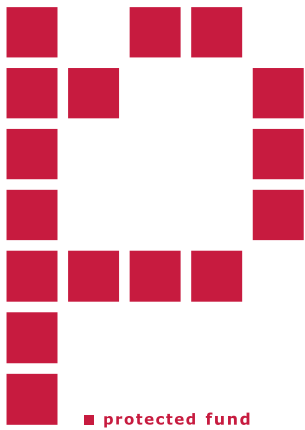


LIONTAMER  INVESTMENTS

MASTERING FINANCIAL MARKETS

■ protected ■ managed ■ customised

www.liontamer.com



waterseries1

130

BOOSTER UNITS

waterseries1

155

SUPER-BOOSTER UNITS

GLOBAL WATER FUND

WATER Series 1 Trust **21**

Offered by Liontamer Investment Management Pty Limited ABN 23 104 174 325
Investment Statement for the purposes of the Securities Act 1978 (New Zealand) prepared on
2 August 2007



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:

- +** **What sort of investment is this?** page 4
- +** **Who is involved in providing it for me?** page 7
- +** **How much do I pay?** page 7
- +** **What are the charges?** page 8
- +** **What returns will I get?** page 9
- +** **What are my risks?** page 12
- +** **Can the investment be altered?** page 13
- +** **How do I cash in my investment?** page 14
- +** **Who do I contact with enquiries about my investment?** page 16
- +** **Is there anyone to whom I can complain if I have problems with the investment?** page 16
- +** **What other information can I obtain about this investment?** page 16

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.

Certain words and expressions used in this Investment Statement (denoted by initial capital letters) have defined meanings. A glossary of these terms is included on page 3 of this Investment Statement.

Investments in WATER Series 1 Trust 21 (the Trust) are available to New Zealand resident investors and other investors located outside Australia to whom it is lawful to make an offer.

The securities referred to herein are not sponsored, endorsed, or promoted by the Note Issuer, and the Note Issuer bears no liability with respect to any such securities or any index on which such securities are based. The Prospectus contains a more detailed description of the limited relationship the Note Issuer has with Liontamer Investment Management Pty Limited and any related securities.

The Trust is not endorsed or promoted in any way by the Note Issuer. The Note Issuer makes no representation in respect of, and has no liability whatsoever to, any investor regarding the Trust or the Notes, whether regarding the performance of the Notes or otherwise.

It is recommended that you obtain and read a copy of the Prospectus for this Offer before subscribing for Units, see "What other information can I obtain about this investment?" on page 16.

WORLD VISION DONATION

Currently 20% of the world's population (1.1 billion people) lack access to an adequate supply of drinking water. Liontamer is delighted to support World Vision water projects which are helping people in developing communities. We will donate 0.05% of the money raised for WATER Series 1 to this worthwhile cause. This is a direct donation by Liontamer from our own profits.

World Vision



LIONTAMER INVESTMENTS



Quick guide

Fund name	WATER Series 1 Trust 21
Term	<p>Booster Units: Five years</p> <p>Super-booster Units: Four years</p> <p>Liontamer has the discretion to reduce or increase the maturity date by up to six months, depending on market movements during the Offer period.</p>
Growth	<p>Booster Units: 130% of the Growth in the Index</p> <p>Super-booster Units: 165% of the Growth in the Index</p>
Liontamer WATER Index	An equally weighted basket of 15 stocks: Aguas de Barcelona – Class A, Aqua America Inc, Danaher Corp, Geberit AG-Reg, Kelda Group PLC, Northumbrian Water Group PLC, Millipore Corporation, Pennon Group PLC, Pentair Inc, Kurita Water Industries Ltd, Severn Trent PLC, Suez SA, United Utilities PLC, Uponor OYJ and Veolia Environnement.
Capital protection	<p>Booster Units: 100% capital protected at maturity</p> <p>Super-booster Units: 90% capital protected at maturity</p> <p>This means that 100% of your capital will be repaid at maturity for Booster Units and 90% for Super-booster Units, even if the Liontamer WATER Index falls in value. To ensure this is possible, the fund buys protected investments (Notes) issued by the Note Issuer.</p>
Early maturity feature	If a class of Notes reaches a redemption value of \$1.80 within the first three years, the Notes will be redeemed and your Units will be repaid.
Early exit	This is a hold-to-maturity investment and the level of capital protection only applies at maturity. Early exits are possible at the redemption value of the Notes in exceptional circumstances at the discretion of Liontamer and you may get back significantly less than you invested. An Exit Fee of 2% will apply.
Annual return	0.05% p.a. paid 30 June each year, i.e. \$2.50 per \$5,000 invested.
Entry Fee	0-3% of the amount you pay for the investment (as described on page 7 of this Investment Statement). This is a cost paid by the investor.
Annual management fee	0%
Minimum investment	\$5,000
Currency	New Zealand dollars. Your investment has no exposure to currency fluctuations between the New Zealand dollar and the currencies of the stocks in the Liontamer WATER Index.
Exit fee	2% prior to maturity and for all repurchases at or after maturity.
Offer period	<p>Closing Date: 2 November 2007.</p> <p>The Offer may close early or may be extended beyond the Closing Date. Your financial adviser will have full details.</p>
<p>Important: this is just a brief summary of the key facts, please ensure you read the remainder of the Investment Statement in full before investing.</p>	

Annual Return means the payment of 0.05% per annum of the Investment Amount, calculated using the 30/360 day count convention (which assumes all months have 30 days resulting in a 360 day year), payable to Unitholders on each 30 June during the relevant Investment Period.

Application Amount means the amount a subscriber pays for Units in the Trust from which the Entry Fee is deducted.

Base Prospectus means UBS AG's Base Prospectus dated 4 July 2007 in relation to its Euro Note Programme.

Booster Units means the Units in the Trust which have an Index Linked Return described on pages 9 and 10.

Business Day means any day on which trading banks in Auckland, Wellington, New York and London are open for business.

Capital Protection Maturity Date means the last day of the relevant Investment Period.

Closing Date means the date on which the Offer for each class of Units closes as selected by Lontamer (which may be a different date for each class) which is expected to be 2 November 2007.

Component Stock means each of the stocks which are included in the Lontamer WATER Index.

Deed of Participation means the master deed of participation dated 14 May 2003 entered into by Lontamer and the Statutory Supervisor as supplemented by the Supplemental Deed.

Early Bird Interest means the interest earned at a market rate on the Application Amount from the date the Application Amount is received in cleared funds until the Strike Date, after deduction of any withholding tax.

Entry Fee means, if applicable, 3% of the Application Amount.

Exit Fee means the fee charged by Lontamer on certain early repayments of Units and on all purchases by Lontamer of Units at or after maturity.

Final Terms means the terms of the two series of Notes to be purchased by the Trust from the Note Issuer using the aggregate Investment Amounts for, respectively, the Booster Units and the Super-booster Units, such terms to be read in conjunction with the Base Prospectus.

Growth in the Index means the increase in the Lontamer WATER Index over the relevant Investment Period as described on page 9.

Index Linked Return means the return payable on the relevant Capital Protection Maturity Date (except if the Pre-Set Growth Target is met prior to that date) calculated in the manner specified on pages 9 and 10.

Investment Amount means the balance of the Application Amount after deduction of the Entry Fee (plus the amount of any rebate of the Entry Fee) and addition of any Early Bird Interest that is used to purchase Units in the Trust.

Investment Period means in respect of the Booster Units, the period of five years beginning on the Issue Date and, in respect of the Super-booster Units, the period of four years beginning on the Issue Date, except:

- (i) as increased or decreased by up to six months at the discretion of the Manager (to be exercised not later than the Strike Date); or
- (ii) as reduced as described under "Early Repayment process" on page 14 and "The Note Issuer's right to redeem" on page 15.

Investment Statement means this investment statement in relation to the Offer.

Issue Date means the date on which the relevant Units are issued, that is three Business Days after the relevant Strike Date or such other date as may be selected by Lontamer, which is as close as practicable to three Business Days after the relevant Strike Date.

KBC Asset Management means KBC Asset Management N.V., which owns 51% of Lontamer and Lontamer Investment Services Limited.

Lontamer or Manager means Lontamer Investment Management Pty Limited.

Lontamer WATER Index means the index described under "The Lontamer WATER Index" on page 9.

Multiplier means the percentage multiplier of the Growth in the Index, being 130% for the Booster Units and 165% for the Super-booster Units.

Note Issuer means UBS AG, acting through its Jersey branch, or another global investment bank with a Standard & Poor's credit rating of at least A selected subject to, and in accordance with, the Prospectus.

Notes means structured notes issued by the Note Issuer under its Base Prospectus.

Offer means the offer by Lontamer to investors of Units.

Payment Date means 30 June each year (or as soon as practicable thereafter) during the relevant Investment Period.

Pre-Set Growth Target means, in respect of either class of Notes, an amount equal to or greater than 180% of the principal amount of the Notes.

Prospectus means the prospectus in relation to the Offer.

Repayment means redemption or repurchase of Units and references to repay or repaid have corresponding meanings.

