

Piko Wholefoods



Piko Wholefoods Co-operative is a 'not-for-profit-only' retail business wholly owned by a Charitable Trust, the Te Whanau Trust. It was established in Christchurch in 1979 to promote organic agriculture and a sustainable environment and provide healthy food to the wider community.

Over the years Piko has experienced a constantly growing awareness of and demand for whole foods, organic food, fresh organic produce and non-allergenic foods. As a result the business has grown steadily over the past 26 years. Increasing pressure on space in their historic Grade III listed building have seen shop expansion plans at the forefront of development thinking for the past ten years.

It has taken the co-operative some time to build the financial strength needed to take on this major task as it involved not only building additional retail, cool-store and accommodation space but also undertaking major earthquake strengthening of the existing building. As plans firmed up around this renovation work the Piko Trustees approached Prometheus to enquire about our willingness to be involved. Given Piko's history, it's sustained growth and its solid community and financial base we were more than pleased to participate.

Throughout it's history Piko's key strength has been the people associated with it - the trustees with their founding vision and ongoing leadership, the co-workers in their commitment, and the customers with their enduring loyalty. One of Piko's key founders, trustees and early co-workers was recently deceased Green Party co-leader Rod Donald. The vision that he and his fellow trustees imparted and the decisions they made established a solid foundation for Piko's subsequent success - giving it a strong asset base and a robust culture of co-operative partnership.

In the course of the planning and re-building work the trustees and co-workers have faced some major challenges but have risen to them brilliantly. The shop has been required to operate from a very small outbuilding at the rear of the property, a shipping container has been their only on-site store and the packaging, bulk store and office have operated from a leased cottage along the road. Despite these challenges they have sustained their morale and enthusiasm though were unsurprisingly very happy when the project was completed on schedule in early March this year and they were able to move into the refurbished and extended shop.

Finally, amongst all the potential hurdles and obstacles, Piko's customers have been outstanding in their loyalty and perseverance. They have kept coming, rain or shine and everyone involved has been amazed that the shop's

retail turnover has been only minimally affected by the hardships imposed by trying to operate a wholefood store from the back of a building site.

Prometheus felt honoured to be approached for financial support for a venture which so fully and inspirationally reflects our own core values. We wish Piko, her trustees, co-workers and customers every success and pleasure in their rebuilt and expanded home.

LATEST NEWS

In line with our policy of expanding the range of targeted accounts we offer, we have introduced a new 3-year term investment - the Climate Saver Account. This is a fixed interest rate account currently returning 6.25% p.a.

earmarked to finance loans for renewable energy projects and fuel-efficient and low-emission hybrid vehicles. These projects will include hybrid petrol-electric vehicles, solar water heating, solar photo-voltaic panels, home insulation, wind turbines, micro-hydro and energy-efficiency upgrades. This account was first offered with a 6.0% interest rate but due to increases in market rates toward the end of last year has recently been increased to 6.25%, fixed for three years.

climate saver
TERM ACCOUNT? **6.25% p.a.**

Secured term investment • Three year fixed rate
Supporting renewable energy projects and fuel-efficient, low-emission hybrid vehicles

A Home at Lindisfarne

Early last year we received an application from Duncan and Deborah Bayne for construction finance for their proposed home on the rather gorgeous Lindisfarne property near the township of Coromandel.

