

Investment Plan

New Zealand Wool Services International Limited

(as required by section 16(1)(e)(ii) and section 17 of the Overseas Investment Act 2005)

1. Overview

Introduction

- 1.1 Terms defined in the application (Application) to which this investment plan (Plan) is appended have the same meaning in this Plan.
- 1.2 This Plan is intended to assist the Office in considering whether the Proposed Investment (being an "overseas investment in sensitive land" for the purposes of the Act and Regulations) will, or is likely to, benefit New Zealand (or any part of it or group of New Zealanders) pursuant to sections 16(1)(e)(ii) of the Act.
- 1.3 The Office suggests that the Applicant identify which factors, as set out in section 17 of the Act and regulation 28 of the Regulations, are relevant and also which factors the Office is likely to consider as being of high importance in the context of the Proposed Investment. Accordingly, the Applicant has clearly identified those factors which it considers as being of relevance and of high importance, and those factors of no relevance to the Proposed Investment.
- 1.4 This Plan forms part of the Application and the content and format is based on the requirements set out in the guidelines published by the Office entitled "*Benefit to New Zealand Factors*" available on the Office's website as at the date of the Application (Guidelines).

Takeover Offer

- 1.5 As set out in section 4 of the Application, the Proposed Investment is being effected by way of a full Takeover Offer of NZWSI under the Takeovers Code. The Applicant has entered into the Pre-bid Agreements with shareholders of NZWSI for, in aggregate, approx. 75.092 per cent. of the shares in NZWSI, but the final number of shares to be acquired by the Applicant will remain uncertain until:
 - (a) the expiry of the offer period under the Takeover Offer; and
 - (b) the condition(s) to the Takeover Offer are each satisfied or waived by the Applicant (as the case may be).

- 1.6 Notwithstanding its final shareholding, the Applicant is dedicated to lending its financial and technological resources, extensive international business connections and relevant expertise to NZWSI.

Injection of capital into the New Zealand economy via PDL and WHL

- 1.7 The Applicant acknowledges that the consideration paid by an overseas person to invest in New Zealand is not a benefit the Office typically recognises as being of high importance. Notwithstanding this, the Applicant would like to highlight to the Office that, as noted in the Application, the ultimate beneficiary of the sale of the NZWSI shares owned by PDL and WHL is the Crown entity, CAML. The Receivers have informed the Applicant that the proceeds of the sale of these shares (approx. NZ\$19,974,726 based on a NZ\$0.45 offer price under the Takeover Offer) will be used to repay loans which are now owed to the Crown via CAML.

- 1.8 In this regard, unlike other foreign investments where the proceeds are typically returned to the vendors (who are often overseas persons themselves) and consequently leave the New Zealand economy, the Proposed Investment will likely result in a significant capital injection into the New Zealand economy via the Crown. Given the difficulties which the Applicant understands that the Receivers have had in divesting the NZWSI shareholdings of PDL and WHL, the Applicant considers that to refuse consent and turn away the Applicant's significant capital contribution in the current economic climate would not be in the best interests of New Zealand.

Benefits to New Zealand

- 1.9 The Applicant demonstrates in this Plan how the Proposed Investment will, or will be likely to, result in the following benefits for New Zealand (or any part of it or group of New Zealanders):

- (a) the introduction into New Zealand of new technology and business skills, particularly in relation to the Lempriere Group's:

(i)



- (ii) unique supply chain initiatives, such as the establishment of grower pools; and

- (iii) industry leading risk management systems supported by relevant software for trading operations,

(see paragraph 2.5);

- (b) Increased export receipts on the basis of an injection of new technology, expertise, and access to Lempriere Group's international trading network, leading to increased competition and prices for New Zealand's raw and processed wool products (see paragraph 2.6);

- (c) maintenance of adequate mechanisms for providing walking access to the esplanade reserve and the Karamu Stream (**Public Land**) adjoining the Land for which the Land is sensitive land under the Act and Regulations, including maintaining the existing right of way over the Land and access to the Public Land (see paragraph 3.4);
- (d) the Applicant has previously undertaken investments in New Zealand through Levana, TMC, EMD and two South Island high country sheep and cattle stations that have been, and in some cases continue to be, of benefit to New Zealand (see paragraph 4.6);
- (e) the investment is likely to enhance the on-going viability of other overseas investments undertaken by the Lempriere Group, including Levana, TMC and EMD (see paragraph 4.8); and
- (f) for so long as NZWSI remains an NZAX listed company, NZWSI will be required to have at least two New Zealand resident directors to oversee and participate in NZWSI and NZWSI will be party to its existing listing agreement with NZX Limited. Shareholding New Zealanders will also retain partial ownership or control of NZWSI to the extent that they do not sell their NZWSI shares to the Applicant under the Takeover Offer, their shares are not compulsorily acquired by the Applicant or their shares are not otherwise divested (see paragraph 4.11).

Supporting Business Report

- 1.10 As two economic benefit factor(s) have been identified as relevant factors of high importance, the Applicant has prepared a business report (**Business Report**) setting out the nature of the business currently conducted on the Land, productivity and other information in satisfaction of the Office's requirements in this regard as set out in the Guidelines (refer to the schedule to this Plan for a copy of the Business Report).
- 1.11 Given the nature of the Proposed Investment the Applicant does not intend to materially alter any of NZWSI's current operations (other than as set out in paragraphs 1.12 and 1.13) or implement any major developments. Accordingly, the Applicant believes this Business Report, rather than a business plan, is appropriate in these circumstances. The Applicant intends to conduct a strategic review of NZWSI's business with a view to expanding the Lempriere Group's wool related activities in New Zealand once the Takeover Offer has been completed (the focus and results of which may differ depending on the level of acceptances, and resulting control of NZWSI, that the Applicant acquires under the Takeover Offer).
- 1.12 As set out in the draft Takeover Offer, the Applicant intends to initiate a strategic review of NZWSI and its subsidiaries (together, the **NZWSI Group**). Subject to the outcome of that review, the Applicant has no present intention to make any material changes to the business of the NZWSI Group, except that:
 - (a) the Applicant will seek appropriate board representation on the NZWSI Group boards, and intends to actively participate in decisions relating to the NZWSI Group;

