

Equitable Mortgages Limited (In Receivership) ("the Company") Company No: 907414

30516
18 February 2011

Introduction

The Company was placed in receivership on 29 November 2010 at the request of its directors. Subsequently Grant Robert Graham and Brendon James Gibson were appointed Joint and Several Receivers and Managers of the assets and undertakings of the Company on 17 December 2010 pursuant to a Trust Deed dated 5 May 1998. The appointment was in place of persons who had vacated office as receivers and managers.

Restrictions

This report has been prepared by us in accordance with and for the purposes of Section 23 of the Receiverships Act 1993. 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. In compiling this report we have relied on the accuracy of all relevant information provided by the Company. While all care and attention has been taken in compiling this report, we do not accept any liability whatsoever arising from this report.

All information contained in this report is for the confidential use of the parties to which it is provided, in accordance with Sections 26 and 27 of the Receiverships Act 1993 and is not to be disseminated or passed to any other person without prior written authority or in accordance with the law.

Commentary

- The Company was incorporated in May 1998 and traded as a finance company providing first ranking loans for commercial, industrial or residential property. The Company traded from premises in central Auckland and Christchurch.
- The Company advises that due to uncertainties about the future viability of the Company related to the expiry of the Crown's Retail Deposit Guarantee Scheme, Receivers were appointed pursuant to the Trust Deed dated 5 May 1998. Subsequently Grant Robert Graham and Brendon James Gibson were appointed Joint and Several Receivers and Managers of the assets and undertakings of the Company on 17 December 2010.
- At the date of receivership the Company had loans of \$188.4 million to be recovered. At this time it is not possible to estimate the level of recovery from these assets. The Company also had a significant amount of cash on hand.

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- The majority of the Company's investors invested in a product that is covered by the Crown's Retail Deposit Guarantee Scheme. Accordingly, immediately following appointment we contacted the Treasury to ascertain its requirements. The Receivers are in the process of verifying the debenture investment register and will provide this information to the Treasury. This will enable the Treasury to commence its payout process.
- The following security interests were registered on the Personal Property Securities Register as at the date of receivership:

Secured Party	Address	Collateral Type	Date Registered
Trustees Executors Ltd	10 Customhouse Quay, Wellington	All present and after acquired personal property	15 May 1998

- At this time we are yet to receive a claim from the Inland Revenue Department and are still ascertaining the amount owing to unsecured creditors.
- The amount owing on the date of receivership to secured debentureholders in whose interests the Receivers were appointed was \$192.3 million.
- At this time it is not possible to determine if there will be a return to unsecured creditors.



G R GRAHAM
Joint Receiver