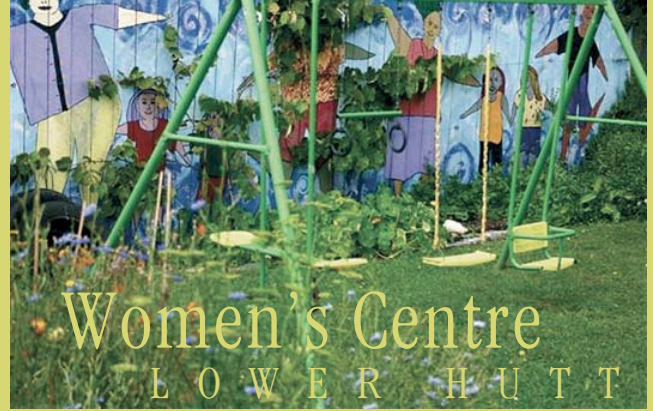
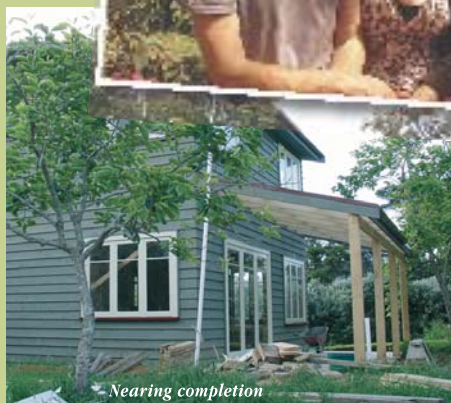
They wished to build a home based on passive solar design principles, clad in Lawson Cypress and with pure recycled wool insulation in walls and ceilings. The house would include solar water heating and a wood-burning stove for additional space heating. They are required to manage their own sewage and grey water treatment and proposed doing this via a septic tank and soakage lines through the orchard.

The land on which they wished to build is owned by The Culdian Trust, a charitable trust with an interest in promoting strong communities and environmental sustainability. Lindisfarne has been developed significantly over the past 6 years with an increasing number of dwellings being established there and a growing resident population. The property is also home to the Coromandel Steiner Kindergarten.

The Trust wished to retain ownership of the land and a reasonable degree of control over the management of Lindisfarne. Consequently, unlike other community situations, Deborah and Duncan were not able to become part-owners of the land but were, instead, offered a license to occupy by the Trust.

This arrangement requires a more flexible approach to loan security as a standard mortgage is impossible in this situation. Having reassured ourselves that the license to occupy gave sufficient recognition of a license holder's property rights we approved the loan and found alternative ways to arrange the necessary loan security.

Duncan is an experienced builder, and while they had considerable own funds they needed further finance for materials and to cover living costs while Duncan was building the house and could not continue with his regular building work. With the loan approved the house has progressed rapidly and we wish them every success in completing their new home.



The Lower Hutt Women's Centre was established in 1987 with support from the Hutt City Council. It offers courses and workshops for women on a range of issues including self esteem building, assertiveness training, volunteer training for community work, a facilitated women's support group, a friendship group, and courses in Te Reo and Art Therapy.

The Centre also offers a drop-in space for women looking for support, information, companionship, time out and a listening ear. It also provides a counselling service for clients referred to the centre. Free computer access and a library are available as well as a playgroup for mothers and children and a free creche run alongside some of the workshops.

The centre has had an interesting history in its journey to establish control over its own destiny. Initially the house in Knights Road, Lower Hutt, in which the centre had been established was held on a rental lease. In 1990 the Council bought the house to ensure that lease continued. Shortly afterwards ownership of the house changed again as it switched to the YWCA in a property swap with Council to effect the winding up of the Lower Hutt branch of the YWCA.

The Lower Hutt YWCA wanted their assets to remain in the Hutt Valley for use of the women in the region and they made guarantees that the Centre would be able to continue using the house in perpetuity. This arrangement worked very successfully until early last year when the YWCA decided to sell the property.

A negotiation process was then entered into that resulted in the Women's Centre being given the opportunity to purchase the property at well below the current market price (though significantly above what the house would have cost them had they been able to purchase it back in the early 1990s).

The Centre's trustees then approached Prometheus for a loan to purchase the property and finally establish themselves as owners of their home. We were pleased to be able to accommodate their request and support them in their long-term vision of building a solid financial footing for the Centre. We wish them all the best in their continued provision of courses and workshops on a range of issues to the women of the Hutt Valley.

