

Graham Hill

B Ag Com, M.N.Z.I.P.I.M., S.N.Z.P.I., A.N.Z.I.V.

Registered Valuer
Farm Management Consultant
Farm Supervision

G.W. & L.J. Hill
14 Whakaari Road
RD 2
OPOTIKI
Phone / Fax (07) 3157563
Mobile (027) 4791509
E-mail Whakaari@xtra.co.nz

28 May, 2005

Whakapaupakihi Block

Jeff following our visit yesterday the following are the splits for the No. 5 block. It will pay for you to go over the map and data to ensure you are happy with the splits.

I have named areas as per the block number (eg the number 2 block starts with 2 eg 2.13 is the 13 split in the number 2 block).

The splits for the No. 5 is roughly as follows:-

Cultivable flats	31.4 hectares
Fair flats (able to be cultivable after some work)	4.5 hectares
Rough flats (not able to be cultivated, includes streams etc)	6.9 hectares
Good Hill	6.5 hectares
Fair / poor hill	0.0 hectares
Rubbish	<u>0.0 hectares</u>
Total	49.3 hectares

The boundary between this and No. 2 block is on give and take line (Maori Trustee has details and it will pay to get this) and there must be 20 hectares of hill in with No. 2 block (as block is 69 hectares) or I do not have give and take boundary right but the area will be hill area anyway.

The total splits is roughly as follows:-

Cultivable flats	268 hectares
Fair flats (able to be cultivable after some work)	5 hectares
Rough flats (not able to be cultivated, includes streams etc)	180 hectares
Good Hill	350 hectares
Fair / poor hill	95 hectares
Rubbish	<u>371 hectares</u>
Total	1269 hectares

Some of the hill in 6 & 7 (block 6.15) may be able to be cultivated.

There is a 20 hectare block in the middle of 6 & 7 that need identifying (sect 47).

