please see below the interim Policy Terms:

Company: Lion Advantage Limited
Address: Level 2, 160 Queen Street, Melbourne VIC 3000
Policy Period: For 12 months to be agreed
Funds: In accordance with the Insuring Sections and Sections 3.9, 3.10 and 3.16 of the Policy:
- Equititrust Income Fund
- Equititrust Premium Fund

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David Hickie



Limit of Liability:

Option 1:

AUD\$5,000,000.00 in the aggregate for the Policy Period in respect of Insuring
Section 1 - Manager Directors & Officers Liability Cover and Insuring Section 3
- Fund Directors & Officers Liability Cover

and separately

AUD\$5,000,000.00 in the aggregate for the Policy Period in respect of Insuring
Section 2 - Manager Professional Indemnity Cover and Insuring Section 3 - Fund
Professional Indemnity Cover

Option 2:

AUD\$5,000,000.00 in the aggregate for the Policy Period in respect of Insuring
Section 1 - Manager Directors & Officers Liability Cover and Insuring Section 3
- Fund Directors & Officers Liability Cover

and separately

AUD\$10,000,000.00 in the aggregate for the Policy Period in respect of Insuring
Section 2 - Manager Professional Indemnity Cover and Insuring Section 3 - Fund
Professional Indemnity Cover

AUD\$5,000,000.00 any one Claim in respect of Insuring Section 2 - Manager
Professional Indemnity Cover and Insuring Section 3 - Fund Professional
Indemnity Cover

Option 3:

AUD\$5,000,000.00 in the aggregate for the Policy Period in respect of Insuring
Section 1 - Manager Directors & Officers Liability Cover and Insuring Section 3
- Fund Directors & Officers Liability Cover

and separately

AUD\$10,000,000.00 in the aggregate for the Policy Period in respect of Insuring
Section 2 - Manager Professional Indemnity Cover and Insuring Section 3 - Fund
Professional Indemnity Cover

Option 4:

AUD\$5,000,000.00 in the aggregate for the Policy Period in respect of Insuring
Section 1 - Manager Directors & Officers Liability Cover and Insuring Section 3
- Fund Directors & Officers Liability Cover

and separately

AUD\$20,000,000.00 in the aggregate for the Policy Period in respect of Insuring
Section 2 - Manager Professional Indemnity Cover and Insuring Section 3 - Fund
Professional Indemnity Cover

AUD\$10,000,000.00 any one Claim in respect of Insuring Section 2 - Manager
Professional Indemnity Cover and Insuring Section 3 - Fund Professional
Indemnity Cover

* Subject to Underwriters confirmation

David Hickie



Option 5:

AUD\$10,000,000.00 in the aggregate for the Policy Period in respect of Insuring Section 1 - Manager Directors & Officers Liability Cover and Insuring Section 3 - Fund Directors & Officers Liability Cover

and separately:

AUD\$20,000,000.00 in the aggregate for the Policy Period in respect of Insuring Section 2 - Manager Professional Indemnity Cover and Insuring Section 3 - Fund Professional Indemnity Cover

AUD\$10,000,000.00 any one Claim in respect of Insuring Section 2 - Manager Professional Indemnity Cover and Insuring Section 3 - Fund Professional Indemnity Cover

*** Subject to Underwriters confirmation:**

Retentions:	Nil	for each Claim in respect of Section 1.1 (a)
	Nil	for each Claim in respect of Section 1.1 (b) but:
	USD\$25,000.00	for each Claim in respect of Section 1.1 (b) in respect of a Claim that is brought in the USA
	AUD\$50,000.00	for each Claim in respect of Section 1.2
	Nil	for each Claim in respect of Section 1.3 (a)
	Nil	for each Claim in respect of Section 1.3 (b) but:
	USD\$25,000.00	for each Claim in respect of Section 1.3 (b) in respect of a Claim that is brought in the USA
	AUD\$50,000.00	for each Claim in respect of Section 1.4

Premium Range: \$50,000 - \$100,000*

*** Subject to Underwriters confirmation**

Conditions:	Policy Wording:	Argo Investment Management V 1.0
	Prior & Pending Proceedings Date:	See Section 4.8 of the Policy Wording
	New Subsidiary Cover:	See Section 2.1 of the Policy Wording
	New Fund Cover:	See Section 2.2 of the Policy Wording
	Governing Law & Jurisdiction:	See Section 8.4 of the Policy Wording

Endorsements: Australian Legal Amendments Endorsement - as attached (note: to be amended to "fit" the terminology of the Policy.

Initial Public Offering of Securities Exclusion - as attached

Prior Wrongful Acts and Investment Management Wrongful Acts Exclusion (effective date being the date on which Lion Advantage Limited became Responsible Entity for Equititrust Income Fund and Equititrust Premium Fund - date to be confirmed) - as attached

Service of Suit Clause (Australia) naming local Lloyd's agent



Dayld Hickie

CONDITIONS:

1. Our quotation is valid for up to 14 days from date of issue, subject to no material change of the risk.
2. Cover will only be effected once we are in receipt of written confirmation of your acceptance of our terms and once the Insurer noted herein has confirmed they are holding cover..
3. If any claim / fidelity loss is made/sustained or if the Proposer becomes aware of any act, omission, conduct, fact, event, circumstance or matter which might reasonably be expected to give rise to a claim or fidelity loss between the date of this Quotation or any Proposal Form and the inception of the proposed insurance, then these terms may be subject to revision.

TERMS ACCEPTED STATEMENT:

Please bind cover as per the particulars herein:

Option 1 Option 2 Option 3 Option 4 Option 5 (please circle one)

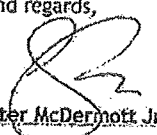
Signature:

Name:

Date:

I look forward to hearing from you shortly and should you have any queries in the interim, please contact me.

Kind regards,


Peter McDermott, Jnr Dip.F.S (Ins), ANZIF (Snr Associate), CIP

Managing Director

m 0410 50 45 50

e Peter@fi-A.net.au

Dated

LION ADVANTAGE LIMITED
ABN 86 088 638 911

PERPETUAL NOMINEES LIMITED
ABN 37 000 733 700

CUSTODY AGREEMENT

DEED OF AMENDMENT

Perpetual 

PERPETUAL LEGAL SERVICES
LEVEL 12, 123 PITT STREET
SYDNEY NSW 2000
TELEPHONE: 02 9229 9000
Ref: JBH:XDOC16982

THIS DEED is made on

2011

BETWEEN:

LION ADVANTAGE LIMITED ABN 86 088 638 911 of Level 7, 160 Queen Street,
Melbourne Victoria ('RE')

AND:

PERPETUAL NOMINEES LIMITED ABN 37 000 733 700 of Level 12, 123 Pitt Street,
Sydney, New South Wales ('Custodian')

RECITALS:

- A. The RE is the Responsible Entity for the Scheme. The Custodian is the custodian of the Scheme.
- B. On 19 July 2000, the RE and the Custodian entered into a Custody Agreement ("Agreement") whereby Perpetual Nominees Limited was appointed to provide custody services in respect of the Scheme.
- C. Under Clause 23 of the Agreement the parties to this Deed may amend the Agreement in writing.
- D. The RE and the Custodian wish to amend the Agreement in accordance with the terms of this Deed.

