

ST LAURENCE PROPERTY DEVELOPMENT FUND LIMITED



INVESTMENT STATEMENT
24 April 2006

13.5% CASH RETURN*

*see pages 5 and 21 for further details of the return



IMPORTANT INFORMATION

(The information in this section is required under the Securities Act 1978)

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

CHOOSING AN INVESTMENT

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

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In addition to the information in this document, important information can be found in the current registered prospectus for the investment. You are entitled to a copy of that prospectus on request.

CHOOSING AN INVESTMENT ADVISER

You have the right to request from any investment adviser a written disclosure statement stating his or her experience and qualifications to give advice. That document will tell you:

- whether the adviser gives advice only about particular types of investments; and
- whether the advice is limited to the investments offered by one or more particular financial organisations; and
- whether the adviser will receive a commission or other benefit from advising you.

You are strongly encouraged to request that statement. An investment adviser commits an offence if he or she does not provide you with a written disclosure statement within five working days of your request. You must make the request at the time the advice is given or within one month of receiving the advice.

In addition:

- if an investment adviser has any conviction for dishonesty or has been adjudged bankrupt, he or she must tell you this in writing; and
- if an investment adviser receives any money or assets on your behalf, he or she must tell you in writing the methods employed for this purpose.

Tell the adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes.

This Investment Statement is prepared, for the purposes of the Securities Act 1978, as at 24 April 2006. On pages 32 to 33 there is a glossary of terms which are used in this Investment Statement.



CHAIRMAN'S LETTER

KEVIN PODMORE
CHAIRMAN

Dear Investor

It gives me great pleasure to present this opportunity to invest in the St Laurence Property Development Fund Limited (the **Company**).

Over the last 12 years the St Laurence group has been offering innovative investment opportunities including debenture stock, property bonds, managed funds and syndicated property investments. From humble beginnings St Laurence has grown to a staff of over 70, with offices in Wellington, Auckland, Christchurch and Sydney. We have achieved significant growth of the group, and now manage in excess of \$1 billion of assets for over 16,000 investors.

St Laurence has considerable experience in mortgage lending, property management, property investment, property development and funds management. This combination of skills and experience puts St Laurence in a strong position of being able to source and review transactions using a coordinated and multi-disciplined approach.

St Laurence Property Development Fund Limited has been recently incorporated to invest in suitably attractive and quality property development opportunities that will be sourced through St Laurence's existing relationships and extensive network of contacts.

Under this offer investors have the opportunity to become Shareholders in the Company and holders of Bonds issued by the Company. As an investor you will participate in the potential growth of the Company, yet at the same time benefit from a fixed interest return through the ownership of Bonds (you will receive regular quarterly income at an interest rate of 15% per annum on your Bonds and repayment of your principal at the end of the term). This return equates to a cash return of 13.50% per annum on your total investment (the Investment Statement gives details as to how this is calculated). This interest rate has been priced at this level to reflect the risk of the investment.

We have endeavoured to align the interests of St Laurence with those of investors by matching investors' equity on a one for one basis. Furthermore, any development participation will be subject to rigorous analysis by the Manager and Directors of the Company. Full participation in any project, whether it is through the provision of debt or a mixture of equity and debt, will only be made if our investment criteria are satisfied, and the Company can reap an annual return equating to at least 15% per annum.

I consider an investment in the Company to be of a higher risk than our other investment opportunities so urge you to carefully read this Investment Statement. However, I believe that this is an exciting opportunity for investors to join with St Laurence and participate in some development opportunities that would not normally be accessible to the retail investor.

My fellow directors and I thoroughly recommend this offer and investment opportunity to you.

Yours sincerely,

St Laurence Property Development Fund Limited
KEVIN PODMORE
CHAIRMAN

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This investment statement is prepared, for the purposes of the Securities Act 1978, as at 24 April 2006.

DIRECTOR PROFILES

The Directors of the Company have a strong financial and property background. They are:



KEVIN JOHN PODMORE, B.A., B.COM. (CANTERBURY)

CHAIRMAN, LOWER HUTT

Kevin is the Chairman of the Issuer and the managing director of St Laurence Holdings Limited, the parent company of the St Laurence group. He has been primarily responsible for the St Laurence group's growth, which has seen assets under management grow from nil in early 1994 to over \$1 billion today. Prior to establishing the St Laurence group, Kevin was a principal of McKenzie Podmore, an economic consulting firm, whose clients included NZ Treasury and Fletcher Challenge. Kevin began his career as a lending analyst at the Development Finance Corporation.



PHILIP SAMUEL NEWLAND, BCA, LL.B (VUW), MS (NYU)

DIRECTOR, AUCKLAND

Phil is a director of the Issuer and an executive director of the St Laurence group. Phil is an experienced director who has held board positions in both public and private companies in Australia and New Zealand. Phil was Group Managing Director of Cullen Investments Limited and is currently a director of the NZSX listed company, Abano Healthcare Group Limited. Phil is a former corporate/commercial lawyer and has broad experience in the finance, investment and property sectors both in New Zealand and overseas. Phil graduated from Victoria University of Wellington in Commerce and Law and has a masters degree in real estate finance and investment from New York University.



AENEAS (MIKE) EDWARD O'SULLIVAN, FNZIV, AREINZ, ANZIM, FNZPI

DIRECTOR, WELLINGTON

Mike is a non-executive director of St Laurence Holdings Limited, the ultimate parent company of St Laurence Mortgages. Mike is also a director of a number of companies involved in property investment. He is a registered valuer and established Rolle, which grew into one of New Zealand's largest valuation and property consultancy practices. He is a counsellor of the New Zealand Stroke Foundation and a member of the Institute of Directors.

KEY INVESTMENT FEATURES

The key investment features of this Offer are set out below. They only provide a brief summary of the information in this Investment Statement. You are again urged to read this Investment Statement carefully and to take advice before deciding to invest in this Offer.

ISSUE OF BONDS AND SHARES

This Investment Statement contains an Offer by St Laurence Property Development Fund Limited (the **Company**) for the issue of:

- 2,000 Bonds at \$4,500 per Bond; and
- 1,000,000 Shares at \$1.00 per Share.

These securities are offered in Parcels of \$5,000, each consisting of 1 Bond and 500 Shares.

PROPERTY DEVELOPMENT INVESTMENTS

The Company will invest the Offer proceeds, together with up to \$1,000,000 further equity (or more in the case of oversubscription) to be provided by St Laurence Holdings Limited (**Holdings**), in property development investments that comply with the Company's investment criteria.

Property development investing is a speculative activity that has its own inherent risks, as well as the potential for higher returns. This Offer is therefore a higher risk, potential higher return investment opportunity.

5 YEAR INITIAL TERM

The Bonds will be issued for an initial term of approximately 5 years, expiring 30 June 2011, unless Bondholders resolve to extend the term for a further period of up to 5 years. The Company also has a limited discretion to shorten this term - refer to page 6.

Following the expiry of the term and the sale or realisation of all investments, the Company will be wound up and any net surplus distributed to Shareholders.



13.50% CASH RETURN

Bondholders will be paid interest at the rate of 15% per annum on the Bonds and on a quarterly basis over the term. This rate may increase where Bondholders extend the term.

It is intended that no dividends will be paid on the Shares (with any increase in the value of the Company being realised for Investors upon the winding up of the Company following the expiry of the term).

The interest return is equivalent to a 13.50% per annum cash return on the total amount invested (being the total investment in both Bonds and Shares) for the period from the date of allotment of the Bonds to 30 June 2011 or, if the term is extended, up to the expiry of the extended term.

This cash return relates solely to the cash interest to be paid on the Bonds. It does not take account of any retained profit or loss that may result from the trading operations of the Company, any increase or decrease in the value of Development Investments made by the Company, or any preliminary expenses or issue costs (refer to Cash Return on page 21).

MANAGEMENT TRACK RECORD

The Company's investments in development projects will be sourced and managed by St Laurence Limited (**Manager**), who has an established track record of participating in significant and successful property development investments.

The Manager has achieved this by using its financial and investment assessment skills to identify development opportunities and to then use its extensive property networks to partner with established and reputable property developers to realise the opportunities.

ALIGNED INTEREST OF MANAGER WITH INVESTORS

The parent company of the Manager is Holdings, who has agreed to contribute up to a further \$1,000,000 (or more in the case of oversubscription) of equity in the Company. This share capital will rank equally with other Shares, but will rank behind the Bonds.

The Manager's remuneration includes a one-off performance based fee that is only payable at the end of the term or, if applicable, the extended term. This fee will only be payable where the Manager has achieved a successful investment outcome for Investors that is based on the overall return to Investors over the term and, if applicable the extended term (refer to page 18).



IMPORTANT QUESTIONS

WHAT SORT OF INVESTMENT IS THIS?

SECURITIES OFFERED

This Offer is made by the Company in respect of:

- 2,000 Bonds at \$4,500 per Bond; and
- 1,000,000 Shares at \$1.00 per Share,

to raise up to \$10,000,000, in aggregate. These securities are offered in Parcels of \$5,000, each consisting of 1 Bond and 500 Shares.

The Bonds are fixed interest debt securities constituted under the Trust Deed.

The Shares will rank equally with each other and will provide Investors with an opportunity to participate in any increase in the value of the Company.

Refer to page 20 about the returns on the Bonds and the Shares.

THE COMPANY'S USE OF SUBSCRIPTION PROCEEDS

The subscription proceeds, along with up to \$1,000,000 (or more in the case of oversubscription) further equity to be provided by Holdings (refer to page 9) will be invested by the Company in property development projects in the commercial, retail, industrial and residential markets in New Zealand and, potentially, Australia. For the purpose of this Offer, these investments are called **Development Investments** and the associated property development projects are called **Development Projects**.

The Manager will rigorously assess prospective Development Investments to first ensure that they comply with the required investment criteria of the Company (**Investment Criteria**).

Refer to pages 10 -13 for further details about Development Projects, Development Investments and the Investment Criteria.

TERM OF THE BONDS AND EXTENDED TERM

The Bonds will be issued for an initial term of approximately 5 years, expiring 30 June 2011 (**Term**).

The Term can be extended for a further term of up to 5 years, expiring on or prior to 30 June 2016 (**Extended Term**), by ordinary resolution of the Bondholders passed upon the recommendation of the Manager and by no later than 31 May 2010. The Company also has a limited discretion to shorten this term (see below).

OVERALL INVESTMENT TERM

The expected overall investment term for an investment in Parcels is from the date of allotment of each Investor's Parcels until the last day of the Term or, if applicable, the Extended Term. However this term may extend to such later date as may be required to sell or realise all Development Investments (although all Development Investments can only be for a term that is not more than the balance of the Term to run at the time of investment, there is the possibility that the orderly sale and realisation of a Development Investment may take longer than expected).