- (b) the Applicant intends to recommend to the NZWSI board that it cease all future dividend payments by NZWSI to its shareholders, but reserves the right not to do so, or to recommend that such payments be resumed at any time;
 - (c) the Applicant intends to initiate a review of NZWSI's trade finance terms, which may result in changes to the capital structure of NZWSI; and
 - (d) the Applicant intends to utilise the NZWSI Group to complement, and contribute synergies to, the existing businesses of the Lempriere Group, to apply established business practices of the Lempriere Group to the NZWSI Group, and to introduce proprietary technology, systems and processes to the NZWSI Group.
- 1.13 The Applicant is currently aware of Cavalier Wool Holdings Limited's interest in the wool scouring assets of the NZWSI business. The Applicant has no intention to dispose of those assets.
- 1.14 If, as a result of the Proposed Investment or otherwise, the Applicant becomes entitled to compulsorily acquire NZWSI shares it is intended that those rights will be exercised and NZWSI will apply for de-listing from NZX Limited.
- 1.15 Although the foregoing represent the Applicant's current intentions in relation to the NZWSI business, the Applicant reserves the right to take any other action or pursue any other strategy in relation to the NZWSI business depending on the applicable industry and economic environment and any other relevant circumstances applicable post acquisition, including the right to dispose of any or all of the assets of the NZWSI Group at any time.

2. Economic benefit factors (sections 17(2)(a)(i) - (vi))

- 2.1 This section considers the economic benefits that will accrue to New Zealand (or any part of it or group of New Zealanders) as a result of the Proposed Investment. The two economic benefit factors which are advanced by the Applicant are set out in paragraphs 2.5 and 2.6.

Counterfactual analysis

- 2.2 The Applicant has included, in its analysis of the relevant economic factors in this section 2 and the Business Report, an assessment of what it considers would happen "with and without" the Proposed Investment (i.e. what would happen if the proposed investment by the Applicant were not to proceed). The likely "without" scenario is referred to in this Plan as the "counterfactual". The Applicant has also, in the course of its analysis, sought to discount any benefits which are likely to occur for NZWSI and/or the shareholders of NZWSI regardless of the Proposed Investment.

- 2.3 Given:

- (a) the receivership of the two largest shareholders of NZWSI (PDL and WHL) and the difficulties the Applicant understands that the Receivers have experienced in selling the shareholdings of PDL and WHL in NZWSI; and

(b) the large number of vendors (NZWSI shareholders) under the Takeover Offer,

the Applicant considers that the most likely counterfactual for the Proposed Investment to be assessed against here in respect of the economic benefit factors advanced by the Applicant is the status quo (i.e. without the Proposed Investment it is most likely that, in respect of NZWSI, NZWSI will continue its business as usual and, in respect of the various shareholders of NZWSI, they will continue to hold and/or trade their shares as usual). In this respect please see enclosed as Appendix 1 of this Plan a copy of a letter from NZWSI to the Office supporting this analysis.

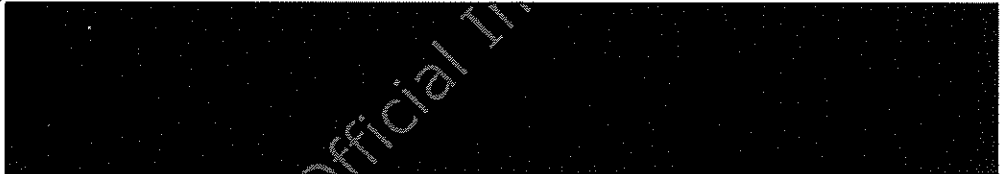
Creation of new job opportunities or retention of jobs in New Zealand – section 17(2)(a)(i)

2.4 This factor is not relevant.

Introduction into New Zealand of new technology and business skills – section 17(2)(a)(ii)

2.5 The Lempriere Group has developed a number of technologies and initiatives that allow both the Lempriere Group and its suppliers to maximise the price and revenues received for their products. The technologies and initiatives that the Applicant intends to implement following the Proposed Investment include:

(a)



(b) **Grower Pools:** Various grower initiatives have been developed by the Lempriere Group. Those include the creation of grower pools, under which a number of growers (in these circumstances, New Zealand growers) group together to create enhanced economies of scale and provide a stronger bargaining position to generate higher prices and benefit from lower costs (Grower Pools). Such Grower Pools have been used effectively by the Lempriere Group but have not yet been introduced into the coarse wool market in New Zealand and it is the Applicant's intention to do so.

(c) **Risk management system:** The Lempriere Group has developed a market leading risk management system which provides management and wool traders with real time data about the trading position and exposures in, amongst others, wool and foreign exchange markets. The system reduces both operational and economic risk and gives management greater transparency of risk positions across the Lempriere Group and greater ability to set and manage limits for the group and individual traders.

(refer to section 6 of the Business Report for the additional information required by the Guidelines and counterfactual analysis).

Increase in export receipts for New Zealand exporter(s) – section 17(2)(a)(iii)

- 2.6 The introduction of the technologies and initiatives referred to in paragraph 2.5, and the use of the Lempriere Group's existing trading networks, is expected to increase the value of NZWSI's products and those of any associated growers and/or merchants. That increase in value will see a rise in the level of export receipts as those products achieve a higher price in offshore markets. The use of the Lempriere Group's existing trading relationships and offices (refer to paragraph 2.7 of the Application) will provide introductions to markets and buyers which have not previously been viable or accessible (refer to section 7 of the Business Report for the additional information required by the Guidelines and counterfactual analysis).

