

28 June 2011

Dear Investor

IRONGATE PROPERTY LIMITED (IN RECEIVERSHIP) “IRONGATE”

As you will now be aware, Irongate was placed into receivership on 3 May 2011.

Following a breach of its Trust Deed and an extensive review of Irongate and its subsidiaries, particularly given the determination of its current and projected solvency, the directors invited the appointment of receivers, with agreement from the Trustee (Perpetual Trust).

David Vance and Barry Jordan were appointed Receivers and Managers of Irongate and eleven of its subsidiaries:

SL Central Park Limited	SL 255 Limited
SL Properties (Auckland) Limited	Thorndon Property Fund Limited
St Laurence Properties Limited	SL Property Holdings Limited
SL Security Holdings Limited	SL Properties (Palmerston North) Limited
SL Properties (Wellington) Limited	SL Quay Park Limited
SL Albany 46 Limited	

Not all Irongate subsidiaries or investments held by the Irongate Group are in receivership. Specifically, St John Balanced Property Fund Limited, Superstore Properties Limited, College Road Holdings Limited, Elwood Road Holdings Limited, Lending No 1 Limited and Lunn 112 Limited are not in receivership.

Our first letter to you has four purposes:

- To give you a broad overview of what the Receivers have and will be doing to recover funds for you;
- To provide you with our current assessment of the asset realisations we expect to be able to generate together with an anticipated level and timing of distributions;
- To allow you to confirm whether or not Irongate's records about you and your investment are correct; and
- To update you on the next steps and timing of future communications.

The Receivership

Put simply, our role is to act in your, the Bondholders, best interests. In practise, this means:

- Taking immediate control of assets, information and decision making for the companies that have been placed in receivership;
- Our realisation strategy for each asset is different and each is treated on its merits. For example, there may well be situations where we may consider that further funds are required to complete work to prepare an asset for sale. In this case in order to optimise value, we will

consider the time, estimated cost and risk associated with this relative to independent estimates of the value that could be added by this course of action.

- Undertaking our normal examination of pre-receivership transactions and working with regulators to assist them with examinations of any historical activities;
- Remaining in regular communication with the Trustee, advising our intended approaches to receivership matters and providing updates on realisations;
- Providing Bondholders with periodic (at least six monthly) reports as to progress in the collection of loans, and our estimates of how much investors are likely to receive.

Estimated Return to Debenture Holders

We know that our first estimate of the likely payment to investors is very important to you and that you want this information as quickly as possible. We do not believe, however, that simply relying on the figures prepared by Irongate prior to the receivership would be doing the job that you expect of us. Our objective has been to provide investors with our own independent estimated outcome that is reliable as possible subject to the uncertainties inherent in the property market.

Key Assets

Since the date of receivership we have carefully reviewed Irongate's property and other assets. This has included obtaining property valuations where necessary, meeting borrowers and inspecting the properties and taking legal advice on securities to maximise a return for investors.

The Irongate Group consists of many individual entities. In general, each investment is normally contained in a separate entity and in broad terms all of Irongate's investments are in property. This may involve either a 100% interest or a partial interest via syndicates.

At the date of receivership the significant properties in the Irongate Group were situated at:

1 Heriot Drive, Porirua
27 Cain Road, Penrose, Auckland
18 Parkwood Place, Manukau
104 Custom Street, Auckland

139 Quay Street, Auckland
Oracle Drive Albany, Auckland
613 Great South Road, Auckland
55 Molesworth Street, Wellington

Shortly before receivership, Irongate had entered into a number of transactions to sell property and had been negotiating other transactions. The directors had been successful in moving one such deal (encompassed the first three key properties above and an investment in another entity) to an unconditional position prior to the receivership beginning. Subsequently the receivers managed, with the Trustees approval, this to conclusion, which (along with further realisations) has seen two prior ranking secured lenders repaid in full.

The key strategic direction for the receivers is to realise the remaining assets in an efficient manner taking into account the circumstances that each property is in and whether the expected realisation will be improved by a restructuring of the property. This consideration will be made in contemplation as to who will benefit from the realisation, the funds available to carry out any restructuring, and the level of certainty of the projected upside.

The receivers are undertaking the ongoing management of the properties and, as you may have seen in the media, have begun appointing commercial property firm/s to market and sell certain properties.

Estimated Realisation

Based on our review and current best assessment we expect to distribute between 67 cents and 84 cents in the dollar of principal to Bondholders over the next 1- 1½ years, subject to the qualifications in this letter.

The majority of the key assets are planned to be realised within 12 months. There is an investment in a property development in Australia which Irongate has a 2nd mortgage security that is likely to take at least 2 years before any funds may start to be recovered. The level of recovery from this particular asset remains very uncertain. This could potentially add up to a further 12 cents to the distributions.

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

At this stage we estimate the first distribution (subject to achieving the planned realisations) would be made in late October 2011 and be around thirty cents for each Bond held.

Confirmation of Balances

Enclosed with this letter is an Investment Summary outlining your investment in Irongate. If you believe details of your investment are incorrect or have changed, please contact Computershare immediately.

In particular, it is very important to check your bank account details or if you haven't provided your bank account details to do so to Computershare. The preferred distribution method by the receivers will be by direct credit to a New Zealand bank account.

Offers for Bonds

We have been made aware that parties have made offers to Bondholders to purchase bonds. The receivers are not able to advise Bondholders whether or not to accept offers made. We would note that the price of offers made to date is significantly less than the current estimated return from the receivership.

We have also considered comments made in the offer submitted to Bondholders by Southside Securities Ltd ("Southside"). It is important to clarify that our appointment is by Perpetual Trust. Perpetual Trust represent you, the Bondholder, and as such the Bondholder is the party to who the Receivers owe their principal duty. We act for you. Having read the terms of offer by Southside, this aspect may have not been clear.

We also advise the Receivers have relisted the bonds on the Unlisted platform. This provides a market for any parties wanting to dispose of their bonds rather than awaiting distributions from the Receivers or offers such as this from third parties. It should be noted that Unlisted is not a registered or authorised Securities exchange or regulated under N.Z. Securities exchanges law. Unlisted is an unregistered securities trading facility. The operator, Efficient Market Services Limited, accepts no responsibility for any statements that may be made promoting the transacting of Bonds.

Next Steps and Future Communications

We anticipate that our next letter to investors will be in October 2011. That letter will provide an update as to the progress of the receivership and an update on the timing of proposed distributions.

At the time of our appointment we established a receivership website 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) 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.

The first Receiver's statutory report required under the Receiverships Act 1993 will be available on the website before 3 July 2011. If you do not have access to the internet and would like a copy of the report you can contact the Receivers and request a copy to be posted to you.

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.

We take no responsibility for any incorrect information contained in this report that has been supplied by Irongate or its subsidiaries, its officers or other persons. This report is confidential to the Trustee and Bondholders and is not to be reproduced or used for any other purpose without our prior written consent in each case. We do not accept any liability whatsoever to any party from any use of, or reliance on, this report.

Any realisation 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, via the Web 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