Honeymoon Valley Lifestyle

Johanna Van Stratum is a past Prometheus borrower and mother of five children who has been living with her family at a small community in Honeymoon Valley in the Far North for the past 12 years. Their home for most of that time has been a very modest dwelling relying on solar photo-voltaics for lighting and a woodstove for all their other energy needs (cooking, hot water and heating). Recently they have connected to the grid as their electricity needs have increased. The family has an organic garden, a composting toilet and grey water treatment system to minimise their impact on their sensitive bush environment.

Over the years the constraint on space in their small dwelling has become increasingly uncomfortable as the children have grown. As a result Johanna applied to us for a modest loan in mid-2005 for a building extension to their home. She has managed to keep the costs down by careful sourcing of building materials and with most of the building work being undertaken by friends and family.

As the community land is jointly owned, with Johanna having only a 1/6th share in that, she faced some difficulty in providing the standard security that would be required by a mainstream financial institution. However, with a more flexible approach to security arrangements and given Johanna's past excellent repayment record with us, Prometheus was more than happy to provide the finance necessary to support her in her goal of providing much needed space and breathing room for her family's earth-friendly lifestyle.

Remarkable Recyclers

This recycling venture is remarkable in several respects. We have reported in this newsletter several times over recent years on the role of the Community Business and Environment Co-operative Ltd (CBEC) in establishing successful joint-venture waste minimisation and resource recovery operations. They've done it on Waiheke in partnership with the Waiheke Waste Resource Trust and they've done it on their home turf in Northland with local iwi organisation Te Runanga O Te Rarawa. Now they've done it again.

Wanaka WasteBusters, a charitable trust that has established and been operating a recycling centre in Wanaka for over 5 years. The centre provided a recycling drop off service, a commercial recycling collection service for local businesses and a resale retail outlet for pre-loved items.

Having survived through the establishment phase Wastebusters were keen to expand the availability of recycling as an option for the wider community. The opportunity came when the Queenstown Lakes District Council decided, early last year, to request tenders for a residential kerbside recycling collection service. Wastebusters felt it lacked the resources and expertise to respond to this tender in its own right and felt its chances of success would be substantially improved by inviting CBEC to be a joint venture partner.

That joint venture was called Remarkable Recyclers Ltd, in honour of the mountain range dominating the Wanaka landscape. Their tender was based on principles of zero waste, local empowerment and local economic development. The joint venture's aim was to combine the local experience and commitment of the Wastebusters team with the contract tendering and management experience of CBEC.

The tender was successful and operation of the household recycling collection service started in late 2005. Under a separate contract Remarkable Recyclers has also been successful in negotiating with council to sort and dispose of the materials recovered by the collection operation.

Unlike the standard business model of today CBEC's objective, as with the joint venture on Waiheke, is not to build a business empire around New Zealand. Instead, they aim to share their experience and expertise through these joint ventures and help local recycling organisations achieve the income base and management experience to move to economic self-sufficiency.

Prometheus has been happy to provide the necessary start-up capital for this remarkable recycling operation and looks forward to future involvement with both Remarkable Recyclers and Wanaka Wastebusters as they seek to widen the provision of waste minimisation and resource recovery services throughout the Queenstown district.



Tutukaka Solar Array

A couple living on the Tutukaka Coast (north of Whangarei) with their two children, on a 22 acre coastal block of land, recently applied to Prometheus for a loan to upgrade their solar photo-voltaic system. Joyce Palmer and James Johnston bought a 51% share of the land about 13 years ago and moved onto the property 6 years ago.

During that time they have fenced the property to prevent stock damage to existing native bush, planted several thousand native trees, designed and built a house incorporating passive solar heating, and put in orchard trees and a vege-garden based on permaculture principles. They also have a sideline business growing Nikau Palms and have an extensive pest control program aimed at controlling possums, rats and stoats.

