

Hereumu Trust

Provincial Growth Fund Proposal



Hereumu Station
TIKITIKI

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Summary

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History

Pre-2014

- [REDACTED] Commercial Information
- [REDACTED] Commercial Information
- [REDACTED] Commercial Information
- [REDACTED] Commercial Information
- [REDACTED] Commercial Information
- [REDACTED] Commercial Information
- [REDACTED] Commercial Information
- [REDACTED] Commercial Information

Change

Commercial Information

- Decision not to lease but to build farm business on behalf of shareholders
- National recruitment process for new farm manager and employed on the basis of performance targets for productivity improvements
- Steady but incremental investment in land, stock, infrastructure on the basis of strategy agreed between the Trustees and farm manager
- Raised productivity
- Steadily improved positive engagement with shareholders e.g. AGM discussions are constructive and upbeat
- But the finance we require to grow is based on value of stock on hand – Commercial Information
- [REDACTED] Commercial Information
- [REDACTED] Commercial Information

Goals

Goals to be achieved Commercial Information

- Showcase Maori land business success on the East Coast, making our shareholders proud of their whenua.
- Increase our effective land area by Comm %
- Commercial Inform our gross revenue
- Be debt free
- Explore initiatives to engage directly with our shareholders and the community – papakainga (marae stay), local school programmes and work experience, scholarships, Marae and farm experience, school camps, and tourist venture on utilising regenerated native forest and birds.
- Farm environment plan to identify and mitigate risks.

Specific farm goals set in Commercial Informatio plan:

- Commercial % lambing (from mixed age and 2th ewes)
- Comm % calving
- Increase stock numbers including wintering approximately:
 - Commercial ewes and Commercial ewe hoggets
 - Commercial cows and Commercial replacement R1 heifers
 - Comm R1 bulls across balance date to sell as yearlings
- Increase effective area to Commercial hectares by continuing to clear gorse and scrub
- Have clean, reliable water to all paddocks and protect waterways with fencing and planting
- Bush and native blocks fenced

PGF Whenua Maori Fund

Hereumu Trust – Provincial Growth Fund Proposal

Whenua Maori Fund

Hereumu Trust is seeking funding of approximately \$^{Commercial Information} to implement the ^{Commercial Information} plan set out in Appendix 5. **Withheld - Commercial Information**

PGF Whenua Maori Allocation Principles

Principle	How our ^{Commercial Information} plan complies with these principles
Lifts the productivity potential of the land	^{Commercial Information} plan increases effective area of farm and the productivity of farmland by clearing scrub and gorse, appropriate application of fertiliser to lift soil fertility.
Commences within the timeframes of the PGF	^{Commercial Information} plan is ready to be implemented immediately.
Effective governance arrangements	Trustees regularly monitor financial and farm performance against budgeted/expected outcomes. Trustees and manager have close working relationship with accountant and engage expert advice when appropriate. Trustees regularly encourage shareholders to attend AGMs, nominate new Trustees and participate in the business of the farm and the land.
Evidence of expert commercial advice on the best use of their land	^{Commercial Information} plan reviewed and updated with advice from accountant and farm advisors such as Ravensdown and livestock agents. Trustees have considered other land use options (such as expanding the size of and type of trees for forestry, honey, tourism ventures etc) but consider farming will achieve the long-term goals of the Trustees and owners.
Project reduces, negative impacts on water quality	^{Commercial Information} plan includes fencing and retiring native bush blocks to allow native flora and fauna to regenerate, fencing to protect river and reducing livestock crossing the river by building stock yards on the other side of the river.
Project contributes to mitigating or adapting to climate change effects, and a just transition to a low emissions economy	^{Commercial Information} plan includes installation of water systems to reduce the impact of climate change. Retirement of native bush areas will help offset carbon emissions and proper management of forestry blocks will ensure maximum carbon sequestration.
Protection and enhancement of indigenous biodiversity	Retirement and fencing of native bush will allow native flora and fauna to regenerate.

PGF Whenua Maori Fund

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Funding Priorities

The Trustees have the following funding priorities:

Funding priorities	
1	Focus on restoring productivity to the land by implementing the <small>Commercial Information</small> plan Essential fencing and yards development Fertiliser to lift soil fertility and condition Improve farm access and tracks Install water supply system Clearing of thistles, gorse and scrub Purchase assets to support farm productivity – tractor, sprayer and mulcher, computer, weigh system, security system
2	Shearer’s quarters renovations

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PGF Whenua Maori Fund

Hereumu Trust – Provincial Growth Fund Proposal

Budget

The timing of projects is detailed in the Commercial Information plan. Consideration has been given to the seasonal nature of farming and the most appropriate time for expenditure to occur. The farm manager has developed contacts with farm contractors, and we believe that we will be able to secure contractors to carry out work as and when required.

Activity and Timing	Amount
Commercial Information	
Commercial Information	
Infrastructure improvements: <ul style="list-style-type: none"> Fencing of native blocks approximately Commercial In to stock proof native bush and allow regeneration. Subdivide paddocks approximately Commercial to improvement pasture grazing management. Build two sets of satellite docking yards to reduce stock crossing river 	Commercial Information
Improving pasture quality <ul style="list-style-type: none"> Fertiliser and pasture capital and maintenance levels of fertiliser, replace Commercial Information of chicory fodder crop. 	Commercial Information
Improving water supply and management <ul style="list-style-type: none"> Com water tanks and reticulation and troughs to paddocks 	Commercial Inform
Increasing effective area of farm <ul style="list-style-type: none"> Spraying of Commercial Information gorse & scrub to increase effective farm area. Spraying of variegated thistles. 	Commercial Inform
Improving access on farm <ul style="list-style-type: none"> Clearing and maintaining tracks to bush and scrub blocks 	Commercial Inform
improving shearer's quarters <ul style="list-style-type: none"> Temporary accommodation for contractors and owners and to provide facilities for meetings on farm 	Commercial Inform
Core equipment and machinery <ul style="list-style-type: none"> Tractor with spray unit and mulcher – needed to reduce gorse and scrub control costs Computer equipment and software required to monitor farm productivity Weigh scales 	Commercial Information
Security <ul style="list-style-type: none"> Camera system for yards and woolshed to address regular theft of stock and guard against trespassing and theft of fuel 	Commercial Inf
Commercial Information	
\$ Commercial Information	

