

TO INVESTORS AS ADDRESSED

25 May 2021

**EQUITITRUST INCOME FUND
(RECEIVER APPOINTED) (the Fund or EIF)
ARSN 089 079 854**

1. INTRODUCTION

I refer to my previous reports and now provide my 36th update to Investors since my appointment as Court appointed Receiver and person responsible for winding up the EIF on 21 November 2011. This report should be read in conjunction with my previous reports to Investors.

In summary:

- There have been three distributions to Investors to date totalling 11 cents in the dollar and based on the reducing number of units held. This equates to 10.6 cents in the dollar of the units held at the date of my appointment on 21 November 2011.
- The current total estimated return to Investors is between 12.2 and 12.4 cents in the dollar as detailed at Section 4 of this report, with further estimated distributions of between 1.6 and 1.8 cents in the dollar to be paid to Investors (excluding the proposed equalisation payment detailed at Section 4.2).

The delay in the winding up of the Fund has been caused by:

- Extended dealings with the Liquidators of Equititrust Limited (In Liquidation) (EL) and despite numerous requests, them failing to provide sufficient information in order to support their claims against the Fund for remuneration and expenses (refer Section 2.2).
- Seeking and awaiting our solicitors' and counsel's advice in relation to the steps to be taken to finalise the administration including the equalisation payment, claims against the Fund, the auditing of the financial statements and applications to Court to finalise the winding up of the Fund.

The remaining matters to be completed in order to finalise the winding up, are as follows:

- Resolve the claims by the Liquidators of EL (refer Section 2.2) by seeking orders from the Court;
- Seek authority from the Court to pay an equalisation payment to Investors who did not receive a return of capital in the 2011 financial year (refer Section 4.2) and pay a final distribution (including the equalisation payment) to Investors to finalise the winding up of the Fund.

2. CREDITOR CLAIMS

2.1. Other Creditors

As previously advised, there are a number of creditors that are required to be paid before the equalisation payment and the final distribution can be made to Investors, which include:

- Trade creditors, which relate to liabilities necessarily incurred in the winding up of the Fund.
- Potential claims against the Fund made by the Liquidators of EL (refer Section 2.2 below).
- Receiver's remuneration and outlays.

2.2. Claims by the Liquidators of EL and Claims by Creditors

As advised in my previous reports to Investors, repeated attempts have been made to resolve all claims between the Fund and the Liquidators in respect of a costs order awarded against EL in the proof of debt proceedings and the amount owing at the date of their appointment (where I consider monies are owing to the Fund) and any amount due to the Liquidators after their appointment in relation to costs reasonably and properly incurred by them pursuant to the terms of the Fund's constitution.

I have provided a detailed update regarding this matter in my previous reports to Investors which formed the background of an application I caused to be made to Court on 3 August 2018 in which I sought directions to resolve any outstanding claims against the EIF.

That application was (part) heard by Justice Boddice in the Supreme Court of Queensland on 12 October 2018 with orders handed down on 2 April 2019 (Order). The application was otherwise adjourned to a date to be fixed. A copy of the Order made by Justice Boddice on 2 April 2019 is available on the EIF websites www.equitrust.com.au and www.equitrustincomefund.com.au.

In January 2020 the Liquidators provided me with details of Creditor Indemnity Claims pursuant to the Order. These claims have now been resolved with claims totalling \$23,988.40 being accepted out of the total \$8.64M claimed by the Liquidators.

I have continued to correspond with the Liquidators in an attempt to explore a commercial resolution of the Liquidators' claim against the Fund for remuneration and costs, however to date I have not received sufficient information or otherwise been able to reach agreement with the Liquidators regarding the Liquidators' claim.

I will now proceed with an application to Court to finalise the winding up of the EIF. As part of that process, the Liquidators may make an application to Court for determination of the Liquidators' claim against the Fund for remuneration and fees.

3. RECEIPTS AND PAYMENTS

I provide below a summary of the Receipts and Payments of the Fund for the period from 1 October 2019 to 30 April 2021.