Statutory Supervisor means New Zealand Permanent Trustees Limited.

Strike Date means, in respect of each class of Units, the date falling six Business Days after the relevant Closing Date (or such other date as Lontamer selects which is as close as practicable to six Business Days after the relevant Closing Date).

Super-booster Units means the Units in the Trust which have an Index Linked Return described on pages 9 and 10.

Supplemental Deed means the deed dated 2 August 2007 supplemental to the Trust Deed and Deed of Participation entered into by Lontamer and the Statutory Supervisor.

Trust means the WATER Series 1 Trust 21.

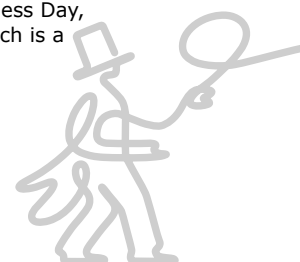
Trust Deed means the Master Trust Deed Poll dated 14 May 2003 entered into by Lontamer as supplemented by the Supplemental Deed.

Unitholder means each holder of Units.

Units means the Booster Units and the Super-booster Units.

\$ means New Zealand dollars.

Where any payment or calculation is to be made or period would end on a day which is not a Business Day, the day shall be postponed to the next day which is a Business Day.



WHAT SORT OF INVESTMENT IS THIS?

This Investment Statement offers New Zealand dollar denominated Units in an Australian unit trust called WATER Series 1 Trust 21 (the Trust). There are two classes of Units offered – Booster Units and Super-booster Units. The terms attaching to the Units are described in more detail under “What returns will I get?” on pages 9 and 10.

The Trust is:

- a closed end fund (no applications for Units will be accepted after the Offer is closed, except at the discretion of Liontamer);
- an Australian unit trust established for New Zealand residents and other investors to whom it is lawful to make the Offer; and
- not listed on any securities exchange.

Your investment is capital protected in the circumstances and to the extent described below under “Capital protection”.

Note Issuer

The manager of the Trust, Liontamer Investment Management Pty Limited (Liontamer), intends to invest in Notes issued by the Note Issuer, UBS AG. However, Liontamer may instead elect to invest in Notes issued by another global investment bank with a Standard & Poor's credit rating of at least A. References to Notes, the Note Issuer and Base Prospectus should be construed accordingly.

If, after you have sent your Application Amount to Liontamer, Liontamer elects to purchase notes from a global investment bank other than UBS AG, Liontamer will notify you in writing and give you an opportunity to obtain the amended prospectus. In this event, you can withdraw your application at any time before the Strike Date.

For the avoidance of doubt, an investment in Units is not a direct investment by a Unitholder in the Notes.

UBS AG is a leading global financial institution with a Standard & Poor's credit rating of AA+.

Although the Note Issuer is legally liable to repay the Notes and all returns on the Notes, the Note Issuer does not guarantee repayment of the Units or any returns on the Units and nor does it accept any other liability to Unitholders.

Capital protection

“Capital protection” means that on maturity, and in the normal course of events, holders of Booster Units will receive back their Investment Amount and holders of Super-booster Units will receive back 90% of their Investment Amount. Their original capital is protected from erosion because Liontamer invests in investments (the Notes), which are designed to return, in the case of Notes purchased with the proceeds of Booster Units, the full original capital amount and, in the case of Notes purchased with the proceeds of Super-booster Units, 90% of the original capital amount.

Where the Units are repaid early (except if the Pre-Set Growth Target is met), Unitholders may receive significantly less than their Investment Amount due to changes in market conditions (as no capital protection applies to these early Repayments) and establishment costs.

Unitholders are subject to the credit risk of the Note Issuer. The Note Issuer has a Standard & Poor's credit rating of AA+. Although the Note Issuer is legally liable to repay the Notes and all returns on the Notes, the Note Issuer does not guarantee repayment of the Units or any returns on the Units and nor does it accept any other liability to Unitholders.

Standard & Poor's credit ratings range from AAA to D. A rating of AA+ differs from the highest rating (AAA) only to a small degree. The AA+ rating means that the obligor's capacity to meet its financial commitments is very strong. Further details can be found on the website www.standardandpoors.com

See “What are my risks?” on page 12 for more detailed information about the principal risks relating to the Units.

Returns at a glance

Subject to the provisos set out in this Investment Statement, Unitholders will receive the following returns:

Booster Units:

- a 0.05% Annual Return (as described in the Glossary on page 3);
- 100% of the Investment Amount on the relevant Capital Protection Maturity Date; and
- 130% of the Growth in the Index on the relevant Capital Protection Maturity Date.

Super-booster Units:

- a 0.05% Annual Return (as described in the Glossary on page 3);
- 90% of the Investment Amount on the relevant Capital Protection Maturity Date; and
- 165% of the Growth in the Index on the relevant Capital Protection Maturity Date.

These returns and the returns on an early Repayment are more fully described under “What returns will I get?” on pages 9 and 10.

The asset class which returns are linked to

The returns are linked to the shares of companies involved in the water industry. The sector covers a wide variety of areas from infrastructure (pipes, pumps and valves) to water filtration, treatment, metering, quality testing and desalination.

Growing demand for fresh water from a rapidly increasing global population, coupled with unrelenting demand from industry, has focussed the world's attention on how our scarce water resources are managed. Not only is there huge demand for water, fresh water remains a limited resource due to climate change, pollution, delivery logistics and technology constraints. The Trust provides investors with an opportunity to gain exposure to a group of carefully selected companies involved in the global water industry that are well positioned to benefit from this exciting investment theme.

The methodology for selection is that a company must have derived at least 50% (or, if the company is, in Liontamer's opinion, a market leader in its field, at least 10%) of its revenue for its most recent income year from the water industry. See pages 5 and 6 for brief descriptions of each company and for the company website addresses.

Further information about the companies comprising the Liontamer WATER Index

Company and country of listing	Information about each Component Stock
Aguas de Barcelona (Spain) www.agbar.es	Aguas de Barcelona (Agbar) is present in three business lines, all benefiting from its expertise in managing relationships with public entities. Agbar is present throughout the water cycle: it transports water from rivers and dams to the waterworks, where it is treated, then to the point of consumption, and finally collects it through the sewage network. The process ends with the treatment of the wastewater collected, which is then returned to rivers or the sea, or made available for watering purposes. In the water business, Agbar is basically present in three main markets: Spain, Chile (through Aguas Andinas) and England, where it recently acquired Bristol Water.
Aqua America Inc (United States) www.aquaamerica.com	Aqua America supplies water to residential, commercial and industrial customers. The company primarily targets small to medium sized acquisitions to grow the company and only serves the regulated market.
Danaher Corp (United States) www.danaher.com	Danaher is a US\$10 billion diversified industrial manufacturer with several strategic platforms and niche businesses. Danaher Corporation is a multi-industry conglomerate selling a broad array of 'mid-tech' products across ten business groups operating in over 30 countries. The group operates in water quality analysis and treatment, providing local authorities with systems which manage residential, commercial and industrial waste water. The company's ultraviolet treatment systems disinfect billions of gallons of water every day in over 30 countries.
Geberit AG-Reg (Switzerland) www.geberit.com	Geberit is focused on sanitary systems and piping solutions. The group's products are mainly technology oriented versus the design orientation of other companies in the sanitary market. The market for technology-driven products has shown itself to be less price-sensitive, has higher margins and is less competitive.
Kelda Group PLC (Britain) www.keldagroup.com	In 2006, Kelda's subsidiary Yorkshire Water secured the 'utility of the year' award for the 3rd year running, no other UK utility has won this award 2 years in succession. In 2006, the company announced its disposal of Aquarion, the US utility for almost £800m. The deal is expected to ensure Kelda will become a 90% pure play regulated UK water utility.
Severn Trent PLC (Britain) www.severntrent.com	Severn Trent recently became a pure play regulated water utility by de-merging its waste management business Biffa. The disposal of its waste management arm has enabled Severn Trent to increase its dividend policy.
Northumbrian Water Group PLC (Britain) www.nwg.co.uk	Northumbrian Water Group disposed of three of its non regulated business assets in 2005, making it almost exclusively dedicated to the regulated water and waste water market within the UK (96% of revenues). With a market cap of £1.8bn Northumbrian Water Group is the smallest pure play UK water utility. The company boasts a balance sheet with a strong gearing ratio of over 140% (net debt / market capitalisation).
Millipore Corporation (United States) www.millipore.com	Millipore is a leader in high-end filtration, separation and purification technologies. The company supplies filtration equipment and consumables for research and manufacturing to the biotechnology sector. Its products are highly technical and are used in critical applications such as removing viral contaminants in drug manufacturing.
Pennon Group PLC (Britain) www.pennon-group.co.uk	Pennon operates its water and waste water services company through its subsidiary Southwest Water Ltd and 75% of revenue stems from the water side of the business. Southwest Water holds the water and sewage appointments for Devon, Cornwall and parts of Somerset and Dorset. The other 25% of Pennon's sales are derived from Viridor, its UK waste company.



