

9 March 2012

Circular to Creditors

of

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

I refer to previous correspondence issued by the Administrators and write to provide an update.

Ordinarily, having regard to the date of our appointment the Administrators would be required under Section 439A of the *Corporations Act 2001* ("the Act") to convene the second meeting of the creditors of the Company on or before 14 March 2012.

I advise I have instructed my lawyers to make an application in accordance with Section 439A(6) of the Act for an extension of the convening period for the major meeting of the Company's creditors. As you would appreciate investigations in this matter are complex and extensive. Such an extension would enable me to finalise my investigations in accordance with Section 438A of the Act.

I have sought that the date to convene the second meeting of the creditors of the Company be extended until on or before 14 May 2012.

I note the application is set down for hearing on Monday, 12 March 2012 at 10am.

I note the reasons for bringing the application will be more substantively deposed to in my supporting affidavit, but the Administrators reasons for seeking the further time include the following:

- (a) to further assess claims by creditors of the Company, and in particular the claims by the Funds' investors, including investigation of the potential class action alleged by the Funds' members that are represented by Piper Alderman Lawyers (in the order of \$23,900,000), and a claim in the order of \$20,000,000 alleged by a borrower of the Company;
- (b) to further investigate the Company's affairs and its complex group structure, to identify and consider the related party relationships and relevant transactions;
- (c) to conduct a more detailed review of the Company's insurance policies to determine scope of cover and any applicable exclusions, as well as notifications made or those to be made;
- (d) to seek further legal advice with respect to 'management fees' allegedly payable to the Company in respect of the EIF for the 2011 financial year;

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- (e) to obtain further books and records from various parties including KPMG pursuant to a section 438C notice, which for KPMG may take a further 28 days, and then review and consider same, which they estimate may take about 14 days for the Applicants to do;
- (f) to review and seek finalisation of the audited accounts of the Company, EIF and EPF;
- (g) to investigate allegations raised by ASIC with respect to alleged breaches of the Act;
- (h) to further investigate potential voidable transactions and potential claims against the other directors;
- (i) to negotiate with independent parties, and possibly the Company's directors, to see whether a Deed of Company Arrangement proposal will be put forward and if so, to consider and report to creditors as to same; and
- (j) upon completing the tasks set out above, to give an accurate report to creditors about the Company's business, property, affairs and financial circumstances, as required pursuant to sections 439A(4) of the Act.

I note that the proposed extension will not affect the orderly realisation of assets available in the funds, i.e. the funds that will ultimately determine the repayment of your investment.

Should you have any questions, please do not hesitate to contact Evelyn Sanchez of this office.

Yours faithfully,



**BLAIR PLEASH
ADMINISTRATOR**