

INVESTOR UPDATE

IPO Wealth Fund

22 May 2020

Dear Unitholder

We are writing to you as the trustee of the IPO Wealth Fund (**Fund**).

This update follows our Investor Updates of 7 April 2020 and 5 May 2020 in which we informed you that due to lack of liquidity in the Fund we had taken action to freeze new applications, reinvestments and redemptions until further notice.

Loan Repayments

As reported to you in our last update, the Borrower (IPO Wealth Holdings Pty Ltd) made the first payment of \$300,000 due on 20 April 2020 and the second payment of \$400,000 due on 30 April 2020 that were due under the repayment plan.

Unfortunately, the subsequent payments of \$684,000 and \$2.3 million that were due last week on the 14th and 15th of May 2020 respectively have not been paid. We have received no communication from the borrower as to why these payments were not made despite a number of attempts to contact them.

In addition, we put to the borrower a restructure proposal that we have also received no meaningful response to.

Appointment of Receivers and Managers

As a result of the loan being in default and the lack of communication from the borrower, we have this morning appointed Hamish MacKinnon and Nicholas Giasoumi of Dye & Co joint receivers and managers to the Borrower.

We also this morning made an application in the Supreme Court of Victoria and obtained orders from the Court for receivers and managers to be appointed over a range of special purpose companies wholly owned by the Borrower.

Orders were also made by the Court for:

- the receivers and managers to file reports with the Court by 28 May 2020 and within 35 business days in relation to certain issues raised by us and with respect to the identification and ascertaining the value of the property of the special purpose companies and forming an opinion

as to whether there have been any suspected contraventions of the Corporations Act by the Entities or their director and any officers; and

- for the entities to deliver up to the receivers and managers the property and books and records of each entity and otherwise use their best endeavors to assist the receivers and managers in the performance of their obligations.

We note the role of the receivers and managers is to ascertain the existence and value of the assets owned by the borrower and manage their orderly disposal so as to maximise returns to creditors. The Fund is the only secured creditor of the borrower.

Justice Robson of the Supreme Court of Victoria has adjourned the further hearing of the proceedings to 10.30 am on 29 May 2020 (**Return Date**).

The Court will on the Return Date entertain any submissions if made in relation to its orders from Mr. James Mawhinney, being the director of the Borrower and special purpose companies owned by the Borrower.

The Court will also on the Return Date entertain any submissions from any unitholders in the Fund. Should any unitholders wish to make any submissions, they are welcome to send these in writing to us at info@vascofm.com and we will gladly submit these on your behalf. Alternatively, where unitholders or their representatives would like to make their submissions directly to the court, please contact us at info@vascofm.com and we will gladly provide you with further submission information.

Future of the Fund- Distributions and Repayment of Capital

The Fund is now effectively in wind-up mode.

As the Fund receives proceeds from the sale of assets by the receiver and manager, we will progressively make compulsory redemptions on a pro-rata basis to all unitholders. **Withdrawal forms will not be required.**

Currently we are considering making a compulsory redemption on a pro-rata basis to all unitholders in the total amount of \$3 million in July.

At this stage we are not in a position to advise as to when any further compulsory redemptions will be made and will provide investors with further information in this regard in due course and once the receivers and managers have conducted their review.

We are also currently assessing the level of taxable income of the Fund to ascertain whether there will be any further distributions in the foreseeable future. Should future distributions be paid, all unitholders will be paid the same distribution rate regardless of the Target Return of the unit class they invested in or the original term of their investment.



Throughout this process, Vasco intend to work closely and co-operatively with the receivers and managers in order to ensure the best outcome for unitholders in the circumstances. We will also endeavor to keep investors informed of the receivership process as it progresses and will look to provide further Investor Updates to you in due course.

Yours faithfully

Vasco Trustees Limited
as trustee for the IPO Wealth Fund