

25

Prospectus Number 25 for the Issue of Secured Notes

This document forms part of the prospectus No. 25 (the prospectus) issued by Balanced Securities Limited (the Company) where the prospectus is made available in electronic form.

Please note:

1. The offer or invitation to which the prospectus relates is available to persons receiving the electronic prospectus in Australia.
2. The secured notes to be issued under the prospectus will only be issued on receipt by the Company of the application form at the end of this prospectus. The application form is the document immediately following the prospectus.



BALANCED SECURITIES

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MANAGING DIRECTOR'S LETTER

Dear Investor,

Once again it is my pleasure to present the Company's twenty-fifth Prospectus and I am again pleased to report another successful year for our business.

We believe interest rates will reduce in 2025 and importantly we continue to review the interest rates we offer on our Secured Notes and remain confident that we continue to provide our investors with attractive and competitive returns.

The Company's Secured Notes continue to offer you:

- > the backing of a pool of carefully selected first mortgages secured over quality Australian real estate; and,
- > an attractive fixed return for the term you select and flexibility as to how regularly you would like your income paid.

We have in excess of \$74m of our own funds invested in the business which provide all investors with substantial protection against loss as your investment funds rank in priority to our capital making our interests truly aligned.

Our highly experienced senior management team remain a constant factor in our success and resilience. The core values and business culture established by the directors which is behind our success, has been instilled into our executive team which gives me great confidence of our continued success over the coming years.

Our secured note investment product remains simple to understand and has proven itself through various property and economic cycles that Australia has experienced over the last 25 years. It continues to provide you with an attractive fixed return on your investment and I again commend to you this Prospectus and the investment that it offers.

If you would like any further information about investing with us please contact our Investor Service Officer, Michelle Scott on **1300 135 077**.



David Geer

Managing Director

IMPORTANT NOTICES

This Prospectus is issued by Balanced Securities Ltd ACN 083 514 685 (the "Company") and is dated 27 December 2024.

This Prospectus was lodged with the Australian Securities and Investment Commission ("ASIC") on 27 December 2024. ASIC and its officers take no responsibility as to the contents of this Prospectus.

This Prospectus is also available in electronic form on the internet at www.balancedsecurities.com.au.

This document is important and should be read in its entirety. If you do not understand its contents you should consult your accountant, lawyer, or other professional adviser. The Company refers to and adopts ASIC Corporations (Debenture Prospectuses) Instrument 2016/75.

The Company is not authorised under the Banking Act 1959 (Cth) ("Banking Act") and is not supervised by the Australian Prudential Regulation Authority nor will investments be covered by the depositor protection provisions in Section 13A of the Banking Act. Investments with the Company are not covered by the Financial Claims Scheme which applies only to deposits held in protected accounts of Authorised Deposit-taking Institutions as defined in the Banking Act.

No investments may be issued pursuant to this Prospectus after its expiry date of 26 January 2025.

Certane CT Pty Ltd (the "Trustee") has not caused the issue of this Prospectus and makes no representation or warranty concerning the truth or accuracy of its contents and has not made any statement or purported to make any statement in this document or any statement on which a statement in this document is based.

The Trustee, to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation or any statement regarding, and takes no responsibility for, any part of this document, or any statements in, or omissions from this document, and does not guarantee the return of any capital sums invested or any rate of return.

The Trustee holds a charge over all the assets of the Company as trustee for the investors.

David Geer acts as a Lawyer to the Company but has not caused the issue or participated in the preparation of this Prospectus and makes no representation as to the performance of the issue or the contents of this Prospectus other than this statement.

Sladen Legal have acted for the Company on the issue of the Prospectus. They have not caused its issue and make no representation as to the performance of the issue.

The Company is the holder of an AFS Licence No. 241382 which allows the Company to deal in, issue, apply for, acquire, vary or dispose of a single product fixed rate secured investment security and provide general financial product advice. As we have not taken into account your personal investment objectives, financial situation or particular needs you should consider the appropriateness of the investment having regard to your objectives, financial situation and needs. The Company recommends that you get professional advice from (as necessary) a licensed financial adviser and/or tax adviser to determine your individual investment objectives before making an investment decision. The Prospectus is not a statement of advice.

As required by the Corporations Act, the Company has made a Target Market Determination ("TMD") which identifies the class of retail clients for whom the Company has designed the Secured Notes offered under this Prospectus. The TMD is available on the Company's website and or by contacting the Company's office directly for a copy.

The Company will comply with its ongoing disclosure obligations by publishing on its website, www.balancedsecurities.com.au any material information more recent than that contained in the Company's last issued Prospectus. Information disclosed will be that which the Company considers necessary or appropriate to help investors make investment decisions based on timely information. 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. The Company will comply with ASIC's good practice guidance for website disclosure.

INVESTMENT OVERVIEW

Minimum Investment	\$10,000 then in multiples of \$1,000
Entry &/or Exit Fees	There are no entry fees deducted from your investment and no exit fees charged if the investment is held until maturity. There is no automatic right of investors to redeem investments prior to the expiry of the selected term but the Company may at its absolute discretion allow an early redemption with a break fee to apply.
Interest rates	The interest rates currently applicable are available by calling the Company on 1300 135 077 or visiting our website at www.balancedsecurities.com.au . Once an investment is made the interest rate is fixed for the term of the investment selected by you.
Payment of Interest	Where you elect to receive interest monthly the interest will be calculated monthly in arrears on the 15th of each month and paid by direct deposit into your nominated account within 7 days thereafter. Where you elect to receive interest on maturity the interest will be paid on maturity within 7 days of maturity calculated on the principal sum invested but with no compounding of interest during the term of investment.
Investment Term	Investment terms range from 6 months to 3 years. The current investment terms can be found on our rate card and are available on our website www.balancedsecurities.com.au or you can call our investor line on 1300 135 077.
End of Term Options	On expiry of your investment term you can elect to:- <ul style="list-style-type: none">- rollover your investment for a further term- add to your investment- redeem some or all of your investment
Security	Your investment is secured by a first ranking charge that the Trustee holds over all of the Company's assets including cash and the portfolio of first mortgage loans. Further details as to security and risk assessment are on page 18.
Not a Bank Deposit	In accordance with Section 283BHA of the <i>Corporations Act 2001</i> , your investment may be described as "Secured Notes". Secured Notes are not a bank deposit.

Risks	Ultimately, the risk to investors of any loss of interest or the amount invested depends on the financial performance of the business. The main risks to the business are the risk of credit losses because of loan defaults, the liquidity risk of a change in the investment redemption rate and the interest rate risk from changes in funding and lending interest rates. Refer pages 22 to 27 for more details on risks and risk mitigation measures in place.
Business Model	The Company's business model is to raise funds from investors through the issue of Secured Notes under this Prospectus and to on-lend these funds on the security of a registered first mortgage over Australian real estate. The Company profits are derived primarily from the difference between its interest rate on mortgage loans and investment of liquid funds and the rate of interest paid to Secured Note holders (its profit margin). Secured Note holders do not participate in the profits of the Company, but receive a fixed interest rate on their investment. Information about the composition of the mortgage portfolio of the Company is set out in item 5 of the Benchmarks section of this Prospectus.
Directors and senior executives	Information regarding the Directors and senior executives of the Company is set out on page 21.
Interests and related party transactions	Details of the interests of the Directors in the Company and of any related party transactions are set out on pages 26 to 27.
Financial information	Financial statements of the Company and related information is set out on pages 31 to 32.
Issuer	Balanced Securities Limited ACN 083 514 685, AFSL 241382, Level 23, 385 Bourke Street, Melbourne VIC 3000.
Trustee	Certane CT Pty Ltd, ACN 106 424 088, Locked Bag 3015, Australia Square, Sydney, NSW, 1215.

ASIC BENCHMARKS FOR SECURED NOTES

INTRODUCTION

In February 2012 ASIC issued an amendment to Regulatory Guide 69 ("RG 69") which sets out 8 Benchmarks formulated by ASIC to assist investors in understanding the risks of an investment and whether an investment is suitable for them. It requires that issuers of Secured Notes disclose whether they comply with the Benchmarks and if they do not they need to explain why that is.

The table below identifies the Benchmarks and we confirm the Company complies with each of them.

Benchmark Disclosures	Compliance with Benchmark
1. Equity Capital	Yes
2. Liquidity	Yes
3. Rollovers	Yes
4. Debt Maturity	Yes
5. Loan Portfolio	Yes
6. Related Party Transactions	Yes
7. Valuations	Yes
8. LVR and Lending Principles	Yes

Information used by the Company in determining its compliance with these Benchmarks is provided in greater detail elsewhere in this Prospectus and we direct you to:-

- > Benchmark 2 on page 7 and Benchmark 4 on page 8 as well as Benchmarks 3, 5, 6 and 8 and the Portfolio Mix on pages 28 and 29 which details the Company's loan portfolio as at 30 June 2024: and
- > Pages 31 and 32 for Company's Audited Summary Statement of Financial Position.

Ongoing Disclosures

Updates of the benchmarks and financial and statutory reporting requirements will be lodged on the Company's website www.balancedsecurities.com.au on a regular basis in line with reporting requirements. If the Company's compliance to one of the Benchmarks changes after this Prospectus is issued the Company under its continuous disclosure obligations will provide details on its website.

BENCHMARK 1

Equity Capital Status: Satisfied

This Benchmark requires all Secured Note issuers to maintain a minimum of 8% equity and increases that to 20% minimum equity where more than 10% of the Secured Note issuers loans relate to lending for property development.

The Company defines a property development loan as one where the loan purpose is for construction or development and where the underlying security is not completed. Once a project is completed the loan is no longer deemed to relate to property development as the construction risk has been removed.

Paid-up capital or equity is the money invested by the owners of the issuer plus any reserves and retained profits. It provides a 'buffer' in the event of financial difficulties.

As at 30 June 2024, 40% of the mortgage loan portfolio was loans for property development and therefore under Benchmark 1 the Company is required to have a minimum equity level of 20%.

As at 30 June 2024 the Company's total equity was \$112,673,738 of which paid-up capital and retained earnings was \$82,673,738.

The Equity Ratio is calculated by dividing the equity by the total debt plus equity of the Company.

As at 30 June 2024 the Equity Ratio as a percentage was 29% (30 June 2023 - 29%).

An investor benefits from the Company having high levels of equity and retained earnings invested in the business as this provides a substantial buffer reducing the likelihood of investors suffering a loss on their investment. The Company has equity in excess of the minimum required under Benchmark 1.

BENCHMARK 2

Liquidity

Status: Satisfied

Managing Cash Flow Forecasts

Each month the Company is required to determine its cashflow estimates for the ensuing 3 month period to ensure that the Company has sufficient cash inflow to meet projected cash needs over the next 3 month period.