They are a substantial distance from most services and so have chosen to be self-sufficient in water collection and waste disposal as well as power generation. Their 'power-grid' had consisted of 6 solar pv panels, a small and well-used set of batteries a small inverter and a rather heavy reliance on a back-up petrol generator and a range of gas appliances. Given all the expense involved in the other developments on their property this was the one area where they cut costs initially knowing they would have to come back to it later.

Over Christmas 2004 they had a Solahart water heater installed, financed by Prometheus as part of the EECA grant-funded scheme we were then part of. When they decided it was time to upgrade their solar electric system they decided to apply to us as well.



James and Joyce approached a local company in Whangarei, Solwind Ltd, to design an appropriate system for them. They decided to go for a 'power wall' array of solar panels, doubling the capacity of their existing system and opting to upgrade their generator to a more efficient LPG one. They also replaced some of their gas appliances with more energy efficient ones. We were more than willing to extend them the finance necessary to support them in their goals to be both self-sufficient and as sustainable as possible in their Tutukaka lifestyle.

For further information on Solwind Ltd and their range of renewable energy products please go to www.solwind.co.nz

Clean Green Car Company

Ecoshow 2005, which we reported on in detail in our April 05 newsletter, was a valuable event for Prometheus for exposure to potential investors and as an opportunity to network with individuals and organisations working to promote sustainability in New Zealand. It was also a good place to meet potential loan clients and one of the more interesting and fruitful contacts we made there was with Stephen Pollard of The Clean Green Car Company (CGCC).

The main focus of CGCC for the present is as an importer of second-hand hybrid (petrol-electric) vehicles, chiefly the market-leading Toyota Prius though with occasional Honda hybrids as well. By importing second-hand hybrids CGCC not only boosts the total number of these vehicles in NZ but in selling them for prices between \$18,000 - \$30,000 also makes them more accessible to those who cannot afford new car prices.

Although this is in no way a full solution to the twin challenges of climate change and peak oil that we are facing over the years ahead it is a good step in the right direction. Most observers and commentators on sustainability, the looming energy crisis

www.cleangreencar.co.nz

and the threat of rising carbon levels in our atmosphere conclude that there are no simple or single solutions on the horizon. They stress that the way forward will need to include a range of diverse technologies, policy responses and behaviour changes.

Hybrid vehicles are just a first step in seeking to reduce the ecological footprint of our transport system.

The discussions that followed that meeting at the Ecoshow resulted in Stephen negotiating a finance facility with us to enable his company to hold higher stock levels to meet the rising demand he had been experiencing.

We were impressed with Stephen's drive, vision and positioning within the market and agreed that his timing was particularly fortuitous, especially given the pressures in the international oil market that led to significant fuel price increases last year. We were very pleased to be able to provide the finance to facilitate the growth of this forward-thinking company - whilst also supporting a modest step in the personal transport sector toward sustainability.

In addition to the direct benefits of hybrid vehicles it is our hope that this technology will raise awareness about fuel efficiency and emissions reduction more generally and may help lower the barriers to other low-carbon transport options in the years ahead.



Earthsong

The Common House

Earthsong Eco-Neighbourhood in Ranui, Waitakere City, is a pioneering urban community housing development based on a co-housing philosophy, employing eco-building principles and permaculture design in a medium-density urban environment.

