

**ANGLESEY SECURED INVESTMENTS LIMITED**  
**(Borrower)**

**REPORT TO THE TRUSTEE – QUARTER ENDED 31 March 2014**

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Pursuant to the provisions of the Corporations Act and the Debenture Trust Deed dated 12 December 2006, we herewith provide our report for the quarter ended (**31 March 2014**) in relation to Anglesey Secured Investments Limited.

Report pursuant to Section 283BF of the Corporations Act

- a) The Borrower confirms that there has been no failure by the Borrower or any guarantor to comply with the terms of the debentures or the provisions of the Trust Deed or Chapter 2L of the Corporations Act during the quarter.  
*[Sec 283BF(4)(a)]*
- b) The Borrower confirms that the Borrower has had no events during the quarter that have caused or could cause one or more of the following:
- (i) any amount deposited or lent under the debentures to become immediately payable;
  - (ii) the debentures to become immediately enforceable;
  - (iii) any other right or remedy under the terms of the debenture or provisions of the Trust Deed to become immediately enforceable.
- [Sec 283BF(4)(b)]*
- c) The Borrower confirms that the Borrower has not had any circumstances that have occurred during the quarter that materially prejudice:
- (i) the Borrower, any of its subsidiaries, or any of the guarantors; or
  - (ii) any security or charge included in or created by the debentures or the Trust Deed.
- [Sec 283BF(4)(c)]*
- d) The Borrower confirms that the Borrower, its subsidiaries and guarantors have not had any substantial change in the nature of their business during the quarter.  
*[Sec 283BF(4)(d)]*
- e) The Borrower confirms that the Borrower remains focused on its principal activities of issuing debentures to the public and lending money secured by mortgages over real estate, as permitted by the above trust deed.
- f) The Borrower confirms that none of the following has happened to the Borrower during the quarter:
- (i) the appointment of a guarantor;
  - (ii) the cessation of liability of a guarantor body for the payment of the whole or part of the money for which it was liable under the guarantee;
  - (iii) a change in name of a guarantor.
- [Sec 283BF(4)(e)]*
- g) The Borrower confirms that the Borrower has not created a new charge during the quarter.  
*[Sec 283BE, Clause 10.2]*

h) The Borrower confirms that the Borrower has no amounts outstanding on any advances at the end of the quarter from a charge created where:

- (i) the total amount to be advanced on the security of the charge is indeterminate; and
- (ii) the advances are merged in a current account with bankers, trade creditors or anyone else.

*[Sec 283BF(4)(f) and Sec 283BE]*

i) The Borrower confirms that the Borrower has not experienced any matters that may materially prejudice any security or the interest of debenture holders.

*[Sec 283BF(4)(g)]*

j) The Borrower confirms that during the quarter the following amounts have been deposited with or lent to a related body corporate:

(Company A)	A.C.N. (number)	Nil	\$Nil
(Company B)	A.C.N. (number)		\$
(Company C)	A.C.N. (number)		\$

*[Sec 283BF(5)(a)]*

k) The Borrower confirms that the total amount of money owing to the Borrower at the end of the above quarter in respect of the deposits or loans to related body corporate are as follows:

(Company A)	A.C.N. (number)	Nil	\$Nil
(Company B)	A.C.N. (number)		\$
(Company C)	A.C.N. (number)		\$

*[Sec 283BF(5)(b)]*

l) The Borrower confirms that the Borrower has not assumed any liability for a related body corporate during the quarter. If a liability is assumed for the quarter please provide details of the extent of the liability during the quarter and the extent of the liability at the end of the quarter.

*[Sec 283BF(6)]*

m) The Borrower confirms that the Borrower has issued the following securities:

	<b>This Quarter</b> \$	<b>Growth</b> %	<b>Total</b> \$	<b>Total</b> %
Value of Securities issued (net)	(93,189)	(2.47)	3,765,085.76	100.00
Value of Securities maturing within 12 months			2,305,953.8	61.15
Value of Securities maturing beyond 12 months			1,459,131.9	38.85

*[Clause 9.5(a)]*

n) The Borrower confirms that the Borrower continues to meet the minimum requirements of the Borrowing Limitations.