Summary of Receipts and Payments for the period	
1 October 2019 to 30 April 2021	
(\$)	
Opening Cashbook Balance	7,575,460.25
Receipts	
Interest Income	127,655.79
GST Received	34,833.00
Total Receipts	162,488.79
Payments	
Advertising	(4,478.35)
Agent's Fees	(11,193.00)
Appointee Fees	(261,630.05)
Appointee Disbursements	(5,171.89)
Bank Charges	(190.00)
IT Expenses	(26,265.80)
Legal Fees	(287,092.98)
Printing & Stationery Expenses	(2,328.13)
Interim Distributions to Investors	11,741.67
Other Expenses	(1.00)
Total Payments	(586,609.53)
Closing Cashbook Balance	7,151,339.51

I note the following in relation to the above receipts and payments of the Fund:

- Agent's Fees relate to the costs of engaging a consultant formerly employed by Equitrust Limited to assist with review and adjudication on claims made by the Liquidators in relation to the Proof of Debt proceedings
- IT expenses include the cost of hosting and maintaining the Equitrust server and licence fees for the Investor management database
- Legal fees primarily relate to:
 - dealing with the claims by the Liquidators of EL (see Section 2.2)

- dealing with the claim by the Liquidators of EL against the directors of EL and the auditors of the Fund (see section 2 of my previous report)
- preparation of the remuneration application for the period 1 November 2018 to 30 April 2020
- preparation of the application to seek appropriate orders from the Court to progress the finalisation of the winding up of the EIF including paying the equalisation payment and a final distribution to investors
- Printing and stationery expenses relate to the external cost of copying and issuing correspondence and notices to Investors.

The incurring of these costs is considered essential in terms of finalising the outstanding matters to enable the administration to be finalised.

4. ESTIMATED RETURN TO INVESTORS

To date the following distributions have been paid to Investors:

- First interim distribution of 5 cents per unit paid in June 2014 totalling \$9.696 million
- Second interim distribution of 3 cents per unit paid in June 2015 totalling \$5.526 million
- Third interim distribution of 3 cents per unit paid in September 2015 totalling \$5.36 million.

As previously advised, the Fund recorded an accounting and tax loss for the year ended 30 June 2011. Accordingly, the Fund had no surplus income available to distribute to Investors in the 2011 financial year. All payments to Investors other than payments of interest accrued as at 30 June 2010 were deemed by the Fund as a partial repayment of capital.

Prior to my appointment, the Fund accounted for this partial repayment of capital as a corresponding reduction in the unit balance of the Fund. The accounting treatment for the first, second and third interim distributions paid by me in June 2014, June 2015 and September 2015, respectively, has remained the same (i.e. as distributions are made, the number of units in the Fund continue to decrease in accordance with the amount distributed to Investors). Therefore, the cents per unit return for each distribution is calculated based on the units in the Fund at that point in time.

In light of the above, I provide below the overall estimated return to Investors of between 12.2 cents and 12.4 cents per unit as at 30 April 2021 as follows:

Estimated Return to Investors	Low	High
	\$000's	\$000's
Cash at Bank as at 30 April 2021	7,151	7,151
Estimated Value of Fund Assets as at 30 April 2021	7,151	7,151
Less:		
Estimated Creditors and Other Payables	(540)	(290)
Estimated Receiver's Remuneration (1 May 2020 to 30 April 2021)	(175)	(175)
Estimated Receiver's Disbursements (1 May 2020 to 30 April 2021)	-	-

Estimated Return to Investors	Low	High
	\$000's	\$000's
Estimated Receiver's Remuneration (1 May 2021 to 30 November 2021)	(215)	(143)
Estimated Receiver's Disbursements (1 May 2021 to 30 November 2021)	(10)	(5)
Estimated Receiver's Costs (e.g. legal fees, IT fees etc.)	(169)	(103)
Estimated Equalisation Payment	(3,024)	(2,924)
Estimated Net Amount Available to Investors as at 30 April 2021	3,019	3,512
Add:		
3 cent Interim Distribution paid September 2015	5,360	5,360
3 cent Interim Distribution paid June 2015	5,526	5,526
5 cent Interim Distribution paid June 2014	9,696	9,696
Total Funds Available for Distribution to Investors	23,601	24,094
Total Investor Units as at 21 November 2011	193,912	193,912
Overall Estimated Return to Investors per Unit (cents per unit)	12.2	12.4

Please note the above amounts exclude GST unless stated otherwise.

