

9 July 2014

Dear Adviser

**Notice of termination of the Howard Mortgage Plus Trust (ARSN 091 029 248) (Trust)**

This letter provides important information regarding your clients' investments in the Howard Mortgage Plus Trust (**Trust**). The Howard Mortgage Plus Trust (APIR NFS0051AU) and the Howard Professional Mortgage Plus Trust (APIR NFS0186AU) are both unit classes of the Trust.

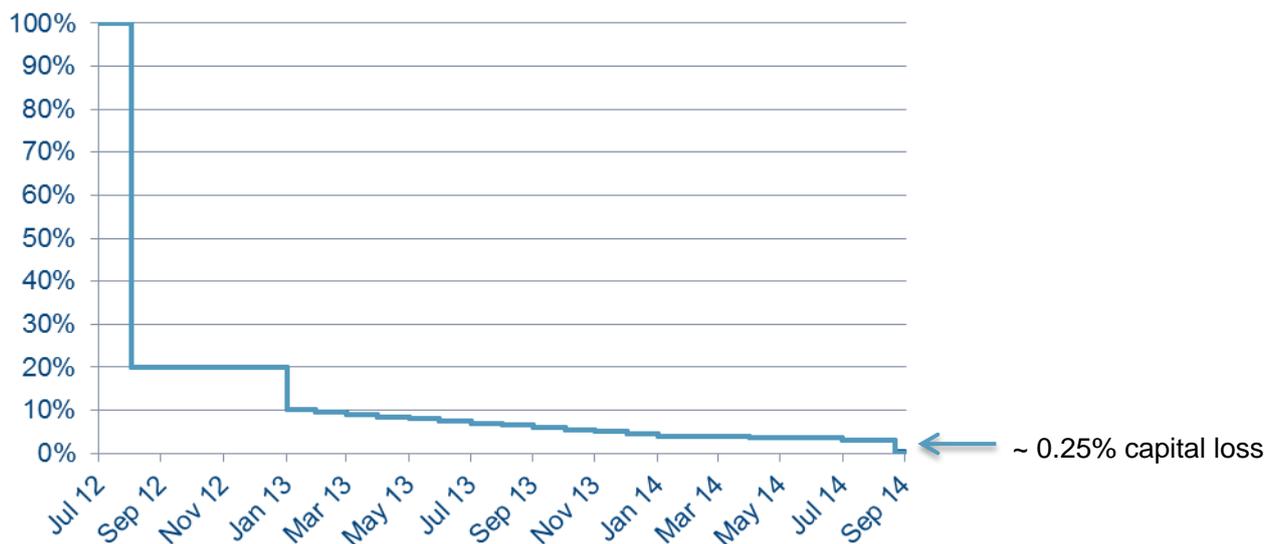
The Trust gains its exposure to its investments by investing in the Howard Mortgage Fund (ARSN 090 464 074) (**HMF**). Fidante Partners Limited (ABN 94 002 835 592, AFSL 234668), as responsible entity of HMF and the Trust continue to manage all aspects of the operation of HMF and the Trust. This includes the determination of appropriate capital repayments and income distributions, as well as the current valuation of the assets in HMF, including the mortgage portfolio. The mortgage portfolio has now reduced to less than 50 mortgage loans, including a number of mortgage loans where the realisation process is complex and is impacting on the value of these mortgage loans. If all mortgage loans are allowed to run down through to their respective maturity date, the final repayment of capital to investors would likely extend into 2016.

We understand the repayment of capital is a priority for unitholders. Over recent months we have reviewed a number of options to best realise the mortgage portfolio in the interest of expediting the orderly return of capital to unitholders. Following this review and after careful consideration, we undertook a competitive process for the sale of the remaining mortgage loans and have accepted an offer that will realise these loans. This will result in the termination of HMF and consequently the Trust on 17 July 2014 (the '**termination date**') and the commencement of the winding-up process for HMF and the Trust which will include the final return of capital.

**Final outcome for unitholders**

The sale of the remaining mortgage loans in HMF and the termination of the Trust provide unitholders with a clear outcome for the final return of capital. The Trust has been returning capital to all unitholders on an equal basis since August 2012. Following the July quarterly return of capital and the final planned capital repayment in September 2014, the Trust will have returned in excess of 99.75% of unitholders' capital.

The chart below shows the capital repayment to investors in the Trust since 31 July 2012, together with the July quarterly return of capital and planned final capital repayment in September 2014.



We understand the difficulties your clients may have experienced with their investment in the Trust and have appreciated their patience over the last few years. Given current circumstances and having regard to a number of considerations, we believe the sale of the remaining loans and the termination of the funds is in the best interests of unitholders as a whole.

#### **Payment process and expected timetable**

The sale of the remaining assets has resulted in a downward revaluation of HMF's mortgage portfolio as at 30 June 2014. As a consequence of this revaluation some units in HMF have been cancelled (as shown in the chart above). In accordance with the constitution for the Trust, the impact of the cancellation of some HMF units on the Trust will be a reduction in the unit price of your clients' unit holdings in the Trust as at 30 June 2014 by \$0.0025. There is no change to the number of units that your clients currently hold in the Trust as a result of this change.

The Trust will pay its final quarterly 2.5% return of capital around 7 July 2014. We expect to pay the final distribution for the Trust in September 2014.

We expect to pay the final distribution payment for the Trust in September 2014. This amount will be what we receive from the realisation of the Trust's investment in HMF, together with any cash holdings after allowing for any liabilities for the Trust and the expenses of termination and winding-up. We will distribute this net amount to unitholders according to the number of units held by each unitholder. It will be the final distribution payment, with no further distributions to be made from the Trust.

Details of the final distribution, such as the income and capital components, will be included in your clients' 2014/2015 tax statement. We expect the final distribution payment for the Trust to occur in September 2014.

To understand how the termination of the Trust affects your clients' personal situation, particularly in relation to any tax implications, we strongly recommend they consult you or seek independent advice.

**Financial hardship withdrawals**

It is important to note that consistent with the termination of the Trust, we have determined that it is no longer in the best interests of unitholders as a whole to permit financial hardship withdrawals. Accordingly, financial hardships withdrawal requests will cease from 27 June 2014.

We have notified your clients in writing of the termination of the Trust.

**Further information**

If you require any further information about the Trust please speak to your Business Development Manager or call our Adviser Services team on 1800 195 853.

Yours sincerely



Vito D'Introno  
General Manager – Retail Distribution  
Fidante Partners