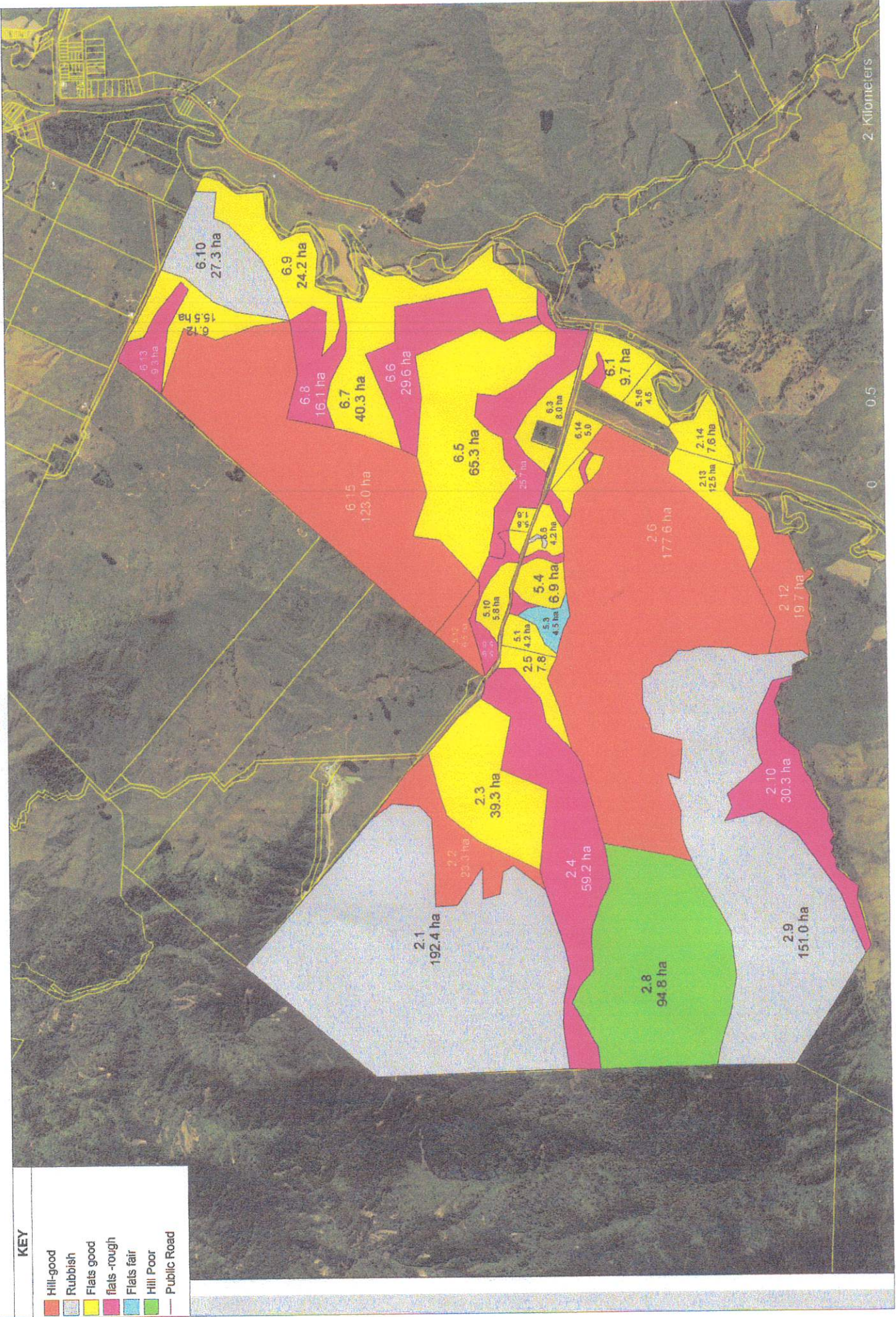
I attached:-

- a) The shaded map of the total area showing splits between contour types one with aerial in background and other with out.
- b) The area summary for the total block (the soil, vegetation, topo and drainage means nothing on any of these it is just means to give areas).
- c) The summary of areas we thought were cultivatable.
- d) The summary of Rough flats.
- c) The summary of good hills.
- e) The survey plan of the blocks.

Graham

Farm Map - Whaka2

As at 28/05/2005

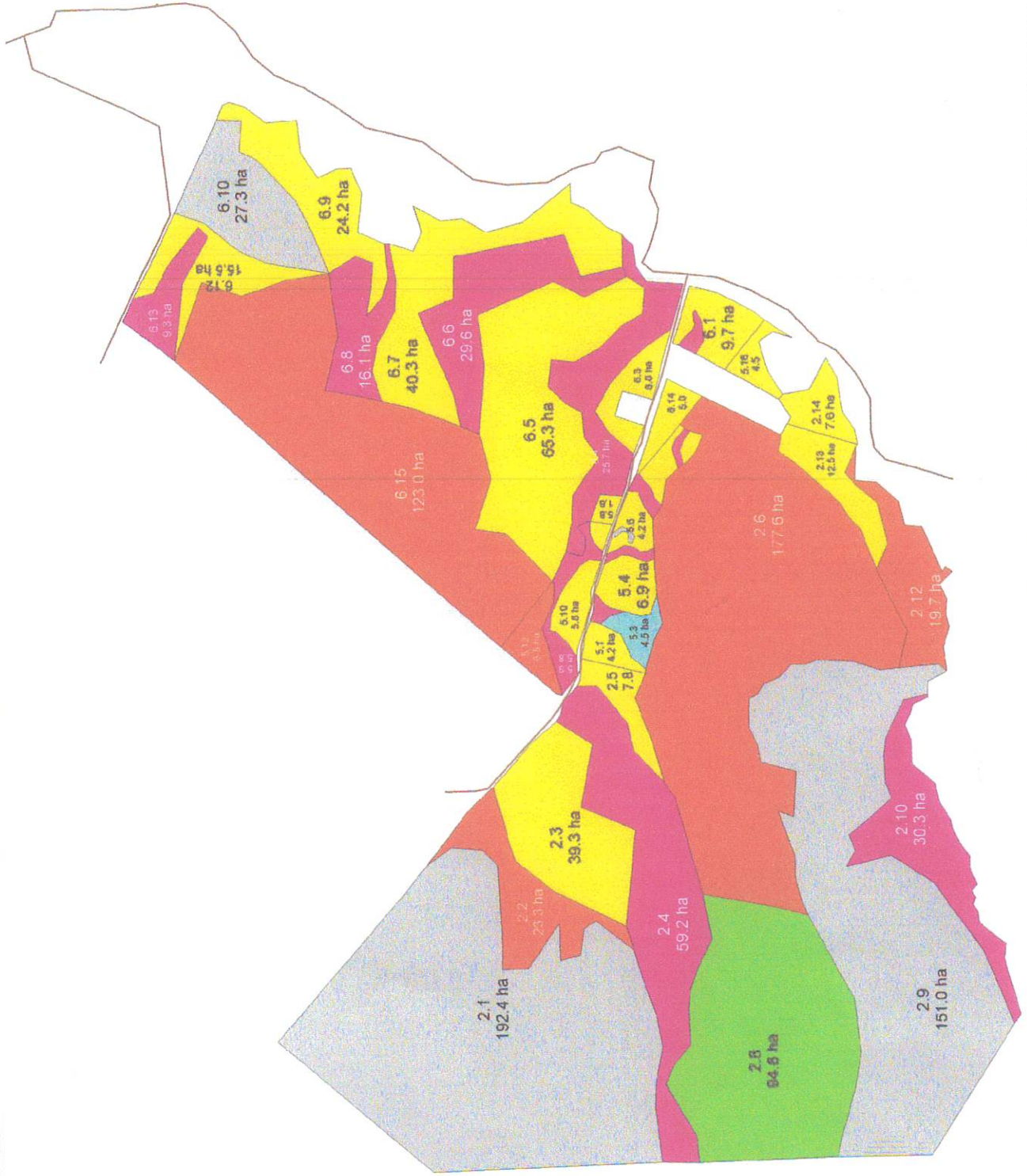


Farm Map - Whaka2

As at 28/05/2005

KEY

- Hill-good
- Rubbish
- Flats good
- flats -tough
- Flats fair
- Hill Poor
- Public Road



