



INFORMATION BOOKLET

EAIT Direct Investments Fund (EDIF)

IMPORTANT NOTICE

On 10 July 2009, Everest Capital Limited ('ECL') in its capacity as responsible entity of the Everest Alternative Investment Trust (ARSN 134 483 319) ('EAIT') advised Unitholders that EAIT's Direct Investment Portfolio would be separated from its absolute hedge fund portfolio by way of an In-Specie Distribution to Investors of units in the EAIT Direct Investment Fund (ARSN 137 968 542) ('EDIF').

Following the above-mentioned letter, the purpose of this Information Booklet is to provide Investors with more information in relation to the In-Specie Distribution of EDIF Units and EDIF generally. This Information Booklet is not a product disclosure statement or other disclosure document. Consequently, this Information Booklet has not been lodged with the Australian Securities and Investments Commission.

Except as otherwise defined in this Information Booklet, capitalised terms used in the Information Booklet have the same meaning as set out in the Glossary

This is an important document. **Whilst Investors are not required to take any action in connection with the In-Specie Distribution, please read this Information Booklet carefully and in its entirety.** If you do not understand particular elements, please consult your stockbroker, solicitor, accountant or other professional adviser without delay.

IMPORTANT DATES

In-Specie Distribution Record Date	30 July 2009
In-Specie Distribution Implementation Date	31 July 2009
Dispatch of EDIF holding statements	7 August 2009

Note: Each of the above dates are subject to change

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WHY IS ECL DOING THIS?

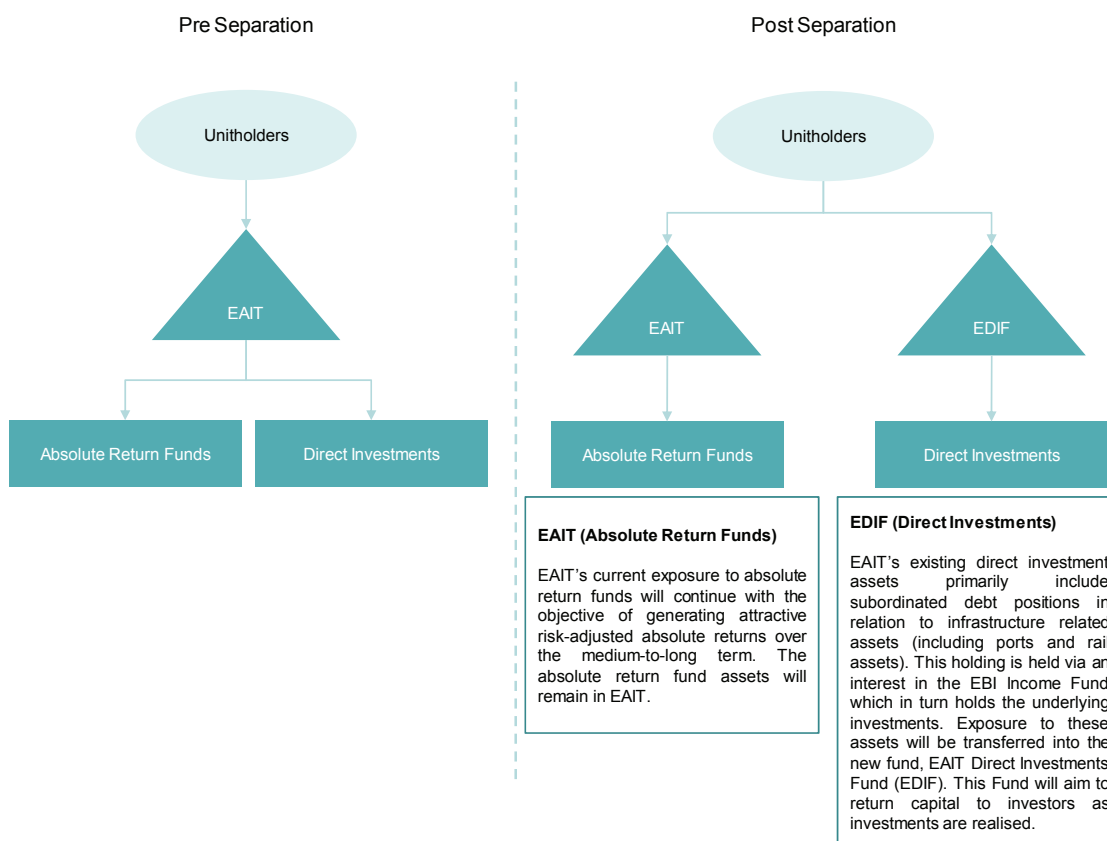
The Everest Alternative Investment Trust (EAIT) has exposure to a portfolio of absolute return funds and select Direct Investments that are being managed pursuant to different investment strategies.

The absolute return fund portfolio is being managed with the objective of generating attractive risk-adjusted returns, while being mindful of providing the necessary liquidity to progressively reduce the leverage of EAIT and meet the upcoming 31 December 2009 Withdrawal Offer. The Direct Investment Portfolio is being managed with the objective of an orderly realisation of all assets. However, this process will take time, as the underlying Direct Investments are generally illiquid and the issuers of such assets are highly geared, typically requiring complex capital restructuring.

While the Direct Investment Portfolio has historically comprised a relatively small proportion of the overall EAIT portfolio, its weighting is increasing as a result of the deleveraging within the absolute return portfolio and the upcoming 31 December 2009 Withdrawal Offer.

ECL believes that it is now appropriate to physically separate the two portfolios to reflect their different underlying strategies. The separation will not, of itself, impact the upcoming 31 December 2009 Withdrawal Offer.