NOW THIS DEED WITNESSES as follows:

1. Definitions and Interpretation

Unless otherwise defined in this Deed, an expression that is defined in the Agreement has the same meaning in this Deed.

2. Commencement

This Deed will be operative commencing on the date of this Deed.

3. Amendment

3.1 The current Schedule F is deleted and replaced with the attached Schedule F

3.2 The current Schedule G is deleted and replaced with the attached Schedule G

Subject to clauses 3 of this Deed, the rights, duties and obligations of the Custodian and the RE under the Agreement will continue in full force and effect.

4. Indemnity and Liability

Clause 11 of the Agreement is incorporated into this Deed as if set out in full.

5. Governing Law

This Deed will be governed by the law in force in New South Wales and the parties submit to the non-exclusive jurisdiction of the courts of New South Wales.

6. Counterparts

This Deed may be executed in a number of counterparts. All counterparts together will be taken to constitute one instrument.

7. Severability of Provisions

Any provision of this Deed which is prohibited or unenforceable in any jurisdiction is, as to that jurisdiction, ineffective to the extent of that prohibition or unenforceability. This does not invalidate the remaining provisions of this Deed nor affect the validity or enforceability of that provision in any other jurisdiction.

Executed as a **DEED**

EXECUTED by **LION ADVANTAGE**
LIMITED ABN 86 088 638 911
by its attorneys pursuant to Power of
Attorney dated
in the presence of:

)
)
)

Signature of Attorney

Signature of Attorney

Print Name

Print Name

Signature of Witness

Print Name

Signed in my presence for and on behalf of **PERPETUAL NOMINEES LIMITED**
ABN 37 000 733 700 under the Power of Attorney dated 31 March 2009 (Registration No.
4565/619) by its Attorneys

[Signature of Attorney]

[Full name of Attorney]

[Title of Attorney]

and

[Signature of Attorney]

[Full name of Attorney]

[Title of Attorney]

who are personally known to me and each of whom declare that they have received no notice of
revocation of the Power of Attorney under which this document is signed

[Signature of Witness]

[Full name of Witness]

SCHEDULE F
NAME OF SCHEMES

Name of Scheme	ARSN
RealEstate Equity Investment Trust	094 623 515
Lara Property Development Syndicate (Sub Trust of above)	
Equititrust Income Fund	089 079 854
Equititrust Premium Income Fund	

**SCHEDULE G
FEES**

0.02% of the gross asset value of the scheme, subject to \$20,000 minimum annual fee per Scheme for:

**RealEstate Equity Investment Trust
Equittrust Income Fund**

Fees for subsequent trust as follows;

\$15,000 p.a. for the first sub-trust to be established;

\$12,000 p.a. for each subsequent sub-trust; and

\$20,000 p.a. for any trust or sub-trust investing overseas.

The fees set out above are GST exclusive.

The Custody fee will be charged at the earliest of the Custodian:

1. Opening a bank account in its name;
2. Issuing consent to be named as custodian under the RE's Product Disclosure Statement; or
3. Executing any document in its capacity as custodian for the Scheme or agent of the RE.

Annexure “F”

**Equititrust Limited
(Receiver Appointed)
(Administrators Appointed)
(Receivers and Managers Appointed)
ACN: 061 383 944**

New Responsible Entity Unitholder Survey Form

Unit Holder Name: _____

Please tick your preferred option:

- ☐ Court appointed receiver to continue winding up EIF.
- ☐ New Responsible Entity to wind up EIF.
- ☐ New Responsible Entity to transfer EIF into a new Management Investment Scheme.

Signed: _____

Dated: _____

Once the form is completed, please return it to:

Hall Chadwick Sydney
Level 29, 31 Market Street,
Sydney, NSW, 2000
Facsimile: (02) 92632800

Alternatively, you may submit the form at the Major Meeting of Creditors being held at at Watermark Hotel & Spa Gold Coast, 3032 Surfers Paradise Boulevard, Surfers Paradise, QLD, 4217 on Friday, 20 April 2012 at 11:00AM.

Annexure “G”

Creditor Information Sheet

Approving remuneration in external administrations

If company is in financial difficulty, it can be put under the control of an independent insolvency administrator. Such a person is called a 'liquidator' or a 'voluntary administrator' or an 'administrator of a deed of company arrangement' depending on the type of administration involved. For the purposes of this guide, we use the collective word 'administrator'.

This information sheet gives general information for creditors on the approval of an administrator's fees in a liquidation, a voluntary administration or a deed of company arrangement (other forms of insolvency administration are beyond the scope of this information sheet). It outlines the rights that creditors have in the approval process.

Work undertaken by administrators

The work undertaken by administrators depends on the type of administration concerned and the issues that need to be resolved. Some issues are straightforward, while others are more complex.

However, what is common amongst all administration types is that an administrator is, by law, required to undertake a number of tasks which may not directly benefit creditors (for example, the preparation of reports to the Australian Securities and Investments Commission or the preparation of six monthly receipts and payments). An administrator is still entitled to remuneration for undertaking these statutory tasks.

For more information on the tasks involved in different administrations, see ASIC's information sheets: 'Liquidation: a guide for creditors' and 'Voluntary administration: a guide for creditors'.

Entitlement to fees and costs

An administrator is entitled:

- to be paid reasonable fees, or remuneration, for the work they perform, once these fees have been approved by a creditors' committee, creditors or a court, and
- to be reimbursed for out-of-pocket costs incurred in performing their role (these costs do not need creditors' committee, creditor or court approval).

Administrators are entitled to an amount of fees for the necessary work that they and their staff properly perform in the administration.

Out-of-pocket costs that are commonly reimbursed include:

- legal fees
- valuer's, real estate agent's and auctioneer's fees



- trading costs involved in running the company's business during the administration (e.g. for the purchase of stock)
- stationery, photocopying, telephone and postage costs
- retrieval costs for recovering the company's computer records, and
- storage costs for the company's books and records.

Creditors have a direct interest in the level of fees and costs, as the administrator will, generally, be paid from the company's available assets before any payments to creditors are made. If there are not enough assets, the administrator may arrange for a third party, for example another creditor, to pay any shortfall. As a creditor, you should receive details of such arrangements.

If there are not enough assets to pay the fees and costs, and there is no third party payment arrangement, any shortfall is not paid and the administrator is in effect 'out of pocket'.

Calculation of fees

Fees of an administrator may be calculated using one of a number of different methods, such as:

- on the basis of *time spent* by the administrator and their staff, according to hourly rates,
- a quoted *fixed fee*, based on an estimate of the costs, or
- a *percentage*, usually of asset realisations.