Paddock Attributes - Whaka2

FLATS

As at 28/05/2005













Name	Abbr.	Area (ha)		Soil	Vegetation	Topography	Drainage
		Calc.	Meas.				
2.13	2.13	12.5	-	Sandy Loam	Grass	Rolling	Good
2.14	2.14	7.6	-	Sandy Loam	Grass	Rolling	Good
2.3	2.3	39.3	-	Sandy Loam	Grass	Rolling	Good
2.5	2.5	7.8	-	Sandy Loam	Grass	Rolling	Good
5.1	5.1	4.2	-	Sandy Loam	Grass	Rolling	Good
5.10	5.10	5.8	-	Sandy Loam	Grass	Rolling	Good
5.13	5.13	3.2	-	Sandy Loam	Grass	Rolling	Good
5.15	5.15	1.0	-	Sandy Loam	Grass	Rolling	Good
5.16	5.16	4.5	-	Sandy Loam	Grass	Rolling	Good
5.4	5.4	6.9	-	Sandy Loam	Grass	Rolling	Good
5.6	5.6	4.2	-	Sandy Loam	Grass	Rolling	Good
5.8	5.8	1.6	-	Sandy Loam	Grass	Rolling	Good
6.1	6.1	9.7	-	Sandy Loam	Grass	Rolling	Good
6.12	6.12	15.5	-	Sandy Loam	Grass	Rolling	Good
6.14	6.14	5.0	-	Sandy Loam	Grass	Rolling	Good
6.3	6.3	8.0	-	Sandy Loam	Grass	Rolling	Good
6.5	6.5	65.3	-	Sandy Loam	Grass	Rolling	Good
6.7	6.7	40.3	-	Sandy Loam	Grass	Rolling	Good
6.9	6.9	24.2	-	Sandy Loam	Grass	Rolling	Good
wool	wool	1.0	-	Sandy Loam	Grass	Rolling	Good
Total		267.6	267.6				267.6

Total

Paddock Attributes - Whaka2

As at 28/05/2005






Rough "Flats"

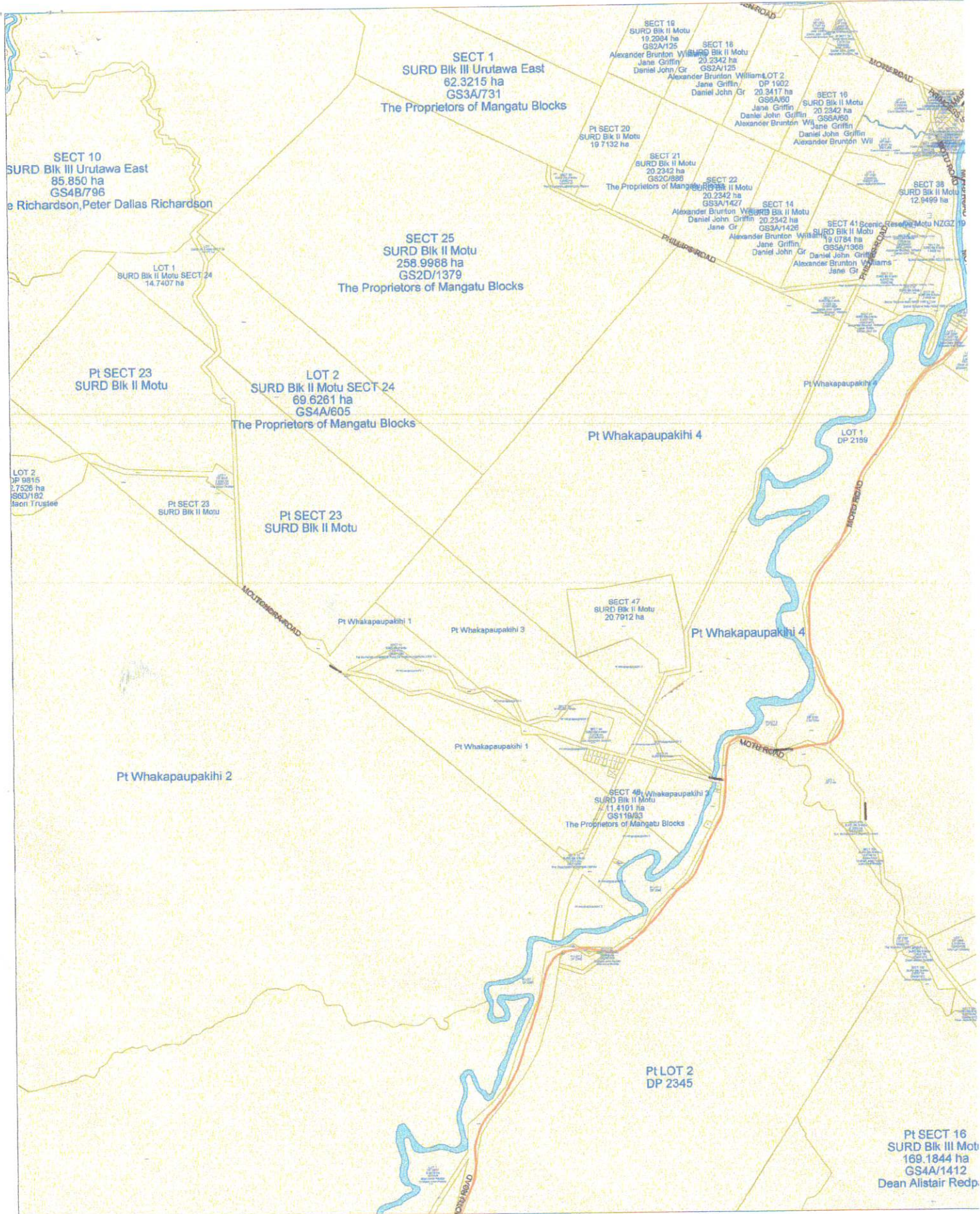
Name	Abbr.	Area (ha)			Soil	Vegetation	Topography	Drainage
		Calc.	Meas.	Effect.				
	2.10	30.3	-	-	Sandy Loam	Grass	Rolling	Good
	2.4	59.2	-	-	Sandy Loam	Grass	Rolling	Good
	5.13	0.7	-	-	Sandy Loam	Grass	Rolling	Good
	5.2	1.0	-	-	Sandy Loam	Grass	Rolling	Good
	5.5	1.0	-	-	Sandy Loam	Grass	Rolling	Good
	5.7	1.4	-	-	Sandy Loam	Grass	Rolling	Good
	5.9	5.8	-	-	Sandy Loam	Grass	Rolling	Good
	6.13	9.3	-	-	Sandy Loam	Grass	Rolling	Good
	6.2	1.2	-	-	Sandy Loam	Grass	Rolling	Good
	6.4	25.7	-	-	Sandy Loam	Grass	Rolling	Good
	6.6	29.6	-	-	Sandy Loam	Grass	Rolling	Good
	6.8	16.1	-	-	Sandy Loam	Grass	Rolling	Good
Total		181.4	181.4	181.4				