Figure 1 - Pre and Post Separation



Currently, the Direct Investment Portfolio is held in the EBI Income Fund ('**EBIIF**'). The EBIIF is an unlisted unregistered unit trust. ECL is the sole trustee of the EBIIF. There are two unitholders in the EBIIF. EDIF owns 27% of EBIIF and the remaining 73% is held by the Alternative Investment Trust (ASX ticker: AIQ). ECL was the former investment manager of the Alternative Investment Trust but Everest no longer has any trustee and/or management involvement with respect to that trust.

It is proposed that, insofar as EAIT Unitholders' exposure to the Direct Investment Portfolio is concerned, the separation will be effected by:

- establishing EDIF as a new registered managed investment scheme;
- transferring EAIT's 27% unitholding in EBIF (the fund which holds the Direct Investments) into EDIF;
- investors who are EAIT Unitholders on the In-Specie Distribution Record Date will receive (via an In-Specie Distribution) one EDIF Unit for each EAIT Unit held;
- EAIT Unitholders will continue to have an exposure to the absolute return fund portfolio via their EAIT Units.

Immediately following the separation, Unitholders will hold an equal number of units in each of EAIT and EDIF. ECL will continue to be the trustee of EBIF.

ECL, in its capacity as trustee of EBIF, is seeking to wind down the Direct Investment Portfolio. It is intended that as and when a Direct Investment is realised, ECL will return the sale proceeds (net of fees and expenses) to each of EDIF and AIQ (in their respective proportions) and ECL, in its capacity as responsible entity of EDIF, will in turn pass these proceeds to EDIF Unitholders.

QUESTIONS AND ANSWERS

This section is intended to provide persons who are EAIT Unitholders on the In-Specie Distribution Record Date with answers to potential questions in relation to the In-Specie Distribution and EDIF generally. More information is contained elsewhere in this Information Booklet

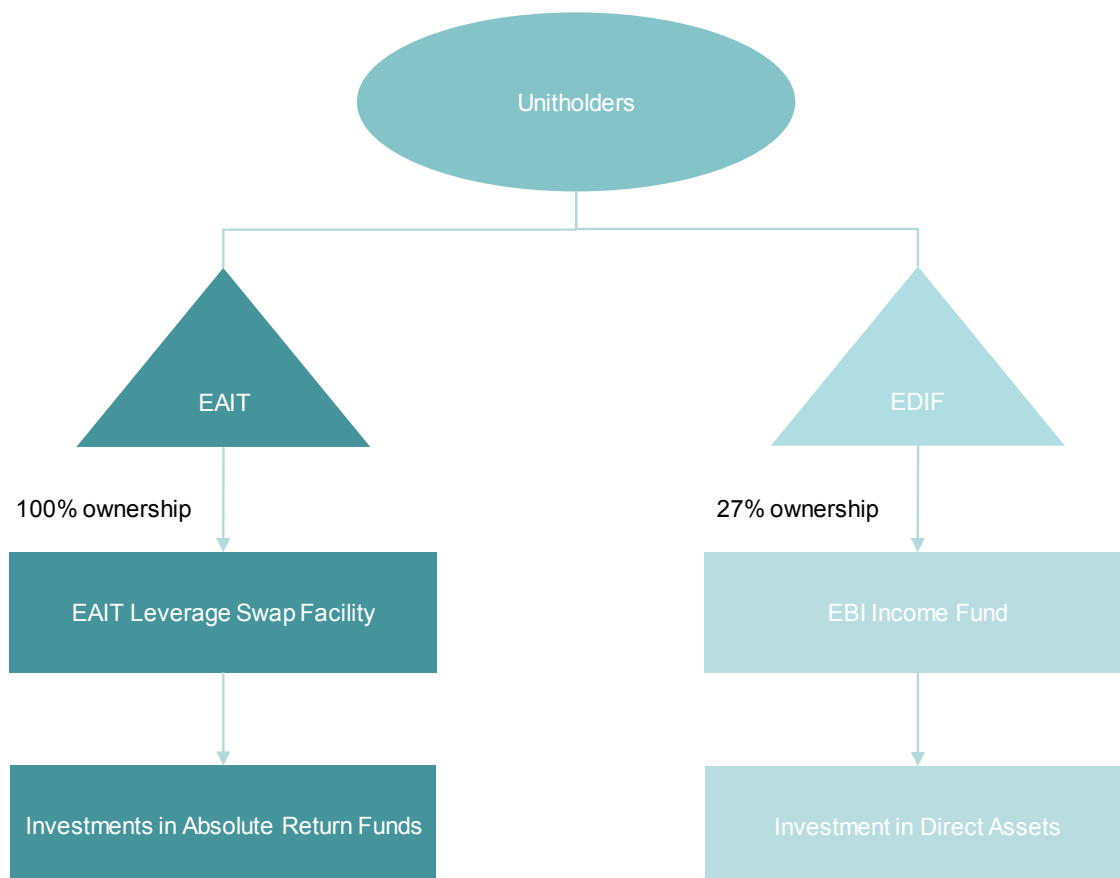
Question	EAIT	EDIF
<p>What are you doing?</p>	<ul style="list-style-type: none"> • All existing absolute return fund investments will remain in EAIT. • The absolute return fund investments and the Direct Investments are being managed pursuant to different investment strategies. • All existing EAIT Unitholders will have one (1) EDIF Unit distributed to them for every one (1) EAIT Unit they own. This will be implemented by way of an in-specie distribution. Existing EAIT Unitholders will not be required to pay any consideration for the distribution of EDIF units. • Investors will continue to hold the existing EAIT absolute return fund investments via their unitholding in EAIT. • Your rights as an EAIT Unitholder will not change. • EAIT will continue to invest with the world's leading investment managers with the objective of generating attractive risk-adjusted absolute returns over the medium-to-long term. 	<ul style="list-style-type: none"> • Establishing EDIF as a new managed investment scheme as holding trust of EBIIIF. ECL is the responsible entity of EDIF. • EDIF will hold EAIT's previous 27% interest in EBIIIF, the Fund which currently holds EAIT's interest in the Direct Investment Portfolio. • EDIF has been established on primarily the same terms as EAIT. • ECL, in its capacity as trustee of EBIIIF, intends to actively wind down the Direct Investments and distribute to EDIF its proportionate share of the proceeds (net of expenses) which will be passed onto EDIF Unitholders. EDIF Unitholders will have no absolute right of withdrawal/redemption rights. • Once all of the Direct Investments have been distributed, EDIF, as a trust, will be wound up. • Considering the illiquid nature of these assets, the current market environment and potential restructuring required of the underlying investments, ECL expects that the entire Direct Investments Portfolio will take a number of years to realise.
<p>Who can participate?</p>	<ul style="list-style-type: none"> • Persons who are EAIT Unitholders on the In-Specie Distribution Record Date will receive one EDIF Unit for each EAIT Unit held. • EAIT Unitholders will not be required to pay any consideration for the In-Specie Distribution of EDIF Units. 	<ul style="list-style-type: none"> • Only EAIT Unitholders on the In-Specie Distribution Record Date will receive one EDIF Unit for each EAIT Unit held. • EAIT Unitholders will not be required to pay any consideration for the In-Specie Distribution of EDIF Units.