Companies comprising the Lontamer WATER Index (continued)

Company and country of listing	Information about each Component Stock
Pentair Inc (United States) www.pentair.com	Pentair is a diversified manufacturing company which produces electrical and electronic enclosure, professional tools and water products. Pentair manufactures and distributes its products in North America, Europe and Asia. Roughly 70% of the company's revenue is derived from water related activity. Pumps account for 40% of water related revenue. Pentair are also involved in filtration technologies.
Kurita Water Industries Ltd (Japan) www.kurita.co.jp	Kurita has become one of the world's leading water treatment related companies. The company began as a manufacturer of water treatment chemicals, and then moved into water treatment equipment. Approximately 36% of its water treatment equipment sales are to the electronics industry (ultra-pure water production systems), 21% to the general manufacturing industry and 12% to the public sector. Kurita is strong in sales to the electronics industry, including LCD and semiconductor makers.
Suez SA (France) www.suez.com	Suez is a major player in international energy (power generation, transmission, distribution, water and waste services). Suez operates worldwide with more than 500,000 industrial and commercial clients. The large programme of cost reduction and asset disposals initiated in 2003, after years of international expansion, is now essentially completed.
United Utilities PLC (Britain) www.unitedutilities.com	United Utilities is the largest UK water utility with a market capitalisation of over £6.3 billion. The company derives around 70% of its revenue from the water sector, around 20% from the regulated electricity market and the remaining 10% from property and contract management. United Utilities has substantially downgraded its international presence and is now essentially a 'pure play' regulated utility within the UK market. Its order backlog as at the end of 2006 was over £4.5 billion or the equivalent to 7 times annual revenues.
Uponor OYJ (Finland) www.uponor.com	Uponor manufactures a wide range of plastic pipe systems for portable water and gas distribution, plumbing and heating, telecommunications and sewage disposal. The company's product lines include under floor heating systems, pipes for utility water systems, frost free water supply systems and radiator heating.
Veolia Environnement (France) www.veoliaenvironnement.com	Veolia supplies drinking water, waste management services and rail and road transportation systems.

The above information was compiled by Lontamer from various public sources and research reports from investment banks. Further information about each of the companies listed above can be found on their websites.

WHO IS INVOLVED IN PROVIDING IT FOR ME?

The name of the Trust is WATER Series 1 Trust 21.

The manager and trustee is Lontamer Investment Management Pty Limited:

Level 4
63 York Street
Sydney NSW 2000
Australia

Lontamer can be contacted in New Zealand, c/- Lontamer Investment Services Limited (the entity that provides services to the Trust and to Lontamer in New Zealand), at the offices of Lock & Partners Limited:

Level 1
171 Hobson Street
Auckland
New Zealand

The Statutory Supervisor is New Zealand Permanent Trustees Limited:

Level 10
141 Willis Street
Wellington
New Zealand

Lontamer has entered into a Deed of Participation with New Zealand Permanent Trustees Limited (the Statutory Supervisor) dated 14 May 2003 (Deed of Participation) and a Supplemental Deed dated 2 August 2007.

The Statutory Supervisor:

- shall exercise reasonable diligence to ascertain whether or not any breach of the Deed of Participation, and the Offer of the Units, has occurred;
- is not the promoter of the Trust nor does it guarantee the payment of income or the repayment of capital from the Trust; and
- has relied upon Lontamer for the accuracy of the contents of this Investment Statement and therefore it makes no representation as to the accuracy or truth of the contents of this Investment Statement other than those which refer directly to the Statutory Supervisor or the provisions of the Deed of Participation.

As at the date of this Investment Statement, the Trust has not commenced business.

Lontamer's only activity to date is to act as trustee and manager of unit trusts established under a Master Trust Deed Poll dated 14 May 2003 and the Master Deed of Participation described above. The first unit trust was established on 14 May 2003.

HOW MUCH DO I PAY?

For new investors, the minimum investment amount for any single or joint investor is \$5,000. Lontamer may, at its discretion, accept amounts that are less than this amount. If you are using the proceeds from COMBI Series 1 or TIGER Series 1 units to apply for WATER Series 1 Units, there are details relevant to your application in the Application Form at the end of this Investment Statement.

If you wish to make an investment, you should complete the relevant sections of the Application Form at the end of the Investment Statement, enclose a cheque for the Application Amount (if applicable) made payable to "Link Market Services Limited" and post to:

**Link Market Services Limited
PO Box 384
Ashburton**

All Units are issued at \$1.00 per Unit. You will receive the number of Units which equals your Investment Amount (this is your Application Amount after deduction of your Entry Fee and addition of any Early Bird Interest) divided by \$1.00.

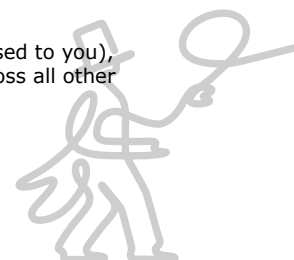
Lontamer:

- will not accept your application unless payment in full is received in cleared funds by 4:00pm on the date the Offer closes;
- intends to close the Offer on 2 November 2007 but it reserves the right to extend the period of the Offer or to close the Offer early (the Closing Date);
- may, in its discretion, reopen the Offer in the period between the Closing Date and the scheduled Issue Date (provided Lontamer considers that it will not be prejudicial to existing subscribers) in which case the Issue Date may be extended;
- reserves the right to alter the Issue Date; and
- reserves the right to refuse any application, or to accept an application in part only, without assigning a reason.

Late payment will not be accepted and will be returned to you immediately without Early Bird Interest.

No allotment will be made until Units to the value of, in aggregate, \$1,000,000, being the minimum subscription amount, have been subscribed for. If the minimum subscription amount is not achieved or the subscription monies are not invested in Notes, your Application Amount will be returned to you, plus any Early Bird Interest.

If you withdraw your application prior to the Strike Date (which you are entitled to do unless otherwise advised to you), your Application Amount will be refunded in full but without Early Bird Interest, which will be distributed across all other investors.



WHAT ARE THE CHARGES?

Entry Fee

Except for Exit Fees payable in certain circumstances described below, the only fee or charge payable by you (provided you hold your investment to maturity) is an Entry Fee of 3% (if applicable). The Entry Fee:

- will be deducted from your Application Amount by Liontamer;
- will be paid in full to financial advisers on applications bearing their stamp;
- can be rebated in full or part at the discretion of the financial adviser. If the Entry Fee is rebated, the Entry Fee (in the case of a full rebate) or the relevant portion of the Entry Fee (in the case of a partial rebate) will be added to your Investment Amount and invested in the Trust on your behalf; and
- will be retained by Liontamer for its benefit in its capacity as manager of the Trust in respect of those applications not bearing the stamp of an investment adviser.

Exit Fee

Liontamer will charge a fee to Unitholders equal to 2% of the value of Units (the Exit Fee) for all repurchases at or after maturity and for certain early Repayments as follows:

- where the Units are repaid as a result of the Pre-Set Growth Target being met or as a result of the early repayment of the Notes, the Exit Fee will be charged on all repurchases of Units by Liontamer. If Units are redeemed from the Trust, there will be no Exit Fee;
- where the Units are repaid at the request of a Unitholder, the Exit Fee will be charged on all repurchases of Units by Liontamer and all redemptions of Units from the Trust.

Liontamer receives the Exit Fee in its capacity as manager of the Trust and retains any balance after payment of administrative costs for its benefit.

The details of requesting an early Repayment are set out under "How do I cash in my investment?" on pages 14 and 15.

Liontamer's fee

Other than the Entry Fee of 3% charged to you and any Exit Fees and fees payable to Liontamer for administering the unwinding of the Trust (see below under "Other Fees"), there are **no management fees** paid to Liontamer from the Trust. In consideration of Liontamer procuring a purchaser for the Notes, an entity related to the Note Issuer will pay Liontamer an introduction fee that is a percentage of the value of the Notes issued to the Trust. This fee is paid to Liontamer as manager of the Trust.

It will be used to fund all expenses incurred in the set-up and ongoing management of the Trust including:

- brokerage paid to financial advisers (as set out below);
- marketing assistance provided to financial advisers;
- issue expenses;
- Statutory Supervisor's fees;
- accounting, audit, registry and custody fees; and
- the costs incurred from holding any meetings in relation to the Trust.

The balance will be retained by Liontamer for its benefit.

Brokerage

Brokerage of 2% of the Application Amount after deduction of the Entry Fee referred to above will be paid to financial advisers at the beginning of the relevant Investment Period unless otherwise agreed between Liontamer and the adviser. This is not a cost to Unitholders and is paid from the introduction fee paid to Liontamer, as described above.

Other fees

If you withdraw your application prior to the Strike Date (which you are entitled to do unless otherwise advised to you), your Application Amount will be refunded in full but without Early Bird Interest, which will be distributed across all other investors.

Liontamer will charge a fee for administering the unwinding of the Trust. That fee will be paid from, and will not exceed, any interest earned from maturity until the Trust is unwound.