PGF Whenua Maori Fund

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Activity and Timing	Amount
Commercial Information	
Improving Pasture <ul style="list-style-type: none"> Capital and maintenance levels of fertiliser, replace remaining chicory fodder crops 	Commercial Inform
Increasing effective area of farm <ul style="list-style-type: none"> Spraying of Commercial In hectares gorse & scrub to increase effective farm area Spraying of variegated thistles 	Commercial Inform
Infrastructure improvements: <ul style="list-style-type: none"> Fencing and subdivision of cleared land 	Commercial Inform
Commercial Information	\$ Commercial Informati
TOTAL	\$ Commercial Information

Trust Contributions

In the five years to 30 June 2019 the Trust has improved farm infrastructure with the following expenditure:

Details	Amount
Boundary fencing to stock proof farm, internal fencing to split paddocks for better grazing management.	Commercial Informati
Purchase Commercial In breeding ewes – to improve herd age and genetics	Commercial Informati
Application of maintenance Commercial Informatio and sowing of fodder crops for lambs	Commercial Informati
Spraying of gorse, scrub and thistles	Commercial Inform
New dams	Commercial Inf
Reroof, upgrade septic system, kitchen joinery, porch addition and insulation	Commercial Inform
TOTAL	\$ Commercial Information

Going forward, the Trust's contributions will include project management by the farm manager and monitoring of the Commercial Informatio plan progress.

Expected Outcomes

Hereumu Trust – Provincial Growth Fund Proposal

By focussing on the priorities outline above, the Trustees believe the farm will achieve the following outcomes Commercial Information. These are detailed further in Appendix 6: Summary of Financial Performance and Appendix 7: Livestock Summary Commercial Information.

Appendixes 6 and 7 have been withheld - Commercial Information

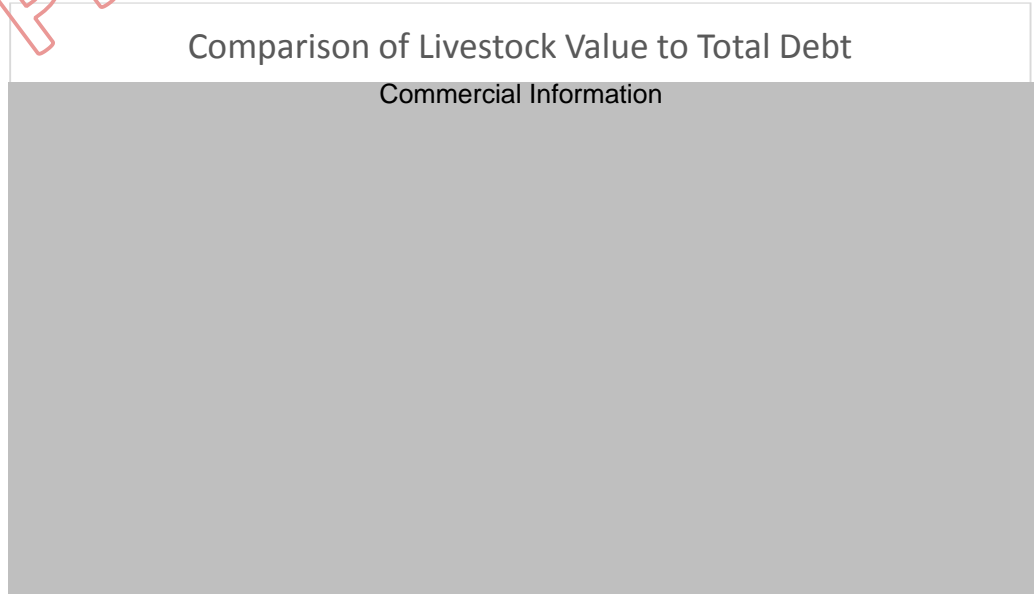
Financial Goals

Commercial Information

Using current prices our gross farm income increases by Commercial Information% from \$Commercial Information to \$Commercial Information between Commercial Information and Commercial Information.



Commercial Information



Expected Outcomes

Hereumu Trust – Provincial Growth Fund Proposal

Livestock Performance Targets

Our livestock performance targets relate to improving or maintaining our breeding results and increasing the size of our breeding herd.

Measure	Current	Target	Expected	✓
Increase lambing % from mixed age and 2th ewes	Commerc %	Commerc %	Commerc %	✓
Maintain calving %	Comm %	Comm %	Comm %	✓
Increase sheep numbers – breeding ewes	Commercial I	Commercial I	Commercial I	✓
Increase sheep numbers – replacement ewe hoggets	Commerc	Commerc	Commerc	✓
Increase cattle numbers – breeding cows and heifers	Commerc	Commerc	Commerc	✓
Increase cattle numbers – replacement R1 heifers	Comm	Comme	Comm	✓

Property Targets

The goals for our property are to:

- increase our effective area to Commerc hectares
- have clean, reliable water to all paddocks
- protect our water ways and native bush blocks from stock

We believe that our Commercial Informatio plan will allow us to achieve the above goals through expenditure on fencing and clearing gorse and scrub.

Overall and long-term goals

We believe that the above increases in productivity and profitability will allow us to achieve our overall goal of being an exemplar farm that showcases the success that can be achieved by a Maori land block on the East Coast. We expect that our shareholders and the community will continue to see the physical improvements on Hereumu Station.