Question	EAIT	EDIF
Can members of the general public apply for new units under the offer?	<ul style="list-style-type: none"> Persons who are EAIT Unitholders on the In-Specie Distribution Record Date will receive one EDIF Unit for each EAIT Unit held. This offer is not open to members of the general public. 	<ul style="list-style-type: none"> This offer is not open to members of the general public.
Do I have to do anything?	<ul style="list-style-type: none"> There is no need for EAIT Unitholders to take any action for the In-Specie Distribution of EDIF Units. 	<ul style="list-style-type: none"> EAIT Unitholders will receive one EDIF Unit for each EAIT Unit held. EAIT Unitholders will not be required to pay any consideration or take any action for the In-Specie Distribution of EDIF Units.
Do you intend to use leverage?	<ul style="list-style-type: none"> Currently EAIT's leverage is secured against the absolute return fund portfolio. This arrangement will continue. 	<ul style="list-style-type: none"> The Direct Investments currently have no leverage. It is not proposed that EDIF will have any leverage. However we note that there is underlying leverage at the Direct Investment asset level.
What are the Australian income tax implications of the in-specie distribution for Australian tax resident Unitholders who hold their units on capital account?	<ul style="list-style-type: none"> The in-specie distribution will not give rise to income in the hands of Unitholders. Unitholders are not expected to make a capital gain or loss as a result of the in-specie distribution. Unitholders will be required to reduce the cost base and reduced cost base of their EAIT units by the value of EDIF units received (expected to be 26 cents per unit). Further taxation information is contained in the chapter 'Tax implications of the in-specie distribution' on page 14. As the precise taxation implications will depend upon each Unitholder's specific circumstances, we recommend that you seek your own professional advice. 	<ul style="list-style-type: none"> EDIF Unitholders will include in their assessable income their share of the taxable income (if any) derived by EDIF. The disposal or redemption of units in EDIF will give rise to a capital gain, a capital loss, or a nil result depending upon the proceeds received for EDIF units at the time of disposal or redemption compared with the cost base or reduced cost base for the units. Further taxation information is contained in the chapter 'Income Tax Position of Australian Tax Resident EDIF Unitholders' on page 15. As the precise taxation implications will depend upon each Unitholder's specific circumstances, we recommend that you seek your own professional advice.
<p>Should you have any questions or feedback, please do not hesitate to contact Daniel Longden or Laurie Franicevich on (02) 8001-9100.</p>		

EDIF INVESTMENT STRUCTURE AND INVESTMENT STRATEGY

EDIF's Investment Structure

EDIF gains exposure to the Direct Investment Portfolio through EBIF which invests directly in the Direct Investments. EDIF owns 27% of EBIF. The remaining 73% is held by the Alternative Investment Trust (ASX ticker: AIQ).



Direct Investment Portfolio Investment Strategy

EBIF currently has capital allocated primarily to subordinated debt investments and in a range of sectors including, but not limited to, rail infrastructure, ports, car parking services and Australian hotels. The subordinated debt portfolio includes investments in Australia, North America and Europe. The subordinated debt investments are predominantly in investments historically originated by Babcock & Brown. Considering the financial and operating challenges being faced by Babcock & Brown, there are potentially flow-on consequences to the underlying investments and ECL is actively managing the holdings in these investments to preserve and ultimately be in a position to realise value.

EDIF has exposure to these subordinated debt investments via its holding of 27% of the units in EBIF. EBIF holds its investments via direct holdings as well as a holding in the Everest Babcock & Brown Income Fund (EBBIF), a wholesale fund managed by Everest in its personal capacity; EBIF does not pay any fees to Everest for its holdings in EBBIF.

Distributions

Everest intends to distribute 100% of EDIF's surplus capital to EDIF Unitholders as and when such proceeds are available. No guarantee can be given about the payment of distributions for any future period as these matters depend upon, amongst other matters, the ability of ECL (as trustee of EBIF) to realise the Direct Investments.

Portfolio Liquidity and Redemptions

ECL, in its capacity as trustee of EBIF, intends to actively wind down the Direct Investments held by EBIF with the proceeds being returned (net of fees and expenses) to EDIF and AIQ in their proportionate share as and when available. Following this, ECL, in its capacity as responsible entity of EDIF, will distribute the net proceeds received by EDIF to EDIF Unitholders.