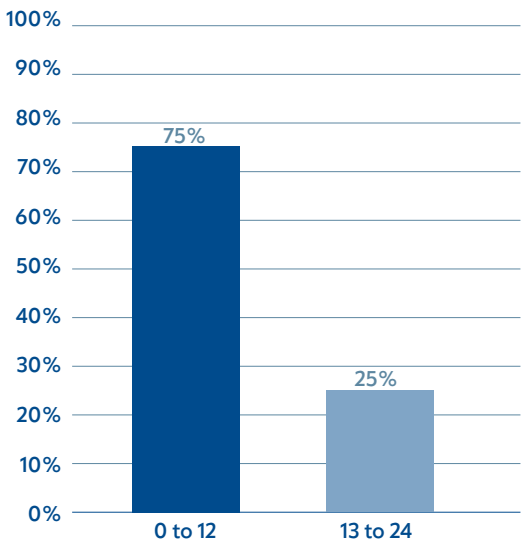
Liquidity is an important measure of short-term financial health of the issuer's business. If the issuer has insufficient liquidity it may be unable to meet its short-term obligations such as to pay interest, redeem investments or operate its business in a proper manner.

This test requires the Company to produce rolling 3 monthly cash flow projections and hold cash or cash equivalents sufficient to meet its projected cash needs over the next 3 months. It also requires the Company to disclose whether it would have cash on hand or cash equivalents sufficient to meet its projected cash needs if the percentage of Secured Notes to be rolled over during the next 3 months was 20% less than the percentage that was rolled over in the past 3 months. The Company complies with these tests and as at 30 June 2024 the cash or cash equivalents held by the Company totalled \$29,161m (2023: \$32,964m). The cash held at 30 June 2024 was comfortably in excess of its forecast cash flow requirements even if there was a 20% reduction of Secured Notes rolled over. In determining its cashflow requirements the Company takes into account estimated rollovers of maturing Secured Notes, payment of loan instalments or loan repayments and cash outflows for operational activities using a series of estimates and judgments. Reference is made to the probability of non rollover of Secured Note maturities, the risk and maturity profile of the mortgage loan portfolio, as well as management's reasonable expectation of future cash flow requirements based on expected business and operational trends.

The Company has a policy of stress testing each quarterly cash flow projection by incorporating a conservative assumption into the quarterly cash flow projections that 20% of the Secured Notes maturing over the next 3 months may not be rolled over. The records of the Company show that over the last 12 months 94% of investments falling due were rolled over.

Mortgage Maturity in Months as at 30 June 2024

Period	Proportion	Amount in Months
0 to 12	75%	207,683
13 to 24	25%	69,156
Total	100%	276,839



Having adequate levels of liquidity is an important measure of the financial health of the Company and demonstrates that the Company should be able to meet its financial obligations which include running the business, paying investors their interest as well as meeting Secured Note redemptions.

The Company's undrawn funding commitments for the next 12 months for property development loans is \$39m as at 30 June 2024 (2023 \$78m). The Company manages its liquidity to ensure that it has capacity to meet these commitments.

BENCHMARK 3

Rollovers

Status: Satisfied

If written instructions are not received for a renewal of a Secured Note issued by the Company, the Secured Note shall upon maturity be re-invested for a further term with the interest rate applying, being the current rate applicable at that time to investments of that duration.

The Company has maintained the same policy and procedure with regard to rollovers since December 1999.

Approximately 30 days prior to the maturity date of a Secured Note the Company will advise the investor in writing of the current interest rates applicable for the new terms upon which funds may be reinvested for a further period. That letter suggests to the Investor that before making a decision as to reinvestment the investor should consult the Company's website as it may contain relevant information.

BENCHMARK 4

Debt Maturity

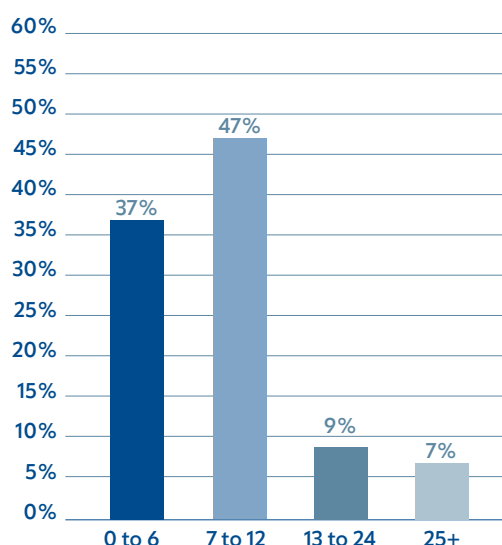
Status: Satisfied

The debt maturities of an issuer provide information on how the business is funded in terms of the nature, timing and cost of the issuer's debt obligations.

The Company satisfies this Benchmark by disclosing the maturity profile of the Secured Notes by term and value and the interest rates applicable to these investments.

Secured Note Maturity Profile as at 30 June 2024

Period in Months	Amount \$000	Proportion
0 to 6	\$72,840	37%
7 to 12	\$93,595	47%
13 to 24	\$17,482	9%
25 +	\$15,007	7%
Total	\$198,924	100%



Secured Notes are issued for selected fixed periods at specified fixed rates of interest. The current interest rate on Secured Notes that are issued varies between 4.85% and 6.70% (2023: 3.30% and 6.40%).

As at 30 June 2024 the average weighted interest rate that the Company was liable to pay to its investors was 6.22%. The Company does not offer "at call" or "31 day notice" investments.

Since commencement of trading as a public company on 24 December 1999 the Company has never defaulted on a payment of principal or interest on its Secured Notes (past performance is not an indication of future performance).

BENCHMARK 5

Loan Portfolio

Status: Satisfied

RG69.50 requires the Company to disclose the current nature of its loan portfolio in respect to on-lending the Company's investment funds.

The diversity of an issuer's loan portfolio is important in terms of assessing the level of risk. The more diversified the portfolio, the lower the risk that an adverse event affecting one borrower or type of loan will simultaneously affect the majority of borrowers and therefore put the overall portfolio at risk.

Requirement	Reference
RG 69.50 (a) The number and value of loans	See table on page 11 (Mortgage Loan Portfolio)
RG 69.50 (b) Analysis of maturity profile of interest-bearing assets (including loan portfolio and cash) by term and value	See Mortgage maturity in months table/chart on page 7
RG 69.50 (c) Interest rates or average interest rates applicable to assets	See pages 12 and 13 for details
RG 69.50 (d) By number and value, loans classified by type and state	(Portfolio by Number, State, Value and Type) See page 11 and pages 28 and 29 for details
RG 69.50 (e) An analysis (by number, value of loans and value of principal and interest) of loans in arrears > 30 days including past due loans	See pages 11 and 12 for details
RG 69.50 (f) Proportion by number and value of total money lent on a secured basis and the nature of the security	See page 11 for details
RG 69.50 (g) Proportion by number and value of total money lent to the largest and 10 largest borrowers	See page 13 for details

RG 69.50 (h) Proportion by number and value of loans subject to legal action	See page 12 for details
RG 69.51 Disclosure of business and lending policies	See page 20 for details
RG 69.52 Disclosure of security and lending policies	See page 20 for details

The information contained in the following tables, graphs and charts assist an investor in understanding the size and characteristics of the Company's loan portfolio as at 30 June 2024.

In any lending business, Borrowers of loans may fall into arrears. To mitigate this risk the senior management of the Company has established a strategy for every loan where the Borrower has failed to meet their obligations under the terms and conditions of the loan approval.

Details of the Company's loan provisioning policies are contained on pages 9 and 10.

Loans are recognised at their recoverable amounts, after assessing required provisions for impairment. The Company makes due allowance for holding and realisation costs when determining the carrying values. In order to accurately determine carrying values the Directors have regard to the original valuations, recent sale prices achieved, agents opinions of value and current valuations where those are held. Impairment of a mortgage loan is recognised when there is reasonable doubt that the Company will be able to fully recover the value of a loan on its books.

Impairment is assessed by specific identification in relation to individual loans.

If a provision for impairment has been recognised in relation to a loan, write-offs for bad debts will be made against the provision. If no provision for impairment has previously been recognised, write off for bad debts will be recognised as an expense in the income statement of the Company in the period they are identified.

The Company's loan management strategy focuses on the management of loans in arrears with an overarching goal to maximise the recovery of the loan from all possible sources. The Company seeks to work with the Borrower where possible and practical. However, where the Company believes it is in its best interest to do so it will exercise its rights under its loan and security documents to ensure that its position is protected. In some situations this may result in the sale of the underlying security by the Company as mortgagee.

Whilst past performance is not indicative of future performance in relation to the current level of arrears the Company advises:-

- > The classification of a loan as in arrears is not always an indicator of a potential credit loss on that loan as many loans are refinanced by the Borrower or the security is sold by the Borrower resulting in a full recovery of the loan without the Company enforcing its rights;
- > If the Company resorts to the sale of a security property as mortgagee, history has shown that in the majority of instances a full loan recovery is achieved. This is evidenced by the Company having experienced a low level of bad debts over its operating history;
- > The three managers involved in the management of loans have substantial experience in the intensive management of defaulting loans secured by property gained with the Company and with other large financial institutions. That experience ranges from a minimum of 20 years to in excess of 40 years;
- > Rather than selling security properties in a part completed state the Company has a policy of completing development projects and then realising the property in a completed state in order to maximise the amount recovered. The Company has the ability to do so because of the experience of its managers, and its strong financial position. It has successfully implemented this strategy in the last 12 months; and
- > The Company has a policy of realising properties via the sale of individual units rather than resorting to the sale of a security property "in one line". In addition the Company does not undertake a quick realisation of the underlying security often referred to as a "fire sale" but attempts to gain the best possible price over what it determines to be a reasonable selling period having regard to the asset, its location and the market in that location.

As a result of the recovery and workout policies described above the Company believes that the orderly realisation of the security held for a loan will maximise the ultimate recovery from the security held for a loan.

Whilst having regard for the objective of maximising the ultimate recovery on a loan, the Company remains heavily focused on reducing the number and value of loans in arrears.

To further assist with ensuring that the Company has at all times sufficient capacity to meet its obligations under the Corporations Act and the Trust Deed the Company has entered into an Income Support Agreement which came into operation on 1 July 2011. Please refer to page 25 for further information about the 2011 Income Support Agreement.

The Company may take other security to secure a loan, however this must be secondary or collateral security to the main first mortgage security.

All loans made by the Company are secured by a first registered mortgage over freehold property.

Mortgage Loan Portfolio Classification as at 30 June 2024.

This table represents the composition of the loan portfolio by Sector and State.

Property Sector	Number of Loans	Amount of Loans \$000	Amount of Loans as a %	NSW	QLD	VIC	WA
Commercial	2	26,013	9			2	
Industrial	2	27,401	10		1	1	
Residential	34	216,576	78	10	5	14	5
Retail	1	6,849	3	1			
TOTAL	39	276,839	100	11	6	17	5

Property Development Loans (included within Total loans above)

Location	Number of Loans	Amount of Loans \$000	% of Property Development loans over total portfolio
NSW	5	62,580	22.61
QLD	3	30,663	11.08
VIC	2	4,987	1.80
WA	3	11,526	4.16
TOTAL	13	109,756	39.65

Mortgage Loan Portfolio Classification as at 30 June 2024.

This table represents the composition of the loan portfolio by State, Sector and Value.

