
Receivers' Six Monthly Report on the State of Affairs of

Strategic Finance Limited (In Receivership and In Liquidation)

Strategic Nominees Limited (In Receivership)

Strategic Nominees Australia Limited (In Receivership)

Strategic Advisory Limited (In Receivership)

Strategic Mortgages Limited (In Receivership)

For the six month period 13 September 2017 to 12 March 2018

Pursuant to Section 24 of the Receiverships Act 1993

Company Numbers:	951477
	632029
	1367148
	925900
	1406962





Registrar of Companies
Companies Office
Private Bag 92061
Auckland Mail Centre
AUCKLAND

18 April 2018

Strategic Finance Limited (In Receivership and In Liquidation) ("SFL")
Strategic Nominees Limited (In Receivership) ("SNL")
Strategic Nominees Australia Limited (In Receivership) ("SNAL")
Strategic Advisory Limited (In Receivership)
Strategic Mortgages Limited (In Receivership)
(Collectively, "the Companies" or "Strategic")

Please find attached our sixteenth six monthly report in relation to the Companies pursuant to Section 24 of the Receiverships Act 1993. A copy of this report has been sent to the Trustee, Covenant Trustee Services Limited and is available on our website.

Yours faithfully
For the Companies

A handwritten signature in blue ink, appearing to read "J H R Fisk".

J H R Fisk
Receiver

1 Introduction

- 1.1 John Howard Ross Fisk and Colin Thomas McCloy were appointed receivers to each of the Companies on 12 March 2010 by Perpetual Trust Limited. We were appointed under the terms of a debenture trust deed giving the holder a security interest over all the assets and undertakings of the Companies. On 25 October 2016 Colin McCloy resigned as receiver and was replaced by David John Bridgman.
- 1.2 As at 19 December 2013, Perpetual Trust Limited was replaced as Trustee of the Companies by Corporate Trust Limited. As at 1 March 2016 Corporate Trust Limited was replaced by Covenant Trustee Services Limited (“the Trustee”).
- 1.3 On 26 July 2010 John Joseph Cregten and Andrew John McKay were appointed joint and several liquidators of SFL. On 10 June 2014 John Cregten resigned as liquidator. On 22 December 2014 Adrienne Mary Stone was appointed joint liquidator with Andrew McKay.
- 1.4 This report has been prepared by us in accordance with and for the purpose of Section 24 of the Receiverships Act 1993 (“the Act”). It is prepared for the sole purpose of reporting on the state of affairs with respect to the property in receivership and the conduct of the receivership.
- 1.5 This report is subject to the restrictions set out at Appendix 1. In particular, all information contained in this report is provided in accordance with Sections 26 and 27 of the Act. Furthermore, in preparing this report we have relied upon and not independently verified or audited information or explanations provided to us.
- 1.6 Our last report on the receiverships was dated 24 October 2017.

2 Legal claims against third parties

- 2.1 The Financial Markets Authority’s settlement with the former directors of Strategic has now been finalised with no further monies anticipated to be received by the Receivers.

3 Particulars of assets and disposals of receivership property

Estimate of Gross Recoveries to Secured Debenture Investors

- 3.1 In our previous report for the six month period to 12 September 2017, we advised that our final estimate of the gross recoveries to secured debenture investors from the realisation of SFL’s loan book was 21% of the principal amount outstanding to secured debenture investors as at 12 March 2010.
- 3.2 Distributions in the receivership to date total 21 cents in the dollar, which equates to \$77.2M in total distributions.
- 3.3 There will be no further distributions. We are working through the process of attempting to locate the owners of unclaimed monies following which the receiverships will be brought to an end.

Property Loan Book

- 3.4 At the time of our appointment, SFL’s major remaining asset was its property loan portfolio which comprised loans made to borrowers either directly through SFL or through SNL or SNAL (collectively referred to as “Strategic”).

Loans where issues continue to be worked through to enable realisation of property assets

- 3.5 In our previous six month report, we advised that there were no material remaining loan where the underlying property was not under contract or subject to any arrangement for sale. We do not anticipate any further realisations in relation to the loan book.

