

Pro forma auditor's report

INDEPENDENT AUDITOR'S ASSURANCE REPORT IN RELATION TO BENCHMARK INFORMATION TO THE TRUSTEE FOR DEBENTURE HOLDERS OF ANGLESLEY SECURED INVESTMENTS LIMITED

We have:

- (a) audited the design and operating effectiveness of certain internal controls over the benchmark information appearing on pages 10 to 16 of the prospectus of Anglesey Secured Investments Limited dated 11 February 2014 ("the Benchmark Information") to support the opinion below; and
- (b) reviewed the disclosure of certain Benchmark Information to support the conclusion below.

Directors' responsibilities

The directors of the Entity are responsible for the preparation and presentation of the Benchmark Information. The directors are also responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Benchmark Information, and for monitoring compliance with the benchmarks.

Auditor's responsibilities

Audit of controls over benchmarks

Our responsibility is to express an opinion on the adequacy of design and operating effectiveness of the internal controls in relation to the equity ratio of the Entity (being the ratio of total equity to the sum of total equity and liabilities), cash flow projections of the Entity and lending by the Entity that are relevant to achieving the control objectives in the opinion below.

Our procedures have been conducted in accordance with applicable Standards on Assurance Engagements issued by the Auditing and Assurance Standards Board,¹ except that the effect of events occurring after 30 June 2014 up to the date of this report have not been considered. The Standards on Assurance Engagements require that we comply with the relevant ethical requirements relating to assurance engagements and plan and perform the audit to obtain reasonable assurance whether the internal controls have been designed and operated effectively to achieve the control objectives in the opinion below. My/our procedures have been undertaken to form an opinion whether in all material respects, the internal controls in relation to the equity ratio of the Entity, cash flow projections of the Entity and lending by the Entity were adequately designed and operated effectively to support the opinion below.

Because of the inherent limitations of any internal control structure it is possible that fraud or errors may occur and not be detected. I/We have not audited the overall internal control structure and no opinion is expressed as to its effectiveness. An audit is not designed to detect all weaknesses in control procedures or all instances of noncompliance as it is not performed continuously throughout the period and the tests performed are on a sample basis having regard to the nature and size of the Entity.

Any projection of the evaluation of internal control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Review of benchmarks

Our responsibility is to express a conclusion on certain disclosures in relation to the rollover approach, the existence of a credit rating, on lending of funds and the value of property security, based on a review.

We conducted our review in accordance with applicable Standards on Assurance Engagements, except that the effect of events occurring after 30 June 2014 up to the date of this report have not been considered. Our review was conducted, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the matters specified in the conclusion below are not in accordance with the relevant paragraphs of ASIC Regulatory Guide 69 *Debentures – improving disclosure for retail investors* (“RG 69”).

A review is limited primarily to inquiries of company personnel, review of documented policies, and analytical procedures applied to relevant financial data. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would be aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the matters that are subject to a review.

We believe that the review evidence we have obtained is sufficient and appropriate to provide a basis for our review conclusion.

Opinion on controls

In our opinion, in all material respects, the internal controls of the Entity were adequately designed and operated effectively during the period from 1 July 2013 to 23 December 2013 to achieve the control objectives below:

- (a) The equity ratio of the Entity was appropriately monitored and instances where the ratio was less than 8% were identified and reported to the directors;
- (b) The Entity had at all times a cash flow projection covering at least the following 3 months in accordance with RG 69.38;
- (c) The Entity had calculated the cash flow projections referred to in (b) on the basis of the assumptions the entity adopted for those projections;

- (d) Minimum loan to valuation ratios of 70% of the latest "as if complete" valuation where the loan relates to development property and 80% of the latest market valuation for other loans were met; and
- (e) Loans to property developers were only provided in stages based on external evidence of progress of the development.

Review conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the disclosure of:

- (a) The rollover approach in the Benchmark Information;
- (b) Where the Entity on-lends funds, policies and other information provided in the Benchmark Information in relation to loans and lending (including lending to related parties); and
- (c) Where the Entity lent money for property-related activities, policies and other information provided in the Benchmark Information in relation to the value of property security;

were not presented, in all material respects, in accordance with paragraphs 45, 52 to 54 and 62 to 63 of RG 69.

Restriction on Distribution

This report has been prepared for the Entity for the purpose of providing the report to the trustee for [*debenture holders*] and the Australian Securities and Investments Commission ("ASIC"). This report is intended solely for the trustees and ASIC and should not be distributed to or used by parties other than the trustee or ASIC.

Date	22 nd September 2014
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