Location	Number of Loans	Amount of Loans \$000	Amount of Loans as a % by State	Industrial \$000	Commercial \$000	Residential \$000	Retail \$000
NSW	11	82,568	30			75,719	6,849
QLD	6	43,470	16	17,854		25,616	
VIC	17	134,463	49	9,547	26,013	98,904	
WA	5	16,338	5			16,338	
TOTAL	39	276,839	100	27,401	26,013	216,576	6,849

Mortgage Loan Portfolio Classification as at 30 June 2024.

This table represents the composition of the loans.

Past Due but Not Impaired							
	Past Due and Impaired \$000***	(Days Overdue)				Within Initial Terms \$000	TOTALS \$000
		< 30 \$000	31-60 \$000	61-90 \$000	> 90 \$000		
Loans Receivable							
\$	5,283	22,537	–	–	21,265	227,754	276,839
Total number of Loans	2	2	–	–	5	30	39

*** At balance date \$400,000 of impairment provisions has been raised against these loans. The loans are classified as non-accrual, past due and therefore have been shown separately.

As at 30 June 2024 there were 2 loans in arrears and or past due, totalling \$5,283m which represents 2% by value and 5% of total loans set out in the table on page 11. The Company is in possession of the security property and is able to control the realisation process. These properties are on the market and available for sale. The sales strategy and timing of sales will be influenced by the selling agents recommendations and the property market in those locations

Since the Company's last Prospectus dated 21 December 2023 the loans past due and impaired have reduced from \$5,609m to \$5,283m being a reduction of \$326k (6%).

Principal Arrears Policy

The Company approves loans for a designated term. This term is selected by the borrower, and in the case of loans for property development, takes into account the forecast construction period. The minimum loan term is 3 months and the maximum loan term is 3 years.

When a loan is not repaid on or before the expiry of the approved term the Company's policy is as follows:-

- (a) Once the original loan term has expired the loan is thereafter closely monitored and managed to obtain a clear understanding of the Company's position.
- (b) For Facility Agreements entered into prior to November 2023, each Facility Agreement contains standard provisions to which upon expiry of the original approved loan term, the Company may automatically rollover for a further period of 90 days ("the rollover period") in consideration for which a rollover fee is charged.
- (c) For Facility Agreements entered into from November 2023, each Facility Agreement contains standard provisions to which upon expiry of the original approved loan term, the Company and the Borrower agree to extend the loan period by 6 months ("the extension period") in consideration for which a loan extension fee is charged.
- (d) Upon the expiration of the term expiry date the Higher Rate of interest as permitted in the Facility Agreement may be charged, and if not paid, is capitalised to the loan. If the full recovery of the loan is deemed uncertain the loan will be classified non-accrual from when that determination is made.
- (e) At the end of the 90 day rollover period or the 6 month extension period (as applicable), if the loan has not been repaid the loan continues at the discretion of the Company who will monitor the loan on a month to month basis providing further forbearance if appropriate and if no adverse features are present.
- (e) If the loan subsequently exhibits any adverse features, the Borrower becomes incapacitated (i.e. is placed into Administration, Liquidation, etc) or the Company determines that its position has deteriorated, a formal demand is made and the loan is called up. Once this occurs the loan is categorised as a problem loan and classified as either "Work out" or "Recovery" and reported as such.

Interest on the majority of loans made by the Company is charged quarterly in advance.

The majority of mortgage loans made by the Company have a variable rate of interest. The current interest rates range between 6.95% and 21.37% (2023: 6.95% and 18.95%). (Refer to the section headed "Changes in Interest Rates" on page 24 for the Company's interest rate risk management policy).

All liquid assets including cash on hand held by the Company for operating and liquidity purposes is held in an "at call" deposit and or term deposits with Westpac, the Company's banker. As at 30 June 2024 these liquid assets totalled \$29,161m.

In addition to the freehold security held for a loan the Company also pursues Guarantors in order to maximise its recovery. It is the Company's usual practice to ensure that personal guarantees from Directors of the Borrower, and often shareholders of the Borrower, are taken in support of the Borrowers obligations.

The Company believes that notwithstanding the level of arrears that is exhibited, its strong capital and liquidity position (Refer Benchmarks 1 and 2) will allow it to continue to meet its ongoing financial obligations.

As required by RG69.50(g) the Company advises that as at 30 June 2024:-

- > its largest loan is for \$24,500,000 and represents 9% of the total loan monies; and
- > its top 10 loans total cumulatively \$158,552,720 and equate to 57% of the total loan monies.

Under the Company's Trust Deed the maximum single loan amount that the Company may approve must not exceed:-

- (a) the greater of \$7.5 million or 25% of investments on issue where the investments on issue do not exceed \$50 million; and
- (b) where the investments on issue exceed \$50 million, the lesser of \$25 million or 15% of the investments on issue

As the Company has \$198,923,571 of Secured Notes on issue at 30 June 2024 option (b) above currently applies.

The Trust Deed under which the Company operates secures these first mortgage loans and all of the Company's other assets for the benefit of the investors by way of a first ranking charge in favour of the Trustee.

Details of top 10 largest loans:

Loan Balance	Original Loan Advance Date	Loan Status	Notes
1. \$ 24,500,000	17 Sep 2014	In Order	
2. \$ 23,012,498	22 Apr 2022	In Order	
3. \$ 21,425,573	27 Sep 2021	In Order	
4. \$ 17,854,326	24 Aug 2023	In Order	Repaid 1 Nov 2024
5. \$ 15,687,889	15 Dec 2022	In Arrears	Repaid 9 Aug 2024
6. \$ 15,437,881	28 Dec 2023	In Order	
7. \$ 14,125,038	23 Feb 2023	In Order	Repaid 9 Sep 2024
8. \$ 9,546,851	24 Aug 2023	In Order	Repaid 19 Jul 2024
9. \$ 8,962,663	04 Jan 2024	In Order	Repaid 31 Oct 2024
10. \$ 8,000,000	01 Sep 2022	In Order	Repaid 26 Nov 2024

BENCHMARK 6

Related Party Transactions

Status: Satisfied

Benchmark 6 requires that an issuer who on-lends funds should disclose certain aspects of its approach to related party transactions and that the issuer should also disclose any policy it has regarding related party lending. The Company does not "on-lend" funds to any related party who in turn make loans to borrowers, the Company makes all its loans directly.

Related party loans are subject to additional risk because they may not be made or monitored with the same rigour and independence as those to third (unrelated) parties.

Under the Company's Lending Restrictions and Policy the Company makes no loans to Directors or Shareholders or other related parties of the Company.

BENCHMARK 7

Valuations

Status: Satisfied

The Company is required to disclose its policy in respect to management of the valuation process which is undertaken on all loans before an advance is made.

Full details of the Company's Lending Guidelines and Policy incorporating the Company's approach to the valuation process is outlined on page 20.

The Company's policy in relation to valuation of real estate to be used as security for loans requires:-

- > that all new loans be subject to a valuation of the security property the date of which is to be not more than 6 months old at the date of the approval.

For non-property development lending the Company requires the security property to be valued on an "as is" basis.

Where the purpose of the loan is for property development the security property is also valued on an "as if complete" basis.

- > Our policy is that property development loans are funded on a "cost to complete" basis. This requires the Company to have sufficient undrawn funds under its loan approval to complete the project based on the budgeted construction costs. This reduces the risk that a development project that the Company is funding will not be able to be completed within the loan approval. In circumstances where the company believes it is in its best interest to advance funds outside of the "cost to complete" method in order to complete a project to enhance its value and saleability, then in accordance with its loans management strategy (refer to page 10) the Company may elect to release funds outside of the "cost to complete" method.

To mitigate some of the risks encountered with lending for property development the Company instructs an independent Quantity Surveyor or Engineer ("QS") prior to the drawdown of the loan to check and confirm the cost to complete the project.

Before each drawdown is made under the facility the QS will inspect the property, certify to the lender the cost to complete the project, approve the amount claimed by the Builder and report on the general progress of the project including currency of approvals and insurances.

- > The Company has established a panel of valuers and ensures that no valuer does more than one third of the Company's valuation work. All valuers must be registered or licensed in the relevant State or Territory where the property is located and who subscribe to the relevant industry code of conduct and who hold membership with a professional body together with appropriate professional indemnity insurance.

The Company appoints suitably qualified independent valuers to the panel on the basis of their experience with particular categories of property in the geographic area they service.

Instructions to the valuer are comprehensive and specific to the property type and incorporate the particular valuation criteria required for the Company to assess the suitability of the property as security for the proposed loan.

- > The Trustee has consented to the appointment of the valuers currently on the panel (on the basis of having received confirmation from the Company as to appropriate due diligence enquiries having been made by the Company on the valuers). Where required the Company will seek the Trustee's consent to the appointment of new valuers to that panel on a quarterly basis. The Trustee does not, (and is not in a routine position to), monitor the quality of the valuations or the appropriateness and quality of the assumptions or instructions issued to those valuers.
- > Once a loan has been advanced the Company does not have a policy of automatically revaluing property that it holds as security on a periodic basis or upon a loan going into default.

The Company is required to disclose certain information about the valuation where a loan secured by a property accounts for 5% or more of the total value of the Company's property loan portfolio.

A summary of the loan portfolio classification for loans > 5% of the total assets/loan portfolio as at 30 June 2024.

Loan No.	Original Loan Limit \$000	Loan Balance \$000	Property Type	Property Location	Loan Status	Valuation \$000	Valuation Date	LVR
1	24,500	24,500	Residential	VIC	In Order	54,000	Aug 16	45%
2	23,800	23,012	Commercial	VIC	In Order	54,000	Mar 22	43%
3	24,500	21,426	Residential	NSW	In Order	38,221	Aug 21	64%
4 *	19,350	17,854	Industrial	QLD	In Order	30,674	Aug 23	63%
5 *	23,750	15,688	Residential	NSW	In Order	47,346	Oct 22	63%
6	15,438	15,438	Residential	VIC	In Order	23,750	Jul 23	65%
7 *	14,665	14,125	Residential	NSW	Past Due	21,543	Feb 23	60%

* Loan 4 was repaid in full on 1 November 2024.

* Loan 5 was repaid in full on 9 August 2024.

* Loan 7 was repaid in full on 9 September 2024.

Loan 1 and 2 are not property development facilities and are valued on as "as is" basis. Loans 4 to 7 are property development facilities and are valued on an "as if complete" basis.

All of the above loans are secured by first registered mortgages over freehold property. The Company may also have recourse to other means of recovery including pursuit of guarantors. The loan balance shown is the net balance owed to the Company.

It is the Company's policy that at the date of approval of the advance all rural loans will be limited to a maximum loan to value ratio of 60% and all other loans will be limited to a maximum loan to value ratio of 67%.

The total amount of loans greater than 5% of the total loan portfolio is 48% by value of the total loan monies and 18% of the total number of loans.

The above information is reviewed monthly by the Directors and Executive Management as part of the risk management function in overseeing the financial control of the Company's funds. The Company accordingly complies with Benchmark 7.

The LVR shown is calculated on the higher of the loan limit or loan balance.