In light of the above, EDIF will have no withdrawal/redemption rights. Once all of the Direct Investments have been realised EDIF's proportionate share of the net proceeds distributed to EDIF Unitholders (in the manner contemplated above), EDIF, as a trust, will cease to exist.

Considering the illiquid nature of these assets, the current market environment and potential restructuring required of the underlying investments, ECL expects that the entire Direct Investments Portfolio will take a number of years to realise.

Disclosure

Financial Reporting

As at the date of this Information Booklet, EAIT has approximately 970 unitholders and is therefore a disclosing entity for the purposes of the Corporations Act. As the In-Specie Distribution is on a one-for-one basis, EDIF will also be a disclosing entity for the purposes of the Corporations Act and will remain a disclosing entity for so long as it has 100 or more members.

A disclosing entity's obligations under the Corporations Act include the requirements to prepare financial statements and reports for each half-year period, as well as for the full financial year. As a disclosing entity, EDIF will also be required to comply with the continuous disclosure obligations of the Corporations Act. EDIF will comply with its continuous disclosure obligation by placing all required information and notices on the Everest Financial Group website at www.everest.com.au in accordance with ASIC's good practice guidance set out in Regulatory Guide 198.

NTA Reporting

Everest intends to issue monthly updates to EDIF Unitholders approximately 20 days following the applicable month's end. These regular updates will provide a market update and any material updates on the performance of the underlying assets.

THE DIRECT INVESTMENT PORTFOLIO

Summary of Direct Investment Portfolio

Following the 30 June 2009 review of the valuation of EAIT's current proportionate interest in the Direct Investment Portfolio, the estimated NAV per unit was 26 cents.

As per our prior correspondence, this estimate includes a degree of uncertainty with respect to the valuation of the underlying investments and is based on a number of assumptions. The valuation process has and remains extremely difficult in the current market conditions given the challenges and uncertainties that some of the investments face over the next 12 months.

The table below provides a breakdown of the Direct Investment Portfolio as at the 30 June 2009.

Investment	Weight	Description	Status as at 30 June 2009
Babcock & Brown European Ports Investments	62.9%	Mezzanine loan to a special purpose vehicle used to finance the acquisition of two European ports.	Like many assets around the world reliant on GDP growth and 'traffic' to drive revenues, this asset is underperforming. The investment is currently being restructured to preserve value for investors. Ultimate returns will be reliant on strong long term financial and operational management to turn the investment around and therefore we would not anticipate realising this investment for a number of years.
New Parking Holdings Inc	10.7%	Mezzanine loan to a special purchase vehicle used to finance the acquisition of the third largest parking operator in North America.	The mezzanine loan is generally performing in line with expectations, senior debt being amortised and coupons being paid.
Coogee Resources Limited	9.0%	Investment in a special purpose vehicle to acquire an interest in Coogee Resources Limited. Coogee is the owner and operator of two oil fields in the Timor Sea.	Following the sale of Coogee Resources, ECL has received a good proportion of anticipated proceeds. There are, however, other remaining balances subject to escrow arrangements for release over the next 1-2 years.
BBRX1	6.1%	Mezzanine loan to BBRX1, the owner and lessor of freight car rolling stock which are leased for use in the North American markets.	The global financial recession continues to impact BBRX1, in terms of declining pressures on leasing rates and a market with few financiers. Additionally, there are asset specific and capital structure considerations which will likely require a restructuring of the investment as part of any sale or strategy to survive the downturn should no sale eventuate.
Tourism Asset Holdings Limited	5.4%	Tourism Asset Holdings Limited (TAHL) is a hotel investor with most properties leased to Accor.	Whilst the loan has recently been restructured, TAHL has been making all agreed interest and principal repayments. ECL expect full repayment by 31 December 2009.
Babcock & Brown CDO Investments Pty Ltd	5.4%	Investment in the Babcock & Brown CDO Investment Fund. The investment fund was established to focus on taking advantage of the distressed opportunities as well as purchasing quality CDO equity tranches based on a detailed and cautious loan level analysis.	The last six months continued to be tumultuous in the structured finance markets with generally no real improvement in the US housing sector or unemployment. Despite significant losses to date, our expectation is that these CDO bonds will continue to receive future cash flows.
Seiza Series 2006-1 & Seiza Augustus 2007-1	0.5%	Australian Residential Mortgage Backed Securities ("RMBS").	The structures are effectively in wind-down with payments to RMBS noteholders being made on a priority waterfall. Currently the most senior notes are being paid down with our notes not currently receiving capital as they are lower down in the structure.

FEES AND OTHER COSTS

Introduction

As noted in this Information Booklet, EDIF has been established on primarily the same terms as EAIT. This is particularly the case with respect to the fees and costs that you may be charged. Other than in relation to initial establishment costs, (which are not considered to be material), ECL does not anticipate that investors will be subject to any additional fees as a result of the creation of EDIF.

The management fee for EDIF is currently charged at the EBI Income Fund level. Therefore management fees for EDIF are waived by ECL, while it is the trustee of the EBI Income Fund.

