

19 May 2011

Dear Investor

Irongate Property Limited (in receivership) (“Irongate”)

As you may be aware, Irongate was placed into receivership by Perpetual Trust on 3 May 2011, following the Irongate directors’ request to Perpetual that this action be taken. We are now writing to you to provide a fuller explanation of the background to the receivership and to advise you of the process that the receivers will be following in the short term.

Background and Appointment of Receivers

The request to appoint receivers from the Irongate directors arose following the advice by the Irongate directors that Irongate was not in a position to repay the \$46 million of bonds due for repayment on 15 May 2011. Although Perpetual had been working closely with Irongate to develop new initiatives, both in terms of the sales of assets for fair value and exploring refinancing proposals, sufficient funds were not raised by Irongate in time to repay investors.

The Irongate directors therefore asked Perpetual to appoint receivers and David Vance and Barry Jordan of Deloitte were appointed on 3 May 2011.

It was not possible to extend the time period for repayment of the bonds without the consent of the bondholders. To obtain an extension of time a proposal would have to be put to bondholders, the form and content of which would have had to comply with the Securities (Moratorium) Regulations 2009. This would have been a very expensive exercise and was not pursued as an option.

Receivers are now acting in the place of previous Irongate management. The receivers are in the process of assessing the Irongate assets and continuing a sales programme.

At the date of the receivership bondholders’ investment in terms of security ranked second behind four different entities, all of whom ranked ahead of bondholders. By 13 May 2011 the receivers had completed a sale of some of the Irongate assets which saw one of the prior ranking security holders fully repaid and another substantially repaid. Sales contracts are in place that should allow the full repayment of the second and third of the first ranking security holders within two or three months. The receivers have also begun a sale process to dispose of assets that, once concluded, will see the repayment of the last prior ranking security holder.

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Once this last prior ranking security holder is repaid the security protecting your investment will rank first in respect of the remaining assets.

It has been necessary to leave certain subsidiaries of the Irongate group out of the receivership. This has been done to preserve the value of the assets within those companies so as not to impinge on potential returns to investors in the future.

Next Steps

The receivers will be writing to you within the next six to seven weeks, and anticipate providing more detail and an estimate of the range of recovery to you, and a timeframe for this recovery.

We will ensure that you are kept updated on progress in the future, either by the receivers or by Perpetual.

In the meantime, the receivers have set up a website for investors. If you have access to the internet you may wish to check the website for updates, go to www.deloitte.com/nz/irongate. There is also a phone number for investor enquiries – **0508 4 IRONGATE (0508 447 664)**.

Conclusion

We hope that this letter has explained the background to the events that have taken place in regard to Irongate and also given an indication of the process going forward.

If there are aspects you would like to discuss with us please feel free to phone or write to us at the contact details below.

Yours sincerely



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Regional Manager

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