

## **MEDIA RELEASE**

**29 April, 2010 – for immediate use**

### **Perpetual Trust puts St Laurence into receivership**

Perpetual Trust today appointed Messrs Barry Jordan and David Vance of Deloitte as receivers of St Laurence to protect the interests of 9,000 investors who are owed \$245 million.

Investors voted in December 2008 for a moratorium which gave the company until 2013 to pay back much of the monies owed to investors. The balance owed to investors might not have been paid until 2021 in some cases, and 2034 in others. To date St Laurence has paid \$30 million to investors but recently the company has indicated that it would soon become insolvent.

“The insolvency of St Laurence creates an Event of Review of the Trust Deed between the company and investors. Perpetual Trust, as the trustee, has been considering the options. In our view, the appointment of a receiver answering to the trustee and investors will provide more certainty than any other proposal,” said Matthew Lancaster, Head of Corporate Trust for Perpetual Trust.

“In appointing receivers today we are ensuring that a person independent of the current management and directors will oversee the orderly realisation of assets on behalf of investors. We are also ensuring that the personal guarantees provided by the Corporate Guarantors and Mr Podmore remain in place rather than being released as they would have been under St Laurence’s proposal. This may provide some additional protection for investors, and we feel that the Guarantors owe it to investors to permit their ability to honour the guarantees they gave them to be tested in the normal way.

“Importantly, we have ensured that the management companies which have management contracts for the National Property Trust and Irongate Property Limited have been kept out of receivership. This will avoid any adverse effect on the continued operation of those contracts.

“The letter to investors that St Laurence released yesterday was without the required authorisation of the trustee. We had expressly stated in a conversation with the managing director Mr Podmore that it should not be sent. There were a number of reasons for this, principally that the information contained in it was selective, and potentially misleading as a result.

“Under the debt for equity swap which relocated investors into a new company the existing management would have remained in place, and in that and other respects St Laurence’s proposal provided no certainty that the very disappointing performance of the company in the recent past would improve. The new company would still need to borrow in order to trade which would further dilute value for existing investors. After all, St Laurence is insolvent. The proposed debt to equity swap in itself does not solve this; it is simply a device to give management another chance, and to do so free from trustee supervision.

"In addition, there is no certainty that there would be a market for the shares that would be issued to investors – there is just further uncertainty around whether, or when, investors might receive further payments.

"None of these aspects of the proposal were satisfactory to us.

"It is important to explain that the company has not been fully open with the trustee in the manner in which they have acted. In addition to sending an investor update letter with the company's own proposals that was not approved by the Trustee, they have also not been able to provide the Trustee with the McGrath Nicol report they commissioned, nor of any report from Grant Samuel despite referring publicly to each yesterday, and also they have not provided proper up to date information on the present value of the assets of the guarantors.

"This is a very clear case where the interests of stockholders will be served by removing the current directors and management from the process of recovering monies for investors," said Mr Lancaster.

The receivers have taken control of the company and its assets today, and will begin preparing a report for investors and the Trustee which is expected within six to eight weeks.

**For further information for investors:**

Investor Line: 0800 785 287 (0800 ST LAUR)

Investor information: [www.deloitte.com/nz/stlaurenceltd](http://www.deloitte.com/nz/stlaurenceltd)

**For further media inquiries please contact:**

Matthew Lancaster

Head of Corporate Trust

Perpetual Trust Limited

DDI 09 366 3297

Mob 027 230 9876

Email [matthew.lancaster@perpetual.co.nz](mailto:matthew.lancaster@perpetual.co.nz)