

23 September 2011

Dear Investor

St Laurence Limited (In Receivership): Investor Update

Introduction

In this third update on our progress to realise St Laurence's assets, we provide:

- a) An update on the assets we have realised since January;
- b) Details of the second distribution we will be making to you in the week of 26 September 2011;
- c) Our updated assessment of the remaining assets that we expect to realise;
- d) Information about how to get information on your individual records and on the conduct of the receivership.

Assets realised to date

St Laurence had three groups of core assets.

- **National Property Trust ("NPT")** – Subsidiaries within the St Laurence Group owned approximately 30 million units in NPT and a management contract that provided the right to manage NPT and earn fees. As previously advised, a proposal to internalise the management contract and re-purchase the units was approved by the NPT unit holders in November 2010 (with over 99% approval). This resulted in a total payment of \$18.5 million to St Laurence. The payment was split into 3 separate tranches with the first tranche being received in January 2011. The balance of the proceeds are due in October 2011 and April 2012.
- **Irongate Property Limited ("IPL")** – St Laurence owns 34% of the shares in IPL (a listed company) as well as the management contract. In May 2011 the directors of IPL advised the Trustee that IPL was unable to meet a targeted repayment to its own secured bondholders. The directors then invited the appointment of receivers. At this stage it looks unlikely that all of the bondholders interest and principal will be repaid within the receivership so we are not forecasting any realisation from St Laurence's 34% equity shareholding in IPL.
- **Loan book** – St Laurence's loan book comprised 14 loans, all but one of which was in default at the time of our appointment. All but four of these loans have been finalised (i.e. either fully repaid or all recovery action exhausted). The largest loan in

the portfolio involves a glass/metal recycling operation in NSW where we are working closely with the borrower to sell down assets and finalise either a refinancing of St Laurence's first ranking loans or to arrange a sale of the remaining business. As has been reported in the media, wherever possible when we have had a shortfall, we have, depending on the circumstances, taken a variety of actions (from auctions on residential properties to summary judgement proceedings and pursuing guarantors through to bankruptcy).

Second distribution

From the further realisation of the loan book, we will make a second distribution of 3 cents in the dollar to secured investors. This is another part repayment of principal and does not include any interest. As already advised, we do not expect there will be any funds available for the repayment of interest or capital note holders.

We will make this next distribution during the week beginning 26 September 2011. Computershare (St Laurence's registry agents) will be managing this payment for the receivers. If your bank or contact details have changed since January 2011 and you have not already updated them, please send a written request to Computershare at Private Bag 92119, Victoria Street West, Auckland.

Further distributions

We still expect the total distribution to be within the range of 15 cents to 22 cents but as already advised, it will almost certainly be at the lower end of this range. The key asset that will potentially impact on the size of the final distribution is the limited guarantee.

The \$20 million limited guarantee provided by Mr Podmore / Auguste Albany Limited / Auguste Finance Limited and Neuhaus Stonefields Limited to secured debenture holders of St Laurence Limited at the time of the moratorium was called in late July 2011. Under the terms of the moratorium, the guarantee was only payable if there was a shortfall to secured investors 15 months after the date of receivership. This was the case so the guarantee was triggered and Perpetual Trust took enforcement action to enforce the guarantee as soon as was possible.

Mr Podmore and the directors of these three guarantor companies have three months to pay the guarantee or put an acceptable proposal to Perpetual Trust. This proposal is awaited. The current statements of financial position of the guarantors indicate it is unlikely that the full \$20 million will be realised. If an acceptable repayment proposal is not received Perpetual Trust have the ability to initiate bankruptcy and liquidation proceedings.

Given the inherent uncertainty of the value of these guarantees we have not, at this stage at least, factored them into our realisation estimate in the above paragraph.

Next steps and future communications

We anticipate that our next update letter to you will be in February 2012. This letter will provide an update as to the progress with the guarantee and remaining loan collections as well as anticipated completion date for the receivership. We will also set out the timing of the next and final proposed distribution.

At the time of our appointment we established a receivership website www.deloitte.co.nz (key word "St Laurence") where we continue to post communications and other matters of relevance to investors. A list of frequently asked questions is posted to the website.

You can use this website as a convenient means of asking questions related to the St Laurence receivership (by emailing stlaurence@deloitte.co.nz) but if you prefer, you can call the investor information phone number on 0800 ST LAUR (0800 785 287) and we will be happy to answer any questions you may have or post out information that is on the website if you do not have access to the internet.

Qualifications and important notice

This report is confidential to the Trustee, debenture stock and capital note holders. It is not to be reproduced or used for any other purpose without our prior written consent in each case. We do not accept any liability whatsoever to any party from any use of, or reliance on, this report.

Any realisation estimates, time taken to complete realisations and related costs are all subject to uncertainty at the time that the estimates were prepared. We express no opinion on the likelihood of any estimates being achieved. Actual results are likely to be different from estimates and the variations could be material since anticipated events frequently do not occur as expected. In accordance with standard practice neither Deloitte, the Receivers, nor any member or employee or contractor of Deloitte, undertakes responsibility arising in any way whatsoever to any person in respect of realisation estimates, the related commentary on options available to the receivership, or any other report content including any errors or omissions herein arising through negligence or otherwise however caused.

If you have any questions about any of the above that you would like addressed, please contact us by post, using the email address stlaurence@deloitte.co.nz or call us on 0800 ST LAUR (0800 785 287).

Yours faithfully

ST LAURENCE LIMITED (IN RECEIVERSHIP)



Barry Jordan
Receiver and Manager



David Vance
Receiver and Manager