



15 April 2016

Dear Investor

**Subject: Strategic Finance Limited (In Receivership and In Liquidation) (“SFL”)
Strategic Nominees Limited (In Receivership)
Strategic Nominees Australia Limited (In Receivership)
Strategic Advisory Limited (In Receivership)
Strategic Mortgages Limited (In Receivership)
(Collectively, “Strategic”)**

1. Introduction

We refer to our last update to secured debenture investors dated 30 September 2015. We take this opportunity to provide you with a further update on the progress of the receiverships. This report is subject to the restrictions set out at Appendix I.

2. Remaining Loan Assets

Since the date of our last update sales have been completed with proceeds being received in relation to several of the loans previously outstanding.

The receivers now have one key loan remaining where Strategic holds security as second mortgagee. We are continuing to work with the borrower to obtain the best possible outcome for Strategic with this exposure.

Negotiations with guarantors to progress the recovery of claims are ongoing.

3. Distribution to Investors

A distribution of 1.8c in the dollar was made to secured debenture investors in December 2015 following the receipt of the above proceeds.

Unfortunately, we are not able to advise at this stage if and when a further distribution will be made to secured debenture investors. Any further distribution is dependent upon the recovery of the remaining assets referred to above. We would anticipate making only one further distribution once remaining assets have been realised.

Total distributions made to secured debenture investors to date total 18.8 cents in the dollar of the principal amount outstanding as at the date of receivership.

4. Overall expected return to secured debenture investors

Our expectation for the range of recoveries is now 18.8% - 20% of the principal amount outstanding to secured debenture investors as at the date of receivership.



5. Concluding comments

Work continues on realising the remaining loan book assets to enable further distributions and to conclude the receiverships. Should investors or other stakeholders have any queries arising from this report, please contact us in writing via our website, facsimile, or postal address, as follows:

Strategic Finance Limited (In Receivership and In Liquidation)
PricewaterhouseCoopers
PO Box 243
Wellington
Facsimile: +64 4 462 7492
Website: www.pwc.com/nz/strategicfinance

Yours faithfully

A handwritten signature in black ink, appearing to be 'John Fisk', written in a cursive style.

John Fisk
Receiver



Restrictions

- The statements and opinions expressed herein have been made in good faith, and on the basis that all information relied upon is true and accurate in all material respects, and not misleading by reason of omission or otherwise.
- We have not independently verified the accuracy of information provided to us, and have not conducted any form of audit in respect of Strategic. Accordingly, we express no opinion on the reliability, accuracy, or completeness of the information provided to us and upon which we have relied. Whilst all care and attention has been taken in compiling this report, we do not accept any liability whatsoever arising from this report.
- The statements and opinions expressed in this report are based on information available as at the date of the report.
- We reserve the right, but will be under no obligation, to review or amend our report, if any additional information, which was in existence on the date of this report was not brought to our attention, or subsequently comes to light.
- We have relied on forecasts and assumptions about future events which, by their nature, are not able to be independently verified. Inevitably, some assumptions may not materialise and unanticipated events and circumstances are likely to occur. Therefore, actual results in the future will vary from the forecasts upon which we have relied. These variations may be material.