31 March 2016

Dear SCF Investors

<u>Investigation update</u>

On April 13 and 14, Chris Gudsell QC and our committee member Michael Connor will meet in Sydney with the Australian firm that has agreed to analyse our case for compensation.

A vast and lengthy process of providing data has now been completed, with much of the data collated by Michael Connor, who has spent some weeks on this process. I thank him; his contribution has been substantial and, to date, unpaid.

Gudsell and Connor will meet with the Australian analysts, answering questions and helping the analysts to reach an opinion on the validity of our claim and, if valid, its potential quantum.

They will respond in writing after the visit.

If our case is verified by the Australian analysts, Gudsell, David Nielsen (lawyer), Connor and myself will as soon as practical then visit a litigation funder.

If we are to proceed to the courts, the litigation funder will need to verify our claim and agree to take over all future funding.

I expect all of this process to be completed in the next two months.

At that point, I will visit Invercargill, Dunedin, Timaru, Christchurch, Wellington, Kapiti and Auckland and will hold meetings to update all those who have contributed to this case.

If we are to proceed, I will outline a timeline and discuss the case, without divulging details that would need to be kept from the potential defendants.

If we are not to proceed, I will, with heavy heart, explain why.

What I can promise is that we have made every conceivable effort to get these issues examined, and have established beyond doubt that investors were the victims of illegal behaviour, which undoubtedly contributed to our losses.

I can also promise that the SCF Litigation Committee has worked without any charge other than direct disbursements for meetings.

I look forward to learning the Australians' verdict, to putting their views to litigation funders and to reporting the outcome to you.

I again thank all those who have shared the costs of this investigation.

Regards
Chris Lee