



BANKSIA
MORTGAGES LIMITED

1 November 2013

Banksia Mortgage Fund (ARSN 089 852 246) (BMF)
Responsible Entity: Banksia Mortgages Limited (BML)

Dear Member

Update on the BMF portfolio sale process

I wrote to you on 23 August to inform you that, having obtained orders from the Supreme Court of Victoria on 20 August 2013, BML would be marketing for sale the loans in the BMF portfolio (a copy of that letter is available on the Banksia website). That process, which was a competitive bid process conducted by Banksia Securities Limited (Receivers and Managers Appointed) as BML's transaction manager, has now concluded. BML is pleased to report that today it accepted an offer for loans in the BMF portfolio from Deutsche Bank AG, Sydney Branch. Consistent with the Court's orders, completion of the proposed sale is conditional upon the approval, direction or advice of the Court that BML is justified in completing the sale.

BML will soon be making its application to the Court seeking the Court's approval, direction or advice that it is justified in completing the sale.

Do you need to do anything now?

You do not need to do anything now. BMF members will, in the week beginning 11 November 2013, receive a circular by post containing more details about the proposed sale and the application, once BML knows the date for the hearing of the application (presently expected to be in early December subject to the Court's availability). BML will also upload to the Banksia group website (www.banksiagroup.com.au) all affidavit material so as to give members an opportunity before the hearing to consider that material, raise any queries, and have their position conveyed to the Court, in addition to having the opportunity to appear at the hearing of the application.

Yours faithfully

Warren Shaw
Chief Executive Officer

Administration Centre and
Registered Office
157 Fenaughty Street
Kyabram Vic 3620
PO Box 888 Kyabram Vic 3619
DX 62005 Kyabram
Tel 03 5852 3344
Freecall 1800 333 114
Fax 03 5853 2277
info@banksiagroup.com.au

Banksia Mortgages Limited
ABN 36 087 342 238
AFSL 227733

www.banksiagroup.com.au