Definition of Loan Status

In Order	No interest default by Borrower. Loan is within its original approved term or has been rolled over in accordance with the roll-over provisions in the Company loan documents.
Past Due	The loan term and roll-over period has expired.
Workout	Default loans where the Company is actively working with the Borrower and including also the Company funding completion of the security prior to its sale.
Recovery	Security property is under the control of the Company and in the process of being realised.
Renegotiation	There are currently no loans which are the subject of renegotiation.
Problem Loans	Loans in any category except "In Order".

BENCHMARK 8

Lending Principles – Loan to Value Ratios

Status: Satisfied

Under Benchmark 8 an issuer should not approve loans at levels which would exceed the following loan to valuation ratio:-

- > where the loan relates to property development– 70% on the basis of the latest “as if complete” valuation; and
- > in all other cases – 80% on the basis of the latest market valuation.

A high loan to value ratio means that a lender has taken a higher risk and a loan may be more affected by changes in market conditions, such as a downturn in the property market. In the event of a downturn in the property market, a high loan to value ratio means that risk of loss on a particular loan may be heightened.

The Company’s lending policy requires:-

- > non-property development real estate lending requires the security property to be valued on an “as is” current market value basis; and
- > where the purpose of the loan is for property development and/or construction the security property is valued on an “as if complete” basis.

For prudence and risk mitigation the Company has established maximum loan to value ratios below the permitted thresholds being:-

- > 67% of the latest “as if complete” valuation for property development loans.
- > 67% of the current market valuation in all other cases except for rural properties where a maximum loan to value ratio of 60% applies.

These are the maximum loan to value ratios. Where possible the Company endeavours to lend its funds at lower loan to value ratios than those permitted.

The benefit to the Secured Note holder from the Company having a lower loan to value ratio is that it provides a safety margin for the investor by mitigating against volatility and changing conditions which may adversely affect the property market and reduces the likelihood that the Company will not recover the amount that it has lent from a sale of the property.

The Company’s Policy in relation to funding property development loans is that the loan funds are advanced on a progressive basis subject to confirmation from an independent QS instructed by the Company confirming the amount claimed is representative of the construction expenditure and certifying the cost to complete the project.

The Company accordingly complies with Benchmark 8.

DETAILS OF THE ISSUE

Extent of issue

Within the Trust Deed borrowing limitation there is no minimum amount to be raised but the total face value of all Secured Notes issued by the Company shall not exceed in total \$500,000,000.

Applications and issue

The application for Secured Notes must be made on the application form accompanying this Prospectus.

The Company reserves the right at any time during the offer period not to accept any application that has been received.

Transfer of investments

Secured Notes may be transferred without the Company's consent but to be effective such transfers must be recorded and registered with the Company. These transfers may be for all or part of the Secured Notes held by the investor.

Variation of rates and term

The Company reserves the right during the currency of this Prospectus to increase or decrease all or any of the rates of interest or to vary the term of investments on offer. Any such change will apply to the issue of subsequent Secured Notes only and will not affect those already issued.

Where the Company receives an application form selecting an interest rate or repayment term that is not current, the Company will either:-

1. Refund the application money to the applicant; or
2. Notify the applicant of the alternatives available, and upon receipt of written instructions or a new application form issue Secured Notes at the current interest rate and/or term.

Repayment of Secured Notes on maturity

Approximately one month prior to a repayment date the Company will notify each investor of the forthcoming Secured Notes maturity. If a redemption request is received 7 days prior to the repayment date the Company will repay each investor the amount of their investment plus any interest they are entitled to receive within 30 days after the repayment date. Otherwise, the invested amount will be rolled over for an equivalent repayment term but at the then current interest rate applicable for that term.

Early redemption of Secured Notes by the Company

The Company may redeem at any time prior to maturity some or all of the Secured Notes on issue upon giving at least 30 days prior notice in writing of its intention to do so to the investors whose Secured Notes are to be redeemed. Redemption will involve repayment of principal together with applicable interest up to the date of redemption.

Security and Risk Assessment

The Company has charged all its assets in favour of the Trustee to secure the punctual repayment of all money due to investors. As at 30 June 2024 the total assets of the Company were \$328,398,175 and this compares to \$199,923,571 (which includes accrued Interest of \$4,264,295) the Company owed to its Secured Note holders.

The charge to the Trustee is a first ranking charge and there are no securities or other liabilities ranking in priority to or equally with this charge.

The primary assets of the Company covered by the charge are the mortgages held by the Company as security for loans made and various forms of short term liquid investments, including cash.

The funds received on the issue of Secured Notes by the Company can only be invested in one or more authorised investments, which are as follows:-

1. Registered mortgages over freehold and leasehold land and buildings in Australia.
2. Deposits or investments in one or more of the following:-
 - > bank;
 - > a common fund or a cash common fund within the meaning of the *Trustee Companies Act 1984* (Victoria);
 - > securities issued or guaranteed by a Commonwealth, State or Territory Government;
 - > investment with any dealer in the short term money market approved by the Reserve Bank of Australia as an authorised dealer that has established lines of credit with that bank as a lender of last resort;
 - > commercial bills of exchange issued by corporation approved by the Trustee or endorsed or accepted by an Australian trading bank;
 - > Secured Notes and promissory notes of any corporation approved by the Trustee.
3. An investment in real estate provided that the total real estate investments of the Company must not exceed 10% of the amount of Secured Notes on issue at any time.
4. An investment in a mortgage over land where such mortgage is managed by a responsible entity of a managed investment scheme registered under chapter 5C of the Corporations Act provided that the mortgage does not exceed the loan to valuation ratio specified on page 20 of this Prospectus.

5. A contributory mortgage arranged by a solicitor or firm of solicitors in accordance with any rules that apply to such a contributory mortgage provided that the mortgage does not exceed the loan to valuation ratio specified on page 20 of this Prospectus.
6. An investment together with any other person or company by way of loan on the security of a mortgage of real property on the basis that the Company jointly with such other person or company will be mortgagee of such property as a tenant in common of such mortgage and provided that the Company has in the first place agreed with such other person or company that in the event of default by the borrower any one of such mortgagees may exercise the power of sale conferred by the mortgage on behalf of all such mortgagees provided that the mortgage does not exceed the loan to valuation ratio specified on page 20 of this Prospectus.
7. Any other investment which may be made by a trustee under the *Trustee Act 1958* (Victoria).

The risk associated with investment in the Company's Secured Note issue as to loss of capital or interest depends on the financial performance of the Company. This will be affected by factors including the composition of the Company's mortgage portfolio and fluctuations in market interest rates. Interest rates in turn are influenced by external factors such as general economic conditions and government policy (Refer Investment Risks and Risk Management specified on pages 22 - 25).

Stock Exchange listing

The Secured Notes offered by this Prospectus will not be listed on any stock exchange.

OUR BUSINESS LENDING GUIDELINES AND POLICY

Under the terms of the Trust Deed the following maximum loan to valuation ratios (LVR) apply to loans made by the Company:-

Residential	80%
Retail	80%
Commercial	80%
Industrial	80%
Rural	67%
Construction & Development	67%*

* (of the end value of the development with sufficient funds being retained to complete the project.)

Notwithstanding the above limits set by the Trust Deed, for the term of this Prospectus, the Company undertakes that all rural loans will be limited to a maximum LVR of 60% and all other loans will be limited to a maximum LVR of 67%.

The Trust Deed also provides that at the date of approval of the loan advance by the Company the maximum single loan amount will not exceed:-

(a) the greater of \$7.5 million or 25% of Secured Notes on issue where the Secured Notes on issue do not exceed \$50 million; and

(b) where the Secured Notes on issue exceed \$50 million, the lesser of \$25 million or 15% of the Secured Notes on issue.

As the Company has \$198,923,571 at 30 June 2024 of Secured Notes on issue it expects that during the term of this Prospectus option (b) will apply.

In addition to the above to manage and control the level of risk the documented current lending policy of the Company includes the following:-

- > All loans are approved at Director level or at Executive Management level within approved discretion. Each approving officer carries a wide range of lending experience across all property types high analytical skills and is experienced in structuring, documenting and negotiating property loans.
- > Loan applications are assessed on a combination of factors with primary focus on the value of the first mortgage security.
- > All loans require a valuation of the security property not more than six months old at the date of the approval from a qualified valuer instructed by the Company. In every case the

Company appoints a qualified independent valuer on the basis of experience with the particular category of property. They must hold membership with a professional body together with appropriate professional indemnity insurance. Instructions by the Company to a valuer are specific to the property type and require particular valuation criteria to be met for all property categories.

Detailed instructions are employed in every case.

- > In relation to property development loan facilities, where appropriate, settlement risk on the product being developed is often ameliorated by requiring pre-sales of the finished product at price levels which support the valuation obtained.
- > For property development loans the Company will instruct a QS to check and confirm that the cost to complete the construction project is within the cost and time parameters established for each project. During the course of the project the QS will also verify that the quality of the construction works are generally in line with the building plans and overall specifications and that they generally comply with the building codes and the approvals granted by regulatory bodies.
- > By making all of its loans for property development on a strict cost to complete basis the Company tries to ensure that it always remains in a position to finance the completion of the construction works in the event of financial failure of the borrower using the funds that had been approved.
- > Mortgage loans are initially advanced for terms not exceeding 3 years.
- > The Company makes no loans to related parties.
- > The Company's internal procedures include ongoing monthly monitoring of default by any borrower in repayment of principal and interest.
- > The Company has a long history of successful management of both property development and non-property development finance loans.

DIRECTORS AND SENIOR EXECUTIVES

DIRECTORS

David Morton Geer

Managing Director

David Geer retired in 2004 as a senior partner in the law firm Herbert Geer after 34 years service to enable him to devote his time to the operations and legal requirements of the Company. David Geer's involvement in the law has primarily been in the business of mortgage lending and funds management. He has also during that time been an active participant in the mortgage investment and funds management industry. As Managing Director he gives the Company an extensive range of business contacts and opportunities.

Leon Gorr

Director

Leon Gorr has been involved for a period in excess of 30 years in corporate and revenue law at senior partner level in the law firm Herbert Geer and in 2011 joined HWL Ebsworth Lawyers as a partner specialising in corporate and revenue law. He has advised many clients who have become involved in mortgage lending and has been an active participant in the mortgage investment and management industry for a number of years.

Anthony Henry May OAM

Director

Anthony May has been involved for a period in excess of 25 years in taxation law at senior partner level in the law firm Herbert Geer. In November 2014 he joined Madgwicks Lawyers. He has advised clients and corporations in relation to public fund raising and other commercial ventures and has been an active participant in the mortgage investment and management industry for many years.

SENIOR EXECUTIVES

Trevor Wilson

General Manager

Trevor Wilson has been with the Company for 23 years and has 34 years experience in the banking, finance and property industry, 17 years of which were with the Westpac Group where he held senior management positions involving the sourcing, risk analysis and overall management of an extensive property investment and development loan portfolio and senior credit functions. Trevor in conjunction with the Managing Director is responsible for goal setting and the implementation of the strategic direction including credit and risk management policy and procedures as well as setting the direction for overall marketing and product distribution.

Steve Hodges

Senior Credit Manager

Steve Hodges has been with the Company for 21 years and has in excess of 29 years experience in the banking and finance industry with Westpac, holding senior positions in the credit approval, credit risk and client portfolio management areas. Steve is responsible for sourcing, settling and managing mortgages advanced by the Company as well as assisting with the coordination of the day to day business operations of the Company.