Under the terms of the Trust Deed, Liontamer is entitled to charge certain other fees and has the right to make alterations to the Entry Fee, management fees and Exit Fee payable by a Unitholder (within the maximum levels set out in the Trust Deed) but it has undertaken not to charge any such other fees or alter existing fees. Liontamer does not intend to introduce any new charges during the term of the investment (see "Can the investment be altered?" on page 13).

WHAT RETURNS WILL I GET?

1. Early Bird Interest

Application Amounts received during the Offer period will be deposited on your behalf with a bank or other financial institution selected by New Zealand Permanent Trustees Limited and will earn Early Bird Interest until the Strike Date. Early Bird Interest will be calculated on a daily basis from the date on which the Application Amount is received in cleared funds to the Strike Date. Any Early Bird Interest earned by you during the Offer period after deduction of any withholding tax will be applied towards purchasing additional Units in the Trust. Any surplus after rounding will be donated to 'Cure Kids', the face of the Child Health Research Foundation.

2. Annual Return

On 30 June each year (or as soon as practicable thereafter, but not later than 10 Business Days after the relevant 30 June) during the relevant Investment Period, you will receive an Annual Return of 0.05% per annum of the Investment Amount.

3. Index Linked Return

On the relevant Capital Protection Maturity Date, unless the Units have been repaid early, you will be entitled to an Index Linked Return equal to the Multiplier multiplied by the Growth in the Index multiplied by \$1.00. The Index Linked Return cannot be less than zero.

The Multiplier is:

for the Booster Units: 130%

for the Super-booster Units: 165%

The Index Linked Return will be paid within 10 Business Days after the relevant Capital Protection Maturity Date. The Index Linked Return is not capped (unless the Pre-Set Growth Target is met, as described under "Early maturity feature" below), which means that there is no maximum return and it is not exposed to currency fluctuations between the New Zealand dollar and the currencies of the stocks in the Lontamer WATER Index.

The Lontamer WATER Index

The Lontamer WATER Index measures the performance of an equally weighted basket of 15 stocks (with Bloomberg code references in brackets):

- Aguas de Barcelona – Class A (Bloomberg AGS SM) (listed on the Mercadao Continuo Espanol)
- Aqua America Inc (Bloomberg WTR UN) (listed on the New York Stock Exchange)
- Danaher Corp (Bloomberg DHR UN) (listed on the New York Stock Exchange)
- Geberit AG-Reg (Bloomberg GEBN SE) (listed on the Swiss Stock Exchange)
- Kelda Group PLC (Bloomberg KEL LN) (listed on the London Stock Exchange)
- Northumbrian Water Group PLC (Bloomberg NWG LN) (listed on the London Stock Exchange)
- Millipore Corporation (Bloomberg MIL US) (listed on the New York Stock Exchange)
- Pennon Group PLC (Bloomberg PNN LN) (listed on the London Stock Exchange)
- Pentair Inc (Bloomberg PNR UN) (listed on the New York Stock Exchange)
- Kurita Water Industries Ltd (Bloomberg 6370 JP) (listed on the Tokyo Stock Exchange)
- Severn Trent PLC (Bloomberg SVT LN) (listed on the London Stock Exchange)
- Suez SA (Bloomberg SZE FP) (listed on Euronext Paris)
- United Utilities PLC (Bloomberg UU/LN) (listed on the London Stock Exchange)
- Uponor OYJ (Bloomberg UNR1V FH) (listed on the Helsinki Stock Exchange)
- Veolia Environnement (Bloomberg VIE FP) (listed on Euronext Paris)

The selection of the Component Stocks for the Lontamer WATER Index was made by Lontamer in conjunction with KBC Asset Management and not the Note Issuer. The fact that the Note Issuer will issue the Notes to Lontamer and that the performance of the Component Stocks will impact on the value of the Notes should not be interpreted as an endorsement of those Component Stocks or a recommendation to purchase those Component Stocks by the Note Issuer.

A component stock is only included in the basket if (i) it is listed on an exchange, (ii) it is included in an important share market index, (iii) the company has a long-term commitment to be active in the water sector, and (iv) the inclusion of the stock has been approved by Lontamer in conjunction with KBC Asset Management.

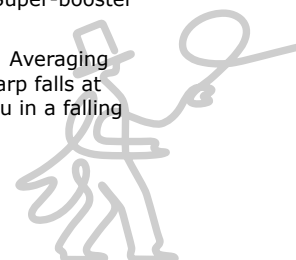
The methodology for selection is that a company must have derived at least 50% (or, if the company is, in Lontamer's opinion, a market leader in its field, at least 10%) of its revenue for its most recent income year from the water industry. See pages 5 and 6 for brief descriptions of each company and for the company website addresses.

Lontamer will calculate the level of the Lontamer WATER Index each month and post the latest level on its website www.lontamer.com

Growth in the Index

Growth in the Index is the percentage change in the level of the Lontamer WATER Index over the relevant Investment Period, comparing the level at the beginning of the relevant Investment Period and on the last day of the relevant Investment Period. The formula for determining the Growth in the Index for each of the Booster Units and Super-booster Units is contained in the Prospectus.

The final level of the Lontamer WATER Index is averaged monthly in the last year of the Investment Period. Averaging smoothes out fluctuations and this feature has been added to protect your Index Linked Return from any sharp falls at the end of the Investment Period. Please bear in mind that while averaging of the index level will protect you in a falling market, it reduces the Index Linked Return in a rising market.



Early maturity feature

The Note Issuer will provide to Lontamer a monthly indicative redemption value of the Notes. If within the first three years of the Investment Period the indicative redemption value of either class of Notes is equal to or is greater than 180% of the principal amount of those Notes (the **Pre-Set Growth Target**), Lontamer will use its best endeavours to procure the Note Issuer to redeem those Notes early at an actual redemption value (as calculated by the Note Issuer) of 180% of the principal amount of those Notes. Alternatively, Lontamer may, with the written consent of the Note Issuer, procure the sale of those Notes to a third party for a value equal to 180% of the principal amount of the Notes. You should note that indicative values may be greater or less than actual values due to timing, bid offer spreads, actual unwind costs of the Notes and other factors.

If the class of Notes corresponding to your Units is redeemed or sold due to the Pre-Set Growth Target being met for those Notes, Lontamer will notify you, specifying a date (the **Early Repayment Date**) on which your Units are to be repaid. Lontamer will repurchase your Units on the Early Repayment Date unless you request that your Units be redeemed. If Lontamer is unable or unwilling to repurchase your Units because of unacceptable (to Lontamer) costs, including tax, which it may have to bear from purchasing and redeeming Units, it may instead redeem your Units. You will receive \$1.80 per Unit less, only in the case of a repurchase by Lontamer, an Exit Fee, payable by the Unitholder to Lontamer of 2% of the value of the Units to be repurchased.

Lontamer may extend the Investment Period from the Early Repayment Date for such period as Lontamer determines. If Lontamer elects to extend the Investment Period, Lontamer will notify you of the impending Early Repayment Date and will give you the option to continue your investment for the extended Investment Period. If you do not elect to retain your Units for the extended Investment Period, your Units will be repaid with effect from the Early Repayment Date.

4. Return of the Investment Amount in the case of Booster Units and 90% of the Investment Amount in the case of Super-booster Units

Unless the Units have been repaid early, on the relevant Capital Protection Maturity Date your Units will be able to be repaid at, in the case of Booster Units, the Investment Amount, or in the case of Super-booster Units, 90% of the Investment Amount. In addition, Unitholders will be entitled to receive the Index Linked Return referred to above. Cash payment will be available within 10 Business Days after the relevant Capital Protection Maturity Date.

Although investors in Super-booster Units are repaid 90% of the Investment Amount at maturity, their Index Linked Return is boosted by a factor of 1.65 times of any growth in the Lontamer WATER Index. This means for each \$1 unit, 90 cents is repaid at maturity. The additional 10 cents must be earned back via positive performance in the Lontamer WATER Index. The Lontamer WATER Index must grow by 6.06% over the four year term for a full repayment of the Investment Amount for Super-booster Units.

Returns on the Notes

The Trust will purchase two series of Notes from the Note Issuer. The returns on the Units mirror those on the Notes. Investment Amounts for Booster Units will be applied in purchasing a series of Notes having issue terms which mirror the terms of the Booster Units and Investment Amounts for Super-booster Units will be applied towards purchasing a second series of Notes having issue terms which mirror the terms of the Super-booster Units.

The Notes constitute unconditional, unsecured and unsubordinated obligations of the Note Issuer and rank equally among all structured notes issued by the Note Issuer and equally with all present and future unsecured and unsubordinated obligations of the Note Issuer (except as prescribed by law).

The Notes will be held in custody by The New Zealand Guardian Trust Company Limited (or such other custodian as is appointed by Lontamer).

Further details about the returns on the Units

Payments

All payments to Unitholders will be made by way of direct transfer into a Unitholder's bank account. Lontamer will not make any cheque payments for these amounts.

Lontamer's option to redeem

If Lontamer is unwilling to repurchase Units because of unacceptable (to Lontamer) costs, including tax, which it may have to bear from repurchasing Units, it may instead redeem the Units, in accordance with the Trust Deed.