Loans where the only remaining security is guarantees

- 3.6 We have sought to maximise the value of any collateral securities (including personal guarantees) that Strategic holds. As previously advised there was a further \$100,000 to be recovered from guarantors in this reporting period.
- 3.7 We have now dealt with the majority of the guarantors of loans either by way of settlement arrangements (which provides for funds to be repaid to Strategic over an agreed period of time) or making demand and where necessary issuing legal proceedings to recover funds.
- 3.8 One guarantor with whom we have previously settled had failed to make the agreed payments under the settlement agreement. Accordingly, our solicitors issued demand for the payments to be brought up to date. This was successful and \$590,000 was received. One final payment of \$100,000 was received during this reporting period.
- 3.9 Where guarantors are bankrupted, we have filed claims in their respective bankruptcies. We do not anticipate any funds being available to Strategic from these bankruptcies.

Realisations from the Property Loan Book

- 3.10 For the period 13 September 2017 to 12 March 2018, Strategic has received \$100,000 realisations from the recovery of the property loan book, including recoveries under guarantees.

4 Particulars of debts and liabilities outstanding and requiring to be satisfied from the property in receivership

Secured debenture investors

- 4.1 The secured debenture investors' balance of \$367.8M (as at 12 March 2010) represents approximately 12,900 investments held by approximately 10,000 secured debenture investors.
- 4.2 To date, we have made distributions to secured debenture investors totalling 21 cents in the dollar, which equates to \$77.2M.
- 4.3 During the period covered by this report we made a final distribution of 1 cent in the dollar to secured debenture investors on 3 November 2017.
- 4.4 There will be no further distributions to secured debenture investors.

Preferential Creditors

Employee entitlements

- 4.6 Based on the information available from the Companies' records, employee preferential entitlements relating to salaries and wages and accrued holiday entitlements as at the date of receivership were calculated at approximately \$52k and have been paid.

Inland Revenue Department ("IRD")

- 4.7 The IRD has advised that it will not be filing a claim in the receiverships.
- 4.8 We are not aware of any other preferential claims in the receiverships of the Companies.

5 Amounts likely to be available for other creditors

- 5.1 Given the estimated return to secured debenture investors, we regret to advise that there are unlikely to be any amounts available for payment to unsecured creditors, including unsecured depositors and subordinated noteholders.

6 Receipts and Payments

6.1 The table opposite sets out the receipts and payments for the Companies from 13 September 2017 to 12 March 2018.

6.2 We note the following in respect of the receipts and payments summarised in the table:

- As noted earlier in this report, as at 12 March 2018, there were receipts of \$100,000 in relation to the property loan book. Interest of \$8,000 was also payable on this \$100,000 due to it being overdue
- Other receipts relates to Bank interest.
- As noted earlier in this report a final distribution of 1 cent in the dollar was made to secured debenture holders on 3 November 2017.
- Operational costs include, but are not limited to, investor, registry and administration costs.
- Other professional fees include advice obtained from specialist accounting and tax consultants as required.

Strategic Finance Limited and subsidiaries (In Receivership)	
Receipts and Payments Summary	
For the receivership period from 13 September 2017 to 12 March 2018	
	NZ\$ 000's
Opening Balance	3,797
Receipts	-
Receipts from loan book	108
Other receipts	1
GST refunds received	36
GST on receipts	-
Total receipts	145
Payment	
Distributions to investors	3,681
Operational costs	37
Other professional fees and associated costs	11
Receivers' fees	27
Trustee fees	25
GST on payments	15
Total payments	3,796
Closing Balance	145

7 Other Matters

- 7.1 We anticipate taking steps to bring the receiverships to an end once unclaimed monies from investor distributions have been returned to those investors or paid to Inland Revenue to manage. We anticipate this should occur within the next reporting period.
- 7.2 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)

C/o PricewaterhouseCoopers

PO Box 243

Wellington

Facsimile: +64 4 462 7492

Website: www.pwc.co.nz/services/business-recovery/receiverships/strategic-finance.html

Appendix 1

Restrictions

- All information contained in this report is provided in accordance with Sections 26 and 27 of the Receiverships Act 1993.
- 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 the Companies. 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 prepared by the Companies 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.
- In addition the following should be noted:
 - Certain numbers included in tables throughout this report have been rounded and therefore do not add exactly.
 - Unless otherwise stated all amounts are stated in New Zealand dollars.