

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

**REPORT TO THE TRUSTEE – QUARTER ENDED 30 September 2013**

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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 **(30 September 2013)** 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)	130,607	3.07	4,257,774	100.00
Value of Securities maturing within 12 months			3,123,012	73.35
Value of Securities maturing beyond 12 months			1,134,732	26.65

*[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

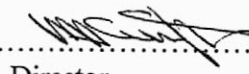
Annexure "A" provides disclosure as to whether or not the Borrower has met each of the benchmarks outlined in ASIC Regulatory Guide 69: Debentures – improving disclosure for retail investors.

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 19<sup>th</sup> of October 2013.

  
.....  
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 30 September 2013, when the capital equity was only 5.2% and not the required 8% where no developments loans are sponsored.

**2. Benchmark Two – Liquidity**

Complies as at 30 September 2013, when the company was 12.41 % liquid;

**3. Benchmark Three – Rollovers**

Complies, as per Prospectus No.4, dated the 8<sup>th</sup> of January 2013;

**4. Benchmark Four- Debt maturity**

Complies with this new benchmark in Prospectus No.4, dated 8<sup>th</sup> of January 2013;

**5. Benchmark Five – Loan portfolio**

Complies, as per Prospectus No.4, dated 8<sup>th</sup> of January 2013;

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

Complies, as per prospectus No.4, dated 8<sup>th</sup> of January 2013;

**7. Benchmark Seven – Valuations**

Complies as per Prospectus No.4, dated 8<sup>th</sup> of January 2013;

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

Complies, as per Prospectus No.4, dated 8<sup>th</sup> of January 2013

## Annexure “B”

### Investment Portfolio of Anglesey Secured Investments Limited

Quarter ending 30 September 2013

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

Assets	Current Quarter	%	Previous Quarter	%
Cash and deposits at call	521,610	11.59	801,223	17.27
Other Authorised Investments				
- Bank Term Deposits				
Accrued Interest	8,542	0.19	10,097	0.22
Non Current Assets	nil	0.0		0.0
Real Property				
Secured lending (excluding Prop. Dev.)	3,964,864	88.22	3,828,833	82.5
Property Development lending *				
Intangible assets				
<b>Total Assets</b>	<b>4,494,019</b>	<b>100</b>	<b>4,640,153</b>	<b>100</b>
<b>Liabilities</b>				
Debenture note holders	4,257,744	99.67	4,380,084	99.7
Accrued Interest Liabilities	18,854	0.32	13,394	0.3
Other liabilities	5,682	0.01		
<b>Total Liabilities</b>	<b>4,282,280</b>	<b>100</b>	<b>4,393,478</b>	<b>100</b>
<b>Net Assets</b>	<b>211,738</b>		<b>246,675</b>	
<b>Equity</b>				
Contributed equity	691,020		691,020.00	
Accumulated profits/losses	( 479,282)		(444,345)	
<b>Total Equity</b>	<b>211,738</b>		<b>246,675</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	\$208,677
Number of loans that comprise more than 10% of the Principal Moneys to any one party or associated party.	1
Value of loans that comprise more than 10% of the Principal Moneys to any one party or associated party.	\$500,000
Longest term to loan maturity	3 years
Average term to loan maturity	3 years
Average interest rate charged to Borrowers	10.57%
Average loan to value ratio	50.86%
Average Rate of Return	3.374%

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

Security Type	No.	\$	%
Residential			
Commercial	8	1,412,170	35.61
Development			
Rural	11	2,556,694	64.39
Total	19	3,964,864	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	2,847,595	71.8	12,863,352	85.93
QLD	2	494,000	12.5	800,000	5.34
VIC	3	623,264	15.7	1,304,559	8.73
WA					
SA					
TAS					
ACT					
NT					
Total	19	3,964,859	100	14,967,911	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 28/10/13	Value of Security \$	Current Valuation Date	LVR %
62	266,180.	120	16,154	415,000	16/09/13	52.33
				Plus \$100,000 pps		
74	388,529	90	18,529	685,000	30/01/12	56.72
66	154,273	30	1,773	400,000	16/03/11	38.57

Loan 62. The borrower has provided additional security in the form of a prime mover and aluminium tipper trailer valued at around \$100,000 and the mortgage is registered on the personal property register. The borrower is in the process of raising capital to meet the arrears as he has just sold a surplus to requirement low loader truck trailer which will bring his account to order. We are in constant contact with this client. While he is 120 days in arrears, his last 3 month regular interest payments have been satisfied.

The property was re-valued in September with a modest appreciation of \$25,000 since the previous valuation.

Loan 74. This loan is 3 months in arrears and is attracting the higher interest rate. The client is attempting to sell his property to repay the debt but farm debt mediation processes have been put in place and mediation should take place within 3 weeks. No loss is anticipated from this loan. Real estate agents have a number of interested prospective local purchasers looking at the property.

Loan 66. This loan is secured against a hotel and will be paid out in November with the sale of poker machines.

## 6. Financial Ratios

Ratio	This Quarter End	Previous Quarter End
Working capital (%)	<b>104.94%</b>	<b>105.61%</b>
Debt to Equity Ratio (%)	<b>2022.4%</b>	<b>1781%</b>
Interest cover (Interest revenue over interest expense) %	<b>108.78%</b>	<b>150.51%</b>
The amount Total Tangible Assets exceeds Total External Liabilities (Clause 8)	<b>\$211,738</b>	<b>\$246,675</b>
The amount Total Tangible Assets exceeds Total External Liabilities as a percent. (Clause 8)	<b>4.94%</b>	<b>5.6%</b>