

Adelaide Managed Funds

20 September 2017

ADELAIDE MANAGED FUNDS ASSET BACKED YIELD TRUST NOTIFICATION OF EVENT OF DEFAULT

Adelaide Managed Funds (**AMF**) as Responsible Entity for the Adelaide Managed Funds Asset Backed Yield Trust (**AYT**) refers to previous Unitholder announcements dated 27 July 2017 and 6 September 2017 regarding the temporary suspension of the 'Information Service' provided by Computershare Investor Services and the receipt by AMF of formal correspondence in relation to AYT's last remaining assets, the ABL Portfolio Funding Trust 2007-1 (**MIS Trust**) Class C and D Notes.

Yesterday, a meeting of the Voting Secured Creditors of the MIS Trust was held. AMF was entitled to attend and vote at the meeting, as a Voting Secured Creditor. At the meeting, an Extraordinary Resolution was passed such that the Security Trustee of the MIS Trust has now declared all monies owing to MIS Trust Noteholders immediately due and payable.

The meeting followed the notification of the occurrence of an Event of Default under the MIS Trust transaction documentation, specifically in relation to the placement of Great Southern Finance Pty Ltd (ACN 009 235 143) into voluntary administration in 2009 (and subsequent liquidation).

The effect of the passing of the Extraordinary Resolution is such that no further cash flows are likely to be received by AYT in relation to the MIS Trust Class C and D Notes it holds, with the senior Class A2 Noteholder (Bendigo and Adelaide Bank (the **Bank**)), to receive any future cash flows from the MIS Trust in priority to AYT, until all monies owing to it are repaid in full. The potential for this change in repayment structure has previously been highlighted to AYT Unitholders by AMF in recent full and half year financial reports issued for AYT.

The majority of the underlying loans assigned to the MIS Trust are charged-off (non-performing) loans and any recoveries on these loans are, in the opinion of AMF but pending further analysis, unlikely to be sufficient to repay monies owing to the Class A2 Noteholder in full.

The Chairman of AMF, Jenny Dawson, voted against the Extraordinary Resolution on behalf of AMF, on the basis that its passing would not be in the best interest of AYT Unitholders. Notwithstanding this, the change in repayment structure following the occurrence of the Event of Default and the subsequent passing of the Extraordinary Resolution is in accordance with the transaction documentation governing AYT's investment in the MIS Trust.

No indication has been given by the Bank (in its capacity as a seller of loans to the MIS Trust) as to its intentions for the MIS Trust, beyond the change in repayment structure effected by the passing of the Extraordinary Resolution. With this in mind, the Board of AMF is considering the most appropriate next step in the wind down process for AYT. The suspension of the 'Information Service' provided by Computershare Investor Services will continue until further notice.

AMF will continue to keep Unitholders informed on the status of AYT. Ongoing Unitholder communications will continue to be made via the AMF website at www.adelaidemanagedfunds.com.au and, where appropriate, by direct correspondence.

For further information, please contact:

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About Adelaide Managed Funds

Adelaide Managed Funds, a wholly owned subsidiary of Bendigo and Adelaide Bank, is the responsible entity of the Adelaide Managed Funds Asset Backed Yield Trust.

For further information about Adelaide Managed Funds and the AYT, please visit:
www.adelaidemanagedfunds.com.au