

Capital + Merchant Finance Limited - Frequently Asked Questions



1. What has happened to Capital + Merchant Finance Limited and Capital + Merchant Investments Limited?

On 23 November 2007 Tim Downes and Richard Simpson of Grant Thornton, Chartered Accountants, were appointed Receivers of Capital + Merchant Finance Limited and Capital + Merchant Investments Limited by Fortress Credit Corporation (Australia) II Pty Limited (Fortress), who hold a first ranking security over the assets of these companies.

Grant Graham and Brendon Gibson of KordaMentha (“the Second Receivers”) were appointed Receivers over Capital + Merchant Finance Limited on Thursday 29 November 2007 by Perpetual Trust Limited, under its second ranking charge over that Company.

2. I am an investor with Capital + Merchant Finance Limited – what happens to my debentures?

There will be no debenture repayments made to public investors until further notice, however the Second Receivers will provide investors with information as to what returns they may expect as soon as they are in a position to do so.

3. There is interest due on my investment – what about that?

Similar to principal repayments, no interest payments will be made to debenture holders, until further notice.

4. What will the receivers do now?

The process is underway to secure and realise the assets of Capital + Merchant Finance Limited and Capital + Merchant Investments Limited and their respective current financial positions are being ascertained. As Receivers, Grant Thornton will compile and send a report to all investors detailing their findings. At that point, we hope to be in a better position to accurately advise investors regarding their potential returns.

5. How much money does Capital + Merchant Finance Limited owe its investors?

We have been advised that there are approximately 7,000 debenture holders who hold investments in Capital + Merchant Finance Limited. As at 31 October 2007, management accounts show that investors were owed \$172 million from Capital + Merchant Finance Limited.

6. When should I expect to receive returns due to me on my debentures?

When any payouts will be made is difficult to determine at this stage as this depends on a number of factors, particularly how Capital + Merchant Finance Limited assets (being primarily the value of their loan books) are realised. As soon as the Second Receivers have a better indication of what the likely timeframes are surrounding payouts to investors, they will advise investors of this.

7. I had monies paid into my account, which were subsequently reversed. What should I do?

In the first instance, we recommend you contact your bank in this regard. Thereafter, please contact KordaMentha at cmf@kordamentha.com.

8. Who should I notify of changes to my personal details as my address has changed?

Please send any changes to your personal details to the Second Receivers at their email address below or by writing to the address below.

9. How will I receive updates regarding the receivership?

Each investor will receive written reports regarding the receivership, in due course, via the mail. Electronic updates as well as any other information released will be posted on our website at: www.grantthornton.co.nz/capitalmerchantfinance.

10. What if my investment was due to be repaid before the receivership commenced on 23 November 2007?

Capital + Merchant Finance Limited was unable to meet its financial commitments to all of its investors immediately before the date of the receivership. Thus, you may not have received the payout for your investment when it was due to you.

11. I am an investor and I want to contact the receivers – how do I do this?

The Receivers appointed by Fortress for Capital + Merchant Finance Limited and Capital + Merchant Investments Limited are as follows:

Receivers: Mr Tim Downes and Mr Richard Simpson
Grant Thornton New Zealand
PO Box 1961
Auckland
Phone: 09 308 2970
Email: capitalmerchantfinance@gtak.co.nz

The Second Receivers appointed by Perpetual Trust on behalf of all debenture holders of Capital + Merchant Finance are:

Receivers: Mr Grant Graham and Mr Brendon Gibson
KordaMentha
PO Box 982
Auckland 1140
Phone: 09 307 7865
Email: cmf@kordamentha.com