



## Propectus Progress

In our last newsletter, I indicated that our trustee was supportive of our efforts towards issuing a new prospectus. In the last 3 months we have made a good deal of positive progress towards completing matters discussed with them and it is our intention to re visit the trustee in the next few weeks to update him of that

progress. We feel that his advice will be that there are one or two matters that need to be settled before he gives his final approval. In the interim we may proceed with preparing documentation for the Prospectus. In that way once the issues are settled, the prospectus will be put in place immediately thereafter.

As I realise that investors have taken a keen interest in this matter, a letter to investors will be sent out after we have met with the trustee to update you on the outcome.

**- John Campbell  
Chairman Midlands Mortgage Turst**

## Fine Wines Raise Much Needed Funds For Hospice



**A SCENE FROM THE TOM MCDONALD CELLAR AT CHURCH ROAD WINERY**

Midlands Hawke's Bay Charity Wine Auction and dinner at the Tom McDonald Cellar at Church Road Winery raised more than \$131,000 for Cranford Hospice.

The wines were auctioned by Napier MP Chris Tremain and lot 37, Ngatarawa's 2007 Merlot Cabernet, commanded the highest price of \$8600.

The evening started with a tribute to Napier architect and Hawke's Bay wine industry supporter Richard Weston who died of a rare form of cancer last year. A magnum of Matariki 2000 Syrah was auctioned in Richard's memory and bidding reached \$1000.

This bottle of wine was one of two Richard bought at a previous Hawke's Bay Charity Wine Auction. The other he shared with family who gathered for his last Christmas.

Colleagues say he would have been delighted that this second bottle is doing double duty in supporting Cranford Hospice.

Winemaker Rene Fisch donated a tribute Pinot Noir for Doug Wisor who died on Te Awanga beach in 2004, aged only 31.

"His tragedy touched me and my family deeply. He shared a true passion for Pinot Noir and during this 2004/2005 season I looked after my plants with upmost care and dedication. The outcome has surpassed my highest expectations.

"The wine is not for commercial sale and I'm honoured to do this personal tribute with approval from the Wisor family. I want this Pinot Noir to last 31 years," says Rene.

Wines cellared by Bob Walch in a specially constructed temperature controlled wine storage facility were offered as lots in the

Bob Walch Memorial. He was a long time supporter of the Hawke's Bay wine industry and the charity wine auction and a founding member of The Classique Winetasters Club.

The wines epitomised his love of Hawke's Bay Bordeaux style red wines, his passion for collection and his generosity at previous charity win auctions.

Six signed magnums of former All Black John Ashworth's Front Row Pinot Noir made \$3800.

However, the premium Hawke's Bay red wines made the biggest impact with three lots exceeding \$6000. They were Trinity Hill 2009 Gimblett Gravels Syrah, a barrique of Sileni Estates Winemakers Reserve Merlot Cabernet and two unique Salmanazars (9 litre bottles) of Te Mata Coleraine.

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## News and Views



Peter Harrison

We continue to make progress with our loans book and, in line with the improving yield there, we have again increased the return for this quarter to 5.25%. The yield on our loans is set to continue to improve going forward and liquidity remains at a good level putting the fund in a

very comfortable position. Whilst we still have a high level of application for loans, very few proposals meet with our approval as we are very focused on ensuring that we only do quality lending.

You will have read the lead article from the Chairman, John Campbell and a separate letter will be sent to you within a few weeks of the end of this quarter to advise of the result of our meeting with the Trustee.

A very successful Midlands Hawkes Bay Charity Wine Auction in support of Cranford Hospice with over \$130,000.00 being raised. Hawkes Bay investors will be aware of the sad state of affairs at the Hospice with the closure of the in patient unit for a period of up to 6 months. In concert with the Winegrowers, we have decided to withhold distribution of the funds raised at this year's auction until the in patient unit is reopened. Much progress has been made in restructuring operations already and we are confident the hospice will be back in full operation within a 6 month timeframe. As Hospices the world over rely heavily on their communities for financial support we remain committed to our sponsorship of the annual wine auction event and its support of Cranford Hospice which more than ever will need this support in the future.

Economically, property markets were quiet ahead of the budget and have remained fairly quiet afterwards with investors still absorbing the impact of tax changes. The recent 0.25% increase in the OCR rate by the Reserve Bank is indicative that the Pacific and Australian economies in particular have survived the recession better than Europe and the Americas and Dr Bollard is intent on keeping a lid on any inflationary trends he may have spotted ahead of the proposed GST increase and with taxpayers wanting to spend (possibly in advance) tax cuts coming into force.

Regards

Peter Harrison  
General Manager

## The Midlands Family is Expanding!



Dourain Pillay

We are getting excited as July approaches to hear the patter of little feet. Our Loans Administrator Dourain Pillay is looking forward to the arrival of his first child and the family's first New Zealand baby in the middle of July.