Returns on early maturity

If exceptional circumstances exist, the returns you will receive following an early Repayment are calculated based on the redemption value of the Notes as provided by the Note Issuer and the Exit Fee (where applicable). In all other cases (unless the Pre-Set Growth Target is met) the maximum return is \$1.00 per Unit less the Exit Fee, see "How do I cash in my investment?" on page 14.

Other

Lontamer Investment Management Pty Limited is the entity legally liable to pay the returns which comprise the Early Bird Interest (if any), the Annual Return, the Index Linked Return and the repayment of your Investment Amount, in the case of Booster Units and 90% of the Investment Amount, in the case of Super-booster Units, provided you have not requested an early Repayment.

None of Lontamer, the Note Issuer, the Statutory Supervisor, KBC Asset Management N.V., nor any other entity guarantees payment of the Early Bird Interest, the Annual Return, the Index Linked Return (if any), or the repayment of your Investment Amount, in the case of Booster Units and 90% of the Investment Amount, in the case of Super-booster Units. As described under "Capital protection" on page 4, Lontamer relies on the Note Issuer performing its obligations to provide payment of the Annual Return and the Index Linked Return together with the repayment of your Investment Amount, in the case of Booster Units and 90% of the Investment Amount, in the case of Super-booster Units.

The total amount of your returns cannot be quantified at the date of this Investment Statement, and therefore cannot be promised by Lontamer in this Investment Statement.

Key factors that will determine your returns will be the performance of the Lontamer WATER Index during the relevant Investment Period, holding your Units until the relevant Capital Protection Maturity Date, your Investment Amount, any Exit Fee payable and any tax deductions.

After the relevant Capital Protection Maturity Date, in respect of Units which are not repaid on that date, returns will be linked to the returns on the Trust's underlying assets. Any interest earned can be offset against the costs Lontamer incurs in winding up the Trust and these costs will be deducted when the Trust is terminated.

HOW WILL THIS INVESTMENT BE TAXED?

Please note that the information included in this section does not constitute taxation advice to individual investors. This summary is not intended to be an authoritative or complete statement of the applicable laws and is indicative of the likely tax treatment only.

The tax rules set out in this Investment Statement may change during the term of the investment and such changes may materially affect your tax position with respect to an investment in the Trust. Liantamer is not responsible for any changes in tax law or interpretation which might adversely affect the returns for Unitholders.

This summary does not apply to Unitholders who hold 10% or more of the Units issued in the Trust. Such Unitholders are advised to obtain independent advice as to how their investment in the Trust will be taxed taking into account their specific circumstances.

Offshore portfolios costing \$50,000 or less – foreign investment fund rules do not apply

The following rules apply to natural persons if the total cost of the investor's offshore portfolio investments is \$50,000 or less. This figure should not include the cost of investments in certain Australian listed companies and certain other investments which are not subject to the new rules.

Because the Trust is an Australian unit trust it should be treated as a 'foreign company' for New Zealand tax purposes. Liantamer will distribute any net income of the Trust in cash by way of direct transfer into a Unitholder's bank account. New Zealand Unitholders will be required to include the returns as gross income.

Any gain derived by a Unitholder on the sale of Units to the Manager at the time that the Units are repaid may (depending on the Unitholder's own circumstances) be a capital gain, not subject to New Zealand tax. If you request to have your Units redeemed at any time (whether before or after the relevant Capital Protection Maturity Date) any amount received by you in excess of the Investment Amount will be taxable.

Offshore share portfolios costing more than \$50,000 – foreign investment fund rules do apply

The New Zealand Government recently amended the foreign investment fund rules which will now apply to most investors who have portfolio interests in offshore companies which cost more than \$50,000 (excluding the cost of interests in Australian resident companies listed on certain ASX indices and certain other offshore investments) from 1 April 2007.

Fair Dividend Rate

Unitholders who apply the Fair Dividend Rate ('FDR') method, will be taxed each year on 5% of the market value of their total offshore portfolio at the beginning of the year ('opening market value' or 'OMV'). This ignores the level of distributions or gains derived by the Unitholder. Under the new rules investors are generally required to apply the FDR method to calculate taxable income in relation to investments in foreign entities.

5% of OMV or actual gains?

Natural persons and family trust Unitholders can choose to be taxed on their actual realised and unrealised gain (i.e. the net gain in the market value over the year, dividends received and net sale proceeds) rather than 5% of OMV.

No deduction for losses

In no case will a Unitholder be entitled to claim a deduction for a net reduction in the value of their overall portfolio during an income year.

Offshore investments must be pooled

It is important to note that you must choose to be taxed at 5% of OMV or on your actual gain each income year for your whole portfolio. If you have other investments (including other Liantamer units) for which you have elected to be taxed on your actual gain, you cannot be taxed at 5% of OMV for any of your other investments in that year.

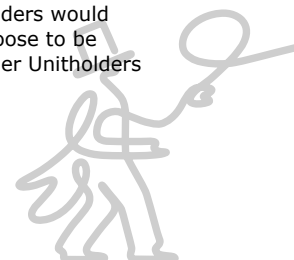
Does FDR apply to Liantamer?

Due to the manner in which the new FDR rules have been drafted, there is an argument that the FDR method cannot be applied to this investment. Based on explanatory material released with the legislation and discussions with the Officials in the Policy Advice Division of the Inland Revenue Department, Liantamer and its advisers consider that investments of this kind are intended to be subject to the FDR rules. Liantamer and its advisers are liaising with the Officials in relation to this matter and Officials have indicated they are supportive of remedial legislation being passed that will enable the issue of a determination that the FDR method will apply to the investment. Investors should note that there is no guarantee that remedial legislation will be passed into law or that a determination will be issued and that until the remedial legislation is passed into law and a determination is issued, the FDR method may not apply to Units in the Trust. We have assumed for the purposes of the discussion below that remedial legislation will be passed and a determination issued before 31 March 2008 with application to Units in the Trust.

How the new rules will apply to Unitholders

Based on the restrictions imposed on the transferability of the Units, a reasonable view is that the 'market value' of each Unit can be determined and it will not exceed \$1.00 before the Units are repaid.

How Unitholders will be taxed each year will depend on how their other offshore investments which are subject to the foreign investment fund rules have performed that year. For this reason it is difficult to say with any certainty how a Unitholder would be taxed each year on its Units under the rules. However, based on the above assumptions and assuming the Unitholder holds only this investment, we would expect that individual and family trust Unitholders would choose to be taxed on their Annual Return in each year other than the year of maturity when they would choose to be taxed on 5% of the OMV of their offshore portfolio (depending on the level of the Index Linked Return). Other Unitholders would be taxed on 5% of the OMV of their offshore portfolio each year.



Cost method alternative

Where it is not practical to apply the FDR method because the 'market value' of an investment cannot be determined except by independent valuation, an investor may pay tax on 5% of the cost of the investment each year – the 'cost' (initially determined by obtaining an independent valuation) of the investment is increased by 5% each year for the purposes of applying this method. As described above, we consider that a reasonable view is that a market value for each Unit can be determined.

Early Bird Interest

RWT

Resident withholding tax at the appropriate rate will be deducted from the gross Early Bird Interest paid during the period of the Offer unless a Unitholder holds a current certificate of exemption and has provided a copy to Lontamer.

NRWT

Non-resident withholding tax will be deducted from gross Early Bird Interest paid to a Unitholder who is not resident in New Zealand at the appropriate rate (i.e. 15%, reduced to 10% under most double taxation treaties entered into between New Zealand and other jurisdictions) unless the non-resident Unitholder requests Lontamer to pay approved issuer levy (AIL) in lieu of deducting non-resident withholding tax. If so requested, Lontamer will pay AIL to the New Zealand Inland Revenue Department equal to 2% of the gross Early Bird Interest paid to the non-resident. The net cost of the 2% payment and all costs of and relating to registration for AIL purposes and the payment of AIL will be deducted by Lontamer from the gross Early Bird Interest paid to the non-resident Unitholder.

Australian withholding tax

It is not expected that there will be any Australian withholding tax on payments made by the Trust. This is based on the circumstances of the Trust, its non-Australian sourced income and a current ruling by the Australian Taxation Office in respect of withholding tax. This is a general ruling and not one that has been obtained by Lontamer. The ruling is not specific to Lontamer or the Trust. If Lontamer is obliged to make any deduction or withholding on account of taxes which should have been made by the Trustee, this amount will be deducted from amounts payable to Unitholders and under the terms of the Trust Deed Unitholders indemnify Lontamer in respect of any such deduction or withholding.

Australian capital gains tax

Under legislation recently passed in Australia, New Zealand resident Unitholders are not subject to Australian capital gains tax in respect of their Units on the basis that the Trust will not invest in Australian real property or hold assets which will be used in carrying on business through an Australian permanent establishment.

You should consult your tax adviser on the tax implications of investing with regards to your specific circumstances as this is not specific tax advice to individuals and Lontamer takes no responsibility for providing taxation advice to individual Unitholders.

WHAT ARE MY RISKS?

