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## MEDIA RELEASE

# First distribution for SESI depositors

KordaMentha today announced a first distribution of 10 cents in the dollar to South Eastern Secured Investments Limited (SESI) debenture holders, less than one month after the appointment of Receivers and Managers to the Gippsland-based rural finance company.

Craig Shepard and Mark Korda of KordaMentha were appointed Receivers and Managers of SESI on 11 February 2009. About 3000 debenture holders, mostly locals, were owed \$178 million. All deposits were frozen immediately upon their appointment.

“This interim distribution is the first of many distributions we hope to make over the coming year” said Mr Shepard. “Whilst at this stage the eventual return to debenture holders is still unclear, the information available to us suggests that debenture holders should expect to receive a substantial return of their principal over time”

Mr Shepard said he believed the majority of the company’s assets could be sold or collected over the coming 12 to 18 months and discussions are currently underway with several financial institutions interested in acquiring or refinancing parts of the company’s \$148 million loan portfolio. “We hope to conclude these discussions soon and aim to make further distributions over the coming months” Mr Shepard said.

“Our role is to continue realising the company’s assets and to make distributions to the debenture holders as soon as the company’s cash flow will permit” said Mr Shepard. “This distribution of \$18.0 million to over 5,500 accounts represents a significant first step in the return of funds to investors. We are very pleased with the progress we’ve made in the receivership which we attribute, in part, to the support of the company’s dedicated customers and staff”.

SESI’s head office is in Korumburra. It has two offices and eight staff. A second office is located in Leongatha and SESI has agencies in Sale, Wonthaggi, Cowes and Yarram. Directors asked the Trustees of the company’s debenture trust deed to appoint Receivers and Managers to protect the interests of debenture holders after the company was affected by a default from a major debtor, looming write-downs on \$17 million of collateralised debt obligations (CDOs) and the Federal Government’s decision to exclude companies like SESI from, the bank deposit guarantee scheme.

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