The Company has the discretion to shorten the Term to expire:

- on the second anniversary of the Closing Date, but only where there are or are likely to be, upon the advice of the Manager, insufficient Development Investments up to that date; or
- in the last year of the Term or, if applicable, the last year of the Extended Term and upon the sale of all Development Investments made by the Company.

Where not inconsistent with the context, in this Investment Statement further references to the Term include reference to the Extended Term.

REDEMPTION OF THE BONDS OR CONVERSION INTO FURTHER SHARES

The Company intends to fully redeem the Bonds in cash on the Maturity Date.

In certain circumstances, the Company may be unable to achieve full redemption in cash on such date. This may be because:

- the Company is yet to sell or realise all Development Investments by that time and this prevents a full cash redemption; or
- other circumstances have arisen, including those referred to in the Risks section on pages 23-27.

If the Company has insufficient cash reserves to fully redeem the Bonds in cash on such date, then the Company will:

- partially redeem Bonds in cash to the extent that the Company's cash reserves allow; and
- on the following day convert the outstanding principal amount of the Bonds (i.e. being the principal amount of \$4,500 for each Bond less the amount paid in partial cash redemption of each Bond) into ordinary shares in the capital of the Company that rank equally in all respects with the Shares and Holdings' Shares.

Where this occurs, the number of ordinary shares allotted to Bondholders on conversion will be calculated by dividing the outstanding principal amount of the Bonds by the fair value of one ordinary share in the Company at the date of conversion (as determined by the Board upon the advice of the Company's auditors). Should one ordinary share be determined to have a value of less than one cent then the fair value will be deemed to be one cent for the purposes of that calculation.

Investors' interests in the further shares allotted to them upon conversion (as well as in the Shares) will be realised upon the winding up of the Company. Accordingly, if conversion applies, the Company will not be redeeming the Bonds in cash in full on the Maturity Date and this will not be an event of default under the Trust Deed.

Upon conversion, the security interest created under the Trust Deed will terminate and the Company will have no further liability to Bondholders under the Trust Deed (except for any outstanding breach by the Company of its obligations under the Trust Deed).

SECURITY FOR THE BONDS

The Company's obligation to repay, and pay, to the Bondholders the principal amount of the Bonds and all accrued Bond interest is to be secured, in accordance with the terms of the Trust Deed, by a general security agreement over the assets and undertaking of the Company and provided through the Company's execution of the Trust Deed.

This security interest will only rank behind the security interest of the financier providing the Company with its working capital and financial administration facilities (refer to page 16).

Other security interests may also be executed in favour of the Trustee in accordance with the Investment Criteria (refer to page 12).

EARLY REDEMPTION

The Bonds may be redeemed early in the following circumstances:

- where the Company has exercised its discretion to shorten the Term to expire on the second anniversary of the Closing Date, where there are, or are likely to be, upon the advice of the Manager, insufficient Development Investments up to that date; or

- in the last year of the Term or, if applicable, the last year of the Extended Term, upon the early sale or realisation of all Development Investments made by the Company; or
- where the Trustee seeks to accelerate the repayment of the Bonds prior to the Maturity Date on the happening of an enforcement event under the Trust Deed (the Trust Deed sets these events out in full and they include the Company failing to pay interest on the Bonds when due).

Any earlier redemption may be subject to the Company first selling or realising all Development Investments existing at the time the early redemption circumstances arise. This early sale or realisation will be subject to the express terms of the Company's Development Investment.

THE SHARES

A Share gives the following rights:

- the right to one vote on a poll, on any resolution, at a meeting of the shareholders of the Company;
- the right to a pro-rata share of any dividends authorised by the Board; and
- the right to a pro-rata share in the distribution of the surplus assets of the Company.

The Shares may only be sold as part of a Parcel, consisting of 500 Shares and one Bond.

The Shares will rank equally in all respects with Holdings' Shares and, if applicable, any further shares allotted to Investors upon conversion of the Bonds (refer to page 7), but will rank behind the Bonds, any security interest provided to a financier for the working capital and financial administration purposes of the Company and any other security interests provided by the Company (whether to the Trustee under the Trust Deed or to other persons in relation to Development Investments and in compliance with the Investment Criteria) and any other liabilities of the Company including any guarantees given in respect of Development Investments.

OPENING AND CLOSING DATES

The Offer will open on the date of this Investment Statement and will close on 30 June 2006 or such later date as the Company may determine (but in any case no later than 19 October 2006), unless earlier subscribed in full.

RISKS AND TAX

Property development investing is a speculative activity that has its own inherent risks, as well as the potential for higher returns. This Offer is therefore a higher risk, potential higher return investment opportunity.

Prospective Investors are again urged to carefully read all of this Investment Statement, particularly WHAT ARE MY RISKS? on pages 23-27 which sets out a non-exhaustive summary of risks that need to be considered by prospective Investors and which may adversely affect the Company's ability to meet all interest payments on the Bonds and to fully repay the Bonds and the Shares.

Prospective Investors also need to consider taxation implications in relation to their investment and are referred to Tax on pages 22-23.

APPLICATIONS

Applications must be made on the application form attached to this Investment Statement. Refer to HOW MUCH DO I PAY? on page 17.

OVERSUBSCRIPTIONS

The Company reserves the right to accept oversubscriptions of up to \$10,000,000, which aggregate to a maximum Offer size of \$20,000,000.

MINIMUM SUBSCRIPTION

The minimum amount that must be raised by the issue of the Bonds and Shares is \$1,000,000, comprising 200 Parcels.

ALLOTMENT

Subject to minimum subscription being achieved, the Company will allot Parcels to successful applicants on such date or dates as the Company elects and in any case by no later than the Closing Date. Any allotment of Parcels prior to the Closing Date will only occur where subscription funds are immediately required for Development Investments and will be in respect of all Parcels validly subscribed for up to the date of allotment (in the case of more than one allotment date this will be in respect of all valid applications received since the previous allotment date).

INTEREST ON SUBSCRIPTION MONEY UP TO ALLOTMENT

All subscription money received by the Company will be lodged on call deposit with the Trustee, pending minimum subscription being achieved and the allotment of Parcels to successful applicants.

The interest payable by the Company (less withholding tax), and as set by the Trustee's bank from time to time, will be paid to applicants as soon as possible following the allotment of the applicant's Parcels.

If minimum subscription is not achieved the subscription money and interest (less withholding tax) will be paid by the Company to applicants within 5 days of the Company determining that minimum subscription has not been achieved.

HOLDINGS' AGREEMENT TO SUBSCRIBE FOR FURTHER SHARES

Holdings has agreed to provide additional capital for the Company, by subscribing for further \$1.00 shares in the Company. The number of these shares is to be equal to the total number of Shares subscribed for under this Offer. Assuming full subscription under this Offer and no over-subscriptions, this additional capital will amount to \$1,000,000.

As a result of this agreement, and taking into account the Promoter's Shares, Holdings will hold slightly over 50% of all ordinary shares in the Company.

Holdings' Shares will rank equally with all Shares and will be issued to Holdings within five days of the Closing Date.

This agreement with Holdings is confined to Holdings' Shares and does not extend to Bonds.

CERTIFICATES

Certificates for the Shares and Bonds will be issued to each successful applicant within one month from the Closing Date.

SECURITIES REGISTRAR

The Manager will be the securities registrar, through St Laurence Registry Services, a division of the Manager and who will carry out security registry services on behalf of the Company and in respect of Investors' Parcels. The securities registrar's address is set out on the inside of the back cover of this Investment Statement.

STOCK EXCHANGE LISTING

Listing of the Parcels on any exchange of New Zealand Exchange Limited, or any other exchange, is not being sought.

RESTRICTIONS ON OFFER

This Offer is only made in New Zealand. No person may offer, sell, or deliver any Parcels or distribute any documents (including this Investment Statement) to any person in a jurisdiction outside New Zealand, except in accordance with all of the legal requirements of that jurisdiction.

DEVELOPMENT PROJECTS, DEVELOPMENT INVESTMENTS AND INVESTMENT CRITERIA

NATURE OF DEVELOPMENT PROJECTS

The Company is only permitted to invest in **Development Projects** that comply with the **Investment Criteria**.

Development Projects are defined in the Management Agreement and the Trust Deed to comprise any or a combination of the following in the retail, industrial, residential and commercial property markets in New Zealand and, potentially, Australia:

- **New developments** – the construction of new buildings and other improvements, and the leasing and or sale of those buildings and improvements.
- **Redevelopments** – the improvement, whether through redevelopment, conversion, refurbishment or alteration of existing buildings and other improvements or by way of addition to existing buildings and other improvements, and the leasing and or sale of those buildings and improvements.
- **Subdivisions** – the physical and legal subdivision of land and or buildings and other improvements into smaller saleable lots (including unit titles), and the leasing and or sale of those smaller saleable lots.

These investments (**Development Investments**) may be in respect of a whole Development Project (i.e. from feasibility assessment and acquisition through to final sale) or in respect of a particular stage, or stages, of a Development Project.

DEVELOPMENT INVESTMENTS MUST COMPLY WITH INVESTMENT CRITERIA

The Company will only make Development Investments upon the Manager's certification that it is satisfied that the Development Investment complies with the Investment Criteria.

ASSESSMENT OF PROSPECTIVE DEVELOPMENT INVESTMENTS

The Manager will use its financial and investment assessment skills to identify Development Project opportunities and use its extensive property networks to identify experienced and reputable developers to assist the Company to realise the opportunities.

PARTNERING WITH SUITABLE DEVELOPERS

Once potential Development Projects are identified, the Manager will look to "partner" with a suitable developer. It is likely that this will be achieved through the Company investing equity and/or funding into the Development Project (as a Development Investment) and the developer providing development expertise and, potentially, further equity and/or funding.

TYPES OF DEVELOPMENT INVESTMENTS

It is intended that the primary type of Development Investments will be by way of equity participation that complies with the Investment Criteria. This may be as part of an **Investment Entity**, comprising a joint venture or other ownership arrangement entered into by the Company in respect of the relevant Development Project.

In most instances the Company's participation will be limited to the provision of investment funds and will not extend to an active role associated with the development and construction of the Development Project. As part of a Development Investment, and in addition to any equity participation by the Company, the Company may also provide funding to the Development Project that the Manager considers complies with the relevant Investment Criteria.

This funding may be by way of a single advance or a series of advances to the party or parties carrying out a Development Project (which may include an Investment Entity). In these circumstances, the relevant funding arrangement(s) and the associated equity or other participation by the Company will be treated as separate Development Investments for the purposes of the Investment Criteria.

The Company is also permitted to make Development Investments that are limited to funding a party or parties

carrying out a Development Project (i.e. where the Company is not also making an equity contribution to the Development Project).

INVESTMENT CRITERIA

Under the Management Agreement and the Trust Deed, the Company will not make a Development Investment unless the Manager has complied with the required process set out in the Trust Deed to ensure such compliance with the Investment Criteria (refer to Approval Process on page 13) and has made the required certification to the Company in respect of the proposed Development Investment.