The above estimate is prepared on the following basis:

- It includes all estimated future recoveries, Receiver's remuneration and costs.
- That the winding up of the Fund will be finalised by 30 November 2021. If the winding up of the Fund extends beyond 30 November 2021, the estimated return to Investors may change.

4.1. Future Updates and Distributions to Investors

As previously advised, I will not be in a position to make further distributions to Investors until the claims by the Liquidators of EL have been resolved (see Section 2.2).

I anticipate that the winding up of the Fund may take a further five to eight months to finalise. This timeframe is subject to the claims made by the Liquidators of EL being resolved in a timely manner. If these matters are disputed or drawn out by the Liquidators of EL, the estimated timeframe to distribute funds to Investors and finalise the winding up will increase. The timing of the final distribution to Investors is therefore uncertain.

I will continue to provide updates to Investors on the winding up progress and the timing of future distributions as matters progress.

4.2. Equalisation Payment to Investors

As previously advised, an equalisation payment is proposed to Investors who did not receive a partial repayment of capital during the period from 1 July 2010 up until the cessation of distribution payments in March 2011. These Investors include Investors that elected to receive distribution payments annually and where their investments did not mature during this period.

The equalisation payment is also proposed to ensure an equitable return of capital is paid to all Investors given the different interest rates applicable for each class of unit which was used in calculating the partial return of capital paid at the relevant time.

In this regard, I have calculated the total equalisation payment to Investors to be up to \$3.024M across 2,447 separate Investor accounts. An adjustment for the equalisation payment is reflected in the estimated return to Investors at Section 4 and is in line with the estimate in my previous reports to Investors.

I am currently taking steps to seek appropriate orders from the Court to progress the finalisation of the winding up of the EIF including paying the equalisation payment and a final distribution to investors. This means that there will be one final distribution instead of two small distributions, which will save on both professional and external costs in applying for and distributing separate amounts to Investors. However, this application has been delayed due to the unresolved Liquidators' claims (see section 2.2).

5. RECEIVER'S REMUNERATION AND EXPENSES

The last Court approval of my remuneration covering the 18 months ended 30 April 2020 was heard on 16 June 2020 and approved in the amount of \$237,845.50 (excluding GST), equating to \$13,214 (excluding GST) per month.

I attach a summary of my current remuneration and outlays incurred since my last remuneration application, which covers the period from 1 May 2020 to 30 April 2021 totalling \$159,054.50 plus outlays of \$108.06 (both excluding GST).

The main tasks undertaken since my last report were:

- Correspondence with Investors, including:
 - Confirmation of unit holding balance
 - Change of details
 - Transfer of units.
- Ongoing maintenance and updating of the Investor database
- Correspondence with Investors and their financial advisors seeking updates in relation to the Fund
- Preparing and lodging statutory returns
- Review and payment of costs incurred on behalf of the EIF, including legal, IT and printing costs
- Preparing updates to Investors in relation to the winding up of the Fund
- Liaising with my solicitors and corresponding with the Liquidators regarding their claim for remuneration and expenses from the Fund and the directions hearing
- Liaising with my solicitors and counsel in relation to preparation of the application to seek appropriate orders from the Court to progress the finalisation of the winding up of the EIF including paying the equalisation payment and a final distribution to investors.

6. 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 457
Brisbane QLD 4001

7. PROGRESSING THE WINDING UP

I am currently taking steps to seek appropriate orders from the Court to progress the finalisation of the winding up of the EIF, including orders which facilitate the resolution of the Liquidators' claim for an indemnity from the EIF for their remuneration and expenses as administrators and Liquidators of EL (which does not form part of the Orders) and directions and/or declarations regarding the distribution of both an equalisation payment and final distribution to unitholders.