Charging on the basis of time spent is the most common method. Administrators have a scale of hourly rates, with different rates for each category of staff working on the administration, including the administrator.

If the administrator intends to charge on a time basis, you should receive a copy of these hourly rates before the administrator requests approval of their fees.

The administrator and their staff will record the time taken for the various tasks involved, and a record will be kept of the nature of the work performed.

It is important to realise that administrators are professionals who are required to have accounting qualifications and maintain up-to-date knowledge of accounting, business and legal issues. They have serious responsibilities under the law. Their hourly rates and those of their qualified staff reflect this.

The hourly rates do not represent an hourly wage for the administrator and their staff. The administrator is running a business—an insolvency practice—and the hourly rates will be based on the cost of running the business, including overheads such as rent for business premises, utilities, wages and superannuation for staff who are not charged out at an hourly rate (such as personal assistants), information technology support, office equipment and supplies, insurances, and taxes with allowance then made for profit.

Many of the costs of running an insolvency practice are fixed costs that must be paid, even if there are insufficient assets available to pay the administrator for their services.

These are all matters that committee members or creditors should be aware of when considering the fees presented. However, regardless of these matters, creditors have a right to question the administrator about the fees and whether the rates are negotiable.

It is up to the administrator to justify why the method chosen for calculating fees is an appropriate method for the particular administration. As a creditor, you also have a right to question the administrator about the calculation method used and how the calculation was made.



Report on proposed fees

In order to seek approval of fees, the administrator must hold a meeting of the members of any committee of creditors, or, if there is no committee, the creditors themselves. A report must be sent, with the notice of meeting, setting out:

- information that will enable the committee members/creditors to make an informed assessment of whether the proposed fees are reasonable
- a summary description of the major tasks performed, or to be performed, and
- the costs associated with each of these tasks.

The report should also provide a summary of out-of-pocket costs incurred or expected to be incurred.

Committee members/creditors may be asked to approve fees for work already performed or fees based on an estimate of work yet to be carried out.

If the work is yet to be carried out, it is advisable for creditors to set a maximum limit ('cap') on the amount that the administrator may receive. For example, 'future fees are approved calculated on hours worked at the rates charged (as set out in the provided rate scale) up to a cap of \$X'. If the work involved then exceeds this figure, the administrator will have to ask the creditors' committee/creditors to approve a further amount of fees, after accounting for the fees already incurred.

Who may approve fees

Who may approve fees depends on the type of external administration: see Table 1. The administrator must provide sufficient information to enable the creditors' committee, the creditors or the court to make an informed assessment as to whether the fees are reasonable.

Table 1: Who may approve fees

	Creditors' committee	Creditors	Court
Administrator in a voluntary administration	✓ ¹	✓ ²	✓ ³
Administrator of a deed of company arrangement	✓ ¹	✓ ²	✓ ³
Creditors' voluntary liquidator	✓ ¹	✓ ⁴	X ⁵
Court-appointed liquidator	✓ ^{1, 6}	✓ ^{2, 6}	✓ ³

¹ If there is one.

² If there is no creditors' committee or the committee fails to approve the fees.

³ If there is no approval by creditors.

⁴ If there is no creditors' committee.

⁵ Unless an application is made for a fee review.

⁶ If insufficient creditors turn up to the meeting called by the liquidator to approve fees, the liquidator is entitled to be paid up to a maximum of \$5,000, or more if specified in the *Corporations Regulations 2001*.



Creditors' committee approval

If there is a creditors' committee, members are chosen by a vote of creditors as a whole. In approving the fees, it is important that the members realise that they represent all the creditors, not just their own individual interests.

A creditors' committee will generally only be set up where there are a large number of creditors. If there is one, then they will ask the committee to approve their fees.

A creditors' committee makes its decision by a majority in number of its members present in person at a meeting, but it can only act if a majority of its members attend.

If you would like to know more about creditors' committees and how they are formed, see ASIC's information sheets: 'Liquidation: a guide for creditors', 'Voluntary administration: a guide for creditors' and 'Insolvency: a glossary of terms'.

Creditors' approval

Creditors approve fees by passing a resolution at a creditors' meeting. The vote requires a simple majority of creditors present and voting, in person or by proxy, indicating that they agree to the resolution. Unlike committee members, creditors may vote according to their individual interests.

If a 'poll' is taken at the meeting (that is, rather than a vote being decided on the voices or by a show of hands, a count of each vote and its value is taken), a majority in number and value of creditors present and voting must agree. A poll requires the votes of each creditor to be recorded.

A proxy is a document whereby a creditor appoints someone else to represent them at a creditors' meeting and to vote on their behalf. A proxy can be either a general proxy or a special proxy. A general proxy allows the person holding the proxy to vote how they want on a resolution, while a special proxy directs the proxy holder to vote in a particular way.

A creditor will sometimes appoint the administrator as a proxy to vote on the creditor's behalf. An administrator, their partners or staff must not use a general proxy to vote on approval of their fees; they must hold a special proxy in order to do this. They must vote all special proxies as directed, even those against approval of their fees.

Deciding if fees are reasonable

If you are asked to approve an amount of fees either as a committee member or by resolution at a creditors' meeting, your task is to decide if that amount of fees is reasonable, given the work carried out in the administration and the results of that work.

The IPA's Code of Professional Practice: Remuneration outlines the steps administrators should take to make sure they fulfil their responsibilities to creditors when asking creditors to approve fees, including when those creditors are acting in their capacity as committee members. This guide is available on the IPA website at www.ipaa.com.au

If you need more information about fees than is provided in the administrator's report, you should let them know before the meeting at which fees will be voted on.

What can you do if you think the fees are not reasonable?

If you do not think the fees being claimed are reasonable, you should raise your concerns with the administrator. It is your decision whether to vote in favour of, or against, a resolution to approve fees.



Generally, if fees are approved by a creditors' committee/creditors and you wish to challenge this decision, you may apply to the court and ask the court to review the fees. Special rules apply to court liquidations.

You may wish to seek your own legal advice if you are considering applying for a court review of the fees.

Reimbursement of out-of-pocket costs

An administrator should be very careful incurring costs that must be paid from the administration – as careful as if they were incurring the expenses on their own behalf. Their report on fees sent to creditors should also include information on the out-of-pocket costs of the administration.

If you have questions about any of these costs, you should ask the administrator and, if necessary, bring it up at a creditors' committee/creditors' meeting. If you are still concerned, you have the right to ask the court to review the costs.

Queries and complaints

You should first raise any queries or complaints with the administrator. If this fails to resolve your concerns, including any concerns about their conduct, you can lodge a complaint with the IPA at **www.ipaa.com.au** or write to:

Complaints Manager
IPA
GPO Box 3921
SYDNEY NSW 2001

You can also contact ASIC at **www.asic.gov.au**, or write to:

Manager National Assessment & Action
ASIC
GPO Box 9827
IN YOUR CAPITAL CITY

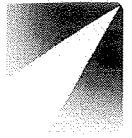
Complaints against companies and their officers can also be made to ASIC. For other enquiries, email ASIC through **infoline@asic.gov.au**, or call ASIC's Infoline on 1300 300 630 for the cost of a local call.

