



EQUITITRUST CAPITAL

16 November 2011

To members of:

Equititrust Income Fund and Equititrust Priority Class Income Fund (the "Funds")

Take notice that at 10am on Monday, 21 November 2011 Equititrust Limited will be applying to the Queensland Supreme Court (Law Courts Complex, George Street, Brisbane) for orders that:

1. The Equititrust Income Fund be wound up pursuant to section 601ND of the *Corporations Act (Cth) 2001*;
2. The Equititrust Priority Class Income Fund be wound up pursuant to section 601ND of the *Corporations Act (Cth) 2001*;
3. Pursuant to section 601FN of the *Corporations Act (Cth) 2001* Equititrust Limited be replaced as the Responsible Entity of the Equititrust Income Fund and the Equititrust Priority Class Income Fund by a temporary Responsible Entity, with that entity to wind-up the Funds and take steps to call a meeting of members to ratify its appointment; and
4. That a committee consisting of Mr Jeff McDermid, Mr Paul Vincent and Mr Nick Combis be appointed pursuant to section 601NF of the *Corporations Act (Cth) 2001* to take responsibility for ensuring that the Funds are wound up in accordance with their constitutions and that appropriate directions be made to effect that.

These Orders will crystallise and bring forward the winding-up of the Funds, albeit by an alternate mechanism to that which was previously contemplated by the Board of Equititrust itself and as notified to members in the notice dated 21 October 2011 and supplemented on 3 November 2011. The alternate mechanism would see the court order that the Funds be wound-up by the temporary Responsible Entity appointed on Monday, 21 November 2011. Should this transpire there will be no opportunity or need for members to call a general meeting of the scheme.

Further details may be found at www.equititrust.com.au, including copies of court documents filed in respect of the above application.

The Board of Equititrust Limited is of the view that investor interests would be best served and a greater return to investors derived through an orderly realisation of the property assets.

Equititrust Limited is faced with a number of obstacles moving forward including a likely lack of insurance after Monday, 21 November 2011 and consequential breach of the conditions of the Australian Financial Services Licence, dealing with its own creditors and defending a mooted class action brought by investors.

Against this background, and advice having been taken, the Board has considered the following issues:-

- (i) The best interests of members of the Funds;
- (ii) Issues relating to the obtaining of insurance moving forward;
- (iii) The future solvency of Equititrust Limited in its own right;
- (iv) The potential appointment of a voluntary administrator to Equititrust Limited;

- (v) The potential appointment of a liquidator to Equititrust Limited;
- (vi) Issues relating to Equititrust Limited maintaining its Australian Financial Services Licence (and the need for such a licence in order to wind down the Funds);
- (vii) An issue regarding the reconversion of subordinated units in EIF and EPF;
- (viii) The costs and expenses of the appointment of external party or parties to Equititrust Limited; and
- (ix) The impact of a forced or fire sale strategy being adopted in relation to the realisation of the real property assets.

The issue in relation to the reconversion of subordinated units in EIF and EPF is the potential for a reconversion of 40,000,000 sub-ordinated units in EIF held by Equititrust Limited in its own right. If this happens it may diminish the EIF unit price by approximately 20%.

The Board is also conscious of the potential impact upon the EIF unit price should an external insolvency practitioner be appointed to Equititrust Limited. This could precipitate financiers appointing receivers, with a detrimental impact upon members as a result of fees charged by the practitioners, and with the possible result of assets being realised for less than their best possible price.

Having considered the above factors the Board has formed the view that it is in the best interests of members of the Funds to apply to the Court for:-

- (a) the appointment of a temporary responsible entity to the Funds;
- (b) the EIF and EPCIF to be wound up pursuant to Section 601ND of the Act; and
- (c) a committee consisting of Mr Jeff McDermid, Mr Paul Vincent and Mr Nick Combis be appointed pursuant to Section 601NF of the Act to take responsibility for ensuring that the EIF and EPCIF are wound up in accordance with their constitutions and appropriate directions of the Court to give effect to that.

The Board is yet to identify the potential temporary responsible entity. It is considering several options and hopes to be in a position shortly to identify one.

Yours sincerely



Jeff McDermid
Chairman
EQUITITRUST LTD