Table of Fees and Other Costs

Fees and costs for managing your investment		
Type of fee or cost	Amount	How and When Paid
<p>Management fee</p> <p>Everest is entitled to receive a fee for managing EDIF and its investments.</p> <p><i>Note: this is the same management fee structure as EAIT and there is no additional management fee to Unitholders as a result of this separation.</i></p>	<p>The management fee payable is between 1.25% pa (excluding GST) and 1.375% (including GST) of the gross value of EDIF's total assets as shown in EDIF's statement of financial position as at the end of each month, calculated and accrued monthly. EDIF's total assets for these purposes comprise all of the individual assets appearing in the consolidated financial statements of EDIF at the relevant date. When calculating the portion of the management fee that is payable at the end of each month, that portion will be reduced in proportion to any part of that month in which Everest was not the responsible entity of EDIF or EDIF was not otherwise in existence.</p>	<p>The management fee is payable quarterly in arrears within 90 days from 31 March, 30 June, 30 September and 31 December each year.</p> <p>Everest is entitled to receive payment of all or some of its fees in the form of EDIF Units or cash.</p> <p>However currently the management fee is charged at the EBIF level. Management fees at the EDIF level are waived by ECL while ECL is the trustee of EBIF.</p>

Additional service fees

Type of fee or cost	Amount	How and When Paid
<p>Costs</p> <p>Everest is entitled to be paid or reimbursed out of EDIF's assets for the amount of costs and expenses properly incurred in connection with the proper performance of its duties.</p> <p><i>Note: this is the same arrangement as with EAIT</i></p> <p>Further details on costs are set out in below.</p>	<p>There is no fixed or maximum amount that Everest is entitled to be paid or reimbursed for costs incurred, provided the costs are properly incurred by Everest in connection with the proper performance of its duties.</p>	<p>There is no fixed time by or at which the costs incurred by Everest must be paid or reimbursed.</p> <p>Everest is to be paid or reimbursed from EDIF's assets. Everest is entitled to receive payment of all or some of its fees in the form of EDIF Units or cash.</p>

RISKS OF HOLDING EDIF UNITS

There are a number of risks, both specific to EDIF and general investment risks, which may materially and adversely affect the future financial performance and financial condition of EDIF and the value of EDIF Units. There can be no assurance that the Fund's investment objectives will be achieved or that its investment program will be successful. This section describes a number of risks associated with an investment in EDIF Units and is intended as a guide only. Unitholders should note that this is not an exhaustive list of all the risks of investing in the Fund. Everest does not in any way guarantee either a return of capital or any level of actual return from the Fund.

Credit and Default Risks

The securities in the Direct Investment Portfolio are exposed to the default of the issuer of those securities. Should an issuer fail to make a payment of income and/or principle, this could lead to a reduction in the value of the investment in the Direct Investment Portfolio and a loss of capital for EDIF Unitholders. In addition, a decline in the creditworthiness of the issuer of a debt or equity security could result in the sale of that security for less than the issue price or original price paid.

Subordinated, Unsecured Investments

The investments in the Direct Investment Portfolio are often subordinated to the claims of third parties. Investments can include mezzanine or junior tranches of debt as well as equity stakes in companies. Subordinated securities and high yield debt instruments can have a higher risk of default than more senior securities. In addition to ranking behind third parties, investments may also be unsecured, reducing any potential recovery of capital following a default.

Illiquid Investments

The investments that comprise the Direct Investment Portfolio are generally illiquid in nature and typically cannot be realised in a timely fashion. There may be no liquid secondary market for these securities with any return of capital often subject to a refinancing or capital restructuring. Accordingly, the timing of any future returns of capital (if any) is uncertain.

Valuation of Direct Illiquid Assets

In the current environment, certain debt markets, such as those for subordinated debt, are neither active nor liquid and any transactions that do occur could include a forced seller. As such, it may not be possible to determine the market value of investments in the Direct Investment Portfolio in accordance with standard accounting practices.

Interest Rate and Inflation Risk

Interest and inflation rate movements may adversely affect the general business, financial and economic climate worldwide, and hence, the value of the Direct Investment Portfolio.

Increasing interest rates will generally cause a reduction in the price of a debt security, all other things being equal. The impact of any interest rate change will be greater for debt securities with longer maturity dates or where interest rate payments are at a fixed rate (versus variable).

Increasing inflation can also erode the real value of debt securities and income streams.

Pre-Emptive Rights Risk

Direct Investment arrangements entered into by EBIF are highly structured and involve the use of pre-emptive rights including put and or call options. There is a risk that the existence or enforcement of these pre-emptive rights may restrict ECL's investment decisions in relation to that particular asset in the future.

Investment Risks

Everest will rely on its own skills and contacts to manage the active wind down of the Direct Investment Portfolio. There is no guarantee that the process of managing the active wind down will achieve the desired outcome.

Due Diligence, Regulatory Environment and Fraud

Everest has performed due diligence on the underlying Direct Investments prior to its investment, and it continues to regularly monitor the Direct Investment Portfolio. Everest cannot however, monitor the day-to-day activities of third parties arrangers, issuers and servicers of debt and equity securities and other service providers. In addition, a number of Direct Investments operate in a legal environment where they may not be specifically regulated. As a result, there can be no assurance that Everest's investment and risk management processes will correctly identify or prevent political, economic or security risks associated with the investments.

Babcock & Brown Limited

The Direct Investments are in structures where Babcock & Brown has a material role in some respect, such as equity investor, originator or manager. Considering the financial and operating challenges being faced by Babcock & Brown, there are potentially flow on consequences which may have adverse effects to the value of one or more of the Direct Investments.

TAX IMPLICATIONS OF THE IN SPECIE DISTRIBUTION

The taxation information provided below is intended as a brief guide only. It is based on existing Australian income tax law and established interpretations as at the date of this information booklet. This summary is not intended to constitute a complete analysis of all the tax considerations relating to participation in EAIT and EDIF.

Neither Everest Capital Limited, Everest Financial Group Limited, their related bodies corporate, associates, officers and employees, nor their taxation and other advisers accept any liability or responsibility in respect of any statements concerning the Australian taxation consequences of the in-specie distribution or investing in EAIT or EDIF.