The Investment Criteria are set out in the Management Agreement and the Trust Deed and comprise:

1. Expected return on Development Investment

Each Development Investment must be reasonably projected to achieve a pre-tax internal rate of return (before deduction of any costs incurred in relation to the Development Investment including any fees payable to the Manager) that is in excess of 15% per annum on the amount of the Development Investment.

2. Expected life of Development Investment and exit strategy

The Manager must be reasonably satisfied that the sale or realisation of the Development Investment will occur before the end of the Term or, if applicable, the Extended Term.

Satisfaction of this Investment Criteria requires the Manager to provide a well defined and researched exit strategy in respect of the investment.

This assessment will primarily focus on:

- the expected term of the Development Investment, which can be no longer than the balance of the Term or, if applicable, the Extended Term;
- the nature and structure of the Investment Entity, if any;
- the programme of work for the relevant Development Project;
- the experience of, and expertise (including contracted experience and expertise) to be applied by the other party or parties to the relevant Development Project (refer to Proven track record on page 12);
- the level and nature of any pre-leasing and pre-sales commitments; and
- the underlying nature and likely realisation value and marketability of the relevant Development Project.

In relation to any funding to be provided in addition to or as a separate Development Investment, this assessment will primarily focus on:

- the strength of the borrower's covenant to repay the funding;
- the term of the funding, which can be no longer than the balance of the Term or, if applicable, the Extended Term;
- the underlying nature and likely realisation value and marketability of the relevant Development Project;
- that all improvements and construction work in the relevant Development Projects must be insured to an extent consistent with prudent market practice;
- the borrower's financial ability to carry out the Development Project, including use of any prior ranking financiers, the maximum borrowing required to complete the Development Project (refer to Financial thresholds below) and the security interest to be provided to the Company in respect of Development Investments; and
- the experience and reputation of all parties associated with or constructing or advising on the Development Project.

3. Financial thresholds

To ensure an appropriate spread of investments and sufficient liquidity for the Company to meet its obligations to pay interest on the Bonds, the following financial thresholds must be satisfied before a Development Investment is made by the Company:

- Development Investments must not exceed, whether by way of single investment or a series of investments in a Development Project, an amount that is more than \$3,000,000 or 40% of the Total Tangible Assets of the Company, whichever is the higher amount;

- to ensure regular revenue from funding investments, total Development Investments comprising equity participation in Development Projects must not exceed 75% of the Total Tangible Assets of the Company;
- the total borrowings to be secured against a proposed Development Project, including any funding to be provided by the Company as a Development Investment, must not exceed 90% of the market value of the completed Development Project, as valued by a reputable, experienced registered valuer; and
- the Company must hold an at call account at the Company's bank with funds not less than 5% of the value of the Total Tangible Assets of the Company.

4. Proven track record and arms length arrangements

The party or parties carrying out the Development Project must have an established and reputable market reputation and have successfully delivered similar or other significant projects in the past.

This will also extend, where the party is a new company or other entity, to the directors, shareholders and other persons associated with the party.

This criteria will apply to the party or parties participating in the Development Project together with the Company, whether through participation in an Investment Entity or otherwise.

The Manager must also assess the experience and reputation of all other parties associated with or constructing or advising on the Development Project.

All Development Investments must be made on arms-length commercial terms, including where any party associated with the Development Project is related to the Manager and/or the Company.

5. Security requirements – Development Projects

The following ownership or security interests must be provided to the Company:

- in respect of equity participation by the Company, an ownership interest comprising shares (where the Investment Entity comprises a company) or a registered ownership interest in the certificate(s) of title relating to the land and or buildings comprising the Development Project;
- in respect of any funding being provided in addition to equity participation or as a separate Development Investment, all such securities as would ordinarily be obtained by a prudent and experienced lender making an advance similar to the funding arrangements to be made by the Company. It is likely that these will comprise registered securities over the assets of the borrower and the Development Project, together with guarantees, where reasonably available, of all persons that the Manager considers material to the Development Project (such as third party shareholders and or directors of the borrower). It is also likely that these securities will rank in priority behind or be subordinated to prior ranking securities:
 - in favour of reputable and substantial financial institutions providing direct funding to the Development Project; and
 - subject to a deed of priority or subordination entered into between the security holder(s) and the Company, to regulate the priority interests of the Company and the prior security holders in the relevant Development Project and where, to the extent reasonably possible, those security holders have provided the Company, or its nominee, with step-in rights to complete a development upon an event of default (should the Company choose to do so); and
- where the Manager considers it prudent to do so and in addition to the general security agreement created under the Trust Deed, specific security interests in favour of the Trustee on behalf of Bondholders and over any ownership interests or security interests provided to the Company in respect of Development Investments, and to be provided to the Trustee upon or before the Company makes the Development Investment.

6. Security requirements – Trust Deed

In respect of all prospective Development Investments, the Manager must be satisfied that the Company will continue to comply with all provisions in the Trust Deed restricting the Company's ability to borrow or to grant security interests over its assets and undertaking (refer to page 16).

7. Sufficient controlling interest

The Company must, whether through the Manager and its key employees or through the Directors of the Company, have such level of participation and control that the Manager considers reasonably prudent in respect of all material decision-making areas relating to the relevant Development Project. This may include sufficient representation and voting control on the board or other governing body of the Development Investment, as well as on project control groups established to oversee a Development Project.

This criteria may not be applicable to Development Investments that are limited to funding by the Company, but may be required by the Manager in any event.

8. Australian tax consequences

Because potential Development Investments in Australia may have particular tax consequences (including stamp duty in some states and tax on disposal of Development Investments), the Manager will also need to be satisfied that the expected return on an Australian based Development Investment will provide a return that will also be sufficient to offset the impact of these taxation consequences (refer to pages 22-23).

For this reason it is considered that the Company will primarily make Development Investments in New Zealand.

APPROVAL PROCESS

The Trust Deed prescribes a process that must be followed by the Manager to ensure that all prospective Development Investments by the Company comply with the Investment Criteria. This process is set out below.

The Manager must first complete a detailed investment feasibility plan that:

- describes in detail the nature of the proposed Development Investment and Development Project;
- specifies the proposed term of the Development Investment;
- "scores" the proposed Development Investment and the Development Project in relation to usual and prudent property investment, development and construction risk-management practices, including;
 - credit and capability assessment of borrower and other parties associated with the Development Project;
 - where appropriate, the adoption of fixed price and time contracts with construction contractors that undertake quality assurance programmes and provide performance guarantees;
 - the utilisation of independent quantity surveyors to assist in assessing cost issues pertaining to project design and evaluation, and selection of construction contractors;
 - adherence of the Development Project to disciplined project management processes and feasibility requirements;
 - use of experienced consulting firms throughout the development process particularly in respect of service and architectural design; and
 - adoption of other contractual arrangements designed to ensure that an appropriate portion of industrial relation risk is borne by the building contractor;
- identifies all security or ownership interests to be provided to the Company in support of the Development Investment;
- provides specific and detailed reasons why the proposed Development Investment complies with each of the Investment Criteria requirements; and
- attaches all expert reports that the Manager considers reasonably appropriate to support this recommendation.

Once the Manager is satisfied that a prospective Development Investment satisfies the Investment Criteria, and where the Manager believes that the Company should proceed with the Development Investment, the Manager will provide the following to the Company:

- a copy of the Manager's investment feasibility plan;
- the Manager's written recommendation that the Company make the Development Investment; and
- the Manager's written certificate, signed by two directors of the Manager and addressed to both the Company and the Trustee, certifying that the Development Investment complies with the Investment Criteria.

The Company will thereupon authorise the Manager to make the Development Investment on behalf of the Company.

WHO IS INVOLVED IN PROVIDING IT FOR ME?

THE ISSUER

St Laurence Property Development Fund Limited is the issuer of this Offer (and is referred to in this Offer as the **Company**). Its address is St Laurence House, 259 Wakefield Street, Wellington.

The principal activities of the Company will be making this Offer and, if minimum subscription is achieved, receiving, holding and investing the subscription proceeds in accordance with this Offer and the Trust Deed, complying with the Company's obligations arising under this Offer (including those under the Trust Deed and the Management Agreement), and ensuring the Manager's compliance with its obligations under the Trust Deed and the Management Agreement.

The Company has not as yet carried out these principal activities, other than being involved in the preparation of, and executing, certain documents relating to this Offer, including this Investment Statement, the Prospectus, the Trust Deed, the Promotion Agreement and the Management Agreement. The principal activities will commence, as applicable, as from the date of this Investment Statement.

THE PROMOTER

St Laurence Holdings Limited is the promoter of this Offer. Its address is St Laurence House, 259 Wakefield Street, Wellington. The directors of the Promoter are also the Directors of the Company (see below).

THE TRUSTEE

Perpetual Trust Limited has been appointed as Trustee for the Bondholders under a Trust Deed with the Company dated 13 April 2006. Its address is Level 5, Perpetual Trust House, 111-115 Customhouse Quay, Wellington.

DIRECTORS OF THE COMPANY

The Directors of the Company have strong financial and property backgrounds. They are:

KEVIN JOHN PODMORE, B.A., B.COM. (CANTERBURY)

CHAIRMAN, LOWER HUTT

Kevin is the Chairman of the Issuer and the managing director of St Laurence Holdings Limited, the parent company of the St Laurence group. He has been primarily responsible for the St Laurence group's growth, which has seen assets under management grow from nil in early 1994 to over \$1 billion today. Prior to establishing the St Laurence group, Kevin was a principal of McKenzie Podmore, an economic consulting firm, whose clients included NZ Treasury and Fletcher Challenge. Kevin began his career as a lending analyst at the Development Finance Corporation.

PHILIP SAMUEL NEWLAND, BCA, LL.B (VUW), MS (NYU)

DIRECTOR, AUCKLAND

Phil is a director of the Issuer and an executive director of the St Laurence group. Phil is an experienced director who has held board positions in both public and private companies in Australia and New Zealand. Phil was Group Managing Director of Cullen Investments Limited and is currently a director of the NZSX listed company, Abano Healthcare Group Limited. Phil is a former corporate/commercial lawyer and has broad experience in the finance, investment and property sectors both in New Zealand and overseas. Phil graduated from Victoria University of Wellington in Commerce and Law and has a masters degree in real estate finance and investment from New York University.

AENEAS (MIKE) EDWARD O'SULLIVAN, FNZIV, AREINZ, ANZIM, FNZPI

DIRECTOR, WELLINGTON

Mike is a non-executive director of St Laurence Holdings Limited, the ultimate parent company of St Laurence Mortgages. Mike is also a director of a number of companies involved in property investment. He is a registered valuer and established Rolle, which grew into one of New Zealand's largest valuation and property consultancy practices. He is a counsellor of the New Zealand Stroke Foundation and a member of the Institute of Directors.