Paddock Attributes - Whaka2

As at 28/05/2005

Good Hill

Name	Abbr.	Area (ha)			Soil	Vegetation	Topography	Drainage
		Calc.	Meas.	Effect.				
	2.12	19.7	-	-	Sandy Loam	Grass	Rolling	Good
	2.2	23.3	-	-	Sandy Loam	Grass	Rolling	Good
	2.6	177.6	-	-	Sandy Loam	Grass	Rolling	Good
	5.12	6.5	-	-	Sandy Loam	Grass	Rolling	Good
	6.15	123.0	-	-	Sandy Loam	Grass	Rolling	Good
Total		350.1	350.1	350.1				























Paddock Attributes - Whaka2

As at 28/05/2005

TOTAL

Name	Abbr.	Area (ha)			Soil	Vegetation	Topography	Drainage
		Calc.	Meas.	Effect.				
2.1	2.1	192.4	-	-	Sandy Loam	Grass	Rolling	Good
2.10	2.10	30.3	-	-	Sandy Loam	Grass	Rolling	Good
2.12	2.12	19.7	-	-	Sandy Loam	Grass	Rolling	Good
2.13	2.13	12.5	-	-	Sandy Loam	Grass	Rolling	Good
2.14	2.14	7.6	-	-	Sandy Loam	Grass	Rolling	Good
2.2	2.2	23.3	-	-	Sandy Loam	Grass	Rolling	Good
2.3	2.3	39.3	-	-	Sandy Loam	Grass	Rolling	Good
2.4	2.4	59.2	-	-	Sandy Loam	Grass	Rolling	Good
2.5	2.5	7.8	-	-	Sandy Loam	Grass	Rolling	Good
2.6	2.6	177.6	-	-	Sandy Loam	Grass	Rolling	Good
2.8	2.8	94.8	-	-	Sandy Loam	Grass	Rolling	Good
2.9	2.9	151.0	-	-	Sandy Loam	Grass	Rolling	Good
5.1	5.1	4.2	-	-	Sandy Loam	Grass	Rolling	Good
5.10	5.10	5.8	-	-	Sandy Loam	Grass	Rolling	Good
5.12	5.12	6.5	-	-	Sandy Loam	Grass	Rolling	Good
5.13	5.13	3.2	-	-	Sandy Loam	Grass	Rolling	Good
5.14	5.13	0.7	-	-	Sandy Loam	Grass	Rolling	Good
5.15	5.15	1.0	-	-	Sandy Loam	Grass	Rolling	Good
5.16	5.16	4.5	-	-	Sandy Loam	Grass	Rolling	Good
5.2	5.2	1.0	-	-	Sandy Loam	Grass	Rolling	Good
5.3	5.3	4.5	-	-	Sandy Loam	Grass	Rolling	Good