Immigrating from Cape Town to Hastings 4 years ago, Dourain's extended family have made Hawke's Bay home with his parents and sisters family all living and working in the region. He joined us in

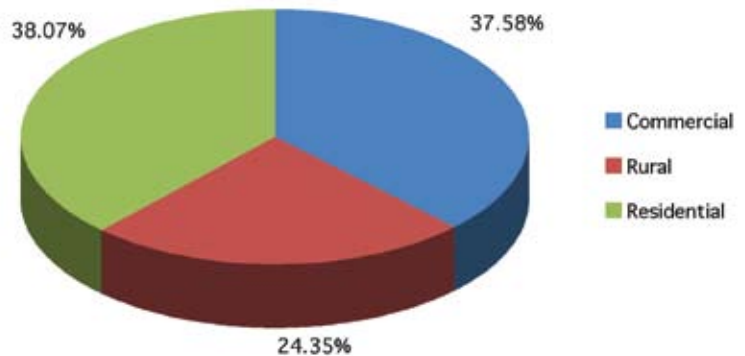
August 2007 and visitors will always see him working away on detailed spreadsheets in the office.

"Hawke's Bay has been good to us and I enjoy the challenges of my work here at the Midland's Mortgage Trust along with the customer contact I have – we have some wonderful clients! It was only natural that we would take the next step in setting down roots and starting our own family here as it is such a great place to raise children", says Dourain.

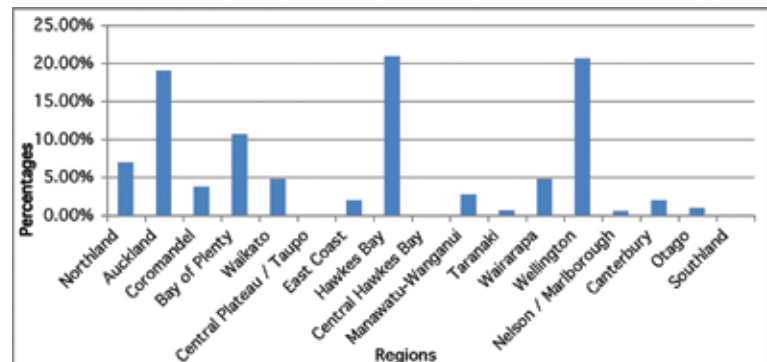
We all look forward to celebrating Bianca and Dourain's new arrival!

## Liquidity

The fund is required to have a minimum liquidity of 5% of investor funds.  
As at 31 May 2010 liquidity amounted to \$8.225 million,  
being 13.97% of investor funds



## Loans by Region as at 31 May 2010



# Out and About



## Fine Wines Raise Much Need Funds For Hospice Continued from Page 1

Those at the auction were reassured that every dollar raised would go towards Cranford Hospice.

The hospice is in limbo at present due to staff and management issues and inpatients are being treated at Hawke's Bay Hospital. "Once again Cranford is humbled by the generosity and support of the sponsors, the Hawke's Bay Winegrowers and this year's artist, Piera McArthur, not to mention those who

attended and placed bids at the event," says communications manager for Presbyterian Support East Coast (PSEC), Graeme Milne.

PSEC runs the hospice. "This year's total means that well over \$2 million has been raised by this annual event to date which pretty much says it all. We look forward to a special celebration next year which will mark the 20th year of the event."

Graeme says "The continuing support by Midlands Mortgage Trust (this is the 5th year Midlands have been the principal sponsor) helped galvanise those involved in organising this year's event in the face of an unprecedented level of public scrutiny of Cranford during the buildup to the event.

## Budget Tax Cuts

Due to the changes to tax rates announced by the Government in the Budget there will be a reduction in both RWT (resident withholding tax) and PIE tax deducted from interest earned on investments. This will take effect on 1 October 2010.

### Rates for Individuals:

Tax Thresholds	Current Tax Rates	Tax Rates from 1 October 2010
\$0 to \$14,000	12.5%	10.5%
\$14,001 to \$48,000	21%	17.5%
\$48,001 to \$70,000	33%	30%
\$70,000+	38%	33%

### Rates for Companies and those taxed as Companies:

	Current Tax Rates	Tax Rates from 1 October 2010
<b>Company Tax rate</b>	30%	28%

### PIE TAX for Midlands Mortgage Trust PIE Group Investment Fund

New Zealand Tax Resident Individuals:

Taxable income in either of the last 2 tax years	Current Applicable PIR rate	PIR rate from 1 October 2010
\$0 - \$14,000 and total income (including PIE income was \$48,000 or less)	12.50%	10.5%
\$14001 - \$48,000 and total income (including PIE income) was more than \$48,000 but no more than \$70,000)	21.00%	17.5%
New Zealand Tax Resident Individuals who do not meet any of the above criteria	30.00%	28%
<b>Other Investors</b>		
Non-New Zealand tax resident	30.00%	28%
Company, unit trust or non-profit organisation	0.00%	0.00%
Trust (excluding a unit trust) e.g. family trust, estate, testamentary trust etc.	Rates are income dependant. Seek advice from your financial adviser if uncertain	

The new rates will be applied automatically. You will only need to change your tax rate if your income level is such that you should be in a higher or lower income band, and if this is the case please contact us. If you are not sure of which rate is applicable to your investment you should seek advice from your financial advisors.