Added market competition, greater efficiency or productivity, or enhanced domestic services, in New Zealand – section 17(2)(a)(iv)

- 2.7 This factor is not relevant.

Introduction into New Zealand of additional investment for development purposes – section 17(2)(a)(v)

- 2.8 This factor is not relevant (refer to paragraphs 1.7 and 1.8 for more information).

Increased processing in New Zealand of New Zealand's primary products – section 17(2)(a)(vi)

- 2.9 This factor is not relevant.

3. Environmental factors (sections 17(2)(b) – (e))

Whether there are or will be adequate mechanisms in place for protecting or enhancing existing areas of significant indigenous vegetation and significant habitats of indigenous fauna – section 17(2)(b)

- 3.1 This factor is not relevant as there are no existing areas of significant indigenous vegetation or significant habitats of indigenous fauna on the Land.

Whether there are or will be adequate mechanisms in place for protecting or enhancing existing areas of significant habitats of trout, salmon, wildlife protected under section 3 of the Wildlife Act 1953 – section 17(2)(c)

- 3.2 This factor is not relevant as there are no significant habitats of trout, salmon or protected wildlife on or adjoining the Land.

Whether there are or will be adequate mechanisms in place for protecting or enhancing historic heritage within the relevant land – section 17(2)(d)

- 3.3 This factor is not relevant as there are no areas of historic heritage to be protected or enhanced on the Land.

Whether there are or will be adequate mechanisms in place for providing, protecting, or improving walking access over the relevant Land or a relevant part of the Land by the public or any section of the public – section 17(2)(e)

- 3.4 A right of way (Avison Lane) over the Land and certain adjoining properties, provides existing public access to the Public Land from Railway Road. Avison Lane is created by a memorandum of transfer instrument (number 606388.1) (Transfer Instrument) enclosed with the Application as Appendix 5. The Applicant is committed to assisting NZWSI to continue to provide access to the Public Land and to perform NZWSI's existing obligations under the Transfer Instrument to maintain the right of way constituted by that instrument.

Avison Lane is tar sealed and provides both walking and two-way vehicle access to the Public Land. Walking access to the Public Land is obtained by way of steps over a fence at the end of Avison Lane. The local council (Hawkes Bay Regional Council) has installed a locked gate at the end of Avison Lane and vehicle access is obtained through that gate. Enclosed as Appendix 2 of this Plan is a map showing the access Avison Lane provides to the Public Land and the relevant deposited plan (DP 23937) showing the parcels of land subject to the right of way.

Existing access to the Public Land will not be altered in any way by the Proposed Investment, as Avison Lane currently provides sufficient access to the Public Land. With the exception of NZWSI's maintenance obligations under the Transfer Instrument, no additional measures are required to maintain the existing walking and vehicular access.

Minimal capital expenditure will be required to be undertaken in relation to Avison Lane as it has been tar sealed and is currently in a well maintained condition. Accordingly, expenditure will be limited to routine maintenance by NZWSI. It is not anticipated that any uncertainties or contingencies will arise in connection with Avison Lane.

4. Other factors (sections 17(2)(f), regulations 28(a) – (j))

Offer to sell foreshore, seabed or the bed of a river or lake to the Crown – section 17(2)(f)

- 4.1 The Land is not and does not include foreshore, seabed or the bed of a river or lake. Accordingly, the Land is not required to be offered to the Crown in accordance with the Regulations.

Whether the overseas investment will, or is likely to, result in other consequential benefits to New Zealand (whether tangible or intangible benefits (such as, for example, additional investments in New Zealand or sponsorship of community projects)) – regulation 28(a)

- 4.2 This factor is not relevant.

Whether the relevant overseas person is a key person in a key industry of a country with which New Zealand will, or is likely to, benefit from having improved relations – regulation 28(b)

- 4.3 This factor is not relevant.

Whether refusing the Application for consent will, or is likely to adversely affect New Zealand's Image overseas or its trade or International relations or result in New Zealand breaching any of its International obligations – regulation 28(c)

4.4 This factor is not relevant.

Whether granting the Application for consent will, or is likely to, result in the owner of the relevant Land undertaking other significant investment in New Zealand – regulation 28(d)

4.5 This factor is not relevant.

Whether the relevant overseas person has previously undertaken investments that have been, or are, of benefit to New Zealand – regulation 28(e)

4.6 As set out in paragraphs 2.8 to 2.15 of the Application, the Lempriere Group has a number of existing interests in New Zealand, including TMC, Levanna and EMD, and has previously owned farming stations in the South Island high country. The Merino Company currently employs over 70 people throughout New Zealand.

The Lempriere Group has operated an office in Christchurch since 1976 and since that time has developed or acquired various businesses in New Zealand with great success. TMC has grown considerably since its establishment in New Zealand, such that, in 2010, its head office was moved from Melbourne to Christchurch (showing a considerable commitment by the Lempriere Group to New Zealand).

In October 2007, the Lempriere Group acquired Levana and, following that acquisition, has invested a further [REDACTED] into New Zealand via the Levana business. A portion of that investment has been applied to fund research and development activities which in certain cases, have been co-funded by the Ministry of Business, Innovation and Employment (previously the Ministry of Science and Innovation). The involvement of, and co-funding by, this Ministry further demonstrates the Lempriere Group's commitment to the New Zealand economy and wider business environment and shows a recognition by central government of the benefits that such development has to the wool industry and to New Zealand as a whole. The Lempriere Group is committed to continuing to invest in research and development and ensuring that its New Zealand made and/or sourced products remain competitive in the global market.

