
Parties

TE RŪNANGA O NGĀI TAHU

and

HER MAJESTY THE QUEEN

in right of New Zealand

DEED OF SETTLEMENT
SECTION 7

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ATTACHMENT 7.1 AVAILABLE CROWN FORESTRY ASSETS
(Clause 7.1, Definition of Available Crown Forestry Assets)

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ATTACHMENT 7.3 AORAKI FOREST DOCUMENTATION AND VALUATION
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(Attachment 7.5, paragraph 2)



SECTION 7 : TRANSFER OF FORESTRY ASSETS**7.1 DEFINITIONS**

In this Section and the Attachments to this Section:

Adjustment Date means the next Business Day after the expiration of the period of 165 Business Days commencing on the Legislation Date;

Aoraki Forest means any one of the six forests described in *paragraph 4 of Attachment 7.1*;

Available Crown Forestry Assets means those assets described in *Attachment 7.1*;

Business Day means a day (other than Saturday or Sunday) on which registered banks are open for normal banking business in Wellington and Christchurch but shall exclude any day in the period commencing 25 December in any year and ending on 5 January in the following year and shall be deemed to commence at 9.00 am and to terminate at 5.00 pm;

CFM means Crown Forestry Management Limited, the manager for the Crown of each Aoraki Forest;

Crown means Her Majesty the Queen in right of New Zealand and where the context permits, includes a Crown Body;

Crown Body means the Crown or a Crown Entity or a State Enterprise or any company which is wholly owned by a Crown Entity or a State Enterprise;



Crown Entity has the meaning given to it in section 2(1) of the Public Finance Act 1989 and includes the New Zealand Railways Corporation;

Crown Forest Land has the meaning given to it in section 2 of the Crown Forest Assets Act 1989;

Crown Forestry Licence has the meaning given to it in section 2 of the Crown Forest Assets Act 1989;

Crown Forestry Rental Trust means the forestry rental trust established under the Crown Forest Assets Act 1989;

this Deed means this Deed of Settlement, including the Attachments and Schedules to it;



Deed Date means the date on which this Deed was signed by both parties to it;

Documentation and Valuation Completion Date means the next Business Day after the date of expiration of the period of 227 Business Days commencing on the Legislation Date;

Final Selection Date means the next Business Day after the expiration of the period of 247 Business Days commencing on the Legislation Date;

Final Transfer Date means, in respect of any Forestry Asset, the next Business Day after the expiration of the period of 309 Business Days commencing on the Legislation Date or any earlier date agreed upon by the Crown and Te Rūnanga;

Forestry Assets means those Potential Forestry Assets that Te Rūnanga selects to acquire in accordance with *clause 7.3.11*;

Forestry Asset Transfer means the transfer or other instrument vesting in Te Rūnanga the title to any Forestry Assets that Te Rūnanga acquires from the Crown, which may or may not incorporate a Forestry Right;

Forestry Documentation means the documents to be agreed or determined in respect of any Forestry Right and any Forestry Asset Transfer during the documentation process as described in *clauses 7.3.7 and 7.3.8*;

Forestry Right means, in respect of any Aoraki Forest, the Ngāi Tahu Crown Forestry Licence or any other lease, licence or other form of tenure to be granted or reserved by the Crown to Te Rūnanga, or vice versa by Te Rūnanga to the Crown, to enable one party to exercise rights over the Trees or Land owned or to be owned by the other party, and includes any lease or tenancy in respect of any buildings from Te Rūnanga to the Crown, and vice versa;

Forestry Right Market Rental is the amount, exclusive of GST, which:

- (a) the Available Crown Forestry Asset subject to a Forestry Right (including a Ngāi Tahu Crown Forestry Licence) might be expected to lease on the Deed Date, subject to the specific Forestry Right terms and conditions, by a willing grantor to a willing grantee in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion; and
- (b) is to be determined by first ascertaining the current market rental for the Land, as if no Forestry Right nor any other interest did exist, and, next, by



making adjustments (if any) to such rental so as to take into account the specific Forestry Right terms and conditions;

Fundamental Terms means the fundamental terms referred to in *Paragraph 2 of Attachment 7.5*;

GST means Goods and Services Tax;

Improvements in relation to any Land either acquired by Te Rūnanga or retained by the Crown means all improvements on, or associated with, the Land as at any relevant date, when it is necessary to identify or value any improvements, and includes:

- (i) all buildings and other structures affixed to the Land (but excludes any buildings or structures and any moveable huts or caravans owned by any third party); and
- (ii) all roads, tracks, accessways, airstrips, firebreaks, bridges, culverts, irrigation works, erosion works, water-races, drainage works, water storage and all works related to the prevention, detection or fighting of fire,

but does not include work done on or for the benefit of the Land by any owner, occupier or user thereof whether before or after such relevant date in:

- (a) the draining, excavation, filling, reclamation or stabilising of the Land, or the making of retaining walls or other works appurtenant to that draining, excavation, filling, reclamation or stabilising;
- (b) the grading or levelling of the Land or the removal of rocks, stone, sand or soil therefrom;
- (c) the removal or destruction of vegetation, or the effecting of any change in the nature or character of the vegetation;
- (d) the alteration of soil fertility or the structure of the soil; or
- (e) the arresting or elimination of erosion or flooding,

and also excludes any improvements (such as, but not limited to, fences, water tanks, and related items) which have been placed on the Land by holders of current grazing or similar licences where such holder is entitled, in accordance with the terms of their licence, to remove such improvements at the expiration thereof;



Independent Expert means a person appointed in accordance with *clause 7.6*, as an independent expert to resolve differences between the parties;

Initial Forestry Right Market Rental means a Forestry Right Market Rental determined during the initial valuation process described in *clauses 7.3.7* and *7.3.8*;

Initial Selection Date means the next Business Day after the expiration of the period of 41 Business Days commencing on the Legislation Date;

Initial Transfer Value means a Market Value agreed or determined during the initial valuation process as described in *clauses 7.3.7* and *7.3.8*;

Key Date means any one or more of the Initial Selection Date, the Adjustment Date, the Documentation and Valuation Completion Date, the Final Selection Date and the Final Transfer Date;

Land where the Land is under separate ownership from the Trees and Improvements excludes:

- (a) all Trees growing or standing or, in the case of windthrow, lying on the Land; and
- (b) all Improvements that have been acquired by any purchaser of the Trees on that Land or made thereafter by the purchaser of such Trees;

Legislation Date means the date on which this Deed becomes unconditional;

Licensed Land means any Crown Forest Land that is subject to a Crown Forestry Licence;

Marginal Strip has the meaning given to it in section 2 of the Conservation Act 1987;

Market Value is the amount, exclusive of GST, for which a Potential Forestry Asset might be expected to exchange, on the Deed Date, between a willing buyer and a willing seller, in an arm's length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion. In applying this definition to any Potential Forestry Asset, the following matters shall be taken into account:

- (a) the Fundamental Terms for the Potential Forestry Asset (including any warranties given or not given in respect of the Potential Forestry Asset)



other than the possession and settlement dates which should be assumed to be the Deed Date;

- (b) the Fundamental Terms of any Forestry Right or the terms and conditions of any existing Crown Forestry Licence over the Potential Forestry Asset; and
- (c) any encumbrances or interests affecting or benefiting the Potential Forestry Asset appearing or to be shown on the title to the Potential Forestry Asset or as disclosed in writing by the Crown;

Ngāi Tahu Crown Forestry Licence means a Forestry Right in respect of Aoraki Forest Land to be granted to Te Rūnanga or reserved to the Crown as the case may be pursuant to *clauses 7.5.6 or 7.5.7*;

Potential Forestry Assets means those Available Crown Forestry Assets that Te Rūnanga on an indicative non-binding basis notifies the Crown it is interested in acquiring in accordance with *clause 7.3.3(a)*;

RFR means the right of first refusal provided by the Crown to Te Rūnanga set out in *Section 9* (Rights of First Refusal);

Settlement Legislation means the bill referred to in *Section 17* (Conditions and Legislation) and, where the bill has become law, means, if the context requires, the Act resulting from the passing of such bill;

State Enterprise has the meaning given to it in section 2 of the State-Owned Enterprises Act 1986;

Te Rūnanga means Te Rūnanga o Ngāi Tahu, established under section 6 of Te Rūnanga o Ngāi Tahu Act 1996;

Transfer Value in respect of any Forestry Asset has, subject to the Fundamental Terms, the meaning set out in *clauses 7.3.7 to 7.3.11*; and

Trees means all the trees growing or standing or, in the case of windthrow, lying on land (but excluding logs unless otherwise agreed) that have either been acquired by Te Rūnanga or retained by the Crown, as the case may be, as at any relevant date and all other trees thereafter growing or standing or, in the case of windthrow, lying on the land.



7.2 BACKGROUND

7.2.1 Action before Deed Date

The Crown and Te Rūnanga have, prior to the Deed Date (*Stage 1*):

- (a) identified the Available Crown Forestry Assets which Te Rūnanga may on an indicative non-binding basis initially select as Potential Forestry Assets and, if so selected, later may be chosen as Forestry Assets. If this Deed becomes unconditional, the Crown shall transfer (or procure the transfer of) the Forestry Assets to Te Rūnanga in accordance with the relevant provisions of this Deed; and
- (b) agreed on the Fundamental Terms applicable to the appropriate Potential Forestry Assets.

7.2.2 Seven Stage Process

The Crown and Te Rūnanga have agreed on a seven stage process (including Stage 1 referred to in *clause 7.2.1*) by which:

- (a) **Stage 2 - Disclosure** the Crown shall disclose relevant information on the Available Crown Forestry Assets to Te Rūnanga and shall permit Te Rūnanga to inspect those assets and panels of Independent Experts will be established;
- (b) **Stage 3 - Initial Selection** if this Deed becomes unconditional Te Rūnanga shall notify the Crown of:
 - (i) its indicative non-binding selection (including any combination of selection units, sub-units and/or stands) of Available Crown Forestry Assets that it is at the time of such notification interested in acquiring (which will as a consequence be classed as Potential Forestry Assets); and
 - (ii) any further terms and conditions that it will be seeking to have included in a Forestry Right or a Forestry Asset Transfer in addition to the Fundamental Terms;
- (c) **Stage 4 - Documentation and Initial Valuation** the Crown and Te Rūnanga shall agree, or shall have determined, various issues relating to the grant or reservation by the Crown to Te Rūnanga (or vice versa) of Forestry Rights, the form and content of Forestry Documentation and the Initial Transfer Values and Initial Forestry Right Market Rentals for the Potential Forestry Assets;



- (d) **Stage 5 - Adjustment** the Crown and Te Rūnanga shall, if required, agree, or shall have determined, any adjustment to any Initial Transfer Value or any Initial Forestry Right Market Rental in order to establish the Transfer Value and/or the Forestry Right Market Rental of each Potential Forestry Asset;
- (e) **Stage 6 - Final Selection** Te Rūnanga shall select the Potential Forestry Assets which it wants to acquire (which will as a consequence be classed as Forestry Assets); and
- (f) **Stage 7 - Transfer** the Crown shall transfer to Te Rūnanga, or procure the transfer to Te Rūnanga of the Forestry Assets and Te Rūnanga shall acquire those assets in accordance with the provisions of this Section.

7.3 THE PROCESS STAGE BY STAGE

Stage 2 - Disclosure

7.3.1 Provision of Information

As soon as practicable after the Deed Date, but no later than 21 Business Days after that date, the Crown shall provide, or procure the provision of, the information set out in *Attachment 7.2* to Te Rūnanga to enable Te Rūnanga to make its selection referred to in *clause 7.3.3*. Subject to the disclaimer set out in *paragraph 4* of *Attachment 7.2*, the Crown undertakes to use its best endeavours to disclose to Te Rūnanga all material information in a timely manner including any information that would be material to Te Rūnanga's interest in Available Crown Forestry Assets that comes to the knowledge of the Crown subsequent to that initial disclosure and prior to the Final Selection Date (i.e. the next Business Day after the date of expiration of the period of 247 Business Days commencing on the Legislation Date).

7.3.2 Panels of Independent Experts

During the period of 62 Business Days after the Deed Date, the Crown and Te Rūnanga shall initiate, follow and complete the process set out in *clause 7.6* to establish panels of relevant Independent Experts who may be called upon to resolve disputes between the parties in accordance with the provisions of this Section.

Stage 3 - Initial Selection

7.3.3 Indicative Non-Binding Selection

No later than the Initial Selection Date (i.e. the next Business Day after the date of expiration of the period of 41 Business Days commencing on the Legislation Date) Te Rūnanga shall provide the Crown with:



- (a) an indicative non-binding selection of the Available Crown Forestry Assets that it is interested at that time in acquiring. In making that selection Te Rūnanga:
- (i) may, in respect of any Aoraki Forest, select:
 - (aa) either Land, or Trees, or Land and Trees;
 - (bb) any combination of selection units described in *paragraph 4 of Attachment 7.1* that comprise any Aoraki Forest which combination is consequently to be treated as one selection unit for all purposes of this Section;
 - (cc) subject to *paragraphs 2 and 3 of Attachment 7.3*, any combination of sub-units that comprise any selection unit referred to in *clause 7.3.3(a)(i)(bb)* which combination is consequently to be treated as a selection unit for all purposes of this Section; and/or
 - (dd) in the case of Trees associated with any Aoraki Forest, subject to *paragraph 2.3.2 of Attachment 7.1*, any combination of groups of stands described in *paragraph 2.3.1 of Attachment 7.1*, and any such combination of groups of stands is consequently to be treated as a selection unit for all purposes of this Section;
 - (ii) subject to *paragraphs 1 and 2 of Attachment 7.4*, may, in respect of any Licensed Land, select any combination of selection units described in *paragraph 3 of Attachment 7.1* and which combination is consequently to be treated as one selection unit for all purposes of this Section; and
 - (iii) shall otherwise follow the selection principles set out in *paragraph 2 of Attachment 7.1*; and
- (b) the particulars of any further terms and conditions that it would seek to have included in any Forestry Documentation in addition to the Fundamental Terms.

7.3.4 Potential Forestry Assets

Any Available Crown Forestry Assets that are included in any indicative non-binding selection referred to in *clause 7.3.3(a)* shall be classed for the purposes of this Section as Potential Forestry Assets.



7.3.5 Later Inclusion of Potential Forestry Assets

Any Available Crown Forestry Assets, that are not included in any indicative non-binding selection referred to in *clause 7.3.3(a)*, may, nevertheless, by notice from Te Rūnanga to the Crown, be included as Potential Forestry Assets, at any time prior to the Adjustment Date (i.e. the next Business Day after the date of expiration of the period of 165 Business Days commencing on the Legislation Date). If any such notice is given, the Crown and Te Rūnanga shall jointly determine the timetable for applying Stages 4 and 5 to the Available Crown Forestry Assets listed in such notice.

7.3.6 Sample Audit

No later than 21 Business Days after the Initial Selection Date, Te Rūnanga may complete a random sample audit of the Potential Forestry Assets for the purpose of verifying the accuracy of the information supplied by the Crown to Te Rūnanga pursuant to *clause 7.3.1*. If this audit reveals any material inaccuracies in the information so supplied, then Te Rūnanga shall provide the Crown with the results of the audit to enable the Crown to verify the audit results. If the inaccuracies are verified, the Crown shall at its cost correct the information as soon as possible.

Stage 4 - Documentation and Initial Valuation

7.3.7 Initial Procedures for Aoraki Forests

No later than the Adjustment Date, the Crown and Te Rūnanga shall initiate, follow and complete or procure the completion of the procedures set out in Part I of *Attachment 7.3* to determine the Initial Transfer Values and the Initial Forestry Right Market Rentals and the terms and conditions of the Forestry Documentation for any Aoraki Forest Land and/or Trees notified as a Potential Forestry Asset.

7.3.8 Initial Procedures for Licensed Land

No later than the Adjustment Date, the Crown and Te Rūnanga shall initiate, follow and complete or procure the completion of the procedures set out in Part I of *Attachment 7.4* to determine the Initial Transfer Values and the terms and conditions of the Forestry Documentation for any Licensed Land notified as a Potential Forestry Asset.

Stage 5 - Valuation Adjustment

7.3.9 Procedures for Potential Forestry Assets

No later than the Documentation and Valuation Completion Date (i.e. the next Business Day after the date of expiration of the period of 227 Business Days commencing on the Legislation Date) the Crown and Te Rūnanga shall initiate, follow and complete or procure the completion of the procedures set out in *clause 7.3.10* in order to determine the respective Transfer Values, Forestry Right Market Rentals and Forestry Documentation for each Potential Forestry Asset. The intent



of this Stage 5 is to allow the Initial Transfer Value or the Initial Forestry Right Market Rental or Forestry Documentation to be:

- (a) reduced (in the case of the Initial Transfer Value or the Initial Forestry Right Market Rental) or varied (in the case of Forestry Documentation) if the physical state of a Potential Forestry Asset on the Adjustment Date is different (excluding growth of Trees) from that assumed in the Initial Transfer Value or Initial Forestry Right Market Rental or Forestry Documentation and if that difference had been so assumed, the Initial Transfer Value and/or the Initial Forestry Right Market Rental would have been lower and/or the Forestry Documentation would have been different;
- (b) increased (in the case of the Initial Transfer Value or the Initial Forestry Right Market Rental) or varied (in the case of Forestry Documentation) if the physical state of the Potential Forestry Asset on the Adjustment Date is different (excluding natural growth of Trees but not excluding additional growth of Trees directly resulting from or directly attributable to actions by the Crown in managing the Trees) from that assumed in the Initial Transfer Value or the Initial Forestry Right Market Rental or Forestry Documentation, and if that difference is attributable to actions by the Crown in managing the Potential Forestry Assets which depart from the Asset Maintenance provisions in *clause 7.7*, but such departure has been notified to Te Rūnanga, pursuant to *clause 7.7.1(b)* and has not been objected to by Te Rūnanga, pursuant to *clause 7.7.2*. Any such increase in any Initial Transfer Value shall be separately identified and shall be irrelevant to and fall outside of the requirements of *clause 8.3*;
- (c) changed if Te Rūnanga elects to add or delete any of the stands of Aoraki Forest Trees making up a Potential Forestry Asset, pursuant to *paragraph 2.3.2 of Attachment 7.1*, and if that election results in a change to the Initial Transfer Value and/or Initial Forestry Right Market Rental and/or the Forestry Documentation; and/or
- (d) changed where, in the case of any Licensed Land, that is a Potential Forestry Asset, a licence fee review is completed following the determination of Initial Transfer Value for that Licensed Land, in which case the provisions of *clause 7.9.3* and *paragraph 22 of Attachment 7.4* shall apply.

7.3.10 Different Procedures for Aoraki Forests and Licensed Land

The adjustment procedures with respect to the Aoraki Forests are set out in *Part II of Attachment 7.3* and with respect to Licensed Land are set out in *Part II of Attachment 7.4*.



Stage 6 - Final Selection**7.3.11 Notification of Selection**

No later than the Final Selection Date, Te Rūnanga shall notify the Crown of the Potential Forestry Assets which it has selected to acquire. If that final selection notice is given, the Potential Forestry Asset, the subject of the final selection notice, shall for the purpose of this Deed become classed as a Forestry Asset. In such event, the Transfer Value and/or the Forestry Right Market Rental of such Forestry Asset shall become (as the case may be, but subject to the Fundamental Terms) the purchase price for the purpose of completing that detail in *Attachment 7.6* or the licence fee for the purpose of completing that detail in *Attachment 7.7*.

7.3.12 Deemed Rejection

If no notice of such final selection is given by the Final Selection Date then that Potential Forestry Asset shall be deemed to have been rejected by Te Rūnanga but nevertheless shall still come within the category of assets that are subject to RFR.

Stage 7 - Transfer**7.3.13 Transfer by Crown**

No later than the Final Transfer Date (i.e. the next Business Day after the date of expiration of the period of 309 Business Days commencing on the Legislation Date or any earlier date agreed upon by the Crown and Te Rūnanga in respect of any Forestry Asset), the Crown shall transfer or procure the transfer of the Crown's estate, right, title and interest in each Forestry Asset (and in the case of Land a fee simple estate therein) to Te Rūnanga in return for, and in consideration of, the payment by Te Rūnanga of the Transfer Value determined for that Forestry Asset.

7.3.14 Terms of Transfer

The terms and conditions on which each Forestry Asset shall be so transferred by the Crown and accepted by Te Rūnanga shall be those specified in the relevant Forestry Asset Transfer in the form and with the terms and conditions determined in accordance with the procedure referred to in *clauses 7.3.7 to 7.3.10* with such amendments, if any, as may be agreed between the Crown and Te Rūnanga.

7.3.15 Terms of Forestry Rights

Where a Forestry Right is either to be granted or reserved by the Crown to Te Rūnanga, or vice versa, as the case may be, the relevant Forestry Asset Transfer shall incorporate, or be accompanied by, the appropriate grant or reservation in the form and on the terms and conditions determined in accordance with the procedure referred to in *clauses 7.3.7 to 7.3.10*.



7.3.16 Additional Assets

No later than the Final Transfer Date, the Crown and Te Rūnanga shall initiate, follow and complete, or procure the completion of, the procedures set out in *Part III of Attachment 7.3* to determine the allocation, disposal or retention (as the case may be) and, where appropriate, the Transfer Value and Forestry Documentation and rights of use, of any additional assets owned by the Crown, and used or associated with the management of any Aoraki Forest Land or Trees, notified as a Potential Forestry Asset.

7.4 FURTHER INFORMATION AND INSPECTION OF ASSETS

7.4.1 Additional Information

At any time during any of Stages 2, 3, 4 and 5, and without limiting any obligations on the Crown under *clause 7.3.1*, Te Rūnanga shall be entitled to seek from the Crown, any information concerning the Available Crown Forestry Assets, additional to that already provided, which Te Rūnanga reasonably requires to enable it to make the decisions or selections contemplated during or at the end of those Stages. If the Crown possesses such additional information, which it is able to disclose, or if the Crown is able to procure such additional information from and with the consent of any third party, then the Crown shall, as soon as practicable (having regard to the processes set out in this Section and Key Dates) provide to Te Rūnanga, or allow Te Rūnanga to inspect, such additional information that it possesses and is able to disclose or has been able to procure from such third party.

7.4.2 Limited Use of Additional Information

All information provided by the Crown to Te Rūnanga at any time under this Section, shall be used by Te Rūnanga and its advisers, only for the purposes contemplated by this Deed and for no other purpose.

7.4.3 Confidentiality Assurances

Where the Crown is unable to provide to Te Rūnanga information under this Section without any further reasonable assurances of confidentiality in favour of the Crown or third parties, then Te Rūnanga and its advisers shall provide appropriate reasonable assurances. Such assurances shall not preclude disclosure by Te Rūnanga of such information to any other person which has given assurances to the same effect as those provided by Te Rūnanga, unless the Crown reasonably objects to such person and the Crown has given notice to that effect to Te Rūnanga.

7.4.4 Inspection

The Crown shall, subject to the consent of any occupier whose consent is required, permit Te Rūnanga, its valuers and other relevant advisers, to inspect the Available Crown Forestry Assets subject to:



- (a) during the period from the Deed Date until the Initial Selection Date, inspection may be made of any of the Available Crown Forestry Assets;
- (b) during the period from the Initial Selection Date until the Final Selection Date, inspections shall be limited, unless the Crown agrees otherwise (which agreement shall not be unreasonably refused) to the Potential Forestry Assets;
- (c) from the Final Selection Date, inspections shall be limited to the Forestry Assets;
- (d) inspections shall, unless the Crown and/or the occupier and/or the manager agrees otherwise, be limited to reasonable times of the day;
- (e) prior to any inspection (which may extend over a period of several days) Te Rūnanga shall advise the occupier or manager of the asset of the expected duration and location of the inspection. The occupier or manager may require any particular inspection to be rescheduled (to the earliest suitable alternative date) upon reasonable grounds relating to health and safety of people living or working in or on the relevant asset or upon reasonable grounds relating to the protection and security of the asset;
- (f) Te Rūnanga shall, in making any inspection, comply with the requirements of the occupier or manager of the asset relating to health and safety of people living or working in or on the asset and relating to the protection and security of the asset; and
- (g) Te Rūnanga shall, in making any inspection, take all reasonable precautions to prevent damage or danger to any asset.


7.4.5 Change in Position - Licence Fee Review

The Crown shall advise Te Rūnanga if, at any time after the provision of information pursuant to *clause 7.3.1*, there is a material change in the position previously taken by either the Crown or the licensee in any review of the licence fee of any Licensed Land. With effect from the Initial Selection Date, such advice will be restricted to Licensed Land which has become a Potential Forestry Asset. From the Final Selection Date the provisions of *clause 7.9.3* shall apply.

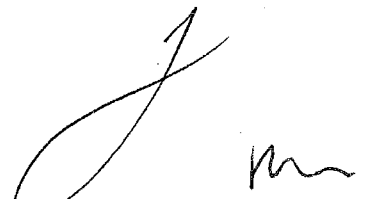
7.5 LEGISLATIVE CHANGES

The Crown agrees that the Settlement Legislation shall:

- 7.5.1 provide that neither of the following will constitute a subdivision of land for the purposes of Part X of the Resource Management Act 1991:



- (a) the transfer of any Forestry Asset to Te Rūnanga pursuant to *clause 7.3.13* of this Deed; and
 - (b) the grant of a Forestry Right over any Trees in the Aoraki Forests;
- 7.5.2 provide that the laying out or forming, granting or reserving of any private road, private way or right of way that may be required for the purposes of this Section shall not require the prior permission of any council under section 348 of the Local Government Act 1974;
- 7.5.3 provide that any Crown Forest Land that is not subject to a Crown Forestry Licence, but which is to be transferred to Te Rūnanga pursuant to *clause 7.3.13*, shall be deemed to be licensed land for the purposes of section 8HB of the Treaty of Waitangi Act 1975;
- 7.5.4 provide that any transfer of any Crown Forest Land to Te Rūnanga, pursuant to *clause 7.3.13*, shall be deemed to have been made pursuant to a final recommendation by the Waitangi Tribunal under section 8HB(1)(a) of the Treaty of Waitangi Act 1975 for the return of the land to Maori ownership, except that the provisions of section 36(1)(b) of the Crown Forest Assets Act 1989 shall not apply. By way of explanation the consequences of such deemed final recommendation include:
- (a) the land shall be transferred to Te Rūnanga with effect from the date that the relevant section in the Settlement Legislation comes into force;
 - (b) no compensation shall be paid by the Crown to Te Rūnanga pursuant to section 36(1)(b) of the Crown Forest Assets Act 1989;
 - (c) the Crown shall issue notices to the licensee of any relevant Crown Forestry Licence over the land pursuant to section 17(4) of the Crown Forest Assets Act 1989;
 - (d) Te Rūnanga shall be entitled to receive payment of:
 - (i) the Crown Forestry Licence fees held by the Crown Forestry Rental Trust as at the Final Transfer Date in accordance with the provisions in the Trust Deed dated 30 April 1990 establishing that Trust; and



(ii) any Crown Forestry Licence fees held by the Crown as at the Final Transfer Date that have not been paid by the Crown to that Trust; and

(e) Te Rūnanga shall become the licensor of the relevant Crown Forestry Licence and shall be entitled to receive the licence fees directly from the licensee of any relevant Crown Forestry Licence for the remaining term of the relevant Crown Forestry Licence;

7.5.5 provide that where any Licensed Land which is an Available Crown Forestry Asset is not transferred to Te Rūnanga, pursuant to *clause 7.3.13*, such Licensed Land shall be deemed to have been the subject of a final recommendation by the Waitangi Tribunal under section 8HB(1)(b) that such Licensed Land not be liable to return to Maori ownership. By way of explanation the consequences of such deemed recommendation include:

- (a) such Licensed Land will remain in Crown ownership;
- (b) the Crown shall issue notices to the licensee of any relevant Crown Forestry Licence advising such licensee that such Licensed Land is not liable for return to Maori ownership and that the licence or that part of it relating to such Licensed Land, not being transferred to Te Rūnanga, is deemed to have been granted for an initial fixed term of 35 years (see section 17(5) of the Crown Forest Assets Act 1989); and
- (c) the Crown shall be entitled to receive payment of the Crown Forestry Licence fees held by the Crown Forestry Rental Trust, relating to such Licensed Land, in accordance with the provisions of the Trust Deed referred to in *clause 7.5.4(d)*, and all subsequent licence fees shall be retained by the Crown and not transferred to the Crown Forestry Rental Trust;

7.5.6 amend the Crown Forest Assets Act 1989 to provide that, where any Land relating to the Aoraki Forests is transferred to Te Rūnanga, pursuant to *clause 7.3.13*, but the Trees (and other Improvements) on such Land are not so transferred, then:

- (a) the Crown shall be deemed to have been granted a Ngāi Tahu Crown Forestry Licence over that part of such Land that is necessary to enable the Crown to continue to protect, manage and harvest those Trees which the Crown has retained;



- (b) the Trees and Improvements retained by the Crown and such Land transferred to Te Rūnanga, shall be regarded as separate assets capable of separate ownership as provided in section 13 of the Crown Forest Assets Act 1989;
- (c) the Crown shall be entitled to transfer the Trees and the Ngāi Tahu Crown Forestry Licence to a Crown Body, but any transfer or assignment of such Licence by that Crown Body will be subject to the RFR;
- (d) section 34 of the Crown Forest Assets Act 1989 shall not apply to any licence fees payable under any Ngāi Tahu Crown Forestry Licence;
- (e) sections 18 to 28 of the Crown Forest Assets Act 1989 shall not apply to any Ngāi Tahu Crown Forestry Licence; and
- (f) the licence fee, terms and conditions of the Ngāi Tahu Crown Forestry Licence to be granted to the Crown shall be determined in accordance with the procedures set out in *clauses 7.3.7 to 7.3.11*. Where they vary from the terms and conditions of a Crown Forestry Licence as set out in the Crown Forest Assets Act 1989 then the terms and conditions determined in this Deed shall prevail but otherwise that Act shall prevail;

7.5.7 amend the Crown Forest Assets Act 1989 to provide that, where any Trees and Improvements relating to any Aoraki Forest are transferred to Te Rūnanga, pursuant to *clause 7.3.13*, but the underlying Land is not so transferred, then Te Rūnanga shall be granted a Ngāi Tahu Crown Forestry Licence in the same manner as set out in *clause 7.5.6*;

7.5.8 provide that, notwithstanding sections 35 and 37 of the Crown Forest Assets Act 1989, and subject to *Section 8* (Transfer of Assets (General)) and *Section 9* (Rights of First Refusal), the Crown shall, if it so wishes, be entitled to sell or dispose of any Crown Forest Land, whether licensed or not, that is an Available Crown Forestry Asset and which does not become a Forestry Asset pursuant to *clause 7.3.11*;

7.5.9 enable the grant of covenants by the Crown to complete the survey, deposit any survey plan or adduce clear title of any Forestry Asset that is to be transferred to Te Rūnanga, such as the covenants contained in *clause 4.3* of Part II of *Attachment 7.6*;



7.5.10 provide that the provisions set out in subsection (6) of section 24H of the Conservation Act 1987 apply to:

- (a) the holder of a Ngāi Tahu Crown Forestry Licence granted or reserved under this Section; and
- (b) Te Rūnanga, in cases where it acquires from the Crown any Land and Trees, and it is not necessary to grant or reserve any Ngāi Tahu Crown Forestry Licence, as if Te Rūnanga was deemed to be a licence holder for the purposes of section 24H; and

7.5.11 provide that the Minister of Conservation may grant any easements which the Minister is required to grant to enable the Crown to comply with *clause 4.7 of Attachment 7.6* on the terms set out in that clause.

7.6 INDEPENDENT EXPERTS

7.6.1 Categories of Independent Expert

The various stages of the procedures set out in *clause 7.3* require reference to Independent Experts in situations where the parties cannot reach agreement within a specified period of time. The experts which may be required for this process are:

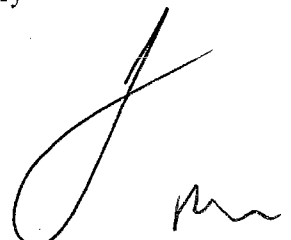
- (a) forestry expert to resolve whether or not:
 - (i) the selection units of Licensed Land referred to in *paragraph 1.1.1* of *Attachment 7.1* initially selected by Te Rūnanga do not satisfy the criteria set out in *paragraph 2.1.1* of *Attachment 7.2*; and
 - (ii) the Aoraki Forest Land sub-units defined by Te Rūnanga meet the criteria set out in *paragraph 2.2.2* of *Attachment 7.1*;
- (b) documentation expert to resolve the terms and conditions of any Forestry Documentation;
- (c) land valuation expert to determine the value of any Land and/or buildings or any Forestry Right Market Rental;
- (d) forest valuation expert to determine the value of any Trees or the impact on the value of Land of any Forestry Right or Crown Forestry Licence; and
- (e) general valuation expert to determine the value of any plant, equipment or similar assets.