*[Clause 8.1, 8.4 & 9.6(b)(i)]*

- o) The Borrower confirms that the Trust Deed:
- i) covenants;
  - ii) representations; and
  - iii) warranties
- are in full force and effect and have been complied with.
- p) The Borrower confirms that the Borrower has lent all monies within the permitted lending policies determined under the Security and Risk Assessment Section in the prospectus.  
*[Prospectus, Section 7.7]*
- q) The Borrower confirms that the Borrower has provided to the Trustee, a copy of all:
- i) reports;
  - ii) accounts;
  - iii) notices; and
  - iv) circulars
- sent by the Borrower or any Directors to its members, debenture holders or ASIC at the same time that it has sent the same.  
*[Clause 6.8(i)]*
- r) The Borrower confirms that the Borrower has complied at all times with the requirements of Chapter 6CA (dealing with continuous disclosure) of the Corporations Act 2001 and no circumstances arose during the quarter that required the Borrower to issue a supplementary prospectus, replacement prospectus or issue a continuous disclosure notice.
- s) The Borrower confirms that the Borrower has not exceeded the LVR of any loan as published in the current Prospectus or, if not published, in the abovementioned Debenture Trust Deed.
- t) The Borrower confirms that the Borrower has provided to the Trustee a Six Monthly Report of the Auditor within the specified timeframe.  
*[Clause 9.4]*
- u) The Borrower confirms that the Borrower has made all interest and principal payments to debenture holders when they fell due.  
*[Clause 9.5(a)]*
- v) The Borrower confirms that the Borrower and its subsidiaries have not sustained any material trading or capital loss, trading as a group.  
*[Clause 9.6(b)(vii)]*
- w) The Borrower confirms that the Borrower or any Guarantor has not incurred any contingent liabilities.
- If contingent liabilities have been incurred:
- The amount is \$Nil
  - A liability of \$Nil has matured, or is likely to mature within the succeeding twelve (12) months which will materially affect the Borrower and any Guarantor in its or their ability to repay stock.
- [Clause 9.6(b)(viii)]*

- x) The Borrower confirms that there has been no change in any accounting method or methods of valuation or assets or liabilities and no circumstances have arisen, which render adherence to the existing method of valuation of assets or liabilities, misleading or inappropriate. **[If there are any changes provide particulars.]**  
*[Clause 9.06(b)(ix)]*
- y) The Borrower confirms that in the opinion of the Directors the Current Assets of the Borrower and its subsidiaries appear in the relevant books at values which are realisable in the ordinary course of business.  
*[Clause 9.6(b)(x)]*
- z) The Borrower confirms that the Directors are not aware of any material changes in the laws of any place which might affect the enforceability of Guarantees and Charges given to or in favour of the Trustee.  
*[Clause 9.6(b)(xi)]*
- aa) The Borrower confirms that the Borrower has maintained such insurance with a reputable insurer as would be effected by a prudent company engaged in a similar business and has at all times ensured the premiums and other sums have been paid when they fall due.  
*[Clause 9.7]*
- bb) The Borrower confirms that the Borrower has ensured that the funds have been invested in accordance of Clause 11 and that there have been no breaches of restrictions or limitations contained therein.  
*[Clause 11]*
- cc) The Borrower confirms that it has not entered into any joint first mortgages without first notifying the Trustee.  
*[Clause 11.3]*
- dd) The Borrower confirms that it has had no Events of Enforcement and Default  
*[Clause 12]*
- ee) The Borrower confirms that it complied with each condition of its Australian Financial Services Licence during the quarter.

