

26 October 2012

Update from Receivers and Managers appointed to Banksia Securities Limited (“Banksia”)

The Receivers and Managers of Banksia, McGrathNicol wish to provide a short update on the receivership, outlining key issues and providing milestones and timeframes to allow all stakeholders to better understand the position of Banksia.

As announced yesterday, Banksia owes approximately \$650 million to investors. Banksia advanced those funds to borrowers primarily to finance real property purchases.

The Receivers’ immediate focus is to determine an appropriate sale/realisation strategy for the assets of Banksia. In that regard, we will immediately undertake a detailed review of Banksia’s business and loan portfolio. We will undertake this process in conjunction with the executive team at Banksia under the leadership of Acting Chief Executive Officer, Warren Shaw.

Reporting to Debenture Holders

The Receivers will convene a meeting of Debenture Holders within the next five weeks. At that meeting, the Receivers will provide Debenture Holders an update on the financial position of Banksia and on the realisation strategy for the business and the assets of Banksia.

Current status of investments

Following the appointment of Receivers on 25 October 2012, all interest payments and redemptions have been frozen.

Return to investors

While it is not expected that Debenture Holders will recover all of their funds, the Receivers do anticipate Debenture Holders will receive a meaningful return on their investment. It is anticipated that the Receivers will provide more clarity around this issue at the meeting with Debenture Holders in five weeks’ time.

Current liquidity position

As mentioned above, Debenture Holders are owed approximately \$650 million. Currently, Banksia has substantial liquid assets. Given this substantial liquidity position, the Receivers will immediately explore how best they can start making payments to Debenture Holders. It is our objective to start to make an initial return of capital to Debenture Holders within eight weeks.

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