Finance Company Updates – 25 July 2008

Below is a brief summary of any updates regarding Finance Companies that clients are invested in.

Bridgecorp
Following the recent Receivers report on Bridgecorp the assets were re-valued to $0.17c by Aegis from 30 June 2007.

Because of the continuing uncertainty over recoveries of the Momi Resort together with the clear direction from the receiver that the expected returns to investors will likely be at the lower end of the range, the mid point of the headline range (13% to 44%) was not considered appropriate. The valuation has therefore been based on the range quoted excluding Momi which leaves the assets positioned in line with Receivers direction.

Cymbis Australia
Cymbis Australia have failed to make scheduled repayments over the past two weeks. We were unaware of any issue until the 16 July and have been in active dialogue with Michelle Gilbert, General Manager of Cymbis Australia, since then. We have received assurances from the Trustee that they are fully aware of the situation and have allowed Cymbis Australia to continue despite the breach of the Trust Deed, on the basis that the company has 14 days to remedy the issue under its Trust Deed.

We will provide an update on the GWM website as soon as further information is available.

IMP
We remain in regular contact with Craig Priscott who is managing the moratorium for IMP, the recent initial payment of $0.20c on the 11 July 2008 is seen as a good first step. We will provide further updates as information becomes available.

Fairview New Zealand Limited (formerly Cymbis NZ)
The receivers for Fairview (Deloitte) released a letter on 1 July 2008. The key points of the letter were:

- There are two loans outstanding
- Insurance policies covering the loss on the FP Holdings Loans to maximum losses of $3m and $1.76m are held against the loans respectively. These amounts represent approximately 68% of investor funds.
- The receivers state that they are unaware of any issues affecting the cover.
- If the second loan, which is due in September 2008, is repaid on time then the receivers expect to be able to pay an initial amount of approximately 20% of investors principal by October this year.

The full version of the letter is posted on the GWM website, or is available to be sent to you on request.

Property Finance
Property Finance have released a June 08 update which is available in full on the GWM website. The key summary points are:

- The Company is continuing to make steady progress with its restructure
- A further payment of 2¢ was made on 7 July 2008. In total this payment, combined with earlier payments, means that the Company has repaid some $7.1 million (9¢) year to date and remains on track to meet principal repayments of $15 million (18.8¢) in debenture stock in the first year.
- Whilst this quarter's payment is at the lower end of our initial forecast this relates to normal delays with some loans being repaid and our desire to hold funds so that we can proactively work with clients to maximise overall loan recoveries.
- Property Finance expect to make the balance of this year's scheduled payments with repayments in September and December.

Propertyfinance are holding a series of meetings around the country beginning on 17 July in Palmerston North and culminating in New Plymouth on 23 July. The meetings are billed as an opportunity for the Company to update investors on the restructure; what it means; the current position of the Company; and its future plans. There is no new information per se; it is simply a general catch up and an offer for investors to address any queries they may have. If you want to know when your local meeting is to be held please contact us or go to the GWM website for details.

St Laurence

The St Laurence meetings are commenced on 21 July in New Plymouth and continuing through until 8 August in Napier. If you would like to attend these meetings and are unsure of when your local meeting is please call us or go to the St Laurence website for details.

The meetings will be worthwhile and give you an opportunity to ask questions directly of St Laurence. We will attend meetings and place a summary on the GWM website.

Diversified Mortgage Trust

Recently Axis Ratings re-affirmed its B2 rating for Diversified Mortgage Trust No.1 Limited ("DMT") A Notes, however, it has withdrawn the rating on the B Notes citing deteriorating market conditions and doubts as to full and timely recovery of mortgage assets held.

The DMT Directors have stated that due to difficult market conditions they have instigated recovery proceedings in the case of all mortgage loans held by DMT, in order to achieve timely repayment.

The DMT Directors are considering a proposal of early repayment of the First Ranking A Notes. This proposal is currently with the Trustee. We will hopefully be provided with new information in the short term.

For the Class B Noteholders, DMT will continue to meet its quarterly interest payments to Noteholders, and remain hopeful that they will achieve full repayment of the B Notes by due date.

The directors anticipate that some of the mortgages will have been recovered by the end of the current quarter, when they will make a further market announcement.

OPI Pacific

Octaviar (formerly MFS Limited) as part of its restructuring attempt put forward a cash proposal to ASX listed note holders on Friday last week. As part of the restructuring process Octaviar has stated its intention to make an offer to all creditors, of which OPI Pacific Finance is included. At this point in time, no specific proposal or timeframe around an offer to OPI Pacific Finance has been released.

The Public Trustee of Queensland (PTQ) has attempted to force Octaviar into liquidation however the court hearing has been adjourned until September 2008 when a new unnamed Trustee will take the matter forward. The directors of OPI Pacific are intending to try to stop the attempted liquidation.

Capital + Merchant

Grant Thornton, acting as first receivers for Capital + Merchant Finance, have updated their recovery forecast and say that the finance company's debenture holders are now likely to receive a recovery of only 8% at best of their investment, compared with an original estimate of 14% to 59% long term. When combined with the expected full recovery for Fortress, who appointed the receivers under their priority charge, the overall forecast recovery comes out at 18%.

In their six-monthly report on the state of affairs of the failed finance company, the receivers also say they are concerned about the appropriateness of a number of transactions and the activities and conduct of the company, the officers of the company and third parties leading up to the appointment of receivers. The Receivers are continuing to investigate these along with agencies such as the Securities Commission.

Gross recoveries of $42.8 million have so far been realised from 55 loans with a total book value of $182.6 million. Of this amount, $13.4 million has been repaid to Fortress, the balance having been paid to prior ranking security holders or applied to the costs of running the receivership.

The receivers say further sales and settlements are pending, but realisation of the loan portfolio will be a complex and time-consuming process.