

6 November 2007

**Westpoint Management Limited
(In Liquidation)(Receivers and Managers Appointed)
ACN 074 148 431
As Responsible Entity for Westpoint Income Fund
("WIF")**

I refer to my previous update concerning WIF of 31 August 2007. Copies of this and other updates are available at www.mcgrathnicol.com, in the Administrations section¹.

1. Summary

- ◆ I have received an informal proposal from Mr Norm Carey, representing Lanepoint Enterprises Pty. Ltd., whereby the debt owed by Lanepoint to WIF would be arbitrated.
- ◆ One property owned by Lanepoint has been sold. Negotiations for the sale of the remaining properties have been suspended while discussions with Mr Carey progress.
- ◆ I have not yet received a detailed explanation from the 1st mortgagee of the Goldtag (Cinema City) property but I doubt that any funds will be disgorged to WIF as second mortgagee

2. Lanepoint Loan (Regency apartments and other properties)

The deed of release for the Suncorp appointed receivers and managers is nearly finalised but may become redundant.

Mr Carey has approached me to agree a process whereby the dispute over the debt owed by Lanepoint to WIF will be decided by arbitration, rather than Court proceedings. His proposal would involve Lanepoint and other relevant parties releasing the secured creditors and their duly appointed receivers and managers from all claims.

It also involves the effective refinance of the undisputed portion of the debt owed by Lanepoint to WIF whereby WIF would be paid the amount of the debt that Lanepoint does not dispute.

Mr Carey wishes to develop the Lanepoint property during the arbitration.

I have asked Mr Carey for details on how the purchase of the assets would be funded.

This proposal has some merit in that it would

1. reduce legal costs as Mr Carey has advised me that Lanepoint will take legal action to establish the debt due to WIF and
2. enable me to make an interim distribution to investors much faster than would otherwise be the case

However, I will not agree to any proposal that jeopardises WIF's position as the effective first ranking secured creditor over the assets of Lanepoint. Accordingly, I will not agree to any physical development being undertaken until arbitration is complete.

¹ The www.ppbwestpoint.com.au site has been closed.

Since the last report, the WIF appointed Receiver and Manager settled the sale of one of the apartments and one of the commercial vacant lots. The sale of the remaining properties has been suspended while I conduct my negotiations with Mr Carey.

3. Goldtag loan (Cinema City)

I will continue to press for a detailed response from the first mortgagee on the amounts that were charged by them against the sale price.

4. Kingdream loan (Tip top site, Brunswick)

There is nothing to report since my last report. There will be no return on the debt owed to WIF.

5. Investors rolled over

There are a number of investors who are showing on the register of members as a result of rollovers from other Westpoint investment vehicles – Ann Street Mezzanine and North Sydney Finance have been identified so far. These investors will only rank as investors in WIF if the rollover satisfied certain conditions established by the courts. I am working with the liquidators of these other entities to finalise the position of the investors concerned.

6. Estimated return

My last update indicated I remained hopeful of making an interim distribution before the end of the year. In light of the discussions with Mr Carey and the threat of litigation, an interim distribution is now not likely until sometime next year.

Before entering into any agreement with Mr Carey, I will convene a meeting of investors to canvass your views on it. I am hopeful that this meeting will be held before Xmas.

If you have any queries, please contact Bruce Land or Melinda Kubank on (08) 6363 7600.



Simon Read
Official Liquidator