



The Hon John Key
Prime Minister
Parliament House
Wellington

28 May 2010

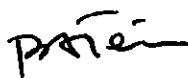
Dear Mr Key

ALDGATE TRUST

1. Your office has forwarded to me a copy of the Hon Pete Hodgson's letter, dated 27 May 2010, to the Speaker of the House. Your office has asked me to consider the letter and its attachments and to advise you as required.
2. Perhaps the starting point is to consider the concept of a "blind trust". As we understand it, a blind trust is a trust where certain trustees hold assets on the terms of a trust deed that includes amongst its beneficiaries charitable purposes with the trustees having the power to appoint additional beneficiaries. Once the relevant assets are in the trust it is the trustee that has all powers and management control with respect to those assets. I can confirm that the Aldgate Trust is a trust of this nature.
3. As well, the distinction between the trust and its trustee needs to be considered. In this case the trust is the Aldgate Trust. This is the entity that is the beneficial owner of assets. The trust is administered by its trustee, Whitechapel Limited. This is the entity that owns legal title to assets although it does so not for its own benefit but for the Aldgate Trust.
4. You are not a trustee of the Aldgate Trust; nor are you a director or shareholder of the trustee. You are not a named beneficiary and you have no role or position in or with respect to the trust that gives you any influence or control over the decisions of the trustee. Management control over trust assets resides with the trustee, which in this case is Whitechapel Limited, the directors of which are Mr Kenneth Whitney and myself. I can confirm that all decisions regarding the trust assets have been made by Mr Whitney and myself in our role as directors of Whitechapel Limited without consultation with or direction from you. Given that you have no role with respect to the trust, you have no right to ask for, or an entitlement to, any information regarding the trust from the trustee or its directors. Consequently, we have not reported to you on whether or not the trust has entered into any transactions to acquire or dispose of property and we have not provided you with any reports to tell you whether or not Aldgate Trust continues to hold any particular assets.
5. In summary, you are not in any position to exert any influence or control with respect to trust assets, which are at all times under the jurisdiction of the trustee which has fiduciary duties under the law.
6. Whitechapel Limited is a company that is beneficially owned by TGT Limited which, in turn, is owned by myself and my partners in Taylor Grant Tesiram; namely, Mr RH Taylor and Mr LT Grant. As the only shareholder in Whitechapel Limited, TGT Limited (through its directors who are the same as the shareholders), has the right to appoint or remove directors of Whitechapel Limited. You have no involvement in or control over that decision. Nor do you have any ownership or other interest in Whitechapel Limited. As mentioned, Whitechapel Limited is the trustee of Aldgate Trust and may or may not act as trustee of other trusts.

7. I now turn to Mr Hodgson's letter and its attachments. Mr Hodgson appears to be stating that the relevant assets that he refers to were "transferred" rather than "sold" to Whitechapel Limited. The implication is that they were transferred but still managed for you. This is not correct. The position is that on 15 November 2008 Whitechapel Limited acquired, for value, certain assets. It was a sale and purchase transaction and neither the vendors nor you retained any beneficial interest in those assets.
8. A related issue that Mr Hodgson refers to is the date on which shares in Earl of Auckland were "transferred" to Whitechapel Limited. I can confirm that the relevant date for these purposes is 15 November 2008. As at that date, there was an unconditional sale and the beneficial interest in all the assets that were the subject of the sale, including the shares referred to by Mr Hodgson, passed on that date. The fact that the transfer of shares is registered by the company in its share register or particulars filed with the Companies' Office on a subsequent date does not change this. It was, therefore, proper for you to proceed on the basis that you did not have any interest in the shares.
9. Mr Hodgson's conclusion is that you still have an interest in the shares he refers to in his letter as long as Whitechapel Limited remains the owner. However, the fact that a Companies' Office search shows that Whitechapel Limited is registered as the owner of shares in other companies cannot of itself establish that they are shares in which you have an interest. The above analysis shows that you have no interest and have no influence or control over the shares.
10. I can confirm that Mr Whitney and I have at all times endeavoured to discharge trustee duties in a manner consistent with our obligations. We do review the investments of the trust from time to time and make whatever decisions are appropriate at the time as part of our prudential management of trust assets. At any time we have the power to sell assets or to change them as we deem necessary or desirable.
11. I trust that this helps explain the situation. I have reviewed this letter with Mr Bruce Gray QC and he has confirmed that he is happy with its contents.

Yours sincerely



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