7.6.2 Establishment of Panels of Independent Experts

Panels of Independent Experts to be used for this process shall be chosen as follows:

- (a) no later than 21 Business Days after the Deed Date each party shall provide to the other party a list nominating up to five independent experts for each of the categories (a) to (e) set out in *clause 7.6.1*. Each nominated person shall have no conflicts of interest, be appropriately qualified and experienced, registered or recognised by the relevant professional body and shall have no interest in the outcome of the determination. Any person may, if suitably qualified, be nominated for more than one category. Each nominated expert shall previously have been approached by the nominating party to determine if the expert consents to nomination, is free of conflicts of interest at the time of nomination and is, at the time of nomination, expected to be available at the appropriate time for the task;
- (b) on receipt of the nominations, the receiving party may challenge any one or more of the other party's nominations but only on the grounds (which shall be established) of lack of experience, qualifications or professional registration or recognition or of conflicts of interest. If the grounds for the challenge are substantiated and accepted by the nominating party, the nominated expert shall not be included in the panel and the nominating party may, within 5 Business Days of the grounds being so accepted, nominate a replacement (who may be challenged in the same manner);
- (c) if, after following the process set out in *clauses 7.6.2(a) and 7.6.2(b)*, a panel of at least three experts for each category has not been established within 41 Business Days after the Deed Date, or if the parties are in dispute over challenges to the nominated experts, the matter shall be referred to the president of the appropriate professional body. Such president shall be requested to nominate, within 62 Business Days after the Deed Date, such additional experts as may be necessary to have a minimum of three experts of each category. The president's nominations may include any expert previously challenged by either party and shall not be subject to challenge by either party; and
- (d) the appropriate professional bodies referred to in *clause 7.6.2(c)* are:
 - (i) the New Zealand Law Society in the case of the documentation experts;
 - (ii) the New Zealand Institute of Forestry Inc in the case of the forestry and forest valuation experts;



- (iii) the New Zealand Institute of Valuers in the case of the land and buildings valuations and general valuation experts.

7.6.3 Appointment of Independent Expert

In the event that a matter is required to be referred to an Independent Expert then within 5 Business Days from the date that such requirement arises, the Crown and Te Rūnanga shall:

- (a) agree upon the terms of reference to be given to any Independent Expert;
- (b) establish the then availability of the Independent Experts on the appropriate panel to undertake the required determination within the specified period;
and
- (c) choose one Independent Expert by agreement between the Crown and Te Rūnanga or, if they fail to agree, choose that Independent Expert by lot from those on the panel that are available.

7.6.4 Groups of Assets


If there is more than one group of similar assets which are being referred to expert determination, then, in the interests of meeting deadlines imposed in this Deed, the Crown and Te Rūnanga may agree to appoint separate Independent Experts for each group of such assets. Such separate Independent Experts may confer with each other to facilitate consistency in the treatment of the matter in dispute.

7.6.5 Replacement Appointments

In the event that none of the Independent Experts on the relevant panel is available at the time required, the Crown and Te Rūnanga shall attempt to agree on a replacement Independent Expert but, if agreement is not reached within 5 Business Days from the date that such attempt commences, the Crown and Te Rūnanga shall request the President of the appropriate professional body to make an appointment. The President's appointment shall not be subject to challenge by either party.

7.6.6 Allocation of Issues

Where, in respect of any stage of the documentation, valuation or valuation adjustment processes, the Crown and/or Te Rūnanga anticipate (whether or not any agreement has previously been made under *clause 7.6.4*) that the volume of issues that are likely to be referred to expert determination are such that the timelines in this Section are unlikely to be satisfied, then the parties shall attempt to agree on an allocation of such disputes to the relevant Independent Experts in anticipation of these disputes subsequently arising. Such allocation shall continue




unless and until circumstances change or information becomes available which renders such allocation inappropriate or impracticable.

7.6.7 Terms of Reference

The terms of reference given to any Independent Expert shall require him or her to do the following within 20 Business Days from the date upon which the matter is referred to him or her, or such other period as the Crown and Te Rūnanga and the Independent Expert may agree upon:

- (a) determine the matters in dispute (which determination shall be based on relevant generally accepted commercial forestry, forestry valuation, land valuation or any other relevant industry practices) and, where the matter to be determined is a monetary amount, the amount to be determined shall be within the range between the upper amount and the lower amount to be specified in the terms of reference;
- (b) take into account in such determination such submissions made to the Independent Expert by either the Crown or Te Rūnanga and all information he or she may obtain from other sources;
- (c) keep all information received from any party pursuant to these provisions confidential; and
- (d) taking into account the conduct of the Crown and Te Rūnanga, the circumstances and result of the reference and any other matters the Independent Expert may deem relevant, to require the Crown and Te Rūnanga to make such contribution to the Independent Expert's and the other party's costs and expenses in relation to the reference, as the Independent Expert may determine.

7.6.8 Additional Information

The Independent Expert may request relevant additional information from the Crown or Te Rūnanga who shall, unless constrained by law, comply with such request in a prompt manner to enable the determination to be made by the Independent Expert in accordance with this *clause 7.6*.

7.6.9 Not Arbitrator

The Independent Expert shall act as such and not as an arbitrator (except to the extent provided in *clause 7.6.7(a)*) and his or her determination shall be final and binding on the Crown and Te Rūnanga.



7.6.10 Costs

Subject to *clauses 7.6.7(d)* and *17.2.2*, the Crown and Te Rūnanga shall:

- (a) each bear and be responsible for their own costs and expenses in connection with the reference to the Independent Expert; and
- (b) each pay, within 10 Business Days of the determination, such share of the Independent Expert's costs and expenses as the Independent Expert may award.

7.7 ASSET MAINTENANCE PROVISIONS**7.7.1 Management of Aoraki Forests**

During the period from the Deed Date until the Final Selection Date, the Crown will instruct its manager of the Aoraki Forests, CFM, to manage such forests in accordance with good commercial forestry business practice. To this end the Crown will instruct CFM:

- (a) to provide to Te Rūnanga:
 - (i) no later than 21 Business Days after the Deed Date, a copy of its budget for each Aoraki Forest for the financial year beginning on the 1st of July immediately preceding the Deed Date;
 - (ii) no later than 30 Business Days after the last day of September, December, March and June, during the period from the Deed Date until the Initial Selection Date, a report of progress against budget for each Aoraki Forest, including the period from the 1st of July immediately preceding the Deed Date to the Deed Date;
 - (iii) during the period between the Initial Selection Date and the Final Selection Date, the reports referred to in *clause 7.7.1(a)(i)* for any Aoraki Forest in respect of which Te Rūnanga has advised the Crown, pursuant to *clause 7.3.3(a)*, that it is interested in acquiring some or all of the Land underlying and/or stands of trees in such forest; and
 - (iv) as soon as practicable before the beginning of any financial year, that starts after the Deed Date and prior to the Final Selection Date but subsequent to that specified in *clause 7.7.1(a)(i)*, a copy of the budget for such financial year for each Aoraki Forest, provided that, if the financial year starts after the Initial Selection Date, then the budget shall only be supplied with respect to those forests to which *clause 7.7.1(a)(iii)* applies;

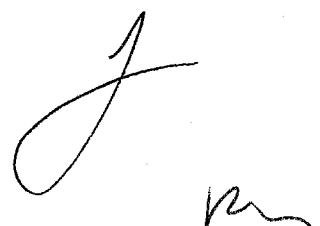


- (b) to advise Te Rūnanga if, during the period from the Deed Date until the Initial Selection Date with respect to all the Aoraki Forests or during the period from the Initial Selection Date until the Final Selection Date with respect to those forests to which *clause 7.7.1(a)(iii)* applies, CFM is proposing to:
- (i) harvest any stands not included in the stands included in the list provided to Te Rūnanga in accordance with *paragraph 3.2(1)(i)* of *Attachment 7.2*;
 - (ii) treat or not treat any stands included in the details provided to Te Rūnanga in accordance with *paragraph 3.2(1)(v)* of *Attachment 7.2* in a manner not consistent with the criteria detailed under paragraph *3.2(1)(iv)* of *Attachment 7.2*; or
 - (iii) enter into (during the period from the Deed Date until the Initial Selection Date) any contract for a term (including any renewals) exceeding 2 years or (during the period from the Initial Selection Date until the Final Selection Date), any contract for a term (including any renewals) that will expire or is likely to expire after the Final Transfer Date; and
- (c) to meet with representatives of Te Rūnanga, at the request of Te Rūnanga, to discuss details of the budgets and progress information provided in *clause 7.7.1(a)* or the information provided pursuant to *clause 7.7.1(b)*.

7.7.2 Objection by Te Rūnanga

Te Rūnanga shall, if it objects at its sole discretion to the proposed action under *clause 7.7.1(b)*, advise the Crown and CFM within 10 Business Days from receiving such advice. If, notwithstanding the objection, the Crown or CFM proceeds to implement the proposal and as a result:

- (a) the Market Value of the Land or Trees decreases, then the decrease in Market Value shall be taken into account in determining the Initial Transfer Value and the Initial Forestry Right Market Rental and any adjustment to that Initial Transfer Value or Initial Forestry Right Market Rental in accordance with *clause 7.3.9(a)*, as the case may be; or
- (b) the Market Value of the Land or Trees increases, then the increase in Market Value shall not be taken into account in determining the Initial Transfer Value and the Initial Forestry Right Market Rental and any adjustment to the Initial Transfer Value or Initial Forestry Right Market Rental in accordance with *clause 7.3.9(b)*, as the case may be.



7.7.3 Deemed Approval

If Te Rūnanga does not serve a notice of objection within the time specified, then it shall be deemed to have given its approval to the proposal, and any change in the Market Value of the Land or Trees, whether a decrease or increase, shall be taken into account in determining the Initial Transfer Value and any adjustment to the Initial Transfer Value in accordance with *clauses 7.3.9(a) and 7.3.9(b)*.

7.8 KEY DATES AND TIMEFRAMES

7.8.1 Reasonable Endeavours

The Crown and Te Rūnanga each acknowledge that they are required to use reasonable endeavours to ensure the processes outlined in this Section operate in the manner, and within the timeframes, specified in this Section and that any possible delays are minimised.

7.8.2 Action if Process cannot be Completed by Key Date

If at any time or times, it becomes apparent to either the Crown or Te Rūnanga that any process outlined in this Section which is required to be completed by a Key Date, may not be able to be completed by that date, the Crown or Te Rūnanga, as the case may be, shall advise the other of that possibility. Upon receipt of such advice, the Crown and Te Rūnanga shall meet to determine:

- (a) what action (if any) can be taken in order to complete the process by the required Key Date;
- (b) what variation is required to the relevant Key Date and any consequential variations to any subsequent Key Dates; or
- (c) what variation is required to any other key date specified in any other Section of this Deed.

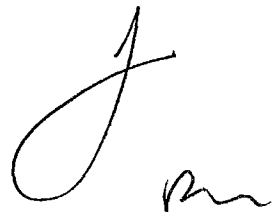
7.9 MISCELLANEOUS

7.9.1 Clauses not Conditional

Clause 17.1 (which provides that this Deed is conditional on the Settlement Legislation coming into force) does not apply to *clauses 7.3.1, 7.3.2, 7.4, 7.6, 7.7 and 7.8* insofar as any of those clauses require performance or action to be taken before the Legislation Date.

7.9.2 Notices

All notices, correspondence and communications under any procedure outlined in this Section shall be validly given or received:

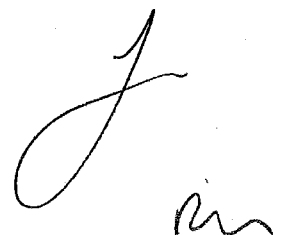


- (a) in the case of the Crown, to or by any individual notified in writing to Te Rūnanga by the Crown at the address or by facsimile to the facsimile number specified in that notification; and
- (b) in the case of Te Rūnanga, to or by any individual notified in writing to the Crown by Te Rūnanga and at the address or by facsimile to the facsimile number specified in that notification.

7.9.3 Principles for Licence Fee Reviews

The Crown and Te Rūnanga acknowledge that, if the final selection notice given by Te Rūnanga, pursuant to *clause 7.3.11*, includes any Licensed Land, the following principles or processes shall apply in respect of any licence fee reviews and the impact on the Transfer Value of the Licensed Land:

- (a) if any licence fee review has been completed before the Deed Date, the outcome shall be reflected in the initial valuation process;
- (b) if any licence fee review is completed on or after the Deed Date, but before the Adjustment Date, the outcome shall be reflected in the valuation adjustment process set out in *paragraph 22 of Attachment 7.4*;
- (c) if any licence fee review is completed on or after the Adjustment Date, but before the appropriate Final Transfer Date, the outcome shall be reflected in the adjustment process in *clause 2.3.1 of Attachment 7.6*; and
- (d) if any licence fee review is completed on or after the Final Transfer Date (excluding any reviews that are not due to take place until after the Final Transfer Date) then the outcome shall be reflected in the adjustment process in *clause 2.3.2 of Attachment 7.6*.



ATTACHMENT 7.1
AVAILABLE CROWN FORESTRY ASSETS
(Clause 7.1, Definition of Available Crown Forestry Assets)

1 Groups

The Available Crown Forestry Assets are divided into the following groups:

1.1 Licensed Land which is further divided into two groups:

1.1.1 Licensed Land where a party other than Timberlands West Coast Limited owns and/or manages Trees on the Land which is subject to a Crown Forestry Licence which is further described in *paragraphs 3.1 to 3.25 of this Attachment*; and

1.1.2 Licensed Land where Timberlands West Coast Limited owns and/or manages Trees on the Land which is subject to a Crown Forestry Licence which is further described in *paragraphs 3.26 and 3.27 of this Attachment*;

1.2 Aoraki Forest Land (Crown Forest Land owned by the Crown) and which is further described (and divided into selection units within each forest) in *paragraph 4 of this Attachment*;

1.3 Aoraki Forest Trees (Trees on the Aoraki Forest Land which are owned by the Crown) which may be selected by Te Rūnanga separately from the Land on which they stand; and

1.4 any additional assets (plant, equipment, etc.) associated with the management of the Aoraki Forest Trees and for which procedures for allocation and use are set out in *Part III of Attachment 7.3*.

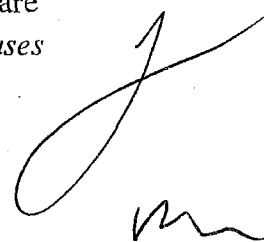
2 Selection Principles

Unless the Crown and Te Rūnanga in any case agree otherwise, the selection of the Potential Forestry Assets shall be on the following basis:

2.1 for the Licensed Land, referred to in *paragraph 1.1 of this Attachment*, the selection shall be based on the following criteria:

2.1.1 in the case of the Licensed Land referred to in *paragraph 1.1.1 of this Attachment*:

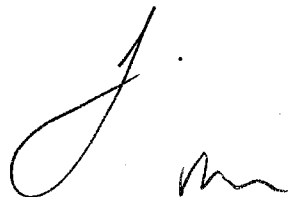
- (a) where all the selection units that comprise a particular forest are specified in the notice given by Te Rūnanga, pursuant to *clauses*



AVAILABLE CROWN FORESTRY ASSETS

7.3.3 or 7.3.5, then all the Licensed Land underlying that forest, but not part, shall be selected;

- (b) where any selection unit that forms part, but not the whole, of any Licensed Land, is specified in the notice given by Te Rūnanga, pursuant to *clauses 7.3.3 or 7.3.5*, Te Rūnanga may select that selection unit unless it is established that the selection unit does not satisfy the following criteria:
- (i) that the selection units within that Licensed Land left with the Crown shall:
 - (aa) not be marketable nor economically viable, whether as Licensed Land or not; and
 - (bb) on the expiration or sooner termination of the associated Crown Forestry Licence, be no less manageable for forestry purposes (in terms of access and planting, silviculture and harvesting based on prudent forestry management) than the undivided forest;
 - (ii) that if independent access to public roads is not available (such access being suitable for logging traffic) to any selection unit selected by Te Rūnanga or to the balance of the selection units within the forest, then the Crown and Te Rūnanga can reach agreement (on a normal commercial and reasonable basis having regard to factors such as usage and requirements for upgrading) on the roads over which shared access should be provided from the time that any such selection unit (in whole or in part) ceases to be Licensed Land and the conditions which should apply to that shared access;
 - (iii) if Te Rūnanga selects all the selection units that comprise any Licensed Land, the Crown shall not be obliged to cause any of such selection units to be surveyed separately; and/or
 - (iv) if Te Rūnanga selects more than one (but not all) of the selection units that comprise any forest that is Licensed Land and any of such selection units are adjoining, the Crown shall not be obliged to cause such adjoining



AVAILABLE CROWN FORESTRY ASSETS

selection units to be surveyed as separate allotments but they can be amalgamated into one allotment; and

- (c) in the event that Te Rūnanga, pursuant to *clauses 7.3.3 or 7.3.5*, selects any selection unit that forms part, but not the whole, of any Licensed Land, then the procedures set out in *paragraphs 1 and 2 of Attachment 7.4* shall apply; and

2.1.2 in the case of the Licensed Land referred to in *paragraph 1.1.2* of this *Attachment*:

- (a) where all the selection units that comprise a particular forest are specified in the notice given by Te Rūnanga, pursuant to *clauses 7.3.3 or 7.3.5*, then, all the Licensed Land underlying that forest, but not part, shall be selected;
- (b) Te Rūnanga shall be entitled to select any one or more of the selection units and, subject to paragraph 2.1.2(c), no other criteria shall apply; and
- (c) where paragraph 2.1.2(b) applies:
 - (i) if Te Rūnanga selects all the selection units that comprise any Licensed Land, the Crown shall not be obliged to cause any of such selection units to be surveyed separately; and/or
 - (ii) if Te Rūnanga selects more than one (but not all) of the selection units that comprise any forest that is Licensed Land, and any of such selection units are adjoining, the Crown shall not be obliged to cause such adjoining selection units to be surveyed as separate allotments but they can be amalgamated into one allotment;

2.2 for the Land associated with each of the six Aoraki Forests (described in *paragraph 4* of this *Attachment*), the selection shall be based on the following criteria:

2.2.1 all the Land associated with any one or more of the selection units set out in *paragraph 4* of this *Attachment* provided that:

- (a) if Te Rūnanga, pursuant to *clauses 7.3 or 7.3.5*, selects all the selection units that comprise any Aoraki Forest, the Crown shall



AVAILABLE CROWN FORESTRY ASSETS

not be obliged to cause any of such selection units to be surveyed as separate allotments; or

- (b) if Te Rūnanga, pursuant to *clauses* 7.3.3 or 7.3.5, selects more than one (but not all) of the selection units that comprise any Aoraki Forest, and any of such selection units are adjoining, the Crown shall not be obliged to cause such adjoining selection units to be surveyed as separate allotments but they can be amalgamated into one allotment;

2.2.2 in the case of any selection unit comprising more than one forest compartment, Te Rūnanga may request a portion only of the selection unit (a "sub-unit") subject to that sub-unit meeting the following criteria:

- (a) that the part of the selection unit left with the Crown is no less manageable for forestry purposes (in terms of access and harvesting based on prudent forestry management) than the undivided selection unit;
- (b) that if independent access to public roads is not available (such access being suitable for logging traffic) to either the sub-unit or to the balance of the selection unit, then the Crown and Te Rūnanga can reach agreement (on a normal commercial and reasonable basis having regard to factors such as usage and requirements for upgrading) on the roads over which shared access should be provided and the conditions which should apply to that shared access;
- (c) that the Crown and Te Rūnanga reach agreement on the actual boundary of the sub-unit;
- (d) subject to *paragraphs* 2.2.2(e) and 2.2.2(f), that the estimated cost of any survey required to define the sub-unit does not exceed 50% of the estimated market value of such sub-unit. If the estimated cost is likely to exceed such 50% level the parties shall consult with a view to redefining the sub-unit in order to minimise such costs. If this is not possible, and Te Rūnanga still wishes to acquire the sub-unit, then Te Rūnanga and the Crown shall share the excess of such costs over the 50% level, and the balance of such costs shall be paid by the Crown;



AVAILABLE CROWN FORESTRY ASSETS

- (e) if Te Rūnanga requests subdivision of a selection unit into sub-units and subsequently, as part of the final selection process, pursuant to *clause 7.3.11*, selects all the sub-units that comprise a selection unit, the Crown shall not be obliged to cause any of such sub-units to be surveyed as separate allotments; and/or
- (f) if Te Rūnanga requests subdivision of a selection unit into sub-units and subsequently, as part of the final selection process, pursuant to *clause 7.3.11*, selects any of such sub-units which are adjoining, the Crown shall not be obliged to cause such adjoining sub-units to be surveyed as separate allotments but they can be amalgamated into one allotment; and

2.2.3 in the event that Te Rūnanga requests subdivision of a selection unit then the procedures set out in *paragraphs 2(a) and 3.1 of Attachment 7.3* shall apply; and

2.3 for the Trees associated with each of the Aoraki Forests the selection shall be based on the following criteria:

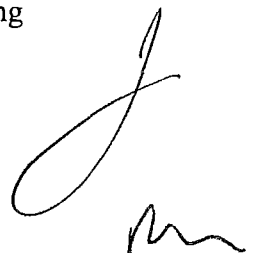
2.3.1 at any time up to the Initial Selection Date, Te Rūnanga may select any number of groups comprising any one or more of the stands (as identified in the forest records to be supplied pursuant to *clause 7.3.1* of this Deed) making up the forests; and

2.3.2 no later than 15 Business Days after the Adjustment Date, Te Rūnanga may add to or delete from any selection units any of the stands making up any group of stands. Once any such addition or deletion has occurred, Te Rūnanga shall not request any further change to the composition of any group of stands and such composition shall be the Potential Forestry Asset that Te Rūnanga is entitled to select to acquire pursuant to *clause 7.3.11*.

3 Licensed Land

This group comprises the land subject to the 27 Crown Forestry Licences within the Takiwa of Ngāi Tahu (as defined in section 5 of Te Rūnanga o Ngāi Tahu Act 1996) (including the two licences granted to Timberlands West Coast Limited). The descriptions of the land comprised in each licence and the selection units (subject to *paragraph 2.1* of this *Attachment*) available to Te Rūnanga are:

3.1 Island Hills Forest: 207.7000 hectares, more or less, situated in the Land Registration District of Canterbury, being Lots 1 and 2 DP 55842 and being subject to a Crown Forestry Licence granted to Theodore Antony Russell,



AVAILABLE CROWN FORESTRY ASSETS

Edwyn Arthur David Tresillian Shand and Jonathan Roger Fox with effect from 30 November 1990 and registered as document number 919296.1;

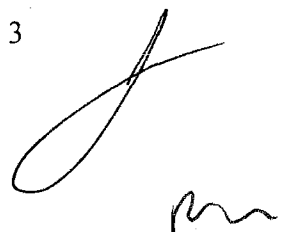
- 3.2 Hanmer Forest: 5,135.6260 hectares, more or less, situated in the Land Registration District of Canterbury, being Lots 1, 4, 6, 7, 12 and 13 DP 62464 and Lots 8, 9, 10 and 11 DP 62465 and being subject to a Crown Forestry Licence granted to Carter Holt Harvey Hanmer Forest Limited with effect from 31 October 1990 and registered as Certificate of Title 42A/71. The selection units are:

Selection Unit	Area (hectares)	Description
Jacks Pass	579.8260	Lots 1 & 13 DP 62464
Jollies Pass	999.2700	Lots 4, 6 & 12 DP 62464, Lot 8 DP 62465
Main	3,543.4300	Lots 9, 10 & 11 DP 62465
South	13.1000	Lot 7 DP 62464

- 3.3 Balmoral Forest: 9,379.9580 hectares, more or less, situated in the Land Registration District of Canterbury, being Lots 2, 3 and 4 DP 56488, Lot 1 DP 56489, Lots 7 and 8 DP 56490, Lot 1 DP 57405 and Lot 1 DP 59813 and being subject to a Crown Forestry Licence granted to Carter Holt Harvey Balmoral Forest Limited with effect from 31 October 1990 and registered as document number A.075456.2. The selection units are:

Selection Unit	Area (hectares)	Description
Medbury block	783.9200	Lot 1 DP 57405
East	1,262.8730	Lots 7 & 8 DP 56490
Highway	2,494.9500	Lot 4 DP 56488
Central	2,841.7950	Lots 2 & 3 DP 56488 and Lot 1 DP 59813
West	1,996.4200	Lot 1 DP 56489

- 3.4 Omihi Forest: 1,330.3185 hectares, more or less, situated in the Land Registration District of Canterbury, being Lots 1 and 2 DP 57270, Lots 3



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and 4 DP 57271, Lot 5 DP 57272 and Rural Section 39478 and being subject to a Crown Forestry Licence granted to Carter Holt Harvey Omihi Forest Limited with effect from 31 October 1990 and registered as document number C.951094.1. The selection units are:

Selection Unit	Area (hectares)	Description
Wylies block	197.7290	Lots 1 & 2 DP 57270
Crofts block	552.1895	Lots 3 & 4 DP 57271 and R 39478
Teviotdale	580.4000	Lot 5 DP 57272

- 3.5 Ashley Forest: 6,704.1121 hectares, more or less, situated in the Land Registration District of Canterbury, being Lot 1 DP 52976, Lot 1 DP 57211, Lots 2 and 3 DP 57212 and Lot 4 DP 57213, and Lot 1 DP 55911 and being subject to a Crown Forestry Licence granted to Carter Holt Harvey Ashley Forest Limited with effect from 31 October 1990 and not yet registered. The selection units are:

Selection Unit	Area (hectares)	Description
North	864.1121	Lot 1 DP 52976, Lot 1 DP 57211, Lots 2 & 3 DP 57212 and Lot 1 DP 55911
Central	3,000.0000 (approx)	Part Lot 4 DP 57213, being that part of the Lot to the north of Bushy Creek and Bushy Creek road
South	2,840.0000 (approx)	Part Lot 4 DP 57213, being that part of the Lot to the South of Bushy Creek and Bushy Creek road

- 3.6 Okuku Forest: 5,186.2330 hectares, more or less, situated in the Land Registration District of Canterbury, being Lots 1, 2, 3, 4 and 5 DP 58594 and being subject to a Crown Forestry Licence granted to Carter Holt Harvey Okuku Forest Limited with effect from 31 October 1990 and not yet registered. The selection units are:



AVAILABLE CROWN FORESTRY ASSETS

Selection Unit	Area (hectares)	Description
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West	1,836.1000	Lot 1 DP 58594
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East	3,350.1330	Lots 2, 3, 4 & 5 DP 58594
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3.7 Mt Thomas Forest: 2,106.3000 hectares, more or less, situated in the Land Registration District of Canterbury, being Lots 1 and 2 DP 57126 and Lot 3 DP 57127 and being subject to a Crown Forestry Licence granted to Carter Holt Harvey Mt Thomas Forest Limited with effect from 31 October 1990 and registered as document number C.951093.1;

3.8 Oxford Forest: 397.5213 hectares, more or less, situated in the Land Registration District of Canterbury, being Lots 2 and 4 DP 55843 and being subject to a Crown Forestry Licence granted to Carter Holt Harvey Oxford Forest Limited with effect from 31 October 1990 and registered as document number C.988693.1;

3.9 Eyrewell Forest: First 6,763.7245 hectares, more or less, situated in the Land Registration District of Canterbury, being Lots 4, 5 and 6 DP 55821, Lots 7, 8 and 9 DP 55822 and Lots 1, 2 and 3 DP 55823 and being subject to a Crown Forestry Licence granted to Carter Holt Harvey Eyrewell Forest Limited with effect from 31 October 1990 and registered as document number C.945325.1, and secondly, 0.6676 hectares, more or less, being Lot 3 DP 73506 which is to be added to (the Central selection unit) Eyrewell Forest by way of a supplementary Crown Forestry Licence. The selection units are:

Selection Unit	Area (hectares)	Description
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East	1,648.8040	Lots 7, 8 & 9 DP 55822
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Central	3,689.1141	Lots 4, 5 & 6 DP 55821 and Lot 3 DP 73506
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West	1,426.4740	Lots 1, 2 & 3 DP 55823
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3.10 Berwick Forest: 13,140.8389 hectares, more or less, situated in the Land Registration District of Otago, being Lots 1, 2 and 3 DP 21060, Lots 1 and 2 DP 21315, Lots 1, 2, 3, 4, 5 and 6, DP 21317 and Lots 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12 and 13 DP 21429 and being subject to a Crown Forestry Licence granted to Wenita Forestry Limited with effect from 30 November 1990 and registered as Certificate of Title 9D/402. The selection units are:

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Selection Unit	Area (hectares)	Description
Waitahuna block	662.6000	Lots 1, 2 & 3 DP 21060
Main East	5,586.5232 (approx)	Lots 1 & 2 DP 21315 and Lots 1, 2, 4, 5 and Part 6, DP 21317, being compartments 1-112
Main West	4,836.5900 (approx)	Lots 3 and Part Lot 6 DP 21317, being compartments 113-173
Maungatua block	2,055.1257	Lots 1-3 & 5-13 DP 21429

3.11 Otago Coast Forest: 10,519.8767 hectares, more or less, situated in the Land Registration District of Otago, being Lot 1 DP 18581, Lot 1 DP 21056, Lots 1 and 2 DP 21057, Lot 1 DP 21247, Lot 1 DP 21248, Lot 1 DP 21318, Lots 1 and 2 DP 21384, Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31 and 32 DP 21414, Lots 1 and 2 DP 21416, Lot 1 DP 21419, Lots 1, 2, 3, 4, 5 and 6 DP 21420, Lot 1 DP 21421, Lot 1 DP 21447, Lot 1 DP 21739, Lots 1, 2 and 3 DP 21740, Lot 1 DP 21781 and Lots 1, 2, 3 and 4 DP 21801 and being subject to a Crown Forestry Licence granted to Wenita Forestry Limited with effect from 30 November 1990 and registered as Certificate of Title 9D/401. The selection units are:

Selection Unit	Area (hectares)	Description
North of Taieri River	2,052.9689	Lot 1 DP 21248, Lot 1 DP 21318, Lots 1-6 DP 21420, Lot 1 DP 21421, Lot 1 DP 21447, Lots 1 & 2 DP 21384 and Lot 1 DP 21781
South of Taieri River	1,875.4273	Lot 1 DP 21247, Lot 1 DP 21739, Lots 1 & 2 DP 21416 and Lots 2, 3, 5-13 & 26-32 DP 21414
Main	5,270.8075	Lots 1, 4 & 14-25 DP 21414



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Selection Unit	Area (hectares)	Description
Moneymore/Wangaloa/ Kaitangata	1,320.6730	Lot 1 DP 18581, Lot 1 DP 21056, Lots 1 & 2 DP 21057, Lot 1 DP 21419, Lots 1-3 DP 21740 and Lots 1-4 DP 21801

3.12 Tapanui Forest: 12,471.0915 hectares more or less, situated in the Land Registration District of Otago being Lots 1 and 2 DP 21251, Lots 1 and 2 DP 21411, Lot 1 DP 21412, Lots 2 and 3 DP 21064, Lots 1 and 2 DP 21249, Lots 1, 2 and 3 DP 21418, Lots 1, 2 and 6 DP 21422, Lots 1 and 2 DP 21062 and Lot 1 DP 21662 and being subject to a Crown Forestry Licence granted to Ernslaw One Limited with effect from 31 October 1990 and registered as Certificate of Title 9D/400. The selection units are:

Selection Unit	Area (hectares)	Description
Dusky	2,033.3990	Lots 1 & 2 DP 21251
Tapanui/Pomahaka	923.3744	Lots 2 & 3 DP 21064, Lots 1 & 2 DP 21411 and Lot 1 DP 21412
Beaumont	3,040.0851	Lots 1 & 2 DP 21062 and Lots 1, 2 and 6 DP 21422
Rankleburn North	1,500.0000 (approx)	Part Lot 1 DP 21418 (being compartments 24-41)
Rankleburn South	2,947.7000 (approx)	Lots 2 & 3 and part Lot 1 DP 21418 (being compartments 1-23)
Conical Hill	1,772.4430	Lots 1 & 2 DP 21249
Pukerau	254.0900	Lot 1 DP 21662

3.13 Longwood Forest: 6,866.9205 hectares, more or less, situated in the Land Registration District of Southland, being Lots 1 and 2 DP 7338, Lot 1 DP 12380, Lot 1 DP 12416, Lot 1 DP 12454, Lot 1 DP 12537, Lots 1, 4 and 5 DP 12556, Lots 1, 4, 5 and 6 DP 12696, Lots 1, 3, 4 and 5 DP 12738, Lot 1 DP 12739 and Lot 1 DP 12824 and being subject to a Crown Forestry

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Licence granted to ITT Rayonier New Zealand Limited with effect from 15 May 1992 and not yet registered. The selection units are:

Selection Unit	Area (hectares)	Description
Woodlaw	2,012.7030	Lots 1 & 4-6 DP 12696
Island Bush	624.1815	Lots 1 & 2 DP 7338 and Lot 1 DP 12380
Happy Valley	841.2800	Lot 1 DP 12537
Merry Basin	110.9200	Lots 1, 4 & 5 DP 12556
Jubilee North	2,286.0165	Lot 1 DP 12739 & Lot 1 DP 12824
Jubilee South	991.8195	Lot 1 DP 12416, Lot 1 DP 12454 and Lots 1 & 3-5 DP 12738

