

3 April 2017

Report to the Creditors
of
Equititrust Limited
(Receiver Appointed) (In Liquidation)
(Receivers and Managers Appointed)
A.C.N. 061 383 944
("the Company")

I refer to my previous reports and provide an update on the Liquidation of the Company.

To assist creditors this report has been prepared in the following headings:-

1. Asset Realisations
2. Statutory Investigations
3. EIF Proceedings
4. EPF Proceedings
5. EIF Receiver Claim
6. Federal Court Examinations
7. Attachments

1. Asset Realisations

The Liquidators are continuing to liaise with the Receivers of the Equititrust Income Fund (EIF) and the Equititrust Premium Fund (EPF) in regards to their respective asset recoveries.

2. Statutory Investigations

As creditors are aware from my previous report, ASIC has requested that a supplementary Section 533 report be prepared which the Liquidators are in the process of preparing.

3. EIF Proceedings

Creditors will be aware from my previous report of the proceedings commenced by the Liquidators in regards to the EIF. Creditors are advised that there is no further update on the claim in these proceedings.

4. EPF Proceedings

Creditors will be aware from my previous report of the proceedings commenced by the Liquidators in regards to the EPF. Creditors are advised that there is no further update on the claim in these proceedings.

5. EIF Receiver Claim

As creditors will recall, there are a number of claims between the Receiver of the EIF and the Liquidators which are currently subject to negotiations. Creditors will be provided with the outcome of these claims once they have been resolved.

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6. Federal Court Examinations

I refer to the comments from my previous report dated 1 February 2017.

On 22 February 2017, our solicitors, Russells Law, appeared on behalf of the Liquidators in the Federal Court of Australia at Brisbane and secured the production of numerous documents from the following persons:

- Mr Paul Vincent, former director of the Company;
- Mr Russell McCart, a former guarantor of the debts owed to the Company (as trustee of the EPF) by the Meridien Group;
- Mr Jim Conomos, a solicitor who represented Mr McCart and his co-guarantors, Messrs Paul Barrett and David Roberts, in litigation brought against them by the Company, and continued by receivers appointed by MS Asia Debt Acquisition Limited (Messrs Pelden and Cook of Worrells) represented by Tucker & Cowen solicitors;
- Messrs Pelden and Cook, the receivers appointed by MS Asia; and
- Mr Luke McKenzie, an executive of Balmain NB Commercial Mortgages Limited ("Balmain"). For convenience, Mr McKenzie also produced, in Brisbane, documents which had been required from Balmain itself.

Our solicitors secured access to and copies of all such documents. However, MS Asia has made a claim for legal professional privilege in respect of some documents produced by its receivers. That claim remains to be determined.

In order for the Liquidators and our legal advisors to have time to consider these documents, the examination of all examinees was adjourned until 5 April 2017 in Brisbane.

Our solicitors appeared in the Federal Court of Australia at Sydney on 8 March 2017 and secured production of documents from the following persons:

- Commonwealth Bank of Australia ("CBA");
- AET SPV Management Pty Ltd as trustee of the Lawson Trust (the entity which sold the EPF loan portfolio to MS Asia);
- Balmain (further documents having come to light since its production of documents in Brisbane); and
- Morgan Stanley Australia Limited and Mr Shane Beecroft.

Our solicitors secured access to and copies of all such documents. There were no claims for privilege.

On 8 March 2017, the Liquidators' solicitors also applied for orders for the production of further documents from CBA and from Balmain. The Court made orders for production of the relevant documents.

On 14 March 2017, both Balmain and CBA complied with the orders made on 8 March 2017 and produced certain further documents. Our solicitors obtained access to and copies of those documents.

On 14 March 2017, counsel for the Liquidators examined three persons on oath, under the provisions of the *Corporations Act 2001*. Those persons were:

- Mr Shane Beecroft, Executive Director, Real Estate Transactions, Australia for Morgan Stanley Australia Limited;
- Mr Graham Hayes, a former guarantor of the debts of companies, Lanray Pty Ltd and Kunda Trading Pty Ltd, owed to the Company as trustee of the EPF; and
- Mr Michael Griffin, Chief Executive, Balmain.

The evidence and documents elicited from these proceedings have proved very useful to the Liquidators' better understanding of the transactions which we are investigating. We are in close consultation with our legal advisors. Whilst our understanding has been substantially advanced by the investigation and examinations to date, we will not form any concluded view until the conclusion of the examinations in Brisbane.

One examinee, Mr McKenzie, is unable to appear at either of the appointed dates in Brisbane and his examination will be adjourned to a date as soon thereafter as we can arrange.

Once the examination of all witnesses has been concluded, we will consider all of the evidence – oral and documentary – obtained from this process and will then resolve on further action.

We are aware of media articles and other speculation on various social media platforms. Some of these publications are inaccurate. We urge creditors and investors to treat such publications with caution. When we are in a position to do so, we will fully inform creditors and investors of the decision we make in relation to any further action and we will provide details of any such action.

We are also aware that certain parties are contacting Investors in the EPF, seeking to criticise the conduct of this investigation and these examinations, including suggestions that they may somehow disadvantage Investors.

We urge all investors to treat such communications with caution and indeed to consider the motivation behind such communications. The Liquidators remain committed to protecting and advancing the interests of all creditors and investors, including (especially in the context of the current examinations) the investors in the EPF. The sole objective of the current investigation and examinations is to clarify certain transactions which have affected the EPF. There is no reason to think that doing so could have any detrimental effect on the interests of investors.

7. Attachments

I attach the Liquidators' schedule of remuneration incurred for the period 1 January 2017 to 28 February 2017 at **Annexure A**. This can be summarised as follows:

Period (Month, Year)	Remuneration (excl GST) (\$)
January 2017	17,758
February 2017	18,643
Total	36,401

ASIC Notices

Creditors should be aware that all advertisements in respect of insolvency matters are now located on the ASIC's website: <http://www.insolvencynotices.asic.gov.au>.

Should you have any queries regarding the winding up of the Company please do not hesitate to contact Jovan Singh of this office.

Yours faithfully,



BLAIR PLEASH
LIQUIDATOR

ANNEXURE A