We are already interacting with the local community, having the shearer's quarters renovated will enable us to expand upon this. We plan on offering work experience to students from the local high school.

Finally, we are going to engage with our shareholders by:

- Updating the contact details of owners including postal and email addresses. Using email and our social media presence (FaceBook) to keep shareholders and the community informed on the progress of our Commercial Informatio plan. This will include sharing Privacy of natural person monthly farm report and photos of farm activities.
- We are hoping to increase the attendance of local shareholders by holding AGMs at either Kaiwaka Marae, which is at the start of the Poroporo Road and neighbours our property, or at our woolshed once the shearer's quarters renovations are complete. We presented our Commercial Informatio plan and this proposal to owners at the 2019 AGM. A resolution was put to owners that the Trustees should proceed with an application to the Provincial Growth Fund – this was unanimously approved.
- Commercial Information, we will hold annual farm days for shareholders to allow them to visit the farm and will look at renovating papakainga t Com provide short term accommodation for visiting owners.

Appendix 1: Governance and Management

Hereumu Trust – Provincial Growth Fund Proposal

Hereumu Trust

Hereumu Trust is an Ahu Whenua Trust which manages Tikitiki A25 trading as Hereumu Station. There are ^{Commercial} owners in Tikitiki A25.



The Trust currently has five active Trustees; ^{Privacy of natural persons}

^{Privacy of natural persons} The board also includes secretary, ^{Privacy of natural persons}. All Trustees have strong ties to the whenua.



The Trustees hold bi-monthly meetings at which farm and financial performance is reviewed, expenditure approved, and strategic plans are discussed. These meetings are attended by the farm manager, ^{Privacy of natural persons} and accountant, ^{Privacy of natural persons}. It is clear from the meetings that the Board and farm manager are committed to working together in the best interest of the owners.

The Hereumu Logo symbolizes our focus on being a Sheep and Cattle Farming business. The Kowhaiwhai pattern “Mangopare” that embraces the cow and sheep forms depict the name Hereumu, a place of provision and substances for the gathering and cooking of food. It also reflects our desire to persevere and do the very best no matter the adversaries and challenges one faces.

^{Privacy of natural persons}

^{Privacy of natural persons}

^{Privacy of natural persons}

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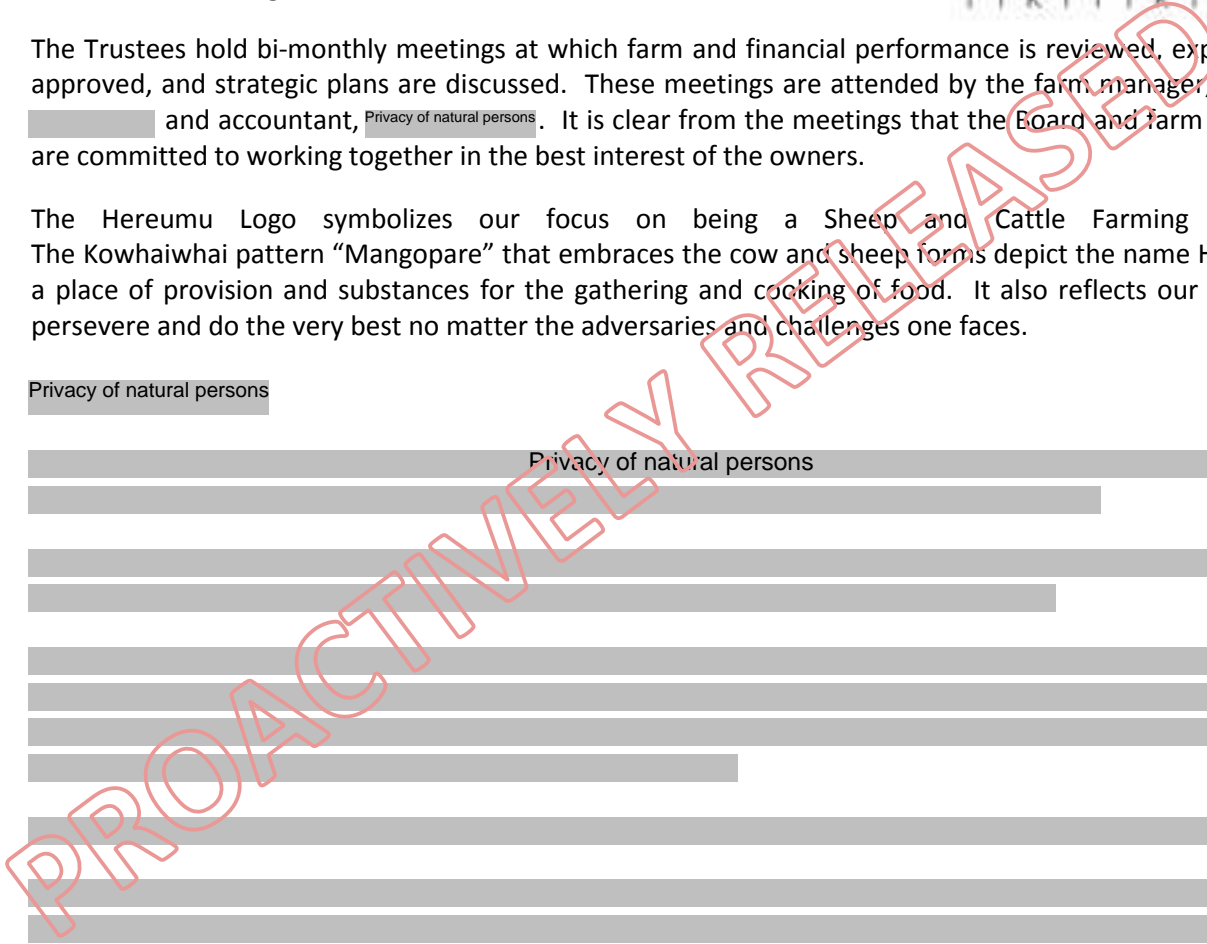
^{Privacy of natural persons}