The principal risks involved with an investment in the Trust which is held to maturity are:

- **Credit risk:** neither the capital in the Trust, nor the payment of income or any particular rate of return from investing in the Trust is guaranteed. Lontamer intends to invest the assets of the Trust in Notes issued by the Note Issuer. You are exposed to the potential credit risk that the Note Issuer is put into liquidation or is unable to meet its obligations under the conditions of the Notes. The Note Issuer has a Standard & Poor's credit rating of AA+. If Lontamer elects to purchase Notes from another global investment bank, that investment bank will have a Standard & Poor's credit rating of at least A. Other than in the exceptional circumstances described in the Prospectus, the Trust is liable for any liabilities, obligations or debts incurred by Lontamer when it is acting for and on behalf of the Trust;
- **General market risks:** returns from sharemarket linked investments may fluctuate significantly and affect the Index Linked Return on the relevant Capital Protection Maturity Date. The Lontamer WATER Index must grow by 6.06% over the four year term for a full repayment of the Investment Amount for Super-booster Units;
- **Liquidity:** liquidity risk exists due to the restrictions on early Repayment, as described under "How do I cash in my investment?" on page 14; and
- **Change in tax treatment:** a change in the tax treatment of the Trust or returns from the Trust may affect the returns, see "How will this investment be taxed?" on pages 11 and 12.

The principal risks involved with early Repayment relate to:

- **General market risks for exceptional circumstance Repayments:** market conditions at the time you request your Units to be repaid may affect the return on your Investment Amount when there are exceptional circumstances in relation to your request (in Lontamer's view). The early Repayment price will be calculated based on the then redemption value of the Notes as provided by the Note Issuer. This redemption value is affected by the performance of the Lontamer WATER Index, market volatility, establishment costs, time left to maturity and the level of interest rates, and no capital protection exists on early Repayment of your Units, so it is possible that you will receive an amount that is significantly less than the price you paid for your Units. In addition, an Exit Fee applies before the relevant Capital Protection Maturity Date. If there are not exceptional circumstances (in Lontamer's view) in relation to your request, the maximum Repayment amount is \$1.00 regardless of market conditions, as described under "How do I cash in my investment?" on page 14 but the factors described above can make the Repayment amount significantly less;
- **Early termination or redemption of the Notes by the Note Issuer:** under the terms of the Notes, the Note Issuer may redeem the Notes prior to their maturity on the occurrence of certain extraordinary events affecting the Note Issuer or its ability to calculate or pay the returns on the Notes. Additionally, if the Note Issuer is in default, Lontamer may require the Note Issuer to redeem the Notes. If the Notes are redeemed, Lontamer will notify Unitholders, specifying a date on which all Units are to be repaid. The Repayment amount may be significantly less than your Investment Amount due to changes in market conditions and establishment costs. Lontamer will repurchase all Units on that Repayment date unless a Unitholder requests that its Units be redeemed. If Lontamer is unable or unwilling to repurchase the Units because of unacceptable (to Lontamer) costs, including tax, which it may have to bear from purchasing and redeeming Units, it may instead redeem the Units. Each holder of the relevant class of Units will be entitled to receive the same amount per Unit as Lontamer receives on redemption of the same type of Note less, only in the case of a repurchase by Lontamer, an Exit Fee payable by the Unitholder to Lontamer, of 2% of the value of the Units to be repurchased; and
- **Capital protection:** capital protection of the Notes applies only on the relevant Capital Protection Maturity Date and is only in respect of 90% of the Investment Amount for the Super-booster Units.

Further risks relating to the Notes are:

- **Water industry risk:** the water industry is subject to a number of risk factors that are specific to it. These include the availability of water, the level of rainfall and occurrence of other climatic events, water consumption and the development of new technologies relating to the supply of water. Some of the companies making up the Component Stocks also build and supply infrastructure relating to the water industry. As with all building and construction contracts a number of risks can arise. These include credit risk of the client not meeting their payment obligations, and the risk of contract delays which could result in penalty payments. In addition, some of the companies that comprise the Liontamer WATER Index do business in other industries.

The methodology for selection is that a company must have derived at least 50% (or, if the company is, in Liontamer's opinion, a market leader in its field, at least 10%) of its revenue for its most recent income year from the water industry. See pages 5 and 6 for brief descriptions of each company and for the company website addresses.

- **Company performance risk:** the different companies making up the Component Stocks will perform differently. Because there are only 15 such companies, the performance of each company can materially influence the performance of the Liontamer WATER Index. As with any company, the performance of those companies will be influenced by a wide range of factors. These will include the success of the company's products and services, the robustness of its internal organisation, the performance of its management, regulatory and taxation changes and general investor confidence relating to the company. In addition, some of the companies that comprise the Liontamer WATER Index do business in other industries as described above.
- **Discretions under Notes:** the Note Issuer and Calculation Agent (UBS AG, acting through its London Branch) have a number of discretions under the Notes including those referred to under "Market Disruption, Changes in Component Stocks, Corporate Actions and Merger Events" (as described in the Prospectus). The manner of exercise of these discretions may influence the performance of the Liontamer WATER Index or give rise to an early repayment of the Notes or, in particular, in the case of a Merger Event, give rise to an adjustment to the settlement date of the Notes.

The above risks are described in more detail in the Prospectus which you can obtain a copy of as described under "What other information can I obtain about this investment?" on page 16.

Underlying securities (Notes)

If you would like more information about the risks relating to the Notes, you can request a copy of the Note Issuer's Base Prospectus and (when available) the Final Terms of each series of Notes from Liontamer by contacting Liontamer Investor Relations, see "Who do I contact with enquiries about my investment?" on page 16.

Consequences of insolvency

The Trust Deed limits your liability to any unpaid amount in relation to the Units you hold. You will not, by reason of being a Unitholder alone, be personally liable to indemnify Liontamer or the Statutory Supervisor or any creditor of any one or more of them in the event that the liabilities of the Trust exceed the assets of the Trust.

It is unlikely that the Trust will be terminated prior to the relevant Capital Protection Maturity Date (unless the Pre-Set Growth Target is met for both classes of Unit). In the event of the Trust being terminated or being put into liquidation or wound up, the claims of the creditors of the Trust, including insolvency claims by:

- Liontamer;
- the Statutory Supervisor;
- creditors (both secured and unsecured); and
- any preferential creditors such as the Inland Revenue Department;

will rank ahead of Unitholders' claims in the Trust. Any insolvency payments would also be subject to any relevant legislation. Unitholders' claims will rank equally as between themselves. Unitholders will not be liable to pay money as a result of the insolvency of the Trust.

CAN THE INVESTMENT BE ALTERED?

Liontamer can extend the Offer period at its discretion. The Offer period cannot be extended beyond four months from the date of registration of the Prospectus, if the minimum subscription amount has not been received by that date.

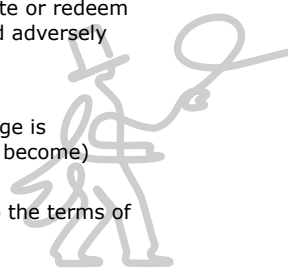
Liontamer has the right to make certain other alterations to the terms of the Trust including the following:

- minimum investment amount, minimum number of Units for which a Repayment request may be given, and minimum number of Units which a Unitholder must retain following a Repayment;
- Closing Date, Strike Date and Issue Date;
- Entry Fee, management fees and Exit Fee payable by a Unitholder (within the maximum levels set out in the Trust Deed);
- distribution dates that apply to the Trust (by giving not less than one month's prior written notice to Unitholders);
- investment policy at any time (subject to restrictions set out in the Trust Deed);
- terms of any Units, by way of Liontamer amending the Trust Deed as provided for in the Trust Deed and the Corporations Act and Regulations of Australia. For certain amendments to the Trust Deed, Liontamer must obtain approval by extraordinary resolution at a meeting of Unitholders; and
- Liontamer may terminate the Trust at its discretion, at any time, by giving Unitholders not less than 30 days' written notice of termination. Liontamer anticipates that it will only exercise this right prior to maturity (except if the Pre-Set Growth Target is met for both classes of Unit) if, for example, the Note Issuer exercises its right to terminate or redeem the Notes early, or in the unlikely event that there are changes in the law or generally that significantly and adversely affect Unitholders.

In addition, Unitholders may determine to terminate the Trust by extraordinary resolution.

Liontamer may alter the terms in certain other circumstances such as to correct manifest error or if the change is necessary (in Liontamer's opinion) for the more convenient working of the Trust and it is not (or not likely to become) prejudicial to the general interests of the Unitholders.

At the date of this Investment Statement, Liontamer does not intend to make any of the above alterations to the terms of the Trust.



Rights on termination

On termination of the Trust, Unitholders are entitled to receive a share of the net proceeds of realisation of the Trust's property into cash (after Lontamer has discharged the Trust's liabilities including costs of termination, as described on page 8) pro rata to the number of Units held by them. In these circumstances, Lontamer will sell and realise the Trust's investments as soon as reasonably practicable. Two classes of Units have been issued and two portfolio trust funds have been created within the Trust and, therefore, the pro rata entitlement of each class of Units will be to property held in the portfolio corresponding to the class of Units.

