

17 March 2023

TO THE CREDITOR AS ADDRESSED

Dear Sir/Madam

Endeavour Securities (Australia) Limited as Responsible Entity of the Investport Income Opportunity Fund (In Liquidation) ARSN 121 875 009 (Registered Scheme)

On 15 March 2019 we, David Orr and Jason Tracy were appointed Joint and Several Liquidators of the Registered Scheme.

A meeting of **creditors of the Registered Scheme** will be held on 3 April 2023 and creditors should refer to the Notice of Meeting in **Annexure A**.

At the meeting it is our intention to seek creditor approval for:

1. The Liquidators to enter into a litigation funding agreement to progress legal recovery action commenced by the Registered Scheme.

To vote on the resolution creditors can complete and return the proxy form in **Annexure B** or vote in person at the meeting.

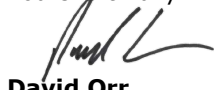
Attached in **Annexure C** is a Proof of Debt Form which creditors can complete and return. This form is required to be submitted to vote on the resolution at the meeting.

The purpose of this report and the meeting on 3 April 2023 is for **creditors of the Registered Scheme** to consider and vote on a resolution regarding the Liquidators entering into a litigation funding agreement.

A further report will be issued at a later date to discuss the progress of the winding up, information about the assets and liabilities and estimate of dividends available to creditors and unit holders.

Should you have any queries regarding this report or the liquidation in general, please contact Kamuran Musker of our office by email to linchpin@deloitte.com.au or by telephone on (02) 9840 7278.

Yours faithfully



David Orr

Joint and Several Liquidator



17 March 2023

Report to creditors

**Endeavour Securities (Australia) Limited as Responsible Entity of the Investport Income Opportunity Fund
(In Liquidation) ARSN 121 875 009
(Registered Scheme)**

Contents

1	Introduction	1
1.1	Details of appointment and previous notifications	1
1.2	Purpose of this report	1
2	Litigation Funding Agreement	1
2.1	Claim background and current status	1
2.2	Creditor approval and proposed resolution	2
2.3	Funding Agreement considerations	2
2.4	Funding Agreement terms	2
3	Meeting of Creditors	3
3.1	Meeting Details	3
3.2	Voting at the meeting	3
4	Further Enquiries	4

Attachments

Annexure A: Notice of Meeting

Annexure B: Form of Proxy

Annexure C: Proof of Debt

Annexure D: Litigation Funding Agreement

Annexure E: Creditor Portal FAQ

1 Introduction

1.1 Details of appointment and previous notifications

Jason Tracy and I were appointed liquidators of the following entities on 15 March 2019:

- Linchpin Capital Group Limited (In Liquidation) (**LCGL**)
- Linchpin Capital Group Limited as Trustee for the Investport Income Opportunity Fund (In Liquidation) (**Unregistered Scheme**)
- Endeavour Securities (Australia) Limited (In Liquidation) (**ESAL**)
- Endeavour Securities (Australia) Limited as Responsible Entity of the Investport Income Opportunity Fund (In Liquidation) (**Registered Scheme**)

(together the Entities)

Our appointment as Liquidators of the Entities was made following our appointment as Receivers and Managers of the property of LCGL, the Unregistered Scheme and the Registered Scheme.

Our appointment as Receivers and Managers was by the Federal Court of Australia (**Court**) following an investigation by ASIC of the group of companies of which LCGL is the parent entity (**LCGL Group**).

Our appointment as Liquidators was by an order of the Court following our report to the Court dated 23 September 2018 (**Receivers' report**) detailing our investigations of the LCGL Group and funds invested with the Unregistered Scheme and the Registered Scheme.