^{Privacy of natural persons}

^{Privacy of natural persons}

^{Privacy of natural persons}

^{Privacy of natural persons}



Appendix 1: Governance and Management

Hereumu Trust – Provincial Growth Fund Proposal

Privacy of natural persons

Privacy of natural persons

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[Redacted]

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Privacy of natural persons

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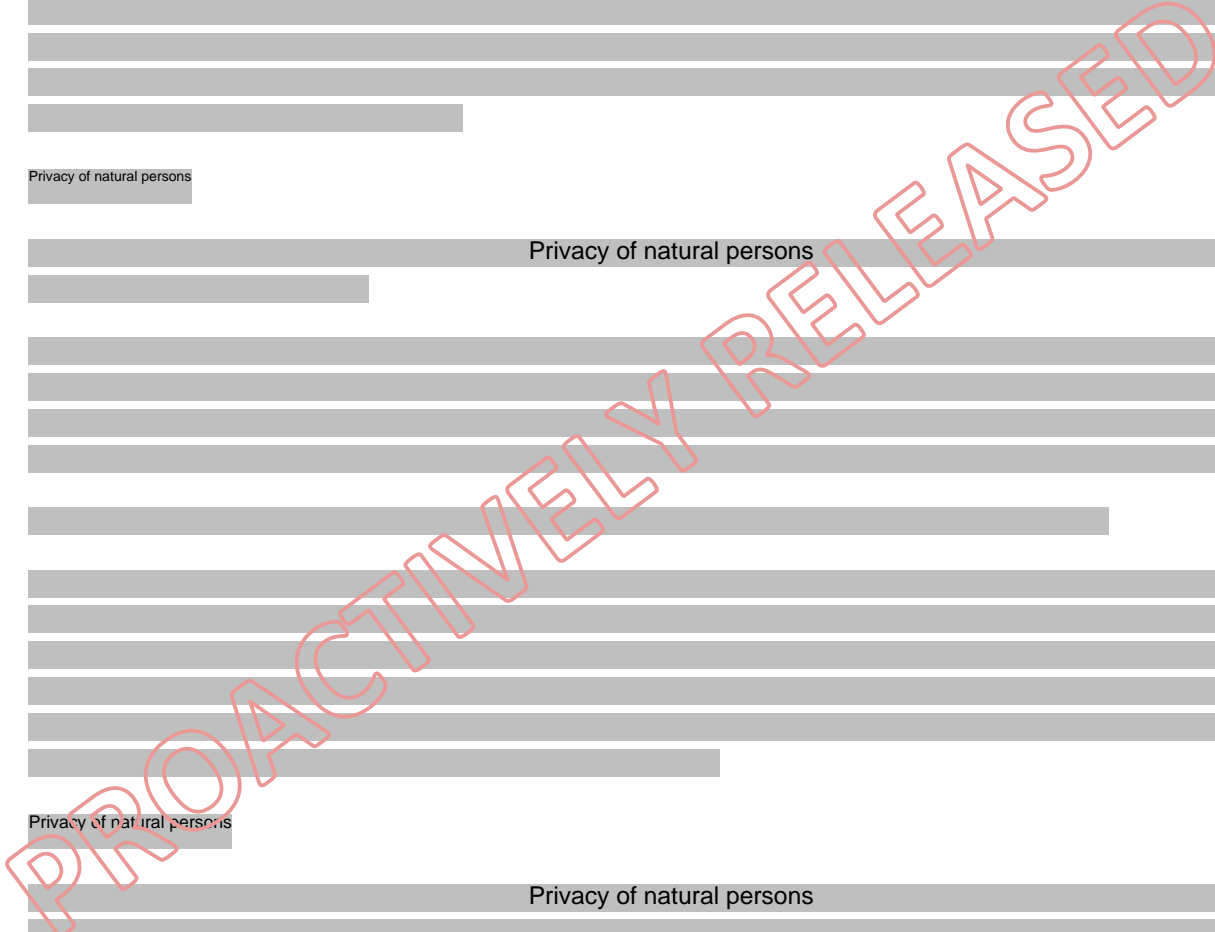
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Appendix 1: Governance and Management