The results and benefits of the Lempriere Group's research and development are now being seen by Levana and by EMD, through the introduction of technology and business skills, an example of which is EMD's Encircle compression garments (as described in paragraph 2.15 of the Application). The Lempriere Group's investment in, and commitment to, Levana has provided stability of employment to a number of residents of Levin, who are employed by Levana and a number of other Levin residents who are employed by businesses who supply products and services to Levana. Without this investment, Levana would have been at considerable risk of closing given the challenging international economic environment.

In addition to its current business interests in New Zealand noted above, the Lempriere Group previously owned two high country sheep and cattle stations, Otamatapalo Station

and Rugged Ridges Station (Stations). The Stations, while in Lempriere Group ownership, undertook significant development to create an irrigation plan to increase the productivity of the low lying areas of the Stations. Due to the proximity of the Stations to Lake Benmore, it was thought that any irrigation would create a significant risk that nitrogen and phosphorous run off from the Stations could negatively impact Lake Benmore and the rivers which are fed by that lake. The Stations and Environment Canterbury developed a unique farm environmental management plan which showed that the Stations and the Benmore catchment could cope with the application of irrigation provided that it was maintained within specified levels. That development and subsequent plan allowed the Stations to maximise the potential of the land and introduced Environment Canterbury's personnel to valuable water management expertise and technical improvements which can subsequently be applied to benefit other New Zealand properties.

In summary:

- (a) the Lempriere Group's presence and investment in New Zealand has provided numerous employment opportunities in rural and urban New Zealand through TMC, Levanna and EMD and the suppliers to those businesses;
- (b) the Lempriere Group's commitment to innovation ensures that such businesses focus on product and business development and maximise price and return for New Zealand products; and
- (c) the Lempriere Group regularly introduces and shares new technology and business skills with its New Zealand business and key governmental and private stakeholders.

Whether the overseas investment will, or is likely to, give effect to or advance a significant Government policy or strategy – regulation 28(f)

4.7 This factor is not relevant.

Whether the overseas investment will, or is likely to, enhance the ongoing viability of other overseas investments undertaken by the relevant overseas person – regulation 28(g)

4.8 The Lempriere Group will require NZWSI to contribute to, and develop synergies with, its New Zealand based businesses. The Proposed Investment will benefit the Lempriere Group's existing businesses in New Zealand as it gives the Lempriere Group a presence in the New Zealand coarse wool market to complement its existing interests in New Zealand's fine wool market through TMC, Levana and EMD.

As set out in paragraph 2.11 of the Application, one of the Lempriere Group's key strategies is to develop a "sheep to shelf" model which gives the Lempriere Group greater control over its supply chain and also provides customers with visibility as to the origins of their products. The Proposed Investment will give the Lempriere Group access to both the processing capabilities of NZWSI and NZWSI's current suppliers and customers, giving the Lempriere Group the ability to replicate this sheep to shelf model in the New Zealand coarse wool

market and further develop this model in its fine wool products through the utilisation of NZWSI's scouring assets.

In addition to securing scouring capacity, the Lempriere Group's existing New Zealand interests will benefit from being able to draw on NZWSI's existing supply and distribution networks. NZWSI has strong relationships with growers and merchants across New Zealand which would provide the Lempriere Group with a wider supply base than it currently holds. The Proposed Investment will also allow these domestic businesses to benefit from NZWSI's distribution and export channels which will complement and broaden their current customer base.

Whether the overseas investment will, or is likely to, assist New Zealand to maintain control of strategically important infrastructure on sensitive land – regulation 28(h)

4.9 This factor is not relevant.

Whether New Zealand's economic interests will be adequately promoted by the overseas investment – regulation 28(i)

4.10 This factor is not relevant.

The extent to which New Zealanders will be, or are likely to be, able to oversee, or participate in, the overseas investment and any overseas person – regulation 28(j)

4.11 For such time as NZWSI remains listed on NZAX (the alternative market operated by NZX Limited) following the Proposed Investment NZWSI must ensure that at least two of its directors are New Zealand residents (as the current NZAX listing rules require). Accordingly, during such time:

- (a) New Zealand residents will be in a position to oversee and participate in NZWSI; and
- (b) NZWSI will remain subject to the NZAX listing rules and party to NZWSI's existing listing agreement with NZX Limited.

Shareholders who are not overseas persons for the purposes of the Act and Regulations, and do not sell NZWSI shares to the Applicant under the Takeover Offer, will retain partial ownership or control of NZWSI (to the extent their shares are not compulsorily acquired by the Applicant or otherwise divested).

Ownership or control of NZWSI after the Proposed Investment will be dispersed amongst the Applicant and those New Zealanders whose NZWSI shares are not acquired by the Applicant or otherwise divested.

Schedule - Business report

1. Overview

- 1.1 Terms defined in the Application and the Plan have the same meaning in this Report.
- 1.2 The Applicant sets out in sections 2 to 5 below the information the Office requires under the Guidelines to be included in a business report for the purposes of the economic benefit factors listed in paragraphs 2.5 and 2.6 of the Plan. The information in sections 2 to 5 has been provided and/or verified by NZWSI.

2. Nature of any business currently undertaken on the land

- 2.1 The nature of the business currently undertaken on the Land is set out in paragraph 5.4 of the Application.

3. Current productivity of the business undertaken on the land

- 3.1 The tables below summarise productivity of NZWSI's business undertaken on the Land by wool scour volume and gross revenue respectively for the 2009 to 2012 financial years.