We also refer to our Liquidators' report pursuant to Section 70-40 of the Insolvency Practice Rules of the Corporations Act 2001 (**the Act**) issued on 14 June 2019 (**Liquidators' report**), and other notifications pertaining to the liquidation of the Entities published on the following platforms:

- Webpage: <https://www2.deloitte.com/au/en/pages/finance/articles/linchpin-capital-group.html>
- Creditor Portal Link: <https://core.ips-docs.com>

1.2 Purpose of this report

The purpose of this report is to provide information to **creditors of the Registered Scheme** regarding:

- A proposal regarding the Liquidators entering into a litigation funding agreement to progress legal recovery action commenced by the Registered Scheme; and
- A meeting of creditors of the Registered Scheme to be held for the purpose of allowing creditors to vote on the litigation funding agreement proposal.

2 Litigation Funding Agreement

2.1 Claim background and current status

Our investigations identified a claim for loss and damages against previous auditors of the Registered Scheme, and a Statement of Claim (**SOC**) has been filed with the Court to progress the claim.

Prior to this report, we sought proposals from litigation funders to fund the legal costs associated with the claim. Subsequently, we entered into a litigation funding agreement in principle with LLS Australia Funding Pty Ltd (**LLS**) to fund the claim (**Funding Agreement**), with execution of the Funding Agreement contingent upon the Liquidators obtaining approval from creditors.

Further particulars of the progression of the claim to date are as follows:

- In September 2022 we filed the SOC to preserve the claim

- We commissioned advice on the prospects of pursuing the claim and believe it is in the interests of creditors and unit holders of the Registered Scheme for the claim to be progressed

The Registered Scheme has limited funds available to meet the legal costs associated with progressing the claim further. To progress the claim, additional funding as proposed in the Funding Agreement is required.

2.2 Creditor approval and proposed resolution

Pursuant to Section 477(2B) of the Act, we are seeking creditors approve the Liquidators to enter into the Funding Agreement at the upcoming meeting of creditors on 3 April 2023.

An in principle Funding Agreement with LLS is in place and requires approval by creditors of the following proposed resolution which will be put to creditors to vote on at the meeting:

"Pursuant to Section 477(2B) of the Corporations Act 2001 (Cth), creditors approve the Liquidators entering into the Litigation Funding Agreement with LLS Australia Funding Pty Ltd on behalf of the Registered Scheme."

2.3 Funding Agreement considerations

When considering the proposal to enter into the Funding Agreement with LLS, creditors should be aware:

- There is no cost to creditors or to the liquidation by entering into the funding agreement given that any return to LLS in consideration of providing the funding is paid out of any settlement proceeds
- If the Liquidators do not enter into the Funding Agreement and if there is no alternate funding proposal, we will not be able to proceed with the claim
- A return to creditors and unit holders of the Registered Scheme is dependent upon a successful recovery made from this claim
- If creditors approve the Liquidators entering into the Funding Agreement, we intend to engage in commercial discussions to seek to settle the claim promptly to avoid incurring unnecessary legal costs
- In the event a commercial settlement cannot be reached between the parties, the Funding Agreement provides for the costs of proceeding to trial if required
- Creditors are also able to put forward an alternate proposal to fund the legal costs of pursuing the claim and should do so before the meeting of creditors.

2.4 Funding Agreement terms

A copy of the proposed Funding Agreement is attached in **Annexure D**. A summary of the amount of funding and the key terms including the funder return is provided in the following tables.

Key Terms of Funding

Funding Stage	Description	Funder Condition	Funded Amount (\$)
Initial Work	<ul style="list-style-type: none"> • Draw and file a Statement of Claim • Make an application for judicial guidance • Serve the Statement of Claim • Review and consider defences • Draw and file a Reply • Interlocutory matters 	N/A - Funding of the Initial Work is agreed	\$236,500 (including GST)
Proceedings	Any and all legal proceedings or alternative dispute resolution process issued by or taken concerning the claim by the claimant that is not Enforcement work	On conclusion of the Initial Work, LLS may at its discretion elect to provide funding for the Proceedings to the capped amount	\$506,000 (including GST)
Enforcement	Work undertaken to recover any settlement or judgement amount from any respondent	On conclusion of the Proceedings, LLS may at its discretion elect to provide funding for the Enforcement Work up to the capped amount	To be agreed