Hereumu Trust – Provincial Growth Fund Proposal

Privacy of natural persons - **Farm Manager**

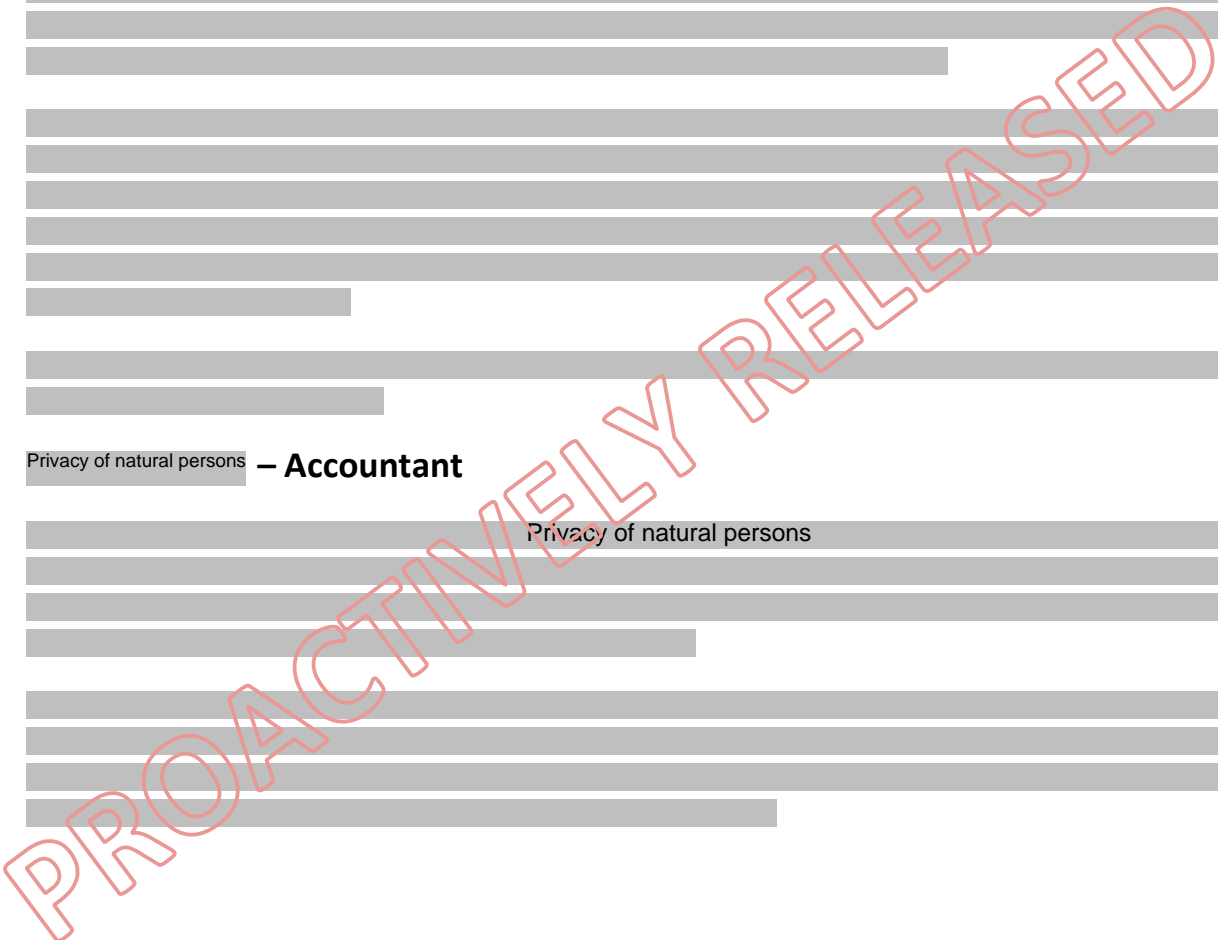
Privacy of natural persons

[Redacted text block containing multiple lines of greyed-out content]

Privacy of natural persons – **Accountant**

Privacy of natural persons

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Appendix 2: Strategy

Hereumu Trust – Provincial Growth Fund Proposal

The Trust’s strategy encompasses

Whanaungatanga	Connection to the whenua Responsibility to owners & community
Rangitiratanga	Determining outcomes for farm and owners
Kaitiakitanga	Protecting the whenua and environment
Wairua	Working together to create a highly successful farm

The Trustees believe that by increasing the productivity and profitability of the farming operation, the Trust will be in a better position to engage with owners and the community. The Trustees strategy is to:

1. Improve farm productivity and profitability using the Commercial Information farm plan (Appendix 5). Withheld - Commercial Information
2. Engage with owners by connecting with owners via post, email and online, organising annual farm visits open to owners and whanau, holding the AGM on-farm, encouraging attendance at the AGM and possibly by having a papakainga available as short term accommodation for owners to allow them to reconnect with the whenua.
3. Engage with the community. Privacy of natural persons has implemented an arrangement with Commercial Information where students get a taste of farm life. On Wednesday’s students either visit the farm and observe farm activities such as shearing and fencing, or Privacy of natural persons attends the school to share farming skills with students. He recently helped the children to build pig pens at the school. The Trustees would like to extend this initiative to include offering on-farm training to high school students from Ruatoria.
4. Protect the whenua and environment by continuing to retire native bush areas to allow regeneration of native flora and fauna. Commercial Information

Commercial Information
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Commercial Information
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Appendix 3: Background

Hereumu Trust – Provincial Growth Fund Proposal

Land

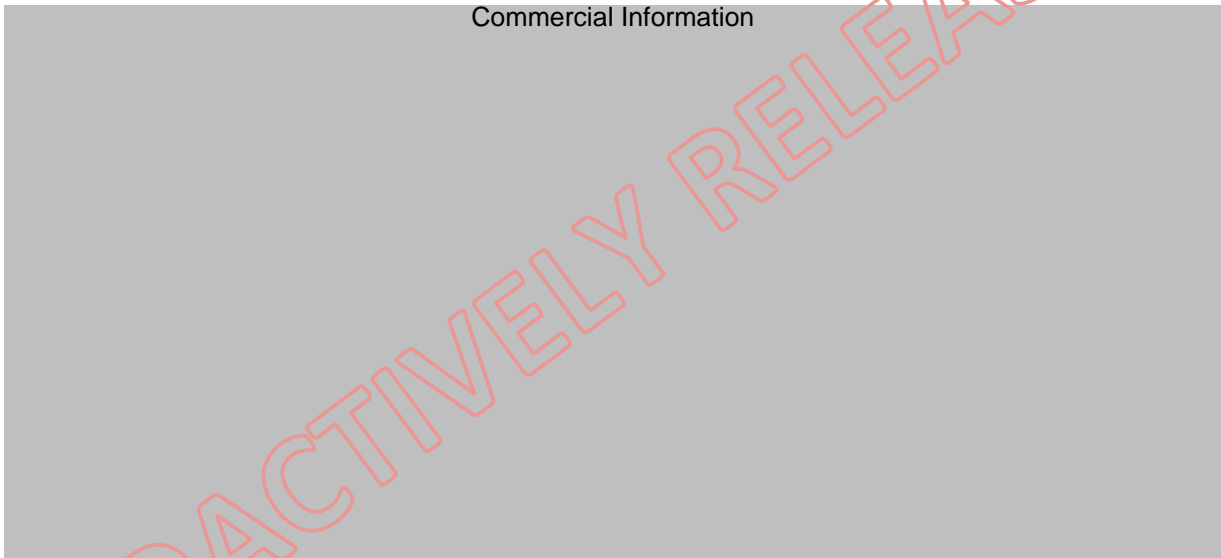
Hereumu Station is located on the East Coast, around 15 minutes from Ruatoria and two hours from Gisborne. Hereumu Station comprises Tikitiki A25 - Commercial Information hectares Commercial Information .

