

CENTRAL VICTORIAN INVESTMENTS LIMITED
(the Borrower)

REPORT TO THE TRUSTEE – QUARTER ENDED 31/12/2013

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 *31/12/2013* 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 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 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	-1,438,843	65,325,123
Value of Securities maturing within 12 months	-201,497	63,126,060
Value of Securities maturing beyond 12 months	-1,237,346	2,199,063

[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 12 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 31/01/14

.....
Director
(Signature)

.....
Director
(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 benchmark number one on Equity Ratio as per comments in Replacement Prospectus No 15 which are still relevant.

2. Benchmark Two – Liquidity

CVI does comply with benchmark number two on Liquidity as per comments in Replacement Prospectus No 15

3. Benchmark Three – Rollovers

CVI does comply with benchmark number three on Rollovers as per comments in Replacement Prospectus No 15

4. Benchmark Four – Debt maturity

CVI does comply with benchmark number four on Debt Maturity and discloses

Now holding Deposit Total 61,319,720.30

	NO	AMOUNT	AVG INT
Maturing in Overnight - 29 days	80	6,932,651.68	5.463%
in 30 - 59 days	89	12,009,926.14	5.323%
in 60 - 89 days	75	9,668,021.34	5.235%
in 90 - 179 days	195	14,105,787.39	5.316%
in 180 - 364 days	260	16,404,270.61	5.331%
in 1 - 2 years	70	2,197,563.14	5.385%
in 2 - 5 years	1	1,500.00	5.250%
in > 5 years		0.00	NIL
*** GRAND TOTAL		61,319,720.30	5.328%

5. Benchmark Five – Loan portfolio

CVI does comply with benchmark number 5 on Loan Portfolio. Figures as at the 31/12/13 show we now have 120 loans totalling \$48,854,915. The largest loan is now at \$3,147,039 representing 6.44% of our loan book & 4.56% of total assets. Our ten largest loans total \$17,609,509 representing 36.04% of our loan book & 25.53% of total assets We also have one other loan of \$2499983 which exceeds 5% of our loan book at 5.12% & our largest total exposure to one borrower is \$4,919,747 at 10.07% of our loan book & 7.13% of total assets, which is spread across 5 loans separately secured against different security types ranging from a small subdivision nearing completion, vacant land, residential units both under construction & completed & commercial industrial sheds . Total current arrears of payments in excess of 30 days as at 31 December , 2013 was 1 loan totalling \$704,222 representing 1.441% of our loan book with arrears of \$104,222, to which we've agreed to terms of settlement & hope to settle prior to 31 January, 2014. All other comments as per Replacement Prospectus No 15 remain relevant

6. Benchmark Six – Related party transactions

CVI does comply with benchmark number 6 on Related Party Transactions as per comments in Replacement Prospectus No 15. We still have no loans to staff.

7. Benchmark Seven – Valuations

CVI does NOT comply with benchmark number 7 on Valuations as per comments in Replacement Prospectus No 15 and confirm we currently have two loans that exceed 5% of our current loan book, with repayment in full of both loans expected around end April from sales awaiting settlement, so no further advice to values will be given at this stage.

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

CVI does comply with benchmark number 8 on Lending Principles (LVRs) as per comments in Replacement Prospectus No 15.

Annexure "B"

Investment Portfolio of Central Victorian Investments Limited

Quarter End 30/09/2013

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

Assets	Current Quarter	%	Previous Quarter	%
Cash and deposits at call	2782518	4.04	3417794	4.84
Other Authorised Investments	15010000	21.75	14010000	19.86
Real Property #	1950000	2.83	1950000	2.76
Secured lending (excluding Prop. Dev.)	41799766	60.60	42352123	60.02
Subdivisional Land Development	4668380	6.77	3013315	4.27
Construction / Development	2386769	3.46	5145714	7.29
Other Assets	217774	0.31	508840	0.79
Intangible Assets	165247	0.24	167460	0.17
Total Assets	68,980,454	100	70,565,243	100
Liabilities				
Secured note noteholders	65325123	98.65	66763966	98.36
Other liabilities	892870	1.35	1114048	1.64
Total Liabilities	66,217,993	100	67878014	100
Net Assets	2,762,461		2687229	
Equity				
Contributed equity	67871	2.46	67871	2.79
Accumulated profits/losses	2694590	97.54	2619358	97.21
Total Equity	2,762,461		2,687,229	100

limited to 10% of monies deposited

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

Number of loans	120
Average loan size	407,124
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	8.264%
Average loan to value ratio	43.32%
Average Rate of Return	1.641%

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

Security Type *	No.	\$	%
Residential	69	26425048	54.09
Commercial	16	7819436	16.00
Subdivisional land /development	2	4668380	9.55
Rural	16	3665150	7.50
Construction / development	4	2733537	5.60
Industrial	9	2372739	4.86
Specialised	4	1170625	2.40
Total	120	48854915	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	120	48,854,915	100	112,776,180	43.32
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	704222	595	103222	1500000	15/11/2012	46.95
2						
3						
4						
5 etc						

1) Settlement occurred 31 January 2014. Loan repaid in full.

6. Financial Ratios

Ratio	This Quarter End	Previous Quarter End
Working capital (%)	104.72%	106.49
Debt to Equity Ratio (%)	2550%	2693%
Interest cover (Interest revenue over interest expense) %	131.05%	130.93%
The amount Total Tangible Assets exceeds Total External Liabilities (Clause 8)	\$2,597,214	\$2,519,769
The amount Total Tangible Assets exceeds Total External Liabilities as a percent. (Clause 8)	3.922%	3.712%