

EQUITIES & FREEHOLDS

DECLARATION OF 27.6 CENT DIVIDEND

- **27.6 CENTS PER SHARE (1.7CENTS FRANKED)**
- **PAID IN SHARES OF ADELAIDE RESOURCES LIMITED**
- **AMENDMENT TO PLANNED CAPITAL RETURN**

On 5 August 2009, the Directors of Equities and Freeholds Limited ("**EQF**" or "**the Company**") announced their intention to distribute virtually all of the Company's shareholding of Adelaide Resources Limited (**ASX: ADN**) ("**ADN**") on the basis of two ADN shares for every EQF share held, in the form of a capital return. Since that date, the share price of ADN has risen from approximately \$0.10 to over \$0.25 per share at the present time, against the \$0.05 per share paid by EQF.

As a consequence of this sharp rise, the Company has available current year profits which are capable of distribution to shareholders. In this situation, it is unlikely that the Australian Taxation Office would permit the full distribution of shares in ADN on the basis of a return of capital. In addition, it is unlikely that a class ruling in respect of the proposed capital return will be obtained within the usual three month time frame originally intended.

In these circumstances, the Directors of EQF have decided to declare a dividend of 27.6cents per EQF share, which will absorb approximately \$800,000 of current year profits. It is intended that the dividend will be paid by means of crediting EQF shareholders with 1.2 shares of ADN per EQF share at a deemed price of 23 cents. It should be noted that due to the volatility of the ADN share price, the Directors reserve the right to make amendments to the dividend paid to ensure that dividends are being paid out of profits as required under Section 254T of the Corporations Act 2001. It is possible that in the event of sharp adverse moves in the ADN share price, the quantum of dividend (and thus AND) shares paid to EQF shareholders may change. The dividend will be franked to 1.7cents per share which will exhaust the Company's current bank of franking credits.

The Directors of EQF are cognisant that the payment of a largely unfranked dividend is not usually the most advantageous method of shareholder reward, but believe in this instance there is no real alternative.

Current and pro-forma financial position

As at the close of business on 18 September 2009, unaudited management accounts, assuming an ADN share price of 23cents, show that EQF:

- has recorded a pre-tax profit of \$852,000 for the 2010 financial year to date;
- this is comprised of \$885,000 of investment gains partly offset by \$33,000 of accrued and actual expenses; and
- has tangible shareholders funds of \$1,975,000 after allowing for tax on unrealised gains, equating to \$0.679 per share

EQUITIES & FREEHOLDS LIMITED
ABN 48 111 695 357

phone: (02) 8258 0000
fax: (02) 9230 0922
admin@tidewater.com.au

Level 4, 34 Hunter Street SYDNEY NSW 2000
GPO Box 4870 SYDNEY NSW 2001

EQUITIES & FREEHOLDS

If EQF pays the 27.6cent dividend in accordance with the parameters above, the Company will distribute 3,492,609 shares of ADN and retain 2,417,009 ADN shares (approximately 2.9% of ADN's capital), and have a *pro-forma* after tax NTA per share of \$0.403.

Dividend dates and tax file numbers

It is intended that EQF shares will trade ex-the 27.6 cent dividend commencing on Friday 2nd October 2009. Books will close for the dividend on 12th October 2009 and the dividend will be paid on 26 October 2009.

It is important that EQF shareholders who have NOT provided the Company's share registrar (Computershare) with their tax file number or relevant exemption do so as soon as possible to avoid the imposition of significant withholding tax on this dividend. These details can be provided to Computershare by contacting them by telephone on 1 300 855 080 or by visiting www.computershare.com.au and clicking through to the Investor Centre and updating online. You will require your holding statement to update relevant details, and must do so prior to the books closing date.

Future strategy

The Company will continue to pursue avenues to maximize the value of its investments, notably the residual shareholding in ADN, but whilst it will investigate the capability of doing so, can give no assurances that the residual shares will be distributed to EQF shareholders in a timely manner.

EQF continues to investigate a number of opportunities to widen its capital base, in keeping with its current activities.

For further information:

Andrew Brown
Chairman
(02) 8258 0011 / 0418 215 255

22 September 2009