This process will also address any separate claims by unitholders as "creditors" of EL.

Investors will be advised of the application(s) in due course and a copy of the relevant documentation will be uploaded to the websites www.equitrustincomefund.com.au and www.equititrust.com.au.

8. QUERIES

All queries should be directed to this office, as follows:

Phone: (07) 3237 5999
Email: equititrust@bdo.com.au

All updates to Investors are posted to the websites; www.equitrustincomefund.com.au and www.equititrust.com.au.

Yours faithfully



David Whyte
Receiver

REMUNERATION REPORT - Summary of professional fees by category of work for the period 1 May 2020 to 30 April 2021

Equititrust Income Fund (Receiver Appointed)

Employee	Position	Rate	Totals		Task Area							
			hrs	\$	Assets		Creditors		Trade On		Administration	
					hrs	\$	hrs	\$	hrs	\$	hrs	\$
David Whyte	Partner	635	5.1	3,238.50			0.5	317.50	0.8	508.00	3.8	2,413.00
David Whyte	Partner	615	18.4	11,316.00			6.4	3,936.00	5.6	3,444.00	6.4	3,936.00
Charles Haines	Associate Director	540	0.7	378.00			0.6	324.00			0.1	54.00
Charles Haines	Associate Director	525	5.9	3,097.50			3.9	2,047.50			2.0	1,050.00
Jayden Coulston	Senior Manager	515	14.4	7,416.00	0.7	360.50	11.8	6,077.00	0.7	360.50	1.2	618.00
Jayden Coulston	Senior Manager	460	38.4	17,664.00	1.5	690.00	29.2	13,432.00	1.4	644.00	6.3	2,898.00
Ryan Whyte	Senior Accountant	340	50.2	17,068.00	0.2	68.00	36.5	12,410.00	12.7	4,318.00	0.8	272.00
Antoinette Fielding	Senior Accountant	340	0.1	34.00							0.1	34.00
Antoinette Fielding	Senior Accountant	330	0.1	33.00							0.1	33.00
Jordan Devery	Accountant	285	18.3	5,215.50			14.4	4,104.00	2.8	798.00	1.1	313.50
Ryan Whyte	Senior Accountant	275	98.5	27,087.50	1.2	330.00	83.3	22,907.50	9.8	2,695.00	4.2	1,155.00
Sarah Cunningham	Accounting Assistant	230	1.9	437.00							1.9	437.00
Jacques de Wet	Graduate Accountant	230	31.6	7,268.00			31.6	7,268.00				
Liam Landrigan	Graduate Accountant	230	71.8	16,514.00			69.9	16,077.00			1.9	437.00
Jordan Devery	Accountant	225	61.6	13,860.00			47.9	10,777.50	13.3	2,992.50	0.4	90.00
Liam Landrigan	Graduate Accountant	225	98.6	22,185.00			91.7	20,632.50			6.9	1,552.50
Sarah Cunningham	Undergraduate	225	6.5	1,462.50							6.5	1,462.50
Jacques de Wet	Undergraduate	185	9.8	1,813.00			5.6	1,036.00			4.2	777.00
Nisha Banka	Vacationer	185	8.9	1,646.50			8.9	1,646.50				
Moira Hattingh	Administration Assistant	110	5.8	638.00	0.3	33.00					5.5	605.00
Moira Hattingh	Administration Assistant	105	6.5	682.50							6.5	682.50
TOTALS			553.1	159,054.50	3.9	1,481.50	442.2	122,993.00	47.1	15,760.00	59.9	18,820.00
			GST	15,905.45								
			TOTAL INC GST	174,959.95								
AVERAGE HOURLY RATE			288		380		278		335		314	

Note: All amounts exclude GST unless otherwise noted

Disbursements for the period 1 May 2020 to 30 April 2021

Equititrust Income Fund (Receiver Appointed)

Expense Type	Amount (\$ ex GST)
InfoTrack	52.27
Postage	55.79
TOTAL	108.06
GST	10.81
TOTAL INC GST	118.87