

**Banksia Securities Limited  
ACN: 004 736 458 (“BSL”)  
(Receivers and Managers Appointed)**

**Circular to Debenture holders**

**17 May 2013**

We refer to our last Circular to Debenture holders dated 23 April 2013.

**1. Overview**

In our last circular, we provided debenture holders with an update on a range of matters concerning the receivership. Key points include:

- + A second interim repayment of 10 cents in the dollar would be made on or around 17 May 2013, funded from interest receipts and discharges.
- + A third interim repayment of 35 cents in the dollar would be made by 30 June 2013, funded from the proceeds of the performing loan sale to Deutsche Bank.
- + Whilst the ultimate return to BSL debenture holders may vary due to a range of factors, our revised best estimate is an overall return in the range of 80 to 85 cents in the dollar.

**2. Repayment to debenture holders at 45 cents in the dollar**

We are pleased to advise that, following the early completion of the performing loan portfolio sale, we are in a position to accelerate the distribution of these monies.

**In that regard, we have combined the proposed distributions from interest/discharges and sale proceeds, resulting in one early distribution of 45 cents in the dollar, being paid today, 17 May 2013.**

The distribution of 45 cents in the dollar is being administered by Link Market Services and will be paid in the same manner as the first repayment. Payment will be made via electronic funds transfer or cheque and a Notice of Declaration of Repayment will be mailed to your nominated postal address.

**3. Repayment guidance**

Repayments totalling 65 cents in the dollar have now been made to BSL debenture holders.

Based on the information currently at hand, there is no change to our overall repayment guidance of 80 to 85 cents in the dollar, set out in our last circular.

We will continue to refine our repayment guidance as the receivership progresses.

**4. Other matters**

In our 23 April 2013 circular, we provided an update on a range of other matters concerning the receivership. By way of further update, we note as follows:

- + **Debenture holder Committee:** We continue to work closely with the 10 members comprising the debenture holder Committee, who represent broad community groups. Two meetings have been held to date and a further meeting is scheduled for 20 May 2013.

- + **Class action:** We continue to co-operate with the solicitors for the class action. We note that the next milestone in the proceedings is for the class action plaintiffs to file a Statement of Claim by 31 May 2013.
- + **Investigations and public examinations:** We are continuing with our review of the causes of BSL's failure and the discharge of duties by various parties including Directors and auditors. Public examinations are scheduled to be held from 23 July 2013 and we have served examination summons on approximately 20 individuals.
- + **Remaining asset realisations:** We continue our work on managing impaired loans and BSL's exposure to loans with/through the Banksia Mortgage Fund. Future repayments will be primarily funded from these sources. As our strategies are further refined for these loans, we will communicate same to debenture holders.
- + **Debenture statements:** Statements as to debenture holdings and repayments to date will be mailed to debenture holders in July 2013.

We expect our next circular to debenture holders will be provided in 4 to 6 weeks time.

## 5. Contact details

Thank you for your co-operation and assistance to date.

Should you require any further information concerning the repayment, or any other matter, please do not hesitate to contact Link Market Services on 1800 722 079 or [banksia@linkmarketservices.com.au](mailto:banksia@linkmarketservices.com.au).

Dated 17 May 2013



Tony McGrath  
*Receiver and Manager*



Joseph Hayes  
*Receiver and Manager*