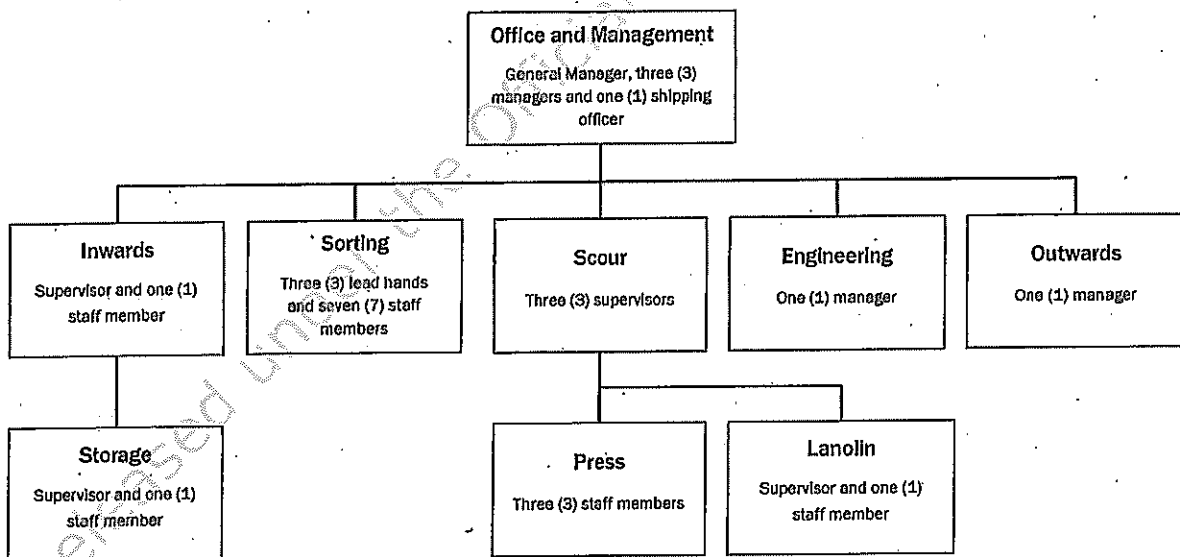
4. Gross annual income, operating expenses and net surplus of the business currently undertaken on the land

- 4.1 The table below summarises the annual income, expenses and profit of NZWSI's business undertaken on the Land for the 2009 to 2012 financial years.



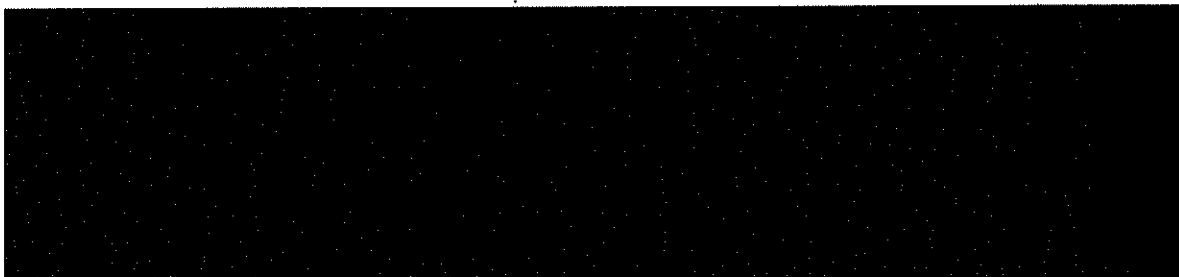
5. Number of full time equivalent positions that are currently required to operate any business currently undertaken on the land

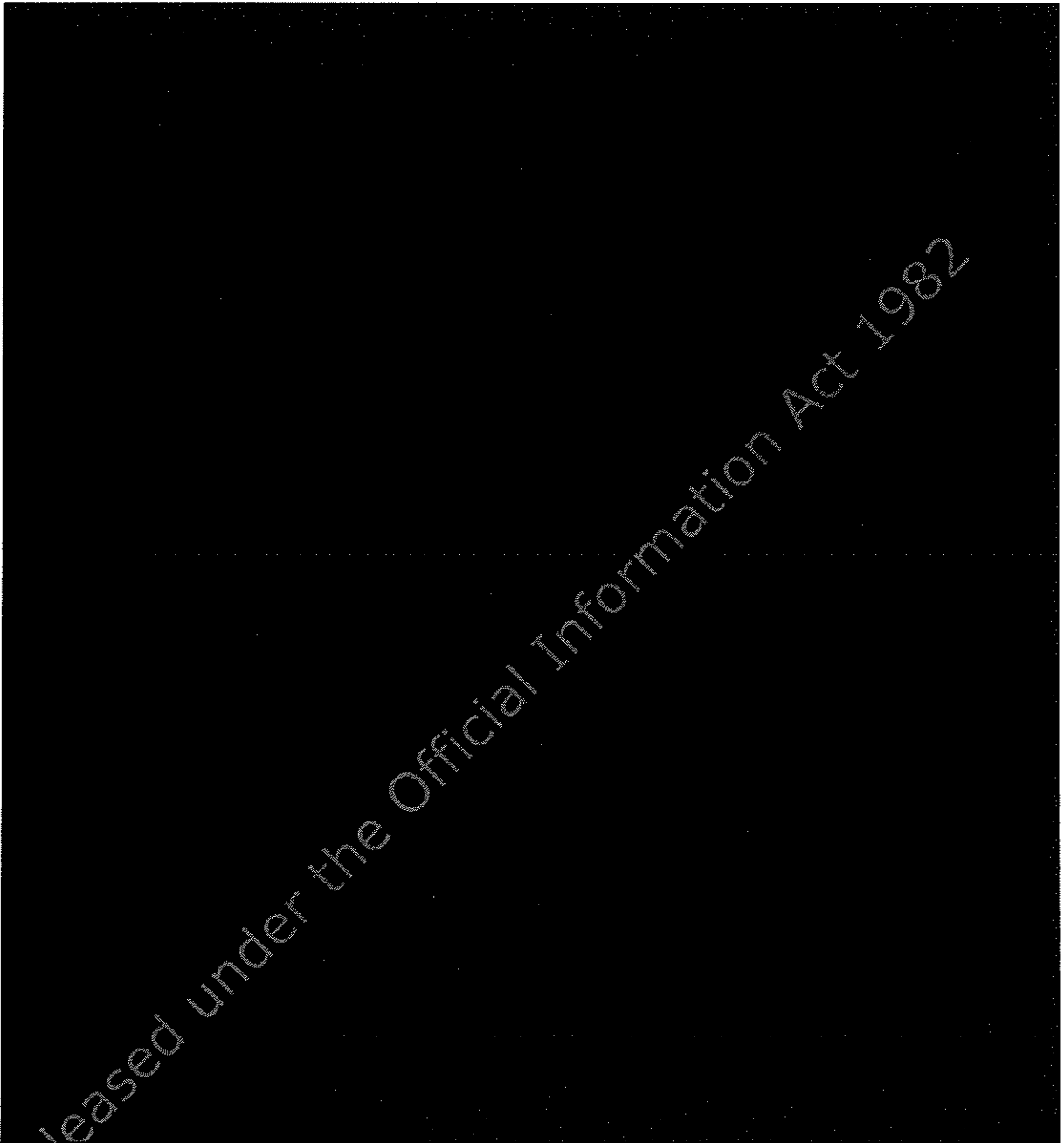
5.1 NZWSI's Whakatu scouring plant, which operates on the Land, currently has 29 full time employees and four casual employees. Set out below is a structure diagram which illustrates the role of each of the full time employees. NZWSI's four casual employees are employed on an as required basis during the plant operation or as annual leave requirements demand.



