

**TO INVESTORS**

26 July 2012

**EQUITRUST INCOME FUND ARSN 089 079 854 (“EIF”)  
(RECEIVER APPOINTED) (“The Fund”)**

I refer to my previous reports dated 1 February 2012, 21 February 2012, 27 March 2012, 16 May 2012 and 21 June 2012 and now provide my sixth update to investors on the progress of the winding up of the Fund by me as Court appointed receiver of the property of the Fund.

**1. Receipts and Payments**

I provide below a summary of the Receipts and Payments of the Fund for the period 18 June to 22 July 2012.

<b>Summary of Receipts and Payments for the Period 18 June 2012 to 22 July 2012</b>		
<b>Opening Cash at Bank</b>		<b>1,594,518.08</b>
<b>Receipts</b>		
Loan Recoveries:		
Corymbia Estates Pty Ltd	4,316.62	
Mountbell Pty Ltd	39,548.75	
Rosea Pty Ltd	168,333.33	
Toowoomba (Foundry Shopping Centre) Pty Ltd	146,200.54	358,399.24
<b>Total Receipts</b>		<b>358,399.24</b>
<b>Payments</b>		
Bank Charges		20.80
Distressed Loan funding:		
Corymbia Estates Pty Ltd	17,600.00	
CTP Pty Ltd	11,477.40	
East Coast Pty Ltd	2,750.00	
Morvale Land Pty Ltd	660.00	
Resort Corporation Australia (No 2) Pty Ltd (In Liq)	37,223.71	
Toowoomba (Foundry Shopping Centre) Pty Ltd	16,500.00	
Tweed Central Pty Ltd	23,904.62	



Valencia Grove Pty Ltd	33,976.03	
Western Land Corporation	4,400.00	
Wirrina Corporation Pty Ltd	144,334.73	292,826.49
Insurance		25,298.24
IT expenses		10,347.27
Legal Fees		841.50
Mileage Allowance		325.50
Office Rental charge		7,770.98
Reversal of Prior Period GST remittance (subject to Private Ruling)		(250,689.00)
Statutory Payments - GST & PAYG		43,909.00
Wages & Salaries		34,672.56
<b>Total Payments</b>		<b>165,323.34</b>
<b>Closing Cash at Bank</b>		<b>1,787,593.98</b>

## 2. Realisation of Assets

The realisation of the Fund's assets continues to progress.

As this is a public document and to ensure I do not prejudice any ongoing negotiations regarding the sale of the properties, I will not at this time identify individual properties and/or their expected realisable values. However, I summarise all sales, contracts on foot, current offers accepted and contracts awaiting execution below:

	\$
Sales completed	8,848,866
Eight contracts on foot	5,780,000
Eleven offers accepted, awaiting executed contracts	4,050,000
One offer under consideration	12,000,000 - 15,000,000

With respect to the information above, I note the following:

- A property settled on 23 July 2012 with gross realisations of \$885,000;
- Four contracts are unconditional with settlements scheduled in August 2012 and gross realisations of approximately \$1.4 million;
- A contract is unconditional in the amount of \$2.25 million with settlement scheduled in September 2012;
- Three contracts are unconditional with settlements scheduled in December 2012 and gross realisations of approximately \$1.03 million;
- A deed of settlement has been executed with \$150,000 received on 18 June 2012 and \$1.1 million to be received on 17 June 2013;

- Contracts for ten lots are currently being exchanged with gross realisations of approximately \$1.8 million anticipated. The agent for the site is continuing to market the remaining lots;
- An offer of \$2.25 million for a property has been received with a contract forwarded to the purchaser for execution;
- An offer in the range of \$12M to \$15M is currently being considered;
- A highly conditional offer of \$6 million has been received for a property, however is not capable of acceptance at this time. The property will be subject to a sale campaign commencing in the next four to six weeks.

The remaining 11 properties, with the exception of one property, is currently on the market or being prepared for the commencement of sale campaigns. The property not presently subject to a sale campaign is currently subject to possession proceedings.

I will update investors on the progress of the sales in my monthly reports to investors. With the contracts on foot and sale campaigns reaching their closing date, I am hopeful that NAB will be repaid in full by the end of September 2012.

