

Dear <Investor>
 <Address 1>
 <Address 2>
 <Address 3>

26 November 2009

Dear Investor

OPI Pacific Finance Limited (In Receivership) (“PAC” or “the Company”)

1. Introduction

As you are aware Colin McCloy and Maurice Noone were appointed receivers of the Company on the evening of 15 September 2009.

On 1 October 2009, we advised you of our appointment as receivers and confirmed the total investment owing to you. Since then we have been analysing the affairs of the Company and take this opportunity to provide you with an update on the progress of the receivership.

2. Financial position of the Company

The table below summarises the financial position of the Company as at 31 August 2009, based on management unaudited information. We have relied on the information provided by management and have not audited or independently verified this information.

OPI Pacific Finance Limited (In Receivership)		As as 31 August 2009
Draft Management Unaudited Balance Sheet	Note	(NZD'000)
Assets		
Cash assets	A	2,630
Funds held in trust	B	1,388
Secured loans	C	270,632
Provision for loans	C	(237,354)
Contribution under Put Option	D	(24,600)
OPI Pacific Investment Loan	E	184,418
Provision for OPI Pacific Investment Loan	E	(163,566)
Miscellaneous assets	F	541
Total Assets		34,089
Liabilities		
Funding - Debentures NZD	G	143,412
Funding - Debentures AUD	G	55,014
Funding - Unsecured Notes NZD	G	19,689
Funding - Unsecured Notes AUD	G	37,838
Accrued Interest	H	45,632
Loan - PIF/MYF	I	150,279
Total Liabilities		451,864
NET ASSETS		(417,775)

Source: Management Information

A. Cash assets: NZD2.6m

Cash held by the Company at the date of our appointment has been transferred into receivership bank accounts.

B Funds held in trust: NZD1.4m

At the date of our appointment, NZD1.4m was being held in a solicitor trust account pending the resolution of a dispute with a third party. We are seeking legal advice regarding recovery of these funds.

C Secured loans: NZD33.3m (net of provision)

The Company's largest asset is the loan book comprising loans to New Zealand, Australian and offshore borrowers. The majority of loans are in respect of development properties in various stages of completion or for property sold prior to the receivership. Interest continues to be accrued on all outstanding loan balances.

At the date of the receivership, PAC held second ranking mortgages over 11 properties. The first ranking mortgagees had exercised their rights and/or taken possession of these properties, with the exception of one loan that is being managed by the first mortgagee, at the date of receivership.

There are 35 borrowers in total and at the date of our appointment, 19 borrowers were in some form of insolvency or had been deregistered. We have written to all borrowers seeking repayment of the debts outstanding at the date of receivership. Each loan will be assessed on a case by case basis. However, given the insolvency position of many of the borrowers and the anticipated shortfall to the first registered mortgagees, it is likely there will be a significant shortfall from recovery of the PAC loan book.

We are investigating potential claims the Company may have in respect of valuations obtained for lending purposes, various insurance policies held by the Company and claims against guarantors of loans.

D Contribution under the Put Option: NZD24.6m

As you are aware, the Company entered into a put option with Octaviar Limited (In Liquidation) ("Octaviar") dated 24 July 2006. In May 2008, the Company received part payment of AUD20m (NZD24.6m) from Octaviar in respect of its put option liability to the Company. These funds were distributed to secured debenture holders following the approval of the moratorium.

We have lodged a claim in the liquidation of Octaviar for AUD418m in relation to the put option. We have reserved our right to amend the claim should further amounts become claimable. We are waiting to receive a formal response from the liquidators regarding the claim and any likely distribution from the liquidation of Octaviar.

A claim has also been lodged against Octaviar Administration Pty Limited (In Liquidation) ("OCVA"), a subsidiary of Octaviar responsible for the management of both the PAC and PIC loans. We are also waiting to receive a formal response from the liquidators regarding the claim and any likely distribution from the liquidation of OCVA.

The balance sheet does not include the claims receivable from Octaviar and OCVA as recovery of any funds from the liquidations remains uncertain at this stage.

E Loan to OPI Pacific Investment Pty Limited (“PIC”): NZD20.9m (net of provision)

In December 2006, various loans were assigned by PAC to PIC with PAC retaining an interest in the mortgages. As at 31 August 2009, the balance owing to PAC in respect of the assignment and subsequent intercompany lending transactions totalled NZD184.4m. PAC entered a provision of NZD163.5m, based on management’s estimate of the realisable value of PIC’s remaining assets. This results in a net reported balance at 31 August 2009 of NZD20.9m.