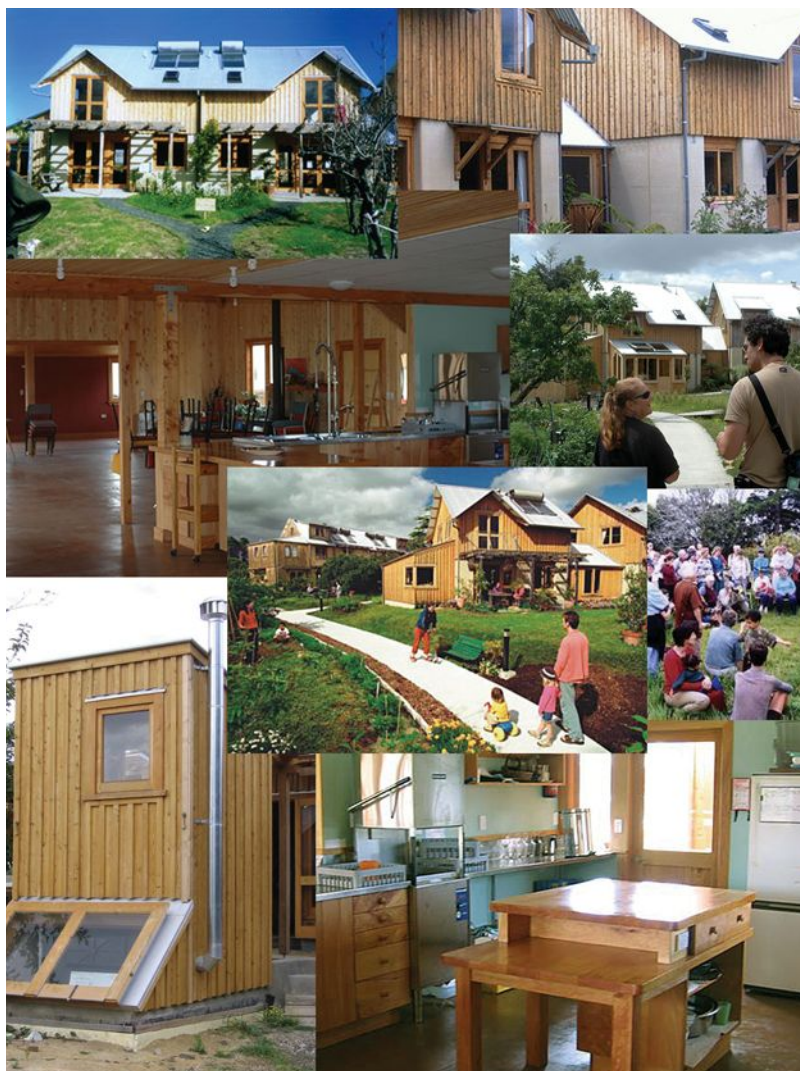
Prometheus has been closely involved with this project throughout its development and that involvement continued when we were approached last year to provide a significant part of the finance needed for the long-awaited Common House.

In terms of co-housing philosophy the 'Common House' is the living heart centre of the community. It provides the facilities and space for community meals, meetings, functions and activities as well as providing recreational space, workshop, community laundry and guest accommodation. It also holds an echo of the notion of the "Commons" as it pertained to commonly held (or owned) land in feudal Britain which was similarly a binding ingredient and communal asset of the villages of that era.

The wait for the Common House has been keenly felt by the community members at Earthsong. They have been making do and getting by with a range of interim solutions for the past four years including the original "orchard house" and, more recently, a unit in Stage Two leased from its owners for the purpose. There was considerable celebration when the expected building timetable was advanced early last year thanks to the generous support of the Waitakere City Council in the form of a large low-interest loan.

The Council has been very interested in the Earthsong project for many years now and clearly sees the benefits of this visible manifestation of a more sustainable approach to building and establishing community within an urban setting.

This loan allowed an early start on building the Common House though was not sufficient to finance its completion. The community had, however, had the foresight to pre-arrange an approval in principle from Prometheus to provide the balance of the development funding needed to complete this part of the project. We were extremely pleased to be given the opportunity to contribute to building the heart of Earthsong.



Earthsong: Stage Two advances

Stage One of Earthsong consisted of building 17 eco-houses. Stage Two, which was started in 2004, seeks to complete this co-housing project by building a further fourteen eco-houses in addition to the Common House described above.

