

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 April 2011

St Laurence Limited (In Receivership)
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Report by Receivers Pursuant to Section 24 of The Receiverships Act 1993

As at 28 April 2011

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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 second six month period of the receivership and provides information on the conduct of the receivership. Secured investors and Capital Note holders will be receiving a separate update from us detailing information on estimates of future distributions in July 2011.

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 owned approximately 30 million units in NPT and they also owned 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. Settlement of this NPT transaction and the sale of the units were completed in December 2010 and March 2011 with two minor amounts remaining due over the next 12 months.
- **Irongate Property Limited (“IPL”)** – St Laurence owns 34% of the shares in IPL (a listed company) as well as the management contract. The receivers explored many options with potential purchasers of the shares and/or management contract. The proposals had been well advanced but in the end no sale was able to be completed. Subsequent to the date covered by this report IPL and eleven of its subsidiaries were placed into receivership on 3 May 2011.
- **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 were resolved before sales are finalised. There have been developing issues over the last six months in regards to this loan, which has lead to a downgrade in the total overall realisations particularly for the residual business. 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 to realise these loans. This process is almost complete.

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 reduce the cost of proposed distributions.

The following is an update position of the total Secured Debenture Stock (including Interest) as at 28 April 2011:

	Principal Balance \$000's	Accrued Interest \$000's	Total \$000's
Total Secured Debenture Stock	<u>193,489</u>	<u>31,238</u>	<u>224,727</u>
<p>Note: The principal balance has been reduced to reflect the 9 cents in the dollar distribution (principal) made in Jan 2011. Australian dollar debenture stock has been converted to NZ dollar equivalent as at 28 April 2011.</p>			

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

As reported in our previous reports, the expected distribution to the St Laurence secured debenture holders was initially expected to be between 15 cents and 22 cents in the dollar of principal outstanding.

Based on the realisations to date and ongoing estimated realisations it is now forecasted that the total distribution to secured debenture holders will be at the lower end of this range. It should be noted that this assessment does not factor in any recovery from the limited guarantee from Mr Podmore and other guarantors.

This guarantee will be called in late July 2011 when it becomes payable. Due the level of realisation if any it is very much still uncertain at this stage so it has been excluded from our forecasts to date.

The first distribution of 9 cents in dollar was made to secured debenture holders in January 2011. Subject to ongoing realisations we are working towards making a 2nd distribution in August 2011 with a final distribution to be made in 2012 once all the final aspects of the receivership are resolved. The level of these distributions will be communicated to the secured debenture holders in July 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 October 2010 to 28 April 2011

	\$
Balance Brought Forward (28 October 2010)	2,539,273
<u>RECEIPTS</u>	
Realisations from Subsidiaries	18,506,774
Loan Book Realisations	4,515,473
Bank Interest	58,322
Distribution Received - DPI No.6	24,625
Distribution Received - SLFM	749,625
Total Receipts	23,854,819
<u>PAYMENTS</u>	
Distribution to Secured Debenture Holders	19,106,040
Trustees Fees	20,615
Trustees Expenses	26,475
Registry Migration Costs	94,490
Receivers Fees	409,359
Receivers Disbursements	12,451
Other Loan Book Expenses	24,830
Legal Costs	193,959
Professional Fees	29,901
Bank Fees	125
GST Nett	12,550
Total Payments	19,930,795
Available Funds as at 28 April 2011	<u>\$6,463,297</u>

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 24 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.