The Directors can be contacted at the Company's address at St Laurence House, 259 Wakefield Street, Wellington.

THE MANAGER

St Laurence Limited has been appointed under the Management Agreement to act as Manager for the Company. The Manager is fully owned by Holdings.

Holdings is the parent company of the St Laurence group of companies, which is an Australasian group specialising in property investment and finance and which is responsible for the management of over NZ \$1 billion in assets.

The Manager's address is also St Laurence House, 259 Wakefield Street, Wellington.

Under the Management Agreement, the Manager:

- is appointed as the sole and exclusive manager of the Company and is given broad powers to identify, structure and procure the Company to make Development Investments that comply with the Investment Criteria, and to otherwise ensure the Company's compliance with its obligations under the Trust Deed;
- will manage the affairs of the Company, and the Company's interest in all Development Investments; and
- is also responsible for the provision of general administrative services required by the Company.

Given the Company's obligations under the Trust Deed to make quarterly payments of interest on the Bonds, one of the responsibilities of the Manager is to ensure that the Company always has sufficient cash to meet all interest payments.

The Manager intends to achieve this by following a careful investment and cash management strategy over the Term that ensures that the Company holds sufficient cash on each interest payment date to meet the required interest payments, as follows:

- structuring Development Investments in a manner that aligns interest and equity return payments with quarterly interest payment dates in respect of the Bonds;
- retaining an at call account at the Company's bank with sufficient cash as the Manager determines from time to time is necessary to hold as a contingency to assist the Company to meet interest payments (refer to Financial thresholds on pages 11-12); and
- to the extent necessary, the periodic use of the Company's working capital and financial administration facilities.

The Company's ability to meet its interest payment obligations over the Term and any Extended Term will be assisted by the Company making sufficient Development Investments from an early stage. The Manager will therefore actively use the period from the date of this Investment Statement to the Closing Date for the purpose of identifying potential Development Investments that can be made by the Company as soon as possible following Closing Date or any earlier allotment of Parcels (refer to Allotment on page 9).

MANAGEMENT TRACK RECORD

The Manager has an established track record of participating in significant and successful property development investments. The Manager has achieved this by using its financial and investment assessment skills to identify development opportunities and to then use its extensive property networks to partner with established and reputable developers to realise the development opportunities.

On pages 30 and 31 of this Investment Statement are two examples of successful property development investments that the Manager has participated in. These are illustrative only and are included only to demonstrate the Manager's stated experience.

In particular, it is stressed that property development investments are speculative and carry inherent risks, including specific project risks and wider risks such as usual property development risk, property market risk and investment risk generally. In particular, the illustrations had their own unique factors, as well as being made and realised in potentially different property market conditions.

Prospective Investors must therefore not assume that the Manager will actually be able to arrange similar investments to those illustrated or, even if it does, that the investment outcomes will be similar. Prospective Investors are again referred to and urged to carefully read WHAT ARE MY RISKS? on pages 23-27.

Refer also to WHAT ARE THE CHARGES? on pages 17-19 for details about the fees and expenses that the Manager will be paid for acting as Manager.

THE TRUST DEED

The Trust Deed is the document under which:

- the Trustee is appointed to represent and act in the interests of all Bondholders;
- the Company grants the general security interest required over the assets and undertaking of the Company and may grant other security interests in favour of the Trustee;
- the Manager is to comply with the Approval Process, to ensure that Development Investments comply with the Investment Criteria and is to provide certificates to the Trustee;
- the Company and the Manager must obtain all necessary security and ownership interests before making Development Investments;
- restrictions are placed on the activities of the Company and the Manager, including the Company's ability to borrow and grant security interests (see below);
- the terms and conditions (including restrictions) of the Bonds are set out; and
- if the Company defaults under the Bonds, enforcement action may be taken by the Trustee on behalf of Bondholders.

RESTRICTIONS ON THE COMPANY'S ABILITY TO BORROW AND GRANT SECURITY INTERESTS

The Trust Deed contains the Company's covenant not to borrow money or create security interests except in accordance with the following criteria:

- all facilities provided to the Company for working capital and financial administration purposes are not to exceed, in total, facilities allowing drawings of more than 10% of the Total Tangible Assets of the Company, including such overdraft facility as the Board considers prudent to maintain for the Company;
- the Company must not grant any general security interest over the assets and undertaking of the Company other than:
 - the general security agreement in respect of the Bonds; and
 - any general security agreement required by the bank or reputable financier providing the facilities referred to above, which will rank in priority to the general security agreement in respect of the Bonds;
- in relation to any equity or other ownership or investment participation comprising a Development Investment, the Company may only permit the borrowing of money strictly for the purpose of carrying out and constructing the Development Project and only where the borrowing is made by an Investment Entity or another party to the Development Project not including the Company and where the Manager has provided an appropriate certificate;
- as part of any such borrowing, the Company may only grant or permit the granting of any specific security interests over any ownership interest or security interest in a Development Project where the Manager has certified to the Company that:
 - the Manager is satisfied that it is reasonable to do so, having regard to the interests of Bondholders under the Trust Deed; and
 - without limiting its obligations under the Approval Process, the Manager is satisfied that the total borrowing restriction in respect of Development Projects (refer to Financial thresholds on pages 11-12) will be complied with;
- the Company must not provide any guarantee in respect of Development Investments except where the Manager has certified to the Company in writing that the Manager is satisfied that the guarantee is required in support of a Development Investment that complies with the Investment Criteria and only on an unsecured basis; or
- where the borrowing is otherwise expressly permitted by an extraordinary resolution of Bondholders pursuant to the provisions of the Trust Deed.

MAIN DUTIES OF THE TRUSTEE

The main duties of the Trustee are, in brief:

- to take and hold on behalf of Bondholders the security interests to be taken over the Company as security for the bonds, including all security interests required as part of the Investment Criteria and secured over Development Investments and Development Projects;
- to receive and review the regular reports and certificates from the Manager and the Company in respect of the Company's investments in Development Investments and the Manager's compliance with the Approval Process;
- to exercise reasonable diligence to ascertain whether or not any breach of the terms of the Trust Deed has occurred and, except where it is satisfied that the breach will not materially prejudice any security interest in favour of the Trustee created pursuant to the Trust Deed or the interests of the Bondholders under the Trust Deed, to do all things it is empowered to do to cause any such breach to be remedied;
- to call a meeting of Bondholders should the Trustee deem it necessary to do so, and to act on the directions of the requisite majority of the Bondholders in relation to the rights of the Bondholders; and
- upon the occurrence of an event of default under the Trust Deed, the Trustee may declare all amounts payable in relation to the Bonds immediately due and payable.

HOW MUCH DO I PAY?

Each Parcel is issued for \$5,000. Each Parcel consists of one Bond, issued at \$4,500, and 500 Shares, issued at \$1.00 per Share.

You may only apply for one or more Parcels of \$5,000 each. Applications must be made in accordance with the application form attached to this Investment Statement.

Each application must be duly completed, signed by the applicant or his or her attorney, and forwarded to the Trustee together with your cheque in payment in full for the Parcels applied for, at the following address:

Perpetual Trust Limited
C/- St Laurence Limited
PO Box 1894
WELLINGTON

Each cheque should be made out to Perpetual Trust Limited and crossed "not transferable - account payee only".

In the event of an oversubscription and subject to the Company's right to accept oversubscriptions, the Company may scale down applications as it sees fit, but allotments of oversubscriptions may only be made in Parcels.

Where no allotment is made to an applicant, or where the number of Parcels allotted to an applicant is less than the number applied for, the surplus application money will be returned to the applicant, with interest (if any and being accrued interest less withholding tax), promptly following the Closing Date.

An application will constitute an irrevocable offer by the applicant to acquire the number of Parcels specified in the application form (or such lesser number of Parcels as the Company may determine) on the terms and conditions set out in this Investment Statement, the Prospectus and the application form.

The Trustee must receive your cheque and completed form by the Closing Date. The Company reserves the right to reject any application without giving a reason and accept any application, notwithstanding any technical defect in the application.

WHAT ARE THE CHARGES?

There are no charges to be paid by you in addition to the initial subscription price.

ISSUE EXPENSES

All fees and expenses in respect of the Offer including Trustee's fees, Registrar's fees, issue management fees, legal and accounting fees, printing, advertising, distribution and other costs are payable by the Company.

No brokerage is payable by any subscriber for Bonds under the Offer. Brokerage is payable by the Company to brokers appointed by the Promoter at the rate of 4% of of subscriptions received under applications bearing their stamp.

Expenses relating to the issue of Bonds, calculated on \$10M being raised under the offer, are estimated to be:

Brokerage payments	\$400,000
Promoter's Fee	\$220,000
Prospectus, marketing and other expenses	\$200,000
Total Issue Expenses	\$820,000

BASE MANAGEMENT FEE

An annual administration fee of 1.5% per annum of the value of the Total Tangible Assets of the Company will be payable to the Manager quarterly, in arrears, by the Company. This fee is for all services to be carried out by the Manager under the Management Agreement.

PERFORMANCE FEE

In addition to the management fee, the Manager may receive a one-off performance fee. The Manager will only be eligible for this fee at the end of the Term or, if applicable, at the end of the Extended Term upon the winding up of the Company.

The performance fee will only be paid where Investors have received an actual pre-tax return of 15% per annum on the principal amount of their Parcels, taking into account all interest paid on Bonds and distributions made in respect of Shares (including attached imputation credits), including upon the winding up of the Company.

The performance fee will be calculated in accordance with the Management Agreement and is summarised in the following table.

RATE OF RETURN ¹	PERFORMANCE FEE
15% or less	Nil
Over 15%	20% of the Excess Return ²

¹ *Rate of Return: This is the actual pre-tax rate of return per annum to Investors on the principal amount of their Parcels over the Term and, if applicable, the Extended Term and after taking into account all interest payments on the Bonds and distributions made on Shares including upon the winding up of the Company.*

² *Excess Return: This is the difference between:*

- *an annual pre-tax rate of return of 15% per annum to Investors on the principal amount of their Parcels and over the Term and, if applicable, the Extended Term and after taking into account all interest payments on the Bonds and distributions made on Shares (including attached imputation credits), including upon the winding up of the Company, expressed as a total amount; and*
- *the actual rate of return to Investors, expressed as a total amount and before deduction of the performance fee.*

OTHER FEES

Related companies of the Manager may provide property development management, asset management, leasing, marketing, and or other services relating to a Development Investment. The relevant related company will be entitled to receive a reasonable fee, in addition to the administration and establishment fees, and performance fees for these services. The Manager will disclose any such fees to Investors as part of the annual report.

SECURITIES REGISTRAR'S FEE AND OTHER ADMINISTRATIVE EXPENSES

The Manager will also be paid:

- a fee of \$1,700 per month for acting as the securities registrar; and
- a fee of \$1,000 per month for providing other administrative services in respect of Bondholders' interests in Parcels, including financial reporting services.

