

17 February 2012

Dear Investor

## **IRONGATE PROPERTY LIMITED (IN RECEIVERSHIP) "IRONGATE"**

### **Introduction**

This is our third update on the progress of the Irongate receivership and follows our previous letters dated 28 June 2011 and 6 October 2011. In this update we provide:

- a) An update on Irongate's key assets as highlighted in our first letter of 28 June 2011;
- b) Details of the second distribution we will be making to you on 17 February 2012;
- c) Estimates of further distributions in the receivership;
- d) Information on the conduct of the receivership.

### **Update on Key Assets**

Since the date of our last report the receivers have successfully settled the Molesworth Street property in Wellington

The receivers continue ongoing management of the two other key properties in Custom Street and Great South Road in Auckland.

Custom Street was placed on the market in November 2011 but failed to attract a satisfactory offer. To maximise the returns to the Bondholders the receivers have worked on getting the property at near full capacity with the view of placing it on the market again in July 2012.

Great South Road is currently subject to a tender process which if successful should have settlement towards the end of April 2012.

We have also realised or entered into contracts to realise other assets of Irongate which are due to settle within the next six to nine months. These include the investments in or connected with:

- Superstores Properties
- Elwood Road Joint Venture
- Bolwarra Sections

There remain other investments that Irongate are connected with. The receivers continue to work on realising these investments but are not expecting these to occur until towards the end of 2012. This excludes the investment in a property development in Australia which Irongate has a 2<sup>nd</sup> mortgage security. The level of recovery from this particular asset remains very uncertain.

## Second Distribution to Investors

A first distribution of 22 cents in the dollar was made to Investors in October 2011.

A second distribution of 10 cents in the dollar of the original principal owing to Bondholders as at the date of receivership will be paid shortly. This is equivalent to approximately 13 cents in the dollar of your current principal balance. This distribution is in part repayment of principal and does not include any interest. As already advised, we do not expect there will be any funds available for the repayment of interest.

This second distribution will be made on 17 February 2012. Computershare (Irongate's registry agents) will be managing this payment for the receivers.

## Further distributions

In our initial letter we provided a distribution range of between 67 cents and 84 cents in the dollar of principal to secured bondholders.

We do not expect there to be any funds available for the repayment of interest to secured bondholders, or of Irongate unsecured creditors and shareholders.

Based on the current progress and realisations to date we have retained this realisation range.

The timing of a third distribution is fully dependent on the sale of the Great South Road property, which at the moment is scheduled for the end of April 2012. Should this sale take place then a distribution would occur during May 2012.

## Conduct of the receivership

Earlier in the receivership there were a number of instances where parties approached bondholders offering to purchase their bonds at a substantial discount. As receivers, it is not possible for us to stop those offers being made or to provide individuals with advice as to whether or not they should sell. The receivers however listed the bonds on the Unlisted Market, and this listing continues.

## Next Steps and Future Communications

We anticipate that our next letter to investors will be in May 2012. That letter will provide an further update as to the progress of the receivership and the timing of the proposed third distribution and any subsequently distributions.

At the time of our appointment we established a receivership website [www.deloitte.com/nz/irongate](http://www.deloitte.com/nz/irongate) where we continue to post communications and other matters of relevance to investors.

You can use this website as a convenient means of asking questions related to the Irongate receivership (by emailing [nzirongate@deloitte.co.nz](mailto:nzirongate@deloitte.co.nz)) but if you prefer, you can call the investor information phone number on 0508 4 IRONGATE (0508 447 664) and we will be happy to answer any question you may have or post out information that is on the website.

## Qualifications and Important Notice

The information required to complete this report was provided by the employees of the Irongate and obtained from company records. Accounting values are based on book values from the financial statements and accounting records prepared by company personnel. Asset realisation estimates have been based on the work of property and finance specialists.

We take no responsibility for any incorrect information contained in this report that has been supplied

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Any realisation estimates, time taken to complete realisations and related costs were all subject to uncertainty at the time that the estimates were prepared. We express no opinion on the likelihood of any estimates being achieved. Financial projections are based on assumptions and estimates of future events which cannot be estimated with any certainty. Actual results are likely to be different from estimates and the variations could be material since anticipated events frequently do not occur as expected. In accordance with standard practice neither Deloitte, the Receivers, nor any member or employee of Deloitte, undertakes responsibility arising in any way whatsoever to any person in respect of realisation estimates, the related commentary on options available to the receivership, or any other report content including any errors or omissions herein arising through negligence or otherwise however caused.

If you have any questions about any of the above that you would like addressed, please contact us by post, using the email address [nzirongate@deloitte.co.nz](mailto:nzirongate@deloitte.co.nz), via the Web [www.deloitte.com/nz/irongate](http://www.deloitte.com/nz/irongate) or leave a message on phone number 0508 4 IRONGATE (0508 447 664).

Yours faithfully

**IRONGATE PROPERTY LIMITED (IN RECEIVERSHIP)**



David Vance  
**Receiver and Manager**



Barry Jordan  
**Receiver and Manager**