

## **ALTERNATIVE LENDING LTD AND RCP FINANCE LTD**

### **Chairmans Report at 30 June 2024.**

Dear Shareholders,

I had every intention of sending this Report earlier in July. I wanted to share good news.

Unfortunately, everything I had planned to advise is taking longer than expected.

I can report RCP has paid in June 2024 the same level of dividend as it has for the previous 2 years. As Alt Ldg continues to recoup its previous losses, dividends for both companies will become possible.

The Financial Reports are ready for the Audit to be completed.

The recovery of bad debts previously written off, improved the net equity in 2023-2024 by \$2m. Equity now stands at \$7.0m. Our goal of increasing the net equity to \$17.5m will be achieved when the profits from Riverside Avenue subdivision, sale of Nichols Point land and completion of 8 and 22 Uralla Road, Armidale are brought to account. We also expect our licenced Building Company, Dunning Prestige Homes Pty Ltd, to add to our ongoing profits.

Our 45 lot Riverside Avenue subdivision is ready for the Titles Office to issue titles. This is months later than anticipated. The good news is 15 lots are presold. Of the remaining 30 lots, Alternative Lending will retain 10 lots on which to build houses for the Mildura rental market. That leaves 20 remaining for sale. Negotiations are proceeding with local builders as well as with agents acting for the National Disability Scheme (NDIS).

Our building company, Dunning Prestige Homes Pty Ltd (DPH), will build 10 houses for Alternative Lending to keep for rentals, and 10 house and land packages for other clients. We are well advanced with a unique finance package for house and land buyers which will finance the full cost of the project, including the land.

The land in Koorlong Avenue in which we are joint owners with Angus Clarkson is still going through the process of being dividing into 2 separate parcels of land. The delay seems to be that Alt Ldg will end up with 6 acres more than at present. There is agreement between ourselves and Mr Clarkson as to the amount of money we must pay to Mr Clarkson for him selling us the extra 6 acres.

We have received an offer to sell all our existing share of the Koorlong land plus the 6 acres. Negotiations will continue this week. If we cannot agree on a price we will retain the land for future development.

To further complicate matters we are in the middle of refinancing our debt. Lenders will only lend a maximum of 60% of the value of any of our land, regardless as to it being developed or undeveloped. This is a handicap when it comes to funding development costs.

We have contingency plans we can adopt if something goes wrong, or does not happen when it should. In the next 6 months we are hopeful of selling Koorlong Avenue and Riverside, or maybe Riverside will sell, but Koorlong will not sell. In our negotiations with lenders we are trying, with no success at present, to find \$2 million dollars to complete the 2 Armidale projects.

A rough estimate suggests we will make net profits from Riverside \$2m, Koorlong \$5m and Armidale \$5m. This is \$12m. Annual operating expenses, including interest paid to debenture holders, run to \$2.0m. We also expect DPH to make profits of \$1m in 2024-25, and every year thereafter. This \$12.0m will totally clear our debts and repay any of the unsecured debenture holders who require their money.

All of the above is achievable in 12 to 18 months. The only problem is the availability of money at a reasonable interest rate, and without being charged exorbitant establishment fees.

We recently appointed Michael von Berg MC, OAM to our Board with the task of investigating new areas of investment, as well as finance. Michael has built up a network of contacts all over the world from his previous career as a senior officer in the military, his Directorships of listed and unlisted companies ranging from merchant banking, agriculture and wine making, to consultancies in many areas. Michael is also a member of various Commonwealth Committees relating to veterans affairs.

I have had to rely more on my fellow Directors this year than at any time in the past. Their assistance and guidance has been invaluable. I am also indebted to Philip Shugg, who backs up for me when needed, as well as performing his own tasks at the same time.

I also am indebted to our 2 Works Supervisors. Chris Dunning looks after our Mildura projects as well as DPH, while Mark Symons takes care of our Broken Hill and Armidale projects.

I thank all the shareholders for continuing to show faith in our path to the future.

Please address any questions to: [bill@altlending.com.au](mailto:bill@altlending.com.au) or [philip@altlending.com.au](mailto:philip@altlending.com.au)

Our web site can be found at [www.altlending.com.au](http://www.altlending.com.au)

Bill Ridge

Chairman

31 July 2024