

Q&A for Banksia Securities Limited (Receivers and Managers Appointed) (“BSL”) Debenture holders***Who was appointed, from which firm and when?***

Tony McGrath, Joseph Hayes, Matthew Caddy and Robert Kirman of McGrathNicol were appointed Receivers and Managers of BSL by the secured creditor, The Trust Company (Nominees) Limited (“the Trustee”) on 25 October 2012.

How and why were the Receivers appointed?

The appointment of Receivers and Managers was made by the Trustee at the request of BSL’s Board who formed the view that the company is insolvent or likely to become insolvent.

The Receivers are currently undertaking an urgent appraisal of the financial position of BSL in order to determine the best means to realise the assets of BSL and return the funds to debenture holders.

For more general information about the receivership process, please visit www.asic.gov.au.

What is the role of the Receivers?

The Receivers were appointed over the assets of BSL by the Trustee to act as an independent third party to protect the interests of the Debenture holders. The Receivers are empowered to administer the property and manage the affairs of BSL.

Ultimately, the Receivers will be responsible for:

- + Collecting and selling enough of BSL’s assets that are subject to Trust’s security in order to repay the debts owed to Debenture holders. This may include collecting interest payments from borrowers, taking possession and selling properties of defaulting borrowers, refinancing loans and pursuing guarantor recoveries.
- + Making payments from the money that is collected in the order required by law (including distributions to Debenture holders).
- + Reporting to ASIC any possible offences or other irregular matters they come across.

The Receivers will regularly provide information to update debenture holders on the status of the Receivership through announcements on the Banksia and McGrathNicol websites and directly via post.

How long will the Receivership process take?

It is too early to determine how long the Receivership process will take.

Further information will be provided to debenture holders during the course of the Receivership to keep them fully informed of the Receivership progress.

What is the current status of my investments?

All interest payments and redemptions have been frozen as at 25 October 2012.

This means that at this stage, debenture holders will no longer receive regular payments, nor will the investment, including any interest reinvested or accrued up to 25 October, will be returned to debenture holders on its maturity.

Debenture holders will be notified if this situation changes.

The Receivers are presently calculating the value of debenture holder’s investment to the date of their appointment and will provide those details as soon as possible.

When will I receive any return?

At this early stage, timing and the amount of any dividend is uncertain and is dependent on the realisation strategy adopted by the Receivers.

The Receivers will provide a more comprehensive report to debenture holders in the coming weeks to appraise investors of the financial position of BSL and the various options available.

Can we make redemption requests during the Receivership period?

No. Debenture holder redemptions will not be processed during the Receivership to ensure that all Debenture holders are treated fairly in accordance with the Trust Deed.

Redemption requests that were forwarded prior to our appointment but were not completed will not be honoured as a consequence of our appointment.

Whilst noting the above, the Receivers are conscious of the impact of the appointment and will be working toward making distributions to Debenture holders as early as possible.

When will we know how much we will get?

The Receivers are working on a comprehensive report setting out the financial position of BSL and range of returns.

Updates will be posted on the website to give an appreciation of the timing of the report but it will take time to prepare.

Where do I go for further information?

Debenture holders should use one of the following:

- + Visit the Banksia Financial Group website (www.banksiagroup.com.au) where regular updates and information for investors will be posted.
- + Visit the McGrathNicol website (www.mcgrathnicol.com) and select the "Administration section" then "Banksia Securities Limited" where regular updates and information for investors will be posted.
- + Investor telephone hotline: 1800 722 079
- + Write to:
The Receivers and Managers
Banksia Securities Limited
(Receivers and Managers Appointed)
C/- McGrathNicol
GPO Box 9986
Sydney NSW 2001
- + Email or fax: bslinvestors@mcgrathnicol.com or (02) 9338 2699