Angela Palermo

Manager Investor Services & Compliance

Angela Palermo was a senior member of the administration team at Herbert Geer and for the past 24 years has been involved with the firm's mortgage system, accounting and special projects. Angela is responsible for the mortgage system, Investor Services, managing the financial reporting and compliance.

INVESTMENT RISKS AND RISK MANAGEMENT

All investments are subject to a degree of risk, any one or more of which may result in a loss of earnings or the amount invested. It is therefore important that you:

- > Understand and are comfortable with the risks that may affect your investment; and
- > See the investment as part of a balanced portfolio and are not totally reliant on the income to be received or the capital invested.

Ultimately, the risk to investors of any loss of any interest or the amount invested depends on the financial performance of the Company's business.

The information below explains the risks that may affect the Company's business.

Business Risk Management

The Company has established and put in place an operational risk management system plan that is generally consistent with the Australian Standard for Compliance Programs – AS ISO 31000:2018 and meets the requirements of its AFS Licence.

The Company has appointed a compliance manager, who reports to the Board on a regular basis, to manage and maintain the risk management system. This process provides a structured and systematic approach to ensure strategies are in place to meet the Company's obligations under the Corporations Act, its AFS Licence, as well as all other core risks including financial, human resource, technology, internal and external business and economic risks which impact on the Company's operations.

The risk management system plan is reviewed by the Board who meet on a regular basis to examine and/ or identify sources of risk and confirm the strategies put in place to mitigate those risks.

The action arising from these regular reviews flows directly to the implementation of policy and the making of procedural adjustments within the Company's operations and supports its commitment to a policy of maintaining continuous improvement.

Investment Risk

Investors should be aware that an investment in the Company involves various risks that may be categorised into particular business risks and general investment risks. To fully understand the risks associated with an investment in the Company you should read this Prospectus in its entirety and determine whether this investment is suited to your own financial circumstances and accords with your own investment objectives. It is also recommended that you should seek your own independent financial advice prior to making your investment decisions.

Capital Risk

Investment in the Company's Secured Notes is not capital guaranteed. During the life of an investment the value of the security property supporting the loans may reduce due to various factors outside the Company's control. Such factors may include economic cycles, property market conditions, government policy, inflation rates and general business confidence. In the event of a default it is possible that as a result of these factors the realisable value of the security property may be less than the sum required to satisfy the loan amount and the capitalised interest and costs, in which case investors' capital may be diminished.

The Capital Risk is managed by the Company applying conservative lending guidelines and loan selection, assessment and property valuation criteria as referred to in the Lending Guidelines and Policy on page 20 and noting that the average loan to value ratio as at 30 June 2024 for the loan portfolio was 55%.

In addition the diversity created by the pooling of mortgages spread across geographic areas and a number of different property sectors (refer pages 11, 28 and 29) and efficient management systems and regular mortgage loan reviews, reduce the potential for a loan default to incur a capital loss.

The risk of loss of an investor's capital is diminished by the Company having a high level of contributed equity and retained earnings which provide investors a buffer against a loss of their capital.

Other than First Mortgages the other main asset of the Company is cash at bank. The risk that this may not be fully realisable is mitigated by holding the cash in a deposit account with Westpac a major Australian Trading Bank.

The Company with the assistance of Senior Management regularly review the loan portfolio for the purpose of reviewing the carrying value of its loans. Where the full recovery of a loan is deemed doubtful having regard to the value of the underlying security held for the loan the Directors:-

- > classify the loan as "non-accrual". This has the effect of all further interest charged on the loan not being taken to profit and only being recognised as and when the interest is actually received / recovered; and,
- > raise a specific impairment provision on the loan which reduces its carrying value to an amount that does not exceed the expected recovery from the realisation of the security plus all other avenues of recourse held for that loan.

As a prudent measure mortgage loans are recognised at their recoverable amounts, after assessing required provisions for impairment. Impairment of a mortgage loan is recognised when there is reasonable doubt that not all the principal and interest can be collected in accordance with the terms of the mortgage loan agreement. Impairment is assessed by specific identification in relation to individual loans ('specific provision') and or, by estimation of expected losses across the loan portfolio where specific identification is impracticable or in circumstances where the Directors consider that it is prudent to establish and maintain a provision ('general provision').

In determining the level of general provision to be made from time to time, reference is made to the probability of default, overall risk profile of the loan portfolio, economic conditions, historical experience, level/quality of collateral held, industry best practice and credit risk management policies.

The Company believes that its strong equity position, and ongoing conservative management of its liquidity will allow it to continue to meet all of its financial obligations to investors as and when they fall due.

Changes in Interest Rates

Interest rate risk is the risk that interest rate movements can have on returns and the repayment of principal. Rising interest rates may leave investors exposed to lower returns (depending on their selected investment term) and rising interest rates may impair a borrower's ability to meet repayments of principal and interest which could in turn impact on the Company's ability to meet its obligations.

The Company mitigates this risk by:-

1. Maintaining a pool of mortgages whose average lending rates are comfortably in excess of the investment borrowing rates.
2. Issuing short and long dated investments for periods of 6 months through to 3 years while lending to Borrowers on predominantly shorter terms of 6-12 months (Refer Mortgage and Investment Maturity Schedule on pages 7 and 8).
3. Structuring all loans so that the interest rate is either fixed or that if it is variable, it cannot reduce during the loan term.
4. Adopting conservative lending policies and loan to value ratios to maximise the recovery of interest from the freehold security that supports each loan.

Property Development Funding

Some of the risks associated with funding property development projects include the need to capitalise interest over the construction period meaning interest is only received when the development project is completed. Further, the security property may be difficult to sell if it is an incomplete state.

This risk is mitigated by:-

- (a) The funds raised by the Company being invested in a diversified pool of first mortgages over real estate (Refer Mortgage and Secured Note Portfolio Mix on pages 7 and 8 and pages 28 and 29),
- (b) A loan to value ratio not exceeding 67%,
- (c) The Company requiring, where appropriate, a predetermined level of pre-sales of the finished product at price levels which support the valuation obtained and which reduces the Company's risk that its loan will not be repaid when the project is completed,
- (d) A strict cost to complete progress payments policy is applied to all property development loans to ensure that the Company remains in a position to finance the completion of the project in the event of financial failure of the Borrower,

- (e) Regular monitoring and reporting of development progress on projects by a QS retained by the Company.

The Company always maintains sufficient liquidity to enable it to meet its undrawn lending commitments on property development loans that it has approved.

As at 30 June 2024 the undrawn funding commitment on property development loans was \$39m (2023 : \$79m).

Key Management Resources

A strength of the Company is the skill, experience and qualifications of the Managing Director and Executive Management team to manage the Company's operations.

The risk of executive absence and succession planning are mitigated by the Managing Director, Directors and Executive Management team having complementary skills and necessary experience to ensure continuity in managing the Company's business operations in the event of a Director or executive being absent.

General Investment Risks

Economic, Political and Social Risks

In the course of managing its loan portfolio, the Company will be exposed to the direct and indirect consequences of political, economic or social changes in the investment arena. As such, investment performance may be affected by general economic conditions, changes to government policy in relation to taxes, exchange rates, legislative changes, land tax, income tax, the direction for particular industries and other market factors. While these factors may generally be beyond the control of the Company, the Company continually monitors the state of the economic environment with a view to endeavouring to minimise the affect of such changes on the Company's overall loan portfolio and performance.

Overall, the Company operates an active risk management program which maintains continuous review of all identified risks and provides regular reporting to Directors giving them the capability of measuring the risk tolerance levels and determining the acceptability or otherwise of such risks in the ongoing management of the Company's operation.

Income Support Agreement

In 2011 several previous income support agreements were replaced by mutual agreement between all parties with a new Income Support Agreement ("the 2011 Income Support Agreement") which came into operation on 1 July 2011.

The purpose of the 2011 Income Support Agreement is to:-

- (a) more closely align the provision of income support received by the Company to its obligation to pay interest to the holders of its Secured Notes as and when such interest falls due;
- (b) provide additional immediate equity to the Company in order to strengthen its Balance Sheet; and,
- (c) provide the Company with the ability to achieve greater profitability in the future thus increasing its intrinsic value and enhance its financial ability to continue to meet its obligations on its Secured Notes.

On 1 July 2011, the Underwriters subscribed \$2,000,000 for Preference Shares in the Company with this being a pre-payment towards any future obligations under the 2011 Income Support Arrangements. These Preference Shares add to the equity capital of the Company.

The terms of the Preference Shares provide that the:-

- (i) preference Shares will be issued at a price of \$1.00 per share;
- (ii) holders of the Preference Shares will be entitled to receive a dividend of 12.00% per annum based on the issue price paid annually in arrears should the Directors so resolve;
- (iii) entitlement to receive a dividend on the Preference Shares accrues if the Company does not pay the dividend on the Preference Shares;
- (iv) the right to the payment of a dividend (but not the continued accrual of the dividend) on the Preference Shares is automatically suspended in the event that the Company has failed to meet any payment obligation to the holders of its Secured Notes and will remain suspended until any payment breach by the Company has been remedied.

Under the 2011 Income Support Agreement, there is an obligation for the Underwriters (or parties procured by them) to subscribe for additional Preference Shares in the Company if the Company's Adjusted Net Profit After Tax was not sufficient to cover the interest obligations it owes to the holders of Secured Notes.

This is tested twice a year based on the financial statements of the Company as at 30 June and 31 December.

Since the establishment of the 2011 Income Support Agreement the trading performance of the Company has been sufficient so as to not trigger an obligation under the agreement.

The corporate entities associated with the Directors who have entered into the 2011 Income Support Agreement ("the Underwriters") are:-

- > Mortgage Income Management Pty Ltd, an entity of which David Geer is a director; and,
- > H. G. & R. Management Pty Ltd an entity of which Leon Gorr, David Geer and Tom May are directors. (H. G. & R. Management Pty Ltd owns 100% of the shares in Balanced Securities Limited).

The Underwriters provide financial support to the Company but do not guarantee the obligations of the Company to holders of Secured Notes.

The Trustee has sighted the 2011 Income Support Agreement but has not otherwise been involved in negotiating the agreement and has not reviewed the capacity of the related parties to meet their obligations or the legal enforceability or commercial efficacy of the Income Support Agreement. The enforcement of the provisions of the Income Support Agreement is a matter solely between the Company and the Underwriters.

Whilst there is the potential for an Underwriter to fail to perform its obligations under the 2011 Income Support Agreement the Company is satisfied the underwriters have the capacity to meet their obligations and has mitigated that risk via the prepayment of \$2m in advance of any obligation arising.

