



EQUITITRUST CAPITAL™

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Continuous Disclosure Statement

Equititrust Income Fund ARSN 089 079 854
Equititrust Limited ACN 061 383 944, AFSL 230471
Issued by Equititrust Limited on 15 April 2011

NOTICE IN RELATION TO ANNOUNCEMENT BY PIPER ALDERMAN REGARDING POTENTIAL CLASS ACTION

The Directors of Equititrust Limited note the announcement by Piper Alderman that they are currently investigating a potential class action against Equititrust Limited for alleged breaches of the Corporations Act 2001. Equititrust notes that as of this date, it has not received any communication from Piper Alderman in relation to this alleged claim.

Whilst it is not our usual practice to respond to such allegations outside of due legal process, the matters raised by Piper Alderman are sufficiently inaccurate to warrant a response. In particular the Directors note the following:

- (i) Piper Alderman states that "It appears as though distributions have been suspended to enable an increase in debt repayments in the hope of appeasing the NAB and obtaining the Bank's agreement to a restructure of the EIF's debt facility". This statement is incorrect.

At no time has NAB asked for, or suggested, that distributions should be suspended. This decision was made by the Directors based upon events that have transpired over the past four weeks and was done so in order to be prudent whilst updated valuations of the underlying security for the EIF loan book are carried out. NAB was advised of the suspension as a matter of courtesy at the same time the announcement was made to unit-holders;

- (ii) Piper Alderman states that "The NAB has not yet made a decision [with respect to the proposal for repayment of the facility]". This statement is incorrect.

NAB has formally agreed to Equititrust's proposal and this has been disclosed on the Equititrust Limited website. The Piper Alderman statement is also misleading in that it ignores the disclosure in the interim accounts that "The external financier [NAB] have indicated that they are broadly supportive of such proposal...". The Directors felt it was prudent to disclose the ramifications for EIF if NAB did not agree to the revised proposal request notwithstanding that they were confident (based upon ongoing discussions with NAB) that such proposal would be accepted;

- (iii) Piper Alderman states that the meeting called for unit-holders for 20 April 2011 has been called in an "apparent attempt to further allay investor concerns". The meeting has not been called to allay investor concerns but rather to address them. Equititrust recognizes that investors will be concerned at the suspension of distributions and the meetings are but one forum that Equititrust is using to address such concerns;

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- (iv) Piper Alderman states that "One of the many issues likely to be raised by unit holders will be why the EIF's difficult liquidity position has not prevented Equititrust withdrawing \$4 million in management fees". This statement is incorrect.

Equititrust did not draw \$4m in management fees for the six months ending 31 December 2010. The accounts quite clearly show that the management fee paid to Equititrust was less than \$2.3m. Of this management fee, approximately \$450,000 was used to pay legal costs, audit fees and other professional fees and charges for EIF that were quite legitimately able to be paid directly by EIF. Even if one ignores such reimbursable costs, the management fee was still not sufficient to cover the ongoing running costs of EIF which included wages, rent, IT costs, consultant's fees etc. The shortfall was paid by Equititrust Limited. It should be noted that Equititrust was entitled to claim such shortfall out of EIF but chose not to do so;

- (v) Piper Alderman states that "ASIC has recently expressed concern over the level of disclosure by Equititrust in relation to the EIF". This statement is incorrect.

Equititrust is not aware of any concern expressed by ASIC in relation to its disclosure in relation to EIF. In fact, Equititrust is not aware of any Australian mortgage fund that has provided unit-holders with the level of disclosure that it has with respect to its loan book (including considerable details with respect to all loans that represent > 1% of the loan book value).

The Directors of Equititrust Limited consider that the level of support provided by Equititrust to the investors in EIF by way of subordinated investment and forgone management costs is unprecedented in the Australian mortgage fund industry and refute in their entirety the baseless and inaccurate allegations made by Piper Alderman.

The Directors of Equititrust Limited respect the rights of all unit-holders to obtain independent legal advice with respect to their investment and actively encourage any concerned investor to do exactly that.

15 April 2011

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