3.14 Hokonui Forest: 2,609.3360 hectares, more or less, situated in the Land Registration District of Southland, being Lot 1 DP 12376, Lots 1, 2, 3 and 4 DP 12382 and Lot 1 DP 12547 and being subject to a Crown Forestry Licence granted to ITT Rayonier New Zealand Limited with effect from 15 May 1992 and registered as Certificate of Title 11D/2. The selection units are:

Selection Unit	Area (hectares)	Description
Pebbly Hills/Southdown	2,042.4360	Lots 1-4 DP 12382 and Lot 1 DP 12547
Dunsdale	566.9000	Lot 1 DP 12376

3.15 Slopedown Forest: First 174.6900 hectares, more or less, situated in the Land Registration District of Otago, being Lot 3 DP 22265; and secondly 5,359.4899 hectares, more or less, situated in the Land Registration District of Southland, being Lot 1 DP 12361, Lot 1 DP 12377, Lot 1 DP 12378, Lots 1 and 2 DP 12383, Lots 1 and 2 DP 12384, Lot 1 DP 12417, Lots 1, 2, 3 and 4 DP 12497, Lot 1 DP 12509 and Lots 1 and 2 DP 12515 and being subject to a Crown Forestry Licence granted to ITT Rayonier New Zealand Limited with effect from 15 May 1992 and registered as Certificate of Title 9D/507

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in the Otago Registry but not yet registered in the Southland Registry. The selection units are:

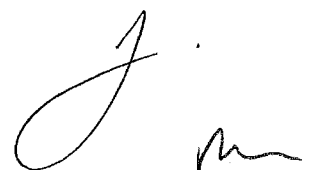
Selection Unit	Area (hectares)	Description
Venlaw/Oware	2,838.5610	Lot 1 DP 12361 and Lot 1 DP 12509
Mt Herbert	2,207.6800	Lots 1 & 2 DP 12515
Maclennan/Tautuku/ Mokoreta/Waikawa	487.9389	Lot 1 DP 12377, Lots 1-2 DP 12383, Lot 3 DP 22265, Lots 1-2 DP 12384, Lots 1-4 DP 12497, Lot 1 DP 12378 and Lot 1 DP 12417

- 3.16 Rowallan Forest: 2,893.0030 hectares more or less, situated in the Land Registration District of Southland, being Lot 2 DP 12507, Lot 1 DP 12538, and Lots 1, 2, 3 and 4 DP 12773 and being subject to a Crown Forestry Licence granted to ITT Rayonier New Zealand Limited with effect from 15 May 1992 and registered as Certificate of Title 11D/7. The selection units are:

Selection Unit	Area (hectares)	Description
Dean	574.5250	Lot 1 DP 12538
Rowallan	2,318.4780	Lot 2 DP 12507 and Lots 1-4 DP 12773

- 3.17 Owaka Forest: 3,058.2954 hectares, more or less, situated in the Land Registration District of Otago, being Lot 1 DP 21061, Lot 1 DP 21065, Lots 1, 2 and 3 DP 21413, Lots 1, 2, 3, 4, 5 and 6 DP 21427 and Lot 2 DP 21066 and being subject to a Crown Forestry Licence granted to ITT Rayonier New Zealand Limited with effect from 15 May 1992 and registered as Certificate of Title 9D/473. The selection units are:

Selection Unit	Area (hectares)	Description
Catlins	1,050.6000	Lots 1-3 DP 21413
Tahakopa	106.4000	Lot 1 DP 21065



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Selection Unit	Area (hectares)	Description
Waikoata	321.2900	Lot 1 DP 21061
Hinahina	493.0054	Lots 1-6 DP 21427
Kaihiku	1,087.0000	Lots 2 DP 21066

- 3.18 Glen Dhu Forest: 7,016.0170 hectares, more or less, situated in the Land Registration District of Otago, being Lots 1, 2, 3, 4 and 5 DP 21428 and being subject to a Crown Forestry Licence granted to ITT Rayonier New Zealand Limited with effect from 15 May 1992 and registered as Certificate of Title 9D/483. The selection units are:

Selection Unit	Area (hectares)	Description
South of Mountain Road	1,981.0170	Lots 2, 3 & 5 DP 21428
West	3,400.0000	Lot 1 DP 21428
East	1,635.0000	Lot 4 DP 21428

- 3.19 Taringatura Forest: 1,399.4550 hectares, more or less, situated in the Land Registration District of Southland, being Lot 1 DP 12548 and being subject to a Crown Forestry Licence granted to ITT Rayonier New Zealand Limited with effect from 15 May 1992 and registered as Certificate of Title 11D/4;

- 3.20 Blackmount Forest: 3,576.5490 hectares, more or less, situated in the Land Registration District of Southland, being Lots 1, 2 and 3 DP 12551 and Lot 1 DP 12468 and being subject to a Crown Forestry Licence granted to ITT Rayonier New Zealand Limited with effect from 15 May 1992 and not yet registered. The selection units are:

Selection Unit	Area (hectares)	Description
Jericho	1,775.7000	Lots 1-3 DP 12551
Waicoe	1,800.8490	Lot 1 DP 12468

- 3.21 Castledowns Forest: 3,262.4800 hectares, more or less, situated in the Land Registration District of Southland, being Lot 1 DP 12381 and being subject

AVAILABLE CROWN FORESTRY ASSETS

to a Crown Forestry Licence granted to ITT Rayonier New Zealand Limited with effect from 15 May 1992 and registered as Certificate of Title 11D/1;

- 3.22 West Dome Forest: 3,169.6000 hectares, more or less, situated in the Land Registration District of Southland, being Lot 1 DP 12455 and Lots 1 and 2 DP 12498 and being subject to a Crown Forestry Licence granted to ITT Rayonier New Zealand Limited with effect from 15 May 1992 and registered as Certificate of Title 11D/5. The selection units are:

Selection Unit	Area (hectares)	Description
Eyre Block	231.1000	Lot 1 DP 12455
East	2,132.0000	Lot 2 DP 12498
West	806.5000	Lot 1 DP 12498

- 3.23 Strathallan Forest: 348.1270 hectares, more or less, situated in the Land Registration District of Southland, being Lots 1, 2, 3, 4 and 5 DP 12480 and being subject to a Crown Forestry Licence granted to ITT Rayonier New Zealand Limited with effect from 15 May 1992 and registered as Certificate of Title 11D/6;

- 3.24 Bare Hill Forest: 590.8953 hectares, more or less, situated in the Land Registration District of Southland, being Lot 1 DP 12118 and Lot 1 DP 12360 and being subject to a Crown Forestry Licence granted to ITT Rayonier New Zealand Limited with effect from 15 May 1992 and registered as Certificate of Title 11D/3;

- 3.25 Tutaki Forest: 1,216.1970 hectares, more or less, situated in the Land Registration District of Nelson, being Lots 1 and 2 DP 12377, Lot 1 DP 12690, Lots 1, 2 and 3 DP 14521, Lot 1 DP 14522, Lots 1 and 2 DP 14523 and Lots 1 and 2 DP 14524 and being subject to a Crown Forestry Licence granted to C. Gibbons Holdings Limited with effect from 31 January 1991 and registered as Certificate of Title 9D/45. The selection units are:

Selection Unit	Area (hectares)	Description
James	169.7550	Lots 1-3 DP 14521
Todds	322.9940	Lots 1-2 DP 14524

AVAILABLE CROWN FORESTRY ASSETS

Selection Unit	Area (hectares)	Description
McLenaghens/ Puklowskis	692.5100	Lot 1 DP 14522, Lots 1-2 DP 12377 and Lot 1 DP 12690
Johnson Creek	30.9380	Lots 1-2 DP 14523

3.26 North Westland Forest: 29,424.3506 hectares (subject to survey) and being subject to a Crown Forestry Licence granted to Timberlands West Coast Limited with effect from 30 November 1990 but not yet registered comprising first 4,857.0179 hectares (subject to survey), more or less, situated in the Nelson Land Registration District being Lots 1 & 2 DP 16754, Lot 1 DP 16755, Lots 1, 2 & 3 DP 16756, Lots 1 & 2 DP 16057, Lots 1-8 DP 16058, Lot 1 DP 15035, Lots 1 & 2 DP 15036, Lots 1 & 2 DP 15127, Lots 1 & 2 DP 15304, Lot 1 DP 15307, Lots 1 & 2 DP 15954, Lots 1, 2 & 3 DP 16053, Lots 1, 2, 3, 4 & 5 DP 16054 and Lots 1, 2 & 3 DP 16060 and Lots 1 & 2 DP 16061; and secondly 24,567.3327 hectares (subject to survey), more or less, situated in the Westland Land Registration District being Lot 1 DP 2833, Lots 1 & 2 DP 2834, Lots 1, 2, 3, 4 & 5 DP 2850, Lot 1 DP 2851, Lot 1 DP 3022, Lot 1 DP 2949, Lot 1 DP 2970, Lot 1 DP 3011, Lots 1 & 2 DP 3030, Lot 1 DP 3036, Lot 1 DP 3039, Lot 1 DP 3049, Lot 1 DP 3054, Lots 1 & 2 DP 3240, Lot 1 DP 2858, Lot 2 DP 2859, Lot 1 DP 2836, Lots 1, 2, 3 & 4 DP 2887, Lots 1, 2 & 3 DP 2911, Lots 1 & 2 DP 3112, Lots 1 & 2 DP 3113, Lot 1 DP 2946, Lot 1 DP 2959, Lots 1, 2, 3 & 4 DP 2966, Lot 1 DP 3158, Lots 1, 2, 3 & 4 DP 2962, Lots 1 & 2 DP 2844, Lots 1, 2, 3 & 4 DP 3152, Lots 1 & 2 DP 2843, Lot 1 DP 2847, Lot 1 DP 2965, Lots 1 & 2 DP 3084, Lot 1 DP 3117, Lots 1, 2, 3 & 4 DP 3159 and Lot 1 DP 3172. The selection units are:

Selection Unit	Area (hectares)	Description
(a) Nelson Land District		
Charleston Block	213.9760	Lots 1 & 2 DP 16754, Lot 1 DP 16755 and Lots 1, 2 & 3 DP 16756
Fairdown Block	273.4210	Lots 1 & 2 DP 16057
Mokihinui Block	903.0320	Lots 1,2,3,4,5,6,7 & 8 DP 16058



AVAILABLE CROWN FORESTRY ASSETS

Selection Unit	Area (hectares)	Description
Victoria Block	3,299.3044	Lot 1 DP 15035, Lots 1 & 2 DP 15036, Lots 1 & 2 DP 15127, Lots 1 & 2 DP 15304, Lot 1 DP 15307, Lots 1 & 2 DP 15954, Lots 1, 2 & 3 DP 16053, Lots 1, 2, 3, 4 & 5 DP 16054
Te Wharau Block	167.2845	Lots 1, 2 & 3 DP 16060, Lots 1 & 2 DP 16061
(b) Westland Land District		
Granville Block	559.1215	Lot 1 DP 2833, Lots 1 & 2 DP 2834, Lots 1, 2, 3, 4 & 5 DP 2850, Lot 1 DP 2851, Lot 1 DP 3022
Hochstetter Block	3,975.1010	Lot 1 DP 2949, Lot 1 DP 2970, Lot 1 DP 3011, Lots 1 & 2 DP 3030, Lot 1 DP 3036, Lot 1 DP 3039, Lot 1 DP 3049, Lot 1 DP 3054 and Lots 1 & 2 DP 3240
Hohonu Block	519.9700	Lot 1 DP 2858 and Lot 2 DP 2859
Kaniere Block	2,215.1050	Lot 1 DP 2836 and Lots 1, 2, 3 & 4 DP 2887
Mawhera Block	5,180.3582	Lots 1, 2 & 3 DP 2911, Lots 1 & 2 DP 3112 and Lots 1 & 2 DP 3113
Nemona Block	5,435.1204	Lot 1 DP 2946, Lot 1 DP 2959, Lots 1, 2, 3 & 4 DP 2966 and Lot 1 DP 3158



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Selection Unit	Area (hectares)	Description
Omoto Block	1,541.0000	Lots 1, 2, 3 & 4 DP 2962
Paparoa Block	1,909.6501	Lots 1 & 2 DP 2844 and Lots 1, 2, 3 & 4 DP 3152
Waimea Block	3,231.9065	Lots 1 & 2 DP 2843, Lot 1 DP 2847, Lot 1 DP 2965, Lots 1 & 2 DP 3084, Lot 1 DP 3117, Lots 1, 2, 3 & 4 DP 3159 and Lot 1 DP 3172

3.27 South Westland Forest: 16,764.7190 hectares (subject to survey), more or less, situated in the Westland Land Registration District being Lot 1 DP 2791, Lot 1 DP 2792, Lot 1 DP 2898, Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 & 12 DP 3012, Lots 1,2 & 3 DP 3111, Lot 1 DP 3156, Lot 1 DP 3135 and Lot 1 DP 3157 and being subject to a Crown Forestry Licence granted to Timberlands West Coast Limited with effect from 30 November 1990 and not yet registered. The selection units are:

Selection Unit	Area (hectares)	Description
Ianthe Block	6,871.9890	Lot 1 DP 2791, Lot 1 DP 2792 and Lot 1 DP 2898
Mahinapua Block	4,143.1000	Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 & 12 DP 3012
Mikonui Block	722.6600	Lots 1,2 & 3 DP 3111
Totara Block	1,209.7000	Lot 1 DP 3156
Waitangi Block	1,087.3000	Lot 1 DP 3135
Wanganui Block	2,729.9700	Lot 1 DP 3157

4 Aoraki Forests

This group comprises six forests within the Takiwa of Ngāi Tahu which have been excluded from previous Crown forest sales and which are currently managed for the Crown by CFM. Details of area, land description and selection units are set out below. Where a selection unit comprises part of a lot on a survey plan the area shown is an estimated area not a surveyed area.

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- 4.1 Geraldine Forest: 5,398.8398 hectares more or less situated in the Land Registration District of Canterbury, being Lot 1 DP 58553, Lot 2 DP 58554, Lots 3, 4 & 5 DP 58555, R 3543 (SO 1491) together with the Geraldine Headquarters being Lot 1 DP 60749 (0.2230 hectares). The selection units are:

Selection Unit	Area (hectares)	Description
Pioneer Park	386.4400	Lot 1 DP 58553 (compartments 601-614, 616, 617, 619, 620)
Raincliff North	31.0000 (approx)	Part R 3543 (compartment 701)
Raincliff South	52.6687 (approx)	Part R 3543 (compartment 702)
South block	562.2400	Lot 2 DP 58554 (compartments 25-45)
Hands block	736.8000 (approx)	Part Lot 4 DP 58555 (compartments 301-308)
Gorge block	1,276.9220 (approx)	Part Lot 4 DP 58555 (compartments 504-519)
Te Moana block	759.2779 (approx)	Lot 5 and Part Lot 4 DP 58555 (compartments 209-212, 401-414)
Curtis block	469.0400 (approx)	Part Lot 4 DP 58555 (compartments 101-113, 415-417)
Main block	1,124.4512 (approx)	Lot 3 and Part Lot 4 DP 58555 (compartments 1-7, 10-14, 16-21, 23, 201-208, 213, 214)
Headquarters	0.2230	Lot 1 DP 60749



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- 4.2 Waimate Forest: 4,589.1809 hectares more or less, situated in the Land Registration District of Canterbury, being Lot 1 DP 60168, Lots 2-10 DP 60169, Lots 11-14 DP 60170, Lots 1,2 & 4 DP 43809 & Lots 5-7 DP 43954 together with the Waimate Headquarters being section 484 - 487 and 491 - 494 Town of Waimate (0.8081 hectares). The selection units are:

Selection Unit	Area (hectares)	Description
Lobbs Hole block	559.0880 (approx)	Lots 1, 2 & 4 DP 43809 and Lots 3 & 4 and Part Lot 2 DP 60169 (compartments 1-5, 30-31)
North Charnwood block	1,979.3000 (approx)	Part Lot 10 DP 60169 (compartments 6-13, 21-29)
South Charnwood block	659.8000 (approx)	Part Lot 10 DP 60169 (compartments 14, 17-20)
Donnithorne block	298.6700 (approx)	Lots 5, 6, 7, 8 & 9 and Part Lot 2 DP 60169 (compartments 32-35)
Compartment 15 block	66.1339	Lots 11, 12 & 13 DP 60170 (compartment 15)
Compartment 16 block	65.5770	Lot 14 DP 60170 and Lots 5, 6 & 7 DP 43954 (compartment 16)
Noondale	960.6120	Lot 1 DP 60168 (compartments 101-110)
Headquarters	0.8081	Sections 484-487, 491-494 Town of Waimate

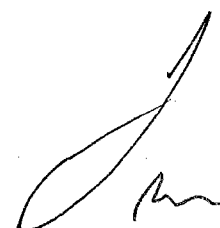
- 4.3 Herbert Forest: 4,587.0444 hectares, more or less, situated in the Land Registration District of Otago, being Lots 1-5 DP 21423, Lots 1-5 DP 21424, Lots 1-8 DP 21425, Lots 1-3 DP 21426, Lot 1 DP 22341, Lot 1 DP 8703 & Lots 10 & 11 DP 5913. The selection units are:



AVAILABLE CROWN FORESTRY ASSETS

Selection Unit	Area (hectares)	Description
Main block	1,771.0000	Lot 5 DP 21423 (compartments 3-37, 39-55)
Mt Misery block	328.7500	Lots 1, 2, 3 & 4 DP 21423 (compartments 87-92)
Frasers block	920.1200	Lots 1, 2, 3, 4 & 5 DP 21424 (compartments 2, 56-71)
Compartment 78	44.5081	Lot 2 DP 21425 (compartment 78)
Compartment 80	33.4978	Lot 1 DP 21425 (compartment 80)
Trotters block	545.4908	Lots 3, 4, 5, 6, 7 & 8 DP 21425 (compartments 72-77)
Compartments 81/82	231.6650	Lot 1 DP 21426 (compartments 81 and 82)
Manatu block	679.2930	Lots 2 & 3 DP 21426 (compartments 83-86, 94-96)
Compartment 1	11.9189	Lot 1 DP 22341 (compartment 1)
Headquarters	20.8008	Lot 1 DP 8703, Lots 10 & 11 DP 5913

4.4 Naseby Forest: 2,544.6276 hectares, more or less, situated in the Land Registration District of Otago, being Lots 1-3 DP 21430, Lot 1 DP 21431, Lots 1-4 DP 21432, Lots 1 & 2 DP 21433, Lot 1 DP 21434 & Lot 1 DP 21779 together with the Naseby Headquarters being Lots 1 and 2 DP 21435 (0.8828 hectares) and the Naseby Camp and Fire Store being Lot 1 DP 21436 (0.1012 hectares). The selection units are:



AVAILABLE CROWN FORESTRY ASSETS

Selection Unit	Area (hectares)	Description
Main block east	684.8800 (approx)	Lot 2 and Part Lot 1 DP 21430 and Lot 1 DP 21431 (compartments 19, 24-29)
Main block west	1,580.0000 (approx)	Lot 3 and Part Lot 1 DP 21430 (compartments 4-18, 20-23)
Fennessy Road, compartment 2	78.0620	Lot 4 DP 21432 (compartment 2)
Fennessy Road, compartment 3	46.3723	Lots 1, 2 & 3 DP 21432 (compartment 3)
Black Forest	60.9392	Lots 1 & 2 DP 21433 (compartment 1)
Compartment 30	57.1220	Lot 1 DP 21434 (compartment 30)
Gimmerburn	37.2521	Lot 1 DP 21779 (compartment 33)
Office/house	0.8828	Lots 1 & 2 DP 21435
Firestation/camp	0.1012	Lot 1 DP 21436

4.5 Silverpeaks Forest: 1,985.9100 hectares, more or less, situated in the Land Registration District of Otago, being Lots 1-9 DP 21417. The selection units are:

Selection Unit	Area (hectares)	Description
Unit 1	396.1000 (approx)	Lot 8 and Part Lot 1 DP 21417 (compartments 1-3, 5)
Unit 2	150.0000 (approx)	Part Lot 1 DP 21417 (compartments 6, 7)

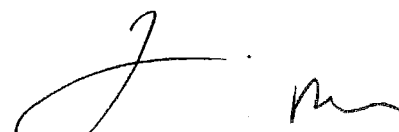
AVAILABLE CROWN FORESTRY ASSETS

Selection Unit	Area (hectares)	Description
Unit 3	125.0000 (approx)	Part Lot 1 DP 21417 (compartments 8, 9, 13)
Unit 4	660.0000	Lot 2 DP 21417 (compartments 4, 10-12, 14, 15, 17, 20)
Unit 5	63.6490 (approx)	Lot 7 and Part Lot 1 DP 21417 (compartments 16, 18)
Unit 6	163.0400	Lot 6 DP 21417 (compartments 21-23)
Unit 7	104.0000 (approx)	Part Lot 3 DP 21417 (compartments 25, 26)
Unit 8	258.1000	Lot 4 and Part Lot 3 DP 21417 (compartments 27-32)
Unit 9	66.0210	Lots 5 & 9 DP 21417 (compartment 24)

4.6 McLaren Gully Forest: 20.4150 hectares, more or less, situated in the Land Registration District of Otago, being Lot 7 DP 21420. In this case, the selection unit is the whole forest.

5 Errors and Misdescriptions

The legal description of all land referred to in this Attachment is believed to be correct. Any errors, misdescriptions, omissions or other inconsistencies will not in any way diminish or negate the parties' intention that all land of the Crown that is Crown Forest Land comprised in, respectively, the 27 Crown Forestry Licences or the Aoraki Forests within the Takiwa of Ngāi Tahu are intended to be included in the land described in this *Attachment 7.1* and subject to the provisions of this Deed. If it is established that any such error, misdescription, omission or other inconsistency has occurred or exists, the Crown's obligation shall be limited to correcting the error, misdescription, omission or other inconsistency.



DISCLOSURE INFORMATION

**ATTACHMENT 7.2
DISCLOSURE INFORMATION***(Clause 7.3)*

1 The information to be provided by the Crown to Te Rūnanga pursuant to *clause 7.3.1* includes the items set out in *paragraphs 2 and 3* of this *Attachment 7.2*, together with any additional relevant information necessary to enable Te Rūnanga to make any selection under *clause 7.3*. When providing the information the Crown shall, where relevant, specify the date as at which the information is current. Unless otherwise stated in this *Attachment 7.2* the information shall be as at the Deed Date.

2 Licensed Land:

- 2.1 survey description of land;
- 2.2 general location map of land;
- 2.3 copy of Crown Forestry Licence, together with any variations to the licence or charges over the licence of which the Crown has been given notice;
- 2.4 name and address of licensee;
- 2.5 Valuation NZ roll details of land value (including date of valuation) and relevant territorial authority;
- 2.6 value of land used for setting the annual licence fee (and date of valuation), the annual licence fee, date on which payable and next review date;
- 2.7 copy of all protective covenant and public access easement certificates;
- 2.8 summary of any rights attaching to the land (both over and in favour of the land), including any which are under negotiation, and which are not shown in the Crown Forestry Licence (e.g. rights of way or other rights which may have been agreed to since the registration of the licence);
- 2.9 quantum of accumulated rent held by the Crown Forestry Rental Trust;
- 2.10 where a licence fee is under review:
 - 2.10.1 the review date;
 - 2.10.2 the Crown's notified value and date of the valuation;



DISCLOSURE INFORMATION

- 2.10.3 the licensee's counter value and date of valuation;
 - 2.10.4 quantum of disputed rent and accrued interest on that rent held by Land Information New Zealand; and
 - 2.10.5 the status of the review negotiation or the determination of the reviewed licence fee; and
- 2.11 summary of any transactions underway which may affect the land (e.g. boundary exchanges, public road realignments and road stopping or taking action).

3 Aoraki Forests**3.1 Aoraki Forest Land:**

- 3.1.1 survey description of land;
- 3.1.2 general location map of land;
- 3.1.3 Valuation NZ roll details of land value (including valuation date);
- 3.1.4 name of relevant territorial authorities and level of rates for most recent financial year;
- 3.1.5 details of any buildings on the land and any further information relating to the buildings that Te Rūnanga may reasonably require;
- 3.1.6 details of the public use rights and protective covenants applying or which will apply to the land (including those that will be required if Te Rūnanga acquires the land but not the trees, or if Te Rūnanga acquires the trees but not the land and a Ngāi Tahu Crown Forestry Licence is granted over the land, and which rights and covenants, unless the Crown and Te Rūnanga otherwise agree, will be limited to the rights and covenants described in the Appendix to this *Attachment 7.2*);
- 3.1.7 schedule of all "existing rights" over or in favour of the land. These may be registered, unregistered but documented or informal rights and include rights of way and other access rights, water rights, give and take boundaries, covenants, grazing rights, mining rights, tenancies of buildings and concessions; and
- 3.1.8 summary of any transactions currently underway which may affect the land (e.g. boundary exchanges, public road realignments and road stopping or taking action).



DISCLOSURE INFORMATION

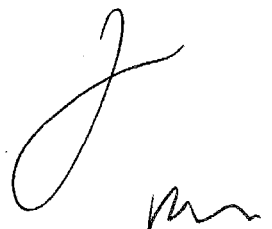
3.2 Aoraki Forest Trees:

- 3.2.1 general statement of forest area by species and age class;
- 3.2.2 general forest map showing compartment boundaries, roads and other relevant features;
- 3.2.3 access to any aerial photographs of the forests;
- 3.2.4 stand records in electronic form (and if requested by Te Rūnanga, in paper form) setting out, for each stand, species, year of planting, stocked area, treatment history and crop type used by CFM for valuation purposes;
- 3.2.5 compartment maps showing stand boundaries, species, establishment year and area;
- 3.2.6 a general description, including expected treatment regime of each crop type recognised by CFM for valuation purposes including any protection or uneconomic crop types;
- 3.2.7 crop type files in electronic form (and, if requested by Te Rūnanga in paper form) setting out, for each crop type, species, area by age class, projected treatment regime, yields by age class, anticipated treatment costs (for silviculture) and harvesting costs;
- 3.2.8 any recent inventory data, including data collected during quality control of silvicultural operations;
- 3.2.9 any recent Ministry of Forestry forest health inspection reports;
- 3.2.10 summary of any commitments over the forest (e.g. management contracts, log supply contracts, silvicultural contracts);
- 3.2.11 details of any land use consents;
- 3.2.12 the following management information:
 - (a) a list of stands which are likely, subject to market conditions, to be considered for harvesting over the period commencing on 1 July immediately preceding the Deed Date and terminating on the expiration of a period of two years from Deed Date (this does not imply a commitment to harvest but merely establishes the



DISCLOSURE INFORMATION

- expected maximum extent of harvesting during the period given market conditions);
- (b) the details of those stands to be harvested that CFM has included or is including in its budget for the financial year which includes the Deed Date (and, when available, similar details for the following financial years). Again, this does not imply a commitment to harvest but is the best information available at the time the budget is prepared, based on expected market conditions at that time;
 - (c) details of the criteria used by CFM to schedule silvicultural operations in its budgets; and
 - (d) details of the criteria used by CFM to determine when a stand will actually be treated. The difference between this item and the previous one is that, during the budget process, the scheduling of stands for treatment will usually be based on stand age. Timing of actual treatment normally follows a physical inspection of the stand to ensure that it is actually ready (e.g. stand height is sufficient for treatment to occur without compromising future growth);
- 3.2.13 details of those stands budgeted for treatment in the financial year which includes the Deed Date, and, when available, similar details for the following financial year. The budget for that following year will depend on progress made during the previous year, reassessment of stands, and changes in market conditions and would not normally be prepared until about April in any year; and
- 3.2.14 details of any other operations which are budgeted to be undertaken in the financial year which includes the Deed Date (and, when available, the subsequent financial year) such as maintenance, inventory and capital expenditure;
- 3.2.15 log prices currently being achieved by log type;
- 3.2.16 log conversion information;
- 3.2.17 log recovery reconciliations;
- 3.2.18 annual budgets and actual achievements for forests (including maintenance, protection, and costs) for the current financial year



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(expected to be the year beginning 1 July 1997) and the 2 previous years (CFM's 1995/96 financial year was for 15 months because of a change in balance date);

3.2.19 any technical and research reports that relate to the forests; and

3.2.10 any audit reports that have been undertaken on the forests in terms of stand operations and any environmental audits.

4 Disclaimer

4.1 The Crown covenants and warrants to Te Rūnanga that all details, forecasts, projections, estimates, opinions and other information to be provided by the Crown to Te Rūnanga pursuant to this *Attachment 7.2* shall:

4.1.1 be the best information available to the Crown, CFM or the relevant Crown Body at the time of provision; and

4.1.2 genuinely represent the views of the Crown, CFM or the relevant Crown Body and be reasonably arrived at on the basis of the best information available to them at the relevant date.

4.2 Te Rūnanga acknowledges and agrees that:

4.2.1 other than those in *paragraph 4.1* of this *Attachment 7.2*, no representation or warranty is given, whether expressed or implied, nor is any responsibility accepted, by the Crown, CFM or the relevant Crown Body with respect to the completeness or accuracy of the information to be provided by the Crown to Te Rūnanga pursuant to this *Attachment*; and

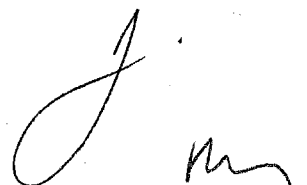
4.2.2 other than those in *paragraph 4.1* of this *Attachment 7.2*, no representation or warranty is given, whether expressed or implied, nor is any responsibility accepted, by the Crown, CFM or the relevant Crown Body with respect to Te Rūnanga's reliance upon or use of the details, forecasts, projections, estimates, opinions and other information.



DISCLOSURE INFORMATION

**APPENDIX
(TO ATTACHMENT 7.2)****AORAKI FORESTS - PROTECTIVE COVENANTS AND
PUBLIC ACCESS**

- 1 The terms and conditions of protective covenants and public access easements referred to in *paragraph 3.1(f)* of this *Attachment 7.2* shall be based on those contained in the standard covenants and easement set out in *Appendix A.1* or *Appendix A.2* (as the case may be) and *Appendix B* to *Attachment 7.7*. The manner of creation of the various covenants and easements shall depend on the final selection of Forestry Assets made by Te Rūnanga in respect of the Aoraki Forests.
- 2 If Te Rūnanga acquires Trees but not the Land, then the Ngāi Tahu Crown Forestry Licence shall contain:
 - 2.1 an archaeological covenant in the form set out in *Appendix A.1* to *Attachment 7.7*;
 - 2.2 if required, conservation covenants in the form set out in *Appendix A.1* to *Attachment 7.7*;
 - 2.3 if required, research covenants in the form set out in *Appendix A.1* to *Attachment 7.7*; and
 - 2.4 if required, public access easements in the form set out in *Appendix B* to *Attachment 7.7*.
- 3 If Te Rūnanga acquires the Land, and the Crown retains the Trees and is granted or reserves a Ngāi Tahu Crown Forestry Licence, then:
 - 3.1 such licence shall contain an archaeological covenant in the form set out in *Appendix A.2* to *Attachment 7.7* for any sites of significance to Te Rūnanga;
 - 3.2 if requested by the Crown, and if Te Rūnanga consents, conservation covenants shall be created under section 77 of the Reserves Act 1977 or section 27 of the Conservation Act 1987 and registered against the title to the Land being acquired by Te Rūnanga. The existence of any such covenant shall be noted in *Appendix D* to the Ngāi Tahu Crown Forestry Licence (which is subject to the provisions of Section 8 of such licence);



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- 3.3 such licence shall contain, if required, a research covenant in the form set out in *Appendix A.2 to Attachment 7.7*; and
- 3.4 no public access easements shall be included in the Ngāi Tahu Crown Forestry Licence.
- 4 If Te Rūnanga acquires both the Land and the Trees, then:
- 4.1 if requested by the Crown, and if Te Rūnanga consents, conservation covenants shall be created under section 77 of the Reserves Act 1977 or section 27 of the Conservation Act 1987 and registered against the title to the Land being acquired by Te Rūnanga;
- 4.2 Te Rūnanga shall be required to enter into an agreement with New Zealand Forest Research Institute Limited to provide access for the Institute to any research trials. The terms and conditions of such agreement shall be similar to those contained in the research covenant set out in *Appendix A.1 to Attachment 7.7*; and
- 4.3 no archaeological covenant or public access easements will be required.
- 5 The protective covenants and public access easements relating to each of the Aoraki Forests are set out below:

Geraldine Forest

Public Access: general walking access for public (only if Crown retains ownership of Land) - refer *clause 6.2 of Attachment 7.7*.

Conservation Covenants:

- (i) Kakahu bush (23.05 hectares shown marked X on DP 58555);
- (ii) Nelsons bush (39.55 hectares shown marked Z on DP 58555); and
- (iii) Parishes bush (26.5 hectares shown marked Y on DP 58555).

Archaeological Covenant.

Research Covenant: to cover 11 research trials.



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Waimate Forest*Public Access:*

- (i) general walking access for public (only if Crown retains ownership of land) - refer *clause 6.2 of Attachment 7.7*; and
- (ii) public vehicular access to Conservation land from Donithornes road (marked FF on DP 60169).

