

# Owenlaw Trust Investor Update

A NEWSLETTER FOR EXISTING AND POTENTIAL INVESTORS IN THE OWENLAW MORTGAGE TRUST

## OWENLAW TRUST

**50**  
*Years*  
MORTGAGE  
INVESTMENT

This month we celebrate the 50th anniversary of Owenlaw Trust limited which was incorporated on 12 September 1958.

For more than 40 years the company acted as trustee for the lending clients of the legal firm established by the late Frederick Owen and was regulated by the Law Institute of Victoria. Following changes in the Corporations Law, the Australian Securities & Investments Commission assumed the role and is now our current regulator. Owenlaw Trust Ltd has a Financial Services Licence issued by ASIC and is the manager or responsible entity of the **Owenlaw Mortgage Trust** which is registered by ASIC.

Our associated company, Owenlaw Mortgage Managers Ltd, was incorporated 30 years ago in 1978. It has a Financial Services Licence issued by ASIC and is the manager or responsible entity of the **Owenlaw First Mortgage Income Fund** which is registered by ASIC.

The same directors and staff manage both the Trust and Fund which, as at 30 June 2008, had over \$124 million of investor's funds under management. We have 10 staff who have, on average, worked for the company for over six years each together with 3 directors who have an average length of service of over 19 years.

## Yearly Review to 30th June 2008

Owenlaw Trust Ltd and Owenlaw Mortgage Managers Ltd performed strongly and maintained steady organic growth throughout the past financial year. Some key figures are:

### OWENLAW TRUST LTD

- 1st mortgages & cash total: \$25.32 million
- Number of loans: 27
- Distribution rates for the quarter to 30 September 2008 are: 8% for 6 months, 8.7% for 12 months and 9.25% for 24 months

### OWENLAW MORTGAGE MANAGERS LTD

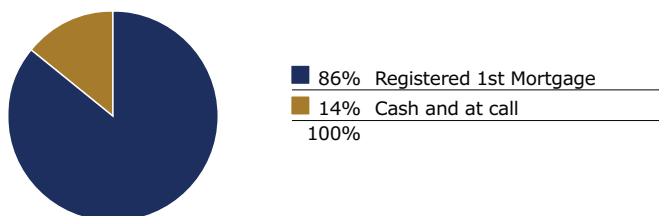
- 1st mortgages & cash total: \$99.61 million
- Number of loans: 30
- Returns range from 9% pa – 9.75% pa which is dependent on the investment selected

## IMPORTANT FACTS ABOUT OWENLAW THAT YOU SHOULD KNOW

- We do not have any external debt;
- We do not lend to credit impaired borrowers;
- We only lend by way of registered 1st mortgage;
- We maintain a vigorous and selective application process;
- Since inception investors have always received their monthly distributions and repayment of their investment on time;
- We do not lend to related party entities nor do we participate in our own property developments;
- 50 years experience;
- Our highest priority is the protection of our investors' capital and the provision of regular income.

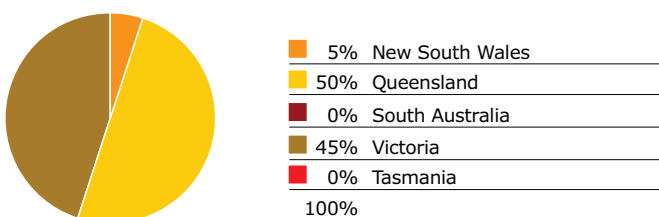
As at 9th September 2008 the following is a summary of the Owenlaw Mortgage Trust:

**CONSOLIDATED ASSET ALLOCATION**



<b>Total fund size</b>	\$26,121,432
<b>Registered 1st Mortgages</b>	\$22,483,507 or 86%
<b>Cash at bank on call</b>	\$3,637,925 or 14%

**GEOGRAPHIC DIVERSIFICATION**



STATE	Actual (%)	Min (%)	Max (%)*
New South Wales	5%	0	20%
Queensland	50%	0	50%
South Australia	0%	0	20%
Victoria	45%	30%	80%
Tasmania	0%	0	20%

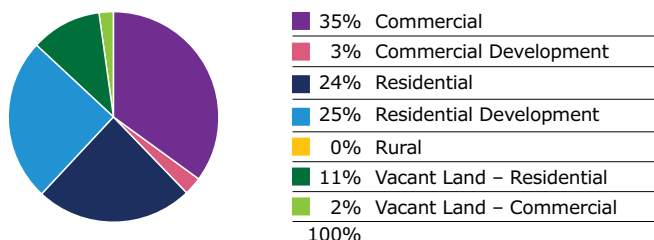
\*The directors have adopted these minimum and maximum amounts to ensure that risk is diversified.

**LOANS IN ARREARS**

TERM	No of loans	Percentage of Fund
> 60-90 Days	0	0%
>90 Days	1	1.2%

Owenlaw Trust calculates its loan arrears statistics in accordance with the Investment & Financial Services Association, (IFSA) Standard No. 18 "Best Practice Guidance for Disclosure in the Mortgage Trust sector" July 2008.

**DISTRIBUTION**



PROPERTY TYPE	Actual (%)	Min (%)	Max (%)*
Commercial	35%	15%	60%
Commercial Development	3%	0%	35%
Residential	24%	20%	60%
Residential Development	25%	0%	35%
Rural	0%	0%	25%
Vacant Land Residential	11%	0%	25%
Vacant Land Commercial	2%	0%	25%

**ASIC BENCHMARKS**

On 2 September 2008 ASIC issued Regulatory Guide 45 "Mortgage schemes – improving disclosure for retail investors" which sets out eight Benchmarks developed by ASIC to help retail investors understand the risks, assess the rewards being offered and decide whether these investment are suitable for them.

Both Owenlaw Trust Ltd and Owenlaw Mortgage Managers Ltd, as licensed responsible entities, are required to disclose by 30 November 2008 whether they comply with the Benchmarks and if they do not they must explain why that is. We shall do this by issuing new Product Disclosure Statements for both Owenlaw Mortgage Trust & Owenlaw First Mortgage Income Fund in October 2008.

The new Product Disclosure Statements will set out the eight Benchmarks in full and show how both Owenlaw Mortgage Trust & Owenlaw First Mortgage Income Fund comply with all applicable Benchmarks.

**Regulatory note**

Owenlaw Mortgage Trust is not a bank deposit, there is a risk that the investment may achieve lower than expected returns and that the investor will not be paid their withdrawal proceeds within a reasonable period after the end of the fixed term. Investors risk losing some or all of their principal investment, our constitution allows us to restrict withdrawals in certain circumstances

Warning. The historical information of current types of loan and location of security should not be relied upon as indicative of future types or location.