

21 September 2000

Greg Schollum
Wellington Regional Council
P.O. Box 11-646
Wellington

Dear Greg

Following on from your recent meeting with David Cruickshank, I have been asked to write to you seeking Wellington Regional Council (WRC) **approval** to extend the period available to ~~the~~ Wellington Regional Stadium Trust (WRST) to repay Wellington City Council (WCC) the balance of the membership underwrite loan.

The underwrite loan was originally provided to the Trust to offset the shortfall in the projected membership sales of 2,500 seats. The loan was progressively reduced as the Trust sold further memberships to a point where 174 memberships remained unsold.

At this time it was **acknowledged** by the Trust that the market for the membership seats, that were priced at \$13,500 (GST incl.), was saturated. Coupled with the break in significant events between the final Super 12 match and the T&Nations test, sales had virtually ceased and the Trust identified **a** need for a new marketing initiative to sell the remaining seats.-

The Trust approached WCC with a view to offering a phased payment option for the remaining seats which required WCC-agreement **as** the original repayment date of the underwrite loan was January 2001. Our Finance and Corporate Committee agreed to extend the loan repayment period and asked David Cruickshank to liaise with WRC to reach agreement on ~~the~~ membership underwrite loan repayments ranking ahead of the **\$40m** in loans owed to the two Councils.

The Trust proceeded to launch their marketing of the membership seats to coincide with the Tri-Nations match in August. As you may be aware the initiative was an immediate success with the remaining memberships sold within two weeks based on the phased payment option that required an initial repayment of \$3,000 plus GST, followed by three further payments of the same amount in June 2001, 2002 and 2003.

The issue now is that the last two payments will occur after **January 2002** and, based on the current agreement between WCC and the Regional Council, **must** rank below repayments on the original **\$40m** loans provided by the two Councils.

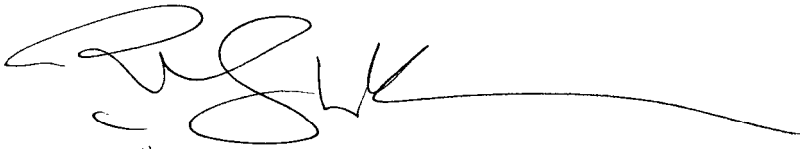
The primary purpose of this letter is to seek formal agreement from the Wellington Regional Council that the remaining two staged payments on the memberships, totalling approximately \$1.2m are ranked before the repayments of the \$40m loans.

My apologies if I have provided information that you are already aware of. I was unsure of exactly how much of the background information you were familiar with.

Whilst writing, I would appreciate an opportunity to catch up with you to discuss any outstanding issues. We seem to keep missing each other, so if you require any further information on the underwrite loan this would provide an opportunity to meet.

I look forward to hearing from you with regards to the ranking of the underwrite repayments.

Yours sincerely

A handwritten signature in black ink, appearing to read 'PSH', followed by a long horizontal line extending to the right.

Paul Shields
Manager, Business Strategy