The Manager will also be reimbursed for associated reasonable costs incurred by it for these services, including auditors and registry costs.

DEVELOPMENT INVESTMENT AND DEVELOPMENT PROJECT EXPENSES

The Manager is entitled to reimbursement in respect of all expenses reasonably and properly incurred by it on behalf of the Company in relation to a Development Investment. These expenses may be provided for in the budget relating to a Development Project. Accordingly, the extent to which these expenses are borne by the Company will depend on the structure of, and the Company's interest in, the Development Investment. Such expenses may include costs associated with:

- the acquisition, disposal, insurance, custody, development, financing, project management, leasing and any other dealing with assets;
- due diligence and all feasibility analysis and other investigations made in respect of any potential or proposed Development Investment; and
- the engagement of auditors, agents, valuers, contractors, brokers, consultants and advisers (including legal, accounting and taxation advisers), whether or not they are related companies of the Manager.

OTHER EXPENSES

The Manager will also be entitled to be reimbursed by the Company for any expenses it reasonably incurs which do not relate to a specific Development Investment, or which relate to a specific investment but are not provided for and recovered in full as part of the costs of the investment (but only to the extent of any such shortfall).

CHANGES TO FEES AND EXPENSES

The fees and expenses set out in this section may be altered only by agreement in writing between the Company, the Manager and the Trustee in accordance with the Management Agreement and the Trust Deed. In deciding upon any such changes, the Board will be required to act in what it believes to be the best interests of the Company.

TRUSTEE'S FEES AND EXPENSES

Under the Trust Deed, the Trustee will be paid a fixed annual fee of \$8,000, payable quarterly in arrears. The Company is also required to reimburse the Trustee for all costs, charges and expenses that it incurs in acting as Trustee and on behalf of Bondholders under the Trust Deed.

GOODS AND SERVICES TAX

Where required by law, GST will be charged at the prevailing rate, currently 12.5% on any fees and expenses to the extent that they are subject to GST. Potential Investors should be aware that the charges outlined in this Investment Statement exclude GST, and that GST will be payable as an additional cost. The Company will be registered for GST purposes.

DISCLOSURE OF FEES

The amount of fees will be shown in the financial statements for the Company.

WHAT RETURNS WILL I GET?

The information set out in this section should be read in conjunction with WHAT ARE MY RISKS? on pages 23-27.

RETURN ON BONDS AND SHARES:

The total return on the Bonds and Shares will be determined by the interest received on the Bonds, the distributions made to shareholders, and the amount received for your holding (if you decide to sell your holding before maturity) by sale to a private party or on redemption by the Company on the Maturity Date.

RETURN ON BONDS

The Company will pay interest on your Bonds at the rate of 15.0% per annum from the date of allotment to the Maturity Date. Under the Trust Deed the Company is legally liable to pay these interest payments.

The first interest payment date will be 15 September 2006, assuming a Closing Date of 30 June 2006 and will be in respect of interest accrued to 14 September 2006 from the date of allotment of your Bonds. If the Company elects to keep this Offer open after 30 June 2006 and where the actual closing date is after 31 July 2006, the first interest payment date will be 15 December 2006.

Where the Term is not extended, interest will also be paid on the Maturity Date and will be in respect of interest accrued to that date from the previous quarterly payment date.

If the Term is extended, the interest payable on the Bonds for the Extended Term will be the higher of:

- 15.0% per annum; or
- an interest rate equivalent to a margin of 4% over the government stock rate on 30 June 2011 for an investment period equivalent to the number of years in the Extended Term.

Interest will continue to be payable quarterly on the Bonds, on the 15th day of September, December, March and June in each year of the Extended Term and with a final payment to be on the Maturity Date and in respect of interest accrued to that date from the previous quarterly payment date.

Assuming that the interest rate on the Bonds remains at 15.0% for the Extended Term, Investors will continue to receive a cash return of 13.5% per annum on their Parcels (refer to Cash Return on page 21 and to WHAT ARE MY RISKS? on pages 23-27).

Investors will receive, on the Maturity Date the total of all outstanding interest accrued on the Bonds and the principal amount of the Bonds (being \$4,500 per Bond). This assumes that the possible conversion of Bonds into further shares on the Maturity Date will not apply (refer to page 7).

Interest will be directly credited to Bondholders' bank accounts as specified by the Bondholder to the Company on the application form.

Refer to page 9 for details about interest payable to Investors in respect of subscription amounts received by the Trustee and deposited at call with the Trustee's bank.

Further, these returns are based on projections and prospective Investors should refer to Cash Return on page 21 and to WHAT ARE MY RISKS? on pages 23-27.

RETURN ON SHARES

It is intended that no dividends will be paid on the Shares (with any increase in value of the Company being realised for Investors on the winding up of the Company following the expiry of the Term). The Company may, however, pay dividends before then where recommended by the Directors in limited circumstances as outlined below.

The Trust Deed only permits distributions to Shareholders before the winding up of the Company where the Directors are reasonably satisfied that:

- the distribution will not cause the Company to breach its obligations under the Trust Deed at any time, including the obligation to pay interest on the Bonds, and the distribution will not affect the Company's ability to redeem the Bonds in full for cash; and
- the Company is and will continue to be in a position to meet all of its other legal obligations; and
- the distribution will be made either in:
 - the last year of the Term and where the Bondholders have not resolved to extend the Term; or
 - during the Extended Term and where the Directors are reasonably satisfied that the funds to be distributed will not be required for further Development Investments.

KEY FACTORS DETERMINING RETURNS

The following are the key factors that will determine the returns to Investors:

- the Company making sufficient Development Investments to meet its obligations under the Trust Deed and to repay the Shares in full;
- the Manager complying with its obligations under the Management Agreement to assist the Company to meet such obligations, including complying with the Approval Process and sourcing sufficient Development Investments that comply with the Investment Criteria;
- all or sufficient Development Investments perform to expectation, including being sold or realised for amounts sufficient to achieve the rate of return set out in this Investment Statement;
- the Company and the Manager complying with their respective obligations under the Trust Deed, including compliance with the Bond Conditions set out in the Trust Deed;
- the extent to which risks, including those summarised in WHAT ARE MY RISKS? on pages 23-27, actually arise and impact on Development Investments and Investors' investments in Parcels;
- the individual circumstances for tax purposes of each Investor;
- the returns achieved by any Investor upon any private sale of Parcels; and
- the extent to which the Trustee, on behalf of Bondholders, can enforce the obligations of the Company as the issuer of the Bonds and by enforcing all security interests provided to the Trustee under or pursuant to the Trust Deed.

CASH RETURN

Assuming that the interest rate on the Bonds remains at 15.0% per annum for the Extended Term, it is projected that Investors will earn a cash return on their total investment in Bonds and Shares of 13.5% per annum for the Term (including any Extended Term).

This return is calculated solely on the interest to be paid to, and accrued by, Investors in respect of the Bonds and does not allow for any profit or loss accruing to Shareholders through the trading operations of the Company, any increase or decrease in the value of Development Investments or any preliminary expenses or issue costs.

As well as not allowing for the above, this cash return has been calculated on a basis that assumes that:

- sufficient Development Investments will perform to the extent necessary, and will be made and sold or realised by the Company, over the Term to enable the Company to meet its obligation to pay interest on the Bonds at 15.0% per annum on each of the interest payment dates over the Term; and
- on the final winding up and distribution to Investors the principal amount of Bonds redeemed to the Investor will be \$4,500 and the final distribution to the Investor in respect of Shares will be a fully imputed distribution amounting to \$1.00 per Share (i.e. \$500 per Parcel of Shares).

NO GUARANTEE OF SECURITIES

Except as required by law, none of the Directors, the Promoter, Holdings, the Manager and the Trustee, including their respective shareholders, directors, subsidiaries, associates or related companies, or any other person (other than the Company):

- accepts any liability of any nature whatsoever in respect of this Offer, including, without limitation, in respect of the Shares, the Bonds and Development Investments; or
- guarantees or makes any representation in respect of the Company's obligations under the Trust Deed, whether in respect of the Bonds or any other commitment or obligation of the Company.

TAX

Taxes are likely to affect returns to you. You should seek your own professional advice as to the taxation implications for you personally of making an investment in the Parcels offered under this Investment Statement.

The information below is a general summary only and is not (and should not be construed or relied upon as) legal or tax advice to a prospective Investor. It is also based upon taxation laws as they apply as at the date of this Investment Statement.

TAX AND THE BONDS

Interest paid on the Bonds will be income for New Zealand income tax purposes. A deduction for New Zealand resident withholding tax (RWT) will be made from all payments of interest to persons resident in New Zealand for income tax purposes, unless any such person supplies a copy of their certificate of exemption for RWT purposes issued under section NF 9 of the Income Tax Act 2004 and their IRD number. The rate of RWT will be:

- 19.5%, where the Bondholder is not a company, supplies an IRD number and does not elect to have RWT deducted at a higher rate; or
- 33%, where the Bondholder supplies an IRD number and, in the case of an individual, elects to have RWT deducted at that rate; or
- 39% where the Bondholder does not supply an IRD number or elects to have RWT deducted at that rate.

A deduction for New Zealand non-resident withholding tax (NRWT) will be made from all payments of interest on Bonds to a Bondholder who is not resident in New Zealand for income tax purposes. The rate of NRWT for Bondholders who are not resident in New Zealand will be either 15% or such lower rate as is applicable under any double tax agreement to which New Zealand and the country of residence of the Bondholder are party.

The Company has applied for Approved Issuer status for the purposes of the Income Tax Act 2004. When the Company obtains Approved Issuer status, the Company may, upon request by a non-resident Bondholder, agree to deduct an amount equal to, and pay, the approved issuer levy (the Levy) for amounts of interest made to such non-resident, rather than deduct NRWT. Non-resident Bondholders who do not request the Company to pay the Levy will have NRWT deducted from their interest.

At the date of this Investment Statement, the Levy is 2% of interest paid. NRWT is normally deducted at a higher rate of 15% of interest paid (although this rate has been reduced to 10% for some non-residents by double tax agreements between New Zealand and certain countries). Although NRWT will be deducted at a higher rate than the Levy, Bondholders may be able to obtain a credit in their country of residence for NRWT withheld. Bondholders are unlikely to be able to obtain a tax credit in their country of residence for the Levy paid by the Company. Where Bondholders who are not resident in New Zealand derive their interest jointly with one or more persons, and one or more of those persons is a resident in New Zealand, the NRWT/Levy regime will not apply and the NRWT rate imposed will equate to the applicable rate of RWT that applies to a Bondholder who is resident in New Zealand.

If Development Investments in Australia are proposed, the Manager will consider potential Australian tax consequences, including withholding tax implications, stamp duty costs and taxes on disposal of Development Investments.