Conservation Covenants:

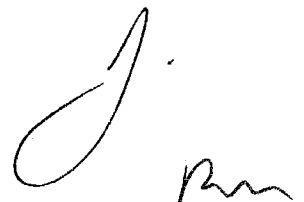
- (i) Noondale Road or Milnes bush (131.9 hectares shown marked A on DP 60168);
- (ii) Kelcey's bush (145.61 hectares shown marked A, B, C, D & E on DP 60169); and
- (iii) Thompsons Track or Jacksons Bush (82.8 hectares shown marked B on DP 60168).

Archaeological Covenant.

Research Covenant: to cover seven research trials.

Herbert Forest*Public Access:*

- (i) general walking access for public (only if Crown retains ownership of land) - refer *clause 6.2 of Attachment 7.7*;
- (ii) public vehicular access along Ruru Road in Trotters Block (shown marked B, C, D, E, F, G, H, I, J & K on DP 21425). (Only if Crown retains ownership of land but note that a right of way easement in favour of conservation land adjoining the forest may still be necessary);
- (iii) public vehicular access through Frasers Block linking Findlays public road to Mile Flat public road and shown marked B, C, D, E, F, G, H, I, J & K on DP 21424;
- (iv) public vehicular access to Hoods Creek and Glenburnie Creek conservation covenants (shown marked E and H on DP 21423);



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- (v) public vehicular access to Swallows Track conservation covenant (shown marked A on DP 21423 together with an extension to the Glenburnie Creek conservation covenant); and
- (vi) public vehicular access from Glencoe scenic reserve to Hoods Creek.

Conservation Covenants:

- (i) Pa Road native orchid covenant (0.188 hectares shown marked A on DP 21423);
- (ii) Hoods Creek covenant (38 hectares shown marked B on DP 21423);
- (iii) Glenburnie Creek covenant (35 hectares shown marked C on DP 21423);
- (iv) Swallows track covenant (66 hectares shown marked D on DP 21423);
- (v) Compartment 76 flax swamp covenant (19.7921 hectares shown marked A on DP 21656); and
- (vi) parts compartment 75 (approximately 50 hectares of indigenous vegetation not yet surveyed).

*Archaeological Covenant.***Naseby Forest***Public Access:*

- (i) general walking access for public (only if Crown retains ownership of land) - refer *clause 6.2 of Attachment 7.7*; and
- (ii) public vehicular access to Coalpit and Hoffmans Dams (shown marked A and B on DP 21430) (only required if Crown retains ownership of land).

Conservation Covenants:

- (i) Coalpit dam covenant (5.12 hectares shown marked A on DP 21595) (only if Crown retains ownership of land); and
- (ii) Hoffmans dam covenant (5.57 hectares shown marked A on DP 21596) (only if Crown retains ownership of the land).

Archaeological Covenant.


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Research Covenant: to cover nine research trials.

Silverpeaks Forest

Public Access:

- (i) general walking access for public (only if Crown retains ownership of land)
- refer *clause 6.2 of Attachment 7.7*; and
- (ii) public vehicular access along Mountain track from Steep Hill public road to Semple and Double Hill public roads (shown marked A-V and Y on DP 21417) (only if Crown retains ownership of land).

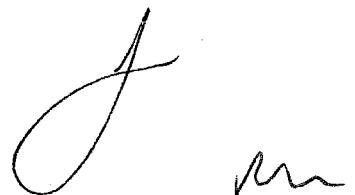
Archaeological Covenant.

Research Covenant: to cover two research trials.

Mclaren Gully Forest

Public Access: general walking access for public (only if Crown retains ownership of land) - refer *clause 6.2 of Attachment 7.7*.

Archaeological Covenant.



ATTACHMENT 7.3
AORAKI FOREST DOCUMENTATION AND VALUATION
(Clause 7.3.7)



PART I: DOCUMENTATION AND INITIAL TRANSFER VALUES

- 1 The steps required for the Aoraki Forest (Land and Trees) may, depending on Te Rūnanga's selection, pursuant to *clause 7.3.3(a)*, be more complex than those required for the other Potential Forestry Assets. This *Attachment 7.3* defines those steps.

Consequences of Initial Selection

- 2 No later than 10 Business Days after the Initial Selection Date, the parties shall meet to determine any issues which arise from Te Rūnanga's initial selection, particularly with respect to the Aoraki Forests, but taking into account other Available Crown Forestry Assets which have been selected. The matters which could arise include:
- 2.1 subdivision of any Aoraki Forest Land selection unit pursuant to *paragraph 2.2.2 of Attachment 7.1*;
 - 2.2 requirements for the revision and completion of the standard Forestry Documentation referred to in *Attachment 7.5* of this Section 7;
 - 2.3 requirements for any additional Forestry Documentation;
 - 2.4 arrangements for any joint inspection of assets by the Crown and Te Rūnanga and/or their respective valuers;
 - 2.5 the need for any amendments to the timeframes specified by this Deed; and
 - 2.6 the need for concurrent valuations or meetings contemplated by this *Attachment 7.3* and the need for any changes to the various processes.

Any changes to the provisions of this Deed resulting from such meeting are to be documented and executed by authorised representatives of the Crown and Te Rūnanga.





AORAKI FOREST DOCUMENTATION AND VALUATION

- 3 No later than 25 Business Days after the Initial Selection Date, the Crown and Te Rūnanga shall:
- 3.1 agree on any subdivision of any Aoraki Forest land selection unit, or failing agreement, refer the matter to an Independent Expert (forestry) pursuant to *clause 7.6* of this Deed; and
- 3.2 agree to any revisions to the Forestry Documentation or any additional Forestry Documentation resulting from *paragraph 2*, or failing agreement, refer the matter to an Independent Expert (documentation) pursuant to *clause 7.6*.

Aoraki Forest Land

- 4 No later than 40 Business Days after the Initial Selection Date, the Crown shall serve on Te Rūnanga copies of the Crown's valuation report setting out the Market Values of the Aoraki Forest Land and of the Ngāi Tahu Crown Forestry Licence fees. This report shall relate only to the Aoraki Forest Land units and stands of Trees initially selected by Te Rūnanga and shall reflect any revisions to the standard Forestry Documentation made pursuant to *paragraph 3.2*. If any issue which affects the land values or licence fees contained in that report has been referred to an Independent Expert (including changes to the Forestry Documentation or subdivision of any Aoraki Forest Land selection unit) and has not been determined at least 5 Business Days before the Crown is due to serve its report on Te Rūnanga, the Crown's valuation report shall be based on the Crown's position at the time that the issue is referred to the Independent Expert.
- 5 If Te Rūnanga is not in agreement with the assessment of Market Value of the Aoraki Forest Land or of the Ngāi Tahu Crown Forestry Licence fee in the Crown's valuation report for any selection unit, it shall register its objection with the Crown not more than 50 Business Days after the Initial Selection Date.
- 6 If Te Rūnanga does not register an objection with the Crown within the period referred to in *paragraph 5*, the Market Value of the Aoraki Forest Land or of the Ngāi Tahu Crown Forestry Licence fee, set out in the Crown's valuation report will (subject to any issues still to be determined by an Independent Expert), be the Initial Transfer Value of such Aoraki Forest Land or the Initial Forestry Right Market Rental.
- 7 If Te Rūnanga registers an objection:
- 7.1 Te Rūnanga shall serve on the Crown, at the same time as it registers its objection under *paragraph 5*, a report from Te Rūnanga's valuer containing an assessment of the Market Value for each selection unit whose value it



AORAKI FOREST DOCUMENTATION AND VALUATION

disagrees with and of the Ngāi Tahu Crown Forestry Licence fee whose value it disagrees with for the selected stands;

- 7.2 if Te Rūnanga fails to serve the report required in *paragraph 7.1* by the date specified, its objection will become void and *paragraph 6* will apply as if no objection had been made;
- 7.3 the parties shall forthwith meet in an endeavour to resolve differences. Each party may request further information from the other in support of the valuation reports of the valuers and the Crown and Te Rūnanga shall ensure their respective valuers comply with any such request forthwith. Meetings shall proceed on the basis that the Crown and Te Rūnanga shall make full disclosure of all relevant information to each other; and
- 7.4 if the differences are resolved to the satisfaction of the parties, they shall complete a written acknowledgement that they agree on a specified Market Value of the Aoraki Forest Land or of the Ngāi Tahu Crown Forestry Licence fee for the selection unit. The Market Value of the Aoraki Forest Land and of the Ngāi Tahu Crown Forestry Licence fee contained in that written acknowledgement will (subject to any issues still to be resolved by an Independent Expert) be the Initial Transfer Value of the Aoraki Forest Land and the Initial Forestry Right Market Rental.
- 8 If the parties do not complete a written acknowledgement of an agreed Market Value of the Aoraki Forest Land and of the Ngāi Tahu Crown Forestry Licence fee for any selection unit within the period of 70 Business Days after the Initial Selection Date, the difference or dispute shall be referred to an Independent Expert (forest or land valuation) in accordance with *clause 7.6* of this Deed.
- 9 If any difference or dispute in the Market Value of any selection unit is referred to expert determination, the assessment of the associated Ngāi Tahu Crown Forestry Licence fee (if any) shall also be referred to expert determination by the same Independent Expert (forest or land valuation).

Aoraki Forest Trees

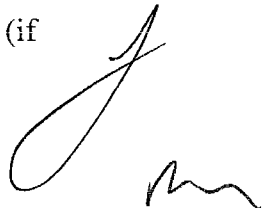
- 10 No later than 80 Business Days after the Initial Selection Date, the Crown shall serve on Te Rūnanga copies of the Crown's valuation report relating to the Market Value of the stands of Aoraki Forest Trees selected by Te Rūnanga pursuant to *clause 7.3.3(a)*. In determining such Market Value the valuer shall have regard to (inter alia) the values as at the Deed Date of the relevant parameters set out in the *Appendix* to this *Attachment 7.3*. If any issue which has a bearing on the value of the stands of Trees has been referred to an Independent Expert, and has not been determined at least 5 Business Days before the Crown is due to serve its report on



AORAKI FOREST DOCUMENTATION AND VALUATION

Te Rūnanga, the Crown's valuation report shall be based on the Crown's position at the time that the relevant issue was referred to the Independent Expert.

- 11 If Te Rūnanga is not in agreement with the assessment of Market Value of the Trees in the Crown's report, it shall register its objection with the Crown not more than 90 Business Days after the Initial Selection Date.
- 12 If Te Rūnanga does not register an objection with the Crown within the period referred to in *paragraph 11*, the Market Value of the Aoraki Forest Trees assessed by the Crown's Valuer will (subject to any issues still to be determined by an Independent Expert), be the Initial Transfer Value of those Trees.
- 13 If Te Rūnanga registers an objection:
 - 13.1 Te Rūnanga shall serve on the Crown, at the same time as it registers its objection under *paragraph 11*, a report from Te Rūnanga's valuer containing an assessment of the Market Value of the Aoraki Forest Trees;
 - 13.2 if it fails to serve the report required in *paragraph 13.1* by the date specified, its objection will become void and *paragraph 12* will apply as if no objection had been made;
 - 13.3 the parties shall forthwith meet in an endeavour to resolve differences. Each party may request further information from the other in support of the valuation reports of the valuers and the Crown and Te Rūnanga shall ensure their respective valuers comply with any such request forthwith. Meetings shall proceed on the basis that the Crown and Te Rūnanga shall make full disclosure of all relevant information to each other; and
 - 13.4 if the differences are resolved to the satisfaction of the parties, they complete a written acknowledgement that they agree on a specified Market Value for the Aoraki Forest Trees and the Market Value contained in that written acknowledgement will (subject to any issues still to be determined by an Independent Expert) be the Initial Transfer Value of those Trees.
- 14 If the parties do not complete a written acknowledgement of an agreed Market Value of the Aoraki Forest Trees within the period of 110 Business Days after the Initial Selection Date, the difference or dispute shall be referred to an Independent Expert (forest valuation) in accordance with *clause 7.6* of this Deed.
- 15 If any difference or dispute in the Market Value of the Aoraki Forest Trees is referred to expert determination, the Independent Expert may request the Crown and Te Rūnanga to reassess the associated Initial Forestry Right Market Rental (if



any). If such a request is made, the Independent Expert shall set out the basis for such a reassessment and the parties will proceed in accordance with *paragraphs 7.3 to 8* inclusive.

Consequences of Expert Determinations

- 16 Where any matters have been referred to an Independent Expert pursuant to *paragraphs 3, 8, 9, 14 or 15*, the Crown and Te Rūnanga shall, within 5 Business Days of receipt of the determination, meet to determine what steps are to be taken to incorporate the determination in the process set out in *paragraphs 3 to 15* inclusive. The Crown and Te Rūnanga shall take all reasonable steps to ensure that Initial Transfer Values of Aoraki Forest Land and Trees and the Initial Forestry Right Market Rental (as defined in *paragraphs 6, 7.4, 12 and 13.4* and incorporating any matters referred to an Independent Expert) required by the Te Rūnanga initial selection are determined no later than the Adjustment Date.

PART II: ADJUSTMENT

- 17 The procedures set out in this *Part II* are to be completed to enable the Initial Transfer Values or the Initial Forestry Right Market Rentals or Forestry Documentation to be adjusted in accordance with the intent expressed in *clause 7.3.9* of this Deed, so as to determine the Transfer Values and the Forestry Right Market Rentals and the final form of Forestry Documentation.

Provision of Adjustment Information

- 18 No later than the Adjustment Date the Crown shall provide Te Rūnanga with details of the following with respect to any Aoraki Forest which is a Potential Forestry Asset:
- 18.1 all harvesting, pruning, thinning (both production and waste thinning), fertilising and ancillary establishment (including blanking) carried out since the Deed Date;
- 18.2 any land preparation, restocking and ancillary establishment (including blanking) carried out with respect to any stand re-established following harvest since the Deed Date;
- 18.3 any capital roading operations carried out since the Deed Date;
- 18.4 any material damage since the Deed Date; and
- 18.5 any other material event or activity which has occurred or been carried out (or which has not occurred or been carried out) since the Deed Date and



AORAKI FOREST DOCUMENTATION AND VALUATION

which may affect the value of any Aoraki Forest which is a Potential Forestry Asset.

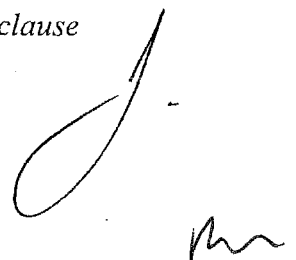
- 19 The Crown shall also provide Te Rūnanga with its programme of work for any Aoraki Forest, which is a Potential Forestry Asset, to be carried out between the Adjustment Date and the Final Transfer Date.

Initial action

- 20 Following the provision of the information described in *paragraphs 18 and 19*, Te Rūnanga may conduct audits of that information. If any audit reveals any material inaccuracies in the information so supplied, then Te Rūnanga shall provide the Crown with the results of such audit to enable the Crown to verify the audit results. If the inaccuracies are verified, the Crown shall, at its cost, correct the information as soon as possible.
- 21 Either party shall, no later than 10 Business Days after the Adjustment Date, advise the other party of:
- 21.1 the details of any Potential Forestry Assets which either party requires to be subjected to the adjustment process referred to in *clause 7.3.9* of this Deed; and
- 21.2 the reasons for requiring such adjustment process to be applied to those Potential Forestry Assets.
- 22 No later than 15 Business Days after the Adjustment Date, the Crown and Te Rūnanga shall meet to determine any issues which arise from the advice, given pursuant to *paragraph 21*, which result from the information supplied by the Crown to Te Rūnanga, pursuant to *paragraphs 18 and 19*, or which are the result of Te Rūnanga's audit, pursuant to *paragraph 20*, or which may arise from the application to the Potential Forestry Assets of the adjustment process referred to in *clause 7.3.9*. Either the Crown or Te Rūnanga may request that they and/or their respective valuers conduct a joint inspection of any of the Aoraki Forest which is a Potential Forestry Asset. If any such request is so made, then the joint inspection shall be undertaken within 25 Business Days after the Adjustment Date. Any amendments to the process set out in this *Part II* resulting from such meeting are to be documented and signed by authorised representatives of the Crown and Te Rūnanga.

Valuation of Changes

- 23 Forthwith after the meeting referred to in *paragraph 22*, the Crown and Te Rūnanga shall instruct their respective valuers to determine, pursuant to *clause*



AORAKI FOREST DOCUMENTATION AND VALUATION

7.3.9, any changes in any Initial Transfer Value or Forestry Right Market Rental for the relevant Aoraki Forest, which is a Potential Forestry Asset.

- 24 No later than 25 Business Days after the Adjustment Date, the Crown and Te Rūnanga shall, either, agree to any revisions to the Forestry Documentation necessitated by the issues referred to in *paragraphs 17 to 23*, or, refer the issue to an Independent Expert (documentation). If an Independent Expert is required pursuant to *paragraph 3.2*, then the issue shall be referred (unless that person is not available) to the same person.

Adjustments to Aoraki Forest Land

- 25 No later than 30 Business Days after the Adjustment Date, the Crown shall serve on Te Rūnanga, and Te Rūnanga shall serve on the Crown, their reports showing their respective views of any changes to any Initial Transfer Value for any Aoraki Forest Land or Initial Forestry Right Market Rental.
- 26 The Crown and Te Rūnanga shall forthwith meet in an endeavour to resolve any differences in the views expressed in their respective reports. Each party may request further information from the other in support of the reports of the valuers, and the Crown and Te Rūnanga shall ensure their respective valuers comply with any such request forthwith. Meetings shall proceed on the basis that the Crown and Te Rūnanga shall make full disclosure of all relevant information to each other.
- 27 If the differences are resolved to the satisfaction of the Crown and Te Rūnanga, they shall complete a written acknowledgement that they agree on the changes to be made to any Initial Transfer Value for any Aoraki Forest Land or any Initial Forestry Right Market Rental, and the Initial Transfer Value for any Aoraki Forest Land or the Initial Forestry Right Market Rental as so changed in that written acknowledgement will (subject to any issues still to be resolved by an Independent Expert) be the Transfer Value for that Aoraki Forest Land and the Forestry Right Market Rental.
- 28 If the Crown and Te Rūnanga do not complete a written acknowledgement of the agreed changes to any Initial Transfer Value for any Aoraki Forest Land or any Initial Forestry Right Market Rental within the period of 35 Business Days after the Adjustment Date, the difference or dispute shall be referred to an Independent Expert (land valuation) in accordance with *clause 7.6*. The Independent Expert shall be the same as the person (if any) used as an Independent Expert pursuant to *paragraph 8* (providing that person is available).
- 29 In the event that the Crown and Te Rūnanga agree that no change is required to any Initial Transfer Value for any Aoraki Forest Land or Initial Forestry Right



AORAKI FOREST DOCUMENTATION AND VALUATION

Market Rental then such Initial Transfer Value or Initial Forestry Right Market Rental will be the Transfer Value or Forestry Right Market Rental respectively.

Adjustments to Aoraki Forest Tree Value

- 30 No later than 35 Business Days after the Adjustment Date the Crown shall serve on Te Rūnanga and Te Rūnanga shall serve on the Crown their reports showing their respective views of the change to the Initial Transfer Value for any Aoraki Forest Trees.
- 31 The Crown and Te Rūnanga shall forthwith meet in an endeavour to resolve any differences in the views expressed in their respective reports. Each party may request further information from the other in support of the reports of the valuers and the Crown and Te Rūnanga shall ensure their respective valuers comply with any such request forthwith. Meetings shall proceed on the basis that the Crown and Te Rūnanga shall make full disclosure of all relevant information to each other.
- 32 If the differences are resolved to the satisfaction of the parties, they shall complete a written acknowledgement that they agree on the changes to be made to any Initial Transfer Value for any Aoraki Forest Trees and the Initial Transfer Value for any Aoraki Forest Trees as so changed in that written acknowledgement will (subject to any issues still to be resolved by an Independent Expert) be the Transfer Value for those Aoraki Forest Trees.
- 33 If the parties do not complete a written acknowledgement of the agreed changes to any Initial Transfer Value for any Aoraki Forest Trees within the period of 45 Business Days after the Adjustment Date, the difference or dispute shall be referred to an Independent Expert (forest valuation) in accordance with *clause 7.6* of this Deed. The Independent Expert shall be the same as the person (if any) used as an Independent Expert pursuant to *paragraph 14* (providing that person is available).
- 34 In the event that the Crown and Te Rūnanga agree that no change is required to any Initial Transfer Value for any Aoraki Forest Trees then such Initial Transfer Value will be the Transfer Value.
- 35 If any difference or dispute in the changes to the Initial Transfer Value for any Aoraki Forest Trees is referred to expert determination, the Independent Expert may request the Crown and Te Rūnanga to reassess any changes to the associated Initial Forestry Right Market Rental (if any). If such a request is made, the Independent Expert shall set out the basis for such a reassessment and the parties will proceed in accordance with *paragraphs 26 to 29* inclusive.



Consequences of Expert Determinations

- 36 Where any issues have been referred to an Independent Expert pursuant to *paragraphs 24, 28, 33 or 35*, the Crown and Te Rūnanga shall, within 5 Business Days of receipt of the determination, meet to determine what steps are to be taken to incorporate the determination in the procedures set out in this *Part II*. The Crown and Te Rūnanga shall take all reasonable steps to ensure that the Transfer Values of Aoraki Forest Land and Trees and Forestry Right Market Rentals are determined no later than the Documentation and Valuation Completion Date.

PART III: AORAKI FOREST ADDITIONAL ASSETS - ALLOCATION AND RIGHTS OF USE

- 37 No later than 41 Business Days after the Initial Selection Date, the Crown shall provide Te Rūnanga with a list of the description and location of any plant, equipment, vehicles, tools, consumable supplies, raw materials, minor forest produce and stores which are owned by the Crown, and used in association with the management of each of the Aoraki Forests, which are Potential Forestry Assets ("the additional assets") and which shall be allocated between the Crown and Te Rūnanga, accompanied by grants or reservations of appropriate rights of use, depending on the respective areas of the final groups of Aoraki Forest Trees selected (or not selected as the case may be) by Te Rūnanga, pursuant to *clause 7.3.11*.

- 38 The allocation and any sale of the additional assets and the terms and conditions of any grant or reservation of rights of use, shall be made in accordance with the following principles:

38.1 the additional assets shall, to the extent possible, be identified and listed separately by reference to each of the Aoraki Forests;

38.2 if Te Rūnanga, in its final selection pursuant to *clause 7.3.11*:

38.2.1 does not select any group of Aoraki Forest Trees within any particular Aoraki Forest (with the result that all groups of Aoraki Forest Trees within that Aoraki Forest remain in the ownership of the Crown), then the Crown shall be entitled to retain the ownership of the additional assets identified in *paragraph 38.1* of this *Attachment* as being applicable to that Aoraki Forest without being under any obligation to grant any rights of use to Te Rūnanga in respect of those additional assets;


38.2.2 selects all groups of Aoraki Forest Trees within any particular Aoraki Forest (with the result that none of the groups of Aoraki Forest Trees



AORAKI FOREST DOCUMENTATION AND VALUATION

within that Aoraki Forest remain in the ownership of the Crown), then Te Rūnanga shall be entitled to purchase, and, if Te Rūnanga so elect, the Crown shall sell to Te Rūnanga, the additional assets identified in *paragraph 38.1* of this *Attachment* as being applicable to that Aoraki Forest without Te Rūnanga being under any obligation to grant any rights of use to the Crown in respect of those additional assets;

- 38.2.3 selects some, but not all, of the groups of Aoraki Forest Trees within any particular Aoraki Forest (with the result that the area in aggregate of the groups so selected exceeds the area in aggregate of the groups not so selected), then Te Rūnanga shall be entitled to purchase, and, if Te Rūnanga so elect, the Crown shall sell to Te Rūnanga the additional assets identified in *paragraph 38.1* of this *Attachment* as being applicable to that Aoraki Forest, but subject to the reservation by the Crown of rights of use in respect of those additional assets; or
- 38.2.4 selects some, but not all, of the groups of Aoraki Forest Trees within any particular Aoraki Forest (with the result that the area in aggregate of the groups so selected does not exceed the area in aggregate of the groups not so selected), the Crown shall retain the ownership of the additional assets applicable to that Aoraki Forest but shall grant rights of use to Te Rūnanga in respect of those additional assets;
- 38.3 where the Crown is required to sell, and Te Rūnanga is entitled, if it so elects, to purchase additional assets;
- 38.3.1 if Te Rūnanga elects to exercise its right to purchase any additional assets it shall give the Crown written notice of election no later than 50 Business Days after the Final Selection Date;
- 38.3.2 the purchase price payable by Te Rūnanga, if it exercises its right of purchase, shall be the fair market value of the relevant additional assets as at the Final Selection Date as agreed upon by the Crown and Te Rūnanga. If within 62 Business Days after the Final Selection Date, the Crown and Te Rūnanga have not agreed on the purchase price payable for any of the additional assets, the difference or dispute shall be referred to an Independent Expert (general valuation) in accordance with *clause 7.6*; and
- 38.3.3 the terms and conditions for the transfer of the additional assets shall be the relevant terms and conditions contained in *Attachment 7.6*, together with any amendments agreed by the Crown and Te Rūnanga;



AORAKI FOREST DOCUMENTATION AND VALUATION

- 38.4 where rights of use in respect of additional assets are to be granted or reserved, the terms and conditions of such rights shall include, but not be limited to:
- 38.4.1 right to use upon notice at times and for periods as agreed;
 - 38.4.2 payment of a rental or other fee for the use of the additional assets;
 - 38.4.3 responsibility to pay power, petrol and other operating expenses;
 - 38.4.4 maintenance and repair obligations with exclusion for fair wear and tear;
 - 38.4.5 responsibility for loss or damage;
 - 38.4.6 rights of use, without prior notice, in the case of fire or other emergencies; and
 - 38.4.7 length of term of the right granted or reserved;
- 38.5 the terms and conditions of the rights of use for the additional assets shall be agreed upon by the Crown and Te Rūnanga. If within 62 Business Days after the Final Selection Date, the Crown and Te Rūnanga have not agreed on all the terms and conditions of all the rights of use, the difference or dispute shall be referred to an Independent Expert (documentation expert) in accordance with *clause 7.6*; and
- 38.6 the fair market value of the additional assets and the purchase price payable by Te Rūnanga, if it exercises its right of purchase, shall be irrelevant to and fall outside the requirements of *clause 8.3*.



**APPENDIX
(TO ATTACHMENT 7.3)**

FOREST VALUATION PARAMETERS

The forest valuation parameters, values of which are to be as at Deed Date in order to value the Aoraki Forest Trees shall include the following where relevant:

- 1 log prices, both national and forest specific by species and log grade, both as at the Deed Date and historical;
- 2 assumptions on future movements in log prices as at the Deed Date;
- 3 national and forest specific wharf, transport and forest costs, both as at the Deed Date and historical;
- 4 log conversion factors by species and log grade;
- 5 interest rates, exchange rates, inflation rates, tax rates and forestry discount rates;
- 6 regulatory environment (e.g. taxation, Resource Management Act, including regional plans and regional roading contributions); and
- 7 comparable forest sales information.



ATTACHMENT 7.4
LICENSED LAND DOCUMENTATION AND VALUATION
(Clause 7.3.8)

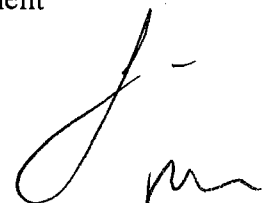
PART I: DOCUMENTATION AND INITIAL TRANSFER VALUES

1 No later than 10 Business Days after the Initial Selection Date, the parties shall meet, in accordance with *paragraph 2 of Attachment 7.3*, to determine any issues which arise from Te Rūnanga's initial selection, pursuant to *clause 7.3.3(a)*, particularly with respect to the Licensed Land and the associated selection units, but taking into account other Available Crown Forestry Assets which have been selected, or to discuss changes that may be required by Te Rūnanga to the standard Forestry Documentation referred to in *Attachment 7.5*. By way of example the matters which could arise include:

- 1.1 consequences of initial selection of selection units that comprise less than the whole of a forest;
- 1.2 requirements for the revision and completion of the standard Forestry Documentation for Licensed Land referred to in *Attachment 7.5*; and
- 1.3 amendments to the timetable specified by this Section.

Any changes to the provisions of this Section resulting from such meeting are to be documented and executed by authorised representatives of the Crown and Te Rūnanga.

- 2 No later than 35 Business Days after the Initial Selection Date, the Crown and Te Rūnanga shall:
- 2.1 agree on the selection of selection units where Te Rūnanga has initially selected selection units that do not comprise the whole of a forest which is Licensed Land, or failing agreement refer the matter to an Independent Expert (forestry), pursuant to *clause 7.6*; and
 - 2.2 agree to any revisions to the standard Forestry Documentation resulting from *paragraph 1*, or failing agreement, refer the matter to an Independent Expert (documentation), pursuant to *clause 7.6*.
- 3 No later than 40 Business Days after Initial Selection Date, the Crown shall serve on Te Rūnanga copies of the Crown's valuation report setting out Market Values of Licensed Land. This report shall relate only to the Licensed Land initially selected by Te Rūnanga, and shall reflect any revisions to the standard Settlement



LICENSED LAND DOCUMENTATION AND VALUATION

Forestry Documentation made pursuant to *paragraph 2*. If any issue which affects the Market Values contained in that report has been referred to an Independent Expert, pursuant to *paragraph 2*, and has not been determined at least 5 Business Days before the Crown is due to serve its report on Te Rūnanga, the Crown's valuation report shall be based on the Crown's position at the time that the issue is referred to the Independent Expert.

- 4 If Te Rūnanga is not in agreement with the assessment of Market Value in the Crown's valuation report for any Licensed Land it shall register its objection with the Crown not more than 55 Business Days after Initial Selection Date.
- 5 If Te Rūnanga does not register an objection with the Crown within the period referred to in *paragraph 4*, the Market Value set out in the Crown's valuation report will (subject to any issues still to be determined by an Independent Expert), be the Initial Transfer Value for the purposes of this Section.
- 6 If Te Rūnanga registers an objection:
 - 6.1 Te Rūnanga shall serve on the Crown, at the same time as it registers its objection under *paragraph 4*, a report from Te Rūnanga's valuer containing an assessment of the Market Value for the Licensed Land whose value it disagrees with;
 - 6.2 if it fails to serve the report required in *paragraph 6.1* by the date specified, its objection shall become void and *paragraph 5* shall apply as if no objection had been made;
 - 6.3 the parties will forthwith meet in an endeavour to resolve differences. Each party may request further information from the other in support of the valuation reports of the valuers and the Crown and Te Rūnanga shall ensure their respective valuers comply with any such request forthwith. Meetings shall proceed on the basis that the Crown and Te Rūnanga shall make full disclosure of all relevant information to each other; and
 - 6.4 if the differences are resolved to the satisfaction of the parties, they shall complete a written acknowledgement that they agree on a specified Market Value for the Licensed Land and the Market Value contained in that written acknowledgement will (subject to any issues still to be resolved by an Independent Expert) be the Initial Transfer Value of the Licensed Land for the purposes of this Section.
- 7 If the parties do not complete a written acknowledgement of an agreed Market Value for any Licensed Land within the period of 75 Business Days after the



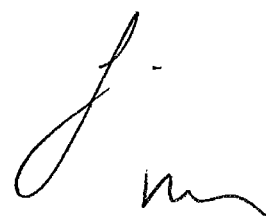
LICENSED LAND DOCUMENTATION AND VALUATION

Initial Selection Date, the difference or dispute shall be referred to an Independent Expert (land valuation) in accordance with *clause 7.6*.

- 8 Where any matters have been referred to an Independent Expert pursuant to *paragraphs 2 or 7*, the Crown and Te Rūnanga shall, within 5 Business Days of receipt of the determination, meet to determine what steps are to be taken to incorporate the determination in the process set out in *paragraphs 2 to 7* inclusive. The Crown and Te Rūnanga shall take all reasonable steps to ensure that the Initial Transfer Values of Licensed Land (as defined in *paragraphs 5 and 6* and incorporating any matters referred to an Independent Expert) required by Te Rūnanga's initial selection are determined no later than the Adjustment Date.

PART II: ADJUSTMENT

- 9 The procedures set out in this *Part II* are to be completed to enable the Initial Transfer Values to be adjusted in accordance with the intent expressed in *clause 7.3.9* so as to determine Transfer Values and the final form of Forestry Documentation.
- 10 No later than the Adjustment Date the Crown shall provide Te Rūnanga with details of any thing (including any omission) of which it is aware, which has occurred or not occurred (as the case may be) since the Deed Date and which may affect the value of any Licensed Land which is a Potential Settlement Forestry Asset.
- 11 Following the provision of the information described in *paragraph 10*, Te Rūnanga may conduct audits of that information. If any audit reveals any material inaccuracies in the information so supplied Te Rūnanga shall provide the Crown with the results of such audit to enable the Crown to verify the audit results. If the inaccuracies are verified, the Crown shall, at its cost, correct the information as soon as possible.
- 12 Either party shall, no later than 10 Business Days after the Adjustment Date, advise the other party of:
- 12.1 the details of any Licensed Land, which is a Potential Forestry Asset, which either party requires to be subjected to the adjustment process referred to in *clause 7.3.9*; and
- 12.2 the reason for requiring such adjustment process to be applied to that Licensed Land.



