

28 December 2011

Investor name
Investor address
Investor address

Member No:

Dear Investor

The CKM Mortgage Trust

Financial statements, 30 September 2011

We have recently completed the financial statements for the trust for the six months ended 30 September 2011. A copy is enclosed for your records. These have been audited and have been filed with the Australian Securities and Investments Commission.

Investors

At 30 September 2011 there were 191 investors in the trust with total units on issue of 54,699,500, a net decrease of 769,000 over the six month period. However this does not include undistributed income for the period of \$2,209,413, a significant proportion of which will be reinvested in further units at year end.

Loans

At 30 September 2011 there were 43 loans totalling \$39,378,000, a net decrease of \$5,586,000 over the six month period. The average loan size was \$915,767 and the average interest rate on the loans was 10.04%.

We are currently holding \$14,554,157 in cash. Of this \$3,701,500 is committed to new loans and we are continuing to receive strong demand for loans.

Over the six months to 30 September 2011 we have endeavoured to maintain our lending rates at between 9% and 11.0%. New loans are currently being offered in the range of 9.0% to 11.0%.

Earning rate

The earning rate of the trust for the six months to 30 September 2011 was approximately 7.98% compared with approximately 8.16% for the year ended 31 March 2011 and approximately 8.1% for the same period last year.

Our product disclosure statement sets out the conservative lending policies adopted by the manager. The trust only lends on first mortgages up to a maximum loan to valuation ratio (LVR) of 66.67%. The trust also avoids the riskier area of construction lending and does not advance funds to related parties or entities associated with the directors or shareholders of the manager.

Our principal lending criteria is based on the asset values of security properties as determined by our appointed panel valuers. While our maximum LVR is 66.67%, our indicative lending ratios for securities other than residential properties are lower. The average LVR is currently 53.8%. The manager and the lending committee will continue to refine and adopt prudent lending policies and will only make loans on first mortgage security where the applications meet our conservative lending criteria.

Continuous disclosure

Under the provisions of Chapter 6CA of the Corporations Act 2001 we are required to disclose information that:


- Is within our knowledge;
- Is not generally available; and
- A reasonable person would expect, if it were generally available, to have a material effect on the price or value of securities of the fund.

In accordance with the Australian Securities and Investments Commission (ASIC) Regulatory Guide 198 - *Unlisted disclosing entities: Continuous disclosure obligations*, the fund is allowed to meet the continuous disclosure obligations by putting the information to be disclosed on its website. We are satisfied that most of our investors will look for information of this kind on our website.

Information placed on our website includes the current Product Disclosure Statement, the benchmark disclosures required under ASIC Regulatory Guide 45 which are updated at least twice yearly, and copies of the annual and interim financial statements for the fund together with the accompanying letters to investors.

The Directors thank you for your support and assure you they will continue to conduct the affairs of the trust in an efficient and prudent manner and are mindful at all times to protect your investment and will endeavour to maximise the earning rate of the trust.

Yours faithfully
CKM (Mortgages) Limited
per:



V J Collins – Director

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