Name	Abbr.	Area (ha)			Soil	Vegetation	Topography	Drainage
		Calc.	Meas.	Effect.				
	5.4	6.9	-	-	Sandy Loam	Grass	Rolling	Good
	5.5	1.0	-	-	Sandy Loam	Grass	Rolling	Good
	5.6	4.2	-	-	Sandy Loam	Grass	Rolling	Good
	5.7	1.4	-	-	Sandy Loam	Grass	Rolling	Good
	5.8	1.6	-	-	Sandy Loam	Grass	Rolling	Good
	5.9	5.8	-	-	Sandy Loam	Grass	Rolling	Good
	6.1	9.7	-	-	Sandy Loam	Grass	Rolling	Good
	6.10	27.3	-	-	Sandy Loam	Grass	Rolling	Good
	6.12	15.5	-	-	Sandy Loam	Grass	Rolling	Good
	6.13	9.3	-	-	Sandy Loam	Grass	Rolling	Good
	6.14	5.0	-	-	Sandy Loam	Grass	Rolling	Good
	6.15	123.0	-	-	Sandy Loam	Grass	Rolling	Good
	6.2	1.2	-	-	Sandy Loam	Grass	Rolling	Good
	6.3	8.0	-	-	Sandy Loam	Grass	Rolling	Good
	6.4	25.7	-	-	Sandy Loam	Grass	Rolling	Good
	6.5	65.3	-	-	Sandy Loam	Grass	Rolling	Good
	6.6	29.6	-	-	Sandy Loam	Grass	Rolling	Good
	6.7	40.3	-	-	Sandy Loam	Grass	Rolling	Good
	6.8	16.1	-	-	Sandy Loam	Grass	Rolling	Good
	6.9	24.2	-	-	Sandy Loam	Grass	Rolling	Good
H1	H1	0.3	-	-	Sandy Loam	Grass	Rolling	Good
wool	wool	1.0	-	-	Sandy Loam	Grass	Rolling	Good
Total		1269.3	1269.3	1269.3				

REWETU STATION LIMITED
PO BOX 434
OPOTIKI

Telephone: 07-315 7850

Fax: 07-315 7850

Email: sharp.r.l@xtra.co.nz

June 21, 2005

PROPOSAL TO THE TRUSTEES OF WHAKAPAUPAKIHI BLOCK 5

Further to our offer to the Trustees of Whakapaupakihi Blocks 2, 6 & 7 and 5 proposing a joint venture farming operation aimed at extracting premium returns from lamb fattening on winter crops.

Because Blocks 2, 6 & 7 will not be available until June 2007 we have attempted to break down the joint proposal for all of the blocks so that Block 5 can be dealt with separately until the other blocks are available.

Once we have your agreement to this proposal we propose to have our solicitors draw up a suitable agreement so that the arrangement becomes binding.

To fairly assess Whakapaupakihi 5's share of base rental under the proposal we have asked Graham Hill to analyse the land types on the blocks and we attach this analysis. This analysis highlighted that approximately 20 ha of Block 5's land is currently being farmed by the lessees of Block 2. We think it important that this be bought back into the Block 5 arrangement so that Block 5 receives its full share of the proposed arrangement (income and base rent) as without the 20ha of Block 5 presently being farmed by the Mullooly's the block is only left with 49.3 ha. This is a point which needs discussion.

We have assessed on the basis of G Hill's analysis (our calculation in appendix I attached) that the base lease rental for Block 5 would for the 1st two years be \$12,400 plus GST plus 50% of the net profit up to \$8,000 and 40% of the net profit above that figure. If this budgeted income is achieved Whakapaupakihi Block 5's income would be approximately \$20,560 plus GST including the base rental.

We would expect the base rental for 5 to increase if the other block's are bought into the joint venture as the joint venture would have full utilisation of the woolshed. During the first two years we would be reliant on modest rental of this facility to the 2, 6 & 7 block lessees. We would anticipate that the base rental would increase by approximately \$2,500 after two years if

further land from 2 and/or 6 & 7 come into a joint venture with the joint venture company now proposed.

General outline of joint venture;

The farming would be carried out by a company formed for the purpose.

This Company would be owned and directed by Rewetu Station Limited but would be a completely separate entity to Rewetu Station Ltd's farming and its sole business would be the Whakapaupakihi joint venture.

The secretarial and accounting work for the joint venture company would be done independently by Graham and Linda Hill.

The Company would consult with your Trustees at least yearly to discuss management and provide you with a management plan.

The Company would provide your Trustees with a financial and management report six monthly.

The base rental would be paid in quarterly instalments in advance.

Rewetu Station Ltd would be entitled to interest on financial capital used calculated on monthly balance loaned at normal bank lending rates.

Profit sharing would be distributed within 4 months of year end (30th June).

A management plan for year one is attached.

MANAGEMENT PLAN YEAR 1

Whakapaupakihi No. 5

(Assumes 69 ha approx. available)

Our proposal would be to

Cultivate and sow approximately 20 ha to swedes in November 2005.

