

10 April 2018

To all Debenture holders

Banksia Securities Limited (Receivers and Managers Appointed) (In Liquidation) (Special Purpose Receivers Appointed) ACN 004 736 458 (the Company)

The purpose of this letter is to update debenture holders on the status of the settlement of the Trust Co proceedings and future distributions to be paid.

On 30 January 2018 the Supreme Court of Victoria approved the Settlement Deed resolving the claims made by the Company and the Bolitho Class Action against The Trust Company Nominees Limited. The Settlement Deed approved by the Court provides for the amount of \$64 million (**Settlement Sum**) to be paid.

The Settlement Deed approved by the Court was finalised following a Court Ordered mediation on 9 November 2017 between the parties.

The Supreme Court of Victoria also approved the payment from the Settlement Sum of the following costs in respect of the Bolitho Class Action:

- the Plaintiff's claim for reimbursement of \$5.23 million (Incl GST) for legal costs and disbursements
- the funder's commission in the sum of \$12.8 million (plus GST) to be paid to BSLLP
- the Plaintiff's claim for reimbursement in the sum of \$75,000 in respect of the Plaintiffs time and expenses

Whilst the settlement was approved by the Supreme Court of Victoria, the distribution of the Settlement Sum is subject to the following two important matters:

1. The Order provided for a settlement distribution scheme to subsequently be approved by the Court as the procedure for distributing amounts to debenture holders. The settlement distribution scheme has not yet been approved by the Court. Approval of an appropriate settlement scheme will be facilitated by ensuring the details of all debenture-holders are up to date. **Accordingly, all debenture holders who have not updated Link Market Services with their current banking or contact details should do so as soon as possible.** Link Market Services may be contacted on (02 8767 1029) or by writing to banksia@linkmarketservices.com.au.
2. An Appeal of the Orders approving the settlement was lodged with the Court of Appeal on 20 March 2018. The grounds of the appeal include:
 - a) the transparency of the settlement approval process
 - b) the reasonableness of the Settlement Sum
 - c) the reasonableness of the funder's commission and the legal costs approved.

The Court has listed a directions hearing before the Judicial Registrar on 2 May 2018 and confirmed that the Appeal will be heard on 8 June 2018. The Special Purpose Receivers will provide an update on the expected timing for any future distributions to Banksia debenture holders in due course.

The Liquidators and Special Purpose Receivers support the terms of the Settlement Deed and will continue to do so.

For any further information concerning the Special Purpose Receivership, please do not hesitate to contact Ms Regine Imperial of this office on 03 9604 5653.

Yours faithfully

Banksia Securities Limited



John Lindholm
Special Purpose Receiver

SYDNEY
MELBOURNE
ADELAIDE
BRISBANE
PERTH
KUALA LUMPUR
SINGAPORE

Affiliated through:
Zolfo Cooper
UNITED STATES
KLC Kennic Lui & Co.
CHINA
HONG KONG
Andersch AG
GERMANY