### 3. Legal Proceedings

As previously advised, there are currently nine legal actions on foot although five are largely finalised with cost orders to be recovered in four of those matters.

The remaining actions are expected to realise several million dollars for the benefit of investors although this may take some time to realise.

Additionally, as noted above possession proceedings are continuing in respect of one property. In addition, two actions are progressing against the same valuer for negligence and damages in excess of \$10M. Any amount recoverable in this latter respect will be sought against a professional indemnity insurance policy.

### 4. Estimated Return to Investors

I provide below an estimated return to investors of between 18 and 26 cents in the dollar as at 26 July 2012 as follows:

	Low	High
	\$000's	\$000's
Total estimated selling prices	53,435	68,320
Less: Selling costs - marketing and agents fees (3.5%)	(1,870)	(2,391)
Secured creditors (net of cash at bank)	(6,923)	(6,923)
Land Tax and Rates	(7,781)	(7,781)



Other unsecured creditors	(1,094)	(1,094)
Receivers fees	(596)	(596)
<b>Estimated net amount available to investors as at 30 June 2012</b>	<b>35,171</b>	<b>49,535</b>
Total investors units	193,916	193,916
<b>Estimated return in the dollar</b>	<b>\$0.18</b>	<b>\$0.26</b>

The above table does not take into account future operating costs, interest on bank loans until repaid in full, future Receivers fees and rates and land tax after 30 June 2012. It also excludes any legal recoveries against borrowers, valuers or other third parties.

Subject to the sale of the properties currently on the market and where sale campaigns are to commence, I remain hopeful that I will be able to commence interim distributions to investors in the second half of this year. This will be after paying secured creditors, land tax and rates, Receivers fees and the unsecured creditors who rank ahead of investors' interests.

## 5. Updated Unit Price

I have received numerous requests to provide an updated unit price. In this regard, I provide below an updated unit price as at 30 June 2012 of 23 cents, which is based on the mid point of the high and low estimated selling prices of the secured assets as at 30 June 2012.

	<b>\$000's</b>
Investor units opening balance 1 July 2011	203,635
Reallocation of income payments to reduction in principal in 2011/2012	(9,719)
<b>Total investor units as at 30 June 2012</b>	<b>193,916</b>
Total Value of Fund Assets as at 30 June 2012 (net of land tax and rates)	53,844
Less value of NAB facility	(6,000)
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	47,844
Less Creditors and Other Payables	(3,891)
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<b>Total Net Value of Fund Assets</b>	<b>43,953</b>
<b>Total Number of Units as at 30 June 2012</b>	<b>193,916</b>
<b>Unit Price</b>	<b>0.23</b>



Please note that the unit price has been calculated based on unaudited management accounts as at 30 June 2012.

I attach a copy of a letter to Centrelink confirming the unit price as at 30 June 2012, which may be used by investors to assist with the revision of their pensions.

I have previously written to the Minister for Families, Housing, Community Services and Indigenous Affairs seeking consideration to exempt units in the Fund from social security deeming provisions to assist retirees who are income and asset tested. Despite following them up in this respect, I have not yet received a response from the Minister.

## **6. Piper Alderman Class Action**

I have been asked by Piper Alderman to include the below update to investors on their behalf in relation to the current status of the proposed class action.

As previously advised, pursuant to the terms of the EIF constitution, as Receiver of the fund's assets and person responsible for winding up the fund, I am not able to prosecute the claims proposed by Piper Alderman which are claims that can only be made by investors themselves.

This update has been prepared by Piper Alderman and I make no comment in respect of same. It is for investors to make their own decision regarding any such class action. I recommend investors seek their own independent legal advice before determining if they should participate in the class action contemplated.

*"Piper Alderman has been engaged in ongoing preparations relating to the class action proceedings against Equititrust Limited (and its directors) as the responsible entity of the Equititrust Income Fund ("the Fund") and the Fund's auditors. The preparation of the claims is in the final stages, with senior counsel instructed by Piper Alderman reviewing the proposed claims. Accordingly, Piper Alderman expects that the claims will be commenced shortly.*

*It is understood that unknown persons have made unsolicited communications to unit holders alleging that Piper Alderman is not proceeding with the class action. These allegations are untrue and should be ignored.*

*Any unit holder wishing to participate in the proceedings should contact Shaan Palmer of Piper Alderman on (02) 9253 9920 without delay to ensure that you are included in the proceedings."*

## **7. Request for Proofs of Debt from Liquidator of Equititrust Limited**

I understand that there has been some confusion with respect to Hall Chadwick's request for Proofs of Debt forms in their latest correspondence. Please note that an investor's claim against Equititrust Limited will be for any shortfall on their investment caused by Equititrust Limited acting as responsible entity of the Fund.