TAX AND THE SHARES

Dividends paid on the Shares (including on the liquidation of the Company) will be income for New Zealand income tax purposes.

The Company intends to attach imputation credits to dividends to the extent that the Company is able to do so. Those credits can be used to offset a Shareholder's income tax liability with respect to the dividends. As the Company's net income from Development Investments is expected to be subject to income tax, the Company anticipates that dividends will generally have full imputation credits attached. However, if the Company makes Development Investments in Australia, it is possible that some dividends will not have full imputation credits attached.

To the extent that a dividend is not fully imputed and the Shareholder is resident in New Zealand for income tax purposes, RWT will be deducted from the dividend at the rate of 33%, unless the shareholder supplies a copy of their certificate of exemption from RWT.

A deduction of NRWT will be made from all payments of dividends on Shares to a Shareholder who is not resident in New Zealand for income tax purposes. To the extent that a dividend is fully imputed or a double tax agreement applies, the NRWT rate is 15%. The NRWT rate is 30% in other cases.

To the extent that a dividend is fully imputed, the Company may elect to pay to a Shareholder who is not resident in New Zealand a "supplementary dividend" which is equal to the NRWT deduction and effectively refunds the NRWT to the Shareholder.

WHAT ARE MY RISKS?

HIGHER RATE OF RETURN EQUATES TO HIGHER RISK

The interest rate to be paid on the Bonds is 15.0% (which equates to a cash return of 13.5% per annum, refer to page 21), a relatively high rate that reflects the underlying nature of the Development Investments to be made by the Company.

The underlying investment market is the property development market in the retail, industrial, residential and commercial property markets in New Zealand and, potentially, Australia.

Commensurate with this relatively high return on the Bonds and the nature of the Development Investments to be made by the Company, there is a relatively high level of risk that prospective Investors need to be aware of.

Although the Manager intends to carefully manage risk (refer to Risk Mitigation on page 26), to the extent that it is able to do so, it is possible that an Investor will not recover in full the amount invested in respect of this Offer and/or that the interest rate payable on the Bonds will not be achieved.

This section provides a list of risk factors that prospective Investors should carefully consider before making an investment in Parcels. Prospective Investors should also note that this list of risk factors is not exhaustive.

It is reasonably foreseeable that each of the risk factors could, if it eventuates alone or together with a combination of other factors, have a material adverse effect on the Company's financial position and or the Development Investments and, correspondingly, materially adversely affect an Investor's investment in Parcels.

Prospective Investors should also carefully consider these factors and the other information provided under this Offer in light of their own personal circumstances and seek professional advice from their stock broker, accountant, lawyer or other professional adviser before deciding whether, and how much, to invest.

SUMMARY OF PRINCIPAL RISKS

There are a number of principal risks that could have the effect of an Investor receiving less than the amount subscribed for and or not receive timely, or any, interest payments on the Bonds. These include:

- If there are in the Manager's view, insufficient Development Projects for Development Investments in the first two years of the Term and the Company exercises its discretion, upon the advice of the Manager, to shorten the Term. In this event, following the winding up of the Company and the early redemption of the Bonds, Investors could receive less than the amount paid for their Parcels.

- If the Company is unable to enter into sufficient Development Investments during the Term (including any Extended Term).
- If an Investor sold Parcels to a third party during the Term (including any Extended Term) at a loss due to the limited market for such sales, a declined value of the Company, poor investment market perception or lack of demand for Parcels.
- If the Development Investments were to perform badly, or were realised for a loss, due to market conditions or poor performance by the parties carrying out the Development Projects, including failure by a borrower to repay or meet its obligations under all financing arrangements, including any funding made by the Company, so that returns of the Company were negative. These circumstances could also include the Company being called upon to meet any guarantee given by it in support of the relevant Development Investments and this could adversely affect an Investor's investment in Parcels, including in circumstances where all or part of the principal amount of the Bonds has been converted to shares on the Maturity Date and the security interests created under the Trust Deed have ceased to apply.
- There is a material deterioration in the Company's operating performance and, therefore, financial performance.
- The Company defaults in respect of its obligations under the Trust Deed, including its obligations in respect of the Bonds.
- If the Company was placed in receivership or liquidation for any reason, which would also create the early winding up of the Company pursuant to the terms of the Trust Deed, and there is a deficiency of assets of the Company such that the amount remaining after payment of all creditors is insufficient to return all or any of the amount paid for Parcels.
- At the end of the Term, including any Extended Term, and on the winding up of the Company, there is a deficiency of assets of the Company such that the amount remaining after payment of all creditors is insufficient to return all or any of the amount paid for Parcels.

RISK IN RESPECT OF PROJECTIONS

The cash return referred to in this Investment Statement (refer to page 21) is a projected return that is based on projections made by the Company.

Projections, by their nature, involve risks and uncertainties, many of which are beyond the control of the Company and the Manager. Accordingly, cash flows are likely to vary from the projections, and variations may be material. This may have a material adverse effect on the Company and Development Investments, and, correspondingly, on an Investor's investment in Parcels.

Therefore, none of the Board, the Company and the Trustee, nor any of their respective directors or employees or advisers, nor any other person guarantees the achievement of the cash flow projections. Further, the inclusion of these projections does not constitute a representation or warranty by these persons with respect to the achievement of the matters set out in such statements, or that the underlying assumptions used will in fact be the case.

PROPERTY DEVELOPMENT RISK

By their very nature, property development investments are speculative. The risks cannot be exhaustively catalogued due to the diverse range of opportunities in which Development Investments may be made.

In general, risks that may materially adversely affect Development Investments and, correspondingly, Investors' investments under this Offer, include:

- **Project risk:** Project risk in property development may be caused by construction risk arising from cost, quality and programme issues (including bad weather), default risk arising from participants in the development process, including construction contractors and tenants defaulting on their obligations, marketing risk arising from changing market conditions affecting property prices, leasing progress and rental expectations, and industrial relations risk affecting construction progress.
- **Legal or regulatory risk:** Property developments may be adversely affected by legal and regulatory requirements relating to those developments, and actions pursuant to or changes to such requirements, especially resource management, building, local government, and other planning-related legislation and regulations.

In addition, such developments may be adversely affected by decisions of regulatory bodies or the courts prohibiting, or imposing onerous conditions on, the particular property development. Any such changes or decisions could delay or prevent completion of a development, or result in completion of such development being uneconomic, or may otherwise have an adverse effect on any financial return from that development. Failure to comply with applicable legislation or regulation can also result in fines, injunctions, penalties, requirements for remedial works, total or partial suspension of regulatory approvals or other sanctions that may have an adverse effect on the particular development.

- **Liquidity risk:** The nature of property investment and development means that liquidity may be limited due to the proposed timing of asset disposals relative to the point in the property or economic cycle, a lack of available capital to potential purchasers at any time, projects being under construction but not complete, and the limited size of the Investor market given the quantum of capital required to purchase property assets of good quality. Prospective Investors in the Company should also be aware that there can be no assurance that the Manager will be able to sell or realise a Development Investment in a timely manner at a required stage or upon completion of a Development Project or the end of the Term.
- **Market risk:** Property may be adversely re-rated due to positive movements in other investment markets on a comparative basis, changes in investment market sentiment, and changes in underlying property investment fundamentals. The success of the Company will also be dependent on the ability of the Manager to identify, select and dispose of Development Investments at the appropriate time.
- **Interest rate risk:** Interest rate risk may arise from adverse movements in interest rates that may lead to default by any of the parties involved in the property ownership and development process.
- **Financial risk:** The Development Projects in which the Company may invest may be highly leveraged with the Company's interest in the relevant Development Investments ranking subsequent to other security holders. Such Development Projects therefore may be more sensitive to negative commercial and financial developments (such as movements in interest rates), which may have an adverse effect on the returns the Company receives in respect of its Development Investment, as well as adversely affecting the Company's ability to realise all or part of the principal amount of the Development Investment.
- **Key employee and officer risk:** The success of the Company will depend on the retention of certain key employees of the Manager. The loss of any of those key personnel or officers could adversely affect the ability of the Manager to identify appropriate property developments into which to invest or achieve the target returns on Development Investments.
- **Revenue risk:** Development Investments will be susceptible to the risk that actual income for a Development Project may be different to the projected income assessed as part of the Investment Criteria. This may have an adverse effect on the Development Investment and, correspondingly, the Company.
- **Inappropriate selection:** Many of the risks associated with investing in property development relate to the proper assessment of the opportunities. Although it is considered that the Approval Process and the Investment Criteria provides a careful and staged investment framework, there is always the risk that an investment decision may prove to be poor through the actual performance of the relevant Development Project and the parties associated with it. This could materially and adversely affect a Development Investment and, correspondingly, Investors' returns on their investment under this Offer.

GENERAL RISK

- **Economic risk:** Like any other asset, property returns are influenced by the level of economic activity. For example, a contraction in the New Zealand or global economy may impact upon the performance of Development Projects by reducing or increasing tenant interest, and affecting costs, rentals and other underlying property fundamentals.
- **Changes in taxation laws:** Prospective Investors should seek independent advice in respect of their own individual taxation position. Future changes in taxation law may affect the taxation treatment of acquiring, holding, (including the receipt of interest and dividend payments) and disposing of Parcels. Any change in the rules allowing the tax deductibility of interest, attachment of imputation credits or imposition of withholding tax or the current rates of company or personal income tax may impact on either or both Investors' returns and the Company's returns on its Development Investments in Development Projects.

- **Interest rate risk affecting value:** The interest rate payable on the Bonds is fixed until the Maturity Date. The market value of the Bonds may fluctuate up or down with movements in prevailing interest rates. Interest rate rises create a risk that Bonds may become a less attractive investment when compared to the rates of return available on comparable securities. This may affect the market value of each Parcel.
- **Illiquid nature of investment:** Investors are not able to require the Company to buy back their Parcels. Investors may be able to realise their investment prior to the Maturity Date through the sale of their Parcels on any secondary market for the Parcels that may develop. However, no assurance can be given that this will occur and a lack of frequent trading in the Parcels may make it difficult for Investors to sell their Parcels when required.
- **Cross-border enforcement:** Given that the Company may potentially invest in Australia, the ability of the Company to enforce securities, or for the Trustee to enforce any of its rights pursuant to the Trust Deed on behalf of the Investors, may be more limited and more expensive in respect of assets located in Australia than would normally be the case if it were only operating in New Zealand. This may impact on the amount (if any) the Investors receive in the event of any enforcement action.
- **Insured or uninsured catastrophic events:** Insured or uninsured catastrophic events, including earthquakes, fire, volcanic eruption, tsunami and acts of God, could affect the value of the Company's assets.
- **Foreign currency fluctuations:** The Company's consolidated financial statements will be reported in New Zealand dollars. The Company may generate some revenue from assets denominated in Australian dollars. The Company may enter into forward foreign exchange contracts covering the majority of the principal amounts together with capitalised interest amounts to hedge this exposure. However, the Company will retain some residual exchange rate risk.
- **Information technology:** The Company is reliant on both the Manager's information technology ("IT") and other systems to operate. The failure of this IT could have a short term material adverse impact on both the Company's and the Manager's operations. This risk is managed by the Manager having appropriate back up systems in place. The Company is also exposed to the risks of new systems or upgrades failing to perform to expectations.
- **Litigation risk:** While the Company is not aware of any pending litigation that could have a material adverse affect on the Company as at the date of this Investment Statement, as with all businesses there is a possibility of future litigation that could adversely affect the Company's financial position.