**ASIC Regulatory Guide 69: Debentures – improving disclosure for retail investors**

- ff) The Borrower confirms that it has made all necessary disclosures against the benchmarks in its disclosure documents and all disclosures remain true and correct.
- gg) The Borrower confirms that it continues to meet all benchmarks that the Borrower has stated in disclosure documents that it meets.
- hh) The Borrower confirms that where the Borrower has disclosed that it does not meet the benchmarks on an "if not, why not" basis, the disclosure the Borrower has made continues to be correct and accurate in all material respects and is not misleading.
- ii) The Borrower confirms that hereunder details the "promises" (as referred to, for instance, in RG69.118) it has made in disclosure documents it has issued and confirms that it has complied with each of the promises it has made in those disclosure documents:
  - How to invest
  - Payment of interest
  - Variation of interest rates and maturity dates offered
  - Repayment of principal and interest
  - Withdrawal before maturity
  - Security over Risk assessment
  - Lending policies
  - Fees and Brokerage

Annexure "A" provides disclosure as to whether or not the Borrower has met each of the benchmarks outlined in ASIC Regulatory Guide 69: Debentures – improving disclosure for retail investors.

Annexure "B" provides disclosure of the investment portfolio.

On the basis of the above, the directors declare that they are of the view that the financial position and performance of the Borrower is such that the property of the Borrower (and of each guarantor, if relevant) that is or should be available will be sufficient to repay the amount of each Debenture when it becomes due and payable.

This declaration has been made in accordance with a resolution of directors on the 28<sup>th</sup> of April 2014.



.....  
Director  
(Signature)

.....  
Director  
(Signature)

## Annexure “A”

### **ASIC Regulatory Guide 69: Debentures – improving disclosure for retail investors** **Disclosure against Benchmarks**

Please disclose whether the Borrower met each of the benchmarks outlined in ASIC’s Regulatory Guide 69: Debentures – improving disclosure for retail investors during the quarter. Where the Borrower did not meet a benchmark during the quarter, please explain why that is.

**1. Benchmark One – Capital Equity**

The Company does not comply as at 31 March 2014, when the capital equity was only 5.9 % and not the required 8% where no developments loans are sponsored.

**2. Benchmark Two – Liquidity**

Complies as at 31 March 2014, when the company was 10.45 % liquid;

**3. Benchmark Three – Rollovers**

Complies, as per Prospectus No.5, dated the 11<sup>th</sup> of February 2014;

**4. Benchmark Four- Debt maturity**

Complies with this new benchmark in Prospectus No.5, dated 11<sup>th</sup> of February 2014;

**5. Benchmark Five – Loan portfolio**

Complies, as per Prospectus No.5, dated 11<sup>th</sup> of February 2014;

**6. Benchmark Six – Related party transactions**

Complies, as per prospectus No.5, dated 11<sup>th</sup> of February 2014;

**7. Benchmark Seven – Valuations**

Complies as per Prospectus No.5, dated 11<sup>th</sup> of February 2014;

**8. Benchmark Eight – Lending principles – loan-to-valuation ratios**

Complies, as per Prospectus No.5, dated 11<sup>th</sup> of February 2014.

## Annexure “B”

### Investment Portfolio of Anglesey Secured Investments Limited

Quarter ending 31 March 2014

**1. The Balance Sheet of the Company is as follows:-**

Assets	Current Quarter	%	Previous Quarter	%
Cash and deposits at call (31 day)	393,504.76	9.83	998,300	24.10
Other Authorised Investments	27,469.80	0.68		
- Bank Term Deposits				
Accrued Interest	7,666.66	0.19	5,627	0.13
Non Current Assets		0.0		0.0
Real Property				
Secured lending (excluding Prop. Dev.)	3,230,068.01	80.67	2,794,304	67.43
Property Development lending *	345,731.00	8.63	345,731	8.34
Intangible assets				
<b>Total Assets</b>	<b>4,004,440.23</b>	<b>100</b>	<b>4,143,962</b>	<b>100</b>
<b>Liabilities</b>				
Debenture note holders	3,765,085.76	99.56	3,858,279	99.15
Accrued Interest Liabilities	16,484.14	0.44	24,685	0.63
Other liabilities			8,385	0.22
<b>Total Liabilities</b>	<b>3,781,569.9</b>	<b>100</b>	<b>3,891,349.</b>	<b>100</b>
<b>Net Assets</b>	<b>222,870.33</b>		<b>252,613</b>	
<b>Equity</b>				
Contributed equity	691,000		691,020	
Accumulated profits/losses	(468129.67)		( 438,387)	
<b>Total Equity</b>	<b>222,870.33</b>		<b>252,613</b>	

