

12 March 2010

RECEIVER'S REPORT TO DEBENTUREHOLDERS

Fairview New Zealand Limited (In Receivership) formerly called Cymbis New Zealand Limited F P Holdings Limited (In Receivership)

This update to investors is supplementary to receivership statutory reporting filed at the Companies Office and accessible at www.companies.govt.nz via the "search the companies register" facility. Copies of these reports are also filed on the receivership website www.deloitte.com/nz/fairviewnewzealand

Repayments to Debentureholders

We intend making an interim distribution to investors in several weeks time of approximately 35 cents in the dollar of principal invested. A further distribution may be made once loan insurance claim issues and the OPI investment have been finalised.

Assets

The receivership assets comprised an investment in OPI Pacific Finance Limited ("OPI") and two loans which were secured by an undeveloped block of land at Gulf Harbour and a forest block in Gisborne.

OPI Investment

OPI was placed into receivership in September last year and the previous moratorium has therefore been terminated. The receivers (PriceWaterhouseCoopers) have advised that they are assessing the Company and its remaining loans and assets. Investment repayments have been suspended pending realisation of assets but the receivers advise that there is likely to be a shortfall to secured debenture holders. No estimates have been provided regarding the amounts and timing of further repayments to secured debentureholders.

Forestry Loan

The security property had been untended and unpruned from planting. Pruning the forest at this stage was regarded as uneconomic. Because of a lack of appropriate silviculture the timber will be of an inferior grade suitable for framing or wood chip production. This lowered the value of the property for prospective purchasers. There were property access issues with limited access to some parts of the property for cutting / milling purposes. There was also a caveat on the title protecting rights to lease a portion of the land for phone equipment installations. There was no option other than to market the property with the title restrictions.

The property was marketed nationally and internationally in August and September last year and sold by tender in October. Over 60 enquiries were received from New Zealand and overseas and five tenders were received. Settlement of the sale of the property has been completed and resulted in full repayment of the loan principal. This realisation is considered to be a very good outcome resulting from a strong marketing and tender process.

Gulf Harbour Loan

The hotel development project previously planned for the site was not considered to be feasible in the current economic climate. We were advised that promotion of similar projects had determined that there was likely to be no current demand for the property from hotel developers or investors and negligible international interest. We evaluated the potential effects of unregistered land covenants and caveats registered on the property title to protect the covenants by the Gulf Harbour promoter. The main effects of the covenants were limitations on the volume of residential development, requirements to obtain development approval from the promoter and obligations to contribute to the costs of infrastructure development in the surrounding area. The caveats were on the title at the time the loan was arranged. Cymbis had therefore agreed to accept this security property with the title restrictions. It was considered that the covenants and caveats would probably not be extinguished upon the sale of the property but there was no option other than to market the property with the title restrictions. It appeared that the surrounding properties were all subject to various forms of similar restrictions.

Feedback from several firms of real estate agents identified the following factors affecting both demand and value:

- Depressed retail property market in Gulf Harbour and very little demand for larger investment blocks.
- An over-supply of land for sale in the area in control of lenders – at least three other ‘forced’ sales were underway in the same area.
- Existing resource consent of little or no value – additional time and cost required to amend consent.
- Lack of existing services and infrastructure – infrastructure contribution probably required.
- Restrictive covenants protected by caveats on the title.
- Until the existing property oversupply in the area is satisfied, development land will not be attractive to developers or lenders – limited number of potential purchasers with existing financial resources.

We sought comment from estate agents on the prospects for improvement in the market for this type of property. Overall they were of the view that there would probably be little increase in values over the following year and that it could take up to three years for some improvement depending upon economic conditions.

The property was marketed nationwide and internationally and sold by tender. Over 60 enquiries were made from prospective buyers resulting in seven offers. The highest offer was the only unconditional offer received. All the other offers were in a relatively narrow price band which was significantly lower than the successful offer and were all conditional. Settlement of the sale of the property was prolonged by difficulties in obtaining consent to the sale from the holder of the caveats which protected the unregistered land covenants referred to above. The title could not be transferred to complete settlement unless the caveats were removed or the requisite consent from the caveat holder obtained. Negotiations to obtain consent were affected by the bankruptcy of the caveat holder's sole director and the difficulties in obtaining a replacement signatory. A Court application to lapse the caveats was ultimately required in order to obtain removal of the caveats. Settlement of the sale has now been completed.

Insurance

Insurance policies covering losses on the two loans to maximum levels of approximately \$3 million and \$1.76 million respectively are held. The loan insurance policies cover losses of principal only. Sale of the forest block recovered principal in full. An insurance claim has been submitted for the insured loss of \$3.35m on the development block loan. The insurers have already advised that cover for this loan has been denied on the grounds that the property valuer did not hold professional indemnity insurance which was a requirement of the insurance policy. The valuer is in liquidation and the liquidators have confirmed the lack of professional indemnity cover despite the valuer's representation to the contrary in the valuation report. Our solicitors have challenged the insurers' denial of cover. This issue is to be resolved. The claim represents 48 cents in every dollar of investor funds.

Administration of your Debentures

The debentureholder register has been transferred to Computershare in order to provide investors with the facility to transfer investments out of nominee holdings and continue to manage their investments. Details regarding the effect of the transfer process and debenture investment management are provided in our New Debenture Registrar report which can be accessed at the receivership web-site referred to below.

Communication

The receivership website was established at the time of our appointment at www.deloitte.com/nz/fairviewnewzealand. We update this site with information of relevance to investors as this becomes available. The web-site also provides a facility to submit any general questions you may have concerning the receiverships.

This report has been distributed by addition to the receivership website, by mail or e-mail to those investors who have requested this form of communication, and to agencies that administer nominee holdings for forwarding to investors through client advisers. If you wish to receive future reports by mail, or directly to you by e-mail, please advise, confirming your current address to Deloitte, Private Bag 115033, Shortland Street, Auckland 1140 for the attention of Marc Sullin, or contact us by email to msullin@deloitte.co.nz

**for F P HOLDINGS LIMITED (In Receivership)
FAIRVIEW NEW ZEALAND LIMITED (In Receivership)**

Rod Pardington

**R G Pardington
Receiver**