

27 November 2008



Perpetual Trust

Dear Investor

RESTRUCTURING PROPOSALS

We are the Trustee for Dorchester Finance Limited Debenture Stock.

As you have funds invested in Dorchester Finance, we are writing to outline the proposal received from the directors of the company and what steps you now need to take.

What is our role as the Trustee?

One of our principal roles as Trustee is to decide if there has been a breach of the Trust Deed or of the terms of the prospectus.

If there has been such a breach, then we are required to do as much as possible in the circumstances to cause the breach to be remedied. Our overriding role is to best protect your interests in the circumstances.

Dorchester Finance Limited breached their Trust Deed when they suspended payments of principal and interest in June.

We have been working to remedy this (which has been to allow the company, their directors and management to form a proposal to repay the amounts owed to you). We are now in a position to communicate to you about the proposal.

The proposal

The proposal is that the company be allowed to proceed to repay investors such funds as can be realised over the period to December 2011. To achieve this, investors will be asked to approve changes to the Trust Deed to enable the company to continue operating within strict guidelines – to work towards repaying investors' principal, and to pay a portion of increase in shareholders' funds to Debenture Stock holders on a pro rata basis.

Under the terms of the proposal there will be a number of new rules which are additional protections for your interests as an investor.

Dorchester Finance Limited has sought external advice from PricewaterhouseCoopers (PwC).

PwC have concluded in their letter that:

- The financial aspects of the Deferred Repayment Plan illustrates that Debenture Stockholders have a prospect of recovering all or a significant part of their principal entitlements, subject to the market conditions which are commented on in their letter.
- The Deferred Repayment Plan is based on assumptions as to recoveries which in current volatile economic conditions are difficult to assess. There is significant uncertainty as to valuations and realisation timeframes and the market will ultimately determine returns on key assets in either the Deferred Repayment Plan Proposal or under alternative scenarios.
- On balance the Deferred Repayment Plan Proposal has merit and, for reasons stated in the PwC letter, the Deferred Repayment Plan should be put to Debenture Stockholders.

On that basis, and on the professional and legal advice that we received, we are satisfied that the proposal can be put in front of investors for them to consider and vote on. We are satisfied that the documentation package prepared by the company gives investors sufficient information to help them make an informed decision.

Perpetual Trust Limited

A member of  Pyne Gould Corporation

If a proposal is accepted by 75% of investors, the company will be allowed to proceed towards repaying investors.

What do you have to do?

You need to vote on the proposal if it is to proceed.

The attached documents are complex and you may need assistance to fully understand them. Your vote is important. We recommend you:

- **Read** the attached documents and/or **seek advice** from your usual financial adviser, and
- **Attend** the meeting on 17 December 2008 or, if you are unable to attend, **complete** the proxy form.

We do not offer a specific view for each investor, as that is a matter for each investor depending on their individual circumstances.

The company will also be making presentations to investors and they will contact you separately about these. These road shows are designed to help you understand the company's proposal and are not a substitute for the meeting at which investors will vote.

If you require any further information, please contact us on 0800 737 738.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Matthew Lancaster', written in a cursive style.

Matthew Lancaster
Head of Corporate Trust