6. Report on new technology and business skills

6.1





Grower Pools

6.2 The Lempriere Group has extensive experience in the sourcing of wool through Grower Pools. Grower Pools have been successfully used by the Lempriere Group in Australia and South Africa for the last five years. The establishment of Grower Pools are important to the vertical integration strategy of the Lempriere Group and provide greater certainty in the supply chain.

Grower Pools group growers together to enable them to:

- (a) achieve greater economies of scale;

- (b) trade as a collective group allowing growers to obtain higher prices;
- (c) develop and invest in value add initiatives, such as marketing campaigns for branded products including traceability of origins (such as the Lempriere Group's sheep to shelf initiative); and
- (d) present with scale to larger customers who wish to align with growers producing more substantial volumes.

Grower Pools are currently used to great effect in the New Zealand fine wool market. However, such initiatives have not been implemented in the New Zealand coarse wool market in which NZWSI is primarily interested.

Following completion of the Proposed Investment, the Lempriere Group will look to establish Grower Pools amongst NZWSI's raw wool growers / suppliers. The creation of such Grower Pools will require little or no capital expenditure and, given the Lempriere Group's experience and business skills in this regard, can be achieved quickly and simply. The introduction of Grower Pools into the New Zealand coarse wool market will result in benefits to both NZWSI and growers, as the Grower Pools will give NZWSI an increased certainty of supply and will allow NZWSI to work with each Grower Pool on marketing and promoting that Grower Pool's particular products.

New Zealand coarse wool growers will benefit from the establishment of Grower Pools as the programme gives such growers a collective voice and increased bargaining power in both New Zealand and overseas markets. The use of Grower Pools means that the coarse wool market can benefit from similar programmes that have been implemented in the fine wool market and which have resulted in a resurgence in that market and an increase in consumer demand for such products.

In the likely counterfactual scenario, as set out in paragraph 2.3 of the Plan, it is most likely that NZWSI and its associated growers and merchants would not benefit from the economies of scale introduced by Grower Pools. Accordingly, growers would continue to supply raw wool under existing arrangements and the opportunity for coarse wool growers to repeat the resurgence experienced by New Zealand fine wool growers in recent years would not be available.

Risk Management System

- 6.3 The Lempriere Group has invested significant resources in the development of a proprietary risk management system (RMS) for trading wool. The RMS allows members of the Lempriere Group to access, on a timely basis, the net position of the wool contracts they have entered into. The Lempriere Group sees the RMS as a fundamental and necessary part of a business that trades on a global scale.

The RMS allows members of the Lempriere Group to track long and short positions in various wool contracts, foreign exchange exposure and profit and loss spreads. By operating in real time and with the imposition of defined limits it gives an accurate picture of the marketplace and ensures that exposures are maintained within manageable boundaries.

The RMS can be introduced into the NZWSI business quickly and easily as NZWSI currently records such information, albeit in a less efficient system that does not provide the same level of accessibility to group wide timely collation of data. Given that the RMS is a proprietary software and management system of the Lempriere Group and will be able to be introduced easily into the NZWSI business, little capital expenditure will be required and the software can simply be provided to NZWSI through a license or similar right.

Introduction of the RMS will allow NZWSI, in much the same way as it has done for the Lempriere Group, to maintain an accurate timely picture of its trading activities and exposures to both the wool and foreign exchange markets.

In the likely counterfactual scenario, as set out in paragraph 2.3 of the Plan, it is most likely that NZWSI would not benefit from the use of RMS and would continue to operate on a less efficient, riskier, less productive and ultimately, less profitable basis.

7. Report on increased export receipts in New Zealand

- 7.1 The Proposed Investment has the potential to increase the value of New Zealand's export receipts by selling New Zealand wool products at a higher price on global markets. Such higher prices will be the result of the implementation of technologies, such as [REDACTED] and RMS, business skills such as the Grower Pools and the Lempriere Group's international trading network which add further value to exported goods.



NZWSI will benefit from the Lempriere Group's global trading platform which will see its products exported to, in addition to its current export destinations, a number of additional regions in China, India, Europe, the United Kingdom, Australia and the United States. Following the Proposed Investment, the Applicant intends that NZWSI will continue to export its existing products, being greasy wool, scoured wool and wool grease, albeit with the benefit of introduced technologies and initiatives such as those set out in section 6 of this Business Report.