To find out more

For an explanation of terms used in this information sheet, see ASIC's 'Insolvency: a glossary of terms'.

For more on insolvency administration, see ASIC's related information sheets at **www.asic.gov.au/insolvencyinfosheets**:

- Voluntary administration: a guide for creditors
- Voluntary administration: a guide for employees
- Liquidation: a guide for creditors
- Liquidation: a guide for employees
- Receivership: a guide for creditors
- Receivership: a guide for employees



- Insolvency: a guide for shareholders
- Insolvency: a guide for directors

These are also available from the Insolvency Practitioners Association (IPA) website at **www.ipaa.com.au**.

The IPA website also contains the IPA's Code of Professional Practice that is applicable to its members.

Important note: This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances.

Annexure “H”

HALL CHADWICK - INSOLVENCY DIVISION

Rates as at 1 AUGUST 2011

All Amounts are Exclusive of GST

POSITION	DESCRIPTION	HC RATES \$ Per HOUR \$
Partner	Registered liquidator/ trustee or appointee's partner bringing a high level of insolvency knowledge and skill, with more than 10 years experience and an appreciation of risk control and personal commitment.	590
Associate	Qualified accountant with more than 10 years insolvency experience and able to control all aspects of an appointment.	550
Senior Manager	Qualified accountant with more than 7 years insolvency experience able to control all aspects of an appointment and manage a team of staff.	515
Manager	Qualified accountant with more than 6 years insolvency experience able to control all aspect of an appointment and project manage a team on a large appointment.	460
Supervisor	Graduate completing post graduate studies with up to 5 years insolvency experience and responsibility to supervise a small team of staff.	395
Senior 1	Graduate completing post graduate studies with 2 to 4 years insolvency experience. Assists planning and control of small to medium sized jobs as well as performing some of the more difficult work on larger jobs.	345
Senior 2	Graduate completing post graduate studies with 1 to 2 years experience. Required to control the fieldwork on small jobs and is responsible for assisting complete fieldwork on medium to large jobs.	305
Intermediate 1	Graduate or Undergraduate with 1-2 years insolvency experience. Required to assist in day to day fieldwork under supervision of more senior staff.	275
Intermediate 2	Undergraduate with up to 1 year insolvency experience. Required to assist in day to day fieldwork under supervision of more senior staff.	250
Junior Staff	Undergraduate completing their university degree.	150

<u>Support Staff</u>		
IT Manager	Appropriate Skills	280
Banking Administrator	Appropriate Skills	280
PA /Secretary	Appropriate Skills	135
Computer Operations	Appropriate Skills	135
Administration Assistant	Appropriate Skills	135
Filing Assistant	Appropriate Skills	55

Note:

The Classifications above do not cover professional staff that are unqualified and not studying to become qualified as accountants. We recognise that in this latter category there are some people who are highly skilled. It is our view that it is not possible to give a description which will adequately cover all situations.

Annexure “I”

Remuneration Report

Equititrust Limited (Receivers Appointed) (Administrators Appointed) (Receivers and Managers Appointed) ACN: 061 383 944

Company: Equititrust Limited (Receivers Appointed) (Administrators Appointed) (Receivers and Managers Appointed)	Period From: 15 February 2012	To: 20 April 2012
Practitioners: Richard Albarran, Blair Pleash, Glen Oldham	Firm: Hall Chadwick	
Administration Type: Voluntary Administration		

The work that my staff and I have been required to complete and the work which will encompass the fee that I will request the creditors fix at the forthcoming meeting includes:

Task Area	General Description	Includes
Administration 347 Hours \$108,000 (including estimate)	Document maintenance / file review / checklist	<ul style="list-style-type: none"> - Internal notifications of appointment including opening files. - Updating control forms and tasking lists. - Filing documentation. - File reviews. - Updating checklists.
	Insurance	<ul style="list-style-type: none"> - Identification of potential issues requiring attention of insurance specialists - Correspondence with insurer regarding initial and ongoing insurance requirements - Various discussions and finalisation with PRM in relation to insurance related issues. - Reviewing insurance policies, in particular the Directors and Officeholders Policy and Liability Policy to determine scope of cover and any applicable exclusions. - Correspondence with previous brokers. - Consider information provided by third parties with respect to insurance issues.
	Bank account administration	<ul style="list-style-type: none"> - Preparing correspondence opening and closing accounts. - Requesting bank statements. - Bank account reconciliations. - Correspondence with bank regarding specific transactions. - Notify banks of appointment. - Preparing and posting cash book entries and complete bank reconciliations.
	ASIC, Forms and lodgements	<ul style="list-style-type: none"> - Preparing and lodging ASIC forms including 505, 5011, 524, etc. - Correspondence with ASIC regarding statutory forms. - Investigations surrounding allegations raised by ASIC. - Meeting with ASIC enforcement officers to discuss the Administration, ongoing issues and the future direction of the appointment.
	ATO and other statutory reporting	<ul style="list-style-type: none"> - Preparation of documentation informing Directors of their statutory obligations once the Administrators are appointed. - Preparation and lodgement of statutory documents

Remuneration Report

Equititrust Limited (Receivers Appointed) (Administrators Appointed) (Receivers and Managers Appointed) ACN: 061 383 944

		<ul style="list-style-type: none"> notifying of appointment of Administrators. - Registration for GST and preparation and lodgement of Business Activity Statements. - Preparation of advertisements notifying appointment and meetings of creditors.
	Finalisation	<ul style="list-style-type: none"> - Completing checklists - Finalising WIP for admin period - Prepare documents for transition of assignment from administration. - Prepare entries for change of bank account and cash book.
	Planning / Review	<ul style="list-style-type: none"> - Discussions regarding status of administration - Discussions with the directors in relation to the Administration of the Company. - Telephone conferences with inter-state staff in relation to Administration strategy. - Internal review of job progression.
	Books and records / Storage	<ul style="list-style-type: none"> - Dealing with records in storage - Sending job files to storage - Reviewing records located on site, listing and photocopying records. - Liaising with other appointees with respect to hard and soft copies of records and appropriate action.
Assets 295 Hours \$106,000 (including estimate)	Replacement of the Company as Responsible Entity	<ul style="list-style-type: none"> - Reviewed records with respect to the funds managed by the Company in order to obtain an understanding of the funds and their respective asset portfolio to determine possibility of a new Responsible Entity. - Liaised with various other potential Responsible Entities in regard to continued management of the funds. - Liaise with potential Responsible Entities with respect to offers received and information required. - Liaise with Court appointed Receiver with respect to any proposal for the Company to continue as the Responsible entity. - Considered implications of the change of the Responsible Entity. - Reviewed the constitution with respect to the change of the Responsible Entity. - Internal meetings to discuss/review offers received. - Reported to investors in regards to offers received.
	Sale of Real Property	<ul style="list-style-type: none"> - Review valuations for properties of the funds managed by the Company. - Liaised with staff of related entity with respect to current and potential future sales. - Internal file notes for each property to obtain an understanding of the current position and future action. - Liaised with Court appointed Receiver and privately appointed Receiver and Manager with respect to the execution of various sale contracts.
	Assets subject to specific charges	<ul style="list-style-type: none"> - Liaised with various secured creditors and their representatives (both legal and insolvency representatives) to obtain an understanding of their position and the scope in which they are acting.
	Debtors	<ul style="list-style-type: none"> - Review list of accounts receivable.