Prometheus has played a significant part over the past year in providing mortgage finance for several long-standing members of the Community to buy newly-completed units in Stage Two. In several cases these are joint ownership arrangements as some of the individuals concerned are on relatively low incomes and cannot afford one of these units without other ownership partners.

This has been one of the novel and co-operative ways in which lower income community members have been able to help each other, or been assisted by others in the community, to move from renting units at Earthsong to owning (at least in part) their own. Prometheus has also helped lubricate the wheels of the secondary market in Earthsong units by helping another long-standing member transfer into Unit 1 when the original owner needed to sell.

For more information about Earthsong, including their regular site tours, visit www.earthsong.org.nz

Orapiu Grove Farm

Orapiu Grove is a farm partnership established in the early 1990s on Waiheke Island. The group of eight people who formed the partnership were attracted by the large pockets of existing and regenerating native bush on the 120 acre property. They saw this as ideal for their goal of establishing an organic farm while also protecting and enhancing a significant tract of native bush.

The property has been developed considerably over the past 14 years. Access roads have been established, five dwellings have been added to the original one, 600 olive trees have been planted for oil production, 1.5 hectares have been planted in grapes, a lavender field established for pure essential oils and orchards developed.

The partnership has a unique shareholding system for their many projects on the farm. Partners' shares in each project depend on the amount of time and money they invest in that project. This system operates quite flexibly, depending on which of these two resources individuals have more of. In this way it caters for the partners different employment situations and lifestyle choices.

Prometheus has provided development finance for this organic farm partnership on several occasions over the past six years. The most recent loan was to help develop their own on-farm boutique winery. Their Awaroa labelled wines have won several awards over recent years. However, there is no point looking in retail outlets for their label, to date all their wine has been sold through direct sales and is likely to continue to be sold in this way.

We approved a further development loan when approached again mid-last year, which included finance for a purpose-built barrel room. Their Awaroa Vineyard is going from success to success, and despite only being a relatively small operation was invited to participate in the Waiheke Island Wine Festival in early February this year. We wish them continuing success in their ongoing development.

For information about Winery opening hours and to order wines please contact manager Steve Poletti on 09 372 6779 or email: s.poletti@auckland.ac.nz



Traditional Technology in Sweden

Several years ago Prometheus made a loan to Pauline and Philip Evans for their Tree-House Eco-Lodge in Northland. As a result when their daughter, Louise Evans, needed a rather unusual study loan we weren't surprised to receive an application from her.

Louise wanted to study traditional arts and crafts at a college in Sweden. The course covers

the practical arts of man from the Stone Age onwards, and attempts to understand techniques and ideas through experiment and reconstruction. All courses are taken in Swedish so it was quite a courageous step for Louise to take.



We approved the loan and Louise wrote to Prometheus part way

through the course last year to express her enjoyment of the course and her gratitude for the loan. We have been unable to print her story until now:

"So far we have worked with (amongst other things) ceramics, making fire, herbal medicines, woodworking, black-smithing, weaving, spinning and felting, living outdoors in winter, tanning and butchering, as well as making trips up to isolated farms, to making charcoal and iron from scratch, stone age tools and instruments. This week we'll be building a kiln of Turkish design and recycling glass into beads. Through these months I've been so encouraged to live an alternative life, and now feel as if it is fully within my grasp - studying the practises of man throughout history makes one realise that anything is possible with patience, a little ingenuity, and the willingness to ask those around you of what they know. Education such as this is so important in today's society built on distance from the land and distance from each other."

Louise is living back in New Zealand now and feels she has gained immensely from the course and is exploring ways in which she can both use and pass on some of the traditional craft skills she has learnt.