\*limited to 10% of monies deposited [Clause 11.2(a)(ii)]

**The Lending portfolio as at this quarter end is as follows:-**

Number of loans	19
Average loan size	210,341
Number of loans that comprise more than 10% of the Principal Moneys to any one party or associated party.	2
Value of loans that comprise more than 10% of the Principal Moneys to any one party or associated party.	863,911
Longest term to loan maturity	1 year
Average term to loan maturity	At call <1 year
Average interest rate charged to Borrowers	11.03%
Average loan to value ratio	19.55%
Average Rate of Return	4.3 %

**3. Total Loan Portfolio by Security Type as at this quarter end is as follows:-**

Security Type	No.	\$	%
Residential	3	578,290	16.17
Commercial	3	358,272	10.01
Development	1	345,731	9.66
Rural	12	2,293,506	64.16
Total	19	3,575,799	100.00

**4. Total Loan Portfolio/Secured Property by State/Territory as at this quarter end is as follows:-**

State / Territory	Loan Portfolio			Secured Property	
	No.	\$	%	\$	%
NSW	14	2,612,237	73.1	15,715,405	85.9
QLD	2	337,000	9.4	1,126,000	6.1
VIC	3	626,562	17.5	1,443,000	8.0
WA					
SA					
TAS					
ACT					
NT					
Total	19	3,575,799	100	18,284,405	100

## 5. Level of Arrears for the Loan Portfolio (provide details of loans in arrears)

Loan No.	Loan Balance \$	No. of days in arrears > 30 days	Amount of Arrears due on 31/03/14	Value of Security \$	Current Valuation Date	LVR %
62	266,447	120	16,447	415,000	16/09/13	56.1
				Plus \$60,000 ppsr		
74	463,511.78	270	42,129	685,000	30/01/12	67.66
66	167,790.	210	15,112	400,000	16/03/11	41.95

Loan 62. The borrower has provided additional security in the form of a prime mover and aluminium tipper trailer valued at around \$60,000 and the mortgage is registered on the personal property register. The borrower is making genuine effort to get his loan into order and we are in constant contact with this client. While he is 120 days in arrears, he is attempting to make regular interest payments as they fall due.

The property was re-valued in September with a modest appreciation of \$25,000 since the previous valuation. Higher interest rate only applies with additional monthly defaults.

Loan 74. This loan is attracting the higher interest rate. The client is in the process of exchanging contracts for the sale of the property which will clear all costs and outstanding loan amounts to ASI Capital.

Loan 66. This loan is secured against a hotel, hoteliers licence and two poker machine licences. Without any warning the borrower placed the company into voluntary administration and liquidators were appointed to represent unsecured creditors. This property has been negotiated for sale and contracts are being exchanged for a price greater than the outstanding amounts to ASI Capital. No losses are anticipated after the sale of this property. This loan attracts the higher interest rate.

## 6. Financial Ratios

Ratio	This Quarter End	Previous Quarter End
Working capital (%)	<b>105.9%</b>	<b>106.49%</b>
Debt to Equity Ratio (%)	<b>1696.8%</b>	<b>1540.4%</b>
Interest cover (Interest revenue over interest expense) %	<b>140.68%</b>	<b>159.37%</b>
The amount Total Tangible Assets exceeds Total External Liabilities (Clause 8)	<b>\$222,780</b>	<b>\$252,613</b>
The amount Total Tangible Assets exceeds Total External Liabilities as a percent. (Clause 8)	<b>5.9%</b>	<b>6.49%</b>