



31 March 2015

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 12 December 2014. 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

The receivers have five key loans remaining.

- Two of these are currently subject to conditional sale and purchase agreements.
- One is currently being offered for sale by mortgagee sale.
- Two are where Strategic hold security as second mortgagee. We are working with the receivers and borrowers to obtain the best possible outcome for Strategic with these exposures.

We are also working to resolve a number of claims with guarantors.

3. Overall expected return to secured debenture investors

Our expectation for the range of recoveries remains 17% - 21% of the principal amount outstanding to secured debenture investors as at the date of receivership.

We hope that a further distribution will be made in June 2015 subject to two property loan settlements concluding as expected. We will continue to refine and update the estimated recovery range in future reporting.

4. 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

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.