

STEWARDS FOUNDATION (NZ) INCORPORATED

(Registered Charity CC10589)

www.stewards.org.nz

Secretary:

David Burt B.A., LL.M., B.D., M.C.S.
3A Taitokerau Way
St Johns, Auckland 1072

Treasurer:

Steven Duxfield CA, ACIS
PO Box 301643
Albany, Auckland 0752

UNSECURED BONDS

STATEMENT TO SUBSCRIBERS

Stewards' Foundation offers unsecured bonds for subscription by investors who wish to support the Foundation's work.

Important Notice

Prospective investors are advised that Stewards' Foundation, in making this offer of securities, is not subject to the normal requirements to have a registered prospectus and an investment statement under the Securities Act 1978. This is because the Securities Commission has granted a general exemption from those requirements to all charitable organisations. The Securities Commission has not examined or approved this particular offer.

Accordingly, the risks associated with this investment may not be as fully disclosed in this document as they would be in an investment statement and registered prospectus.

The Securities Commission granted the general exemption on the basis that prospective investors in charitable organisations are not necessarily seeking a commercial return, but instead wish to support the charitable and religious purposes of the charitable organisation. The particular religious purposes of the Stewards' Foundation are discussed in this document.

If the return sought is important to you, you should consider seeking investment advice.

Purpose

Stewards' Foundation provides low interest mortgage loans to Brethren Assemblies, and also to camps, rest homes and other institutions and to missionaries and full-time workers associated with Brethren Assemblies. At present, the lending rates are 6.25% per annum for assemblies and institutions, and 5.0% per annum for missionaries and full-time workers. The loans are funded by bond investments and from the Foundation's reserves.

Description of Securities

The bonds are unsecured. They are either for a fixed period of two years or else repayable on three months' notice from the bond holder. The bond certificates must be surrendered at the time of repayment. The interest rate on the three month bonds can be varied on one month's notice from the Foundation. The Foundation has the right to make repayment on three months' notice to the bond holder.

Returns

The interest rate currently offered on two year bonds is 5.5% per annum.

The interest rate on three month bonds is 4.25% per annum.

Interest is payable by the Foundation on 31 March and 30 September during the currency of the bonds.

The returns are to be paid by The Stewards' Foundation (N.Z) Incorporated. There is no guarantee of the return under the bonds by any other person or entity.

Interest payments are subject to deduction of Resident Withholding Tax or Non-Resident Withholding Tax as the case may be. There is no such deduction if an exemption certificate is provided.

You may choose not to receive interest on your bond investment, if you so desire.

Principal Risks

1. The Foundation might not have enough liquidity to pay your money back when your bond is due to be redeemed.

To guard against that, the Foundation holds investments in securities which can be realised on 48 hours' notice to a level of at least 30% of bonds on issue at any time. There is a risk that the Foundation could invest in securities which lose some of their value. The Foundation seeks to minimise this risk by taking advice from an experienced Securities Adviser before placing investments.

2. The mortgage borrowers to whom loans are made may not be able to meet their commitments.

To guard against that, the Foundation lends only on first mortgage of property, and to a level not exceeding two thirds of valuation. Nothing has been written off as a bad debt in the Foundation's 50+ year history.

Note: The Foundation does not have a credit rating. (That is, a rating of its creditworthiness by an agency approved by Reserve Bank). Together with other charitable and religious organizations, it is temporarily exempted until 30 November 2012, from this requirement. The Reserve Bank takes the view that the requirement would be unduly onerous and burdensome for such organizations, and in various ways they are distinct from other deposit takers.

Consequences of Insolvency

The Foundation holds reserves of over \$2 million. If however, it were to become insolvent:

- (a) Bond holders would not have to pay any more money;
- (b) It is the Foundation's policy not to borrow from any source other than bond holders, and it pays no tax on its income. Other than wages and costs of winding up therefore, there should be no claims ranking in priority to bond holders;
- (c) The claims of bond holders would rank equally.

Complaints

If you are not satisfied with the service you have received from us you should contact us. We have an internal complaints process and undertake to investigate your concerns promptly and fairly. You may contact us to make a complaint by telephone, by email, or in writing.

We are a member of an independent dispute resolution scheme operated by Financial Services Complaints Limited ("FSCL") and approved by the Ministry of Consumer Affairs. We have 40 days to respond to your complaint. If you are not satisfied by our response, you may refer the matter to FSCL by emailing info@fscl.org.nz or by calling FSCL on 0800 347 257. Full details of how to access the FSCL scheme can be obtained on their website www.fscl.org.nz. There is no cost to you to use the services of FSCL.

Further Information

The Foundation publishes an Annual Report, which includes a summary of its accounts to the previous September. This will be mailed or emailed to every Brethren Assembly in New Zealand.

It is a term of this offer that, on the request of any Bond subscriber, the Foundation must send without fee and within 5 working days of receiving the request, a copy of the most recent audited financial statements of the Foundation.

The Foundation is a registered charity (CC10589) in terms of the Charities Act 2005. For more information, visit the Charities Register at www.charities.govt.nz. Annual Returns, including audited financial statements, are also available there.

Enquiries about bond investments, together with any request for a copy of the audited financial statements, should be addressed to:

The Treasurer: Mr Steven Duxfield
P O Box 301643
Albany
Auckland 0752
Ph: (09) 476 1395
Email: theduxfields@xtra.co.nz

Enquiries about mortgage advances should be addressed to:

The Secretary: Mr David Burt
3A Taitokerau Way
St Johns
Auckland 1072

Further information about the work of the Foundation can be found at our web site – www.stewards.org.nz.

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