- This would involve capital liming and capital fertiliser dressing to ensure appropriate nutrients for a successful crop.

Balance of land would also receive a capital fertiliser dressing of approximately 1 tonne/ha of superphosphate based fertiliser.

Land would initially be stocked with approximately 300 ewes and 50 cattle.

Ewe numbers would be reduced after weaning.

Approximately 3000 lambs would be bought in, in April 2006 for winter fattening.

These lambs would be finished on swede crops and sold fat to works in July and August 2006.

Cycle would be repeated for year 2. But fertiliser would be adjusted to appropriate good maintenance with a capital lime dressing applied to non cropped balance of land if joint venture is extended beyond 2 year initial period.

Maintain all fencing and improvements.

REWETU STATION LIMITED

Joint Venture Company Proposal to Owners of Whakapaupakihi No. 5

Budget

	<u>Gross Margin</u>
3000 Winter Lambs fattened at \$25 margin	75,000
300 Breeding Ewes	
- lambs fattened and sold 120% lambing	
- 360 Lambs @ \$70	25,200
Wool 750 kg @ \$2.75	2,000
50 cattle @ \$260 margin	10,000
Deduction for loss in value of ewes between purchase and end value 300 @ \$30	- 9,000
House Rental	3,000
Woolshed Rentals	3,000
Gross Profit	<u>109,200</u>

Costs

Base Rental	12,400
Shearing	600
Cropping Costs (Including Fert & Lime)	16,000
Livestock Expenses	5,000
Fertiliser (for non-cropped areas)	13,000
Vehicle & Tractor expenses	3,000
Maintenance	3,000
Hay & Silage	2,000
Supervision	5,000
Labour	5,000
Secretarial & Accounts	3,000
Bank Charges	500
Meeting Expenses	1,000
Cartage	4,000
Rates	1,500
Insurance	1,500
ACC Levies	300
Interest (Estimate)	13,000
Sundry	1,000
	<u>90,800</u>
Estimated Surplus	<u><u>18,400</u></u>

Being Shared

Whakapaupakihi 5	
50% of 1st 8,000	4,000
40% of 10,400	4,160
	<u>8,160</u>
Rewetu	\$ 10,240

GRAHAM HILLS ANALYSIS OF BLOCK LAND TYPES

	Total of Blocks 2,5,6,& 7 has	Block 5 only
Cultivable Flats	268	31.4
Fair flats (able to cultivated after some work)	5	4.5
Rough flats (not able to be cultivated. Includes streams etc.)	180	6.9
Good Hill	350	6.5
Fair/Poor hill	95	-
Bush	371	-
	<hr/> 1,269	49.3
Assume balance being farmed by Mullooly's Good Hill		<hr/> 20.0 ha
		69.3

For calculating proportional base rentals between blocks we have applied the following multiplication factors to each of the land types.

Good flats	3
Fair flats	2
Rough flats	2
Good hill	1
Rough hill	.5
Bush	Nil

By applying these factors to the above land breakdown

Total blocks have farming factor of 1571.5

Whakapaupakihi 5 block has farming factor of 143.5 9.1% of total

If the woolshed and house 'Rental' values are deducted from the \$75,000 base rental and \$70,000 is allocated on the 'Land' factors above No 5 block's share of the base land rental would be \$6,400 and allowing \$6,000 for facility rental gives a base rental of \$12,400 p.a

RECEIVED

01 JUL 2005

MAORI TRUST OFFICE GISBORNE

1 July 2005

Rose Wharehinga
Office of the Maori Trustee
PO Box 140
GISBORNE

Dear Rose

Lease of Whakapaupakihi 5

Integrated Foods Ltd (IFL) wishes to register an interest in the lease of Whakapaupakihi 5 comprising 70.9 ha on Moutohora Road, Motu.

IFL is prepared to enter into the standard Maori Trustee's lease for the term at a rental of \$15,025 plus gst per annum. Annual rates will be paid by IFL to the GDC.

Thank you for your consideration of our proposal.

Yours sincerely



Gary Alexander
Managing director



OUR REF 18/67/2

YOUR REF

OFFICE OF THE MĀORI TRUSTEE

1 July 2005

NGĀ WAI E RUA BUILDING
CNR LOWE STREET & READS QUAY
PO BOX 140, GISBORNE

TELEPHONE (06) 868-9035
FACSIMILE (06) 868-0207
E-Mail: mto.tairawhiti@tpk.govt.nz

To the Responsible Trustees of Whakapaupakihi 5

Pehimana Haapu Brown	213 Kaitara Road, R D 4, Te Karaka
Tarati Carrington	53 King Street, Opotiki
Leonard Apanui Brown	Bells Road, Waimana
John James Hata	P O Box 110, Opotiki
Henry Russell Hollis	1532 State Highway 2, R D 7, Te Puke

Tena koe

Whakapaupakihi 5 – Expressions of Interest

I refer to my letter dated 15 June 2005.