PAC holds first ranking security over PIC in respect of PIC’s loans to third parties, PIC’s only material assets. We have crystallised the charge PAC holds over PIC and no action can be taken in respect of the loans without the written consent of the receivers of PAC. We note of the 20 loans, 18 borrowers are in some form of insolvency or have been struck off and first ranking mortgagees exercised their rights and/or taken possession of the remaining seven properties at the date of receivership.

We are examining options regarding recovery of these loans, which will be assessed on a case by case basis as per the PAC loan book.

F Miscellaneous assets: NZD0.5m

Miscellaneous assets at 31 August 2009 are set out in the table below:

Miscellaneous assets	August 2009 (NZD'000)
Professional fees prepaid	451
Investments	75
GST Receivable	15
Total	541

Source: management information

At 31 August 2009, PAC had made prepayments to professional advisors totalling NZD451k. At the date of receivership funds held by professional advisors totalled approximately NZD350k. Since our appointment, deductions have been made from funds held in respect of fees incurred. To date we have collected NZD212k and we are in the process of reconciling these accounts.

The investments of \$75k are in respect of shares held in a company in liquidation. There will be no recovery from this asset.

The GST receivable of \$15k has since been received.

G Funding – Debentures and Unsecured Notes: NZD256.0m

At the date of the receivership, the Company’s records indicated it had the following amounts outstanding to investors:

Investor category	Number of investors	(NZD'm)
NZD Debenture Stock	7,361	143.4
AUD Debenture Stock	2,514	55.0
NZD Unsecured Notes	821	19.7
AUD Unsecured Notes	173	37.8
Total	10,869	255.9

Source: management information

In summary, PAC owes NZD198.4m to secured debenture holders and NZD57.5m to unsecured note holders.

H Accrued Interest: NZD45.6m

This balance includes interest accrued on secured debentures and unsecured notes to 31 August 2009.

I Loan – PIF/MYF: NZD150.3m

The Company entered into Loan Participation Agreements with Premium Income Fund (“PIF”) and Maximum Yield Fund (“MYF”) (together “the Participants”) in December 2007. The agreements entitled PIF and MYF to participate in existing loans and, at their discretion, to participate in future loans. The amount owed to the Participants is unsecured and ranks behind funds due to secured debenture holders.

3. Amount and timing of dividend to investors

As previously advised, the effect of the receivership is that it ends the moratorium arrangement in place at the time of the receivership of PAC. Therefore, the timing of distributions anticipated to be made to secured note holders under the moratorium is no longer in place.

The recovery to investors is dependent on a number of uncertain factors.

Due to the uncertainty regarding recovery from the loan book and the complexity regarding potential valuer and insurance claims and claims against guarantors of loans, we are not in a position to estimate a return, or timing, to secured debenture holders. Furthermore, at this stage, we are not in a position to make a payment before Christmas due to insufficient funds being available to make a significant dividend. However, if material funds become available and it becomes possible to distribute a dividend before the end of the year, we will advise you as soon as possible.

Given the realistic assessment of the position and that there will be a significant shortfall to the Company from the loan book and recovery of the PIC loan, unfortunately there will not be funds available for unsecured note holders.

4. Investigation into the affairs of the Company

A thorough investigation will be undertaken in respect of the activities of the Company, its directors and various other parties prior to the receivership. As a result of the investigation, if any breaches of legislation are discovered we will report these to the appropriate Government Authorities. We will also determine if there are any other avenues of recovery and will commence action if we consider that it may materially benefit the outcome of the investigations and/or receivership.

We also understand that various Government Authorities are investigating the affairs of the Company and the Octaviar Group. We will support and assist such authorities as appropriate.

5. Next report and other matters

As advised above, unfortunately there will be insufficient funds for distribution to unsecured note holders. Accordingly, further reports will not be distributed to unsecured note holders.

A further formal update will be made to secured debenture holders in the first quarter of 2010.

A copy of this report, and future reports, will be available on our website.

If you have any queries regarding the receivership, please contact us via our website, telephone, facsimile, or private bag address, as follows:

OPI Pacific Finance Limited (In Receivership)
c/- PricewaterhouseCoopers
Private Bag 92162
Auckland
New Zealand
Telephone: +64 9 355 8053
Facsimile: +64 9 355 8013
Website: www.pwc.com/nz/opipacific

A list of frequently asked questions is also available on our website.
Should you have any queries in relation to your investment or wish to change your details please contact Computershare Investor Services Limited as follows:

Computershare Investor Services Limited
Private Bag 92119
Auckland 1142
New Zealand
Phone +64 9 488 8777

Thank you for your support and patience during this difficult time.

Yours faithfully
OPI Pacific Finance Limited (In Receivership)



Colin McCloy
Receiver