Remuneration Report

Equititrust Limited (Receivers Appointed) (Administrators Appointed) (Receivers and Managers Appointed) ACN: 061 383 944

		<ul style="list-style-type: none"> - Liaise with staff regarding details surrounding accounts receivable list and collectability of some. - Investigations into collectability of Management Fee. - Reconciling ledger of amount due from the funds by way of management fee/scheme expense reimbursements, liaising with Receiver regarding same. - Investigations regarding the value of investments in related entities and file notes regarding same. - Internal file notes regarding collectability of accounts receivable.
	Other Assets	<ul style="list-style-type: none"> - Tasks associated with realising other assets - Hold discussions with the officers of the Company in relation to assets of the Company. - Review of the information provided by third parties in relation to assets of the Company. - Review of the Company's financials and books and records to identify the assets of the Company. - Assessing investment position of the Company in various subsidiaries.
	Leasing	<ul style="list-style-type: none"> - Liaise with employees of related entity, responsible for lease agreements.
Creditors 612 Hours \$215,000 (including estimate)	Creditor Enquiries	<ul style="list-style-type: none"> - Attend to creditor enquiries by telephone. - Review and prepare correspondence to creditors and their representatives via facsimile, email and post. - Attended various enquiries from the creditors/investors in relation to the Administration process and their claim. - Post regular updates on the Company's website. - Liaise with creditors with respect to the extension of the convening period and comply with subsequent orders.
	Secured creditor reporting	<ul style="list-style-type: none"> - Various correspondence and discussions with the secured creditors and their representatives. - Reviewed the validity and quantum of secured creditor claims. - Responding to secured creditors' queries.
	Creditor reports	<ul style="list-style-type: none"> - Obtaining list of creditors and importing to the system. - Notification to the creditors and employees of the Administration. - Preparation of the initial report to creditors with attachments. - Preparation of the report to creditors regarding the extension of the convening period. - Preparation of Section 439A report to creditors with attachments.
	Dealing with proofs of debt	<ul style="list-style-type: none"> - Receipting and filing POD's when not related to a dividend - Corresponding with OSR and ATO regarding POD's when not related to a dividend - Receiving creditors' claims throughout the Administration period and updating the records. - Correspondence inviting creditors to lodge proofs of debt.

Remuneration Report

Equititrust Limited (Receivers Appointed) (Administrators Appointed) (Receivers and Managers Appointed) ACN: 061 383 944

		<ul style="list-style-type: none"> - Reviewing supporting documents for creditors claim. - Review of claims from creditors and recorded in the system. - Assessment of admissibility and quantum of contingent claims of the Company.
	Meeting of Creditors	<ul style="list-style-type: none"> - Preparation of meeting notices, proxies and advertisements. - Forward notice of meeting to all known creditors. - Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. - Preparation and lodgement of minutes of meetings with ASIC. - Responding to stakeholder queries and questions immediately following meeting. - Advertisement of the initial meeting of creditors. - Preparation of documentation for attendance at meeting of creditors. - Attending creditors' queries before and after meeting of creditors. - Collating and recording of proxies for meeting of creditors. - Collating and recording of proofs of debt for meeting of creditors. - Attending the initial meeting of creditors. - Preparation and lodgement of minutes of initial creditors meeting. - Forwarding of minutes of meeting of creditors to Committee of Creditors. - Arranging telephone conference for meeting of Committee of Creditors. - Organising and booking the meeting rooms.
	Investor enquiries	<ul style="list-style-type: none"> - Attended to numerous enquiries from unit holders of the funds for which the Company is the Responsible entity, via the use of an investor enquiry line and email address. - Maintaining creditor/investor enquiry register - Initial day one letters - Attending to investor queries and advising of the Administration process. - Review and prepare correspondence to investors and their representatives via facsimile, email and post. - Attended various enquiries from the investors in relation to the Administration process and their respective claims. - Post regular updates on the Company's website. - Liaise with investors with respect to the extension of the convening period and comply with subsequent orders. - Seek legal advice with respect to the most appropriate treatment of the investors.
Trade On	Trade On Management	<ul style="list-style-type: none"> - Liaising with management and staff subject to Service Agreement with ECG. - Attendance on site

Remuneration Report

Equititrust Limited (Receivers Appointed) (Administrators Appointed) (Receivers and Managers Appointed) ACN: 061 383 944

19.0 Hours \$6,000 (including estimate)		<ul style="list-style-type: none"> - Obtaining details of various lease and services agreements of the Company and the respective funds.
	Processing receipts & payments	<ul style="list-style-type: none"> - Entering receipt and payments into accounting system. - Reviewing company's cash flows and financial statements. - Meetings to discuss trading position.
Investigation 536 Hours \$185,000 (including estimate)	Conducting Investigations	<ul style="list-style-type: none"> - Collection of company books and records. - Reviewing company's books and records. - Review and preparation of company nature and history. - Conducting and summarising statutory searches. - Preparation of comparative financial statements. - Review of specific transactions and liaising with directors regarding certain transactions. - Preparation of investigation file. - Lodgement of investigation with the ASIC. - Issued various demands for the books and records of the Company to the Company's Directors, auditor and solicitor. - Various telephone conversations with the Company's internal accountant in relation to the Company books and records. - Conducting investigations into the Company's business, property, affairs and financial circumstances for the purposes of the Section 439A report. - Performing company searches for various companies in the Group. - Performing investigations in the group structure, intercompany transactions and the value of the Company's investment. - Investigation in relation to past and current officers of the Company. - Obtain and list books and records of the Company. - Investigations into the ownership of the assets of the Company. - Conducting investigations in relation to reasons for failure of the Company. - Preparing and sending correspondences to Directors regarding personal financial positions. - Review of cashbook and various trial balances and accounts. - Performing investigations in relation to voidable transactions. - Investigation in relation to insolvent trading of the Company and calculating insolvent trading claims. - Performing land title search in relation to the Directors name. - Performing calculation of estimated return to creditors in Liquidation scenarios. - Held various discussions with representatives of the other appointees. - Review records of the Company relevant to the assets of the funds for which the Company is the Responsible Entity and prepare internal file notes

Remuneration Report

Equititrust Limited
(Receivers Appointed) (Administrators Appointed)
(Receivers and Managers Appointed)
ACN: 061 383 944