Related Interests and Payments

No Director of the Company or any of the other persons specified in section 711(4) of the Corporations Act has at the date of issue of this Prospectus or had within the previous 2 years any interest in the promotion of the Company or in property proposed to be acquired by the Company in connection with its formation or promotion except as follows:-

1. The following Directors either directly or indirectly have an interest in the following number of ordinary shares in the Company:-

D M Geer	two million, two hundred and fifteen thousand and two hundred (2,215,200) shares
L Gorr	two million, two hundred and fifteen thousand and two hundred (2,215,200) shares
A H May	two million, two hundred and fifteen thousand and two hundred (2,215,200) shares

and in the following number of A class shares in the Company:

D M Geer	thirty million (30,000,000) shares
L Gorr	thirty million (30,000,000) shares
A H May	thirty million (30,000,000) shares

and in the following number of preference shares in the Company:-

D M Geer	five million, five hundred thousand (5,500,000) shares
L Gorr	three million, seven hundred and thirty thousand (3,730,000) shares
A H May	two hundred and thirty thousand (230,000) shares

2. Each of the Directors is entitled to be paid director's fees by the Company at ordinary commercial rates.
3. Leon Gorr is a partner in the legal firm HWL Ebsworth and David Geer is a sole legal practitioner.
4. David Geer and HWL Ebsworth may:-
 - > act as lawyers to the Company and will be entitled to legal fees for doing so; and
 - > receive legal fees paid by borrowers for the preparation of security documents in relation to loans made by the Company.

5. David Geer is a Director of Balanced Applications Pty Ltd. Balanced Applications Pty Ltd may be entitled to receive fees payable by Borrowers in relation to loans advanced by the Company.
6. Entities associated with the Directors may:-
 - (a) purchase conforming mortgages from the Company or sell conforming mortgages to the Company to better manage the Company's liquidity. All such transactions are undertaken at full face value;
 - (b) contribute funds to a loan jointly undertaken by the Company and a director related lending entity ("DRLE") where both parties rank equally or advance funds to a common borrower under a separate loan that ranks behind the Company;
 - (c) contribute funds on a subordinated basis to assist with the completion, development or subdivision of a security property held by the Company as security for a loan to enhance that properties value and saleability; and
 - (d) in certain circumstances have an obligation to subscribe for additional preference shares under the 2011 Income Support Agreement.

From time to time a DRLE may make a loan advance jointly with the Company or separately via their own separately secured loan facility to a common borrower.

As at 30 June 2024 there are 7 loans (2023: 6 loans) that fall into the above categories. Of the 7 loans the Company had advanced \$83,799m (2023: \$83,718m) and the DRLE had advanced \$74m (2023: \$65m). In the past 12 months the DRLE's have assisted the Company's liquidity and provided lending solutions in conjunction with the Company that has provided the Company with additional lending opportunities. Of the \$74m of DRLE lending as at 30 June 2024, \$41,863m is subordinated and ranks behind the Company and \$32,284m ranks equally with the Company.

A DRLE does not compete with the Company for loans as the Company has the first right to any loan application that meets its underwriting criteria.

Where the Company and a DRLE combines their respective funds to a joint lending transaction the funds contributed from each party are clearly defined and where there is any variation in the ranking or entitlement of a DRLE within the loan such variations are formally documented in an inter- creditor Deed prior to the commencement of the loan. No inter- creditor deed is required where the Company and a DRLE lend on a joint pari-passu (equal) basis or where a DRLE has its own separately documented loan facility. The directors declare that the interests of the Company will always rank equally with or be preferred to the interest of a DRLE. The Company is never second ranking or subordinated to a DRLE.

The Company acknowledges the common directorships between it and a DRLE may result in the potential for conflicts of interest to arise in a default situation especially around recovery proceedings.

To minimise the potential for such conflicts of interest the Company has established a policy whereby upon a loan going into default that a DRLE also has an interest in, the Company will report the matter to its Compliance Officer who will record the matter in a Conflicts Register. The proposed recovery action (including any proposed forbearance from taking any action) will be approved by a director who has no financial interest in the DRLE loan. In order to maintain the independence of this process the Company endeavours to ensure that entities associated with a maximum of 2 directors will invest funds in a DRLE facility that is associated with lending undertaken by the Company thus leaving a director who carries no financial interest in the DRLE loan to approve the Company's post default strategy.

In order to reduce the potential for a conflict of interest to arise the Company and the DRLE have established a formal Waterfall Agreement to deal with joint lending situations where the Company has priority over a DRLE, and where full recovery of principal and interest is not achieved. Under this Waterfall Agreement the Company must recover full principal and interest at the acceptable rate before the DRLE is entitled to any recovery. The Company defers its right to recover interest at the higher rate until after the DRLE has recovered all its principal and interest at the lower rate.

No amounts have been paid or agreed to be paid in cash or shares or otherwise:-

- > to any Director or proposed Director to induce them to become or to qualify as a Director of the Company;
- > to any Director or other person referred to in section 711 (4) of the Corporations Act for services provided by them in connection with the formation or promotion of the Company or this offer of securities except as follows:-
- > to McLean Delmo Bentleys Audit Pty Ltd \$69,450 for auditing of the financial report presented and contained in this Prospectus.
- > To Sladen Legal, \$6,155 for legal services in relation to the preparation of this Prospectus.

Consents

The Trustee and the Lawyers named in this Prospectus have consented to being so named in the form and context in which it appears and have not withdrawn such consent. McLean Delmo Bentleys Audit Pty Ltd have given and have not, before the lodgement of this Prospectus, withdrawn their written consent to the issue of this Prospectus with their report in the form and context in which it appears.

MORTGAGE PORTFOLIO MIX

As at 30 June 2024, the Company from its own records prepared the following information which represents the diversity of Mortgages by Industry Classification, Sector and by Geographic region.

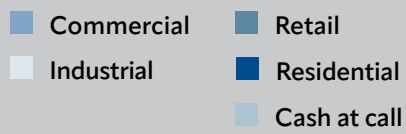
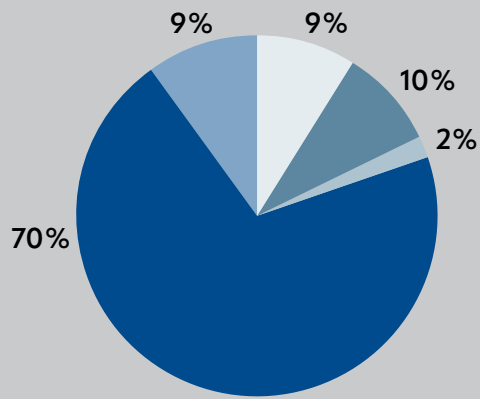
Analysis of Portfolio as at 30 June 2024	%	30 June 2024 \$000	%	30 June 2023 \$000
Property Sector				
Commercial	9	26,012	8	24,674
Industrial	9	27,401	–	–
Retail	2	6,849	2	6,724
Residential	70	216,577	78	230,817
Cash at call	10	29,161	12	32,964
Total	100	306,000	100	295,179

	%	\$000	%	\$000
Property Development Vs Non-Property Development				
Property Development	40	109,756	43	113,323
Non Property Development	60	167,083	57	148,892
Total	100	276,839	100	262,215

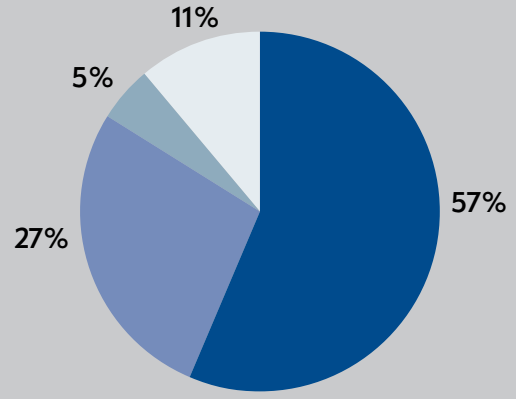
Analysis of Portfolio as at 30 June 2024	%	30 June 2024 \$000	%	30 June 2023 \$000
Property Development Location				
NSW	57	62,580	71	80,392
QLD	27	30,663	3	3,024
VIC	5	4,987	18	20,877
WA	11	11,526	8	9,030
Total	100	109,756	100	113,323

	%	\$000	%	\$000
Portfolio Location				
NSW	27	82,568	36	104,392
QLD	14	43,470	3	9,637
VIC	44	134,463	42	124,736
WA	5	16,338	8	23,450
LIQUIDITY (at call)	10	29,161	11	32,964
Total	100	306,000	100	295,179

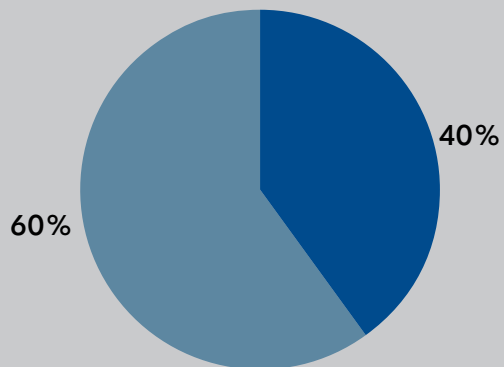
Property Sector



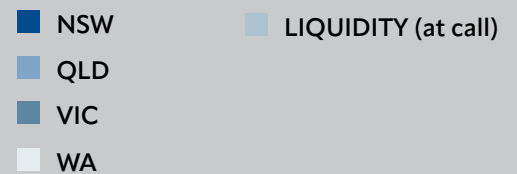
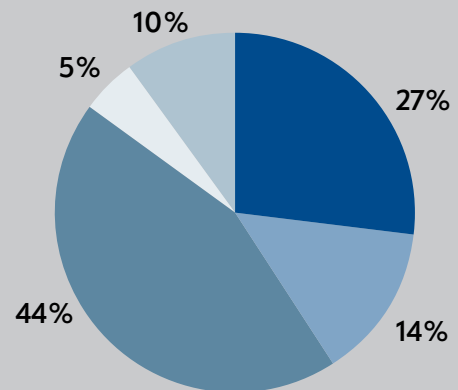
Property Development Location



Property Development vs Non-Property Development



Portfolio Location



AUDITOR'S REPORT



McLean Delmo Bentleys
Audit Pty Ltd
Level 3, 302 Burwood Rd
Hawthorn Vic 3122
PO Box 582 Hawthorn Vic 3122
ABN 54 113 655 584
T +61 3 9018 4666
F +61 3 9018 4799
info@mdcb.com.au
mcleandelmobentleys.com.au

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS TO THE DIRECTORS OF BALANCED SECURITIES LIMITED

Opinion

The summary financial statements, which comprise the summary statements of financial position as at 30 June 2024, 30 June 2023, 30 June 2022 and 30 June 2021 and the summary statements of comprehensive income, the summary statements of changes in equity and summary statements of cash flow for the years ended 30 June 2024, 30 June 2023, 30 June 2022 and 30 June 2021, are derived from the audited financial report of Balanced Securities Limited for the years ended 30 June 2024, 30 June 2023, 30 June 2022 and 30 June 2021.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements of Balanced Securities Limited for the years ended 30 June 2024, 30 June 2023, 30 June 2022 and 30 June 2021, in accordance with the "explanatory information on figures presented" in the summary financial statements.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by Australian Accounting Standards. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial report and the auditor's report thereon, of Balanced Securities Limited. The summary financial statements and the audited financial report do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial report.