Your rights may also be affected by changes to the Corporations Act (Australia), New Zealand Securities Act 1978, or decisions made by the courts in Australia or New Zealand.

HOW DO I CASH IN MY INVESTMENT?

Before the Strike Date

In addition to your right to withdraw your investment on change of Note Issuer, your investment can be withdrawn any time before the Strike Date unless you have been advised otherwise by the Manager. In this event, Lontamer will refund your Application Amount but without any Early Bird Interest which will be distributed across all other investors.

Early Repayment process

Your investment in the Trust is a hold-to-maturity investment designed to be held until the relevant Capital Protection Maturity Date (unless the Pre-Set Growth Target is met) at which time you are able to request Repayment of, in the case of Booster Units, your Investment Amount or, in the case of Super-booster Units, at least 90% of the Investment Amount together with the Index Linked Return for those Units.

You may request in writing to Lontamer that your Units are repaid early. Lontamer may in its absolute discretion refuse to action your request without giving a reason.

If exceptional circumstances exist (for example the death or severe financial hardship of a Unitholder), a different amount is payable on Repayment than where exceptional circumstances do not exist, as set out below.

On Repayment where exceptional circumstances exist, you will receive per Unit an amount equal to the redemption value of the same type of Notes (being the Note Issuer's determination of the redemption value of a Note corresponding to the type of Unit being repaid) less an Exit Fee payable by you to Lontamer, of 2% of the value of the Units to be repaid.

On purchase of the Unitholder's Units where exceptional circumstances do not exist, you will receive per Unit an amount equal to the lesser of:

- \$1.00; and
- the redemption value of the same type of Notes (being the Note Issuer's determination of the redemption value of a Note corresponding to the type of Unit being repaid)

less, in each case, an Exit Fee payable by you to Lontamer, of 2% of the value of the Units to be repaid.

In both cases, the proceeds may be significantly below the price you paid for your Units due to changes in market conditions, establishment costs and the Exit Fee.

If you wish to request early Repayment, follow these steps:

Step 1: contact your financial adviser who will provide you with an indicative Unit price that takes into account the Exit Fee, see "What are the charges?" on page 8.

Step 2: if you still wish to proceed, you must put your request in writing to Lontamer Investment Services Limited, the contact details of which are set out under "Who do I contact with enquiries about my investment?" on page 16. The request should specify whether any exceptional circumstances exist and must be received by Lontamer no later than 20 days prior to the end of the relevant quarter. Please note that early Repayment requests should not be sent to our registrar, Link Market Services Limited.

Step 3: if Lontamer agrees to your request, it will repurchase your Units on the relevant Repayment date unless you request that your Units are redeemed. You can only request that your Units are redeemed if exceptional circumstances exist. If Lontamer is unable or unwilling to purchase Units because of unacceptable (to Lontamer) costs, including tax, which it may have to bear from purchasing and redeeming Units, it may instead redeem your Units.

For repurchases you will be required to complete an "Off-Market Transfer Form" available at www.lontamer.com or www.linkmarketservices.co.nz

Step 4: requests will be processed on the last Business Day of January, April, July or October.

Step 5: the early Repayment proceeds will be paid to you within 10 Business Days of the end of the relevant quarter by direct credit to your nominated bank account. These proceeds may be significantly below the price you paid for your Units due to changes in market conditions (as there is no capital protection until the relevant Capital Protection Maturity Date), establishment costs and the Exit Fee.

Please note that:

- early Repayment requests must be for at least 4,850 Units of the same class of Units and must be a complete disposal or result in a Unitholder holding at least 4,850 Units in the Trust of the same class of Units, unless otherwise approved by Lontamer;
- the actual early Repayment price may differ from the indicative early Repayment price due to changes in market conditions between the date the indicative price was provided and the end of the relevant quarter;
- the early Repayment price where exceptional circumstances exist (in Lontamer's view) will be calculated based on the then redemption value of the Notes as provided by the Note Issuer and the Exit Fee, see "What are the charges?" on page 8. The Note Issuer has agreed to redeem the Notes on receiving a request to do so from Lontamer;
- where exceptional circumstances do not exist (in Lontamer's view) in relation to a request the maximum value that will be repaid is \$1.00 less the Exit Fee;
- if Lontamer receives early Repayment requests that relate in aggregate to more than 5% of the Units of a class on issue in the Trust, Lontamer may elect to repay only 5% of the Units of that class on a pro rata basis. The percentage figures may be altered by Lontamer upon notification to Unitholders. Any Units that are not repaid will be carried forward to the next Repayment date and will receive first priority; and
- if any early Repayment would cause any material prejudice to remaining Unitholders, to the Trust or to Lontamer, Lontamer may, in its entire discretion, decline to action the early Repayment request.

The Note Issuer's right to redeem

On the occurrence of certain extraordinary events affecting the Note Issuer or its ability to calculate or pay the returns on the Notes, the Note Issuer will have the right to redeem the Notes prior to the relevant Capital Protection Maturity Date.

If the Note Issuer exercises any of its early redemption rights, the Note Issuer will redeem all Notes and pay to the Trust an early redemption amount, determined in accordance with the conditions of issue of the Notes. Lontamer will notify Unitholders, specifying a date on which all Units are to be repaid. Lontamer will repurchase all Units on that Repayment date unless a Unitholder requests that its Units be redeemed. If Lontamer is unable or unwilling to repurchase the Units because of unacceptable (to Lontamer) costs, including tax, which it may have to bear from purchasing and redeeming Units, it may instead redeem the Units. In each case, each holder of the relevant class of Units will be entitled to receive the same amount per Unit as Lontamer receives on redemption of the same type of Note less, only in the case of a repurchase by Lontamer, an Exit Fee payable by the Unitholder to Lontamer, of 2% of the value of the Units to be repurchased.

Extension of Investment Period at maturity

If Lontamer has decided to extend the relevant Investment Period, Lontamer will send you a letter at least 30 days before the relevant Capital Protection Maturity Date:

- advising you of the extension of the Investment Period;
- providing the term of the new investment; and
- asking you to advise in writing, at least 10 days prior to the relevant Capital Protection Maturity Date, if you wish to retain your Units or to instruct Lontamer to repay (by repurchase or redemption) your Units on the Capital Protection Maturity Date. If no such advice has been received by this date, Lontamer will repurchase your Units on a date advised by Lontamer notwithstanding the extension of the Investment Period. If you do not advise whether your Units are to be repurchased or redeemed then Lontamer will repurchase your Units and, in this case, the 2% Exit Fee will apply.

Within a fortnight after the relevant Capital Protection Maturity Date, Lontamer will send you a letter advising you of the amount:

- reinvested for the new Investment Period, if you have decided to retain your Units; or
- paid to your nominated bank account, if you have decided to redeem or sell your Units at that date.

No extension of Investment Period at maturity

If Lontamer has decided not to extend the relevant Investment Period, Lontamer will send you a letter specifying the relevant Capital Protection Maturity Date, indicating your returns and advising you that you may elect to have your Units repaid with effect from the Capital Protection Maturity Date.

If you elect to have your Units repaid, Lontamer will purchase your Units on a date advised by Lontamer unless you request that your Units be redeemed. If Lontamer is unable or unwilling to purchase Units because of unacceptable (to Lontamer) costs, including tax, which it may have to bear from purchasing and redeeming Units, it may instead redeem your Units.

If you have not instructed Lontamer in terms of Repayment, your funds will be invested in an interest bearing deposit account until you request Repayment or until the Trust is terminated. Any interest earned after the Capital Protection Maturity Date, after deducting the costs, or a provision for costs, will be distributed to you (if any).

Transfer of Units

Units are not transferable, except:

- from a Unitholder to a family trust of which the Unitholder is a settlor or from a family trust or a deceased estate to a beneficiary or a trustee for a beneficiary, provided that the value ascribed to the relevant Unit does not exceed \$1.00; or
- where Units are transferred to Lontamer in accordance with this Investment Statement.

Accordingly, it is Lontamer's opinion that there is no established regular market for any transfer or sale of Units.



WHO DO I CONTACT WITH ENQUIRIES ABOUT MY INVESTMENT?

Enquiries about the Trust may be made by contacting your financial adviser or Lontamer Investor Relations. Contact details for Lontamer Investor Relations are as follows:

Email: info@lontamer.com
Postal address: Lontamer Investment Services Limited, PO Box 2002, Shortland Street, Auckland
Physical address: c/- Lock & Partners Limited, Level 1, 171 Hobson Street, Auckland
Phone: 0800 210 451
Fax: 09 630 1395

Unitholders should not contact the Note Issuer or any party related to the Note Issuer in respect of the Notes. The Note Issuer is under no obligation to provide any information to the Unitholders. All enquiries must be made through Lontamer Investor Relations.

