

13 November 2013

Dear Member

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

In my letter to you of 8 November 2013, I informed you of the outcome of the sale process for the BMF loan portfolio and what that would mean for members' interests entitlements, where members receive interest on a monthly basis.

We have identified that you receive interest entitlements on a quarterly basis. This letter sets out specific information about how the outcome of the sale process will impact the timing of payment of quarterly interest entitlements.

**What will happen to the timing of payment of my quarterly interest entitlements if the sale goes ahead?**

As stated in my letter of 8 November 2013, if BML obtains Court Sanction and the sale completes, you will receive 100% of your principal and accrued interest outstanding calculated as at 31 October 2013.

If you are an investor in a BMF loan that has not yet matured, or that has matured and has and continues to meet all of its interest obligations, you should have already received your interest payment for the previous quarterly cycle. If your interest payment date for the current quarterly cycle:

- Occurs before the sale completes, then on your next interest payment date you will be paid interest for the period starting on Day 1 of your current cycle and ending on 31 October 2013. Following this, you will receive no further payments until you receive the return of your principal following completion of the sale.
- Occurs after the sale completes, you will receive all of your accrued interest outstanding calculated as at 31 October 2013, together with return of your principal, following completion.

If you are an investor in a BMF loan that has matured and has not met all of its interest obligations, you will receive the return of your principal and accrued interest outstanding calculated as at 31 October 2013 following completion of the sale.

If the sale completes, no BMF member will receive interest in respect of the period after 31 October 2013.


As previously stated, BML presently expects that the sale will complete sometime between mid-December 2013 and mid-January 2014, although the precise timing of completion will depend on when Court Sanction is obtained (should it be granted by the Court).

**How to find out more?**

If you wish to find out more about the information in this notice, the sale of the BMF loan portfolio to Deutsche Bank AG, Sydney Branch, or the application for Court Sanction that I referred to in my previous letter, you may call a hotline set up by BML on **1800 992 793** or email BML at **info@banksiagroup.com.au**.

Please otherwise continue to monitor the Banksia website ([www.banksiagroup.com.au](http://www.banksiagroup.com.au)) for developments in relation to the Court application and the sale process.

Yours faithfully



Warren Shaw  
Chief Executive Officer