The following tax commentary only considers current EAIT Unitholders who are resident in Australia for income tax purposes and hold their units in EAIT and EDIF on capital account.

For information about the Australian taxation implications of holding units in EAIT, please refer to the Product Disclosure Statement for EAIT dated 23 December 2008.

In light of their own circumstances, Unitholders are recommended to seek their own independent taxation advice in relation to the in-specie distribution and their investment in EAIT and EDIF.

Income Tax Implications of the In-Specie Distribution

Unitholders will receive one EDIF Unit for each EAIT Unit they hold by way of an in-specie distribution of EDIF units by EAIT. No consideration will be paid by EAIT Unitholders in order to receive EDIF units.

The expected Australian income tax outcome of the in-specie distribution is:

- Units received will not give rise to income in the hands of Unitholders.
- The Capital Gains Tax ('CGT') cost base and reduced cost base for Unitholders' EAIT Units will be reduced by an amount equal to the market value of the new units distributed to them in EDIF (estimated to be 26 cents per Unit). Unitholders are not expected to make a capital gain as a consequence of the in-specie distribution as the Unitholder's cost base for each of their EAIT units is expected to exceed 26 cents per Unit.
- In the unlikely event a Unitholder's cost base for each of their EAIT units is less than the market value of the EDIF units received, the Unitholder would make a capital gain being the excess of the market value of the EDIF units received over the Unitholder's cost base for their EAIT Units. The CGT discount would not be available in respect of any such gain as Unitholders have not held EAIT Units for at least 12 months.
- The CGT cost base and reduced cost base for the EDIF Units received will be equal to the market value of the EDIF units at the time of distribution (estimated to be 26 cents per Unit). The acquisition date of the EDIF units for CGT purposes will be the date of the in-specie distribution (expected to be 31 July 2009).

As the Australian income tax outcome will depend upon a Unitholder's particular circumstances, Unitholders are recommended to seek their own independent tax advice.

Income Tax Position of EDIF

No Australian income tax should be payable by EDIF for the year ending 30 June 2010 as Unitholders will be presently entitled to all of the income of EDIF, including any realised gains, at the end of each tax year of EDIF (30 June each year).

Despite the above, EDIF may be taxed like a company in certain circumstances, where either EDIF is a corporate unit trust, as defined in Division 6B of the *Income Tax Assessment Act 1936*, or is a public trading trust as defined in Division 6C of that Act, in respect of a tax year. Whether Division 6B or Division 6C will apply for a particular tax year will depend upon the activities of EDIF in that year. As EDIF will be wound down via an orderly realisation of assets, it is not expected that these provisions will apply to EDIF however this will be monitored on an ongoing basis.

Any tax loss made by EDIF in any income year will not flow through to Unitholders. Any such loss may be carried forward by EDIF and offset against its income in future years, subject to the trust loss rules.

Unitholders should be aware that the trust loss rules restrict the circumstances in which a trust may claim an allowable deduction for prior and current year tax losses. Broadly, the EDIF would need to show a greater than 50% continuity of underlying ownership before EDIF can utilise tax losses.

Income Tax Position of Australian Tax Resident EDIF Unitholders

Liability for Income Tax for Unitholders

The assessable income of Unitholders will include their share of the taxable income (if any) derived by EDIF. If the actual payment of income occurs at a time after the Unitholders are presently entitled to the income of EDIF, Unitholders will still be required to include in their tax return their share of the taxable income of EDIF in the tax year in which the Unitholder becomes presently entitled to the income.

The income of EDIF may include revenue profits, other income amounts (e.g. interest and dividends) and capital gains from both Australian and foreign sources. Where the income of EDIF includes a capital gain, Unitholders may be entitled to claim the CGT discount in respect of their share of the capital gain made by EDIF if the Unitholder is an individual, trustee or superannuation fund and the requirements for the CGT discount are met.

As a general principle, the character of the income derived by EDIF will retain its character in the hands of the Unitholder. Where EDIF has distributed income for the year (including distributions of income to redeeming Unitholders), an annual Australian tax statement will be sent to Unitholders receiving distributions after 30 June each year indicating the tax components of their distributions.

A Unitholder need not quote a Tax File Number ('**TFN**') to EDIF. However, if a TFN is not quoted, or appropriate TFN exemption information is not provided, tax is required to be deducted from any income distribution entitlement at the highest marginal tax rate, plus the Medicare Levy. Unitholders that hold units as part of their business may quote their Australian Business Number ('**ABN**') instead of their TFN. EAIT Unitholders who have already provided their TFN, TFN exemption information or ABN to Everest are not required to provide this information again in respect of their EDIF Units.

Foreign losses and foreign tax payments of EDIF

In the event that EDIF makes foreign sourced tax losses, EDIF is able to offset the foreign losses against other assessable income (Australian and foreign sourced).

If a Unitholder's share of EDIF's income includes a deduction for an amount of foreign tax paid by EDIF, Unitholders may be able to claim a foreign income tax offset against their Australian income tax payable, subject to their own circumstances. Broadly, a foreign income tax offset is a non-refundable tax offset (subject to a cap) that may be claimed for foreign income tax paid on an amount of foreign income included in a Unitholder's assessable income.

Note that a taxpayer does not need to calculate the foreign tax offset cap if they elect to instead use an alternative \$1,000 de minimis cap.

Disposal or Redemption of Units in EDIF

The disposal or redemption of units in EDIF held by a Unitholder will give rise to a capital gain, a capital loss, or a nil result depending upon the proceeds received for EDIF units at the time of disposal or redemption when compared with the Unitholder's cost base or reduced cost base for their units.