Prometheus News

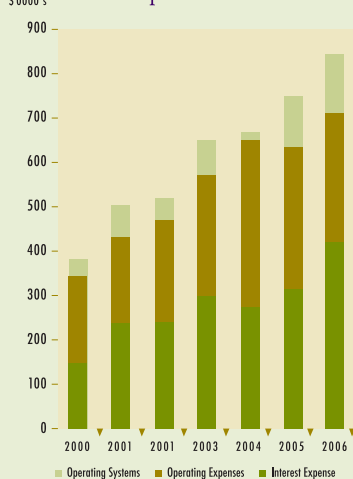
A range of developments and events have marked a typical year at Prometheus.

Activity

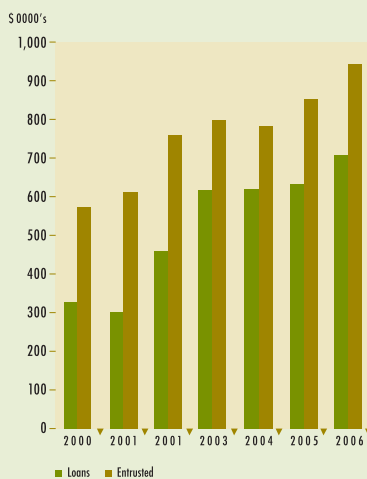
The financial results reported below are consolidated figures for The Prometheus Foundation and its wholly owned subsidiary Prometheus Finance Ltd. Provisional results for the March 2006 financial year point to growth of around \$800,000 in deposits over the past year to \$9.4 million, and growth in loans of \$700,000 to \$7 million.

Prometheus' own equity has grown steadily over recent years and now stands at close to \$850,000. Together with the above deposit figure this gives a balance sheet total of over \$10 million. This is a major landmark achievement for Prometheus.

Total Operational Income



Loans & Entrusted Funds



Promotional activities

As reported in last April's newsletter we have decided to take a more active stance in promoting Prometheus at appropriate events and festivals around New Zealand. Following on from several events at the beginning of last year, Terry Creighton attended the Sustainable Business Network Conference and the associated GreenStreet Expo at the Aotea Centre in Auckland in October last year.

This proved to be a very useful networking and profile-raising opportunity. A number of invitations were received to speak to sustainable business clusters throughout the country and some good contacts were established with businesses exhibiting at the Expo.

In January this year both Terry and colleague Geoff Burke again attended the Organic River Festival at Kimberley Reserve outside Levin. The festival had a broader range of exhibitors and stall-holders this year with a wide range of organic and sustainable businesses represented. Prometheus own stand had a significantly improved display which drew a good level of interest.

New Accounts

In line with our goal of both expanding the range of targeted accounts we offer and giving clients the option of more competitive interest rates we have introduced two new accounts in the past year.

The first of these is our Climate Saver three-year term investment account. An introduction to this account is given on the front page of this newsletter. If you would like further information about the details of this account we would be happy to send that to you on request.

Our second new account is our Super Saver account. This is a relatively high interest Superannuation savings account offered for clients who wish to build up a retirement nest-egg. This account offers a floating interest rate pegged at 1.0% below the Official Cash Rate (OCR) as set by the Reserve Bank. The OCR is currently 7.25%, giving a return on this account of 6.25% per annum. The key advantage of this account is that it offers this high return for only relatively small regular contributions (minimum monthly savings of \$50). Funds are locked in for a minimum of 10 years to encourage a good savings habit, though may be transferred to a recognised superannuation fund at any time.

Outlook

We are currently looking at Prometheus' brand and image with a view to improving that to make it speak more clearly about our aims and purpose. We are also exploring some new product options and business relationships that may broaden the awareness of socially and environmentally responsible finance in New Zealand.

The efforts of others, such as the Council for Socially Responsible Investment (see story page 8), in challenging the inadequacy of current investment strategies to meet the challenges we face in regards to environmental destruction, approaching oil depletion and climate change - also have the potential to push this issue into mainstream awareness.

In the meantime, with your help, we will continue to steadily build our client base, our deposit level and our ability to make loans to an increasingly wide variety of environmentally sustainable and socially valuable projects and businesses throughout New Zealand.

