

23 April 2013

Banksia Receivers announce performing loan sale to Deutsche Bank AG, Sydney Branch (“Deutsche Bank”) for portfolio of 500 loans with face value of \$238.8 million

Performing loans sale announcement

Receivers and Managers of Banksia Securities Limited (“BSL”), McGrathNicol, and The Trust Company as trustee today announced the sale of BSL’s performing loan portfolio with a face value of \$238.8 million to Deutsche Bank.

“We are very pleased with the outcome of the sale which will allow us to declare a further significant distribution to BSL debenture holders. The sale was a competitive process with significant interest from a broad range of suitable parties, leading to a strong outcome for debenture holders” Receiver Tony McGrath said.

Mr McGrath noted that the sale transaction was supported by BSL’s Committee of Debenture Holders and approved by The Trust Company.

David Grbin, Group Executive General Manager, Corporate Client Services at The Trust Company, said the trustee had approved the sale as it represented a great outcome for debenture holders.

“In our role as trustee we will continue to closely monitor the process and approve any further loans sales. Our ongoing priority remains the best interests of debenture holders.”

About Deutsche Bank

Deutsche Bank is one the world's largest banks. Publicly listed in Germany and the US, it has over 100,000 employees and offers financial services in more than 70 countries. Deutsche Bank has operated in Australia since 1973 and has offices in Sydney and Melbourne.

Repayments by 30 June 2013

There will be two further repayments made to BSL debenture holders by 30 June 2013, including:

- 10 cents in the dollar to be paid on or around 17 May 2013 (funded from interest receipts and discharges); and
- 35 cents in the dollar to be paid by 30 June 2013 funded from the Deutsche Bank sale proceeds.

The Receivers expect to have made total repayments of 65 cents in the dollar to BSL debenture holders by 30 June 2013 (inclusive of the first interim repayment of 20 cents paid in December 2012).

Revised distribution guidance

McGrathNicol also announced updated distribution guidance to BSL debenture holders today. Mr McGrath stated “as the performing loan sale represents over 50% of BSL’s remaining assets, securing the Deutsche Bank sale allows us to forecast repayments to BSL debenture holders with greater certainty”.

“Whilst ultimate returns may vary due to a number of factors, our revised best estimate is an overall return of 80 to 85 cents in the dollar” Mr McGrath said.

Cherry Fund Limited update

The Receivers continue to progress the sale process for certain Cherry Fund performing loans.

“In the meantime, we are pleased to advise that a higher than forecast initial repayment of 20 cents in the dollar to Cherry Fund debenture holders will be paid on or around 17 May 2013” Mr McGrath said.

The Receivers noted that a separate update to Cherry Fund debenture holders would be released shortly.

Future strategy and public examinations

Mr McGrath noted that separate to the loan book sale process, a tailored approach to each remaining loan was being formulated and that the Receivers are considering whether a sale of a portion of remaining loans is appropriate.

Separately, Mr McGrath noted that the Receivers’ investigations as to the failure of Banksia were continuing and that a number of individuals had been served with summons for the public examinations. The Receivers’ public examinations will be held in the Supreme Court of Victoria from 23 July 2013.

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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