RISK MITIGATION

The Company considers that the following will assist the Company and the Manager to mitigate the adverse effect on Investors of at least some of the risks identified above (being principally those risks that are not outside the control of the Manager):

- the experience and expertise of the Manager, its key employees and directors;
- the Manager's compliance with the Approval Process, including ensuring that all prospective Development Investments comply with the Investment Criteria;
- Holdings' contribution of up to \$1,000,000 or more (in the case of over-subscriptions) of share capital that will rank behind the interest of Bondholders; and
- ensuring that all Development Projects are insured, and kept insured, to the extent consistent with precedent market practice.

However, the Company and the Manager do not guarantee that they will ultimately be able to successfully mitigate the adverse effect on the Company, and correspondingly Investors, where any of the risks outlined in this section actually arise. This does not in any way diminish the Manager's liability to the Trustee and to the Company under the Trust Deed and the Management Agreement, respectively.

CONSEQUENCES OF INSOLVENCY

If the Company becomes insolvent, no Investor will be liable to pay any further amounts to the Company or to any other person in respect of the Investor's investment in Parcels. In that event, however, Investors may receive none or only some of the expected returns and none or only some of the principal amount invested by them in Parcels.

If the Company is placed in liquidation or becomes subject to receivership:

- Certain persons holding securities will rank ahead of the securities provided by the Company to the Trustee under the Trust Deed and on behalf of Bondholders. In particular, in the case of:
 - the assets and undertaking of the Company, these persons will be limited to the bank or financier holding the security interest in respect of the Company's working capital and financial administration facilities; and
 - Development Investments and Development Projects, these persons will be limited to those persons holding prior security interests permitted under the Investment Criteria.

As well, certain statutory preferred creditors (the main potential claims being, in general terms, in respect of some salaries and wages and tax) will rank ahead of all claims of Bondholders.

- The interest of Bondholders will rank ahead of all other security holders and creditors of the Company.
- The interests of Shareholders will rank equally amongst each other and with Holdings Shares but will rank behind all persons holding a security interest in the Company, including Bondholders, and all creditors of the Company, to the effect that all liabilities of the Company will rank ahead of Shareholders. Assets remaining, if any, after payment of all liabilities to security interest holders, other creditors and of all fees and costs incurred by the Company, will be distributed equally amongst Shareholders.

CAN THE INVESTMENT BE ALTERED?

Neither the Company, nor you, nor any other person has the right to alter the amount payable by you, described in HOW MUCH DO I PAY? on page 17.

The terms and conditions of the Bonds are set out in the Trust Deed. The Trust Deed permits the Company and the Trustee (without the consent of Bondholders) to alter or amend the Trust Deed if the alteration or amendment required:

- is, in the opinion of the Trustee, to correct a manifest error or is a formal or technical amendment and it is not prejudicial to the general interests of Bondholders;
- is necessary to comply with any statute or the requirements of any statutory authority; or
- is to cure any ambiguity or to correct or rectify any provision in the Trust Deed which may be defective or inconsistent with any other provision; or
- if the amendment is considered by the Trustee not to be, and not likely to become, in any way materially prejudicial to the interests of the Bondholders.

Other amendments can only be made if the consent of at least 75% of Bondholders holding 75% of the votes is given in writing or pursuant to an extraordinary resolution of Bondholders.

HOW DO I CASH IN MY INVESTMENT?

EARLY TERMINATION

The following scenarios (Early redemption or Sales of Parcels) may result in early termination of your investment in Parcels.

EARLY REDEMPTION

The Bonds may be redeemed early in the following circumstances:

- where the Company has exercised its discretion to shorten the Term to expire on the second anniversary of the Closing Date, where there are, or are likely to be, upon the advice of the Manager, insufficient Development Investments up to that date; or
- in the last year of the Term or, if applicable, the last year of the Extended Term, upon the early sale or realisation of all Development Investments made by the Company; or

- where the Trustee seeks to accelerate the repayment of the Bonds prior to the Maturity Date on the happening of an enforcement event under the Trust Deed (these are set out in detail in the Trust Deed and include the Company failing to pay interest on the Bonds when due).

Any earlier redemption may be subject to the Company first selling or realising all Development Investments existing at the time the early redemption circumstances arise. This early sale or realisation will be subject to the express terms of the Company's Development Investment.

The Company will be wound up following any early redemption, the sale and realisation of all Development Investments and the final distribution of funds to creditors and shareholders.

SALES OF PARCELS

Bonds and Shares may only be sold in Parcels consisting of 1 Bond and 500 Shares.

Sales of Bonds and Shares may be achieved through a sale in a secondary market or through a private transaction.

There is, however, no established market for the sale of Parcels.

Transfers of Parcels may be effected on any form commonly used for securities transfers and forwarded to the Manager who is also the security registrar in respect of Parcels. No transfers will be accepted by the Company during the 10 business days immediately preceding any interest payment date. No charges will be payable by Investors to the Company in respect any such transfers.

Other than redeeming the Bonds on the Maturity Date or upon any early redemption, the Company has no obligation to buy Parcels back from Investors.

WHO DO I CONTACT WITH ENQUIRIES ABOUT MY INVESTMENT?

You are entitled to make such enquiries as you see fit in respect of your investment in Parcels. Your enquiries should be directed to:

Kevin Podmore or Tim Rosenberg
 St Laurence Property Development Fund Limited
 St Laurence House
 259 Wakefield Street
 P O Box 1894
 WELLINGTON
 Phone (04) 499-3219

IS THERE ANYONE TO WHOM I CAN COMPLAIN IF I HAVE PROBLEMS WITH THE INVESTMENT?

Any complaints or problems with the investment should be directed to:

Kevin Podmore or Tim Rosenberg
 St Laurence Property Development Fund Limited
 St Laurence House
 259 Wakefield Street
 P O Box 1894
 WELLINGTON
 Phone (04) 499-3219

or
 The Regional Manager – Corporate Trust
 Perpetual Trust Limited
 Perpetual Trust House
 111-115 Customhouse Quay
 P O Box 3845
 WELLINGTON
 Phone (04) 470-9600

There is no ombudsman to whom you can complain in respect of your investment in Parcels.

WHAT OTHER INFORMATION CAN I OBTAIN ABOUT THIS INVESTMENT?

REGISTERED PROSPECTUS

Further information about this Offer, including the Company, Parcels, Development Investments and the Trust Deed is contained or referred to in the Prospectus and the Trust Deed.

Prospective Investors may obtain a copy of the Prospectus, the Trust Deed and material contracts and other documents filed with the Companies Office (including the Management Agreement) at the registered office of the Company at the address stated above, free of charge and during business hours.

Also, copies of the registered Prospectus, Trust Deed, Constitution and such other material contracts and documents filed with the Prospectus and, when available, the financial statements of the Company are filed on a public register which prospective Investors may inspect for a fee at the Companies Office, Business and Registries Branch, Ministry of Economic Development, Level 5, 3 Kingston Street, Auckland or on the Companies Office's website (www.companies.govt.nz).

FINANCIAL AND ANNUAL INFORMATION

Prospective Investors should be aware that as the Company was only incorporated on 31 March 2006, there are no current financial statements for the Company. The first financial statement for the Company will be prepared at the end of the Company's first accounting period of the Company (31 March 2007).

Investors will also receive the following regular information:

- Half-yearly reports covering the Company's main activities, including Development Investments made over the previous 6 months and an update on current projects and prospects; and
- An annual report in respect of the Company, which will include the audited financial statements of the Company.

You will also receive an annual tax advice notice.

MANAGEMENT EXAMPLES

EXAMPLE 1: AUCKLAND CBD OFFICE BUILDING

THE PROPERTY:

A 4,400m² predominantly vacant office building situated in the Auckland CBD. The property was identified in April 2001 by the Manager as an "add value" leasing opportunity despite the recent vacation by its major tenant.

The Manager considered that the location and the quality of the existing fit-out would enable a relatively quick leasing and with a delayed settlement to assist with the funding of the property this presented a good opportunity to generate an attractive overall return.

STRATEGY IMPLEMENTED BY THE MANAGER:

- Secured the property "under contract" as an off-market transaction through its own personal relationship network on behalf of a separate St Laurence entity;
- Identification of a suitable joint venture party for the St Laurence entity;
- Acquisition of the property by the joint venture in October 2001 with the Manager taking responsibility for arranging finance for the acquisition and the day to day management of the joint venture;
- Securing an underwrite by the joint venture partner for 1,350m² of the property representing 30% of the vacant accommodation;
- Structuring the joint venture on a 50/50 apportionment of all income, capital gains and/or losses;
- Successfully leasing the property within a 12 month period. In fact, all bar one floor was leased prior to settlement;
- Successful disposal of the property less than three years later at an amount well in excess of the joint venture's initial expectation.



EXAMPLE 2: PROVINCIAL SHOPPING CENTRE

THE PROPERTY

An established North Island provincial retail centre that, although completed in 1992, appeared dated and was generating an unsatisfactorily low return.

The property comprised a key anchor tenant and a number of smaller national tenants totaling approximately 9,500m² of retail accommodation and associated car parking.

2,100m² of the property was vacant representing approximately 22% of the available space and the anchor tenant's trading figures were unsatisfactorily low.

STRATEGY IMPLEMENTED BY THE MANAGER:

- Introduction of a suitable joint venture partner - the Manager introduced the property to a separate St Laurence entity with a view to acquiring the property with an appropriate joint venture partner with a credible track record and one that could in addition bring considerable local knowledge and understanding to the joint venture;
- Following extensive due diligence the property was acquired in January 2003 by the joint venture;
- The joint venture then undertook a refurbishment of the Centre that included a reconfiguration of the existing layout and a re-engineering of the anchor tenants lease;
- On completion the joint venture had increased the net rental income by 20% and reduced the vacancy to 0.3%;
- The property was sold in March 2005 at an amount in excess of the joint venture's initial expectation.

