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It has been a while since Citywide's last newsletter. I can proudly say Citywide has been simply getting on with the job in hand.

The Market and Strategy

Over the past 12 months and more specifically 6 months the market has tightened considerably. I believe the government's moves towards lifting the OCR rates are a big call, when just about everyone I talk to is continuing to struggle.

Citywide at this stage has no concerns about any current loans advanced and continues to carefully monitor all advances. We are receiving a lot more applications for funding because so many finance companies have fallen by the wayside.

From the applications being received I can confirm Citywide is only proceeding with about one new loan advance every two months. Once you work through the proposals, there is a consistent theme being a lack of backbone or thought that has gone into exit strategies. In conclusion the market and requirements have changed but the borrowers are struggling with adapting to making change.

Our strategy as a company remains staunchly the same being;

Citywide will not sacrifice long term returns for any short term advantage. Citywide will continue to;

1. Remain and operate as a pure finance company. It remains steadfast and independent. It is not a developer.
2. Remain a small sized specialist finance company only lending between 6-12 loans each year.
3. Protect investor and shareholders funds of Citywide recognizing the long term strategy to date. We forego short term profits in order to have long term gains. The goodwill inherent in the setting up of this company needs to be preserved for the future benefit of present shareholders.

Moving Forward

During the change over process Citywide has managed to cut its daily cost significantly

Its day to day operation involve Tony and Sharon (accountant). All other people are contracted on a fixed cost basis or on a when needed requirement.

When Citywide repaid its debenture stock its funding pool was reduced by approximately 66%

As it sits today Citywide current funding pools makes a small profit after cost. Citywide now needs to rebuild its working capital base, so we are now actively seeking more investment deposits.

I am reading a great book at the moment called Every Bastard says No. It's about the 42 below vodka company. For those of you who don't know – it is a New Zealand company, a husband and wife who had very little to start with, who committed themselves to a dream and worked extremely hard and ended up selling it to Bacardi for \$130m

One passage in this book really rung a bell with me given these tough times. Summed up it says;

Bugger those who say no – simply work with those who say yes

So to all of you who continue to support Citywide, I whole heartily say thank you.

With the likes of South Canterbury Finance, Strategic and Hanover Finance all being basically wiped out, it leaves a huge cap. How else are the developers going to fund non bank property developments, or some cases how are the banks going to lend monies to those whom almost but don't meet their criteria.

In my view there remains a place for companies like Citywide whom are well run and the directors value there name to be more important than personal financial gain.

Other Matters

Recently moved offices

In my recent e-mails I advise you of our new contact details – For those of you whom may have misplaced this correspondence I enclose our details again;

Address - 48 Tawa Road Kumeu.
Phone - 09-4125481
Fax - 09-4125483
Tony Mobile - 021-636-256
E-Mail - refer letter head

Katherine Departed

Some of you who have been in touch recently will be aware Katherine has moved on. She was offered a full time position in a private hospital running the accounts division. I have since had a coffee with Katherine to see how everything is going. Whilst she now does what feels like 80 hours a week she loves it.

Replacing Katherine is Sharon Walton.

Sharon is fully qualified accountant. Prior to coming to us she was employed by a property developer. She and her husband have two younger children and she lives near to the CCL offices. In the first instance any general accounting enquiry should be directed to Sharon. She works Monday, Tuesday and Thursday's.

One on One Visit

With the 31 March audit now completed, it is my intention to visit those of you who wish to see me during September – I think it very important that you are able to ask me questions you have on a personal level, therefore I will be contacting you within the next two weeks to make an appointment.

I look forward to speaking with you and perhaps visiting you soon

Kind Regards



Tony Phillips
Citywide Capital Limited