LICENSED LAND DOCUMENTATION AND VALUATION

- 13 No later than 15 Business Days after Adjustment Date, the Crown and Te Rūnanga shall meet to determine any issues which arise from the advice given, pursuant to *paragraph 10*, or which are the result of Te Rūnanga's audit pursuant to *paragraph 11* or which may arise from the application to any Licensed Land, which is a Potential Forestry Asset, of the adjustment process referred to in *clause 7.3.9*. Either the Crown or Te Rūnanga may request that they and/or their respective valuers conduct joint inspections of any of the Licensed Land which is a Potential Forestry Asset. If any such request is so made, then the joint inspection shall be undertaken within 25 Business Days after Adjustment Date. Any amendments to the process set out in this *Part II* resulting from such meeting are to be documented and signed by authorised representatives of the Crown and Te Rūnanga.
- 14 Forthwith after the meeting referred to in *paragraph 13*, the Crown and Te Rūnanga shall instruct their valuers to determine any changes in any Initial Transfer Value for any Licensed Land which is a Potential Forestry Asset, pursuant to *clause 7.3.9(a)*.
- 15 No later than 30 Business Days after the Adjustment Date the Crown and Te Rūnanga shall either agree to any revisions to the Forestry Documentation necessitated by the issues referred to in *paragraphs 10 to 14*, or refer the issue to an Independent Expert (documentation). If an Independent Expert is required pursuant to *paragraph 2*, then the issue shall be referred (unless that person is not available) to the same person.
- 16 No later than 35 Business Days after the Adjustment Date the Crown shall serve on Te Rūnanga and Te Rūnanga shall serve on the Crown their reports showing their respective views of any changes to any Initial Transfer Value for any Licensed Land.
- 17 The Crown and Te Rūnanga shall forthwith meet in an endeavour to resolve any differences in the views expressed in their respective reports. Each party may request further information from the other in respect of the reports of the valuers, and the Crown and Te Rūnanga shall ensure their respective valuers, comply with any such request forthwith. Meetings will proceed on the basis that the Crown and Te Rūnanga shall make full disclosure of all relevant information to each other.
- 18 If the differences are resolved to the satisfaction of the Crown and Te Rūnanga, they shall complete a written acknowledgement that they agree on the changes to be made to any Initial Transfer Value for any Licensed Land, and the Initial Transfer Value so changed in that written acknowledgement will (subject to any



LICENSED LAND DOCUMENTATION AND VALUATION

issues still to be resolved by an Independent Expert) be the Transfer Value for that Licensed Land.

- 19 If the Crown and Te Rūnanga do not complete a written acknowledgement of the agreed changes to any Initial Transfer Value within the period of 45 Business Days after the Adjustment Date, the difference or dispute shall be referred to an Independent Expert (land valuation) in accordance with *clause 7.6*. The Independent Expert shall be the same as the person (if any) used as an Independent Expert pursuant to *paragraph 7* (providing that person is available).
- 20 If the Crown and Te Rūnanga agree that no change is required to any Initial Transfer Value for any Licensed Land then such Initial Transfer Value will be the Transfer Value.
- 21 Where any issues have been referred to an Independent Expert, pursuant to *paragraphs 15 or 19*, the Crown and Te Rūnanga shall, within 5 Business Days of receipt of the determination, meet to determine what steps are to be taken to incorporate the determination in the procedures set out in this *Part II*. The Crown and Te Rūnanga shall take all reasonable steps to ensure that the changes to the Transfer Values of Licensed Land are determined no later than the Documentation and Valuation Completion Date.
- 22 If a Transfer Value has been determined in accordance with the provisions of this *Attachment 7.4* for any Licensed Land that is subject to a review of its licence fee, and the review is concluded prior to the Adjustment Date, the Crown and Te Rūnanga shall meet, within 5 Business Days after the completion of the review, to determine the change in Transfer Value (if any) which results from such completion. If the Crown and Te Rūnanga cannot reach agreement on the change in Transfer Value within 15 Business Days after the completion of the review, the dispute shall be referred to an Independent Expert (land valuation). If the determination of the Transfer Value had previously been referred to an Independent Expert or is to be referred to an Independent Expert pursuant to the adjustment process, then this dispute shall be referred to the same person (providing that person is available).



ATTACHMENT 7.5
FUNDAMENTAL TERMS OF FORESTRY DOCUMENTATION AND
TRANSFER PROCESSES

(Clause 7.1, Definition of Fundamental Terms)

1 Object

This Attachment specifies the fundamental terms for the Forestry Documentation. The fundamental terms specified in this Attachment shall apply in all cases unless the Deed provides otherwise or the parties agree otherwise in any particular case. This Attachment also specifies the procedure to be followed to complete the transfer process and the grant or reservation of any Forestry Right referred to in *clauses 7.3.13 to 7.3.15*.

2 Fundamental Terms of Forestry Documentation

The fundamental terms for the transfer of any Forestry Asset and the grant or reservations of any associated Forestry Right are set out in *Attachments 7.6* (asset transfer agreement) and *7.7* (Ngāi Tahu Crown Forestry Licence) which in each case shall apply unless any modification is required depending on:


- 2.1 the nature or the combination of the assets to be transferred;
- 2.2 whether or not a Ngāi Tahu Crown Forestry Licence or other Forestry Right is to be granted or reserved;
- 2.3 the instructions set out as comments in *Attachments 7.6* and *7.7*;
- 2.4 the insertion of details needed to complete the asset transfer agreement, including such details as names of parties, description of assets, purchase price, relevant dates, signatories, and asset specific information required for completion of schedules; and
- 2.5 the insertion of similar details (but substituting the licence fee for the purchase price) needed to complete the Ngāi Tahu Crown Forestry Licence.

3 Process for Aoraki Forests

The process to be followed for each Aoraki Forest depends on whether Te Rūnanga selects, pursuant to *clause 7.3.11* of this Deed, the Land, the Trees or the Land and Trees. Set out below are a summary of the steps which will follow in each case:

3.1 *Te Rūnanga selects Land but not Trees:*

- 3.1.1 the Settlement Legislation shall deem the Land to be subject to a final recommendation from the Waitangi Tribunal that it be returned to Maori;



FUNDAMENTAL TERMS OF FORESTRY DOCUMENTATION AND TRANSFER PROCESSES

- 3.1.2 ownership of the Trees shall remain with the Crown and the Crown shall reserve to itself or be granted a Ngāi Tahu Crown Forestry Licence;
- 3.1.3 the Transfer Value shall be paid by Te Rūnanga to the Crown on the Final Transfer Date. The first year's licence fee shall be paid at the same time by the Crown to Te Rūnanga; and
- 3.1.4 the Land, subject to the Ngāi Tahu Crown Forestry Licence, shall be transferred by the Crown to Te Rūnanga;
- 3.2 *Te Rūnanga selects both Land and Trees:***
- 3.2.1 the Settlement Legislation shall deem the Land to be subject to a final recommendation from the Waitangi Tribunal that it be returned to Maori;
- 3.2.2 the Transfer Value shall be paid by Te Rūnanga to the Crown on the Final Transfer Date; and
- 3.2.3 the Land and Trees shall be transferred by the Crown to Te Rūnanga;
- 3.3 *Te Rūnanga selects Trees but not Land:***
- 3.3.1 the Crown shall grant a Ngāi Tahu Crown Forestry Licence to Te Rūnanga;
- 3.3.2 the Transfer Value for the Trees shall be paid by Te Rūnanga to the Crown on the Final Transfer Date;
- 3.2.3 Te Rūnanga shall pay to the Crown the licence fee for the first year on the Final Transfer Date; and
- 3.3.3 the Trees shall be transferred by the Crown to Te Rūnanga.

4. Process For Licensed Land

When any Licensed Land is to be transferred to Te Rūnanga, the following steps shall be necessary:

- 4.1 the Settlement Legislation shall deem the land to be subject to a final recommendation from the Waitangi Tribunal that it be returned to Maori;
- 4.2 the Settlement Legislation shall also deem that no compensation is payable by the Crown to Te Rūnanga pursuant to section 36(1)(b) of the Crown Forest Assets Act 1989;
- 4.3 the Transfer Value of the Licensed Land shall be paid by Te Rūnanga to the Crown;



FUNDAMENTAL TERMS OF FORESTRY DOCUMENTATION AND TRANSFER PROCESSES

- 4.4 the Licensed Land shall be transferred by the Crown to Te Rūnanga for which purpose the Crown shall hand a registrable Memorandum of Transfer to Te Rūnanga on receipt of the Transfer Value;
- 4.5 a notice of termination shall be issued by the Crown to the licensee under the Crown Forestry Licence and the licensee shall be advised that the Land is being transferred by the Crown to Te Rūnanga;
- 4.6 the Crown Forestry Rental Trust shall be notified that the Licensed Land is being returned to Maori;
- 4.7 any licence fees for the Licensed Land which is held either by the Crown Forestry Rental Trust or the Crown shall be transferred to Te Rūnanga. The Crown shall not deduct the amount so transferred from Deed Redress referred to in *clause 1.1* and shall not include any such amount in any calculation made under *clause 8.3*;
- 4.8 any Crown Forestry Licence fees held by the Crown Forestry Rental Trust and/or the Crown pending completion of any licence fee review shall be transferred to Te Rūnanga together with any interest derived by the Crown from the investment of any licence fee retained by the Crown pending the completion of such review;
- 4.9 Te Rūnanga shall become the licensor of the relevant Crown Forestry Licence but the Crown shall continue to be responsible for completing any uncompleted licence fee review; and
- 4.10 if only part of the Licensed Land is to be transferred to Te Rūnanga then the relevant Crown Forestry Licence will be divided by the Crown into two separate Crown Forestry Licences and the process set out in this *paragraph 4* shall apply only to that part of the Licensed Land being transferred to Te Rūnanga.

A handwritten signature in black ink, consisting of a large, stylized initial 'J' followed by a smaller, less distinct signature.

ATTACHMENT 7.6
FORM OF AGREEMENT FOR TRANSFER OF ASSETS
(Attachment 7.5, Paragraph 2)

[Comments: It is intended that this agreement be used for transfer of Licensed Land and improvements and/or trees and/or additional assets relating to Aoraki Forests. The Agreement will be modified, where necessary, to cover situations where Te Rūnanga acquires the underlying land of any Aoraki Forest and the Crown reserves, or is granted, a Ngāi Tahu Crown Forestry Licence.]

**AGREEMENT FOR TRANSFER OF CROWN FORESTRY ASSETS
AND GRANT OF NGĀI TAHU CROWN FORESTRY LICENCES
PART I**

**PARTIES, DOCUMENTS, SCOPE, ATTESTATION
AND EXECUTION**

BETWEEN

HER MAJESTY THE QUEEN in right of New Zealand acting by the Minister for State-Owned Enterprises and the Minister of Finance pursuant to sections 11 and 14 of the Crown Forest Assets Act 1989 (hereinafter called "the Vendor")

[Comment: check Act and Ministers in case reference should be to the Settlement Legislation]

AND

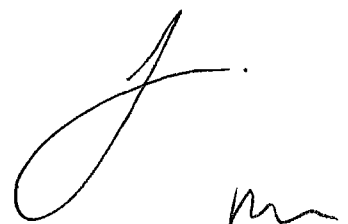
[Insert Name of Purchaser] (hereinafter called "the Purchaser")

WHEREBY IT IS AGREED:

1 DOCUMENTS

This Agreement for Transfer of Crown Forestry Assets and Grant of Ngāi Tahu Crown Forestry Licences comprises the following which are collectively referred to hereinafter as "this Agreement":

- 1.1 *Part I* - Parties, Documents, Scope, Attestation and Execution; and
- 1.2 *Part II* - General Conditions.



PART II**GENERAL CONDITIONS****SECTION 1: DEFINITIONS AND CONSTRUCTION****1.1 Definitions**

In this Agreement (including the preceding *Part I*) unless the context otherwise requires:

1.1.1 *the Act* means the Crown Forest Assets Act 1989;

[Comment: Check reference to the Act]

1.1.2 *Additional Assets* means all plant, equipment, vehicles, tools, consumable supplies, raw materials, minor forest produce and stores owned by the Vendor and used or associated with the management of the Forests as at the Asset Transfer Settlement Date as are particularly described in the *Second Schedule*;

1.1.3 *Asset Transfer Settlement Date* means the *[insert date]*;

[Comment: The date to be inserted is to be the Final Transfer Date, as defined in clause 7.1 of the Deed, for the particular Settlement Forestry Assets being transferred. By way of explanation, this date is no later than the Final Transfer Date i.e. the next Business Day after the expiration of the period of 309 Business Days commencing on the Legislation Date but, by agreement, can be an earlier date.]

1.1.4 *Business Contracts* means those contracts to be assigned to and performed after the Asset Transfer Settlement Date by the Purchaser as more particularly set out in the *Third Schedule*;

1.1.5 *Business Day* means a day (other than Saturday or Sunday) on which registered banks are open for normal banking business in Wellington and Christchurch but shall exclude any day in the period commencing 25 December in any year and ending on 5 January in the following year and shall be deemed to commence at 9.00 am and to terminate at 5.00 pm;

1.1.6 *Crown Forestry Assets* means the Land, the Trees, the Improvements, the Additional Assets and the benefits and the rights of the Vendor under the Business Contracts including the benefits of bonds and guarantees;



[Comment: Delete as required any Assets not being acquired. If Land, Trees and Improvements are all being acquired then all references to Ngāi Tahu Crown Forestry Licences can be deleted].

1.1.7 *Deed of Settlement* means the deed of settlement made between Her Majesty the Queen in right of New Zealand and Te Rūnanga o Ngāi Tahu dated the [] day of [] 1997;

1.1.8 *Default Rate* means the FRA mid point 30 day bank bill rate as at 10.45 am on Reuters' page BKBM on the date on which the relevant payment becomes due and payable plus 500 basis points and compounded monthly;

1.1.9 *Effective Date* means the date specified in *clause 2.3 of Part I*;

[Comment: This is the Final Selection Date defined in clause 7.1 of the Deed.]

1.1.10 *Forests* means the forest units named or described in the First Schedule;

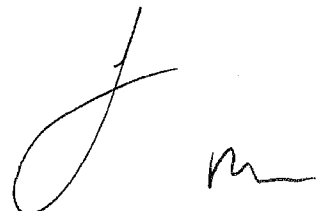
1.1.11 *GST* means Goods and Services Tax;

1.1.12 *Improvements* in relation to the Land means all improvements on, or associated with, the Land and includes:

- (a) all those buildings described in Item 1 of the *Fifth Schedule*, (but excludes those buildings described in Item 2 of the *Fifth Schedule*), and all other structures affixed to the Land (but excludes any structures, moveable huts or caravans owned by any third party); and
- (b) all roads, tracks, accessways, airstrips, firebreaks, bridges, culverts, irrigation works, erosion works, water-races, drainage works, water storage and all works related to the prevention, detection or fighting of fire,

but does not include work done on or for the benefit of the Land by any owner, occupier or user thereof whether before or after the Effective Date in:

- (i) the draining, excavation, filling, reclamation or stabilising of the Land, or the making of retaining walls or other works appurtenant to that draining, excavation, filling, reclamation or stabilising; or



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- (ii) the grading or levelling of the Land or the removal of rocks, stone, sand or soil therefrom; or
- (iii) the removal or destruction of vegetation, or the effecting of any change in the nature or character of the vegetation; or
- (iv) the alteration of soil fertility or the structure of the soil; or
- (v) the arresting or elimination of erosion or flooding,

and also excludes any improvements (such as, but not limited to, fences, water tanks and related items) which have been placed on the Land by holders of current grazing or similar licences where such holder is entitled, in accordance with the terms of their licence, to remove such improvements at the expiration thereof;

1.1.13 *Land* means the land described in the *First Schedule*;

1.1.14 *Licences* means the Ngāi Tahu Crown Forestry Licences to be granted to the Purchaser for each of the Forests in the form set out in the *Seventh Schedule*;

1.1.15 *Purchase Price* means the amount specified in *clause 2.1 of Part I* being the sum of the following amounts:

(a) Land and Improvements	\$
(b) Trees (excluding logs)	\$
(c) Additional Assets	\$

Total:	\$ _____

but subject to adjustment as provided in *clause 9.4 of Part II*, in respect of the amount referred to in *clause 1.1.15(b), of Part II* which is a provisional amount;

1.1.16 *Trees* means all the trees growing or standing or, in the case of windthrow, lying on the Land at the Asset Transfer Settlement Date and:






- (a) does not include logs that have been felled and are in the Forests or on skids in the Forests at the time of the Asset Transfer Settlement Date which the Vendor shall be entitled to load and transport off the Land within 5 Business Days from the Asset Transfer Settlement Date;
- (b) does not include any indigenous trees on that part of the Land included in a protective covenant for conservation purposes except as expressly stated in the covenant; and
- (c) includes any trees forming a part of any stand of exotic Trees on the Land which are on a marginal strip created pursuant to Part IVA of the Conservation Act 1987 as a consequence of the grant of the Licences or the transfer of any Land.

1.2 Construction

In the construction of this Agreement unless the context otherwise requires:

- 1.2.1 the headings and sub-headings appear as a matter of convenience and shall not affect the construction of this Agreement;
- 1.2.2 references to Parts Sections clauses and Schedules are to parts sections clauses and schedules of this Agreement;
- 1.2.3 a reference to an enactment or any regulations is a reference to that enactment or those regulations as amended, or to any enactment or regulations substituted for that enactment or those regulations so long as the application of this rule of interpretation does not override the intentions of the parties expressed in this Agreement or in the Deed of Settlement;
- 1.2.4 references to dollars or \$ are references to New Zealand dollars or NZ\$;
- 1.2.5 the singular includes the plural and vice versa, and words importing any gender include the other genders; and
- 1.2.6 words, terms or expressions which are defined in the Act but are not defined in this Agreement shall have the meaning attributed to them in the Act.



SECTION 2: SALE AND PURCHASE OF CROWN FORESTRY ASSETS**2.1 Payment of Purchase Price and Licence Fees**

2.1.1 On the Asset Transfer Settlement Date the Purchaser shall pay to the Vendor by bank cheque or bank cheques drawn on a New Zealand registered bank and made payable to the order of The Treasury:

- (a) A sum equal to the Purchase Price but subject to any adjustment made pursuant to *clause 2.3* or *clause 9.4* of *Part II*; and
- (b) The first annual instalment of the licence fees payable under the Licences (as set out in the *First Schedule*).

[Comment: If Te Rūnanga acquires Land and Crown retains Trees then clause 2.1.1(a) to be amended to provide for Te Rūnanga to pay to the Crown the purchase price of the Land and clause 2.1.1(b) to be amended to provide for the Crown to pay to Te Rūnanga the first instalment of the licence fee.]

2.1.2 If from any cause whatever (save the default of the Vendor) all or any part of the Purchase Price or the licence fees or any other moneys payable by the Purchaser to the Vendor is not paid upon the Asset Transfer Settlement Date the Purchaser shall pay to the Vendor interest at the Default Rate on all or the part of the Purchase Price or licence fee or other moneys so unpaid from the Asset Transfer Settlement Date until payment in full of the Purchase Price or the licence fees and other moneys to the Vendor but this clause is without prejudice to any other rights or remedies available to the Vendor at law or in equity. If the Purchaser pays interest under this clause on any unpaid licence fee, then the Vendor shall not be entitled to claim interest on such unpaid licence fee under *clause 4.7* of the Licence.

2.1.3 All insurance premiums, rentals, levies, licence fees and other outgoings whatsoever usually charged upon any of the Crown Forestry Assets or the owner on account thereof and all rental and income from any of the Crown Forestry Assets shall unless otherwise agreed by the parties be apportioned as to time between the Vendor and the Purchaser on the Asset Transfer Settlement Date and the appropriate payments if any shall be made on the Asset Transfer Settlement Date by the Vendor and the Purchaser as the case may be.

2.2 Allocation of Purchase Price

The Purchase Price shall be allocated among the Crown Forestry Assets in the manner specified in *clause 1.1.15* of *Part II* but subject to any adjustment to be made pursuant to *clause 9.4* of *Part II*. The Vendor and the Purchaser agree that this allocation is fair and equitable and that the parties shall adhere to such



allocation for all purposes, including for purposes of all tax returns filed by the Purchaser subsequent to the Asset Transfer Settlement Date, and the determination by the Purchaser of its tax basis with respect to the Crown Forestry Assets.

2.3 Licence Fee Adjustments


2.3.1 Review Completed Prior to Asset Transfer Settlement Date:

If any Crown Forestry Licence granted under the Act to which the Land (i.e. *the Licenced Land*) is subject, specifies a licence fee review date that is earlier than the Asset Transfer Settlement Date and the relevant licence fee review has not been concluded by the [day of 19], (*insert the Adjustment Date*) but is concluded by the Asset Transfer Settlement Date, either the Vendor or the Purchaser shall be entitled to have the Purchase Price adjusted to take into account and reflect the outcome of that licence fee review. If either the Vendor or the Purchaser exercises this right, then the procedure prescribed in *paragraph 22 of Attachment 7.4* to the Deed of Settlement shall be followed, with such consequential modifications as may be agreed upon to enable the adjustment (if any) to the Purchase Price to be determined before the Asset Transfer Settlement Date. The Purchase Price payable pursuant to *clause 2.1.1(a) of Part II* shall be reduced or increased (as the case may be) by such amount as shall be determined by the application of such procedure.

2.3.2 Review Completed After Asset Transfer Settlement Date:

If any Crown Forestry Licence granted under the Act to which the Land (i.e. *the Licensed Land*) is subject, specifies a licence fee review date that is earlier than the Asset Transfer Settlement Date, and the relevant licence fee review has not been concluded by the Asset Transfer Settlement Date, then the following provisions shall apply:

- (a) settlement shall take place on the Asset Transfer Settlement Date in accordance with *Section 6 of Part II* and the Purchase Price shall be paid in accordance with *Section 2.1.1 of Part II* without (at that time) any adjustment to the Purchase Price;
- (b) notwithstanding that settlement of the purchase of the Land may be set down for and take place on a date that is before the licence fee review is completed, the Vendor shall be responsible to continue with and finalise at its own cost and expense, the licence fee review process, including arbitration if any dispute has been referred to arbitration;



- (c) in carrying out any negotiations after the Asset Transfer Settlement Date with the licensee, whether before, during or after any arbitration but prior to delivery of any award, the Vendor will fully and adequately consult with and obtain the written agreement of the Purchaser to any negotiated licence fee;
- (d) in all other respects, the Vendor agrees to conduct the licence fee review process and any resulting arbitration with all due diligence and the interests of the Purchaser, as the new owner of the Land, foremost in its considerations and will not compromise in any way the position of the Purchaser as the new owner of the Land by virtue of the fact that the Vendor is selling the Land;
- (e) upon the completion of the relevant licence fee review, either the Vendor or the Purchaser shall be entitled to seek a post settlement adjustment to the Purchase Price to take into account and reflect the outcome of that licence fee review;
- (f) if either the Vendor or the Purchaser exercises this right, then the procedure prescribed in *paragraph 22 of Attachment 7.4* to the Deed of Settlement shall be followed together with such consequential modifications as may be agreed upon to enable the adjustment (if any) to the Purchase Price to be determined as soon as practicable after the Asset Transfer Settlement Date; and
- (g) on the determination of any adjustment to the Purchase Price, either the Vendor shall refund any overpayment to the Purchaser, or the Purchaser shall pay any underpayment to the Vendor, as the case may be. Any such refund or payment shall bear interest calculated from the Asset Transfer Settlement Date to the date at which such refund or payment is made at the FRA mid point 30 day bank bill rate as at 10.45 am on Reuters' page BKBM on the Asset Transfer Settlement Date plus 200 basis points and compounded monthly.

SECTION 3: NGĀI TAHU CROWN FORESTRY LICENCES

[Comment: Where Te Rūnanga acquires just the Land but not the Trees this Section will need to be adapted to provide for a grant back by Te Rūnanga to the Crown, or the reservation by the Crown, of a Ngāi Tahu Crown Forestry Licence.]

- 3.1 Subject to prior compliance with the terms and fulfilment of the conditions of this Agreement including the payment of GST and to the payment by the

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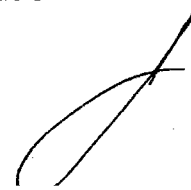
Purchaser on the Asset Transfer Settlement Date at the time specified in *clause 6.1 of Part II* of the payments specified in *clause 2.1.1 of Part II* and any interest and other moneys payable by the Purchaser to the Vendor, the term of each Licence will commence at 11.00 am on the Asset Transfer Settlement Date.

- 3.2 If the term of any Licence commences in accordance with *clause 3.1 of Part II* then, to the extent that the Licence entitles the Purchaser to enter and use the Land (subject to the protective covenants public access easements and other covenants, terms, conditions, restrictions, exclusions, reservations and provisions set out in the Licence, which the Purchaser acknowledges it is aware of) such entry and use shall be given and taken as at 11.00 am upon the Asset Transfer Settlement Date.
- 3.3 Unless otherwise agreed by the Vendor and the Purchaser, a separate Licence for each Forest will be entered into and executed.
- 3.4 In sufficient time prior to the Asset Transfer Settlement Date, the Vendor shall deliver to the Purchaser each Licence (in triplicate) in registrable form to enable execution by the Purchaser and return by the Purchaser of the Licence to the Vendor for execution no later than 5 Business Days prior to the Asset Transfer Settlement Date.
- 3.5 Subject to and after payment of the sums referred to in *clause 2.1 of Part II* the Vendor will at its cost register each Licence under Section 30 of the Act and following registration will deliver the duplicate copy duly registered to the Purchaser.

[Comment: Check reference to Act]

SECTION 4: SURVEY AND ISSUE OF TITLE AND ACCESS

- 4.1 Subject to *paragraph 2.2.2(d) of Attachment 7.1* to Section 7 of the Deed of Settlement, the Vendor, if causing the Land to be surveyed, shall be responsible in all respects and shall pay all costs (including payment of any reserve fund contributions, development levies, survey costs and legal and registration fees) for the survey of the Land and the preparation of all plans and certificates necessary to enable a plan of the Land to be deposited in accordance with section 167 of the Land Transfer Act 1952.
- 4.2 The Vendor intends in the interests of better definition of the Land to use its best endeavours to have the necessary survey work carried out and completed and plans prepared and approved to enable plans, that will as far as is practicable match any diagrams or aerial photographs that have been used to delineate the



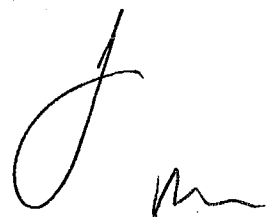
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boundaries of the Land pending completion of survey, to be deposited as soon as is reasonably practicable. Subject to *clauses 4.3 and 4.4*, the Purchaser shall not be entitled to postpone the Asset Transfer Settlement Date or to withhold payment of moneys payable under the Licence or any part of the Purchase Price on the grounds that as at the Asset Transfer Settlement Date the survey work has not been completed and the boundaries of the Land can be delineated only by reference to such diagram or aerial photograph. No discrepancy as to area or boundaries disclosed by survey shall entitle either party to compensation.

4.3 In the event that as at the Asset Transfer Settlement Date the survey work has not been completed or has been completed but the survey plan has not been deposited in accordance with section 167 of the Land Transfer Act 1952 or the Vendor is not able to adduce clear and unencumbered title to the Land (save for any encumbrances or interests described in the First Schedule or that are not so described but have been approved and accepted by the Purchaser prior to the Asset Transfer Settlement Date), the Vendor covenants for the benefit of the Purchaser and for any successors or assigns of the Purchaser that it will complete its obligations under *clauses 4.1 and 4.2 of Part II* and adduce clear and unencumbered title to the land (save as aforesaid) as soon as is reasonably practicable, but no later than five years after the Asset Transfer Settlement Date. Such covenant shall (whether registered or not) have effect and be enforceable, notwithstanding it is positive in effect and there may be no dominant tenement. If, at the expiry of the period of five years after the Asset Transfer Settlement Date, the Vendor is in default of any of its obligations under such covenant to complete the survey work or deposit any survey plan or to adduce such clear and unencumbered title, it shall be lawful for, but not obligatory upon, the Purchaser, but without prejudice to any other of its rights, powers or remedies under the covenant, at the cost and expense of the Vendor, to do and perform or to procure to be done and performed, all acts and things reasonably necessary for the full, or at the Purchaser's option partial, performance of such obligations of the Vendor under the covenant.

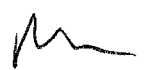

4.4 If at the Asset Transfer Settlement Date, the Vendor has not been able to adduce clear and unencumbered title to the Land (save for any encumbrances or interests described in the First Schedule or that are not so described but have been approved and accepted by the Purchaser prior to the Asset Transfer Settlement Date) then:

4.4.1 the Vendor will not order any new certificates of title to the Land without obtaining the prior approval in writing from the Purchaser to the form and content of such order (such approval not to be unreasonably withheld);



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- 4.4.2 the Vendor will not agree or consent to any new certificates of title being issued subject to any encumbrances, easements or outstanding interests other than those required by law or those described in the First Schedule or that are not so described but have been approved and accepted by the Purchaser (such approval not to be unreasonably withheld); and
- 4.4.3 if the areas of the Land shown on any deposited plans or any new certificates of title issued are materially less than the areas set out in the First Schedule then the parties will recognise such material reduction in area in a manner that will provide reasonable compensation for the Purchaser for such reduction whether by way of a reduction in the Purchase Price or by some other variation to the terms or in the application of the terms of this Agreement or otherwise.
- 4.5 It is acknowledged by the Vendor that legal practicable access to the Land (which is intended to attach to the Land for the benefit of the registered proprietor for the time being of the Land) is essential to enable the Purchaser to enter upon and use the Land for forestry purposes. It is acknowledged by the Parties that those existing access rights to the Land described in the First Schedule, are in the process of being formalised by the Vendor. The Vendor undertakes to continue to take all reasonable steps to so formalise these access rights as expeditiously as possible.
- 4.6 In the event that the Vendor is unable, in the case of any Forest, to assure to the Purchaser in a timely manner such legal practicable access to enable the Purchaser to enter upon and use the Land for forestry purposes, then the Vendor agrees that it will use its best endeavours to arrange without undue delay and, at no cost to the Purchaser, alternative legal practicable access for such purposes. If the Vendor is unable to arrange such alternative legal practicable access, with the adverse result that the Purchaser is unable to enter upon and use the Land for forestry purposes, the parties will recognise such adverse result in a manner that will provide reasonable compensation for the Purchaser for such adverse result, whether by an appropriate variation to this Agreement (either by way of a variation of the Purchase Price or by some other variation to the terms, or in the application of the terms, of this Agreement) or otherwise.
- 4.7 The Vendor agrees with the Purchaser that it will not, at any time, charge or seek any compensation for the grant or use of any rights of access across any lands of the Vendor over which access rights to the Land (being permanent rights that shall be granted or reserved appurtenant to the Land) are to be granted, provided that the Purchaser shall be bound to pay a share of any maintenance, repair or upgrading costs, where such share is commensurate, with the use made of such access by the Purchaser.



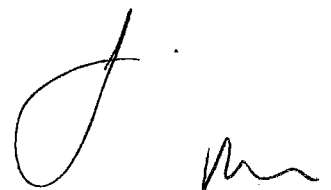
- 4.8 The Purchaser acknowledges that for the avoidance of doubt the references in *clauses 4.2 and 4.6* to “best endeavours” and in *clause 4.5* to “reasonable steps” does not include initiating a change in the law or compulsory acquisition of any land or interest in land.

SECTION 5: MARGINAL STRIPS

- 5.1 The Vendor acknowledges that the Trees to be sold by the Vendor and purchased by the Purchaser include any Trees growing or standing or, in the case of windthrow, lying on any marginal strip created by Part IVA of the Conservation Act 1987 as a consequence of the grant of the Licence in accordance with *Section 3 of Part II* or the transfer of the Land.
- 5.2 Notwithstanding that such Trees are not on the Land, the Purchaser may manage and harvest such Trees in accordance with section 24H of the Conservation Act 1987 as if they were on the Land.

