

18 March 2010

«CLIENT_FULL_NAME»
«CLIENT_ADDRESS_LINE_1»
«CLIENT_ADDRESS_LINE_2»
«CLIENT_ADDRESS_LINE_3»
«CLIENT_ADDRESS_LINE_4»
«POSTAL_CODE»

Dear Investor

STRATEGIC FINANCE LIMITED (In Receivership) ('Strategic')

As you will be aware, Strategic has been placed into receivership by Perpetual Trust. We are writing to advise you of the background to the receivership and to let you know the process that the receivers will be following in the short term.

Background and Appointment of Receivers

Last January Strategic advised us that it was unable to comply with the terms of its moratorium, as it had not been able to make the repayments that it originally expected to make to its investors before 7 January 2010, and also because the value of its loans had fallen below the minimum level that was set by the moratorium.

Following negotiations between Strategic and Perpetual on the best way forward, Strategic identified two proposals for the restructure of its obligations to its investors, and recommended that Perpetual agree to one of them being put forward to investors for their consideration.

Both proposals were subject to a number of conditions and there was no certainty that either of them would be able to be completed. The outcomes for investors under those proposals were also very uncertain. After considering Strategic's recommendation carefully, and after a thorough review of it, we concluded that the interests of the investors would be better served by appointing receivers to realise Strategic's assets.

We have appointed two partners in PricewaterhouseCoopers as receivers, and they have now taken control of all of Strategic's assets. PricewaterhouseCoopers ('PwC') have extensive experience in dealing with finance companies and in administering receiverships and due to their former role as independent Monitoring Accountant they are already familiar with Strategic's operations and its loan book.

You may be aware that Strategic's management, and some other commentators, have in recent days been critical of Perpetual's decision to place Strategic into receivership and to appoint PwC as receivers. However, we remain satisfied that the appointment of receivers was preferable to Strategic's proposals, and that receivership was the course more likely to be in the best interests of all investors. Strategic was unable to deliver on the terms of the moratorium and its next set of proposals were too uncertain.

It is our role to consider only the interests of Strategic's investors and we considered those interests will be best served at this point by the independence that a receiver brings.

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Next Steps

PwC will be writing to you shortly to confirm the amount you have invested with Strategic and, once they are able to do so, they will give you an indication of the likely amount that you will recover, and when that recovery might be achievable.


In the interim they have established a website for investors. To access the website, go to www.pwc.com/nz/strategicfinance. PwC will continue to update this website with information for investors as the receivership proceeds, including detail on the progress of the receivership.

PwC have also established a dedicated phone line for investors, the number of which is 09 355 8030, should you wish to contact them.

Conclusion

We hope this letter has assisted in providing an explanation of the process going forward. However if there is any aspect of it that you would like to discuss, please feel free to phone or write to us at the contact details below.

Yours sincerely



Louise Edwards
Chief Executive

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