

TO INVESTORS

18 April 2013

EQUITRUST INCOME FUND ARSN 089 079 854 (RECEIVER APPOINTED) (“the Fund” or “EIF”)

I refer to my previous reports and now provide my twelfth update to Investors since my appointment as Court appointed Receiver and person responsible for winding up the EIF on 21 November 2011. This report has been delayed by three weeks as I wanted to be in a position to confirm that one of the substantial assets in the Fund, being the Collingwood Park property, is now subject to contract with this being executed on 10 April 2013.

In addition, I am pleased to advise that the contract of sale to transfer the water and sewerage infrastructure and services at Wirrina Cove to Yankalilla Council was executed yesterday with settlement due on 31 May 2013. Completion of this sale will then trigger settlement of the 75 residential lots at Wirrina Cove as this was a condition of the sales. These items are further discussed at Section 1 below.

1. Property Realisations

Provided below is a summary of the status of the remaining properties awaiting settlement or still to be sold.

1.1 Properties Under Contract/Subject to Deed of Settlement

As this is a public document and to ensure I do not prejudice completion of the contracts, I will not at this time identify the individual contract values.

Loan Number	Loan (Borrower)	Security location	Settlement Date
105735	Valencia Grove	Griffith, NSW	22 April 2013
105549	Corymbia Estates	Carbrook QLD	14 May 2013
105657	Rosea Pty Ltd	Wongawallen, QLD	17 June 2013
105696	Morvale Land	Port Augusta, SA	30 April 2013
105653	Tweed Central	Murwillumbah, NSW	29 August 2013
105665	Corymbia Corporation	Collingwood Park, QLD	30 August 2013
105385	East Coast	Maclean, NSW	13 June 2013
105739	Sunset Cove Developments	Wirrina Cove, SA	Various

Please note that the settlement dates for the properties at Griffith, Carbrook and Port Augusta have been extended since my eleventh report to investors. The extensions were granted at the request of the purchaser with an extension fee and/or default interest applicable.

All properties noted above are subject to unconditional contracts with the exception of the following:

(i) Wurrina Cove

Ray White is continuing with the sale of the assets at Wurrina Cove. At the time of writing this report, a total of 134 offers have been accepted and/or contracts exchanged totalling approximately \$7.87 million with respect to residential land, rural land and marina berth under leases. A summary is provided below.

	Offers accepted/contracts exchanged (number)	Lots/marina berths remaining (number)
Marina berths	63	42
Residential land	68	7
Rural land	2	0
Caravan Park	1	0
Total	134	49

Discussions are ongoing with interested parties in acquiring the Resort, Golf Course, and Conference Centre and I anticipate that a contract will be finalised in the coming weeks. Following feedback from the sale campaign, an asking price of \$3 million has been set for this part of the Wurrina Cove assets.

The key issues that are/were required to be resolved to effect settlement of the above mentioned contracts include:

- Removal of caveats registered on titles and obtaining consent from a subsequent mortgagee. After protracted negotiations, I anticipate that the withdrawal of caveats will be completed in the next two weeks along with consent being granted by the mortgagee.
- Obtaining a new Section 23 Authorisation pursuant to the *Aboriginal Heritage Act 1988* for 32 allotments on the ocean front (Esplanade lots), 21 of which are located on an Aboriginal Site. This approval was received from the Minister's office on 15 April 2013.
- Transfer of the water and sewerage operations to Yankalilla District Council. Under the terms of the contract of sale, which was executed on 17 April 2013, the water and sewerage operations will be transferred to Council by 31 May 2013.

(ii) Collingwood Park

A contract was executed on 10 April 2013, which is conditional upon the purchaser obtaining approval from the Ipswich City Council and the Australian Government Department of Sustainability, Water, Population and Communities to clear the vegetation on the site. It is anticipated that the approvals will be obtained by 31 July 2013 with settlement scheduled 30 days thereafter. The contract does allow the purchaser to extend the contract for up to 28 days up to a maximum of three times upon

payment of a non-refundable fee of \$78,706.85 (for each extension) if the approvals have not been obtained.

1.2 Properties Remaining to be Sold

A summary of the status of the three remaining properties to be realised is provided below. Again, 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 their expected realisable values.