Funder Return Metrics (paid out of any settlement amount)

Funding Stage	Within 6 months	Within 12 months	12 months +
Initial Work	Settle before Proceedings: <ul style="list-style-type: none">The Funded Amount; plusThe greater of 2.5 times the Funded Amount or 25% of any settlement amount	Settle before Proceedings: <ul style="list-style-type: none">The Funded Amount; plusThe greater of 3 times the Funded Amount or 30% of any settlement amount	Settle before Proceedings: <ul style="list-style-type: none">The Funded Amount; plusThe greater of 3.5 times the Funded Amount or 35% of any settlement amount
Proceedings	Settle after Proceedings commenced: <ul style="list-style-type: none">The Funded Amount; plus25% of any settlement amount	Settle after Proceedings commenced: <ul style="list-style-type: none">The Funded Amount; plus30% of any settlement amount	Settle after Proceedings commenced: <ul style="list-style-type: none">The Funded Amount; plus35% of any settlement amount
Enforcement			

3 Meeting of Creditors

3.1 Meeting Details

A meeting of creditors has been scheduled in accordance with Division 75 of the Insolvency Practice Rules (Corporations) 2016. **Attendance at this meeting is not compulsory.**

We have attached a notice convening the meeting of creditors to be held on 3 April 2023 at 11.30am at the following address:

Deloitte,
Level 9, Grosvenor Place,
225 George Street, Sydney NSW 2000

See Form 529 Notice of Meeting enclosed as **Annexure A**. Telephone conference facilities will be available at the meeting. Should you wish to attend the meeting via telephone, please email linchpin@deloitte.com.au and we will provide dial in details to join the meeting.

At this meeting, creditors will be asked to vote on the following resolution:

- "Pursuant to Section 477(2B) of the Corporations Act 2001 (Cth), creditors approve the Liquidators entering into the Litigation Funding Agreement with LLS Australia Funding Pty Ltd on behalf of the Registered Scheme."

3.2 Voting at the meeting

Creditors may attend and vote in person, by proxy or by attorney. The appointment of a proxy must be made in accordance with Form 532 in **Annexure B**.

If appointing a proxy, the creditor must complete and submit to the Liquidators before the meeting a proxy nomination form - Form 532 (copy attached as **Annexure B**). Corporate creditors must appoint a proxy to attend and vote at the meeting.

A special proxy can be lodged by the creditor allocating their specific voting instructions to their delegate or the meeting Chairperson, to approve or reject the proposed resolution. Proxy forms must be lodged with the Liquidators prior to the commencement of the meeting. An attorney of the creditor must show to the Liquidators the instrument by which he or she is appointed prior to the commencement of the meeting.

Please note that a creditor is required to lodge a Proof of Debt or Claim (copy attached at **Annexure C**) to be entitled to vote at the meeting of creditors. A creditor will not be able to vote at the meeting unless their claim is lodged with the Liquidators by close of business on **Friday, 31 March 2023**. Claims are to be lodged via the Creditors Portal using the instructions below.

Creditors can rely upon a Proof of Debt or Claim that they lodged previously or submit a new Proof of Debt or Claim.

Creditors should provide proxies and Proofs of Debt to the Liquidators prior to the meeting by one of the following methods:

Form 532 – Appointment of Proxy should be lodged by email to linchpin@deloitte.com.au.

Form 535 – Formal Proof of Debt or Claim should be submitted via the Creditor Portal (see below)

- (i) Creditor Portal Link: <https://core.ips-docs.com>
(also refer to the letter sent to you recently with your login details)
- (ii) Creditor Portal FAQ: Refer to **Annexure E**
- (iii) For claim or Creditor Portal assistance please email: linchpin@deloitte.com.au.

4 Further Enquiries

For any queries regarding the contents of this report or the liquidation in general please contact Kamuran Musker by email to linchpin@deloitte.com.au or by telephone on (02) 9840 7278.

Yours faithfully



David Orr
Liquidator