Loans in Brief

Alternative Power & Electrical is a new company established by Greg Groube to offer installation services for household renewable energy systems in addition to other general electrical work. Greg, based in Porangahau in Central Hawkes Bay, has significant experience as an electrical contractor working for established firms however his growing interest in renewable energy systems led to his decision to establish his own business. A loan helped him purchase the van and other supplies and equipment he needed for this business start-up.

Brigette Unwin and Mac Foreman sought a loan to enable them to purchase the first floor flat being built as part of Piko Wholefoods new building. The flat had been recommended by Piko's architects as a way of keeping down the overall cost of the new development to Piko itself. When Piko sought buyers for the flat to spread the construction costs Brigette, a Piko Trustee, and her partner Mac stepped forward. Access to finance was unlikely to be straightforward as separate title for the flat would only be issued after completion. However, as holders of a mortgage over the existing title Prometheus was able to approve a short-term bridging loan until their new title is issued.

Samadhi Yoga Ltd is a new business in development by Amanda Reid which aims to import environment-friendly fair-trade yoga and fitness products for the NZ market. The intended product range will include rubber and jute yoga mats, meditation cushions and yoga props as well as organic cotton yoga and exercise apparel. Amanda is a practising yoga teacher who had been looking at importing these products for her own students as she could not find a local supplier. Given the gap in the market she decided to establish Samadhi Yoga and offer the products more widely to yoga and pilates practitioners throughout the country. Our start-up loan enabled her to make her first import order.

Dave Corban and Barbara Cunningham were existing clients who had previously bought a small block of land adjacent to their property in the isolated King Country town of Ohura to establish an organic orchard and garden. They sought a further loan late last year when the whole of the neighbouring property came on the market as they wished to establish it as an organic bed and breakfast given the shortage of such accommodation in the town.



Investors may obtain a free copy of our investment statement and registered prospectus from our office.

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Council for Socially Responsible Investment

The Council for Socially Responsible Investment (CSRI) was established as a result of interest by a number of Churches in exploring the issue of ethical investing. In particular they were interested in looking for ways in which the different Churches own investment funds could be invested more in line with their underlying social and moral priorities.

In most western economies socially responsible (or ethical) investment has been attracting significant attention and showing strong growth for some time. Indeed, in the UK and the US it has been one of the outstanding growth sectors in the financial markets over the past 10-15 years. In these two countries in particular that impetus was fostered and led by strong involvement and commitment from religious groups.

In New Zealand ethical investment has been much slower to gain public awareness and remains a very modest niche sector. The aim of CSRI is to raise the profile of the issue and to inform and assist interested Churches, Community Trust's, Maori Trusts and other investors to move toward adopting social and environmental responsibility as key tenets of their investment strategies.

To advance awareness and prompt action on a larger scale CSRI's Robert Howell undertook research last year on the investment portfolios of the Crown Financial Institutions (The ACC Fund, The Earthquake Fund, NZ Super Fund etc.). He was disturbed to find that a number of companies involved in a range of very questionable activities were heavily represented across these funds portfolios.

In early December last year CSRI held a one-day conference at which Minister of Finance Michael Cullen and Opposition Finance Spokesman John Key both gave speeches. The focus of the conference was on the investment policies of the Crown Financial Institutions (CFI's) and whether they are paying sufficient attention to their current legislated obligation not to invest in ways that risk New Zealand's international reputation.

This issue has received significant press coverage of late, with CSRI pushing strongly for the 'reputation criteria' that the CFI's operate under to be replaced with a stronger mandate requiring a greater focus on social and environmental criteria. This would put them in line with the obligations of a growing number of similar state institutions throughout the western world. From Prometheus' viewpoint anything that raises these questions and lifts the profile of ethical investment is welcome and to be encouraged and we hope that the CFI's take this issue seriously and move to amend their investment policies accordingly.

For more information about CSRI please visit their website: www.csri.org.nz