GLOSSARY

In this Investment Statement, unless the context otherwise requires:

Approval Process

means the process to be followed by the Manager in respect of prospective Development Investments;

Board

means the board of Directors of the Company;

Bonds

means the Bonds of the Company offered in this Investment Statement and in the Prospectus and issued under the Trust Deed;

Bondholder

means a holder of Bonds;

Company

means St Laurence Property Development Fund Limited;

Closing Date

means 30 June 2006, or such later date as the Company may elect as the date upon which it will close the Offer, but not to be later than 19 October 2006;

Development Investment

means an investment or investments made by the Company in a Development Project, where permitted by the Management Agreement and the Trust Deed;

Development Project

means a property development project in new developments, redevelopments and or subdivisions in any of the retail, industrial, residential and commercial property markets in New Zealand and Australia (refer to page 10);

Directors

means directors of the Company and director means any one of them;

Extended Term

if applicable, means the period from 1 July 2011 to 30 June 2016 or such later date as may be required to sell or realise all Development Investments;

GST

means Goods and Services Tax as imposed by the Goods and Services Tax Act 1985;

Holdings

means St Laurence Holdings Limited;

Holdings' Shares

means up to 1,000,000 (or more in the case of over-subscription) further shares to be subscribed for by Holdings and to provide further share capital in the Company, and, where not inconsistent with the context, includes the Promoter's Shares;

Investment Entity

means company, joint venture (whether incorporated or unincorporated) or other legal entity created to carry out a Development Project;

Investment Statement

means this investment statement, as issued by the Company in respect of the Offer and dated 24 April 2006;

Investor

means an investor in this Offer, who has subscribed for Parcels;

Investment Criteria

means the criteria set out in the Management Agreement, in respect of which the Manager is required to assess all prospective Development Investments (as set out in page 11);

Manager

means St Laurence Limited;

Management Agreement

means the management agreement dated 13 April 2006 between the Company and the Manager;

Maturity Date

means the last day of the Term or, if the Extended Term applies, the last day of the Extended Term or, if early redemption applies, the date of early redemption;

Offer

means the offer of Parcels made by the Company under this Investment Statement and the Prospectus;

Parcel

means a parcel of 500 Shares and one Bond as offered to prospective Investors for subscription under this Investment Statement and the Prospectus;

Promoter

means St Laurence Holdings Limited;

Promoter's Shares

means the 10 ordinary shares in the capital of the Company issued to Holdings at the date of this Investment Statement and credited as fully paid;

Promotion Agreement

means the promotion agreement dated 13 April 2006 between the Company and Holdings, under which Holdings has agreed to promote the Offer and subscribe for Holdings' Shares;

Prospectus

means the registered Prospectus issued by the Company in respect of the Offer and dated 19 April 2006;

Shareholder

means a holder of Shares;

Shares

means the ordinary shares of the Company offered in this Investment Statement and the Prospectus;

Term

means the period from the date of allotment of an Investor's Parcels to 30 June 2011 or such later date as may be required to sell or realise all Development Investments and, where not inconsistent with the context, includes reference to the Extended Term;

Total Tangible Assets

means, at any date, the aggregate of the tangible assets (as determined by generally accepted accounting principles) of the Company, as disclosed by the last set of annual audited accounts for the Company and in respect of the first year of the Term from the Closing Date means the total amount of the subscription proceeds raised under the Offer and the share capital contributed by Holdings;

Trust Deed

means the trust deed dated 13 April 2006 between the Trustee, the Company and the Manager and includes any amendments and any supplemental deed under which any further Bonds are constituted; and

Trustee

means Perpetual Trust Limited.

APPLICATION INSTRUCTIONS

INSERT DETAILS

Insert full name(s), address and telephone numbers. Applications must be in the name(s) of natural persons, companies or other legal entities, up to a maximum of three names per application. Full given name and surname is required for each natural person.

Insert your IRD number and marginal tax rate.

SIGNING

Read the Application Form and this investment statement carefully and sign and date the form. It must be signed by the applicant(s) personally, or by two directors of a company, or one director if there is only one director, or in either case by an attorney.

If your Application Form is signed by an attorney, a certified copy of the power of attorney document must be lodged, unless previous proof of power of attorney has been supplied to St Laurence Registry Services. In either case, the attorney must complete the certificate of non-revocation on the Application Form.

Joint applicants must each sign the Application Form.

PAYMENT

Payment of the application amount in full must accompany the Application Form. Payment must be in New Zealand dollars.

Cheques must be drawn on a registered New Zealand Bank.

Cheques must be made out in favour of "Perpetual Trust Limited" and crossed "not transferable - account payee only".

CLOSING DATE

Application Forms must be received by the Registrar by 5.00pm on the Closing Date.

APPLICATION FORM



To: Perpetual Trust Limited
 C/- St Laurence Limited
 PO Box 1894
 WELLINGTON

BROKER'S STAMP

APPLICANT TO COMPLETE - BLOCK LETTERS PLEASE

Name of Company, Trust or Estate (if applicable):

Personal Investor(s) (if applicable):

Mr/Mrs/Miss/Ms/Trustee:
First Name/s Surname D.O.B

Mr/Mrs/Miss/Ms/Trustee:
First Name/s Surname D.O.B

Mr/Mrs/Miss/Ms/Trustee:
First Name/s Surname D.O.B

Full Postal Address:

Post Code:

Telephone:
Home Business

e-mail:

Occupation: IRD Number:

Residents: Withholding Tax Rate: 19.5% 33% 39% Tax Exempt (certificate attached)

Non-Residents: Approved Company Levy; OR Non-Resident Withholding Tax

My Bank Account Details (for distribution purposes):

Bank	Branch				

Account No.									

Suffix			

Bank Name: Branch:

Name of Account Holder:

I/We wish to apply for Parcels of Bonds and Shares on the terms and conditions set out in the investment statement dated 24 April 2006 issued by St Laurence Property Development Fund Limited (the Company) which I/we have read. (Note The price of each Parcel is \$5,000, comprising one Bond of \$4,500 and 500 Shares at \$1.00 each.)

Enclosed is my/our cheque crossed "not transferable account payee only" payable to Perpetual Trust Limited for the sum of \$ being payment in full for the Parcels applied for.

I/we request the Company to issue Bond and Share certificates to my/our designated postal address.

INTEREST PAYMENTS: Interest will be paid to Bondholders in respect of the Bonds forming part of the Parcels subscribed for in accordance with the terms and conditions of the Bonds. Payments will be directly credited to your Bank Account specified above.

I/We hereby apply for the Parcels specified above upon the terms of the investment statement 24 April 2006, and agree that my/our application will not be revoked.

I/We acknowledge that this form was distributed with the Investment Statement dated 24 April 2006 and that I/we read and understood that Investment Statement.

I/We understand that the terms and conditions of the Investment Statement, Prospectus and the Trust Deed will be binding on me/us and I/we agree to accept the Parcels applied for (or such lesser number as may be allocated to me/us) on the terms and conditions contained in the Investment Statement, Prospectus and the Trust Deed.

Under the terms of the Privacy Act 1993, I/we acknowledge that you are retaining my/our personal details provided on this Application Form for the purposes of mailing me/us further information on products or services offered by you or any companies associated with you. I understand that I/we must advise the Company in writing if I/we do not want this information to be provided and forward such advice to St Laurence Property Development Fund Limited, PO Box 1894, Wellington.

I/We understand that I/we may request access to the personal details provided by me/us by inquiry of the Company. A fee may be payable. If I/we consider these personal details to be incorrect, I/we understand that these personal details may be corrected at my/our request in writing.

I/We confirm that I/we have executed this application and the power of attorney (where necessary) on the reverse of this form in accordance with the company constitution and the Companies Act 1993 or the trust deed or the Society Rules or the partnership terms (whichever is applicable).

Signature: Date:
 Signature: Date:
 Signature: Date:

PLEASE NOTE: ALL APPLICANTS MUST SIGN

Note: The Company reserves the right to decline or accept any application in whole or in part without giving any reason. This Investment Statement and the Prospectus dated 19 April 2006 expire on 19 October 2006 unless the offer is closed earlier by the Company.

How did you hear about St Laurence Property Development Fund Limited? (please tick):

My Financial Adviser Newspaper Website Other (please specify):

The Company may from time to time wish to send applicants information to do with its present and proposed business activities.

Please tick this box if you do not wish to receive this information.

IDENTITY CONFIRMATION

The Financial Transaction Reporting Act 1996 requires the identity of all investors to be verified. If the account name on the application cheque is different from the name of the entity or person(s) that will own the securities to which this application relates, please ask your adviser to complete the declaration below. Alternatively please supply a certified copy of your photo drivers license, passport or birth certificate with your application form.

DECLARATION OF ADVISER AS AGENT OF ST LAURENCE PROPERTY DEVELOPMENT FUND LIMITED:

I have seen an original or certified copy of the identification for each investor to whom this application relates and I have kept a copy of this identification for my files. I have no reason to believe that each investor is not who he or she claims to be.

Signature: Date:

Name: Company/Firm:

Identification Used:

CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY

I
Name of Attorney

of
Address of Attorney

.....
Occupation

HEREBY CERTIFY:

1. THAT by a Power of Attorney dated the day of 20

.....
Full name of person for whom attorney is signing

of
Address of person for whom attorney is signing

.....
Occupation

("Donor") appointed me his/her/its attorney on the terms and conditions set out in that power of attorney.

2. THAT I have executed the application for Parcels on the face of this form as attorney under that power of attorney and pursuant to the powers thereby conferred upon me.

3. THAT at the date of this certificate I have not received any notice or information of the revocation of that power of attorney by the death or winding up of the Donor or otherwise.

SIGNED AT: this day of 20

Signature of Attorney:

DIRECTORY

COMPANY

St Laurence Property Development Fund Limited
St Laurence House
259 Wakefield Street
PO Box 1894
Wellington

DIRECTORS OF THE COMPANY

Kevin John Podmore
Aeneas (Mike) Edward O'Sullivan
Philip Samuel Newland

PROMOTER

St Laurence Holdings Limited
St Laurence House
259 Wakefield Street
PO Box 1894
Wellington

TRUSTEE

Perpetual Trust Limited
Level 5
Perpetual Trust House
111-115 Customhouse Quay
PO Box 3845
Wellington

MANAGER

St Laurence Limited
St Laurence House
259 Wakefield Street
PO Box 1894
Wellington

SOLICITORS TO THE COMPANY

Greenwood Roche Chisnall
Level 9
Castrol House
36 Customhouse Quay
Wellington

SOLICITORS TO THE TRUSTEE

Minter Ellison Rudd Watts
Level 17
125 The Terrace
Wellington

AUDITOR

KPMG
KPMG Centre
135 Victoria Street
Wellington

SECURITIES REGISTRAR

St Laurence Registry Services
C/- St Laurence Limited
St Laurence House
259 Wakefield Street
PO Box 1894
Wellington

ST LAURENCE PROPERTY DEVELOPMENT FUND

St Laurence House, 259 Wakefield Street, P O Box 1894, Wellington.

Website: www.stlaurence.co.nz Email: office@stlaurence.co.nz Freephone: 0800 499 321

