

6 October 2011

Dear Investor

## **IRONGATE PROPERTY LIMITED (IN RECEIVERSHIP) “IRONGATE”**

### **Introduction**

This is our second update on the progress of the Irongate receivership and follows our letter dated 28 June 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 first distribution we will be making to you in the week ending 14 October 2011;
- c) Estimates of further distributions in the receivership;
- d) Information on the conduct of the receivership.

### **Update on Key Assets**

Since the date of receivership the receivers have successfully sold and settled four key properties situated at:

- Cain Road, Penrose, Auckland
- Heriot Drive, Porirua
- Parkwood Place, Manukau
- Quay Street, Auckland

The receivers have also entered into an unconditional sale agreement for the property situated at Molesworth Street, Wellington that is due to settle in January 2012.

Along with the Molesworth Street property, the receivers continue ongoing management of the two other key properties in Custom Street and Great South Road in Auckland. The receivers are currently considering various options in regards to the realisation of these properties to ensure the best possible return is achieved for the Bondholders.

We have also realised or entered into contracts to realise other assets of Irongate during the period since the receivership began. These have included the investments in or connected with:

- St Johns Balanced Fund
- Elwood Road Joint Venture
- Lunn Avenue and College Road
- Bolwarra Sections

## First Distribution to Investors

Based on realisations to date the receivers will make a first distribution of 22 cents in the dollar of principal to Bondholders. 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 first distribution will be made during the week ending 14 October 2011. Computershare (Irongate's registry agents) will be managing this payment for the receivers.

If your bank or contact details have changed since the date of receivership (3 May 2011) and you have not advised Computershare of the new detail, please send a written advice to:

Computershare  
Private Bag 92119  
Auckland 1142

(Facsimile 09 488 8787)

## 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 debenture stock holders over the next 1- 1½ years. As previously advised there is an investment in a property development in Australia which Irongate has a 2<sup>nd</sup> 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.

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

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

It is estimated that a second distribution will be made by late February 2012 or early March 2012. The timing of this realisation will be determined by when the sales complete of the remaining larger assets.

## Conduct of the receivership

As well as completing the realisation discussed earlier, the receivers have now been able to repay all secured creditors who had a prior ranking to the bondholders. In effect, all net realisations from this point forward are able to be distributed to bondholders.

The receivers were made aware that parties had 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 were able to list 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 February 2012. That letter will provide an update as to the progress of the receivership and the timing of the proposed second 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.

The first six monthly Receiver's statutory report required under the Receiverships Act 1993 will be available on the website before 25 December 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. 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 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](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**