Please find enclosed copies of expressions of interest received from the following people:-

- Miles Mullooly
- Hamish Newman Family Trust/ Brookfield Station
- Integrated Foods Ltd

For your information I have also enclosed the Recommended Rental report provided by Mr E I Clissold dated 6 January 2005.

Please advise the Maori Trust Office in writing the successful applicant and if you want our office to liaise with the applicant in preparing the lease documents. A copy of their terms and conditions will be appreciated.

Naku noa, na


Rose Wharehinga
for Maori Trustee

1 July 2005

To Maori Trustee
GISBORNE

RECEIVED

01 JUL 2005

MAORI TRUST OFFICE GISBORNE

RE: WHAKAPAUPAKIHI 5

The Mullooly Family Partnership wishes to tender for the lease of Whakapaupakihi 5.

Because the term of the lease is for only 18 months, we will require your standard form of lease to be amended by the following new clause:

“ Notwithstanding anything to the contrary stated elsewhere in this lease, the Lessee shall not be obliged to leave the property in any better condition than that existing at the date of commencement of this lease.”

However, we are happy to apply the same minimum fertiliser requirements per annum to this block that we already apply in relation to Whakapaupakihi 2.

On this basis, we tender a rental of \$13,500.00 per annum payable 6 monthly in advance. *plus Maori Trustee Comm & GST.*

pp

Mullooly Family Partnership

Signed



01/07/2005

Tanaka

**REWETU STATION LIMITED
P O BOX 434
OPOTIKI 3092**

15 July 2005

The Trustees of Whakapaupakihi Block 5

You will know that we have offered a Joint Venture Proposal to farm your Whakapaupakihi Block 5. This proposal includes capital fertiliser and other improvements.

After further consideration, and due to the initial period of just under two years to allow the lease of this block to be brought in line with the term of the other Whakapaupakihi Blocks, our company is prepared to offer an alternative straight lease proposal for this period with a lease rental of \$16,500 p.a. plus GST plus rates.

We would be prepared to comply with at least normal fertiliser and maintenance covenants to ensure that your property is maintained. Lease payments are offered quarterly in advance.

We would also be keen to develop a Joint Venture Proposal for Blocks 2, 5, 6 & 7 that ensure that the Trustees of the respective Blocks can be assured that they are not being disadvantaged as against a straight lease for the period after 30/06/2007.

Please feel free to discuss any aspects of our alternative offers if there is any matter your Trustees would like to see addressed that may not be covered in our proposals.

Sincerely



R B Sharp
Director

**JOINT VENTURE PROPOSAL
BETWEEN
REWETU STATION LIMITED
AND THE TRUSTEES OF THE WHAKAPAUPAKIHI
BLOCKS 2, 6 & 7 & 5**

Rewetu Station Limited is a private farming Company owned by the Bakalich Family and Ray & Lis Sharp. Until December 2004, it operated 3 sheep and cattle farms and provides management services to the proprietors of Tawaroa Inc. for their Matawai fattening property. The company sold one of its farming properties at Wharekopae in December but still runs a substantial farming operation on its Waikura Valley and Matawai properties.

The Company is in a strong financial position and is able to provide the Capital required for a joint venture farming operation with you.

Your advisory trustees will probably all be familiar with the Directors of Rewetu Station Limited being Jeff and Julie Bakalich and Ray & Lis Sharp. Jeff Bakalich has been the AFFco Stock buyer in the Eastern Bay of Plenty for 30 years and Ray Sharp has been a Chartered Accountant in Opotiki for a similar period. Both have also got substantial farming experience.

Rewetu Station Limited has owned and operated its Matawai property for over 10 years. During this time it has developed special expertise in intensive cropping and fattening of cattle and lambs which has lead to a major improvement in carrying capacity and profitability at Matawai compared with other farmers in the district.

We, the owners of Rewetu Station Limited, believe this can benefit the Proprietors of your land blocks substantially through a joint venture arrangement which will give you substantially higher returns that you can otherwise achieve while not exposing you to any of the risks that would normally be associated with farming on your own.

It will also lead to a substantial further improvement to your land in a sustainable and low risk way for the owners.

What is envisaged would be a 10 year arrangement with a renewal after that time subject to it working for both parties. The land owners would be guaranteed a base rental of say \$75,000 p.a. and would participate in a share of the profits (50% of profits for the first \$100,000 and 40% of profits above \$100,000)

The proposal would be operated through a separate Company which would be audited independently. This would report financials to the Trustees of Whakapaupakihi Blocks quarterly.

Management of the farming operation would be by Rewetu Station Limited under the supervision of Jeff Bakalich. All capital required for the stocking and farming of the operation would be provided by Rewetu Station Limited. This will mean no financial risk would fall back on the Trustees of your Blocks. Management policies would be agreed with you as Trustees.

Jeff Bakalich offers unique expertise as a stock buyer with great depth of experience in sourcing livestock for finishing and an experienced farmer who has proved himself as an achiever of excellent farming results. He has ongoing contact with top farmers throughout the East Coast region from whom he has fed off for his ideas on continually improving his farming techniques.

He also makes extensive use of Graham Hill a farm advisor in Opotiki for technical and research advice.