# Events Calendar

## Hawke's Bay Events

### Rhythms of Ireland

When: July 04, 8.00pm  
Where: Hawke's Bay Opera House

### Heroes and Heroines

When: July 10, 7.30pm  
Where: Hawke's Bay Opera House  
Anna Pierard Mezzo Soprano  
David Harper Piano

### Deco Soiree

When: July 14, at 8:00pm and  
July 17, at 8:00pm  
Where: Playhouse Theatre, 704 Hastings  
Street North, Hastings

### Putiput: The flower in Contemporary New Zealand Art

When: July 10 - September 26  
Where: Hastings City Art Gallery,  
201 Eastbourne St East, Hastings

### Friendly Dental VLK Duathlon Series

When: July 18, 10.00am  
Where: Opposite Anderson Park,  
Te Aute Road, Havelock North

### "Brass in the City" Hastings Citizen Band

When: July 24, 1.00pm  
Where: Hastings CBD

### STEPPING OUT starring Suzanne Paul

When: July 30, 7.30pm and  
July 31, 2pm and 7.30pm  
Where: Hawke's Bay Opera House

### N.Z. Concert Bands Association - National Band

When: August 06 - August 08  
Where: Lowe Family Performing Arts and  
Events Centre, Lindisfarne  
College, Hastings

### Operatunity Presents:

**The Last Night of the Proms - Hastings**  
When: August 13, 11.00am - 2.00pm  
Where: Hawkes Bay Opera House

### Aunty and Me

When: August 13, 7.30pm  
Where: Hawke's Bay Opera House

### The Hawkes Bay Spring Racing Carnival

August 28 - October 2nd 2010  
Where: Hastings Racecourse

### Mudgway Parts World Racing Carnival

When: Saturday 28 August

### Windsor Park Plate Premier Raceday

Featuring Ladies Day!  
When: Saturday 18 September

### Kelt Capital Stakes Premier Raceday

When: Saturday 2 October

### Operatunity Presents:

**I'm in love with Vienna - Hastings**  
When: September 10  
11.00am - 2.00pm  
Where: Hawkes Bay Opera House,  
Hastings Street, Hastings

### Hastings Blossom Festival 2010

September 10 - 19  
Where: Hastings

### New Zealand Olive Festival

When: September 18  
10.00am - 4.00pm  
Where: Sileni Estate, Hastings

## Central Hawke's Bay Events

### Oliver The Musical

When: July 07 - July 17  
Where: Waipawa Musical Theatre

### Norsewood To Takapau Fun Walk/Run/Cycle

Date: Sunday 18 July  
Venue: Norsewood School  
Time: 8am registrations, 10am start  
Contact: (06) 858 6253

### Porangahau Arts Inc.

#### Annual Exhibition & Sale

Date: Thursday 22 - Sunday 25 July  
Time: Opening night 7.30 pm  
Friday - Saturday 10.00am - 4.00pm  
Sunday 10.00am - 3.00pm  
Venue: Porangahau Country Club  
Contact: (06) 855 5233

### CHB Business House Shoot

20th July - 3rd August  
Time: 7.30pm  
Venue: Wallingford Hall  
Contact: 06 858 9832

### 2010 - Waipawa's 150 Years!

Grand Ball at Waipawa Municipal Theatre  
Date: Saturday 14 August  
Venue: Waipawa Municipal Theatre

### Mabin Family Daffodils

When: September 01 - 30  
Where: 3440 State Highway 2, Takapau

### 2010 CHB The Festival

September 2 - 5  
Where: Pukeora Estate, Waipukurau

### CHB The Festival Weekend

Great Ypuk Chilli Cookoff  
Date: Saturday 4 September  
Venue: Northumberland St, Waipukurau  
Time: 9.30am - 1.00pm  
Contact: (06) 858 8986  
Download an entry form from  
[www.thefestival.org.nz](http://www.thefestival.org.nz)

### 'Porangahau Spring Fair' at Chapelwick Coastal Estate

Date: Sunday 26 September  
Location: 482 Hunter Rd, Porangahau  
Contact: Raewyn 06 855 5119  
Time: 10.00am - 4.00pm  
Website: [www.chapelwick.co.nz](http://www.chapelwick.co.nz)

## Taranaki Events

### Davis Cup Tennis

When: 09 July - 11 July  
Venue: TSB Hub, Hawera

Taranaki and Tennis NZ are the proud hosts of international tennis this July, with the New Zealand v Pakistan Davis Cup by BNP Paribas.

### G-TARANAKI International Music Week

When: 11 August - 15 August  
Venue: TSB Stadium and Puke Ariki

G-TARANAKI is back and the biggest news this year is that Slash, considered to be one of the greatest rock guitarists of all time will headline G-TARANAKI.

### The Kitchen and Garden Show

When: 19 August  
Venue: TSB Theatre

### Taranaki Art Awards

When: 29 October - 06 November  
Venue: Sandfords Event Centre



Peter Harrison



Wendy Moorcock



Tony Brooker



Anne Hunter



Dourain Pillay



Sandy Caccioppoli