

from 10s. to 15s. per acre. The purchasers of the 19,500 acres lately sold to the Government, however, average £1 per acre, and, assuming this to be the value of the freehold (subject to lease), the position would appear as follows:—

Mr. Hunter's valuation (£104,750)	...	...	...	£104,750
Deduct amount to extinguish Native interest on 30,754 acres, less				
1,000 acres bought by Hamilton, 29,754 acres at £1	...	...	...	29,754
				<u>£74,996</u>

This amount being the estimated value as security for advances totalling £63,447. At this time litigation was commenced by certain Native owners in respect of the validity or otherwise of the lease, but proceedings were suspended for some time, and, notwithstanding that the bank made application to the Court to compel the continuance or withdrawal of the action, the case was allowed to lapse; but at the time the bank sold under its powers the title (lease) was practically under challenge. The position that had to be considered, therefore, was that the margin of security over the debt was only £6,549, and as the valuation included stock, the values of which were of a fluctuating character, and the lease was being attacked, the bank was justified in forcing a sale even if it was not (as it asserts it was) within its right to call up its advances in terms of the contract. Mr. Hamilton has not shown that he, at any rate, protested against the sale or the calling-up of the advances, but, on the contrary, he had endeavoured unsuccessfully to raise money elsewhere to pay off, and in March, 1889, just prior to the sale, arranged for the Northern Investment Company's offer of £40,000, which was declined, as follows—viz., "Quite impossible that offer could be entertained unless a guarantee forthcoming for amount you propose securing by second mortgage." The interest charged during the period of the advances varied, but did not exceed 8 per cent. per annum. Mr. Hamilton states that paragraph 1 of the petition is substantially correct. The bank denies that in or prior to March, 1889, it valued the Mangatoro securities at £180,000, or that it has ever been increased beyond this figure. The bank admits section No. 2, but in respect of the "short notice of sale" the procedure was subject to and with the approval of the Registrar of the Supreme Court. As regards section No. 3 the bank denies the accuracy of the figures. As regards section No. 4, the bank held the property till 15th August, 1890, when it, with other properties which had fallen into the hands of the bank, became vested in the Bank of New Zealand Estates Company, which had just been formed for the purpose of taking over these dependencies, and from this date the Estates Company executive controlled. During the twelve months 1899–1900 the bank practically held the property at the option of Mr. Hamilton for redemption purposes, as is evidenced by the renewed offer of £40,000 by the Northern Investment Company in August, 1889, which was declined. As regards section No. 4, the statement that nothing but the income was spent on the property is denied; as a fact since 1890 (the date on which the Bank of New Zealand Estates Company took over) the expenditure has aggregated £71,651, viz.:—

On permanent improvements—				£	s.	d.	£	s.	d.
1891	...	...	...	10,823	8	2			
1892	...	...	...	2,250	9	2			
1893	...	...	...	2,174	2	11			
1894	...	...	...	5,996	6	7			
1895	...	...	...	3,310	3	0			
1896	...	...	...	1,266	7	5			
1897	...	...	...	1,846	6	6			
1898	...	...	...	1,938	0	5			
1899	...	...	...	2,606	4	6			
1900	...	...	...	1,329	9	1			
1901	...	...	...	257	19	7			
1902	...	...	...	945	19	11			
							34,744	17	3
On purchase of freehold, 19,607 acres—				£	s.	d.	£	s.	d.
1891	...	...	...	2,330	17	8			
1892	...	...	...	3,892	13	1			
1893	...	...	...	724	2	0			
1894	...	...	...	3,004	2	7			
1895	...	...	...	2,945	11	7			
1896	...	...	...	5,554	8	8			
1897	...	...	...	714	17	4			
							19,166	12	11
							53,911	10	2
And the increased stock and its value and implements amounts to				...	...	...	17,740	0	0
							71,651	10	2

The average profits from 1900 to 1902 have been £8,450 per annum, = 8 per cent. on average of debt (say) £105,000. Subsequent to the formation of the Bank of New Zealand Estates Company a valuation was made by the Hon. J. B. Whyte, in May, 1890, who, on a prospective estimate, valued the security at £139,000, and at this figure it was taken over by the Bank of New Zealand Estates Company, and controlled and managed by that company until the banking legislation of