If an investor wishes to lodge a Proof of Debt form, they should lodge it directly with Hall Chadwick. Contact details for Hall Chadwick are provided below.

Hall Chadwick  
29/31 Market Street  
Sydney NSW 2000  
Telephone: (02) 9263 2600

## 8. Reduction in Overheads

As previously advised, staff and consultants were retained following my appointment to assist with the winding up of the Fund initially under a services agreement with Equititrust Limited (Receivers and Managers Appointed) (In Liquidation), GCP(HQ) Pty Ltd and ECG Administration Pty Ltd (In Liquidation) ("ECGA") in order to reduce overheads from an average of \$514,000 to \$147,000 per month.

Since January 2012, the monthly overhead costs have gradually been reduced and are now approximately \$53,000 per month. A further two staff members will cease employment by mid August 2012, reducing overheads by a further amount of approximately \$21,000 per month.

## 9. Contact Details

One of the staff members due to finish on 27 July 2012 is the investor relations manager, Trish Riley. For all future queries in relation to your investment you should contact Andrew Want of my office on (07) 3237 5711.

The remaining staff and consultants engaged by me to assist in the winding up of the fund are still located at the following address.

Postal Address: Equititrust Income Fund	Phone: 07 5510 4870
Wyndham Building	Fax: 07 5510 4907
Level 9, 1 Corporate Court	
BUNDALL QLD 4217	

## 10. Receivers Remuneration & Expenses

I attach a remuneration summary covering the period from 21 November 2011 to 22 July 2012 in respect of fees incurred of \$634,418.00 plus outlays of \$14,804.09 plus GST. None of the fees have been drawn to date.

As advised in my fifth report, I am currently preparing an application to Court to seek approval of my fees. I will notify creditors and investors of the application date with relevant documents to be uploaded to the websites [www.equititrust.com.au](http://www.equititrust.com.au) and [www.equititrustincomefund.com.au](http://www.equititrustincomefund.com.au).



## 11. Queries

Monthly reports will continue to be uploaded to the websites [www.equititrust.com.au](http://www.equititrust.com.au) and [www.equitrustincomefund.com.au](http://www.equitrustincomefund.com.au).

Should investors have any queries in relation to the winding up of the Fund, they should contact my office on (07) 3237 5999 or by email at [info@bdo.com.au](mailto:info@bdo.com.au).