		<ul style="list-style-type: none"> of same. - Various discussions with ECG staff with respect to value of assets and current status, internal file notes of same. - Discussions with Government authorities regarding various regulatory issues. - Investigations into related party relationships and relevant transactions. - Investigations surrounding allegations raised by ASIC.
	Litigation Recoveries	<ul style="list-style-type: none"> - Internal meetings to discuss status of litigation. - Liaise with ECG staff regarding various potential litigation action and current status of each matter. - Liaising with solicitors regarding recovery actions. - Internal meetings to discuss appropriate action with respect to potential litigation matters.
	ASIC reporting	<ul style="list-style-type: none"> - Drafting, executing and sending statutory investigation report to ASIC in accordance with Section 438D of the Act.
Litigation 69 Hours \$30,000		<ul style="list-style-type: none"> - Preparing statutory investigation reports. - Liaising with ASIC with respect to various allegations. - Seeking legal advice from solicitors with respect to various potential litigious matters. - Dealing with replacement of Responsible Entity issues. - Dealing with ASIC proceedings. - Dealing with unit holders in relation to potential litigation claims. - Preparing and dealing with indemnities relating to litigation. - Issues relating to the application for the extension of the convening period and compliance with the respective orders.
Total Hours		1,677.50 Hours
Total Remuneration (excluding GST)		\$650,000
GST at 10%		\$65,000
Total Remuneration (including GST)		\$715,000

Remuneration Report

Equititrust Limited
(Receivers Appointed) (Administrators Appointed)
(Receivers and Managers Appointed)
ACN: 061 383 944

Company: Equititrust Limited (Receivers Appointed) (Administrators Appointed) (Receivers and Managers Appointed)	Period From: 20 April 2012	To: Completion of Liquidation
Practitioners: Richard Albarran, Blair Pleash and Glen Oldham	Firm: Hall Chadwick	
Administration Type: Liquidation		

The work that my staff and I will be required to complete if appointed Liquidator and the work which will encompass the fee that I will request the creditors fix for the Liquidation at the forthcoming meeting includes:

Task Area	General Description	Includes
Administration \$30,000	Correspondence	<ul style="list-style-type: none"> - Discussions with Directors about general matters (file notes). - Liaising with directors and investors throughout the Liquidation.
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> - Internal notifications of appointment including opening files. - Internal review of job progression. - Updating control forms and tasking lists. - Filing documentation. - Consider any compliance issues.
	Insurance	<ul style="list-style-type: none"> - Notify insurance broker of Liquidators appointment. - Maintain insurance for the assets of the Company and security of the Company's premises.
	Bank account administration	<ul style="list-style-type: none"> - Close Administrators bank account. - Open Liquidators bank account. - Post cash book entries and complete bank reconciliations. - Close Liquidator's bank account (upon completion of liquidation).
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> - Preparation and lodgement of Administrators final receipts and payments. - Preparation and lodgement of Liquidators receipts and payments. - Lodgement of section 508 AGM report (if applicable). - Apply to ASIC for Deregistration of the Company, upon completion of liquidation. - Prepare final Receipts and Payments.
	ATO and other statutory reporting	<ul style="list-style-type: none"> - Preparation of documentation informing Directors of statutory requirements once Liquidators are appointed. - Preparation and lodgement of statutory documents notifying of appointment as Liquidators. - Preparation and lodgement of Business Activity Statements for the

Remuneration Report

Equititrust Limited
(Receivers Appointed) (Administrators Appointed)
(Receivers and Managers Appointed)
ACN: 061 383 944

		<ul style="list-style-type: none"> Administration period. - Registration for GST and preparation and lodgement of Business Activity Statements for the Liquidation period. - Correspondence to Australian Taxation Office and Office of State Revenue regarding appointment.
	Finalisation	<ul style="list-style-type: none"> - Prepare and lodge finalisation documents with ASIC.
	Books and records/storage	<ul style="list-style-type: none"> - Filing and storage of records. - Apply to ASIC for permission to destroy books and records.
Assets \$50,000	Assets subject to specific charges	<ul style="list-style-type: none"> - Dealing with assets subject to specific charges
	Possible replacement of the Company as Responsible entity	<ul style="list-style-type: none"> - Continue to monitor the sale of the assets of the respective funds. - Continue to liaise with interested parties with respect to the transfer of the responsible entity, or otherwise. - Liaise with Court appointed Receiver with respect to the replacement of the responsible entity, or otherwise.
	Debtors/Accounts Receivable	<ul style="list-style-type: none"> - Recording collection of the debtors and updating the debtor schedule. - Pursuing amounts listed as accounts receivable in the Company's records.
	Other Assets	<ul style="list-style-type: none"> - Monitoring the sale of the assets of the respective funds. - Ensure the sale of the assets of the respective funds is conducted in accordance with the Company's constitution. - Update the creditors/investors in respect of the change of responsible entity.
Creditors \$50,000	Creditor Enquiries	<ul style="list-style-type: none"> - Receive and follow up creditor enquiries by telephone. - Prepare and review correspondence to creditors and their representatives. - Sending report to creditors via mail, also via email and fax (if available). - Correspondence to Australian Taxation Office regarding appointment.
	Creditor reports	<ul style="list-style-type: none"> - Preparation of report to creditors regarding outcome of the meeting. - Sending report to creditors via mail, also via email and fax (if available). - Preparation and mailing final report to members and creditors. - Preparation for attendance at final meeting. - Attend final meeting of members and creditors. - Drafting report to creditors regarding appointment of Liquidator. - Prepare section 508 AGM report to

Remuneration Report

Equititrust Limited (Receivers Appointed) (Administrators Appointed) (Receivers and Managers Appointed) ACN: 061 383 944

	Dealing with proofs of debt	<p>ASIC.</p> <ul style="list-style-type: none"> - Receiving creditors' claims throughout the Administration/Liquidation period and updating the records. - Notification to ATO and OSR regarding appointment, various telephone conversations in relation to the claim and attended POD. - Correspondence inviting creditors to lodge proofs of debt. - Reviewing supporting documents for creditors claim. - Review of claims from creditors and recorded in the system.
	Meeting of Creditors	<ul style="list-style-type: none"> - Dealing with creditors/investors before and after the creditors meeting. - Preparation and lodgement of minutes of major meeting of creditors. - Attend meeting of creditors (including committee). - Prepare Minutes of Meeting of Creditors throughout Liquidation. - Convene Annual and Final Meetings. - Advertise Annual and Final Meetings. - Preparation of report to creditors regarding outcome of the meeting. - Sending report to creditors/investors via mail, also via email and fax (if available). - Preparation and mailing final report to members and creditors. - Preparation for attendance at final meeting. - Attend final meeting of members and creditors. - Drafting report to creditors/investors regarding appointment of Liquidator. - Prepare section 508 AGM report to ASIC.
	Investor enquiries	<ul style="list-style-type: none"> - Notify investors of the appointment. - Receive and follow up investor enquiries by telephone. - Prepare and review correspondence to investors and their representatives. - Sending report to investors via mail, also via email and fax (if available). - Receiving investors' claims throughout the Administration/Liquidation period and updating the records.
<p>Investigation</p> <p>\$50,000</p>	Conducting Investigation	<ul style="list-style-type: none"> - Investigations into the Company's business, property, affairs and financial circumstances. - Preparation of Section 533 report for ASIC. - Lodgement of form EX01 with ASIC. - Obtain and list books and records of

