CENTRAL VICTORIAN INVESTMENTS LIMITED
(the Borrower)

REPORT TO THE TRUSTEE – QUARTER ENDED 30/06/2016

Pursuant to the provisions of the Corporations Act and the Secured Note Trust Deed dated 17 November 1999, we herewith provide our report for the quarter ended **30/06/2016** in relation to Central Victorian 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 secured notes or the provisions of the Trust Deed or Chapter 2L of the Corporations Act during the quarter. *[Sec 283BF4(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 secured notes to become immediately payable;
   (ii) the secured notes to become immediately enforceable;
   (iii) any other right or remedy under the terms of the secured note 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 secured notes or the Trust Deed.

   [Sec283BF(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 lending funds invested in its Secured Notes out under 1st Mortgage security as permitted under the Trust Deed. *[Clause 11]*

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 secured note 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: N/A

(Company A)	A.C.N. (number)	$
(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: N/A

(Company A)	A.C.N. (number)	$
(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:

	This Quarter $	**Total $**
Value of Securities issued	-1,877,983	62,267,167
Value of Securities maturing within 12 months	-2,795,393	58,428,914
Value of Securities maturing beyond 12 months	917,410	3,838,253

[Clause 9.06(a)]

n) The Borrower confirms that the Borrower continues to meet the minimum requirements of the Borrowing Limitations.
[Clause 8.01, 8.04 & 9.07(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 5.7]

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, secured note holders or ASIC at the same time that it has sent the same.
[Clause 6.08(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 Secured Note 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 9.05]

u) The Borrower confirms that the Borrower has made all interest and principal payments to secured note holders when they fell due.
[Clause 9.06(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 9.07(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 $
- A liability of $ 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 9.07(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.

[Clause 9.07(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 9.07(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 9.07(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 9.08]

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 11.03]

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 and Australian Credit Licence during the quarter.

ASIC Regulatory Guide 69: Secured Notes – 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:

- Only promises made are as per the Benchmarks (Refer Annexure A for update) & as per the standard compilation of Replacement Prospectus No 17 which have been complied with.

ASIC Class Order CO 12/1482- When debentures can be called secured notes

jj) (The Borrower confirms that its use of the term "Secured Notes" rather than "Unsecured Notes" is in accordance with the requirements so specified in the above ASIC Class Order and further confirms that the Secured Notes are first ranking.)

Annexure "A" provides disclosure as to whether or not the Borrower has met each of the benchmarks outlined in ASIC Regulatory Guide 69: Secured notes – 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 Secured note when it becomes due and payable.

This declaration has been made in accordance
with a resolution of directors on the **27/07/2016**

………………………………………………	………………………………………
Director	Company Secretary
(Signature)	(Signature)

Annexure "A"
ASIC Regulatory Guide 69:
Secured note – 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 – Equity Ratio

Central Victorian Investments Limited (CVI) does NOT comply with ASIC's benchmark with regards to Equity Ratio. ASIC's benchmark is that Secured Note issuers maintain a minimum of 20% equity where more than a minor part (10%) of the issuer's activities is property development. Equity capital is the money invested by the shareholders of the company. It provides a "buffer" in the event of financial difficulties and it also provides management further incentive to operate prudently and responsibly. The equity % ratio is calculated by:

$$\frac{\textit{Total Equity}}{\textit{Total Liabilities \& Total Equity}}$$

Prior to the introduction of ASIC's benchmarks CVI was required to maintain $500,000.00 of net assets under its Trust Deed of 17th November, 1999. If the net assets do not meet the threshold, investment restrictions will be imposed under the Trust Deed.

As at 30th June, 2016 the Company's loans for property development including sub divisional land was $7,975,518 which represents 15.58% of our loan portfolio totalling $51,186,542. CVI's unaudited management accounts show Equity Capital or Net Assets on 30th June 2016 was $5,580,905 compared to $5,001,147 compared at 31st March 2016. In percentage terms vs total liabilities plus total equities of the company it is 8.10% vs 7.15% last quarter. The equity ratio of the company is accordingly 8.10% as against the ASIC benchmark of 20%. This means that the company has a significantly lower buffer against financial difficulties than that recommended by ASIC for such a company where more than 10% of its portfolio is in loans related to property development. This means that Secured Notes of the Company carry a higher risk than they would if the Company satisfied the benchmark of 20% equity ratio. The Company's directors believe that as we do not lend to related parties (refer benchmark 6), and as its principal activity is to lend funds to borrowers on the security of real estate not exceeding 70% of the valuation, meaning the borrowers themselves are first injecting significant capital and equity into the same projects, our level of capital is sufficient.