The farm is a mix of hill country (Commercial hectares) and flats (Comm hectares). Around Commercial hectares is currently utilised as pine forestry including Comm hectares due for harvest in Commercial In and Comm hectares replanted in Commercial In due for harvest in Commercial Inf

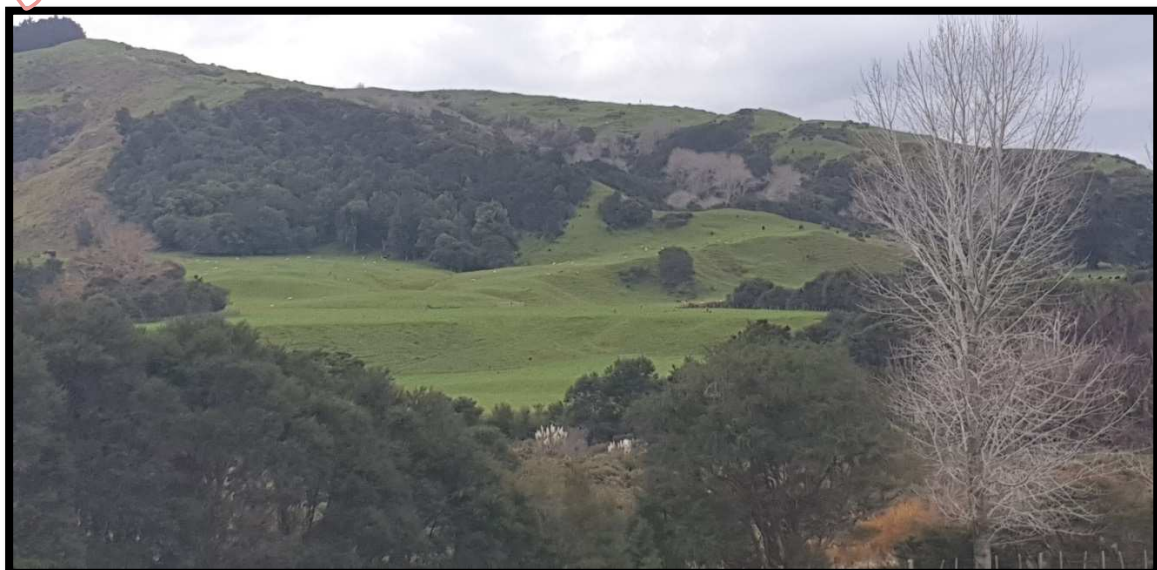
The total area of the farm is approximately Commercial hectares.

LAND USE - TOTAL AREA Commercial HECTARES

Commercial Information



Native bush



Appendix 3: Background

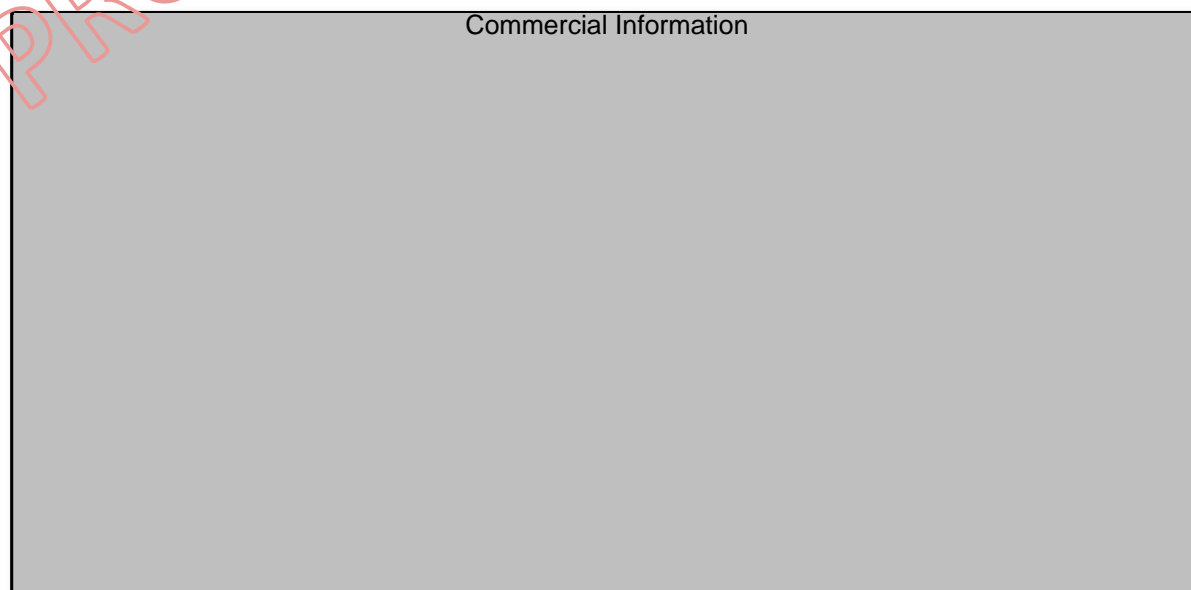
Hereumu Trust – Provincial Growth Fund Proposal

Buildings

The farm has the following buildings.