(i) Toowoomba Foundry

Negotiations are ongoing with an interested party and I am hopeful that a contract will be finalised shortly. The site has various contamination and heritage issues, which has resulted in protracted contract negotiations.

(ii) Cornwallis and Richmond

The Receiver has commenced a sale campaign with tenders closing on 23 April 2013.

(iii) Gold Coast

The property consists of a residential house and land and is subject to possession proceedings, which are currently on foot. I have filed a claim and statement of claim and are currently awaiting for the defendant to file a defence. It is anticipated that mediation will take place by 7 June 2013.

1.3 Legal Proceedings

As advised in my eleventh report to Investors, there are several legal actions currently on foot. I am unable to provide specific details with respect to each matter and the expected outcome of same. However, I provide an overview below:

- As indicated above, possession proceedings are underway with respect to a secured property. Mediation is to take place by 7 June 2013 after the claim is lodged and responded to;
- Two claims have been filed against the same valuer for negligence and damages in excess of \$10 million. Expert witnesses are currently finalising reports to progress the claims. Any amount recoverable will be sought against a professional indemnity insurance policy;
- A deed of settlement has been executed with respect to a claim against a guarantor. Default judgment against the remaining guarantors has been obtained and letters of demand have been served. I anticipate that a sequestration order will be obtained bankrupting the guarantors;
- Monetary judgement has been obtained against a guarantor, however a cross claim has been filed by the borrower. The matter is likely to go to trial in mid-2013 once evidence has been considered;
- Several proceedings are ongoing against a bankrupt/related parties to realise an interest in the surplus proceeds from the sale of a property. This is likely to result in a substantial recovery for the Fund; and

- Other claims are still being considered against borrowers/guarantors/valuers to determine if commercial recoveries are achievable.

Given the nature of these matters, they are likely to take some time to resolve. However, it is expected that the actions will realise several million dollars for the benefit of Investors.

2. Creditor Claims

2.1 Secured Creditors

As advised in my eleventh report to Investors, secured creditors' claims have been discharged, with the exception of approximately \$1.1 million in respect of bank guarantees issued by the National Australia Bank.

The bank guarantees support bonds held by various Councils with respect to certain development sites. Discussions are ongoing with the councils to determine when the guarantees may be released.

2.2 Other Creditors

As advised in my eleventh report to Investors, there are a number of creditors that must be paid in priority to Investors, which include:

- Rates and land tax against certain properties to be realised;
- Trade creditors, which relate to liabilities necessarily incurred in the winding up of the Fund;
- Any other creditors outstanding at the date of my appointment; and
- Receiver's remuneration and outlays.

I am still investigating the amount advanced by the Mclvor Superannuation Fund ('MSF') to the EIF, the current balance of which is approximately \$3.3 million. In this regard, I was of the understanding that the trustee of the MSF was MM Holdings Pty Ltd (Receivers and Managers Appointed) (In Liquidation) ('MMH') and, therefore, if it could be determined that the debt was due and payable then funds would be repaid to the Liquidators of MMH. However, I have since been advised that the trustee of the MSF was purported to have been changed to MSM Family Holdings Pty Ltd ('MSM') on 20 September 2011. This is surprising because of representations made by Mr Mark Mclvor/MMH seeking repayment of the loan after my appointment on 21 November 2011. It should be noted that the directors of MSM are Mr Mark Mclvor and Mrs Stacey Mclvor. The sole shareholder of MSM is Mr Mark Mclvor. My investigations are ongoing with respect to this matter and I am currently obtaining legal advice as to how to proceed with the demand for repayment of the loan.

2.3 Claims by the Liquidators of EL

As advised in my eleventh report to Investors, the liquidators of EL, Hall Chadwick, lodged an application for directions with the Court in relation to the extent to which they are entitled to be indemnified out of EIF's assets for remuneration and expenses incurred by them as Administrators totalling approximately \$805,000.

Hall Chadwick has still not filed the application for directions. It is therefore unclear if this will proceed.

3. Piper Alderman Class Action

I understand that Piper Alderman is continuing to progress the claims available to Unit Holders in relation to the Fund's demise. Unit holders wishing to be part of the anticipated action should contact William Nolan on (02) 9253 9921 or email wnolan@piperalderman.com.au.