2. Benchmark Two – Liquidity

CVI does comply with ASIC's benchmark with regards to liquidity.

Liquidity is the amount of cash or receivables that a company possesses to ensure it can readily meet any withdrawal of Secured Notes or fund the mortgage operations of the Company. As at 30th June 2016 the company held liquidity of $15,140,191 or 24.31% of Secured Notes (this figure is variable over time). The Company maintains a minimum of 10% Liquidity and in the event that the Company's Liquidity nears 10% the Company will stop lending in order to increase the liquidity level.

The Company reviews its cash flows daily, incorporating any loan repayments, discharges or new advances and new Secured Notes or redemptions. In addition, as a condition of our Australian Financial Services Licence we also forecast over a three month period allowing for loan advances we believe will be done, any discharges we know to be coming in and Secured Notes we have been advised will not be renewing. We also make allowance for an additional five percent of rollovers not to renew based on previous history, all in attempt to ensure that sufficient liquidity will be on hand.

3. Benchmark Three – Rollovers

CVI does comply with ASIC's benchmark with regards to Rollovers.

The Company's policy is that approximately two to four weeks prior to the maturity of a Secured Note, the Company will notify the Secured Note holder in writing, of the rates and terms upon which the funds may be reinvested for a further period. This advice also states that the Company's current Prospectus, together with any other relevant ongoing disclosure documents, will be available on our website www.cvi.net.au. Investors who do not have access to the website may request a hard copy of these documents, free of charge, by contacting the Company's registered office directly.

If written instructions are not received by the Company for a renewal of a Secured Note before its maturity date, the Secured Note shall upon maturity, be reinvested for a similar term at the current rate of interest payable.

4. Benchmark Four – Debt Maturity

CVI does comply with ASIC's benchmark with regard to debt maturity and discloses. The table below details the total dollar value maturing within each period.

Now holding Deposit Total $62,267,167

Maturing in	No	Amount
30 – 59 days	236	21,425,915
60 – 89 days	65	4,418,039
90 – 179 days	176	11,768,460
180 – 364 days	233	20,816,500
1 – 2 years	77	3,838,253
2 – 5 years	0	0.00
> 5 years	0	0.00

5. Benchmark Five – Loan Portfolio

CVI does comply with ASIC's benchmark with regard to Loan Portfolio.

Figures as at the 30th June 2016 show we now have 128 loans totalling $51,186,542. The largest loan was at $3,905,193 representing 7.63% of our loan book & 5.66% of total assets. Our ten largest loans total $19,312,296 representing 37.73% of our loan book & 29.10% of total assets. As at the 30th June 2016 Central Victorian Investments had 2 loans in arrears excess of 30 days.

All loans are in fact callable within 30 days and the following is an analysis of our maturities based on notional terms:

Term to Maturity	Loans	Total Loans
0-12 months	**22**	**$12,914,102**
13-24 months	**31**	**$13,496,673**
25-60 months	**67**	**$24,149,337**
60 + months	**8**	**$626,429**

6. Benchmark Six – Related Party Transactions

CVI does comply with ASIC's benchmark with regards to related party transactions. ASIC's benchmark is that Secured Note issuers on-lend funds should disclose their approach to related party transactions, including how many loans they have made to related parties and the value of those loans and what assessment or approval process they follow with related party loans.

As detailed in Section 5.7 'Security and Risk Assessment of the CVI Prospectus, the Company does not permit loans to Directors, Managers, Secretaries or Shareholders of the Company. Any loans made by the company to staff members, and as at 30th June 2016 there were none, would be made on ordinary arm's-length terms.

7. Benchmark Seven – Valuations

CVI does NOT comply with ASIC's benchmark with regard to valuations.

The lending policies the Company has adopted to manage and control risk are contained in this Prospectus in Sections 5.7 'Security and Risk Assessment' & 5.8 'Permitted Investments'.

The company currently relies on valuations from independent and duly qualified valuers. In addition the Company reserves the right to lend up to 70% of a municipal valuation where the property is known by management or may be supported by an arm's-length purchase contract. Relying on a municipal valuation may not satisfy this benchmark.

The company has a policy that as every loan approval is different; a decision is made in relation to each loan and its valuation requirements at the approval stage. When approving said loans the Company reserves the right to obtain on any future dates an up to date valuation of any properties held as security, at the borrower's expense.

No more than one third of the Company's valuation work is undertaken by any one valuer.