Where a Unitholder redeems units in EDIF, it is intended that the Unitholder making the redemption will be presently entitled to its share of the income of EDIF as determined by Everest as at the date of redemption. Any part of the redemption proceeds representing a share of the income will be treated as an entitlement to part of EDIF's income for the year and included in the Unitholders assessable income to the extent it constitutes taxable income. An annual Australian tax statement will be sent to redeeming Unitholders after 30 June each year indicating the tax components of the redemption proceeds for their units.

A Unitholder may be entitled to claim the CGT discount in respect of capital gains arising from the disposal or redemption if the Unitholder is an individual, trustee or complying superannuation fund and the requirements of the CGT discount are met, including that the units were acquired at least 12 months prior to the redemption or disposal.

Stamp Duty

As the EDIF unit register will be kept and maintained in Victoria, under current law, there is no marketable security duty on any dealings in the Units of EDIF. Dealings in EDIF Units include an issue, redemption, transfer of Units or calls on Units.

At the time of issue of this booklet, a number of Australian states (Queensland and South Australia) have 'trust look through' provisions that treat dealings in units as dealings in the property of the trust with a sufficient (dutiab) connection to the relevant state. The South Australian 'trust look through' provisions do not apply to EDIF as it is a registered managed investment scheme. EDIF currently does not own, or hold indirectly through downstream entities, any Queensland property and is not expected to acquire any Queensland property as EDIF will be wound down via an orderly realisation of existing assets.

Unitholders should seek their own stamp duty advice in relation to the subscription, redemption or acquisition of EDIF Units.

GST

The GST disclosures contained in this Information Booklet are of a general nature only. No GST should be payable in respect of the in-specie distribution of the units in the Fund. Further, no GST should be payable in respect of any distributions paid by the Fund.

The management fees and expenses as set out in the table in Section 5.2.1 are paid from the assets of the Fund to us. The management fees disclosed are the net costs to the Fund of the total management fees (inclusive of GST) payable to us, after allowing for input tax credits and/or reduced input tax credits which may be recoverable by the Fund as a consequence of the payment of those fees.

Unitholders are not able to claim the full amount of GST included in their expenses relating to the in-specie distribution of units in the Fund, for example, lawyers' and accountants' fees. Where a Unitholder is registered for GST, the Unitholder may be entitled to claim a reduced input tax credit on certain acquisitions which qualify as Reduced Credit Acquisitions (RCAs). RCAs are listed in the GST Regulations.

Unitholders should seek their own advice as to how GST impacts upon them.

YOUR RIGHTS AND OBLIGATIONS AS AN EDIF UNITHOLDER

Terms of EDIF's Constitution

Your rights and obligations as an EDIF Unitholder are set out in the Constitution. Please refer below for an outline of the key terms of the Constitution. This outline is not intended to be an exhaustive summary of the rights and obligations of EDIF Unitholders. EDIF Unitholders (including prospective EDIF Unitholders) who wish to inspect the Constitution may do so at the registered office of Everest during normal office hours.

When EDIF Starts and Ends

EDIF starts on the date the first EDIF Unit is issued and terminates on the first of:

- the date on which all of the assets of EDIF have been realised and the proceeds (net of any applicable fees and expenses) have been distributed to EDIF Unitholders;
- the date Everest tells EDIF Unitholders it terminates;
- its 80th anniversary, if the law has such a rule against perpetuities; or
- any date the law requires.

Voting

At a general meeting of EDIF, every EDIF Unitholder entitled to vote may vote in person or by proxy, attorney or representative and has:

- on a show of hands, one vote; and
- on a poll, one vote for every dollar of the value of the total interests they have in EDIF.

Voting at any EDIF Unitholder meeting is by a show of hands unless the resolution to be passed is a special resolution or a poll is demanded.

Meetings of EDIF Unitholders and Notices

Each EDIF Unitholder is entitled to receive notice of, attend and vote at EDIF Unitholder meetings and to receive all notices, accounts and other documents required to be sent to EDIF Unitholders under the Constitution or the Corporations Act.

Variation or Cancellation of Rights

Subject to the Corporations Act, Everest may vary or cancel the rights and obligations attaching to any class of EDIF Units:

- with the written consent of EDIF Unitholders holding at least 75% of the EDIF Units issued in that class; or
- with the approval of a special resolution passed at a meeting of EDIF Unitholders holding the EDIF Units of that class.

Issue of EDIF Units

Subject to the Corporations Act, Everest may allot, issue or otherwise dispose of EDIF Units to any persons on any terms and conditions, at the Issue Price and at those times as Everest thinks fit.

The issue price (**Issue Price**) per EDIF Unit is:

- for the first 48,499,951 EDIF Units issued, \$0.26 per unit; and
- for any subsequent EDIF Units issued, at a price equal to the most recently announced 'Current Unit Vale' prior to the date the offer to issue EDIF Units is announced, which is to be determined in accordance with the formula set out below:

$$\frac{\text{Net Asset Value} + \text{Transaction Costs}}{\text{Number of EDIF Units on issue}}$$

When calculating the Issue Price of an EDIF Unit, the Transaction Costs are the applicable costs in respect of an EDIF Unit based on Everest's estimate of acquiring the assets of EDIF.

The Issue Price may be rounded up or down by up to 1% of the Issue Price or one cent as Everest chooses.

Transfer of EDIF Units

EDIF Unitholders may transfer EDIF Units by proper transfer (duly stamped if necessary) effected in accordance with the Corporations Act and the Constitution. Everest may refuse to register a transfer of EDIF Units, including in circumstances where there is a lien on the EDIF Units the subject of the transfer.

The transferor of an EDIF Unit remains the holder of the EDIF Unit until the name of the transferee is entered in the register of EDIF Unitholders in respect of that EDIF Unit.