SECTION 6: SETTLEMENT

- 6.1 Settlement of the transactions provided for in this Agreement (“Asset Transfer Settlement”) shall be held on the Asset Transfer Settlement Date at 11.00 am at the registered office of Crown Forestry Management Limited, 5th Floor, Gleneagles Building, 69-71 The Terrace, Wellington or at such other place as the Vendor and the Purchaser shall determine.
- 6.2 Upon Asset Transfer Settlement Date the sums referred to in *clauses 2.1.1 and 2.1.3 of Part II* shall be paid by the respective payers and subject to payment of any GST that may have become due and payable prior to the Asset Transfer Settlement Date:
- 6.2.1 the term of each Licence shall commence in accordance with *clause 3.1 of Part II*;
- 6.2.2 the Vendor shall subject to *Section 7 of Part II* assign to the Purchaser all the Business Contracts and the Purchaser shall agree to perform and observe all the provisions of the Business Contracts that are on the part of the Vendor to be performed or observed; and
- 6.2.3 the Purchaser shall have (subject to the provisions of this Agreement) clear and unencumbered property in (other than for encumbrances, easements, rights and interests described in the First Schedule or if not so described that have been previously approved and accepted by the Purchaser) and possession of the Crown Forestry Assets and the Vendor shall:



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- (a) hand to the Purchaser such registrable transfers, separate easement documents (where the easements have not been granted or reserved as the case may be in the relevant transfer), assignments or assurances in respect of the Crown Forestry Assets as may be necessary to vest in the Purchaser the full benefit of the Crown Forestry Assets (and in the case of Land a fee simple estate therein) and to reserve to the extent permitted by this Agreement to the Vendor any rights over any Land being transferred to the Purchaser;
- (b) make delivery to the Purchaser of such of the Crown Forestry Assets as are capable of transfer by delivery;
- (c) permit the Purchaser to enter into and take possession of the Crown Forestry Assets;
- (d) deliver to the Purchaser (if so requested) books, records and files or copies thereof relevant to the continued management or operations of the Crown Forestry Assets after the Asset Transfer Settlement Date so far as such books records and files relate solely to the Crown Forestry Assets. If such books, records and files relate in part to the Crown Forestry Assets the relevant parts shall be copied and so delivered to the Purchaser; and
- (e) hand to the Purchaser (subject to *Section 7 of Part II*) notices of the assignment of the Business Contracts addressed to the other party or parties thereto.

SECTION 7: BUSINESS CONTRACTS

- 7.1 Notwithstanding anything in this Agreement to the contrary, this Agreement shall not constitute an agreement to assign any of the Business Contracts if any attempted assignment thereof, without the consent of another person or a governmental authority, would constitute a breach of any such Business Contract or in any way affect the rights of the Vendor or the Purchaser.
- 7.2 The parties agree to use their best endeavours to obtain all consents and waivers and to resolve all impracticalities of assignments or transfers necessary to convey to the Purchaser the relevant Business Contracts.
- 7.3 If such consents or waivers are not obtained, or if any attempted assignment would be ineffective, the Vendor or its authorised agent shall use its best endeavours to provide to the Purchaser the benefits of any such Business Contract and of any bonds or guarantees in such manner as may reasonably be



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required by the Purchaser, including, by way of example, purchasing under existing purchaser orders or contracts and reselling to the Purchaser at invoice price. The Vendor or its authorised agent shall promptly pay to the Purchaser when received all moneys received by the Vendor or its authorised agent under such Business Contract or any bonds or guarantees and, to the extent the Purchaser is provided the benefit of any such Business Contract, the Purchaser shall perform or discharge on behalf of the Vendor all of the Vendor's obligations and liabilities under each such Business Contract in accordance with the provisions thereof. The Purchaser shall not, however, be required to accept as a substitute for assignment, any arrangement that would require any additional cost, expense or liability on the Purchaser or would deprive the Purchaser of any benefit of this Agreement.

- 7.4 The Vendor indemnifies the Purchaser against all liability incurred by the Purchaser under any Business Contract assigned under *clause 6.2.2 of Part II* attributable to any act, event or omission prior to the Asset Transfer Settlement Date.
- 7.5 The Purchaser indemnifies the Vendor against all liability incurred by the Vendor under any Business Contract assigned under *clause 6.2.2 of Part II* attributable to any act, event or omission after the Asset Transfer Settlement Date.

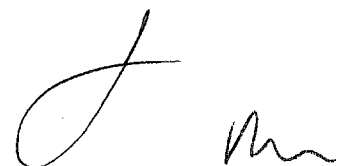
SECTION 8: RISK AND INSURANCE

- 8.1 The Crown Forestry Assets shall remain at the sole risk of the Vendor until 11.00 am on the Asset Transfer Settlement Date and from that time they shall be at the sole risk of the Purchaser.
- 8.2 In the event that after [*insert date which will be the Adjustment Date as defined in clause 7.1 of the Deed and by way of explanation is the next Business Day after the date of expiration of the period of 165 Business Days commencing on the Legislation Date*] and prior to 11.00 am on the Asset Transfer Settlement Date any of the Crown Forestry Assets are destroyed or damaged and such destruction or damage has not been made good by 11.00 am on the Asset Transfer Settlement Date then the following provisions shall apply:
- 8.2.1 if the destruction or damage has been substantial in terms of *clause 8.2.3 of Part II* the Purchaser may:
- (a) complete the purchase at the Purchase Price, less a sum equal to the amount of the diminution in value as at the Asset Transfer Settlement Date of the Crown Forestry Assets so destroyed or damaged; or




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- (b) cancel this Agreement by serving on the Vendor notice in writing whereupon this Agreement shall be at an end, and the Purchaser shall be entitled to the return of any money paid by the Purchaser, and neither party shall have any right or claim against the other;
- 8.2.2 if the destruction or damage has not been substantial in terms of *clause 8.2.3 of Part II* the Purchaser shall complete the purchase on the Asset Transfer Settlement Date at the Purchase Price less a sum equal to the amount of the diminution in value as at the Asset Transfer Settlement Date of the Crown Forestry Assets so destroyed or damaged; and
- 8.2.3 damage to the Crown Forestry Assets shall be deemed to be substantial where the area of any Forest on which Trees have been substantially damaged or destroyed exceeds 20% of the area of that Forest on which Trees were growing or standing immediately prior to the damage or destruction.
- 8.3 Either party may serve on the other party notice in writing requiring that any dispute as to any matters arising from this *Section 8* be determined by an arbitrator to be appointed by the president or vice president for the time being of the Law Society for the district where the property is situated, and the party serving the notice may at any time thereafter refer the dispute for determination. If the dispute is not determined by the Asset Transfer Settlement Date, then (except in the case of a dispute as to the reduction in the Purchase Price that the Purchaser claims to be entitled to under *clause 8.2.2 of Part II*) the Asset Transfer Settlement Date shall be deferred to the 5th Business Day following the date on which the dispute is determined. The arbitrator may determine that the Asset Transfer Settlement Date shall not be deferred or shall be deferred to another day or days.
- 8.4 If the dispute relates to a claim by the Purchaser for a reduction in the Purchase Price under *clause 8.2.2 of Part II* and such dispute is not determined by the Asset Transfer Settlement Date, then:
- 8.4.1 settlement shall take place on the Asset Transfer Settlement Date in accordance with *Section 6 of Part II* as if there had been no destruction or damage; and
- 8.4.2 upon the determination of the dispute the Vendor shall pay to the Purchaser within 7 Business Days from such determination a sum equal to the diminution in value of the Crown Forestry Assets destroyed or damaged together with interest calculated from the Asset Transfer Settlement Date to the date of payment by the Vendor at the FRA mid point 30 day bank bill



rate as at 10.45 am on Reuters' page BKBM on the Asset Transfer Settlement Date plus 200 basis points and compounded monthly.

SECTION 9: INTERIM MANAGEMENT PERIOD

- 9.1 For the period from the Effective Date until the Asset Transfer Settlement Date ("the Interim Management Period") the Vendor shall procure its duly authorised Manager, Crown Forestry Management Limited (the "Manager"), to continue to manage and protect the Forests and the Crown Forestry Assets in a manner consistent with good forestry and timber industry practice and otherwise upon the terms and conditions contained in the Deed of Appointment Management and Sale of the Crown's Commercial Forestry Assets made between the Vendor and the Manager and dated as of 15 May 1992.
- 9.2 Subject to the other provisions of this *Section 9*, it is acknowledged that the Manager will so manage the Forests and the Crown Forestry Assets during the Interim Management Period for the account and benefit of and at the direction and under the control of the Vendor which shall be entitled to retain all receipts income and profits from or in connection with the Forests and the Crown Forestry Assets but which shall be responsible for the payment of all outgoings and expenses incurred in relation to the Interim Management Period in respect of the Forests and the Crown Forestry Assets.

[Comment: The date to be inserted in clauses 9.3 to 9.6 will be the Adjustment Date (see clause 8.2 for description).]



- 9.3 During the period from [] to the Asset Transfer Settlement Date, the Manager, shall be entitled to cut, remove or sell any Trees on the Land in accordance with the logging programme set out in the *Fourth Schedule* which includes details of logs to be sold under any existing sales contracts or commitments.
- 9.4 If, as at 6.00 am on the Asset Transfer Settlement Date, the total volume of wood taken from any Forest for sale by or on behalf of the Vendor during the period from [] to the Asset Transfer Settlement Date, or to be so taken within 5 Business Days from the Asset Transfer Settlement Date in the case of logs referred to in *clause 1.1.16(a)*, is either greater or less than the total volume specified for that Forest in the *Fourth Schedule* as the volume that the Vendor is entitled to sell during the period from [] to the Asset Transfer Settlement Date, then in lieu and to the exclusion of any other remedies or rights of action that either party may have against the other:



- 9.4.1 if the volume so sold is greater than the volume so specified, the sum payable by the Purchaser to the Vendor on the Asset Transfer Settlement Date pursuant to *clause 2.1.1(a) of Part II* shall be reduced by the value of the excess quantity of wood so sold calculated on the basis of the prices set out in the *Fourth Schedule*; or
- 9.4.2 if the volume so sold is less than the volume so specified, the sum so payable by the Purchaser to the Vendor on the Asset Transfer Settlement Date shall be increased by the total value of the deficiency in the volume of wood so sold calculated as aforesaid; and
- 9.4.3 if any adjustment to be made to the Purchase Price is not able to be calculated on or before the Asset Transfer Settlement Date, then any such adjustment shall be calculated as soon as practicable and payment made by the Vendor or the Purchaser, as the case may be, to the other without interest within 7 Business Days from the date that any such adjustment has been calculated.
- 9.5 The Purchaser shall be entitled to seek from the Vendor details of the volume of wood sold by the Vendor to enable it to verify the adjustment to be made to the Purchase Price.
- 9.6 During the period from [] to the Asset Transfer Settlement Date, the programme of operations other than logging set out in the *Sixth Schedule* shall be carried out by the Manager in a manner consistent with good forestry and timber industry practice.
- 9.7 During the period from the Effective Date to the Asset Transfer Settlement Date, neither the Manager nor the Vendor shall enter into any contract in respect of any of the Crown Forestry Assets with a term (including any renewals) which extends beyond the Asset Transfer Settlement Date without the approval, in writing, of the Purchaser.
- 9.8 On the Asset Transfer Settlement Date and the delivery of possession of the Crown Forestry Assets to the Purchaser, the foregoing functions of the Manager of the Crown Forestry Assets and the Forests on behalf of the Vendor shall cease.



SECTION 10: DEFAULT

- 10 If, without the written agreement of the parties, Asset Transfer Settlement is not effected on the Asset Transfer Settlement Date then (without prejudice to *clause 2.1.2 of Part II* and without prejudice to the right of the party not in default to



exercise any rights it may have to cancel this Agreement and to exercise its rights arising therefrom):

- 10.1 either the Vendor or the Purchaser may at any time thereafter (unless this Agreement has first been cancelled or become void) serve on the other of them notice in writing (an "Asset Transfer Settlement Notice") to effect Asset Transfer Settlement in accordance with *Section 6 of Part II*, but the notice shall be effective only if the party serving it is at the time of service either in all material respects ready able and willing to proceed to effect Asset Transfer Settlement in accordance with the notice or is not so ready able and willing to effect Asset Transfer Settlement only by reason of the default or omission of the other party;
- 10.2 upon service of an Asset Transfer Settlement Notice, the party on which the notice is served shall effect Asset Transfer Settlement within 5 Business Days after the date of service of the notice (excluding the date of service) and in respect of that period time shall be of the essence but without prejudice to any intermediate right of cancellation (if any) by the other party;
- 10.3 if the Purchaser does not comply with the terms of an Asset Transfer Settlement Notice served by the Vendor then:
- 10.3.1 without prejudice to any other rights or remedies available to the Vendor at law or in equity the Vendor may:
- (a) sue the Purchaser for specific performance; or
 - (b) cancel this Agreement by written notice and sue the Purchaser for damages; and
- 10.3.2 the damages claimable by the Vendor under *clause 10.3.1(b) of Part II* shall be reduced by the amount received by the Vendor from any payments paid by the Purchaser but shall include all damages claimable at common law or in equity and shall also include (but shall not be limited to) any loss incurred by the Vendor on any bona fide resale of the Crown Forestry Assets. The amount of that loss may include:
- (a) the difference between the price which the Purchaser has agreed to pay for the Crown Forestry Assets pursuant to this Agreement and the price at which the Crown Forestry Assets are sold on any resale;



FORM OF AGREEMENT FOR TRANSFER OF ASSETS

- (b) interest on the unpaid portion of the Purchase Price at the Default Rate from the Asset Transfer Settlement Date to the settlement of such resale; and
- (c) all costs and expenses reasonably incurred in any resale or attempted resale;

10.4 if the Vendor does not comply with the terms of an Asset Transfer Settlement Notice served by the Purchaser then the Purchaser, without prejudice to any other rights or remedies available to it at law or in equity, may:

10.4.1 sue the Vendor for specific performance; or

10.4.2 without prejudice to any right of the Purchaser to damages (including all damages claimable at common law or in equity), give notice in writing to the Vendor cancelling this Agreement; and

10.5 nothing in this *Section 10* shall preclude a Party from issuing proceedings for specific performance without giving an Asset Transfer Settlement Notice.

SECTION 11: REPRESENTATIONS AND WARRANTIES

11.1 The Vendor represents and warrants to the Purchaser as at the Effective Date and as at the Asset Transfer Settlement Date that:

11.1.1 the Crown Forestry Assets are legally and beneficially owned by the Vendor;

11.1.2 the Vendor has full power and authority to sell and transfer the Crown Forestry Assets and to grant or reserve the Licences;

11.1.3 there are no agreements or restrictions (whether arising out of legislation, regulations, agreement or otherwise) preventing or restricting or inhibiting the Vendor from carrying out the sale and transfer of the Crown Forestry Assets and the grant or reservation of the Licences in the manner required by this Agreement save as provided in this Agreement;

11.1.4 there is no material default on the part of the Vendor under the terms of any of the Business Contracts; and



11.1.5 upon Asset Transfer Settlement the property in the Crown Forestry Assets will pass to the Purchaser free from any liabilities, claims, mortgages, liens, charges or other encumbrances other than as previously disclosed in writing by the Vendor to the Purchaser prior to the execution of this Agreement by the Purchaser or as agreed to by the Purchaser pursuant to *clause 9.7 of Part II*.

[Comment: Add specific warranties which will follow the relevant warranties in Attachment 6.4 to Section 6 of the Deed of Settlement for sale of Aoraki Forest Land and buildings.]

- 11.2 With effect from Asset Transfer Settlement, the Vendor covenants to indemnify and save harmless the Purchaser from and against any and all claims, actions, losses, damages or costs to which the Purchaser may be put or suffer by or as a result of any representation or warranty set forth in *clause 11.1 of Part II* being incorrect or breached.
- 11.3 The representations and warranties set out in *clause 11.1 of Part II* and the indemnity contained in *clause 11.2 of Part II* shall survive Asset Transfer Settlement and shall continue in full force and effect for the benefit of the Purchaser.
- 11.4 The Purchaser hereby represents and warrants to the Vendor that it has full power and authority to purchase the Crown Forestry Assets and pay the Purchase Price and to accept the Licences from the Vendor and pay the initial annual licence fees.
- 11.5 With effect from Asset Transfer Settlement, the Purchaser covenants to indemnify and save harmless the Vendor from and against any and all claims, actions, losses and damages or costs to which the Vendor may be put or suffer by or as a result of any representation or warranty set out in *clause 11.4 of Part II* being incorrect or breached.
- 11.6 The representations and warranties set out in *clause 11.4 of Part II* and the indemnity contained in *clause 11.5 of Part II* shall survive Asset Transfer Settlement and shall continue in full force and effect for the benefit of the Vendor.
- 11.7 No breach of any of the representations or warranties contained in this *Section 11* shall entitle either party to this Agreement to cancel or repudiate or void this Agreement or the Licences or to exercise any remedies conferred by law other than to enforce and claim the benefit of the indemnity set out in this *Section 11*.



SECTION 12: MISCELLANEOUS

12.1 No Assignment of Agreement

Neither this Agreement nor any of the rights or obligations hereunder may be assigned by the Vendor or by the Purchaser provided that this prohibition shall not apply to any assignment of any Licence after Asset Transfer Settlement in accordance with the provisions of the Licence.

12.2 Notices, Requests, Demands

Any notice, request or demand required or permitted to be given pursuant to this Agreement shall be in writing and shall be deemed sufficiently given if:

- 12.2.1 delivered by hand to the intended recipient;
- 12.2.2 deposited in New Zealand "Fastpost" (registered or certified with return receipt requested), postage prepaid, addressed to the intended recipient; or
- 12.2.3 sent by facsimile addressed to the intended recipient at the intended recipient's address below set forth or at such other address as the intended recipient may have specified in a written notice to the sender given in accordance with the requirements of this clause.

Any such notice, request or demand mailed as set out in *clause 12.2.2 of Part II* shall be deemed to have been received by the addressee at the specified address 2 Business Days following the date of mailing and any such notice request or demand sent by facsimile shall be deemed to have been received by the addressee on the same Business Day as the day on which such facsimile is sent so long as the facsimile is sent prior to 3.00 pm.

If to the Vendor, addressed to:

[]
WELLINGTON.

Attention:

Facsimile: 64-4-[]

If to the Purchaser, addressed to:

[],

Attention:

Facsimile:

12.3 Further Assurances

Each of the parties to this Agreement shall, at the request of the other party, execute and deliver any further documents or assurances and do all acts and things that the other party may reasonably require to give full force and effect to this Agreement.

12.4 Choice of Law

This Agreement shall be construed, interpreted and the rights of the Vendor and the Purchaser shall be determined in accordance with the laws of New Zealand.

12.5 Jurisdiction

The Vendor and the Purchaser each agree to submit to the jurisdiction of the courts of New Zealand and any court empowered to hear appeals therefrom.

12.6 Entire Agreement: Amendments and Waivers

This Agreement, together with the Deed of Settlement, constitutes the entire agreement between the parties relative to the subject matter hereof. No supplement, modification or waiver of this Agreement shall be binding unless executed in writing by both parties. No waiver of any of the provisions of this Agreement shall or shall be deemed to constitute a waiver of any other provision hereof (whether or not similar), nor shall any such waiver constitute a continuing waiver unless otherwise expressly provided.

12.7 Counterparts

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

12.8 Confidentiality

- 12.8.1 The Purchaser agrees that all information, including written material that the Vendor makes available in connection with this Agreement, shall be held in confidence until title to such information is transferred to the Purchaser hereunder. If title to such information is not transferred hereunder to the Purchaser, the Purchaser shall return to the Vendor, if requested, all such written material and all work sheets, summaries and other writings prepared with respect to such information and written material, and all copies thereof and the same, and all financial or tax information, know-how, processes or similar confidential matters which have been disclosed to the Purchaser with respect to the Forests or the Crown Forestry Assets or which the Purchaser shall learn from its




investigation of such matters shall not be divulged by the Purchaser to any third persons or used in any manner for the profit or to the benefit of the Purchaser, unless and until:

- (a) it shall have become public knowledge otherwise than by disclosure by the Purchaser; and/or
- (b) such third parties (to whom the Purchaser has notified the Vendor it wishes to divulge such information and the Vendor does not unreasonably object to such person and gives notice to that effect to the Purchaser) have provided reasonable assurances of confidentiality in favour of the Vendor.

12.8.2 The Vendor agrees that, subject always to the Official Information Act 1982, upon the consummation of the transactions contemplated hereby, all confidential information relating to the Forests and the Crown Forestry Assets that is retained by the Vendor and all information, including written material that the Purchaser makes available to the Vendor in connection with this Agreement whether retained by the Vendor or not, shall not be divulged to any third persons or used in any manner for the profit or to the benefit of the Vendor, unless and until it shall have become public knowledge otherwise than by disclosure by the Vendor. The Vendor shall, if so requested by the Purchaser, return to the Purchaser such information that the Purchaser has made available to the Vendor.



12.9 Provision of Information

12.9.1 The Purchaser shall provide to the Vendor such information and advice as the Vendor may reasonably require to assist the Vendor or Crown Forestry Management Limited to defend actions and claims relating to the management of the Crown Forestry Assets before the Asset Transfer Settlement Date, and the Vendor will reimburse the Purchaser for the reasonable costs and expenses incurred by the Purchaser in doing so.

12.9.2 The Purchaser shall permit the Vendor and its employees and agents access at all reasonable times to all information held by the Purchaser in any form that it has received from the Vendor in relation to management of the Crown Forestry Assets before the Asset Transfer Settlement Date.

12.10 Nominee

The Purchaser may, by giving written notice in writing to the Vendor no later than 10 Business Days prior to the Asset Transfer Settlement Date, nominate another person to whom the Crown Forestry Assets shall be transferred and the Crown Forestry Licences granted but the Purchaser shall at all times remain liable for all obligations on the part of the Purchaser under this Agreement and



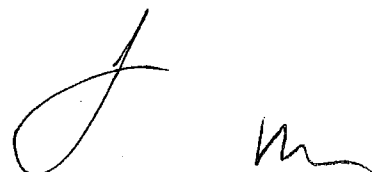
will be responsible for all stamp duty payable on any nomination agreement and on the transfer or grant to the nominee.

12.11 Fencing

The Vendor shall not be liable to pay for or contribute towards the expense of erection or maintenance of any fence between the Land and any contiguous land of the Vendor but this proviso shall not enure for the benefit of any subsequent purchaser of the contiguous land; and the Vendor shall be entitled to require the inclusion of a fencing covenant to this effect in any transfer of the property.

12.12 Non-Merger

The agreements obligations and warranties of the parties in this Agreement shall not merge with the sale and transfer of the Crown Forestry Assets and the grant of the Licences but (to the extent that they have not been completed by performance on the Asset Transfer Settlement Date) shall remain enforceable to the fullest extent notwithstanding any rule of law to the contrary.

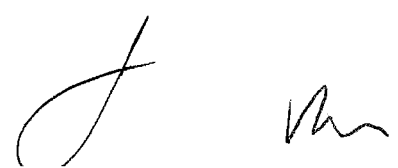
Two handwritten signatures in black ink are located at the bottom right of the page. The first signature is a large, stylized cursive letter 'J'. The second signature is a smaller, more compact cursive mark.

FIRST SCHEDULE

NAME AND LEGAL DESCRIPTION OF FORESTS

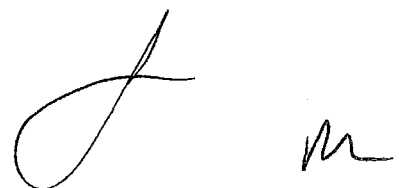
Name of Forest Unit	Legal Description	Licence Fee

[Comment: Also set out any access rights in favour of the Land which the Vendor has undertaken to formalise pursuant to clause 4.5 of Part II and any encumbrances, easements, rights and interests to which the Land is or will become subject.]

Handwritten signatures in black ink, consisting of a large stylized 'J' and a smaller signature to its right.

SECOND SCHEDULE

PLANT EQUIPMENT AND VEHICLES

Handwritten signatures in black ink, consisting of a large stylized 'J' and a smaller signature to its right.

THIRD SCHEDULE

BUSINESS CONTRACTS

The Business Contracts set out below include all variations and renewals of such contracts.

<i>First Party</i>	<i>Second Party</i>	<i>Date</i>	<i>Relating To</i>	<i>Forests</i>

Handwritten signatures in black ink, consisting of a large stylized signature and a smaller signature to its right.

FOURTH SCHEDULE

**VOLUMES AND PRICES TO BE USED FOR PURCHASE PRICE
ADJUSTMENT**

<i>Forest</i>	<i>Clearfell</i>		<i>Thin</i>		
	<i>Log grade</i>	<i>Volume</i>	<i>Price</i>	<i>Volume</i>	<i>Price</i>

[Comment: Need to separate log grades as appropriate e.g. pruned, unpruned, pulp)

Volumes in m3

Prices in \$/m3

[Comment: Prices to be based on those applying at the Adjustment Date as defined in clause 7.1 of the Deed]




FIFTH SCHEDULE

BUILDINGS

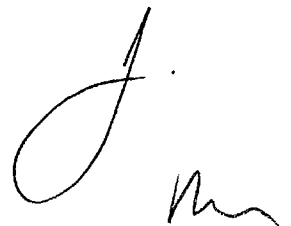
Item 1: Buildings included as improvements

Item 2: Buildings excluded from improvements.

Handwritten signatures in black ink, consisting of a large stylized 'J' and a smaller signature to its right.

SIXTH SCHEDULE

PROGRAMME OF OPERATIONS OTHER THAN LOGGING

A handwritten signature in black ink, consisting of a large, stylized initial 'J' followed by a smaller, less distinct signature.

SEVENTH SCHEDULE

STANDARD FORM OF NGĀI TAHU CROWN FORESTRY LICENCE

The standard form of Ngāi Tahu Crown Forestry Licence follows this page. A Table of Contents is found at the end of this Licence.

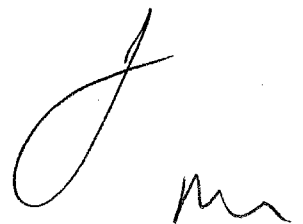
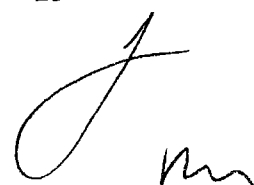
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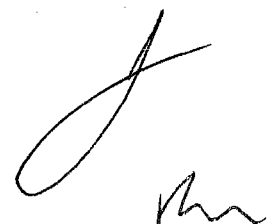
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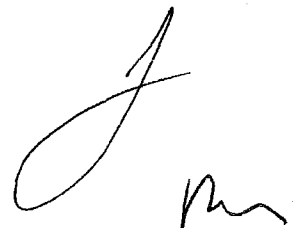
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ATTACHMENT 7.7
FORM OF NGĀI TAHU CROWN FORESTRY LICENCE
(Attachment 7.5, paragraph 2)

[Comment:

- 1 *This licence is intended for the two situations*
 - 1.1 *Crown retains trees but Ngāi Tahu acquires land and becomes the Licensor;*
or
 - 1.2 *Ngāi Tahu acquires trees but Crown retains land and is the Licensor.*
- 2 *This licence is to allow access to land by owner of trees but only lasts until trees present at date of commencement have been harvested.*
- 3 *If this licence is granted to a Crown Body by the Crown before the land is transferred to Ngāi Tahu, some amendments may be needed.]*



FORM OF NGĀI TAHU CROWN FORESTRY LICENCE

Registered under the Land
Transfer Act 1952 pursuant to
Section 30 Crown Forest Assets
Act 1989.

NGĀI TAHU CROWN FORESTRY LICENCE

(Under Section 14 Crown Forest Assets Act 1989)

[] **FOREST**

[Comment: Check references to Act are correct.]

LAND REGISTRATION DISTRICT

[insert land registration district]

LAND

[Insert details of area, legal description, encumbrances, other interests, protective covenants and public access easements]

LICENSOR

Either

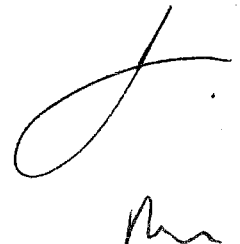
HER MAJESTY THE QUEEN in right of New Zealand acting by the Minister for State Owned Enterprises and the Minister of Finance pursuant to section 14 of the Crown Forest Assets Act 1989 (“the Licensor”)

or

TE RŪNANGA O NGĀI TAHU established under Te Rūnanga o Ngāi Tahu Act 1996 (“the Licensor”)

LICENSEE

[Insert name of Licensee which will be Te Rūnanga or the Crown]



OPERATIVE CLAUSE

For the licence fee reserved the Licensor **HEREBY LICENSES** the Licensee to enter upon and use the Land for the term provided subject to the covenants and conditions herein contained.

(For Table of Contents see last 3 pages)



COVENANTS AND CONDITIONS**SECTION 1: DEFINITIONS INTERPRETATIONS AND EXCLUSIONS****1.1 Definitions**

In this Licence including the Schedules and any appendices and other annexures, unless the context otherwise requires, the following terms shall have the meanings attached to them in this *clause 1.1*:

1.1.1 *the Act* means the Crown Forest Assets Act 1989;

[Comment: Check reference to the Act]

1.1.2 *Authority* means each and every local body government or other authority having jurisdiction or authority over or in respect of the Land or the use or occupation thereof;

1.1.3 *the date of commencement* means *[enter date]*;

[Comment: The date to be entered is the Final Transfer Date, as defined in Section 7.1 of the Deed, for the land over which the particular Ngāi Tahu Crown Forestry Licence is to be granted]

1.1.4 *the Deed of Settlement* means the deed of settlement made between Her Majesty the Queen in right of New Zealand and Te Rūnanga o Ngāi Tahu dated the [] day of [] 1997;

1.1.5 *Improvements* in relation to the Land means all improvements on, or associated with the Land and includes:

- (a) all buildings and other structures affixed to the Land (but excludes any buildings or structures and any moveable huts or caravans owned by any third party); and
- (b) all roads, tracks, accessways, airstrips, firebreaks, bridges, culverts, irrigation works, erosion works, water-races, drainage works, water storage and all works related to the prevention, detection or fighting of fire,

but does not include work done on or for the benefit of the Land by any owner or occupier thereof whether before or after the date of commencement in:



FORM OF NGĀI TAHU CROWN FORESTRY LICENCE

- (a) the draining, excavation, filling, reclamation or stabilising of the Land, or the making of retaining walls or other works appurtenant to that draining, excavation, filling, reclamation or stabilising;
- (b) the grading or levelling of the Land or the removal of rocks, stone, sand or soil therefrom;
- (c) the removal or destruction of vegetation, or the effecting of any change in the nature or character of the vegetation;
- (d) the alteration of soil fertility or the structure of the soil; or
- (e) the arresting or elimination of erosion or flooding,

and also excludes any improvements (such as, but not limited to, fences, water tanks and related items) which have been placed on the Land by holders of grazing or similar licences for the time being where such holder is entitled, in accordance with the terms of their licence, to remove such improvements at the expiration thereof;

1.1.6 *the Land* means the land described on the front page of this Licence but excludes:

- (a) all Trees as defined in *clause 1.1.10* growing or standing or, in the case of windthrow, lying thereon; and
- (b) all Improvements that have been acquired by the Licensee as at the date of commencement as set out in the *First Schedule* hereto and Improvements made thereafter by the Licensee to the Land;

1.1.7 *the Licensee* includes the Licensee described on the front page of this Licence and its executors administrators successors and permitted assigns and unless the context otherwise requires the servants and agents of the Licensee;

1.1.8 *the Licensor* includes the Licensor described on the front page of this Licence and its successors and assigns and unless the context otherwise requires the servants and agents of the Licensor;

[*Comment: clauses 1.1.7 and 1.1.8 to be amended depending on the identity of the Licensee and Licensor.*]



1.1.9 *Market Rent* means the amount, exclusive of GST:

- (a) which the Land might be expected to lease on the Review Date, subject to the specific terms and conditions of this Licence, by a willing licensor to a willing licensee in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion; and
- (b) is to be determined by, first, ascertaining the current market rental for the Land, as if neither this Licence nor any other interest did exist, and, next, by making adjustments (if any) to such rental so as to take into account the specific terms and conditions of this Licence;

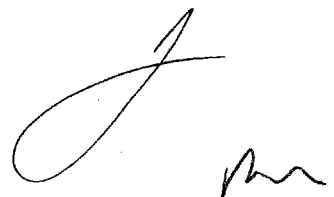
1.1.10 *Trees* means all the trees growing or standing or, in the case of windthrow, lying on the Land that have been acquired [or are owned] by the Licensee as at the date of commencement.

[Comment: Amend to reflect whether the Crown or Te Rūnanga is the Licensee]

1.2 Interpretations

In this Licence unless a contrary intention appears:

- 1.2.1 words importing the singular number shall include the plural; the masculine gender shall include the feminine; persons shall include companies; and in each case vice versa;
- 1.2.2 any provision of this Licence to be performed by two or more persons shall bind those persons jointly and severally;
- 1.2.3 any headings and marginal notations in this Licence or any table of contents have been inserted for convenience only and shall not in any way limit or govern the construction of the terms of this Licence;
- 1.2.4 so long as Her Majesty the Queen is the Licensor and Te Rūnanga is the Licensee, a reference to an enactment or any regulations is a reference to that enactment or those regulations as amended, or to any enactment or regulations substituted for that enactment or those regulations so long as this rule of interpretation does not override the intention of Her Majesty the Queen and Te Rūnanga expressed in this Licence and the Deed of Settlement;



1.2.5 if *clause 1.2.4* no longer applies, any reference to legislation or statutory requirements includes reference to regulations or any other form of delegated legislation and such legislation amended and in force from time to time; and

1.2.6 if any provision of this Licence shall be considered to be invalid under any applicable statute or rule of law it shall be deemed to be omitted only to the extent that the same shall be in violation of such statute or rule of law and shall be enforced to the maximum extent possible. In addition, the invalidity of any particular provision shall not in any way affect the validity of any other provision.