This joint venture if it can be worked out will represent a new era for the owners of your land leading to substantially improved profits and further development of your land without risk of loss to the owners.

We would like to arrange a meeting at an early date to explain this proposal and if possible to have your Trustees inspect our Company's Matawai farming property.

APPROXIMATE BUDGET

Assessment of effective farming areas of your Whakapaupakihi Land

	Approx. ha flat	Approx. Total Grassed ha
Whakapaupakihi No 2	175	387
“ “ No 5	75	75
“ “ No 6 & 7	<u>286</u>	<u>357</u>
	536	819

We would propose to crop approximately 150 ha. / Year to grow winter swede crops for winter lamb fattening.

Currently we buy in lambs for fattening on similar crops on our Matawai property at 150 per ha.

The winter crop would be followed by a summer crop of pasja and then into new grass species in the autumn.

Our stocking policy would be:

Winter

Bought in fattening lambs 19,000

Balance of stocking 6,500 SU

(Probably 2,000 Breeding Ewes and 700 cattle)

Summer

Additional stock would be bought in to utilize summer crops and grass

Budget for Joint Venture Venture Proposal

Income	Budget 1	Budget 2
Gross Margin Lamb Fattening	425,000	500,000
Gross Margin on additional summer stock for pasja crop		
Bull Calves	75,000	100,000
Gross Margin on Balance of Stock Farmed 6,500 S.U	450,000	500,000
	950,000	1,100,000
 <u>Expenses</u>		
Cropping Swedes	120,000	
Cropping Pasja	45,000	
Seed regrass	30,000	
Fertiliser	90,000	
Livestock Expenses	40,000	
Shearing & Crutching	20,000	
Weed & Pest	5,000	
Hay & Silage	10,000	
Soil Test & Advice	1,000	
Vehicle & Tractor Fuel and Expenses	20,000	
Wages Employees	60,000	
Dog Expenses	8,000	
Fencing	20,000	
Tracks Maintenance	10,000	
Water Supply	10,000	
Building Mtce	5,000	
R & M Plant	5,000	
Accountancy	7,500	
Audit fees	2,500	
Bank Charges	1,000	
Telephone & Tolls	2,000	
Printing & Stationery	500	
Meeting Expenses	3,000	
Sundry	2,000	
Cartage	40,000	
Rates	10,000	
Insurance	3,000	
ACC Levies	3,000	
	573,500	573,500

Budget for Joint Venture Venture Proposal

Interest on Capital	120,000	120,000
Base payment to Whakapaupakihi owners	75,000	75,000
Management fee to Rewetu Station Limited	50,000	50,000
TOTAL EXPENSES	818,500	818,500
 SURPLUS TO BE SPLIT	 131,500	 281,500
 SPLIT		
Whakapaupakihi Blocks	62,600	122,600
Rewetu Station Limited	68,600	158,900
 <u>TOTAL PROJECTED REVENUE TO WHAKAPAUPAKIHI OWNERS</u>		
Base Payment	75,000	75,000
Share of Profit	62,600	122,600
	137,600	197,600

Estimated Capital required by Rewetu Station Ltd for proposed joint venture

Livestock	
6500 SU	650,000
Winter Lambs	900,000
Working Capital	300,000
	1,850,000

The budgets are projected based on current expected returns. Outcomes are dependant on many factors including seasonal factors and while they are our best estimates, the results can not be guaranteed. They are a guide as to the range of returns that might be expected given current prices and given that the actual level of productivity off the blocks is a factor that will be determined after a period of farming the blocks.

213 Kaitara Road
 RD 4, Te Karaka
 GISBORNE 3871
 26TH July 2005
 (06) 862 3723

P O Box 110
 Opotiki

Tena Koe John

I am wondering if it is going to be possible for us to discuss possible lease agreements for Whakapaupakihi 5 to cover the next 18 months with the end of July only a matter of days away. I am not too sure if we are to complete the process as indicated by the Maori Trustee originally or still try and call a Hui of the five Responsible Trustees.

These are the three proposals received by the Maori Trustee on the advertised closing date of 1 July 2005

Integrated Foods Ltd (Mangatu) current tenant	\$15,025 plus GST per annum	Standard Maori Trustee lease document – variation to their current lease agreement	1 August 2005 to 30 January 2007	Plus annual rates plus Maori Trustee commission
Mullooly Family Partnership current tenant in Whakapaupakihi 2	\$13,500 plus GST per annum	Standard Maori Trustee lease document – small amendments	1 August 2005 to 30 January 2007	Plus annual rates plus Maori Trustee commission
H C Newman Family Trust	\$13,500 plus GST per annum	Standard Maori Trustee lease document – small amendments	1 August 2005 to 30 January 2007 (They have asked for a further 5 years term at the end of 18 months)	Plus annual rates plus Maori Trustee commission
Recommended rental from T Clissold	\$9,500 plus GST per annum	Standard Maori Trustee lease document	1 August 2005 to 30 January 2007	Plus annual rates plus Maori Trustee commission