Subject to the contingencies associated with the development [REDACTED] the establishment of these programmes to increase NZWSI's export receipts (namely, Grower Pools and the Lempriere Group's global trading platform) can commence immediately and continue for the foreseeable future for NZWSI. The benefits from these initiatives are likely to take between 12 months to 3 years to fully develop. It is at this point that the most significant increases in NZWSI's export receipts are likely to be experienced.

As mentioned in paragraph 6.2 of this Business Report, the increased margin earned on export receipts will increase, or at least support, the viability of sheep farming in New Zealand, and benefit New Zealand and New Zealand growers accordingly, as the margins on products throughout the supply chain increase. In the long term, the increased viability of sheep farming as a result of the increase in demand for [REDACTED] and the increased competitiveness of New Zealand wool sourced through Grower Pools, is likely to lead to an increase in the number of wool growers in New Zealand and an increase in the volume of exports as production quantities increase.

In the likely counterfactual scenario, as set out in paragraph 2.3 of the Plan, it is most likely that NZWSI would continue to export its current products to existing customers, and Grower Pools would be unlikely to be initiated. Accordingly, New Zealand's export receipts are likely to simply remain at existing levels.

Appendix 1 – NZWSI Letter

Released under the Official Information Act 1982



New Zealand Wool Services
INTERNATIONAL LIMITED

10 October 2012

The Manager
Overseas Investment Office
Land Information New Zealand
Level 7, Radio New Zealand House
155 The Terrace
Wellington 6145
New Zealand

Copy to:

WSI Holdings Pty Limited
Level 7, 460 Collins Street
Melbourne, Victoria 3000
Australia

**SI Holdings Pty Limited – application for consent to investment in sensitive
New Zealand assets**

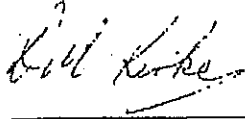
New Zealand Wool Services International Limited (NZWSI) understands that WSI Holdings Pty Limited, a related company of the Australian based Lempriere group of companies, has made or intends to make an application to the Overseas Investment Office (Office) for consent to acquire up to 100 per cent of the shares of NZWSI by way of a full takeover offer (Takeover).

Given that the directors of NZWSI will need to, in due course, obtain a report from an Independent adviser on the merits of the Takeover, you will appreciate that the directors of NZWSI are not in a position to comment on any commitment to, or other support for, the Takeover (if any) at this time.

NZWSI does not currently intend to implement any material changes to its business operations or capital structure and, accordingly, in the absence of the Takeover, NZWSI currently intends to continue to operate its business in the ordinary course.

If you have any questions about the content of this letter or otherwise please contact the writer on
027 2946770.