1.3 Exclusion of Implied Terms

It is acknowledged that:

1.3.1 so long as Her Majesty the Queen is the Licensor and Te Rūnanga is the Licensee, this Licence and the Deed of Settlement embodies the entire understanding and the whole agreement between those parties; and

1.3.2 if *clause 1.3.1* no longer applies, this Licence embodies the entire understanding and the whole agreement between the Licensor and the Licensee relative to the subject matter hereof.


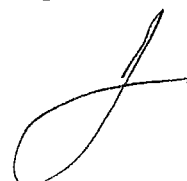
SECTION 2: USE OF LAND

2.1 Right to Use

Subject to any enactment or rule of law, the Licensee shall, unless otherwise provided in this Licence, have the right, while this Licence remains in force, to use the Land only for the purposes of harvesting, managing, protecting and processing the Trees that were growing, standing or lying on the Land at the date of commencement in accordance with accepted forestry practice. The Licensee shall, in exercising its rights under this Licence, act diligently and conscientiously in a manner consistent with good forestry practice and will not otherwise do or permit to be done any act or thing which would cause the Land to be damaged or contaminated or the interest of the Licensor in the Land to be prejudiced in any other manner.

2.2 Compulsory Planting of Trees

In the event that at any time or times during the term of this Licence, the Licensee is required by any Authority or by the covenants or conditions of this Licence to plant or replant trees on the Land (whether following the felling of any Trees or not) then IT IS AGREED that notwithstanding any provision in this Licence to the contrary it will be the responsibility of the Licensor (unless otherwise agreed



by the Licensor and the Licensee or unless *clause 2.2.1* applies) at its cost to carry out and complete any such planting or replanting to comply with the requirements of such Authority or the covenants or conditions of this Licence, but:

2.2.1 if any planting or replanting is made necessary as a consequence of a breach by the Licensee of any requirement of any Authority or of any covenant or condition of this Licence then such planting or replanting shall be the responsibility and at the cost of the Licensee;

2.2.2 any Trees so planted or replanted and the produce therefrom shall be the property of the Licensor;

2.2.3 wherever practicable the part of the Land on which such planting or replanting takes place shall become or form part of the area of the Land to be returned in accordance with *clause 3.2*; and

2.2.4 if it is not practicable to return that part of the Land then until it becomes so practicable the Licensor shall be entitled to access to such planted or replanted area.

2.3 Non Interference

The Licensor will not unreasonably interfere with the Licensee's use of the Land in accordance with the terms and conditions of this Licence.

2.4 Quarrying of Road Metal

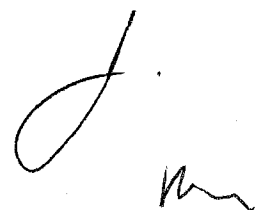
The Licensee shall have the right, while this Licence remains in force (but subject to the Licensee obtaining the consent of the Licensor which shall not be unreasonably withheld and any requisite consent or approval of any Authority and subject also to the terms and conditions of any such consent or approval) to quarry win remove and use sand, pumice, shingle, metal, gravel, rock and clay located in or upon the Land for the sole purpose of the construction or maintenance of any road or accessway on the Land.

SECTION 3: TERM AND RETURN PROVISIONS

3.1 Term

The term of this Licence shall commence on the date of commencement and (subject to the early termination provisions in *clause 3.2* and the default provisions in *clause 12.2*) shall terminate on midnight on the day preceding the 35th anniversary of the date of commencement.

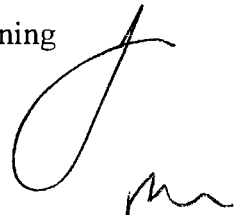
[*Comment: check that 35 years is appropriate for age and species of Trees to be subject to licence and amend if appropriate.*]



3.2 Return Provisions

The following provisions shall apply to any part or parts of the Land (hereinafter in this *clause 3.2* called "the Return Areas") which during the term of this Licence are or become not required by the Licensee to protect, manage, harvest and process in accordance with accepted forestry practice the Trees growing standing or lying on the Land at the date of commencement:

- 3.2.1 after the date of commencement, the Licensee shall surrender and yield up to the Licensor use of those parts of the Land as and when they become Return Areas;
- 3.2.2 before the use of any Return Areas is so surrendered, the Licensee shall give notice to the Licensor in the form and containing the particulars specified in the Second Schedule hereto. Such notice shall be given by the Licensee at least 6 calendar months prior to the date specified in the notice ("the Return Date");
- 3.2.3 prior to the Return Date specified in the notice, unless otherwise agreed by the Licensor, the Licensee shall, in accordance with prudent forestry management practices, remove and dispose of slash and debris from felling and logging operations required to make the Return Areas suitable for re-establishment of forests;
- 3.2.4 on or before the Return Date, the Licensee shall be entitled to remove from the Return Areas such buildings and other structures owned by the Licensee and which are capable of removal (the Licensee making good at its expense the sites upon which the same stood) but all Trees and other Improvements then remaining (including without limitation roads, tracks, boundary fences, bridges and culverts) shall vest in and become the property of the Licensor free from any payment or compensation whatsoever;
- 3.2.5 subject to *clauses 3.2.6* through *3.2.10* this Licence shall from and after the Return Date cease to apply to the Return Areas and any necessary proportionate adjustment will be made to the amount of the licence fee, rates, taxes and assessments payable by the Licensee in respect of the Return Areas;
- 3.2.6 the Licensor and the Licensee shall execute any partial surrender of this Licence as may be required to record and evidence the fact that this Licence has ceased to apply to the Return Areas provided that any rights over the Return Areas that the Licensee may reasonably need in accordance with accepted forestry business practice to enable the Licensee to continue to exercise its rights under this Licence over the balance of the Land remaining



subject to this Licence have been created or reserved in the manner provided in *clause 3.2.7*;

3.2.7 if the notice specifies any such rights then prior to surrender of the use of the Return Areas and the execution and delivery of any partial surrender by the Licensee, the Licensor and the Licensee will enter into and execute such documentation (whether by way of easement, restrictive covenant or deed of covenant) that will be necessary to create or reserve such rights and to assure to the Licensee the continuing benefits under this Licence in respect of the balance of the Land;

3.2.8 where part of the Land is to be returned under this *clause 3.2* it is acknowledged that a formal agreement may be necessary during the remainder of the term of this Licence for the interests of the Licensor and the Licensee to be protected for their mutual benefit and advantage including (without limitation) the shared use as appropriate of roading and other facilities, rights of access, the sharing of outgoings and of the cost of maintenance of Improvements in shared use and the procedures and steps necessary to ensure continuing protection against fire, pests, disease and other hazards;

3.2.9 the matters of mutual interest referred to in *clause 3.2.8* shall be subject to prior consultation and negotiation between the Licensor and the Licensee for the purposes of reaching agreement on matters of common interest between owners or occupiers of adjoining land for the benefit of both parties and their successors; and

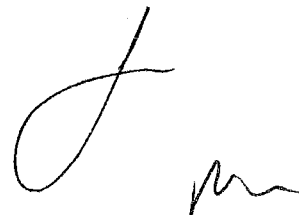
3.2.10 in the event that any dispute arises between the parties on any of the matters set out in this *clause 3.2* then the resolution of such dispute shall be settled in accordance with the provisions of *clause 13.5*.

3.3 Expiry of Term of this Licence

If upon the expiration or sooner determination of the term of this Licence, the Land or any part thereof has not been previously returned to the Licensor in accordance with the provisions of *clause 3.2*:

3.3.1 the Licensee will surrender and yield up to the Licensor use of the Land or such part thereof as has not been previously returned to the Licensor;

3.3.2 unless otherwise agreed by the Licensor, the Licensee shall, in accordance with prudent forestry management practices in respect of any part of the Land that has been clearfelled, remove and dispose of slash and debris from



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felling and logging operations required to make such part of the Land suitable for the re-establishment of forests; and

3.3.3 on or before the expiration or sooner determination of the term of this Licence the Licensee shall be entitled to remove from the Land such buildings and other structures owned by the Licensee and which are capable of removal (the Licensee making good at its expense the sites upon which the same stood) but all Trees and other Improvements then remaining (including without limitation roads, tracks, boundary fences, bridges and culverts) shall vest in and become the property of the Licensor free from any payment or compensation whatever.

SECTION 4: LICENCE FEE, REVIEW PROVISIONS AND OUTGOINGS

4.1 Payment by the Licensee

The Licensee shall pay the Licensor (or as the Licensor may in writing otherwise direct) during the term of this Licence:

4.1.1 the licence fee of \$[] per annum (or where adjusted in accordance with the review provisions of this Licence at the adjusted rate) payable by equal yearly instalments in advance on the date of commencement and yearly thereafter and proportionately in respect of any period less than a year; and

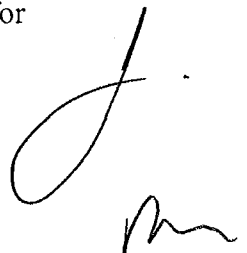
4.1.2 forthwith upon demand any other moneys required to be paid by the Licensee to the Licensor under this Licence including moneys payable by the Licensee to the Licensor pursuant to *clause 12.4*.

4.2 Goods and Services Tax

The Licensee shall (in addition to any other payments) pay to the Licensor upon demand any taxes paid or payable by the Licensor or accountable by the Licensor pursuant to the provisions of the Goods and Services Tax Act 1985 (being the tax thereby imposed or any similar tax levied in substitution therefor) in respect of any payments paid or payable by the Licensee under this Licence or paid by the Licensor on behalf of the Licensee's obligation to make such payment under this Licence.

4.3 Periodic Review of Licence Fee

The licence fee shall be reviewed on [*insert date which unless agreed otherwise shall be the 2nd anniversary of the Final Transfer Date*] and every 3rd successive anniversary thereafter (each such date being herein called a "Review Date") in accordance with the following provisions so that the yearly licence fee payable for



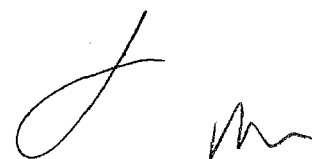
the next 3 year period commencing on any Review Date will be the Market Rent for the Land (after excluding any Improvements owned by the Licensee):

- 4.3.1 at any time not earlier than 4 months prior to the 1st and each successive Review Date but no later than the 1st anniversary of that Review Date either the Licensor or the Licensee, as the case may be, (the "Initiator") may notify the other (the "Recipient") in writing ("the Initiator's Notice") of the Initiator's assessment of the Market Rent as at that particular Review Date provided that in the event that neither the Licensor nor the Licensee gives such notice by the 1st anniversary of the Review Date, (and in respect of such anniversary time shall be of the essence), then, for the purposes of reviewing the licence fee, the Licensor shall be deemed to have given the Initiator's Notice that the Initiator's assessment of the Market Rent as at that particular Review Date remains unchanged from the licence fee for the immediate preceding year;
- 4.3.2 in the event that the Recipient does not agree with the Initiator's assessment of the Market Rent, the Recipient shall notify the Initiator in writing ("the Recipient's Notice") within 28 days from the date of service upon the Recipient of the Initiator's Notice (time being of the essence) that the Recipient requires the Market Rent to be determined in accordance with *clause 4.4* and the Recipient shall set out in the Recipient's Notice the amount which the Recipient considers to be the Market Rent; and
- 4.3.3 unless such notice is given by the Recipient within such 28 day period, then the amount stated in the Initiator's Notice as the Market Rent shall become the licence fee hereby reserved as from the Review Date.

4.4 Dispute Provisions

Where the Recipient gives notice disputing the Initiator's assessment of the Market Rent, the parties shall endeavour to resolve the dispute. Should agreement not be reached within 14 days (or such longer period as the parties shall agree upon) after the date on which the Recipient gives the Recipient's Notice then:

- 4.4.1 the parties shall, within 28 days after the date on which the Recipient gives the Recipient's Notice, or such longer period as the parties shall agree upon, ("the 28 day period"), each appoint an appropriately qualified valuer (being a member of the New Zealand Institute of Valuers or its successor) to determine jointly the Market Rent;
- 4.4.2 if either the Licensor or the Licensee fails to appoint a valuer within the 28 day period, then the determination of the Market Rent shall be made by the sole valuer as nominated by either the Licensor or the Licensee, as the case



may be, and such determination shall be final and binding on both parties as if the appointment had been by consent;

- 4.4.3 if both the Licensor and the Licensee have appointed valuers then, before proceeding with their determination, the said valuers shall agree upon and appoint an umpire (also qualified in the manner referred to in *clause 4.4.1*) and obtain the umpire's acceptance in writing of appointment;
- 4.4.4 subject to *clauses 4.4.2* and *4.4.3*, the valuers so nominated shall within 56 days of the expiration of the 28 day period jointly determine the Market Rent as at the Review Date;
- 4.4.5 each valuer will provide to the other within 21 days of the expiration of the 28 day period a written assessment of the Market Rent and will provide full details of the market evidence on which the assessment is particularly reliant;
- 4.4.6 if the said valuers are unable to agree upon a determination within 56 days of the expiration of the 28 day period then the Market Rent shall be assessed by the umpire whose determination shall be final and binding on the parties hereto. The umpire shall give such determination and the reasons therefor in writing;
- 4.4.7 in assessing the Market Rent, the valuer(s) and/or umpire shall be deemed to be acting as expert(s) and not as arbitrator(s); and
- 4.4.8 each party shall pay its own costs in relation to the determination of the Market Rent unless the umpire determines otherwise.

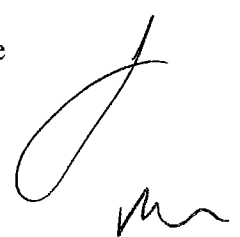
4.5 Effective Date of Review

Any variation in the licence fee resulting from such determination of the Market Rent shall take effect on and from the Review Date applicable thereto.

4.6 Licence Fee Payable Pending Completion of Review

Where a review has not been completed on, or not initiated before, the Review Date, then:

- 4.6.1 pending completion, or initiation and completion of the review, payment shall be made on the Review Date at the licence fee for the immediately preceding year; and
- 4.6.2 on completion of the review, either the Licensor shall refund any overpayment to the Licensee or the Licensee shall pay any deficiency to the



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Licensor. Any such refund or payment shall bear interest, compounded on quarterly rests and computed from the Review Date until the date at which such refund or payment is made in full at a rate that is the FRA midpoint 30 day bank bill rate as at 10.45 am on Reuters' page BKBM on the date on which such amount is payable plus 200 basis points.

4.7 Interest on Overdue Licence Fee or Other Moneys

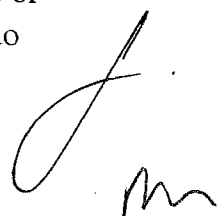
Without prejudice to the other rights powers and remedies of the Licensor hereunder if any licence fee or other amounts owing by the Licensee to the Licensor on any account whatsoever pursuant to this Licence shall be in arrears and unpaid for 14 days after the same shall have become due or demanded, whichever is the later, then such amounts shall bear interest compounded on quarterly rests and computed from such due date until the date of payment in full of such amounts at a rate that is the FRA midpoint 30 day bank bill rate as at 10.45 am on Reuters' page BKBM on the date on which such amount is payable plus 500 basis points and the said interest shall be recoverable in like manner as the amounts so unpaid.

4.8 Rates

- 4.8.1 The Licensee will during the term duly and punctually pay all general, water, special and other rates and all taxes (including land tax if any) and assessments levied upon or payable in respect of the Land irrespective of the ownership thereof but excluding income tax or any tax on rents or licence fees or other tax assessed in respect of the income or profits of the owner of the Land.
- 4.8.2 Where the Land is separately rated the Licensor shall be entitled to supply the Licensee's name to the appropriate Authority for inclusion in the rating roll.
- 4.8.3 If such rates, taxes and assessments shall not be separately levied or assessed in respect of the Land, then the Licensee will upon demand by the Licensor pay its fair proportion of the total of such rates, taxes and assessments in respect of the Land.
- 4.8.4 If such levy or assessment is for a period extending either before or after the date of commencement or termination of this Licence as the case may be then the Licensee will pay its fair proportion of such part of the levy or demand as may be applicable to the Land for the period falling within the term of this Licence.

SECTION 5: ASSIGNMENT**5.1 Total Assignment Permitted Subject to Conditions**

In the event that the Licensee wishes to assign or transfer this Licence in whole or wishes to part with its rights of use and occupation of all the Land it shall not do



so without first obtaining the written consent of the Licensor thereto which shall not be unreasonably or arbitrarily withheld provided that such consent shall not be refused or withheld by the Licensor in any case where the conditions listed in *clause 5.2* have been satisfied.

5.2 Conditions for Total Assignment

The conditions referred to in *clause 5.1* are as follows:

- 5.2.1 the proposed assignment or transfer relates to all the Land and not to any part or parts of the Land less than the whole;
- 5.2.2 the Licensee is not at the time of application for such consent or thereafter before consent is granted in default in the due and punctual observance or performance of the covenants and conditions on the Licensee's part herein contained;
- 5.2.3 the Licensee shall demonstrate to the satisfaction of the Licensor that the proposed assignee or transferee is responsible and of sound financial standing;
- 5.2.4 the proposed assignee or transferee is not at the time of application for such consent or thereafter before consent is granted in default in the due and punctual observance or performance of the covenants and conditions on the part of the proposed assignee or transferee contained in any other Crown Forestry Licence granted under the Act;
- 5.2.5 the Licensee pays to the Licensor all reasonable costs incurred by the Licensor (whether or not the proposed assignment or transfer proceeds to completion) including the Licensor's reasonable administrative and other expenses and legal costs of and incidental to the application for consent;
- 5.2.6 the Licensee procures the execution by the proposed assignee or transferee of a covenant with the Licensor that the proposed assignee or transferee will at all times during the continuance of the term duly pay the licence fee at the times and in the manner herein provided and observe and perform all the covenants and conditions herein contained on the part of the Licensee to be observed and performed, but without releasing the Licensee for a period of 10 years from the date the Licensor grants its consent to the transfer or assignment from the Licensee's obligations during that period to pay the licence fee and observe and perform the other covenants and conditions on the part of the Licensee herein contained or implied, and such covenant shall make provision for a like covenant in the event of any subsequent transfer or assignment;



5.2.7 the Licensee and the proposed assignee or transferee comply with the Licensor's requirements in relation to the documenting stamping and registration of the intended assignment or transfer, such documenting stamping and registration to be at the cost in all respects of the Licensee; and

5.2.8 the Licensee procures in favour of the Licensor such guarantees as may be reasonably required by the Licensor in a form acceptable to the Licensor of the obligations and covenants of the proposed assignee or transferee under the assignment or transfer and the costs of preparation and execution of such guarantee shall be paid by the Licensee.

5.3 Partial Assignment (By Way of Partial Surrender of Licence and Grant of New Licence) Permitted Subject to Conditions

In the event that the Licensee wishes to assign or transfer this Licence in respect of part of the Land it shall not do so without first obtaining the written consent of the Licensor thereto which shall not be unreasonably or arbitrarily withheld provided that the Licensor shall be entitled to withhold its consent in any case where the conditions listed in *clause 5.4* have not been satisfied.

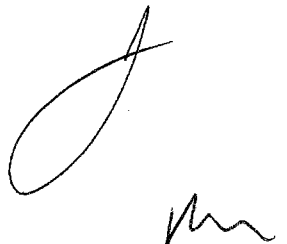
5.4 Conditions for Partial Assignment

The conditions referred to in *clause 5.3* are as follows:

5.4.1 the conditions set out in *clause 5.2* (except *clause 5.2.1* and *clause 5.2.6*) shall apply subject to any consequential modifications to reflect the fact that the proposed assignment or transfer relates to part of and not the whole of the Land;

5.4.2 the Licensee executes a partial surrender and variation of this Licence releasing the part of the Land to be the subject of the new licence referred to in *clause 5.4.4* for this Licence and varying this Licence by making all necessary consequential amendments to reflect any necessary proportionate adjustment in the amount of the licence fee payable, the change in the description of the Land, the variation in the areas of the Land that are subject to the protective covenants, public access easements and other restrictions specified in *Sections 6* through *8* hereof and such other changes as the Licensor considers necessary;

5.4.3 the Licensee enters into in favour of the Licensor a guarantee in a form acceptable to the Licensor of the obligations and covenants of the new licensee under the new licence referred to in *clause 5.4.4* for a period of 10 years from the date of commencement of the term of such new licence;



5.4.4 the Licensee procures the execution by the new licensee of a new licence over the part of the Land proposed to be surrendered under this Licence on the same covenants and conditions contained in this Licence subject to all necessary consequential amendments of the kind referred to in *clause 5.4.2*; and

5.4.5 the Licensee pays to the Licensor (in addition to the costs referred to in *clause 5.2.5*) all costs, charges and expenses (including survey costs, subdivisional expenses, levies and legal costs) which the Licensor may reasonably incur in preparing, completing, stamping and registering the partial surrender and variation of this Licence and the new licence or licences.

5.5 Change of Control of Licensee

If the Licensee or its holding company is a limited liability company which is not listed on any stock exchange then:

5.5.1 any change or rearrangement in the beneficial ownership of the principal shareholding of the Licensee or its holding company; or

5.5.2 any alteration in the Constitution of the Licensee or its holding company which in either case has the effect of altering the effective control of the Licensee,

shall be deemed a proposed total assignment hereunder and shall require the consent of the Licensor accordingly under *clause 5.1* providing that no such consent shall be required if:

[Comment: (a) applies if Licensee is Te Rūnanga o Ngāi Tahu.]

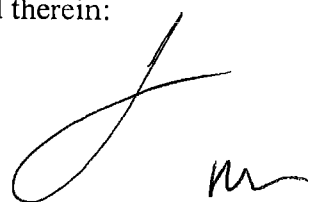
(a) such effective control, although altered, is held by an entity which is closely associated to and identified with Te Rūnanga o Ngāi Tahu

[Comment: (b) applies if Licensee is the Crown or a Crown Body.]

(b) the Licensee after such change or rearrangement or alteration is, or is wholly owned by, a Crown entity under the Public Finance Act 1989 or a State enterprise under the State-Owned Enterprises Act 1986.

5.6 Default of Incoming or New Licensee

In the event that this Licence is assigned in whole or in part, the Licensor agrees for the benefit of any person who continues to be liable to the Licensor under *clause 5.2.6* or *clause 5.4.3* during the respective 10 year periods specified therein:



5.6.1 that it will give to such person copies of any notices that the Licensor gives to the incoming or new licensee under *Section 12* hereof at the same time as any such notices are given; and

5.6.2 the Licensor will not exercise any of the remedies conferred upon it by *clause 12.2.2* without first giving to such person 14 days' notice of its intention to exercise any of such remedies to enable such person, if it so elects, to take steps to remedy the alleged default within that period.

5.7 Sublicences of Part Permitted

The Licensee may, without the consent of the Licensor, sublicense on terms and conditions consistent with this Licence any part or parts of the Land less than the whole but without releasing the Licensee from the Licensee's obligations to pay the licence fee and observe and perform the covenants and conditions on the part of the Licensee herein contained or implied.

5.8 Mortgages or Charges of Whole Licence Permitted

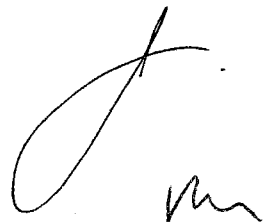
The Licensee may, without the consent of the Licensor, mortgage or charge the whole of its interest under this Licence and it shall not be necessary for any notice of any such mortgage or charge to be given by the Licensee to the Licensor but any sale or assignment or transfer upon default under such mortgage or charge shall be deemed a proposed total assignment hereunder and shall require the consent of the Licensor but it is hereby agreed that such consent shall not be refused or withheld by the Licensor where the conditions listed in *clause 5.2* (other than the conditions in *clause 5.2.2*) have been satisfied.

5.9 Consequences if Notice of Mortgage or Charge Given

In the event that written notice of any mortgage or charge referred to in *clause 5.8* including the name and address of the holder of such mortgage or charge ("the holder") is given to the Licensor by either the Licensee or the holder, the Licensor agrees for the benefit of the holder:

5.9.1 that it will give to the holder copies of any notices that the Licensor gives to the Licensee under *Section 12* hereof at the same time as any such notices are given to the Licensee; and

5.9.2 the Licensor will not exercise any of the remedies conferred upon it by *clause 12.2.2* without first giving to the holder 14 days' notice of its intention to exercise any of such remedies to enable the holder, if it so elects, to take steps to remedy the alleged default within that period.



SECTION 6: PROTECTIVE COVENANTS, PUBLIC ACCESS EASEMENTS, PUBLIC ENTRY AND TRADITIONAL ENTRY RIGHTS

6.1 Protective Covenants and Public Access Easements

The Licensor and the Licensee agree and acknowledge that:

- 6.1.1 all or part or parts of the Land are areas subject to protective covenants the nature and terms of which are specified in *Appendix A.1* [or, *Appendix A.2 as the case may be*] and which form part of this Licence;
- 6.1.2 part or parts of the Land are subject to public access easements as defined in *Appendix B* and which form part of this Licence;
- 6.1.3 such protective covenants and public access easements shall be deemed to be created upon execution of this Licence and are thenceforth binding on the Licensor and the Licensee; and
- 6.1.4 the Licensor and the Licensee will at all times during the term of this Licence observe perform and fulfill the terms of every protective covenant and public access easement.

[Comment: Amend clauses 6.1.2, 6.1.3 and 6.1.4, as appropriate if Te Rūnanga is the Licensor as there will be no public access easements created by the Licence.]

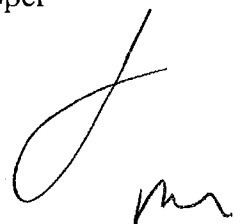
6.2 Public Entry

The Licensee acknowledges that so long as Her Majesty the Queen is the Licensor the public shall at all times during the term of this Licence have the right to enter and use the Land for recreational purposes. Such entry shall, unless the Licensee expressly permits otherwise, be limited to access on foot. The Licensee shall have the discretion to control such entry and use only for reasons relating to the safety of the public or of those working on the Land or for the protection of the Trees, buildings, plant, equipment and related items.

[Comment: Delete clause 6.2 if Te Rūnanga is Licensor.]

6.3 Protection of Human Bones and Artefacts

If the Licensee discovers any human bones or Māori artifact on the Land then the Licensee shall forthwith consult with the Licensor and shall comply with the directions of the Licensor for the re-interment of such bones or disposal of such artifact as the case may be. Pending compliance with such directions, the Licensee shall treat the bones or Māori artifact with respect and shall make proper provision for their protection and preservation.



[*Comment: Amend so that clause 6.3 does not apply if and so long as Te Rūnanga is the Licensee.*]

6.4 Traditional Entry Rights

[*Comment: This clause, adapted as necessary, may be required if Te Rūnanga selects the Land and a licence is granted to the Crown. If the Crown is the Licensor the clause is to be deleted.*]

The Licensee shall be deemed to have acknowledged that the beneficial owners of the Land, and their respective spouses and descendants, but not any of their servants or agents shall be entitled to enter and use the Land for any of the following purposes:

6.4.1 preserving and safeguarding the graves of Māori people;

6.4.2 collecting traditional medicines and foods;

6.4.3 fishing, hunting or trapping; or

6.4.4 other recreational purposes.

Provided that the Licensee shall have the discretion to control such entry and use for reasons relating to the safety of persons entitled to enter the Land or of those working on the Land or for the protection of the Trees, buildings, plant, equipment and related items.

SECTION 7: SPECIAL MANAGEMENT RESTRICTIONS

The Licensee will at all times during the term of this Licence comply with and be bound by the special management restrictions set out in *Appendix C*.

SECTION 8: EXISTING RIGHTS

8.1 The parties hereto acknowledge that this Licence to enter upon and use the Land is subject to such existing rights over the Land as are summarised in *Appendix D*.

[*Comment: ensure that specific access to adjacent land that is Crown-owned or which is transferred to Ngāi Tahu is included in Appendix D.*]

8.2 The Licensee will during the term of this Licence observe perform and fulfill the terms conditions rights and obligations of every such existing right.



SECTION 9: MARGINAL STRIPS

- 9.1 The Licensor and the Licensee acknowledge that the granting of this Licence may create marginal strips by operation of Part IVA of the Conservation Act 1987 (as amended by the Conservation Law Reform Act 1990) but the Licensor may not be able to notify the Licensee of the existence of such strips or the boundaries thereof on the date of commencement.
- 9.2 The Licensor acknowledges that it is its intention to identify the existence of marginal strips created by the grant of this Licence and the Licensor accepts responsibility in all respects and at its cost to carry out all necessary work to identify the marginal strips so created and to prepare all plans and certificates which may be necessary as a result of the creation of such marginal strips.

[Comment: clauses 9.2 and 9.3 assume the Crown will be the Licensor. If this is not the case, amend to provide that it is the Crown's responsibility not Te Rūnanga's. It may, in that case, be better placed in the Transfer Agreement.]

- 9.3 The Licensor agrees to notify the Licensee in writing of the area and location of any marginal strips so created and shall furnish the Licensee with any amendment to the description of the Land made necessary as a result of the creation of such strips.
- 9.4 At the next ensuing Review Date after notification by the Licensor to the Licensee under *clause 9.3* of the existence of any marginal strips and at each successive Review Date thereafter the creation of such marginal strips and the right for the Licensee to use the marginal strips in accordance with section 24H of the Conservation Act 1987 shall be taken into account in determining the Market Rent. The identification of a marginal strip shall not entitle either the Licensor or the Licensee to vary the licence fee then current or to demand any retrospective adjustment to any licence fee previously paid.
- 9.5 If it appears as a consequence of the identification of any marginal strip that it is necessary or desirable to vary this Licence in any respect (including without limitation the addition or amendment of provisions relating to matters of access and roading) for the purpose of assuring to the Licensee the full benefit of this Licence the Licensor and the Licensee shall thereupon enter into and execute an appropriate memorandum of variation of licence.



SECTION 10: INDEMNITIES**10.1 Indemnity by Licensee**

The Licensee shall at all times indemnify and save harmless the Licensor from and against:

10.1.1 any and all actions claims demands awards and proceedings of every nature and kind made, brought or prosecuted against the Licensor; and

10.1.2 any and all loss damage cost or expense suffered or incurred by the Licensor,

which are based upon, or arise out of or are connected with any act, omission, neglect, breach or default on the part of the Licensee and any visitors or licensees of the Licensee other than any persons who have entered and used the Land for any of the purposes referred to in [clause 6.2 or clause 6.4].

[Comment: insert clause 6.2 where Crown is Licensor and Te Rūnanga is Licensee and clause 6.4 where the reverse applies.]

10.2 Indemnity by Licensor

The Licensor shall at all times indemnify and save harmless the Licensee from and against:

10.2.1 any and all actions claims demands awards and proceedings of every nature and kind made, brought or prosecuted against the Licensee; and

10.2.2 any and all loss damage cost or expense suffered or incurred by the Licensee,

which are based upon, or arise out of or are connected with any act, omission, neglect, breach or default on the part of the Licensor or any visitors or licensees of the Licensor including any persons who have entered and used the Land for any of the purposes referred to in [clause 6.2 or clause 6.4] or otherwise based on any action, claim, demand, and or proceeding brought or prosecuted against the Licensee by members of the public in relation to the use of the Land for the purpose referred to in [clause 6.2 or clause 6.4] unless such action, claim, demand, awards, proceedings, loss, damage or expense is caused or contributed to by any act, omission, neglect or breach of this Licence on the part of the Licensee or any employee, contractor or agent of the Licensee.

[Comment: Insert clause 6.2 where Crown is Licensor and Te Rūnanga is Licensee and clause 6.4 where the reverse applies.]



SECTION 11: GENERAL OBLIGATIONS OF LICENSEE**11.1 Compliance Costs**

All costs and expenses of whatsoever nature suffered or incurred by the Licensor in performing and observing any obligations or requirements for which the Licensee is liable shall upon demand forthwith be paid by the Licensee to the Licensor as if such moneys were licence fee in arrears and in respect of which *clause 4.7* and the provisions of *Section 12* shall apply.

11.2 Public Risk Insurance by Licensee

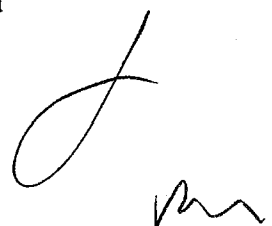
The Licensee shall:

- 11.2.1 keep current at all times from the date of commencement a policy of public risk insurance applicable to the Land and the operations carried on therein suitably endorsed where the indemnity under such policy is extended to include claims arising out of or in connection with this Licence for an amount not less than prudent land management would require in the particular circumstances; and
- 11.2.2 provide the Licensor each year with details or a copy of such policy and a certificate of currency at the same time when the licence fee is paid under *clause 4.1.1*.