CVI has one loan which exceeds 5% of our loan portfolio as at 30th June 2016.

8. Benchmark Eight – Lending Principals

CVI does comply with ASIC's benchmark with regard to lending principals – loan to valuation ratios.

CVI does not approve any loan at a loan to valuation ratio greater than 70%. To better illustrate this we have included the further information below pertaining to: Loans by LVR Percentage confirming the balance of loans across each sector and the average LVR of loans in that sector, bearing in mind Benchmark 7 - Valuations

Loans by Class and LVR Percentages – (as at 30th June 2016)

Class	Loans	Amount by Class	LVR%
Industrial	9	$3,102,978	**49.81%**
Commercial	13	$6,663,879	**52.63%**
Construction/ Development	6	$7,975,518	**61.72%**
Rural	19	$5,009,981	**28.24%**
Sub-Divisional	0	$ 0	**0%**
Specialised Accommodation	5	$1,490,941	**34.84%**
Residential	76	$26,943,245	**46.05%**
Total	**128**	**$51,186,542**	**45.56%**

Loans by Region – (as at 30th June 2016)

Region	Loans in Region	Amount in Region
Ballarat and District	49	$16,896,238
Geelong and District	29	$12,954,047
Melbourne and Surrounds	26	$16,173,775
Horsham and District	7	$ 1,387,941
Maryborough and District	6	$1,145,338
Other Victoria	11	$2,629,203
Total	**128**	**$51,186,542**

Annexure "B"

Investment Portfolio of
Central Victorian Investments Limited

Quarter End **30/06/2016**

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

Assets	Current Quarter	%	Previous Quarter	%
Cash and deposits at call	5,130,191	7.44	4,620,724	6.60
Other Authorised Investments	10,010,000	14.52	18,010,000	25.74
Real Property #	2,250,000	3.27	1,942,937	2.78
Secured lending (excluding Prop. Dev.)	43,211,024	62.68	36,699,369	52.45
Subdivisional Land Development	0	0	0	0
Construction / Development	7,975,518	11.57	8,075,399	11.54
Other Assets	192,992	.28	422,033	.60
Intangible Assets	167,286	.24	199,657	.29
Total Assets	**68,937,011**	**100**	**69,970,119**	**100**
Liabilities				
Secured note noteholders	62,267,167		64,145,150	
Other liabilities	1,088,939		823,822	
Total Liabilities	**63,356,106**		**64,968,972**	
Net Assets	**5,580,905**		**5,001,147**	
Equity				
Contributed equity	2,408,026		2,408,026	
Accumulated profits/losses	3,172,879		2,593,121	
Total Equity	**5,580,905**		**5,001,147**	

limited to 10% of monies deposited

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

Number of loans	128
Average loan size	399,894
Number of loans that comprise more than 10% of the Principal Moneys to any one party or associated party.	NIL
Value of loans that comprise more than 10% of the Principal Moneys to any one party or associated party.	NIL
Longest term to loan maturity	30 days
Average term to loan maturity	30 days
Average interest rate charged to Borrowers	7.817%
Average loan to value ratio	45.56%
Average Rate of Return	2.970%

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

Security Type *	**No.**	**$**	**%**
Residential	76	26,943,245	52.65
Commercial	13	6,663,879	13
Subdivisional land /development	0	0	0
Rural	19	5,009,981	9.79
Construction / development	6	7,975,518	15.59
Industrial	9	3,102,978	6.06
Specialised	5	1,490,941	2.91
Total	128	51,186,542	100

** Please add other types as required*

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

State / Territory	**Loan Portfolio**			**Secured Property**	
	No.	**$**	**%**	**$**	**%**
NSW					
QLD					
VIC	128	51,186,542	100	112,340,172	45.56
WA					
SA					
TAS					
ACT					
NT					
Total					

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 in excess $1,000	Value of Security $	Current Valuation Date	LVR %
1	3,905,193	349	479,193	5,864,912	27/06/16	66.59
2	1,459,868	14	18,868	2,400,000	13/08/15	60.83
3						
4						
5						

6. Financial Ratios

Ratio	This Quarter End	Previous Quarter End
Working capital (%)	**105.48%**	**104.75%**
Debt to Equity Ratio (%)	**1170%**	**1353%**
Interest cover (Interest revenue over interest expense) %	**154.92%**	**150.51%**
The amount Total Tangible Assets exceeds Total External Liabilities (Clause 8)	**5,413,619**	**4,801,490**
The amount Total Tangible Assets exceeds Total External Liabilities as a percent. (Clause 8)	**8.54%**	**7.39%**