The Audited Financial Report and Our Report Thereon

We expressed unmodified audit opinions on these financial reports in our reports dated 16 September 2024, 13 September 2023, 19 September 2022 and 23 September 2021.

Directors' Responsibility for the Summary Financial Statements

The Directors are responsible for the preparation of the summary of the audited financial reports in accordance with the Corporations Act 2001.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial report for the years ended 30 June 2024, 30 June 2023, 30 June 2022 and 30 June 2021 based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 Engagements to Report on Summary Financial Statements.

McLean Delmo Bentleys Audit Pty Ltd

Rod Hutton
Partner

Hawthorn
20 December 2024



A member of Bentleys, a network of independent accounting firms throughout Australia and New Zealand that trade as Bentleys. All members of the Bentleys network are affiliated only and are separate legal entities and not in Partnership. Liability limited by a scheme approved under Professional Standards Legislation. McLean Delmo Bentleys is an independent member of Kreston Global.



SUMMARY FINANCIAL STATEMENTS

SUMMARY STATEMENT OF FINANCIAL POSITION

	Audited 30 June 2024 \$	Audited 30 June 2023 \$	Audited 30 June 2022 \$	Audited 30 June 2021 \$
Current Assets				
Cash and cash equivalents	29,161,364	32,964,218	18,290,365	40,338,598
Accruals	28,198	25,679	4,055	2,089
Income Tax Refund	0	0	0	333,230
Mortgage loans and other receivables	207,683,127	199,153,215	212,899,154	162,320,766
Total Current Assets	236,872,689	232,143,112	231,193,574	202,994,683
Non-Current Assets				
Mortgage loans	69,155,880	63,061,846	54,623,881	51,921,799
Deferred Tax Assets	144,606	88,978	544,875	538,441
Goodwill	22,225,000	22,225,000	22,225,000	22,225,000
Total Non-Current Assets	91,525,486	85,375,824	77,393,756	74,685,240
Total Assets	328,398,175	317,518,936	308,587,330	277,679,923
Current Liabilities				
Interest bearing liabilities	166,435,062	167,835,597	170,764,375	131,602,900
Secured note interest accrued	3,891,018	3,447,523	2,633,165	2,439,088
Mortgage interest received in advance	5,194,503	4,411,211	3,668,070	2,838,295
Provision for employee benefits	178,423	155,912	169,051	160,481
Income tax payable	2,490,499	1,027,611	25,938	0
Provision for dividend	0	0	0	0
Other current liabilities	4,673,146	4,149,245	32,657,548	3,095,529
Total Current Liabilities	182,862,651	181,027,099	179,918,147	140,136,293
Non-Current Liabilities				
Interest bearing liabilities	32,488,509	27,734,715	24,871,480	32,774,426
Secured note interest accrued	373,277	378,133	479,630	478,671
Provision for employee benefits	0	0	0	0
Total Non-Current Liabilities	32,861,786	28,112,848	25,351,110	33,253,097
Total Liabilities	215,724,437	209,139,947	205,269,257	173,389,390
Net Assets	112,673,738	108,378,989	103,318,073	104,290,533
Equity				
Share capital	37,715,200	37,715,200	37,715,200	37,715,200
Retained earnings	74,958,538	70,663,789	65,602,873	66,575,333
Total Equity	112,673,738	108,378,989	103,318,073	104,290,533

Explanatory information on figures presented

The summary financial statements have been extracted from the statutory financial reports of Balanced Securities Limited for the years ended 30 June 2024, 30 June 2023, 30 June 2022 and 30 June 2021. Potential investors are advised that to obtain a comprehensive understanding of the financial position and financial performance of Balanced Securities Limited, they should obtain copies of the annual statutory financial reports of Balanced Securities Limited available on www.balancedsecurities.com.au. The past performance of Balanced Securities Limited is not a reliable indicator of future performance.

SUMMARY STATEMENT OF COMPREHENSIVE INCOME

	Audited Year Ended 30 June 2024	Audited Year Ended 30 June 2023	Audited Year Ended 30 June 2022	Audited Year Ended 30 June 2021
	\$	\$	\$	\$
Revenue	41,611,662	35,613,242	25,753,161	28,525,091
Impairment reversal/(loss)	(200,000)	(307,113)	(326,219)	(762,807)
Finance and interest costs	(11,624,521)	(9,174,587)	(7,514,378)	(8,059,805)
Other Expenses	(6,017,375)	(5,421,549)	(3,921,520)	(4,242,520)
Profit/ (Loss) before income tax	23,769,766	20,709,993	13,991,044	15,459,959
Income tax revenue/(expense)	(5,943,017)	(5,178,077)	(3,519,504)	(4,015,488)
Total comprehensive income	17,826,749	15,531,916	10,471,540	11,444,471

SUMMARY STATEMENT OF CHANGES IN EQUITY

Balance at the beginning of year	108,378,989	103,318,073	104,290,533	101,006,062
Total comprehensive income	17,826,749	15,531,916	10,471,540	11,444,471
Shares issued	0	0	0	0
Dividends paid or provided for	(13,532,000)	(10,471,000)	(11,444,000)	(8,160,000)
Balance at the end of year	112,673,738	108,378,989	103,318,073	104,290,533

SUMMARY STATEMENT OF CASH FLOWS

Cash flows from operating activities

Interest received	34,317,946	28,523,407	20,244,460	20,796,404
Fees and other income received	7,957,518	7,811,352	6,290,016	6,658,048
Interest paid	(11,185,882)	(8,461,726)	(7,319,342)	(8,513,965)
Income tax paid	(4,535,757)	(3,720,507)	(3,166,770)	(4,976,715)
Payments to suppliers and employees	(5,470,962)	(3,942,991)	(4,350,931)	(5,687,592)
Net cash provided by operating activities	21,082,863	20,209,535	11,697,433	8,276,180

Cash flows from investing activities

Net receipt/(payment) for mortgage investments	(14,706,975)	5,000,861	(53,560,195)	21,017,181
Net cash (used in) provided by investing activities	(14,706,975)	5,000,861	(53,560,195)	21,017,171

Cash Flows From Financing Activities

Net receipts/(payments) from secured notes	3,353,258	(65,543)	31,258,529	(2,849,508)
Proceeds from share issue	0	0	0	0
Dividends paid	(13,532,000)	(10,471,000)	(11,444,000)	(8,160,000)
Net cash (used in) provided by financing activities	(10,178,742)	(10,536,543)	19,814,529	(11,009,508)

Net increase (decrease) in cash and cash equivalents held

	(3,802,854)	14,673,853	(22,048,233)	18,283,853
Cash and cash equivalents at the beginning of the financial year	32,964,218	18,290,365	40,338,598	22,054,745
Cash and cash equivalents at end of the financial year	29,161,364	32,964,218	18,290,365	40,338,598

TRUST DEED INFORMATION

Trustee Role

The role of the Trustee is governed by the Corporations Act and the transaction documents to which it is a party.

Other than as required by the Corporations Act or as expressly provided in the transaction documents to which it is a party, the Trustee:-

- > is not required to take any action or exercise any right, power or discretion in connection with any transaction document or the Company or any other related matter, fact or circumstance;
- > is not in any way involved in the day to day running, management or decision making process of the Company;
- > has no duty, obligation or liability to the Investors or the Company; and
- > is not responsible for the accuracy of information provided by the Company.

Trust Deed

The Trust Deed between the Company and the Trustee is dated 4 January 2000. The current trustee replaced the former trustee on 13 September 2021 by way of Deed of Retirement and Appointment of Trustee (DORA). A copy of the Trust Deed and the DORA is available for inspection at the Company's offices.

The following information in this part of the Prospectus is summarised from the Trust Deed.

Issue of Secured Notes

The Company may determine the conditions of issue for any Secured Notes from time to time and may change those conditions at any time for future applications, these conditions may include the term of the investment, the interest rate, interest payment date and the minimum investment.

The Company only recognises the Secured Note holders whose details are recorded in the Company's register as the owner of the Secured Notes.

Investors may inspect and receive a copy of the register of Secured Note holders as required by the Corporations Act.

Trustee's Remuneration

The Trustee is entitled to receive an annual fee as agreed from time to time with the Company.

The Company will pay this remuneration quarterly in arrears.

The Company must also pay to the Trustee all costs and expenses incurred by the Trustee in connection with the Trustee carrying out its duties or powers under the Trust Deed including in connection with a breach of the Trust Deed by the Company and in connection with the convening and holding of any meeting of Secured Note holders.

Change of Trustee

The Trustee ceases to be the trustee for Secured Note holders if it ceases to be qualified to do so under the Corporations Act, or if it is removed by special resolution of the Secured Note holders or it retires by giving not less than 90 days notice to the Company or the Company requires the Trustee to retire by not less than 90 days notice from the Company to the trustee.

The Company is authorised to appoint a new Trustee and does not require the approval of the Secured Note holders.

Security

The Company has charged by way of first ranking general security agreement charge all of its

assets in favour of the Trustee as trustee for the Secured Note holders. The charge secures repayment to the Secured Note holders of all money invested by them in Secured Notes under this Prospectus together with interest payable on those Secured Notes.

As at the date of this Prospectus the Company believes that the property that constitutes the security is sufficient and is reasonably likely to be sufficient to meet the liability for the repayment of all money owing by the Company to the Secured Note holders and all other liabilities ranking in priority to or equally with that liability that may have been or may be incurred.

Alteration of the Trust Deed

The Company may amend the Trust Deed with the approval of the Trustee where the amendment:-

- > in the opinion of the Trustee and the Company is made to correct a manifest error or is of a formal, technical or administrative nature only, or is required to comply with the Corporations Act or any other statute;
- > may be required by or as a consequence of any amendment to the Corporations Act or any other statute is not prejudicial to the interests of the Secured Note holders;
- > is first approved by a resolution passed at a meeting convened to consider the amendment by the Secured Note holders holding Secured Notes with an aggregate face value of at least 75% of the aggregate face value of the Secured Notes held by the Secured Note holders present at the meeting; or
- > applies only in respect of Secured Notes to be issued after the amendment is made and the amendment does not materially prejudice the rights of existing Secured Note holders.

PRIVACY AND CONFIDENTIALITY

The Company is committed to managing and only using personal information in ways that comply with the Privacy Act 1988 (Cth) and the Australian Privacy Principles.

Personal Information

The Company is committed to protecting the privacy and security of personal information obtained from individual investors. The nature of the personal information collected and maintained generally comprises (but is not limited to) your names, addresses, contact details, bank account details and tax file numbers.

Information Collection

The Company collects personal information about you from your application form for the purpose of establishing and administering your investment with us. Where the Company has obligations pursuant to legislation, regulatory bodies authorised by law and financial service industry regulatory codes and schemes to collect personal information we may request and obtain such information regarding the identity and financial circumstances of individual investors.