Remuneration Report

Equititrust Limited (Receivers Appointed) (Administrators Appointed) (Receivers and Managers Appointed) ACN: 061 383 944

		<ul style="list-style-type: none"> - the Company. - Performing further investigation in insolvent trading and preference payments claims. - Investigations into intercompany transactions and group structure. - Discussions with company accountants. - Discussions with financial controller. - Investigations into voidable transactions and insolvent trading.
	ASIC reporting	<ul style="list-style-type: none"> - Drafting, executing and sending statutory investigation report to ASIC in accordance with Section 438D of the Act.
	Examinations	<ul style="list-style-type: none"> - Investigations into public examinations of relevant parties. - Collate evidence in relation to public examinations of relevant parties.
	Litigation/Recoveries	<ul style="list-style-type: none"> - Seek legal advice in relation to recovery of voidable transactions. - Seeking legal advice in relation to recovery of voidable transactions.
Litigation \$20,000		<ul style="list-style-type: none"> - Preparing statutory investigation reports. - Liaising with ASIC with respect to various allegations. - Seeking legal advice from solicitors with respect to various potential litigious matters. - Dealing with replacement of Responsible Entity issues. - Dealing with ASIC proceedings. - Dealing with unit holders in relation to potential litigation claims. - Preparing and dealing with indemnities relating to litigations.
Total Remuneration (excluding GST)		\$200,000
GST at 10%		\$20,000
Total Remuneration (including GST)		\$220,000

I advise that this fee does not take into account any work that is required to be performed by the Liquidator in taking action to recover Voidable Transactions or Insolvent Trading. I have discussed previously in this report the potential difficulties in pursuing these transactions. In most cases, to obtain a successful recovery litigation will be required and the fees involved will be difficult to determine until appropriate investigations have been completed. For this reason the fee resolution sought to be fixed at the forthcoming meeting does not include any amount for the recovery of Voidable Transactions or Insolvent Trading. Should the Liquidator pursue the recovery of Voidable Transactions or Insolvent Trading then additional fees to cover this work will be requested to be fixed by creditors at a later date.

The fee also does not also take into account any work required by the Liquidator or their staff to reject a creditors proof of debt should the Liquidators be of the opinion that there are appropriate grounds to reject a proof of debt. Should a creditor challenge the decision concerning a proof of debt then the Liquidator will be required to defend the grounds for the decision and the fees involved in such proceedings are unable to be determined at this time. Should the Liquidator be

Remuneration Report

Equititrust Limited
(Receivers Appointed) (Administrators Appointed)
(Receivers and Managers Appointed)
ACN: 061 383 944

required to conduct any work to reject a creditor's proof of debt then additional fees to cover this work will be requested to be fixed by creditors at a later date.

Should the Liquidator be involved in any litigation regarding the Company or the Liquidation any fees involved in such litigation are not included in the above fee request. Should the Liquidator be involved in any litigation then additional fees to cover this work will be requested to be fixed by creditors at a later date.

The fee does not include any work in respect to conducting examinations pursuant to Division 1 of Part 5.9 of the Act. Should the Liquidator determine that examinations pursuant to this division are necessary then additional fees to cover this work will be requested to be fixed by the committee of inspection or creditors at a later date.

If there are limited or no funds and a GEERS distribution is expected

The fee does not include work involved in the preparation of information for the calculation and payment of funds advanced by GEERS for the benefit of employees. As it appears there will not be sufficient realisations in the Liquidation from the assets of the company to pay any entitlements to the employees of the company GEERS may be willing to advance funds for the payment of employee entitlements. In these circumstances I retain the right to negotiate an appropriate fee with the DEWR for carrying out this work over and above the fee fixed by the committee of inspection or creditors in accordance with Section 499(3) of the Act.

Annexure “J”

Equititrust Limited (Receiver Appointed) (Administrators Appointed) (Recipients and Managers Appointed)
Remuneration Report: Calculation of Remuneration
For the Period 15 February 2012 - 31 March 2012

