

Linchpin Capital Group Limited (In Liquidation)
ACN 163 992 961

**Linchpin Capital Group Limited ATF Investport Income Opportunity Fund
(In Liquidation)**
(the Unregistered Scheme)

Endeavour Securities (Australia) Limited (In Liquidation)
ACN 079 988 819

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

(Collectively 'the Entities')

FREQUENTLY ASKED QUESTIONS

Note: The following information seeks to provide answers to general queries only. **This was last updated on 26 June 2019.**

Should you require any further information or have any specific queries, please direct them by email as indicated below in section 8.

Further information will also be posted on our website from time to time.

WEBSITE: <https://www2.deloitte.com/au/en/pages/finance/articles/linchpin-capital-group.html>

1. What has happened to the Entities?

Jason Tracy and David Orr were appointed Liquidators of the Entities on 15 March 2019 pursuant to an Order of the Federal Court of Australia, Queensland Registry (the Court). A copy of the Orders are available on the website.

2. What is a liquidation?

Liquidation is the orderly winding up of a company's affairs. It involves recovering and realising a company's assets and distributing the proceeds among creditors, and if possible making a distribution of any surplus to shareholders.

The role of the Liquidators may be summarised as:

- Recover and realise the company's assets, and if there are sufficient realisations, repay the debts owed to creditors. This may include realising individual assets, or the company's business as a whole.
- Investigate the affairs of a company, and advise on further recovery actions that can be undertaken by Liquidators pursuant to Part 5.7B of the Corporations Act 2001 (**the Act**).
- Distribute funds realised in the order required by the Act or otherwise at law.
- Report to ASIC any possible offences or other irregular matters they come across.

For more information regarding the liquidation process, please visit www.asic.gov.au.

3. The Registered and Unregistered Schemes are not companies. Does this affect the liquidation process?

In accordance with the Orders appointing the Liquidators, the Schemes are to be wound up in liquidation as if they were companies.

4. What is the implication of the liquidations?

Control of the Entities' assets and business operations vest with the Liquidators.

The liquidation of the Entities allows for a comprehensive investigation into the Entities' affairs to be completed. This may provide opportunities for the Liquidators to pursue actions which could give rise to future recoveries to repay creditor claims.

The liquidation process also allows creditors to lodge a claim for the value of their debt against the Entities. The Liquidators will assess creditor claims if there are sufficient realisations and recoveries to allow a distribution to creditors to be made. Surplus funds may be distributed to shareholders/members after all approved creditor claims are paid in full.

5. What are the effects of the liquidations on Unit Holders?

As mentioned above, the Registered and Unregistered Schemes are to be wound up as if they were companies. Unit Holders of the Schemes are classified as having rights equivalent to members or shareholders of a company.

Accordingly, Unit Holders are not classified as creditors of the Schemes for the purposes of the liquidations.

The main differences between creditor and members rights in liquidation are as follows:

- Liquidators are not required to provide reports to members on the status of the liquidation
- Members cannot request the Liquidators to call meetings
- Members cannot participate and vote at creditors meetings
- Distributions to members can be made, but only after approved creditor claims have been paid in full, and if there are sufficient funds realised in the liquidations.

For more information on Shareholder/Member rights in liquidations, please visit the following website: <https://asic.gov.au/regulatory-resources/insolvency/insolvency-for-shareholders/insolvency-a-guide-for-shareholders/>

6. How long will the liquidation process take?

The length of time of the liquidations depends on a number of factors, including the nature and timing of asset realisations, investigations and other recovery actions available to the Liquidators.

Please refer to section 8 of this notice for additional information. Creditors should also refer to the Liquidators' Report to Creditors dated 14 June 2019.

7. How are the costs of the Receivers and Managers and Liquidators paid?

The Corporations Act recognises that the costs of the receivership and liquidation take a priority before any creditor distributions. These costs are paid out of the realisations of assets of the Entities, or other Liquidator recoveries.

Details about the remuneration claims to date, of the Receivers and Managers and Liquidators, is as follows:

- The Receivers and Managers' remuneration for the period 7 August 2018 to 24 September 2018 has been approved by the Court. The remuneration approval application, and the Orders approving this remuneration, are provided on our website.
- The Receivers and Managers are in the process of making an application to the Court to approve their remuneration and costs for the period 25 September 2018 to 15 March 2019. A copy of the application and the Orders will be uploaded on our website in due course.
- The Liquidators' current remuneration claim for the period 15 March 2019 to 31 May 2019, and future remuneration claim from 16 March 2019 to completion of the liquidations, is detailed in the Liquidators' Report to Creditors dated 14 June 2019.
- Creditors may vote on the Liquidators' remuneration proposals by either:

- a.) Completing the proposal form annexed to the Report to Creditors (Annexure E) and returning it to our office by post, or email (contact information is provided in section 9 below), or
- b.) By logging on to the creditor portal online, and voting on the proposals (please contact us should you require your creditor login details to access the creditor portal).

We request that creditors submit the proposal forms on before Monday 8 July 2019.

8. Report to Creditors dated 14 June 2019

A Report to Creditors pursuant to the *Insolvency Practice Rules (Corporations) 2016/70-40*, has been prepared and was made available to creditors via the creditors' portal on 14 June 2019.

A summary of the report for the benefit of unit holders of the Registered and Unregistered Schemes, is as follows:

- At this stage, the Liquidators are not able to estimate whether a distribution will be available to creditors and unit holders.
- A distribution to creditors and unit holders is dependent upon a number of matters that require further information, work and investigations.
- The Liquidators are compiling additional information to assist with recovery actions and asset recoveries. This includes requests made to ASIC to assist with obtaining books and records, and assistance with investigations.
- The Liquidators have taken steps to preserve the assets of the Registered and Unregistered Schemes, and are now undertaking to recover those assets.
- The Liquidators' investigations have identified there may be further courses of action that can be undertaken to make recoveries for the benefit of the Registered Scheme and Unregistered Scheme. Further courses of action include potential claims involving Director duties, and claims regarding transactions where only a liquidator can commence a recovery action under Part 5.7B of the Act. The Liquidators' investigations at this stage are preliminary, and further information is required to confirm and proceed with potential claims.

A distribution to unit holders in the Unregistered Scheme is primarily dependent upon the following:

1. Recovery of loans made by the Unregistered Scheme totalling c. \$21.2m to: related entities (c. \$14.8m), authorised representatives (c. \$6.3m), and Directors (c. \$0.1m). We have commenced collecting the loans and our preliminary view is that there is a high risk that there will be minimal recovery from the related party loans.
2. Liquidators' potential recovery actions.*

A distribution to unit holders in the Registered Scheme is primarily dependent upon the following:

1. Recovery of the investment in the Unregistered Scheme c. \$16.5m (i.e a return depends on recovery of the loans made by the Unregistered Scheme mentioned above).
2. Liquidators' potential recovery actions.*

* Further work is required to determine the commercial benefits, if any, of pursuing certain claims available to a liquidator. As such, a return from these types of claims is unable to be estimated at this time.

Further updates will be provided as we continue to progress recovery actions available.

9. I need to update my details or make a specific enquiry – who do I contact?

All future correspondence and enquiries from creditors and unit holders regarding the Entities should be now directed as follows:

For Linchpin Capital Group Limited and the Unregistered Scheme -

By Email: linchpin@deloitte.com.au

For Endeavour Securities (Australia) Limited and the Registered Scheme -

By Email: endeavour@deloitte.com.au