

Loan application

From: [REDACTED]
To: AA and WJ BRAUER [REDACTED]
Date: Tue, 22 Sep 2009 14:59:31 +1000

Adrian & Wendy,

There 's been a bit of back and forth discussion with Sydney but it would appear that we ' ll get an approval for the property purchase although not officially approved as yet.

Sydney are of the opinion that we should reassess the initial limit of the loan and look to utilise some of the available funds now rather than retain them for livestock purchases when you are looking to return to full control of Kia Ora , so on that basis they would provide a facility of \$3.7m (refinance the main loan at approx \$800k balance with an additional \$2.9 m for the property purchase) at this stage. The \$200k facility remains in place making \$3.7m + \$200k = total facilities of \$3.9m . Then in March 2011 when the lease expires provide an increase for livestock purchases based on your plans and the cattle market at that time.

There would appear to be sufficient cash reserves to allow for the settlement and retain cash reserves as there will also be 2 x \$50k payments from Simmon ' s between now and end Dec and also a payment in advance from Tom Campbell at settlement of the property purchase (50% x \$175k ??).

So until the lease expires there will be a loan limit of \$3.7m. Your current variable interest rate is 5.8% but if we use say 6.5% to factor in some rate increases in the next 12 months , you ' ll have an interest bill of \$240k which will be comfortably covered by the \$200k from Simmons and \$175k from Campbell.

Have you been given any indication of a possible settlement date as yet. Bit hard I guess when there isn ' t even a contract as yet.

Let me know how you feel about this proposal. Sydney ac tually suggested a limit of \$3.6m but that is cutting it too fine.

Regards

[REDACTED]
Rural Manager
Rabobank

Cnr Cunningham & Stuart Sts
Dalby Qld 4405
PH: [REDACTED]
FX: [REDACTED]
M: [REDACTED]
Email: [REDACTED]
Web: www.rabobank.com.au

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