Employee	Position	\$/hour (excl GST)	Total hours	Total \$	Assets Hours	Assets \$	Creditor Hours	Creditors \$	Investigation Hours	Investigation \$	Administration Hours	Administration \$	Litigation Hours	Litigation \$	Trade On Hours	Trade On \$
Richard Albarran	Appointee	590.00	56.30	33,217.00	8.10	4,779.00	37.20	21,948.00	7.00	4,130.00	-	-	3.10	1,829.00	0.90	531.00
Blair Pleash	Appointee	590.00	118.40	69,856.00	8.90	5,251.00	29.00	17,110.00	8.50	5,015.00	55.00	32,450.00	16.70	9,853.00	0.30	177.00
Glen Oldham	Appointee	515.00	40.70	20,960.50	8.10	4,171.50	11.30	5,819.50	14.50	7,467.50	2.20	1,133.00	4.60	2,369.00	-	-
Timothy Cook	Associate	550.00	192.20	105,710.00	43.60	23,980.00	77.60	42,680.00	68.40	37,620.00	2.20	1,210.00	0.40	220.00	-	-
David Ingram	Associate	550.00	1.00	550.00	-	-	0.40	220.00	-	-	0.60	330.00	-	-	-	-
Kathleen Vouris	Associate	550.00	1.80	990.00	0.60	330.00	0.70	385.00	-	-	0.50	275.00	-	-	-	-
Robin Barret	Professional Standards Manager	515.00	0.30	154.50	-	-	-	-	-	-	0.30	154.50	-	-	-	-
Anne-Marie Barley	Senior Manager	515.00	4.20	2,163.00	0.40	206.00	3.70	1,905.50	-	-	0.10	51.50	-	-	-	-
Cameron Shaw	Senior Manager	515.00	1.70	875.50	-	-	1.70	875.50	-	-	-	-	-	-	-	-
Sam Francipane	Internal Consultant	490.00	8.90	4,361.00	5.10	2,499.00	3.80	1,862.00	-	-	-	-	-	-	-	-
David Kenney	Accounting Partner	490.00	1.00	490.00	-	-	-	-	-	-	1.00	490.00	-	-	-	-
Jovan Singh	Manager	460.00	210.60	96,876.00	25.00	11,500.00	61.60	28,336.00	91.80	42,228.00	8.30	3,818.00	18.90	8,694.00	5.00	2,300.00
Marcus Petrovic	Manager	460.00	1.40	644.00	0.40	184.00	-	-	-	-	1.00	460.00	-	-	-	-
Kate Savage	Manager	460.00	0.40	184.00	-	-	0.40	184.00	-	-	-	-	-	-	-	-
Shahin Hussain	Supervisor	395.00	1.30	513.50	1.20	474.00	0.10	39.50	-	-	-	-	-	-	-	-
Gary Obrien	Supervisor	395.00	0.20	79.00	-	-	0.20	79.00	-	-	-	-	-	-	-	-
Ben Robertson	Supervisor	395.00	1.00	395.00	-	-	0.50	197.50	0.50	197.50	-	-	-	-	-	-
Vincent Miranda	Senior 1	345.00	14.10	4,864.50	1.70	586.50	-	-	8.70	3,001.50	1.60	552.00	-	-	2.10	724.50
Larissa Ann Sura	Senior 1	345.00	3.80	1,311.00	-	-	3.80	1,311.00	-	-	-	-	-	-	-	-
Rory Gillespie	Senior 2	305.00	107.50	30,957.50	27.80	8,479.00	16.00	4,860.00	28.80	8,784.00	25.00	7,625.00	3.90	1,189.50	-	-
Evelyn Sanchez	Senior 2	305.00	73.60	22,448.00	6.00	1,830.00	44.80	13,664.00	4.90	1,494.50	15.90	4,849.50	0.20	61.00	1.80	549.00
Joshua Siely	Senior 2	305.00	18.90	5,764.50	1.00	305.00	2.90	884.50	12.00	3,660.00	3.00	915.00	-	-	-	-
Hayley Sinclair	Senior 2	305.00	10.20	3,111.00	-	-	10.00	3,050.00	-	-	0.20	61.00	-	-	-	-
Jordan Wieden-fley	Senior 2	305.00	23.10	7,045.50	6.10	1,860.50	-	-	17.00	5,185.00	-	-	-	-	-	-
Justin Smith	Senior 2	305.00	6.10	1,860.50	-	-	5.50	1,677.50	-	-	0.60	183.00	-	-	-	-
John Bayssari	Intermediate 1	275.00	3.20	880.00	-	-	-	-	1.60	440.00	1.60	440.00	-	-	-	-
Craig Donaldson	Intermediate 1	275.00	10.70	2,942.50	-	-	10.70	2,942.50	-	-	-	-	-	-	-	-
Xavier Field	Intermediate 1	275.00	0.40	110.00	-	-	0.40	110.00	-	-	-	-	-	-	-	-
Alex Frazer	Intermediate 1	275.00	19.40	5,335.00	18.50	5,087.50	-	-	-	-	0.90	247.50	-	-	-	-
Martin Lowcock	Intermediate 1	275.00	1.00	275.00	-	-	1.00	275.00	-	-	-	-	-	-	-	-
Elizabeth Andrew	Intermediate 2	250.00	124.50	31,125.00	-	-	0.40	100.00	96.30	24,075.00	27.80	6,950.00	-	-	-	-
Adeline Er	Intermediate 2	250.00	8.40	2,100.00	8.40	2,100.00	-	-	-	-	-	-	-	-	-	-
Adam Fong	Intermediate 2	250.00	28.40	7,100.00	21.10	5,275.00	-	-	7.10	1,775.00	0.20	50.00	-	-	-	-
Kate Magee	Intermediate 2	250.00	7.50	1,875.00	-	-	7.40	1,850.00	-	-	0.10	25.00	-	-	-	-
Alvin Nguyen	Intermediate 2	250.00	102.90	25,725.00	-	-	-	-	12.90	3,225.00	90.00	22,500.00	-	-	-	-
Cassandra Poulton	Intermediate 2	250.00	156.80	39,200.00	50.00	12,500.00	69.80	17,450.00	19.30	4,825.00	8.60	2,150.00	8.40	2,100.00	0.70	175.00
Raymond Tjeng	Intermediate 2	250.00	9.60	2,400.00	-	-	-	-	2.10	525.00	2.70	675.00	-	-	4.80	1,200.00
Bljiana Vuckovic	Intermediate 2	250.00	6.80	1,700.00	-	-	5.70	1,425.00	-	-	1.10	275.00	-	-	-	-
Brianne Watson	Intermediate 2	250.00	0.20	50.00	-	-	0.10	25.00	-	-	0.10	25.00	-	-	-	-
Niza Khan	Junior	150.00	104.40	15,660.00	1.40	210.00	90.70	13,605.00	0.80	120.00	11.50	1,725.00	-	-	-	-
Shareez Azam	Junior	150.00	24.90	3,735.00	19.80	2,970.00	-	-	0.80	120.00	3.70	555.00	0.60	90.00	-	-
Kelly Thomas	Junior	150.00	0.80	120.00	-	-	-	-	-	-	0.80	120.00	-	-	-	-
Roshan Sidhu	Junior	150.00	128.50	19,275.00	1.10	165.00	40.20	6,030.00	64.20	9,630.00	16.10	2,415.00	5.50	825.00	1.40	210.00
Jose Talite	Junior	150.00	6.50	975.00	-	-	-	-	5.00	750.00	1.50	225.00	-	-	-	-
Penny Roberts	Administration Assistant	150.00	14.60	2,190.00	-	-	1.90	285.00	-	-	12.20	1,830.00	0.50	75.00	-	-
Lyssa Arpin	Administration Assistant	135.00	0.50	67.50	-	-	-	-	0.50	67.50	-	-	-	-	-	-
Katie Maloney	Administration Assistant	135.00	12.00	1,620.00	-	-	7.00	945.00	4.30	580.50	0.70	94.50	-	-	-	-
Jessica Shirer	Administration Assistant	135.00	0.10	13.50	-	-	-	-	0.10	13.50	-	-	-	-	-	-
Catalina Vargas	Administration Assistant	135.00	9.00	1,215.00	-	-	-	-	1.80	243.00	7.20	972.00	-	-	-	-
Michelle Evers	Administration Assistant	55.00	3.70	203.50	-	-	-	-	-	-	3.70	203.50	-	-	-	-
TOTAL			1,677.50	581,273.50	264.30	94,743.00	546.50	192,151.00	478.30	155,091.50	308.60	96,116.00	62.80	27,305.50	17.00	5,866.50
GST (10%)				58,127.35												
TOTAL (INCL. GST)				639,400.85												
Average \$/Hour				381.16			358.47	351.60		345.16		311.46		434.80		345.09

Annexure “K”

**DISBURSEMENT RATES EFFECTIVE
1 JANUARY 2008
(including GST)**

	Amount (\$)
Postage & Handling (Note 1)	
Regular	1.00
Medium	2.00
Large	4.00
Express – Small	5.00
Express – Large	10.00
Photocopy (Note 1) – per page	0.99
Facsimile (Note 1) – per page	
Local	1.10
International	3.30
File Maintenance Fee (Note 1) – One Off	275.00
Meeting Room Hire (Note 1) – per hour or part thereof	110.00
Other Disbursements (Note 2) – including but not limited to legal fees, insurance, valuation fees, search fees, travel, parking and accommodation.	At Cost

- Note 1: internally provided services are charged at the rates advised in the above table.
- Note 2: all externally provided professional and non professional services are recovered at cost.