4. Receipts and Payments

I provide below a summary of the Receipts and Payments of the Fund for the period from 1 February to 31 March 2013.

Summary of Receipts and Payments for the Period 1 February 2013 to 31 March 2013	
Opening Cash at Bank	4,513,673.44
Receipts	
Interest Income	17,343.20
Investment Income - Wonderkids Pty Ltd	10,000.00
<i>Loan Recoveries:</i>	
Corymbia Estates Pty Ltd	40,000.00
Rosea Pty Ltd	36,666.66
Spottiswood, Graham (A Bankrupt)	100.00
Valencia Grove Pty Ltd	185,750.00
Total Receipts	289,859.86
Payments	
Bank Charges	38.90
<i>Distressed Loan funding:</i>	
Boothers Pty Ltd	18,035.60
Checkling Pty Ltd	34,811.10
Corymbia Corporation Pty Ltd	52,717.50
Corymbia Estates Pty Ltd	198.00
East Coast Pty Ltd	7,973.86
Gonfanon Pty Ltd	44,770.56
National Resorts Corporation	22,751.79
Newton, Kristine Lorraine	1,650.00
Spottiswood, Graham (A Bankrupt)	912.23
Toowoomba (Foundry Shopping Centre) Pty Ltd	14,010.20
Tweed Central Pty Ltd	1,109.45
Valencia Grove Pty Ltd	11,694.70
Western Land Corporation	18,131.75
Windsor Turf Pty Ltd	37,213.63
Wirrina Cove - Advances	107,833.05
- Legal Fees	292,440.47



- Sundry	1,554.30	
- Valuation Fees	11,900.00	679,708.19
Insurance		720.93
IT expenses		11,394.36
Legal Fees		24,670.15
Office Rental charge		10,856.02
Wages & associated reimbursements		16,509.04
Total Payments		743,897.59
Closing Cash at Bank		4,059,635.71

I note that the 'Distressed Loan Funding' relates to marketing costs, agents' fees, consultants' fees, legal fees and rates and land tax. The incurring of these costs are considered essential in terms of successfully realising the assets subject to the Fund's securities.

5. Estimated Return to Investors

I provide below an estimated return to Investors of between 12 and 16 cents in the dollar as at 15 April 2013 as follows:

	Low \$000's	High \$000's
Cash at Bank	4,059	4,059
Estimated selling prices	34,290	42,390
<i>Less:</i>		
Bank guarantees	(1,100)	(1,100)
Selling costs (3.5% of sale price)	(1,200)	(1,484)
Other loan	(3,300)	(3,300)
Land tax & rates	(8,500)	(8,500)
Other unsecured creditors	(800)	(600)
Receiver's fees	(678)	(678)
Estimated net amount available to investors as at 15 April 2013	22,771	30,787
Total investor units	193,916	193,916
Estimated return in the dollar	0.12	0.16

The above table does not take into account future operating costs, interest on the other loan, future Receivers fees and rates and land tax. It also excludes any legal recoveries against borrowers, valuers or other third parties.

With the majority of the remaining properties now subject to contract/under offer, I have used the contract/offer prices as the low and high estimated selling ranges. This has had the result of 'firming up' the low estimate which has increased from 11 cents to 12 cents in the dollar and reduced the high estimate from 18 cents to 16 cents in the dollar as provided in my last report dated 28 February 2013.

The timing of an interim distribution to investors will be dependent on settlement of the highest value properties at Wirrina Cove, Collingwood Park, the Toowoomba foundry and Cornwallis and Richmond.

The majority of the Wirrina Cove properties/assets are expected to settle by June/July 2013.

If Collingwood Park settles on the contracted date of 31 August 2013 (with no extensions required) and Toowoomba, Cornwallis and Richmond properties are sold, I will be in a position to commence distributions in September 2013.

The distribution to investors will take place after paying secured creditors, land tax, rates, Receivers fees and the unsecured creditors who rank ahead of Investors' interests.

6. Receiver's Remuneration and Expenses

I attach a summary of my current remuneration and outlays outstanding for the period from 1 September 2012 to 31 March 2013. My remuneration incurred during this period totals \$678,432 plus outlays of \$38,177.13 plus GST.

