

8 November 2013

**Trustee and Receivers of Banksia Securities Limited (Receivers and Managers Appointed) (“BSL”) announce sale of BSL’s interests in related party contributory mortgage scheme, the Banksia Mortgages Fund (“BMF”)**

***Background to BMF sale process***

Banksia Mortgages Limited (“BML”) is the Responsible Entity (“RE”) of BMF. BML is not in receivership and continues to act in its capacity as RE of BMF, under the control of its Board of Directors and management.

BMF is a contributory mortgage fund with circa 1,300 retail investors with exposures to individual loans advanced by BMF. BSL’s exposure to loans advanced with or through BMF at 31 October 2013 was circa \$48.5 million.

On 20 August 2013, the Supreme Court of Victoria (“the Court”) made various orders, including for the winding up of BMF, and sanctioning the appointment of BSL as “Transaction Manager” to offer the BMF portfolio (i.e. both retail investor interests and BSL interests) for sale.

***Announcement on BMF sale process***

The Trust Company as trustee, and the Receivers of BSL, McGrathNicol, are pleased to announce that on Friday, 1 November 2013, BML and the Receivers executed a binding sale contract (conditional on court sanction) for the sale of the BMF portfolio. The purchaser of the portfolio is Deutsche Bank AG, Sydney Branch.

This occurred following BSL, through its Receivers as Transaction Manager, undertaking a 2 stage competitive sales process for the portfolio.

“Whilst we cannot disclose the price or terms of the sale at this time, we are very pleased with the outcome in respect of the BSL positions, and confirm the sale continues to support our overall repayment guidance of 80 to 85 cents in the dollar,” Receiver, Tony McGrath said.

Following a Directions Hearing earlier today (filed by BML), a Court hearing is scheduled for 6 December 2013 for final sanction of the transaction. The Receivers expect to be in a position to provide further information surrounding the completion of the sale after the 6 December Court hearing.

***Overall repayment guidance currently unchanged***

There is currently no change to the Receivers’ overall repayment guidance of 80 to 85 cents in the dollar, meaning further distributions of 10 to 15 cents in the dollar are still expected. The next distribution, substantially funded from the proceeds of the BMF sale, is expected to occur following completion of the sale in December 2013 or January 2014.

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