Yours faithfully,

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

David Whyte  
Receiver

Equititrust Income Fund (Receiver Appointed)  
21 November 2011 to 22 July 2012

Employee	Position	Rate	Total Units	Total \$	Administration		Assets		Creditors		Employees		Investigations		Trade-on	
					Units	\$	Units	\$	Units	\$	Units	\$	Units	\$	Units	\$
Whyte, David	Partner	560	42.10	23,576.00	3.90	2,184.00	23.90	13,384.00	1.00	560.00	0.20	112.00	0.00	0.00	13.10	7,336.00
Fielding, Andrew	Partner	545	0.20	109.00	0.20	109.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Newman, Helen	Partner	545	0.60	327.00	0.60	327.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Whyte, David	Partner	545	681.30	371,308.50	15.40	8,393.00	156.10	85,074.50	42.10	22,944.50	0.60	327.00	8.70	4,741.50	458.40	249,828.00
Somerville, John	Senior Manager	425	45.30	19,252.50	4.20	1,785.00	24.10	10,242.50	2.30	977.50	0.00	0.00	0.00	0.00	14.70	6,247.50
Brushe, David	Manager	375	146.20	54,825.00	28.00	10,500.00	86.20	32,325.00	1.80	675.00	0.00	0.00	1.50	562.50	28.70	10,762.50
Raphael, Alastair	Manager	375	0.80	300.00	0.80	300.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Somerville, John	Manager	375	121.20	45,450.00	24.40	9,150.00	69.50	26,062.50	7.50	2,812.50	0.00	0.00	0.50	187.50	19.30	7,237.50
Coulston, Jayden	Senior Accountant II	270	1.10	297.00	1.10	297.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Boyes, Rebecca	Senior Accountant II	270	1.90	513.00	1.90	513.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Want, Andrew	Senior Accountant II	270	32.40	8,748.00	29.50	7,965.00	2.90	783.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bauer, Kirsty	Senior Accountant II	260	8.00	2,080.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.00	2,080.00	0.00	0.00
Robotham, Scott	Senior Accountant II	260	0.20	52.00	0.20	52.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Want, Andrew	Senior Accountant II	260	333.90	86,814.00	319.30	83,018.00	1.10	286.00	5.40	1,404.00	0.00	0.00	0.00	0.00	8.10	2,106.00
Coulston, Jayden	Accountant I	210	64.70	13,587.00	21.80	4,578.00	13.30	2,793.00	26.10	5,481.00	1.90	399.00	1.10	231.00	0.50	105.00
Jones, Annabel	Accountant I	210	17.30	3,633.00	17.30	3,633.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pembroke, Elle	Accountant I	210	7.80	1,638.00	7.40	1,554.00	0.00	0.00	0.40	84.00	0.00	0.00	0.00	0.00	0.00	0.00
Gasper, Michael	Accountant II	160	6.50	1,040.00	6.50	1,040.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Richardson, Ashley	Administrative Assistant	70	12.40	868.00	12.40	868.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>			<b>1,523.90</b>	<b>634,418.00</b>	<b>494.90</b>	<b>136,266.00</b>	<b>377.10</b>	<b>170,950.50</b>	<b>86.60</b>	<b>34,938.50</b>	<b>2.70</b>	<b>838.00</b>	<b>19.80</b>	<b>7,802.50</b>	<b>542.80</b>	<b>283,622.50</b>
			GST		63,441.80											
			TOTAL INC GST		697,859.80											
<b>AVERAGE HOURLY RATE</b>			<b>416.31</b>		<b>275.34</b>		<b>453.33</b>		<b>403.45</b>		<b>310.37</b>		<b>394.07</b>		<b>522.52</b>	

**DISBURSEMENT REPORT**

Equititrust Income Fund (Receiver Appointed)  
21 November 2011 to 22 July 2012

Item	
NSW Power of Attorney Transfer fee	90.45
Airfares	2,475.41
Travel - Mileage	4,849.50
Travel - Taxi	104.94
Travel - Car Rental	469.47
Parking	134.55
Courier	449.49
Mobile Internet	53.63
EIF - Photocopier install	255.00
Postage	830.86
Photocopying	3,811.80
Search Fee	1,278.99
<b>Sub Total</b>	<b>14,804.09</b>
GST	1,480.41
<b>TOTAL</b>	<b>16,284.50</b>



**TO WHOM IT MAY CONCERN**

26 July 2012

**EQUITRUST INCOME FUND  
ARSN 089 079 854  
(RECEIVER APPOINTED) ("THE FUND")**


I refer to my court appointment on 21 November 2011 as interim Receiver and subsequent appointment on 23 November 2011 as Receiver of the Fund's assets and the person responsible for ensuring the winding up of the Fund in accordance with the terms of its constitution.

I provide an update on the estimated unit price of the fund as at 30 June 2012, calculated as follows:

	<b>\$000's</b>
Investor units opening balance 1 July 2011	203,635
Reallocation of income payments to reduction in principal in 2011/2012	(9,719)
<b>Total investor units as at 30 June 2012</b>	<b>193,916</b>
Total Value of Fund Assets as at 30 June 2012	53,844
Less value of NAB facility	(6,000)
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	47,844
Less Creditors and Other Payables	(3,891)
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<b>Total Net Value of Fund Assets</b>	<b>43,953</b>
<b>Total Number of Units as at 30 June 2012</b>	<b>193,916</b>
<b>Unit Price</b>	<b>0.23</b>

Should you have any queries in respect of the above, please contact Andrew Want of my office on (07) 3237 5711.

Yours faithfully,



David Whyte  
Receiver