I anticipate that my next application for approval of my remuneration will be heard in May 2013. A copy of my application in this respect will be posted to the websites www.equititrust.com.au and www.equititrustincomefund.com.au and investors will be notified when this application has been lodged.

7. Updating your contact details

If Investors wish to update their postal address or bank details, a request should be submitted in writing to the following address.

Equititrust Income Fund (Receiver Appointed)
C/- BDO
GPO Box 457Brisbane QLD 4001

8. Future Reports

As 34 of 46 properties have been sold and the majority of the remaining properties are subject to contract/under offer, then in order to reduce costs, I intend issuing reports to investors every two to three months rather than monthly.

9. Queries

The Bundall office will be closed on 30 April 2013 and therefore any queries should be directed to Andrew Want of this office who can be contacted as follows;

Phone: 07 3237 5999

Email: andrew.want@equititrustincomefund.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.

Yours faithfully,

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke.

David Whyte
Receiver

Equititrust Income Fund (Receiver Appointed)
1 September 2012 to 31 March 2013

Employee	Position	Rate	Total Units	Total \$	Administration		Assets		Creditors		Employees		Trade-on	
					Units	\$	Units	\$	Units	\$	Units	\$	Units	\$
Whyte, David	Partner	560	535.70	299,992.00	74.30	41,608.00	398.90	223,384.00	19.10	10,696.00	0.00	0.00	43.40	24,304.00
Somerville, John	Senior Manager	425	557.70	237,022.50	54.20	23,035.00	406.10	172,592.50	32.70	13,897.50	0.00	0.00	64.70	27,497.50
Griffin, Maree	Associate	415	0.20	83.00	0.20	83.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Brushe, David	Manager	390	2.50	975.00	2.50	975.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bulda, Andrew	Supervisor	350	0.50	175.00	0.50	175.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Demeyere, Chris	Senior Accountant I	310	1.30	403.00	0.00	0.00	1.30	403.00	0.00	0.00	0.00	0.00	0.00	0.00
Want, Andrew	Senior Accountant I	310	100.50	31,155.00	100.30	31,093.00	0.20	62.00	0.00	0.00	0.00	0.00	0.00	0.00
Coulston, Jayden	Senior Accountant II	270	30.30	8,181.00	28.00	7,560.00	1.30	351.00	0.00	0.00	1.00	270.00	0.00	0.00
Want, Andrew	Senior Accountant II	270	361.30	97,551.00	348.30	94,041.00	2.80	756.00	4.10	1,107.00	0.00	0.00	6.10	1,647.00
Hogbin, Tom	Senior Accountant II	240	0.30	72.00	0.30	72.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Michalk, Dean	Accountant I	220	2.40	528.00	1.00	220.00	0.00	0.00	1.40	308.00	0.00	0.00	0.00	0.00
Pembroke, Elle	Accountant I	220	1.70	374.00	1.70	374.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Andison, Nicholas	Accountant II	190	0.50	95.00	0.50	95.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Jones, Annabel	Accountant II	190	7.70	1,463.00	7.70	1,463.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Alexander, Samuel	Consultant II	150	0.90	135.00	0.90	135.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Muller, Leisa	Practice Assistant	125	0.80	100.00	0.80	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Richardson, Ashley	Administrative Assistant	75	1.70	127.50	1.70	127.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL			1,606.00	678,432.00	622.90	201,156.50	810.60	397,548.50	57.30	26,008.50	1.00	270.00	114.20	53,448.50
			GST	67,843.20										
			TOTAL INC GST	746,275.20										
AVERAGE HOURLY RATE			422.44	322.94		490.44		453.90		270.00		468.03		

DISBURSEMENT REPORT

Equititrust Income Fund (Receiver Appointed)
1 September 2012 to 31 March 2013

Item	
Airfares	6,145.62
Car Hire	1,076.23
Courier	634.93
Fax	7.00
General	2,567.87
Mileage	1,226.40
Parking	552.63
Photocopy	16,426.80
Postage	4,921.96
Search Fee	885.93
Taxi Fares	261.11
Sub Total	34,706.48
GST	3,470.65
TOTAL	38,177.13