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

In the first instance, you should raise your concern with your financial adviser. He or she should be able to resolve the majority of problems and will listen to and investigate your concern. If your financial adviser is unable to resolve your problem, you can contact the Complaints Officer at Lontamer Investment Services Limited. The contact details for the Complaints Officer are as follows:

Postal address: PO Box 2002, Shortland Street, Auckland
Physical address: c/- Lock & Partners Limited, Level 1, 171 Hobson Street, Auckland
Phone: 09 360 8055
Fax: 09 360 8057

If you need to take the issue further, you could contact the Statutory Supervisor in New Zealand, New Zealand Permanent Trustees Limited:

Postal address: PO Box 5067, Wellington
Physical address: Level 10, 141 Willis Street, Wellington
Phone: 04 978 4497
Fax: 04 978 4480

There is currently no ombudsman for this type of investment to whom complaints can be made.

WHAT OTHER INFORMATION CAN I OBTAIN ABOUT THIS INVESTMENT?

If you would like more detailed information about the Trust, please ask your financial adviser or contact Lontamer Investor Relations. The details for Lontamer Investor Relations are set out above under "Who do I contact with enquiries about my investment?".

Other information about the Trust and the Offer is contained in the Prospectus, Trust Deed, Deed of Participation, the Note Issuer's Base Prospectus and, when available, the Final Terms, and in the financial statements (when available) relating to the Trust. A copy of these documents (when available) will be provided to you free of charge within five Business Days of your request to Lontamer Investor Relations.

A copy of the Prospectus, the financial statements (upon completion of the Trust's first accounting period) and other documents of, or relating to, the Trust are filed on a public register on the Companies Office website www.companies.govt.nz (by searching the "Other Registers" file against the name of Lontamer or against the reference number 1871430) or, if such documents are not available online, (on payment of a fee) by contacting the Companies Office Contact Centre at info@companies.govt.nz or on (toll-free) 0508 266 726.

Within a fortnight of the Issue Date, a certificate will be sent to you including the following details:

- your Application Amount;
- amount of Entry Fee deducted from your Application Amount (if applicable);
- amount of Early Bird Interest earned during the Offer period;
- amount of withholding tax deducted from your Early Bird Interest;
- amount invested in the Trust inclusive of Early Bird Interest;
- length of the relevant Investment Period;
- number of Units issued to you;
- starting level of the Lontamer WATER Index; and
- relevant Capital Protection Maturity Date.

Information about the Trust, including this Investment Statement, the hold-to-maturity value of a Unit, and the Index level which will be updated monthly starting from one month after the Issue Date, can also be found on Lontamer's website www.lontamer.com

If, after you have sent your Application Amount to Lontamer, Lontamer elects to purchase notes from a global investment bank other than UBS AG, it will notify you in writing and give you an opportunity to obtain the amended prospectus. In this event, you can also withdraw your application before the Strike Date.

Lontamer has been granted an exemption from the requirement to hold an annual meeting of Unitholders as Lontamer believes its investors prefer to stay informed by using its website and receiving mail outs from it.

Every Unitholder is entitled to free copies of the Prospectus (and associated documents), annual audited financial statements (upon completion of the Trust's accounting periods), Trust Deed, Deed of Participation, a comparison of the actual results of the Trust against the statements of prospective cash flows contained in the Prospectus, the Note Issuer's Base Prospectus and, when available, the Final Terms, and further copies of this Investment Statement. If you would like to receive this information please contact Lontamer Investor Relations by telephone or in writing. Lontamer Investor Relations' contact details are set out above under "Who do I contact with enquiries about my investment?".

Please advise Lontamer's registrar, Link Market Services Limited, in writing, if your address or bank account details change. Link's address is in the directory at the back of this Investment Statement.

NOTES

Lined area for notes.



NOTES

A large, empty rectangular area with a light gray background, intended for writing notes. It is bounded by a thin black line on the top and left sides, and a thin black line on the bottom and right sides.

WATER SERIES 1 TRUST **21** (WATER Series 1) APPLICATION FORM

This Application Form constitutes an offer to acquire units in WATER Series 1 Trust 21 (named WATER Series 1) offered to the public by Liontamer Investment Management Pty Limited ABN 23 104 174 325 in an Investment Statement dated 2 August 2007. References to "Liontamer" are references to Liontamer Investment Management Pty Limited, Liontamer Investment Services Limited, or WATER Series 1, as the case may be. Completed Application Forms, together with payments of the application money if applicable, must be sent to Link Market Services Limited, PO Box 384, Ashburton, New Zealand. Do not use this Application Form unless it is attached to the Investment Statement dated 2 August 2007.

APPLICATION DETAILS

New investors should complete all sections except section 5b. COMBI Series 1 / TIGER Series 1 investors should complete all sections except section 5a. (Note: if your application includes the proceeds of COMBI Series 1 / TIGER Series 1 units and you also wish to apply for additional WATER Series 1 units, complete all sections including sections 5a and 5b and enclose your cheque.) Please print in block letters and mark appropriate answer boxes with a cross (X)

1a. INDIVIDUAL OR APPLICANT A OF JOINT APPLICANTS

Title:

Mr	Mrs	Miss	Ms	Other					
----	-----	------	----	-------	--	--	--	--	--

Given Name(s)

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Surname

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Work Phone Number Home Phone Number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Fax Number Mobile Number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Date of Birth Occupation

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

1b. JOINT APPLICATIONS ONLY - APPLICANT B

Title:

Mr	Mrs	Miss	Ms	Other					
----	-----	------	----	-------	--	--	--	--	--

Given Name(s)

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Surname

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Work Phone Number Home Phone Number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Fax Number Mobile Number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Date of Birth Occupation

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

1c. TRUSTS

Name of Trustees (please put contact person first)

Name of Trust

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Phone Number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

1d. ALL OTHER ENTITIES

Name of Company, Incorporated Association, Incorporated Body, Superannuation Fund, Deceased Estate or Unincorporated Association

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Name of Contact Person

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Phone Number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

2. LINK MARKET SERVICES HOLDER NUMBER / CSN NUMBER

If you currently have a Link Market Services Holder Number or CSN Number please insert here

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

3. CONTACT DETAILS

Mailing Address
 Street Number and Name or PO Box

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Suburb

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

City

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Email Address

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

4. BANK ACCOUNT DETAILS

Please give details of the account you would like any distributions and other payments paid into. This must be held in your name, either singularly or jointly. Liontamer will not make payments by cheque, therefore these details are important

Name of Financial Institution

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Branch Name

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Bank/Branch Number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Account Name

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

5a. INVESTMENT DETAILS NEW INVESTORS

How much is your Application Amount for Booster Units?
 \$

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Minimum of \$5,000 (from which a 3% Entry Fee will be deducted unless rebated by your financial adviser as described in the Investment Statement)

How much is your Application Amount for Super-Booster Units?
 \$

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Minimum of \$5,000 (from which a 3% Entry Fee will be deducted unless rebated by your financial adviser as described in the Investment Statement)

I attach my cheque made payable to "Link Market Services Limited" or
 Please debit the Application Amount from my Guardian Trust CashPlus Fund

Account Name

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Account Number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

5b. INVESTMENT DETAILS COMBI SERIES 1 / TIGER SERIES 1

Invest the proceeds from

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

 COMBI Series 1 units in WATER Series 1. (Minimum 2,000 COMBI Series 1 units)

Invest the proceeds from

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

 TIGER Series 1 Units in WATER Series 1. (Minimum 2,000 TIGER Series 1 units)

Note: insert number of units in COMBI Series 1 or TIGER Series 1 and not a dollar amount.

DIRECTORY

NEW ZEALAND

Manager & trustee

c/- Liontamer Investment Services Limited
(at the offices of Lock & Partners Limited)
Level 1, 171 Hobson Street
AUCKLAND

Legal & tax adviser

Bell Gully
48 Shortland Street
AUCKLAND

Fund accountant

Staples Rodway
11th Floor
Tower Centre
45 Queen Street
AUCKLAND

Auditor & tax adviser

PricewaterhouseCoopers
188 Quay Street
AUCKLAND

Statutory Supervisor

New Zealand Permanent Trustees Limited
Level 10, 141 Willis Street
WELLINGTON

Custodian

The New Zealand Guardian Trust Company Limited
48 Shortland Street
AUCKLAND

Registrar

Link Market Services Limited
138 Tancred Street
ASHBURTON

AUSTRALIA

Manager & trustee

Liontamer Investment Management Pty Limited
Level 4
63 York Street
SYDNEY NSW 2000

Legal adviser

Freehills
MLC Centre
Martin Place
SYDNEY NSW 2000

Tax adviser

Greenwoods & Freehills
MLC Centre
Martin Place
SYDNEY NSW 2000

Registrar

Blake & Riggall Pty Limited
ACN 004 552 363
Level 37
101 Collins Street
MELBOURNE VIC 3000

You should direct all enquiries to either your financial adviser or Liontamer Investor Relations by phoning 0800 210 451 or writing to Liontamer Investment Services Limited, PO Box 2002, Shortland Street, Auckland, New Zealand, or emailing info@lontamer.com

LIONTAMER  **INVESTMENTS**

MASTERING FINANCIAL MARKETS

■ protected ■ managed ■ customised

www.lontamer.com