Certane Privacy Policy

Certane CT Pty Ltd may collect your personal information for primarily purpose of providing trustee services to the Issuer and for ancillary purposes detailed in the Privacy Policy. Certane may disclose your personal information, such as, your name and contact details, along with your account information to its related bodies corporate, the Issuer, professional advisers, the land titles office and/or as otherwise instructed by the Issuer. We are also permitted to collect and disclose your personal information when required or authorised to do so by law. Certane is not likely to disclose your personal information to overseas recipients. Your personal information will be used in accordance with Certane's Privacy Policy. The Privacy Policy contains information about how you may access or correct your personal information held by Certane and how you may complain about a breach of the Australian Privacy Principles. You may obtain a copy

of the Privacy Policy at <https://cdn.trusteecloud.com/66460bcf-423f-45d1-9c38-397277dbcc30/privacy-policy> ABN 12 106 424 088 AFSL 258829.

Disclosure of Personal Information

In the provision of products and services to the individual investor, the personal information gathered may only be disclosed to your representatives or other companies or agents used by the Company if express or inferred consent has been obtained. In some other circumstances, however, personal information (or parts of it) may be disclosed to government agencies who may lawfully request information from time to time but only where required by law to do so.

Access to and Updating of Personal Information

You have the right to seek access to information that the Company holds about you subject to certain exceptions as provided by law. You also have the right to ask the Company to correct information about you which is inaccurate, incomplete or out of date.

Please contact our Privacy Officer on 1300 135 077 if you wish to update your information or have any questions regarding the Company's Privacy Policy.

Disputes and Complaints

The Company has established detailed procedures for the handling of complaints. You are encouraged to contact senior management directly by phoning 1300 135 077. The Company will treat all complaints seriously and will deal with them in a timely manner having regard to the nature of the complaint. The Company will provide a final response of the decision within 45 days of receiving a complaint.

The Company is a member of the Australian Financial Complaints Authority (AFCA). AFCA is an entirely independent external disputes resolution scheme whose role is to receive, investigate and finalise complaints made against the Company. The contact details for AFCA are GPO Box 3, Melbourne, 3001.

STATEMENT OF DIRECTORS

The Directors are of the opinion that the Company will be in a position to meet all principal and interest payments on investments issued under this Prospectus as they fall due and that the Company will trade successfully in the coming year.

The Directors note the Company continues to be profitable and recorded net operating profit after tax of \$17,826,749 for the year ended 30 June 2024.

The Board may resolve periodically to declare dividends in favour of shareholders payable out of available retained profits. As at 30 June 2024, \$74,958,538 of the Company's equity capital (or 67%) was retained profits.

Signed by or on behalf of the Directors of the Company each of whom have consented to the issue of this Prospectus.



David Morton Geer



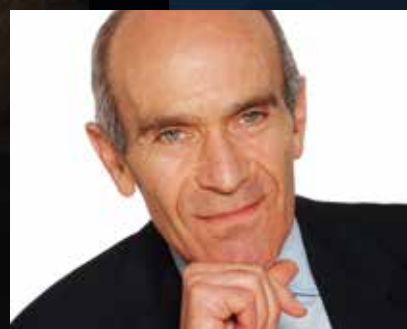
Leon Gorr



Anthony Henry May

DAVID GEER & TOM MAY

LEON GORR



APPLICATION FORM

IDENTIFICATION DETAILS FOR NEW INVESTORS

In accordance with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*, prior to accepting a new application form, Balanced Securities Ltd is required to obtain the following identification and verification information for new investors

TRUST OR SUPERANNUATION FUND

- ☐ A certified copy of the Trust Deed (including any variations)
- ☐ Identification of the Trustees, either as individuals or Company (per below)

COMPANY

- ☐ A certified copy of the Certificate of Registration
- ☐ Identification of the Directors as Individuals (per below).

INDIVIDUALS

- ☐ A certified copy of a current Drivers Licence OR Passport issued in Australia that contains a photograph and a signature.

IF UNABLE TO PROVIDE A CERTIFIED COPY OF A DRIVERS LICENCE OR PASSPORT, THEN ONE DOCUMENT FROM BOTH A AND B CATEGORIES MUST BE PROVIDED.

A

- ☐ A certified copy of a Birth Certificate issued by an Australian State or Territory.

OR

- ☐ A certified copy of an Australian Citizen Certificate

B

- ☐ A certified copy of a Centerlink Pension Card, Department of Veteran Affairs Pension Card or Medicare Card.

OR

- ☐ A notice that was issued by a local government or utilities provider within the preceding 3 months that contains the name of the individual and current address, and records that provision of services by that body to that individual and / or to their address (eg an electricity bill or rates notice)

OR

- ☐ For a person under the age of 18, a notice that was issued by a school principal within the preceding 3 months that contains the name of the individual and current address and records that period of time that the individual attended the school.

COMPLETING YOUR APPLICATION FORM

To complete your application

Please use CAPITAL LETTERS and mark your option with an X;

Please ensure you list your full name, or in the case of companies the full company name plus ACN;

If you are investing in the name of a trust please ensure the investment is in the name of the trustee by listing the trustee's details in the investor details section.

You should refer to the table below for the correct registrable name format to be used when completing the Application Form.

Term

Please nominate a term for your investments in section 3 of the application form. The available terms are specified on the rate card.

Interest rates and distribution method

The interest rates payable on investments are set out on the Company's current interest rate card. Please insert the relevant rate in section 3 of the application form and elect one of the two distribution methods either:

> Monthly distributions; or

> Payment on maturity.

Your bank account details

Your interest payments and redemptions will be direct credited to an account that you nominate on the application form in section 5. Please ensure you provide the correct information. The Company is not responsible for any misplaced, lost or unrecoverable funds where it has relied on the information provided.

Tax file number

You are not required to provide your tax file number ("TFN"), but if you do not, or no exemption details are supplied, the Company is required to withhold tax from

income distributions at the highest marginal tax rate plus the Medicare levy.

You can choose not to quote your TFN or claim an exemption; this is not an offence. The Company is authorised to collect TFN's under tax law. For more information about TFN's, please contact your nearest tax office.

Payment method

There are two methods that investors can lodge their funds.

By Cheque: payable to 'Balanced Securities Ltd' (the Company does not accept credit cards or travellers cheques) or;

By Electronic funds transfer (EFT): To use EFT please use the Company's bank account details below:-

BANK: Westpac Banking Corporation

ACCOUNT NAME: Balanced Securities Ltd

BSB NUMBER: 033 003

ACCOUNT NUMBER: 18 1725

SWIFT CODE: WPACAU2S

Where to send your completed application forms

By Post: Balanced Securities Limited

Reply Paid 4348

MELBOURNE VIC 3001

By Hand: Balanced Securities Limited

Level 23, 385 Bourke Street

MELBOURNE VIC 3000

Need assistance?

If you have any questions or queries in completing your application form please do not hesitate to contact the Company on 1300 135 077 between 9.00am and 5.00pm (Melbourne time), Monday to Friday.

TYPE OF INVESTOR

Individual

Provide all given names in full, do not use initials

Company

Provide the full company name and do not use abbreviations

Trusts

Use personal name(s) of the trustee(s) or company name, do not use the name of the trust

Superannuation Funds

Use the name of the trustee and also provide the name of the superannuation fund

Partnerships

Use personal names. Do not use name of partnership

Minor (person under the age of 18)

Provide the name of the responsible adult

Deceased Estates

Use the executors' personal name, do not use the name of the deceased

Clubs/Unincorporated Bodies

Business Names

Use Office Bearer(s) personal name(s)

Do not use the name of the Club etc

CORRECT FORM

Mr Eric Paul Clipton

Watson Pty Ltd

Mr Harvey Wentworth
Wentworth Pty Ltd

Wallis Superannuation Pty Ltd
ATF The Wallis Superannuation
Pty Ltd Superannuation Fund

Mr Sam Jones and Mr Trevor Jones
< Jones & Jones A/C >

Mrs Jean Hobson
< Estate Janice Hobson A/C >

Mr Denis Burton
< Capex Golf Club A/C >

INCORRECT FORM

E P Clipton

Watson P/L

The Wentworth
Family Trust

Wallis Superannuation
Pty Ltd (super a/c)

Jones & Jones

Estate of Janice Hobson

Capex Golf Club

APPLICATION FORM

Secured Note Investment

25

Warning
1. There is a disclosure document (being the prospectus referred to in this application form) with information about investing in secured notes of Balanced Securities Limited.
2. It is advisable to read the prospectus before applying for the secured notes.
3. A person who gives another person access to this application form must at the same time and by the same means give the other person access to the prospectus and any supplementary document.
Please Note
While the prospectus is current Balanced Securities Limited or a financial licensee who has provided an electronic copy of the prospectus will send paper copies of the prospectus, any supplementary document and this application form, on request and without charge.



BALANCED SECURITIES

No Secured Notes will be issued on the basis of the prospectus after 26 January 2025

1 INVESTOR DETAILS

☐ Individual ☐ Joint ☐ Company ☐ Superannuation Fund ☐ Trust/Child

NOTE: Investments made in trust (including superannuation funds, family trusts and on behalf of children) must be in the name of the trustee(s).

INDIVIDUAL 1 / JOINT INVESTOR / TRUSTEE(S)

Title (Dr/Mr/Mrs/Ms/Miss)

Given Name(s)

Surname

TFN

DOB

INDIVIDUAL 2 / JOINT INVESTOR / TRUSTEE(S)

Title (Dr/Mr/Mrs/Ms/Miss)

Given Name(s)

Surname

TFN

DOB

COMPANY (IN ITS OWN RIGHT AND/OR AS A TRUSTEE)

Name of Company

TFN

ABN/ACN

SUPERANNUATION FUND

NOTE: Please ensure trustee details (individual or company) are completed above.

Name of Superannuation Fund

TFN

ABN

TRUST

Name of Trust

TFN

ABN

2 CONTACT DETAILS

ALL COMMUNICATIONS TO BE SENT TO:

Title (Dr/Mr/Mrs/Ms/Miss)

Given Name(s)

Surname

Address

Suburb

Post code

Phone 1

Email 1

Phone 2

Email 2

APPLICATION FORM

Secured Note Investment

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BALANCED SECURITIES

3 INVESTMENT DETAILS Minimum investment \$10,000 (and multiples of \$1,000 thereafter)

Investment Amount (\$)

Interest Rate

Terms

☐

6 months

☐

9 months

☐

1 year

☐

2 years

☐

3 years

Interest Frequency

☐

Monthly

☐

Maturity

4 PAYMENT METHOD

*Call our investor line on 1300 135 077 to advise of your remittance

☐

Electronic Funds Transfer

\$

☐

Cheque Attached for

\$

5 YOUR BANK ACCOUNT DETAILS FOR INTEREST PAYMENTS AND REDEMPTIONS

Bank or Financial Institution Name

Account in the name of

BSB Number

Account Number

6 DECLARATION AND SIGNATURE

I / We have read the Prospectus dated 27 December 2024 and agree to be bound by the conditions of the offer set out in the Prospectus.

I / We acknowledge the Privacy Policies on page 35.

I / We agree and understand the terms used in the application have the same meaning as in the Trust Deed.

Signature of Investor 1 / Company Representative

Date

/

/

Signature of Investor 2 / Company Representative

Date

/

/

Note: If signing under a power of attorney, you must provide the appropriate identification and a certified copy of the power of attorney including the appropriate signatures, and are verifying that at the time of signing you have not received notice of revocation of that power.

7 OFFICE USE ONLY

Date received:

Investment number:

