

Company Number

St Laurence Limited (In Receivership)	969149
SL Five Star Hotel Investments Limited (In Receivership)	2187857
St Laurence Lending Limited (In Receivership)	1358202
St Laurence Realty Limited (In Receivership)	1055529
St Laurence No 2 Limited (In Receivership)	2212204
St Laurence No 3 Limited (In Receivership)	2212206

Report by Receivers
Pursuant to Section 24
Of the Receiverships Act 1993

As at 28 October 2010

20 December 2010

Registrar of Companies
Companies Office
Private Bag 92 061
Auckland Mail Centre
Auckland

Dear Sir

Ref: 166158

St Laurence Limited (In Receivership) ("SLL")
SL Five Star Hotel Investments Limited (In Receivership) ("SL Five Star")
St Laurence Lending Limited (In Receivership) ("St Laurence Lending")
St Laurence Realty Limited (In Receivership) ("St Laurence Realty")
St Laurence No. 2 Limited (In Receivership) ("SL No. 2")
St Laurence No. 3 Limited (In Receivership) ("SL No. 3")
Direct Property Investments Limited ("DPI")

Attached is our second report on the state of affairs of these six St Laurence companies pursuant to Section 24 of the Receiverships Act 1993 as at 28 October 2010. A copy of this report has been provided to Perpetual Trust Limited, the trustee. The secured debenture holders have also recently been provided with a separate update report.

Yours faithfully

St Laurence Limited (In Receivership) ("SLL")
SL Five Star Hotel Investments Limited (In Receivership) ("SL Five Star")
St Laurence Lending Limited (In Receivership) ("St Laurence Lending")
St Laurence Realty Limited (In Receivership) ("St Laurence Realty")
St Laurence No. 2 Limited (In Receivership) ("SL No. 2")
St Laurence No. 3 Limited (In Receivership) ("SL No. 3")



Barry Jordan
Receiver and Manager



David Vance
Receiver and Manager

Encl

St Laurence Limited (In Receivership)
SL Five Star Hotel Investments Limited (In Receivership)
St Laurence Lending Limited (In Receivership)
St Laurence Realty Limited (In Receivership)
St Laurence No 2 Limited (In Receivership)
St Laurence No 3 Limited (In Receivership)

Report by Receivers Pursuant to Section 24 of The Receiverships Act 1993

As at 28 October 2010

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1. Introduction

Barry Jordan and David Vance of Deloitte were appointed Receivers and Managers of all assets of certain companies within the charging group of St Laurence Limited (“SLL” or “St Laurence”) on 29 April 2010. The appointment was made by Perpetual Trust Limited (“the Trustee” or “Perpetual”) pursuant to a Trust Deed dated 15 October 1999. The appointment was made under the powers contained in the Trust Deed.

The appointment covered seven companies (collectively referred to in this report as “the St Laurence Group”).

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|--------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> ▪ St Laurence Limited (“SLL” or “St Laurence”) | <p>The parent company in the group and the company that offered secured debenture stock to investors.</p> |
| <ul style="list-style-type: none"> ▪ Direct Property Investments Limited (“DPI”) | <p>A parent company of a number of subsidiary special purpose investment companies. DPI does not have any beneficial ownership in the subsidiary companies. During the six month period the receivers sold the shares of Direct Property Investments Limited. This company is no longer part of the charging group and we have retired as receivers of this company.</p> |
| <ul style="list-style-type: none"> ▪ SL Five Star Hotel Investments Limited (“SL Five Star”) | <p>A 50% ownership interest in the Hilton Hotel, Auckland and a 50% share in the operating company managing the hotel.</p> |
| <ul style="list-style-type: none"> ▪ St Laurence Lending Limited (“St Laurence Lending”) | <p>The company responsible for the management of the loan portfolio.</p> |
| <ul style="list-style-type: none"> ▪ St Laurence Realty Limited (“St Laurence Realty”) | <p>Non trading (holds a real estate agent licence).</p> |
| <ul style="list-style-type: none"> ▪ St Laurence No. 2 Limited (“SL No. 2”) | <p>Non trading</p> |
| <ul style="list-style-type: none"> ▪ St Laurence No. 3 Limited (“SL No. 3”) | <p>Non trading</p> |

This report covers the first six month period of the receivership and provides information on the conduct of the receivership. Secured investors and Capital Note holders have received a separate update from Perpetual and us detailing information on the first distribution in January 2011 and estimates of future distributions.

2. State of Affairs

The assets of the St Laurence Group at the date of receivership comprised:

- (a) A loan book with a face value of \$74.7 million before provisions made by the company prior to appointment of receivers. All but one of these loans was in default at the date of receivership and some enforcement action had been taken. The receivers have continued and intensified this enforcement and recovery action;
- (b) Various management contracts including National Property Trust, Irongate Property Limited and various Direct Property Investment syndicates;
- (c) Approximately 30 million units in National Property Trust (via a subsidiary company);
- (d) Investments in associated companies including a 34% shareholding in Irongate Property Limited;
- (e) Limited guarantees provided by Kevin Podmore, Auguste, Neuhaus Stonefields Limited and Auguste Albany Limited.

St Laurence Limited was owed certain receivables that the receivers collected. The St Laurence Group companies in receivership do not hold significant levels of fixed assets. These continue to be realised in the course of the receivership.

3. Receivership Details

3.1 Property disposed of since date of last report & ongoing property disposals

St Laurence has three groups of core assets.

- **National Property Trust (“NPT”)** – Subsidiaries within the St Laurence Group own approximately 30 million units in NPT and they also own the management contract that provides the right to manage NPT and earn fees. After examining the market for potential buyers, a decision was made in conjunction with the NPT board and unit holders to internalise the management contract and allow the Trust to repurchase St Laurence’s units. The details of this proposal were approved by the NPT unit holders in November (over 99% approval) and will result in the total payment of \$18.8 million to St Laurence (the majority of which is due to be received in late December after the date of this report. The balance of the proceeds are due principally in March 2011 and two minor amounts over the following 12 months. There are still residual handover matters to complete but we expect this to be substantially completed by the end of March 2011.
- **Irongate Property Limited (“IPL”)** – St Laurence owns 34% of the shares in IPL (a listed company) as well as the management contract. Given the well publicised issues with IPL and its own challenges, we have been exploring many options with potential purchasers of the shares and/or management contract. The proposals have been advanced but as yet none have been finalised.
- **Loan book** – St Laurence’s loan book comprised 14 loans, all but one of which was in default at the time of our appointment. We have had a mixture of success realising the loans with some achieving better results than we anticipated and others encountering further problems. The largest loan in the portfolio involves a glass/metal recycling operation in NSW. We have had to work closely with the borrower, potential purchasers and local environmental agencies to ensure any environmental issues are resolved before sales are finalised. In terms of the New Zealand loans, we have taken a variety of actions (from auctions on residential properties to summary judgment proceedings pursuing guarantors) depending on the circumstances.

3.2 Amount outstanding to Appointer

At the date of receivership St Laurence had 9,431 secured debenture holders owed \$212 million (plus interest). All debenture stock is secured under a Trust Deed between St Laurence and Perpetual Trust Limited dated 15 October 1999 as amended on 8 December 2008.

Class A & B Secured Debenture Stock ranked equally at the date of receivership. As a result the receivers went through a process of combining Class A & B Secured Debenture Stock to simplify ongoing reporting and proposed distributions.

The following is an update position of the total Secured Debenture Stock (including Interest) as at 28 October 2010:

	Principal Balance \$000's	Accrued Interest \$000's	Total \$000's
Total Secured Debenture Stock	<u>211,957</u>	<u>27,139</u>	<u>239,096</u>

Note: Australian dollar debenture stock has been converted to NZ dollar equivalent as at 28 October 2010.

3.3 Amount outstanding to other Secured Creditors

Apart from the secured debenture stock noted above in 2.2, there are no outstanding amounts owed to other secured creditors in the St Laurence Group.

3.4 Amounts owing to Preferential Creditors

There are no outstanding amounts owed to any preferential creditors in the St Laurence Group.

3.5 Amounts likely to be available to Secured and Other Creditors

We reported in our first report, based on our estimate realisations that we expected the distribution to the St Laurence secured debenture holders to be between 15 cents and 22 cents in the dollar of principal outstanding.

The first distribution of approximately 9 cents in the dollar is scheduled to occur in late January 2011.

Given that there is unlikely to be a full payment of secured principal, no distribution of accrued interest is expected. Similarly, we do not consider there will be any amounts available for unsecured creditors including the Capital Note holders.

4. Receipts & Payments

St Laurence Group (In Receivership)

Receipts and Payments 29 April 2010 to 28 October 2010

RECEIPTS

Sale of Shares in Subsidiaries	1,120
Realisations from Subsidiaries	399,250
Pre-Appointment Bank Accounts	822,988
Other Income - Registry Requests	810
Loan Book Realisations	2,644,767
GST Net	27,594
Bank Interest	15,676
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Total Receipts **3,912,205**

PAYMENTS

Trustees Fees	136,740
Trustees Expenses	62,208
Registry Migration Costs	14,000
Receivers Fees	784,547
Receivers Disbursements	62,689
Other Loan Book Expenses	72,343
Legal Costs - (SLL - General)	141,546
Legal Costs - (Loan Book)	96,751
Computer/IT Support	2,109
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Total Payments **1,372,933**

Available Funds as at 28 October 2010 **2,539,272**

5. Receivers Contact Details

The receivers can be contacted at the address below. Enquiries from investors should be directed to Logan Nicholls via a dedicated phone number 0800 ST LAUR (0800 785 287) or email address stlaurence@deloitte.co.nz.

All other creditor enquiries should be directed to Colin Owens (+64 4 470 3779).

Contact:	St Laurence Limited (In Receivership)	
	Deloitte House	
	10 Brandon Street	
	P O Box 1990	
	Wellington 6140	
	Barry Jordan	David Vance
	Receiver & Manager	Receiver & Manager

6. Important Notice

The information required to complete this report was provided by the directors and employees of SLL and the other six companies in receivership or obtained from company records. Values are based on book values from the financial statements and accounting records prepared by company personnel.

We have relied on the information provided by the directors and employees of St Laurence and on company records in preparing this report.

We take no responsibility for any incorrect information contained in this report that has been supplied by the company, its officers or other persons. This is a report prepared by the receivers in terms of Section 23 of the Receiverships Act 1993. This report 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 projections, time taken to complete realisations and related costs were all subject to uncertainty at the time that these projections were prepared. We express no opinion on the likelihood of any projections being achieved. Financial projections are based on assumptions and estimates of future events which cannot be estimated with any certainty. Actual results are likely to be different from projections 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 of Deloitte, undertakes responsibility arising in any way whatsoever to any person in respect of realisation projections, the related commentary on options available to the receivership, any estimate of outcome for creditors, or any other report content including any errors or omissions herein arising through negligence or otherwise however caused.