Distributions

The amount of distributions payable to an EDIF Unitholder will depend on the number of EDIF Units held by that EDIF Unitholder. At the end of each income year, EDIF Unitholders are entitled to a share of EDIF's income in proportion to the number of EDIF Units held by that EDIF Unitholder relative to the total number of EDIF Units on issue.

Distributions may be paid:

- in cash;
- by transfer of EDIF's assets; or
- by additional EDIF Units,

or a mix of the above three methods.

Redemption of EDIF Units

ECL, in its capacity as trustee of EBIF, intends to actively wind down the Direct Investment Portfolio held by EBIF with the proceeds being returned (net of expenses) to EDIF and AIQ in their proportionate share as available. Following this, ECL, in its capacity as responsible entity of EDIF, will distribute the net proceeds received by EDIF to EDIF Unitholders.

In light of the above, EDIF Unitholders will have no withdrawal/redemption rights. Once all of the Direct Investment Portfolio has been realised and net proceeds distributed to EDIF Unitholders (in the manner contemplated above), EDIF, as a trust, will cease to exist.

EDIF Unitholders may ask to have their EDIF Units redeemed at any time, but there is no obligation for Everest to satisfy the request.

Everest can compulsorily redeem EDIF Units in the following circumstances:

- If the EDIF Unitholder has breached its obligations to Everest;
- To satisfy any amount of money due to it (as responsible entity or in any other capacity relevant to EDIF) by the EDIF Unitholder;
- To satisfy any amount of money (as responsible entity or in any other capacity relevant to EDIF) owes someone else relating to the EDIF Unitholder (for example, to the Australian Tax Office);
- If the Constitution otherwise allows; or
- Where Everest suspects that law prohibits the person from legally being an EDIF Unitholder;

Winding up EDIF

On a winding up of EDIF and subject to the rights of EDIF Unitholders holding EDIF Units issued on special terms and conditions (if any), all assets that may be legally distributed among the EDIF Unitholders will be distributed to EDIF Unitholders in proportion to their unitholdings.

Liability of EDIF Unitholders

An EDIF Unitholder's liability is limited to the amount (if any) which remains unpaid for their Units.

Management Fee

Everest is entitled to be paid a management fee.

The terms of the management fee in the Constitution are set out in Section entitled "Fees and Other Costs".

Payment of Fees in Cash or EDIF Units

Everest may receive some or all of its fees (and any GST on those fees) in cash or EDIF Units.

Everest may issue EDIF Units to itself on the basis of the Issue Price applicable at the next Value Time immediately following the date the fees become payable.

Powers of the Responsible Entity and Delegation

The Responsible Entity of EDIF has all the powers in respect of EDIF that are possible to confer on a responsible entity under the law and as though it was the absolute owner of EDIF's assets. Without limiting this, the Responsible Entity's powers include (amongst other things) the power to borrow or obtain financial accommodation, invest in, dispose of or otherwise deal with EDIF's assets and liabilities.

The Responsible Entity may authorise any person to act as its agent or delegate to do anything within its power. The terms of appointment will be determined by the Responsible Entity in its sole discretion, except to the extent the Corporations Act governs these.

Change of the Responsible Entity

Everest may retire from its position as responsible entity in accordance with the Corporations Act by calling a general meeting to explain to EDIF Unitholders its reason for wanting to retire and to give EDIF Unitholders an opportunity to vote on a resolution to choose a company to be the new responsible entity. The resolution will be an extraordinary resolution.

Alternatively, the EDIF Unitholders may remove Everest from the position of responsible entity in accordance with the Corporations Act by calling a general meeting of EDIF Unitholders and voting by

way of an extraordinary resolution that Everest should be removed and a resolution choosing a company to be the new responsible entity.

As an unlisted scheme, Everest and its associates are not entitled to vote on the retirement or removal resolution.

An extraordinary resolution is given its meaning in the Corporations Act and is, in effect, a resolution that has been passed by at least 50% of the total votes that may be cast by members entitled to vote on the resolution.

Alteration of the Constitution

In accordance with section 601GC of the Corporations Act and the Constitution, the Constitution can only be amended by:

- a special resolution of the EDIF Unitholders; or
- Everest, if Everest reasonably considers the change will not adversely affect EDIF Unitholders' rights

GLOSSARY

Constitution	Constitution of EDIF
Corporations Act	Corporations Act 2001 (Cwth)
Direct Investments	One or more of the subordinated debt instruments and equity co-investments comprising the Direct Investment Portfolio
Direct Investment Portfolio	The subordinated debt instruments and equity co-investments described in this Information Booklet
EBIIF	EBI Income Fund
ECL or Everest	Everest Capital Limited (ACN 092 753 252 and AFSL 225102) in its capacity as responsible entity of EAIT or EDIF or as trustee of EBIIF (as the context requires)
EAIT	Everest Alternative Investment Trust (ARSN 134 483 319)
EAIT Unitholder	A person registered as the holder of an EAIT Unit (including persons jointly registered)
EDIF	EAIT Direct Investment Fund (ARSN 137 968 542)
EDIF Unit	A unit in EDIF
EDIF Unitholder and Investor	A person registered as the holder of an EDIF Unit (including persons jointly registered)
In-Specie Distribution	The transfer of 1 EDIF Unit for every 1 EAIT Unit held by an EAIT Unitholder on the In-Specie Distribution Record Date
In-Specie Distribution Record Date	30 July 2009, unless otherwise advised
Net Asset Value	The net asset value of EDIF, being total assets less total liabilities (other than the net assets attributable to EDIF Unitholders)
Value Time	A time at which Everest calculates the Net Asset Value



EVEREST

EAIT DIRECT INVESTMENTS FUND