Building	Condition	Recent maintenance	Planned maintenance
Farm manager's house and garage – three bedrooms	Average	2014 - basic kitchen upgrade 2016 – re-roof 2018 – septic system upgrade	Garage improvements to ensure secure and protected from weather. Lay concrete floor. Dwelling improvements to ensure house is warm. Lay carpet to bedrooms and hallways. install water tank.
Woolshed – 4-stand	Average	2018 – access stairs replaced	
Shearer's quarters – four bedrooms, shower and toilet block	Dilapidated		Commercial Information – repair to liveable condition. Including repairing or replacing windows, toilets and one shower, hot water cylinders and general maintenance. Insulation to be inspected. \$Commercial Info plus GST (Appendix 8) Withheld - Commercial information
Papakainga – one bedroom with large living area suitable for meetings/groups.	Rundown		Post Commercial – repair to liveable condition. Including replacing decking, installing guttering and connecting to water tank, exterior painting and general decorating internally. Insulation to be inspected.

Shearer's quarters



Appendix 3: Background

Hereumu Trust – Provincial Growth Fund Proposal

Papakainga

Commercial Information
[Redacted]

Farm and Financial Performance

Commercial information	
[Redacted]	[Redacted]
Factor	Underlying cause
Low effective area	Commercial Information
Commercial Information	Commercial Information
Commercial Information	Commercial Information
Commercial Information	Commercial Information
Commercial Information	Commercial Information
Commercial Information	Commercial Informa

Further analysis relating to these factors based on farm statistics (Appendix 4) and soil test results (Appendix 9) and Ahuwhenua Trophy Judges (First Round) Report 2019 (Appendix 10):

Appendixes 4, 9 and 10 have been withheld - Commercial Information

Breeding stock

Commercial Information
[Redacted]
[Redacted]
[Redacted]

Animals on farm at 30 June	2012	2013	2014	2015	2016	2017	2018	2019
Breeding ewes	Commercial	Commercial	Commercial	Commercial	Commercial	Commercial	Commercial	Commercial
Breeding cows and heifers	Commercial	Commercial	Commercial	Commercial	Commercial	Commercial	Commercial	Commercial

Commercial Information
[Redacted]

Appendix 3: Background

Hereumu Trust – Provincial Growth Fund Proposal

	Decrease between Commercial and Commercial	Impact on numbers available for sale	Impact on Gross Farm Revenue @ Commercial average prices
Breeding ewes	Commercial	At Commercial% breeding – Commercial Information lambs	\$ Commercial Information
Breeding cows	Comm	At Comm% breeding – Commercial Information calves	\$ Commercial Information
			Total lost revenue \$ Commercial Informa

Breeding results

As a result of herd improvement and animal health practices, there has been an increase in the breeding statistics for both sheep and cattle since 2012. Commercial Information

[Redacted]

Breeding Percentages
Commercial Information



— Lambing — Calving

Deaths and missing

Commercial Information
[Redacted]

Commercial Information
[Redacted]

Deaths and Missing
Commercial Information



— Sheep — Cattle

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Appendix 3: Background

Hereumu Trust – Provincial Growth Fund Proposal

Fertiliser and Pasture

Fertiliser & Pasture	2012	2013	2014	2015	2016	2017	2018	2019
Expenditure	\$Com	\$Com	\$Commercial Info	\$Commercial Info	\$Commercial Info	\$Commercial Info	\$Commercial Info	\$Commercial Info
Fertiliser applied (T)	Com	Com	Commercial I	C	Co	Commercial Inf	C merci	Commercial I

Commercial Information

Commercial Information

(Appendix 9) Withheld - Commercial Information

Measure	Results	Indicates
Olsen Sol. P	Commerc	Commercial Information
Magnesium	Commercia	Commercial Information
Sulphate Sulphur	Commerc	Commercial Information

Commercial Information

Weed & Pest Control

The farm has approximately Commercial Information affected by gorse and scrub. In 2016 and 2017 a total of Commercial Information of gorse was sprayed. Commercial Information

Commercial Information

Gorse



Appendix 3: Background

Hereumu Trust – Provincial Growth Fund Proposal

Water Supply

Areas of the farm have no access to water unless it has been raining recently. This reduces the ability to effectively manage grazing especially during the summer months. [redacted] has installed a water system to supply water to the airstrip blocks, the dog kennels and flats near the manager's house. [redacted] is currently working on getting water to the woolshed holding paddocks. [redacted] Commercial Information

[redacted] Reliable water is also required on the house side of road which only has little dams.

Recent expenditure

[redacted] Commercial Information

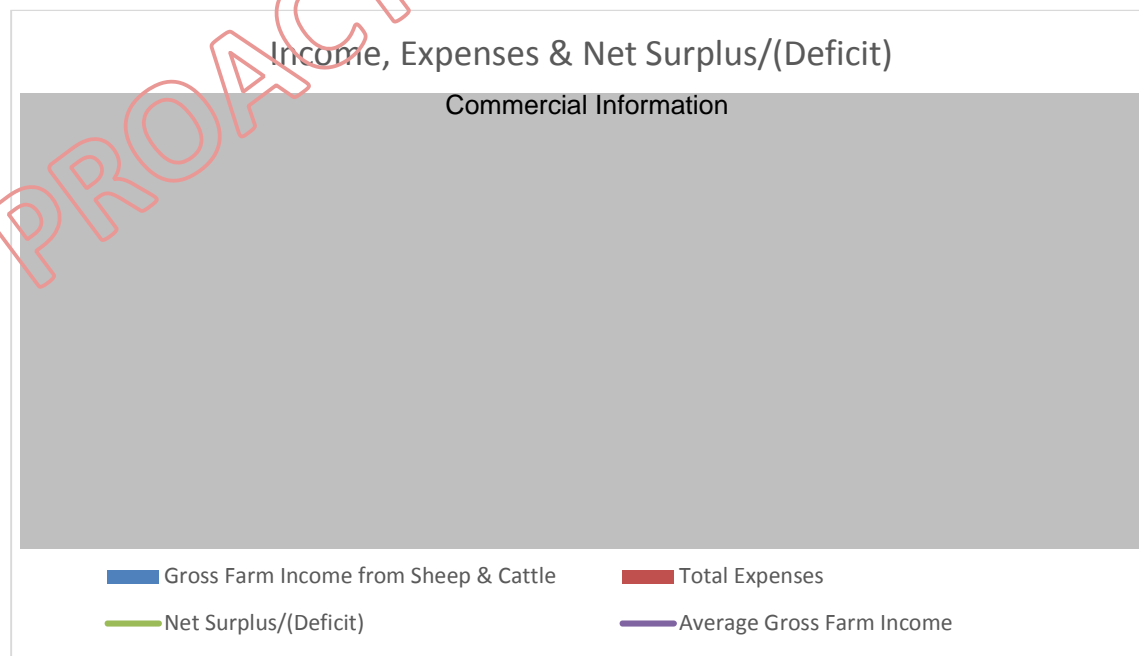
[redacted] In particular the farm completed the following:

- Erection of new fences and repairs to fencing to ensure farm is stock proof and stock is excluded from the forestry blocks. New internal fences were erected in airstrip blocks to enable better grazing management.
- Increased fertiliser application.
- Spraying of gorse and variegated thistles.
- Culling of older stock and purchase of quality replacement breeding stock.
- Essential repairs to managers house.

[redacted] Commercial Information

Gross farm revenue and expenditure

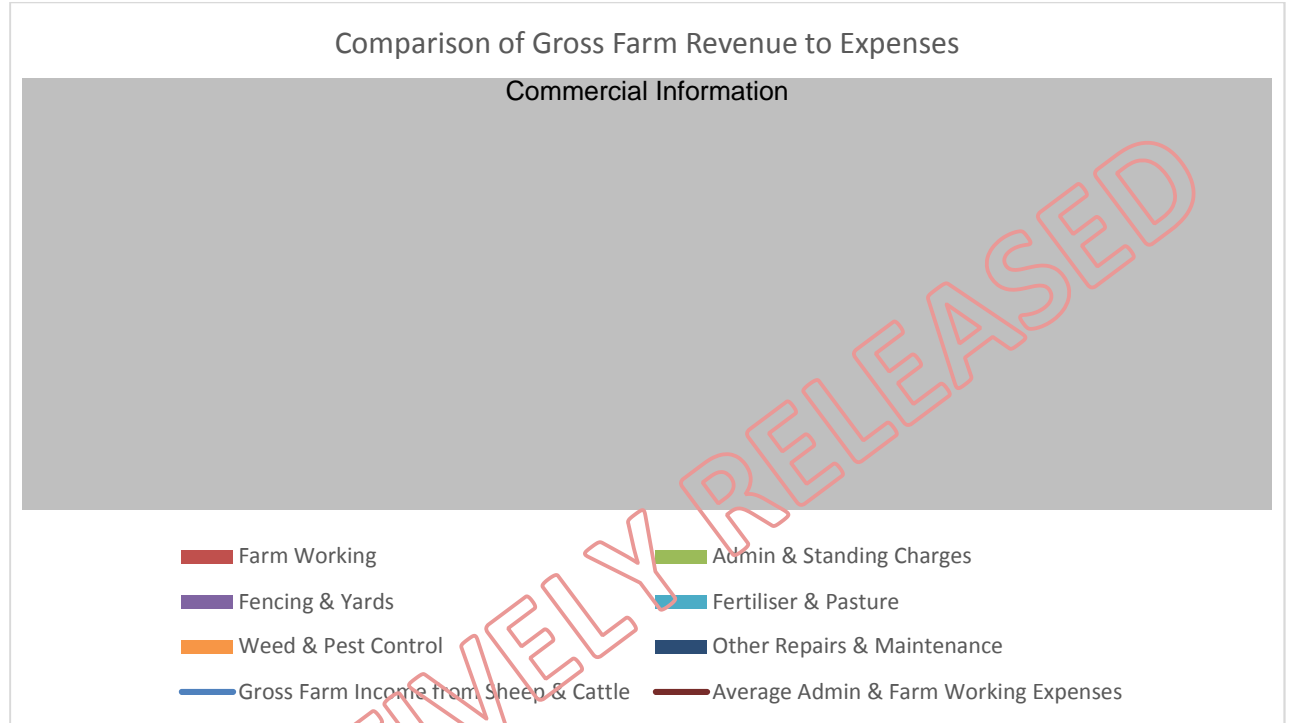
The gross farm revenue has averaged \$ [redacted] since 2012. However, this includes one off proceeds from forestry harvest proceeds and the sale of carbon credits. When other income is excluded, the gross farm revenue averages \$ [redacted]



Appendix 3: Background

Hereumu Trust – Provincial Growth Fund Proposal

Commercial Information



Free and frank opinions

Ahuwhenua Trophy

In late 2018, the Trustees entered the Ahuwhenua Trophy competition. The reason for this was to utilise the assessment process to identify strengths and weaknesses in the farm operation. The manager and Trustees found the judging process and judges report (Appendix 10) informative. **Withheld - Commercial Information**

Commercial Information

A key strength identified in the report was that the farm manager is an asset to the farm. He has a good understanding of the farm business and has the potential to improve the productivity and profitability of the farm. It was recommended that as part of the strategic and business planning process the Trust should develop priorities for expenditure with a timeline for project completion. Privacy of natural persons presented the basis for the attached Commercial Information plan (Appendix 5) to the Trustees in February 2019. This was reviewed and refined by Privacy of natural persons the Trustees and their accountant. **Appendix 5 has been withheld - Commercial Information**

Appendix 3: Background

Hereumu Trust – Provincial Growth Fund Proposal

Financial Support

Commercial Information
[Redacted]

Commercial Information
[Redacted]

Commercial Information
[Redacted]

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