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Banksia debenture holders likely to receive next payment in May as Receivers progress loan sale

Receivers and Managers of Banksia Securities Limited (“BSL”), McGrathNicol, today announced they would accelerate the timing of returns to BSL debenture holders based on their collections to date and anticipated sale of BSL’s performing loan portfolio.

The Receivers said they expect strong interest from a range of parties for the approximately 565-loan portfolio that was marketed for sale last week, and expected final offers to be received late next month before completing the sale during April 2013.

“Based on the rate of collections to date, we anticipate being able to make our next repayment to BSL debenture holders by early May and that this will be in the order of at least 5 cents in the dollar,” Receiver Tony McGrath said.

“Additionally, provided the sale process of the performing loan portfolio occurs in the timeframe anticipated, we expect to be able to make a significant further distribution, in the order of 20 to 35 cents, prior to 30 June 2013, thus accelerating the timing of overall returns to debenture holders.”

Mr McGrath said whilst the Receivers are unable to comment on a likely sale price for the performing loan portfolio, which has a face value of \$270 million, he was confident of a positive sale outcome based on the strength and calibre of the interested parties.

The Receivers have retained their forecast overall return for BSL denture holders of 50-65 cents in the dollar but currently expect the lower end of that forecast to be exceeded.

Mr McGrath confirmed the Receivers were reviewing a broad range of matters to determine whether there were any actionable claims against third parties that can increase returns to debenture holders.

“As part of this process, we are undertaking a detailed review of BSL’s records and disclosures, related party transactions and advances and the manner in which key parties such as Directors, officers, auditors and other advisers have discharged their duties,” Mr McGrath said.

“We are also working closely with the Australian Securities and Investments Commission to assist them with their inquiries as to the failure of the company.”

He said it is likely the Receivers will publicly examine a number of individuals in the Supreme Court of Victoria to assist their investigations and consideration of whether recovery action should be commenced.

He said ASIC had consented to examinations for a number of key parties.

Mr McGrath said a committee of debenture holders would be formed to provide a forum to discuss the progress of key receivership matters including investigations, asset realisations and distributions and to represent the views of debenture holders generally.

An update on the receivership has today been posted to debenture holders. A copy of this update can be found on the McGrathNicol website www.mcgrathnicol.com

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