Yours faithfully
New Zealand Wool Services International Limited



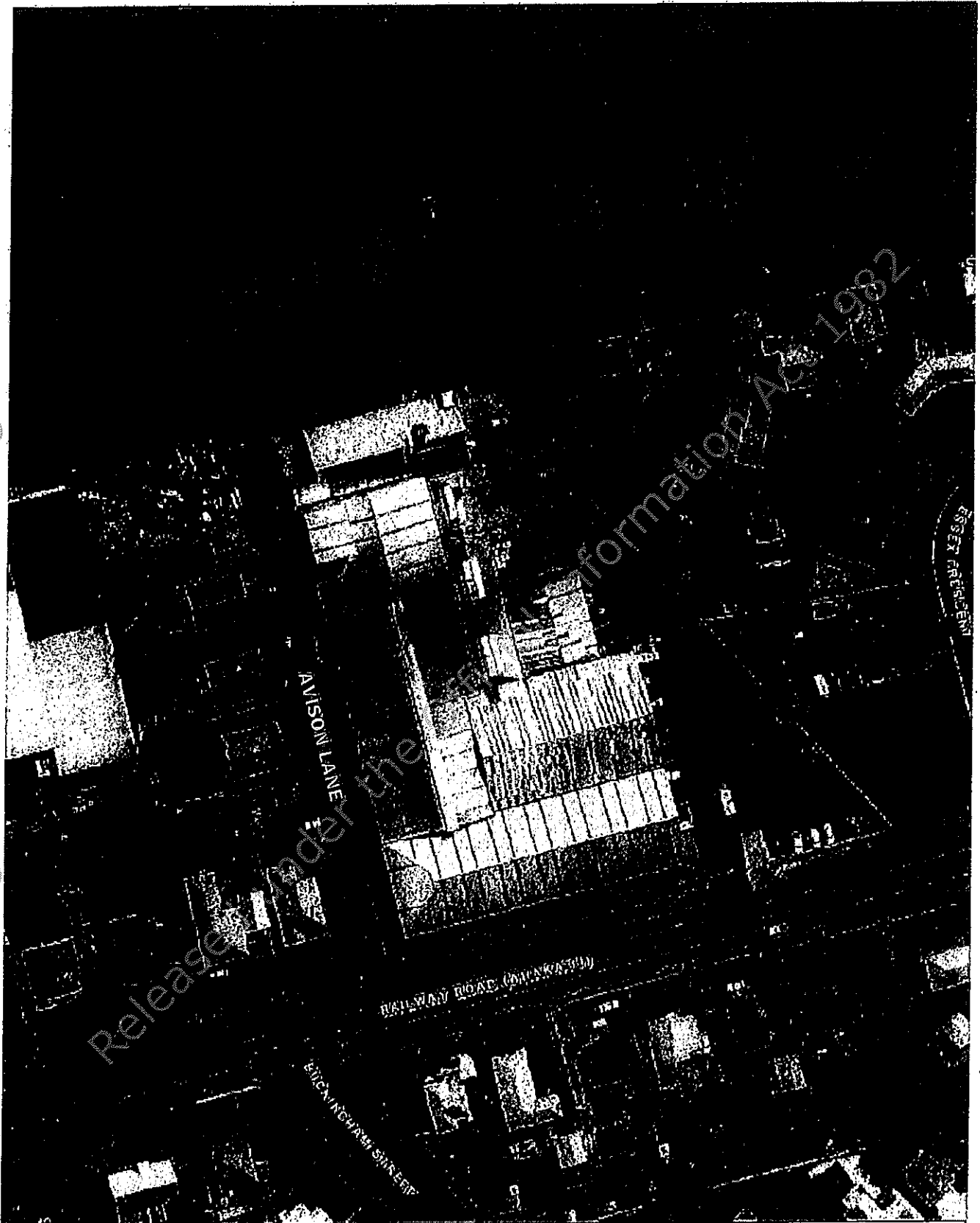
DM Kirke
Chairman

Released under the Official Information Act 1982

NEW ZEALAND WOOL SERVICES INTERNATIONAL LIMITED
30 Sir William Pickering Drive, Christchurch 8053, New Zealand
Postal Address: PO Box 29 383, Fendalton, Christchurch 8540 Tel: 0064 3 3528700 Fax: 0064 3 3578720
Email Address: info@woolsev.co.nz, marketing@woolsev.co.nz
Website: www.woolsev.co.nz

Appendix 2 – Avison Lane information

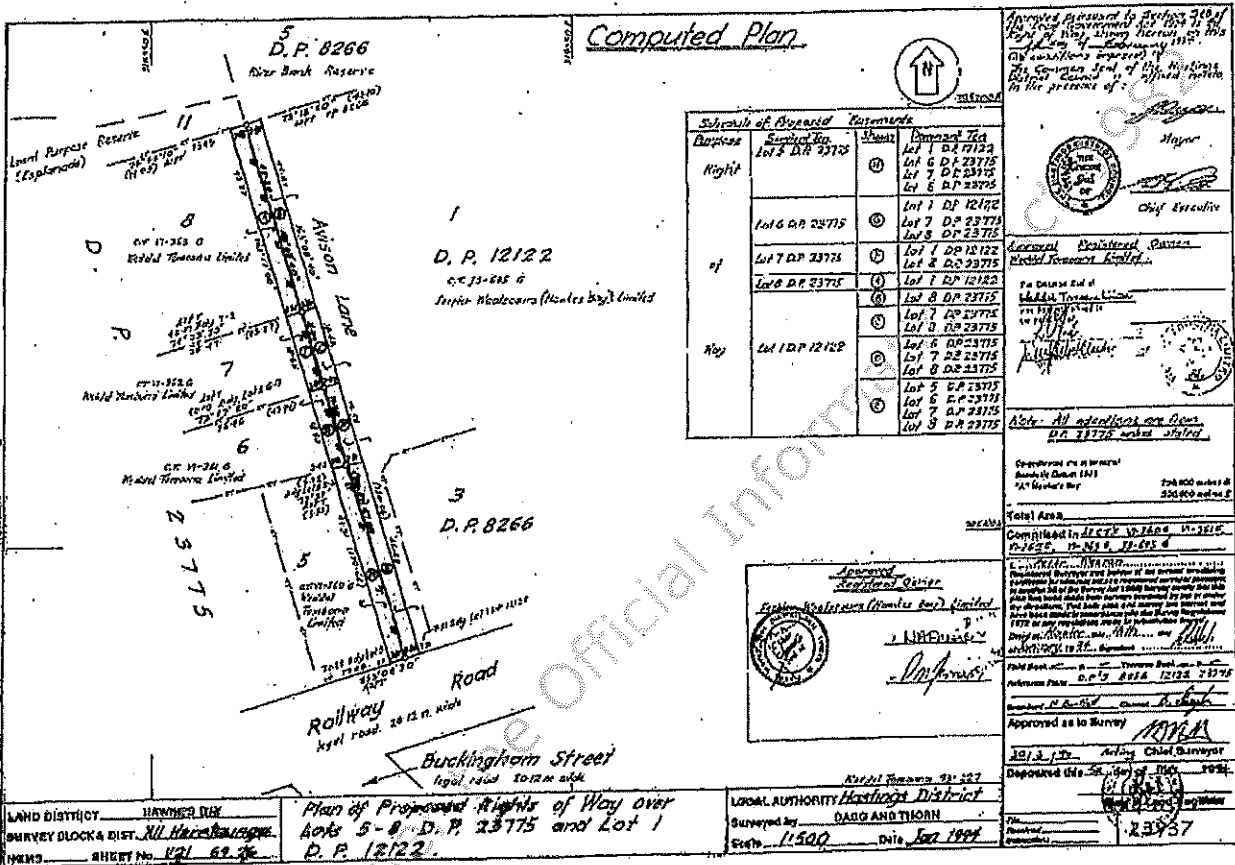
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HASTINGS
DISTRICT COUNCIL



DEAR SIR,
 I AM REFERRING TO THE MATTER OF THE PROPOSED DEVELOPMENT OF THE SITE OF THE FORMER HASTINGS WORKS, 100-110, HASTINGS ROAD, HASTINGS, EAST SUSSEX, TN38 8JG.
 I AM REFERRING TO THE MATTER OF THE PROPOSED DEVELOPMENT OF THE SITE OF THE FORMER HASTINGS WORKS, 100-110, HASTINGS ROAD, HASTINGS, EAST SUSSEX, TN38 8JG.



The highlighted section above represents the relevant areas of each parcel of land which are subject to the Avison Lane right of way.

Appendix 3 – Development Paper

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**DOCUMENT
WITHHELD
UNDER THE
OFFICIAL
INFORMATION
ACT 1982**

being the Development Paper