

Meltzer Mason Heath

Chartered Accountants practising as insolvency specialists

Refer to: Lloyd Hayward

Company No: 1654177

Receivers' Further Report on the State of Affairs

of

Vegar Properties Limited (In Receivership)

("the Company")

Introduction

Karen mason and Lloyd Hayward were appointed Receivers of Vegar Properties Limited on 7 July 2011. This further report covers the period to 7 January 2011

Property Disposed of Since Previous Report

No property has been disposed of since the commencement of the receivership.

The company owns real property at Matakana. There is a sale and purchase agreement pending on this property, however the secured lenders have declined to agree to remove securities and allow settlement. The secured lender has advised it will exercise its rights under its security and as mortgagee take possession and control of this real property.

The company has advanced monies to Matakana Estates Limited (In Receivership & In Liquidation) ("Matakana") and appeared to take a registered (on the PPSR) security interest in the assets of that company. The liquidators of Matakana have taken steps to set aside the security interest. The Receivers have disputed this. The matter remains unresolved.

Amount Owing to the Debenture Holder

The secured creditor is secured by way of mortgage over the land at Matakana and by way of a general security agreement. Presently the secured lender is owed \$2 million plus penalty interest accruing.

Jeff Meltzer
Karen Mason
Arron Heath



Preferential Claims

The IRD has made a small claim for unpaid GST. No other creditor claiming preferential entitlements has made a claim.

Unsecured Creditors

No creditor has made a claim as an unsecured creditor.

Receipts and Payments

There have been no receipts and no payments during the period.

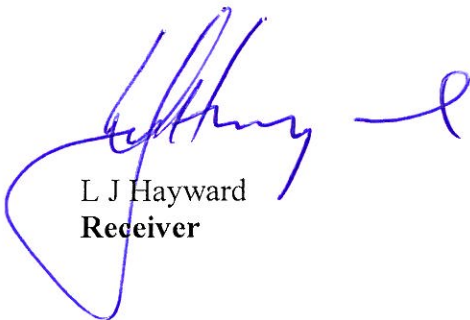
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As required by Section 24 of the Receiverships Act 1993, this report has been prepared by the Receivers and is available to all persons entitled to receive it under Section 26 of the Act.

This report is based on information that has been disclosed to the Receivers at the date of the report. The information has been received or obtained from various sources and has not been verified by the Receivers and the Receivers have accepted without review information and explanations that have been provided to them.

Some figures in this report are estimates only and are subject to change upon new information being disclosed to or obtained by the Receivers.

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L J Hayward
Receiver

29 January 2012