SECTION 12: DEFAULT BY LICENSEE**12.1 Default by Licensee**

The Licensee shall be in default if:

- 12.1.1 any licence fee or other moneys payable by the Licensee are in arrears for 28 days after the same shall have become due or demanded, whichever is the later;
- 12.1.2 the Licensee defaults in the performance or observance of any of the covenants or conditions herein contained and the Licensor gives a notice to the Licensee specifying particulars of the alleged default and requiring the Licensee to remedy the same and, if the alleged default is of a continuing nature arising from any continuing series of acts of the Licensee, the Licensee fails to cease such acts forthwith upon receipt of such notice or, in any other case, the alleged default has not been remedied within 28 days after the notice has been given, unless in any other such case on or before the expiration of such 28 day period the Licensee is able to demonstrate that the Licensee has bona fide taken all necessary steps to remedy the alleged



FORM OF NGAI TAHU CROWN FORESTRY LICENCE

default and that as a result of such steps the alleged default will be remedied within a reasonable period acceptable to the Licensor;

12.1.3 the Licensee (not being a company) is declared bankrupt or insolvent according to law or assigns the Licensee's property to a trustee or enters into a deed of arrangement for the benefit of creditors; or

12.1.4 the Licensee being a company either:

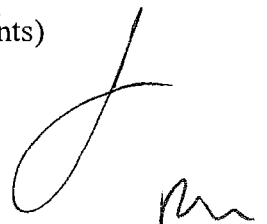
- (a) is put into liquidation (other than for the purposes of reconstruction or amalgamation approved in writing by the Licensor which approval shall not be unreasonably or arbitrarily withheld);
- (b) is removed from the register;
- (c) enters into a compromise with its creditors or any class thereof; or
- (d) a receiver or manager is appointed over any of the assets of the Licensee or the guarantor if any or any parent company of the Licensee.

12.2 Consequences of Default

In the case of any such default by the Licensee, then notwithstanding any prior waiver or failure to take action by the Licensor or indulgence granted by the Licensor to the Licensee in respect of any such matter or default whether past or continuing it shall be lawful for the Licensor or any other person duly authorised by it to:

12.2.1 in the case of a default of any of the protective covenants and public access easements and the other restrictions specified in *Sections 6 through 8* hereof (unless such default in the opinion of the Licensor constitutes a substantial breach of such a nature that is incapable of remedy within a reasonable time) enter upon the Land or any part thereof but without determining this Licence and take steps to remedy the default by exercising its powers under *clause 12.4* all without prejudice to any other remedies (except determination or forfeiture of this Licence) that the Licensor may be entitled to pursue arising from such default; or

12.2.2 in the case of any other matter or default, but subject always to *clauses 5.6, 5.9 and 12.3* hereof, the Licensor may re-enter upon the Land or any part thereof in the name of the whole and thereby determine this Licence and thereupon remove or otherwise deal with all goods fittings fixtures and effects found on the Land (but excluding the Trees and any Improvements)



without releasing the Licensee from any liability in respect of the breach or non observance of any covenant or condition of this Licence.

12.3 Restrictions of Re-entry and Determination of Licence

The right of re-entry and determination of this Licence under *clause 12.2.2* for a breach of any covenant or condition or agreement in this Licence shall not be enforceable by action or otherwise or without action unless and until:

12.3.1 the Licensor serves on:

- (a) the Licensee;
- (b) any guarantor;
- (c) the persons entitled under *clauses 5.6* or *5.9* to receive copies of any notices that the Licensor gives to the Licensee under *Section 12* hereof; and
- (d) any person who has given to the Licensor written notice of any interest that such person has or has acquired or claims to have or claims to have acquired in any Trees or Improvements, provided that such notice includes the name and address of such person,

a notice specifying the particular breach complained of, and, if the breach is capable of remedy, requiring the Licensee to remedy the breach, and in any case requiring the Licensee to make reasonable compensation in money for the breach; and

12.3.2 the Licensee fails within a period of 28 days thereafter (or within such longer period as the Licensor shall approve) to remedy the breach, if it is capable of remedy, and to make reasonable compensation therefor in money to the satisfaction of the Licensor. Any 28 day notice served under *clause 12.3.1* on the persons therein referred to shall be in lieu of the 14 day notice otherwise required under *clauses 5.6* or *5.9*.

12.4 Licensor May Remedy Licensee's Default

If:

12.4.1 the Licensee defaults in the performance or observance of any of the covenants or conditions herein contained; and

12.4.2 the Licensor has given to the Licensee the notice specified in *clause 12.1.2* hereof; and



12.4.3 the Licensee has not ceased the acts complained of or remedied the alleged breach in the manner and within the period specified in *clause 12.1.2*,

then the Licensor may elect to remedy without further notice the default by the Licensee under this Licence and whenever the Licensor so elects all costs interests penalties and expenses incurred by the Licensor (including legal costs and expenses) in remedying such default shall be paid by the Licensee to the Licensor forthwith on demand.

SECTION 13: MISCELLANEOUS

13.1 Licensee to Pay Licensor's Costs

In addition to the licence fee and other moneys reserved by this Licence the Licensee will pay:

13.1.1 the Licensor's reasonable legal costs in preparing and completing any documentation evidencing any extension review or variation of this Licence (including any stamp duty); and

13.1.2 all costs charges and expenses which the Licensor may reasonably incur (including without limiting the foregoing legal costs on a solicitor/client basis) in consequence of or in connection with any breach or default by the Licensee in the performance or observance of any of the covenants and conditions of this Licence.

13.2 Notices

Any notice or other document required to be given delivered or served under this Licence may be given delivered or served:

13.2.1 in any manner mentioned in section 152 of the Property Law Act 1952;

13.2.2 by registered post addressed to the registered office or principal place of business of the party intended to be served; or

13.2.3 by means of facsimile machine where such a facility is connected at the registered office or principal place of business of the party being served,

and any notice or other document shall when given or served by the methods mentioned in *clauses 13.2.2* or *13.2.3* be deemed to be given or served and received by the other party two working days after the date of posting and one working day after transmission in the case of facsimile machine and in the case of any notice or document required to be served or given by the Licensor to the Licensee the same may be signed on behalf of the Licensor by any attorney officer



employee servant or agent authorised by the Licensor from time to time. For the purposes of this *clause 13.2* working days means a day (other than Saturday or Sunday) on which registered banks are open for normal banking business in Wellington and Christchurch but shall exclude any day in the period commencing 25 December in any year and ending on 5 January in the following year and shall be deemed to commence at 9.00 am and to terminate at 5.00 pm.

13.3 Governing Law

This Licence shall be construed, interpreted and the rights and obligations of the Licensor and the Licensee shall be determined in accordance with the laws of New Zealand.

13.4 Jurisdiction

The Licensor and the Licensee each agree to submit to the jurisdiction of the courts of New Zealand and any court empowered to hear appeals therefrom.

13.5 Dispute Procedures

Should any dispute arise between the parties touching any matter under this Licence, except as otherwise provided in *clause 4.4*, then such dispute shall be defined by written notice by the party raising it to the other party and shall forthwith be discussed (on a "without prejudice" basis) by the parties in an attempt to resolve their differences amicably. If such discussion between the parties fails to produce any agreement, the matter in dispute may, if the parties so agree, be referred to arbitration in accordance with the Arbitration Act 1996. The arbitration shall be by one arbitrator to be agreed by the parties, and, failing agreement, as appointed by the then President of the New Zealand Law Society or its successor. The award in the arbitration shall be final and binding on the parties.

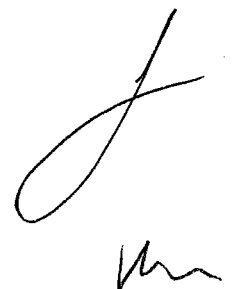
ACCEPTANCE BY LICENSEE

The Licensee **ACCEPTS** this Licence to enter upon and use the Land subject to the covenants and conditions herein contained.

DATED this day of 199

ATTESTATION

[Insert appropriate execution clauses for both the Licensee and the Licensor]



FIRST SCHEDULE**IMPROVEMENTS AT COMMENCEMENT OF LICENCE**

[Comment: check that the description of Improvements acquired by Licensee matches the assets selected or not selected (as the case may be) by Te Rūnanga and amend as necessary.]

PART A: GENERAL DESCRIPTION OF IMPROVEMENTS

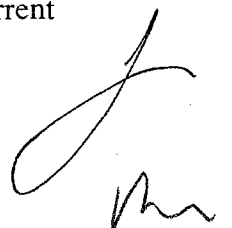
The Improvements acquired by the Licensee from Her Majesty the Queen at the date of commencement of this Licence, being all improvements on, or associated with, the Land and includes:

- (a) all those buildings described in Part B of this First Schedule (but excludes those buildings described in Part C of this First Schedule) and all other structures affixed to the Land (but excludes any structures, moveable huts or caravans owned by any third party); and
- (b) all roads, tracks, accessways, airstrips, firebreaks, bridges, culverts, irrigation works, erosion works, water-races, drainage works, water storage and all works related to the prevention, detection or fighting of fire,

but does not include work done on or for the benefit of the Land by any owner or occupier thereof whether before or after the date of commencement in:

- (a) the draining, excavation, filling, reclamation or stabilising of the Land, or the making of retaining walls or other works appurtenant to that draining, excavation, filling, reclamation or stabilising;
- (b) the grading or levelling of the Land or the removal of rocks, stone, sand or soil therefrom;
- (c) the removal or destruction of vegetation, or the effecting of any change in the nature or character of the vegetation;
- (d) the alteration of soil fertility or the structure of the soil; or
- (e) the arresting or elimination of erosion or flooding,

and also excluding any improvements (such as, but not limited to, fences, water tanks and related items) which have been placed on the Land by holders of current grazing or similar licences for the time being where such holder is entitled, in



accordance with the terms of their licence, to remove such improvements at the expiration thereof.

PART B: BUILDINGS ON THE LAND AT COMMENCEMENT OF LICENCE WHICH WERE ACQUIRED BY THE LICENSEE

Either:

Description	Location
--------------------	-----------------

Or:

There are no buildings situated on the Land that were acquired by the Licensee.

PART C: BUILDINGS ON THE LAND AT COMMENCEMENT OF LICENCE WHICH WERE NOT ACQUIRED BY THE LICENSEE

Either:

Description	Location	Owner
--------------------	-----------------	--------------

Or:

There are no buildings on the Land that were not acquired by the Licensee.



SECOND SCHEDULE**FORM OF RETURN NOTICE**

To: [Insert name and address of Licensor] ("the Licensor")

[] being the Licensee under the Ngāi Tahu Crown Forestry Licence dated the day of 199 [Registered No] from Her Majesty the Queen ("the Crown") to the Licensee over the land therein described ("the Land")
HEREBY GIVES NOTICE pursuant to *clause 3.2.2* of the Licence that:

- 1 the part or parts of the Land described in the First Schedule to this Notice will from the day of 199 [2] (the "Return Date") no longer be required by the Licensee to protect, manage or harvest the Trees that were growing standing or lying on such Land at the date of commencement of the Licence determined in accordance with the terms of the Licence and will consequently become a Return Area under the Licence;
- 2 prior to the Return Date the Licensee intends to remove from the Return Area the buildings and other structures set out in the Second Schedule to this Notice; and
- 3 following the Return Date, the Licensee will require the rights over the Return Area set out in the Third Schedule to this Notice to enable the Licensee to continue to exercise its rights under the Licence over the balance of the Land.

You will be contacted shortly to discuss the above and any matters of mutual interest as described in *clause 3.2.8* of the Licence.

Dated this day of 199 [2].

SIGNED for and on behalf)
of [Name of Licensee] in the)
presence of:)

FIRST SCHEDULE: DESCRIPTION OF LAND TO BE RETURNED

SECOND SCHEDULE: IMPROVEMENTS TO BE REMOVED

THIRD SCHEDULE: RIGHTS REQUIRED OVER RETURN AREA

[Comment: This Form will be adjusted where Te Rūnanga is the Licensor and the Crown is the Licensee.]



FORM OF NGĀI TAHU CROWN FORESTRY LICENCE

[Comments: (i) Appendix A.1 to be used where the Crown is the Licensor and Te Rūnanga is the Licensee. Appendix A.2 is to be used when Te Rūnanga is the Licensor and the Crown is the Licensee;

(ii) The Appendices and clause 6.1 of the Ngāi Tahu Crown Forestry Licence have been drafted on the basis that the protective covenants and public access easements will be created by incorporation in and execution of such Ngāi Tahu Crown Forestry Licence and not pursuant to sections 18 and 19 of the Crown Forest Assets Act 1989.]

APPENDIX A.1**PROTECTIVE COVENANTS**

The following protective covenants form part of this Licence and are included in this Appendix A:

Protective Covenant No.	Kind of Covenant
1	Covenant for the protection of archaeological sites and sites having historical or spiritual or emotional or cultural significance
	Covenant for conservation purposes
	Covenant relating to forest research areas



FORM OF NGĀI TAHU CROWN FORESTRY LICENCE

[] FOREST

PROTECTIVE COVENANT NO. 1**A CREATION OF COVENANT:**

This covenant was created by the execution of the Ngāi Tahu Crown Forestry Licence between Her Majesty the Queen in right of New Zealand acting by the Minister for State-Owned Enterprises and the Minister of Finance pursuant to section 14 of the Crown Forest Assets Act 1989 and [*insert name of Licensee*] commencing on [] 199 in respect of that land being [*legal description*].

[*Comment: the reference to the Act may need to be changed to the Settlement Legislation.*]

B KIND OF COVENANT:

Covenant for the protection of archaeological sites and sites having historical or spiritual or emotional or cultural significance as specified in section 18(1)(b) and (c) of the Act.

C DESCRIPTION OF LAND SUBJECT TO THIS COVENANT:

The whole of the Land defined in Section A.

D NATURE OF THIS COVENANT:

- 1 The purpose of this covenant is to protect all archaeological sites and all sites having historical or spiritual or emotional or cultural significance which are located on the Land. The protection provided is to be consistent with the requirements of the Historic Places Act 1993.
- 2 Known Archaeological sites, Historic areas, Historic places and Wahi tapu areas on the Land at the creation of this covenant are set out in the Schedule.



E TERMS AND CONDITIONS OF THIS COVENANT:

The terms and conditions of this covenant are as follows:

1 Definitions

In this covenant the following terms shall have the meanings attached to them in this *clause 1*:

- 1.1 *the Act* means the Crown Forest Assets Act 1989; [*or Settlement Legislation*]
- 1.2 *Archaeological site, Historic place, Historic area* and *Wahi tapu area* have the same meaning as that attached to them in the Historic Places Act 1993;
- 1.3 *the Land* means the land defined in Section A;
- 1.4 *the Occupier* means the occupier of the Land, whether or not the occupier is the owner of the Land and includes:
 - 1.4.1 the licensee of any Ngāi Tahu Crown Forestry Licence granted over the Land; and
 - 1.4.2 the executors, administrators, successors, assigns, licensees, servants, agents, contractors, visitors and any other person on the Land with the express or implied consent of the occupier; and
- 1.5 *the Trust* means the New Zealand Historic Places Trust constituted under the Historic Places Act 1993 or its successor.

2 Construction

- 2.1 In this covenant, unless the context otherwise requires, any reference to Sections, clauses or the Schedule are references to sections, clauses or the schedule of this covenant.
- 2.2 Any headings in this covenant have been inserted for convenience only and shall not in any way limit or govern the construction of the terms of this covenant.



3 Duration of Covenant

- 3.1 This covenant shall, continue to apply in respect of the Land until the termination or sooner determination of the Ngāi Tahu Crown Forestry Licence referred to in Section A.
- 3.2 This covenant may only be varied or cancelled by agreement between the Licensor and the Licensee for the time being of the Ngāi Tahu Crown Forestry Licence.

4 Compliance with Historic Places Act

The Occupier shall, at all times, observe the requirements of the Historic Places Act 1993 in relation to any Archaeological site, Historic place, Historic area or Wahi tapu area and shall also cause such requirements to be observed by any licensee, servant, agent, contractor or visitor of the Occupier, provided that this *clause 4* shall not apply to any Wahi tapu area if and so long as the Occupier is Te Rūnanga. In particular:

- 4.1 no known Archaeological site, Historic place or Wahi tapu area on the Land may be destroyed, damaged or modified without first obtaining the approval of the Licensor which approval shall be deemed to have been given on the delivery by the Occupier to the Licensor of a letter from the Trust consenting to such destruction or damage or modification taking place;
- 4.2 where any previously unknown Archaeological site, Historic area, Historic place or Wahi tapu area is discovered as a result of any operations or activity on the Land any further disturbance of such site, area or place is to cease immediately and the Licensor and the Trust are to be advised of the discovery. Any operations or activity on such site, area or place may only continue with the approval of the Licensor which approval shall be deemed to have been given on the delivery by the Occupier to the Licensor of a letter from the Trust stating that such operations or activity may continue; and
- 4.3 the Occupier shall permit entry to the Land at all reasonable times to any officer or employee of the Trust or any person authorised by the Trust for the purposes of investigating Archaeological sites, Historic areas, Historic places Wahi tapu areas or for carrying out surveys to determine if such sites, areas or places exist. Such entry may be controlled by the Occupier for reasons relating to the safety of people on the Land or for the protection of trees, buildings, plant, equipment and related items on the Land.



5 Trees not to be Planted

- 5.1 The Occupier shall not, without the approval of the Licensor, plant trees on any Archaeological site, Historic area, Historic place or Wahi tapu area listed in the Schedule where trees were not already present on such site, area or place at the date of creation of this covenant.
- 5.2 Approval shall be deemed to have been given by the Licensor for the purposes of *clause 5.1* upon the delivery by the Occupier to the Licensor of a letter from the Trust stating that such planting, as specified in the letter, may take place.

6 Heavy Machinery not to be Used

- 6.1 The Occupier shall not, without the approval of the Licensor, use heavy machinery on any Archaeological site, Historic area, Historic place or Wahi tapu area listed in the Schedule.
- 6.2 Approval shall be deemed to have been given by the Licensor for the purposes of *clause 6.1* upon the delivery by the Occupier to the Licensor of a letter from the Trust stating that such use of heavy machinery may take place.

A handwritten signature in black ink, consisting of a large, stylized initial 'J' followed by a smaller, less distinct signature.

SCHEDULE**KNOWN ARCHAEOLOGICAL SITES, HISTORIC AREAS, HISTORIC PLACES AND WAHI TAPU AREAS**

The following are known Archaeological Sites, Historic areas, Historic places and Wahi tapu areas on the Land at the creation of this covenant. The location of each such site, area or place is shown on the attached maps and diagrams.

Site Reference	Map No.	Map Co-ordinates		Compartment No.	Description
		Easting	Northing		

or

There are no known Archaeological sites, Historic areas, Historic places or Wahi tapu areas on the Land at the creation of this covenant.



FORM OF NGĀI TAHU CROWN FORESTRY LICENCE

[] FOREST

PROTECTIVE COVENANT NO. []

A OPERATION OF COVENANT:

This covenant was created by the execution of the Ngāi Tahu Crown Forestry Licence between Her Majesty the Queen in right of New Zealand acting by the Minister for State-Owned Enterprises and the Minister of Finance pursuant to section 14 of the Crown Forest Assets Act 1989 and *[insert name of Licensee]* commencing on [] 199 in respect of that land being *[legal description]*.

[Comment: The reference to the Act may need to be changed to the Settlement Legislation.]

B KIND OF COVENANT:

Covenant for conservation purposes.

C DESCRIPTION OF LAND SUBJECT TO THIS COVENANT:

[Legal description]

The balance of the Land is subject to the rights of access and to the other restrictions set out in the terms and conditions of this covenant contained in Section E.

D NATURE OF THIS COVENANT:

The purpose of this covenant is to preserve and protect the natural and historic resources of the Covenant Area and in particular to *[state purpose or objective of this covenant]*.

E TERMS AND CONDITIONS OF THIS COVENANT:

The terms and conditions of this covenant, are as follows:

1 Definitions

In this covenant the following terms shall have the meaning attached to them in this *clause 1*:

FORM OF NGĀI TAHU CROWN FORESTRY LICENCE

- 1.1 *the Act* means the Crown Forest Assets Act 1989; [*or the Settlement Legislation*]
- 1.2 *the Covenant Area* means the land defined in Section C;
- 1.3 *the Crown* means Her Majesty the Queen in right of New Zealand;
- 1.4 *the Land* means the land defined in Section A;
- 1.5 *the Occupier* means the occupier of the Land whether or not the occupier is the owner of the Land and includes:
- 1.5.1 the licensee of any Ngāi Tahu Crown Forestry Licence granted over the Land; and
- 1.5.2 the executors, administrators, successors, assigns, licensees, servants, agents, contractors, visitors and any other person on the Land with the express or implied consent of the Occupier;
- 1.6 *the Purpose* means the purpose specified in Section D, being the purpose for which this covenant was created.

2 Construction

- 2.1 In this covenant, unless the context otherwise requires, any reference to Sections or clauses are references to sections or clauses of this covenant.
- 2.2 Any headings in this covenant have been inserted for convenience only and shall not in any way limit or govern the construction of the terms of this covenant.

3 Duration of Covenant

- 3.1 This covenant shall continue to apply in respect of the Land until the termination or sooner determination of the Ngāi Tahu Crown Forestry Licence referred to in Section A.
- 3.2 This covenant may only be varied or cancelled by agreement between the Crown, the Licensor for the time being (if not the Crown) and the Licensee for the time being of the Ngāi Tahu Crown Forestry Licence.



4 Protection of Vegetation and Land

Neither the Occupier nor the Crown, nor the Licensor (if not the Crown) shall modify or disturb any indigenous vegetation on the Covenant Area or modify or disturb the surface of the Covenant Area, except in accordance with the terms and conditions of this covenant.

5 Activity on Adjacent Land

The Occupier shall not undertake any activity on the Land adjoining the Covenant Area which has the potential to prejudice the Purpose, including, but not by way of limitation, the use of fertilisers, pesticides, herbicides and fire and the carrying out of seeding, roading, drainage and water extraction operations without the prior approval, in writing, of the Crown, which approval shall be subject to such conditions as the Crown shall specify.

6 Livestock Grazing

6.1 If the Occupier wishes to undertake livestock grazing on that part of the Land adjacent to the Covenant Area, then:

6.1.1 the Occupier shall not use the Covenant Area for livestock grazing;

6.1.2 the Occupier shall fence off the Covenant Area from that part of the Land to be used for such grazing;

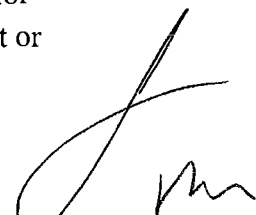
6.1.3 the Occupier shall maintain any new or existing fence on the boundary of the Covenant Area and that part of the Land to be used for such grazing so long as such grazing continues; and

6.1.4 the Crown shall reimburse the Occupier half of the reasonable costs associated with any fencing or maintenance under *clauses 6.1.2 and 6.1.3*.

6.2 The Occupier may take water from the Covenant Area for livestock grazing purposes provided either, that such taking does not prejudice the Purpose, or the Occupier has the prior written approval of the Crown.

7 Tracks or Roads

7.1 The Occupier shall not construct any tracks or roads and shall not improve any existing tracks or roads on the Covenant Area and shall not permit the entry on or use of the Covenant Area by any tracked or wheeled vehicles without the prior written approval of the Crown except that such construction or improvement or



use may be undertaken by the Occupier in a fire emergency situation provided that the Occupier:

7.1.1 shall notify the Crown as soon as possible thereafter of such construction or improvement or use; and

7.1.2 shall take all reasonable precautions during such construction or improvement or use to protect the Purpose.

7.2 The Occupier may continue to maintain and use any roads, tracks, bridges or fords existing on the Covenant Area at the creation of this covenant.

8 Water for Fire Control

8.1 The Occupier shall not develop any water collection or storage works for fire control purposes on the Covenant Area without first obtaining written approval from the Crown, which approval shall not be unreasonably withheld.

8.2 The Occupier shall take all reasonable precautions to protect the Purpose in the construction and use of such water collection and storage works as are approved by the Crown.

8.3 The Crown and the Licensor (if not the Crown) shall not develop or permit to be developed any water collection or storage works for fire control purposes on the Covenant Area unless reasonable precautions are taken to protect the Purpose.

8.4 The Occupier, the Crown and the Licensor (if not the Crown) shall be permitted to take water from the Covenant Area at any time during a fire emergency situation.

9 Weed and Pest Control

9.1 If the Occupier is undertaking a control programme for weeds or animal pests on that part of the Land adjacent to the Covenant Area then it may require the Crown, at the Crown's expense, to undertake a control programme on the Covenant Area provided that the Occupier shall give the Crown reasonable notice of such requirement.

9.2 The Crown shall, at its own expense, undertake a control programme in the Covenant Area if weeds or animal pests are prejudicing the Purpose and the Occupier shall, at the request of the Crown and at the expense of the Occupier, carry out a similar control programme on that part of the Land adjacent to the Covenant Area where weeds or animal pests threaten to prejudice the Purpose.



10 Access for Crown to Covenant Area

10.1 The Occupier shall permit the Crown, its employees, agents, contractors and invitees to enter and cross the Land adjacent to the Covenant Area for the purpose of access to the Covenant Area provided that:

10.1.1 the Crown gives prior notification to the Occupier;

10.1.2 the Occupier may determine a reasonable route to be followed across the Land; and

10.1.3 the Occupier may restrict or temporarily suspend such access or determine an alternative route to be followed across the Land if such access would unreasonably interfere with the lawful operations of the Occupier.

10.2 The Crown may enter and remain on the Covenant Area to conduct such management operations on the Covenant Area as are consistent with the Purpose.

10.3 The Crown shall not carry on any commercial undertaking on the Covenant Area.

11 Permits, Licences, etc.

11.1 The Occupier shall not grant any permits, licences, or concessions over the Covenant Area without the prior approval, in writing, of the Crown and the Licensor (if not the Crown) provided that neither the Crown nor the Licensor (if not the Crown) shall give its approval in any case where the Purpose may be prejudiced.

11.2 Notwithstanding *clause 11.1*, the Occupier may undertake or permit recreational or commercial hunting on the Covenant Area subject to conditions which shall be agreed between the Occupier, the Crown and the Licensor (if not the Crown) but in any event such hunting shall not prejudice the Purpose.

12 Mining

The Occupier shall notify the Ministry of Energy of the existence and nature of this covenant if a report is sought from the Occupier regarding the issue of a mining privilege over or affecting the Covenant Area or if the Occupier is otherwise made aware of any intent to seek such mining privilege.





13 Access for Public

[Comment: If applicable, add provision for public to have access to the Covenant Area across any adjoining land owned or under the control of the Licensee on terms and conditions similar to those set out in Appendix B.]

14 Indemnity

The Crown shall indemnify the Occupier against any damages caused by the negligence of the employees, agents or invitees of the Crown associated with access to or use of the Covenant Area, or otherwise based on any action, claim, demand, and/or proceeding brought or prosecuted against the Occupier by any person in relation to access to or use of the Covenant Area unless such action, claim, demand, award, proceedings, loss, damage or expense is caused or contributed to by any act, omission, neglect or breach of this covenant on the part of the Occupier or any employee, contractor or agent of the Occupier.



FORM OF NGĀI TAHU CROWN FORESTRY LICENCE

[] FOREST

PROTECTIVE COVENANT NO. []

A. CREATION OF COVENANT:

This covenant was created by the execution of the Ngāi Tahu Crown Forestry Licence between Her Majesty the Queen in right of New Zealand acting by the Minister for State-Owned Enterprises and the Minister of Finance pursuant to section 14 of the Crown Forest Assets Act 1989 and [*insert name of Licensee*] commencing on [] 199 in respect of that land being [*legal description*].

[*Comment: The reference to the Act may need to be changed to the Settlement Legislation.*]

B. KIND OF COVENANT:

Covenant relating to forest research areas.

C. DESCRIPTION OF LAND SUBJECT TO THIS PROTECTIVE COVENANT:

The location and area of each Forest Research Area included in this covenant is set out in the Schedule.

The balance of the Land is subject to rights of access and other restrictions set out in the terms and conditions of this covenant contained in Section E.

D. NATURE OF THIS COVENANT:

The purpose of this covenant is to protect long term forest research. The Forest Research Areas to which this covenant applies are detailed in the Schedule.

E. TERMS AND CONDITIONS OF THIS COVENANT:

The terms and conditions of this covenant are as follows:



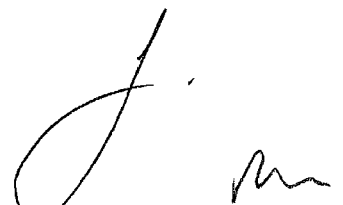
1 Definitions

In this covenant the following terms shall have the meaning attached to them in this *clause 1*:

- 1.1 *the Act* means the Crown Forest Assets Act 1989; [*or the Settlement Legislation*]
- 1.2 *the Controlling Organisation*, unless stated otherwise in the special conditions described in the Schedule, means The Chief Executive Officer, New Zealand Forest Research Institute Limited, Private Bag 3020, Rotorua, New Zealand and any successor. Where the context requires, the Controlling Organisation shall include the servants and agents of the Controlling Organisation;
- 1.3 *the Crown* means Her Majesty the Queen in right of New Zealand;
- 1.4 *Forest Research Area* means a forest research area set out in the Schedule;
- 1.5 *the Land* means the land defined in Section A; and
- 1.6 *the Occupier* means the occupier of the Land whether or not the occupier is the owner of the Land and includes:
 - 1.6.1 the licensee of any Ngāi Tahu Crown Forestry Licence granted over the Land; and
 - 1.6.2 the executors, administrators, successors, assigns, licensees, servants, agents, contractors, visitors and any other person on the Land with the express or implied consent of the occupier.

2 Construction

- 2.1 In this covenant, unless the context otherwise requires, any reference to Sections or clauses or the Schedule are references to sections or clauses or the schedule of this covenant.
- 2.2 Any headings in this covenant have been inserted for convenience only and shall not in any way limit or govern the construction of the terms of this covenant.



3 Duration

- 3.1 This covenant shall continue to apply in respect of the Land until the termination or sooner determination of the Ngāi Tahu Crown Forestry Licence referred to in Section A .
- 3.2 This covenant, in respect of each Forest Research Area, shall commence from the creation of this covenant and shall, unless stated otherwise in the special conditions in the Schedule, cease to apply to each Forest Research Area upon such Forest Research Area being clearfelled.
- 3.3 Where this covenant has ceased to apply to every Forest Research Area this covenant shall cease to apply to the Land.
- 3.4 Except as provided elsewhere in this covenant, this covenant may only be varied or cancelled by agreement between the Controlling Organisation and the Licensee.

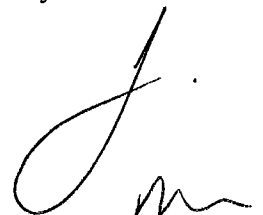
4 Controlling Organisation to have Access to the Land

The Occupier shall permit the Controlling Organisation of any Forest Research Area to enter and remain on the Land for the purpose of examining and measuring such Forest Research Area and to carry out any other operations in or on such Forest Research Area which are consistent with the purpose for which such Forest Research Area was established provided that:

- 4.1 the Controlling Organisation shall give reasonable prior notice to the Occupier of the Controlling Organisation's intention to enter the Land and of the reason for such entry;
- 4.2 the Controlling Organisation shall supply to the Occupier, free of charge, all data collected and data summarised from the Forest Research Area; and
- 4.3 the Occupier has the discretion to control any such entry and use by the Controlling Organisation for reasons relating to the safety of people on the Land or for the protection of trees, buildings, plant, equipment and related items on the Land.

5 Occupier to Notify Controlling Organisation

The Occupier shall give the Controlling Organisation at least one month's notice in writing of any activity to be carried out in or likely to impact on any Forest Research Area so that the Controlling Organisation may undertake any necessary measurements or other operations in such Forest Research Area prior to the



carrying out by the Occupier of such activity. The Occupier shall, where requested by the Controlling Organisation, supply to the Controlling Organisation, full details of all activities carried out in such Forest Research Area.

6 Restriction on Treatment

All silvicultural operations on any Forest Research Area shall only be undertaken by or under the control of the Controlling Organisation.

7 Ownership of Trees

The creation of this covenant does not confer on the Controlling Organisation any proprietary right to or interest in the merchantable stem of any trees on any Forest Research Area.

8 Special Conditions

The Occupier shall comply with any special conditions relating to a Forest Research Area which are set out in the Schedule, and where there is any conflict between the general conditions in this Section E and the special conditions set out in the Schedule then the special conditions in the Schedule shall prevail.

9 Indemnity

The Crown shall indemnify the Occupier against any damages caused by the negligence of the employees, agents or invitees of the Controlling Organisation associated with access to or use of a Forest Research Area, or otherwise based on any action, claim, demand and/or proceeding brought or prosecuted against the Occupier by any person in relation to access to or use of the Forest Research Area unless such action, claim, demand, award, proceedings, loss, damage or expense is caused or contributed to by any act, omission, neglect or breach of this covenant on the part of the Occupier or any employee, contractor or agent of the Occupier.



FORM OF NGĀI TAHU CROWN FORESTRY LICENCE

SCHEDULE

FOREST RESEARCH AREAS

The Forest Research Areas included in this covenant and the special conditions, if any, applying to each are set out below. The location of each Forest Research Area is shown on the attached maps and diagrams.

Forest Research Area Identifier	Compartment	Area (ha)	Species	Planting Year	Purpose	Special Conditions
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APPENDIX A.2

[Comment: Alternative Appendix A.2 to be used where Te Rūnanga is the Licensor and the Crown is the Licensee]

PROTECTIVE COVENANTS

The following protective covenants form part of this Licence and are included in this Appendix A.2:

Protective Covenant No.	Kind of Covenant
1	Covenant for the protection of archaeological sites and sites having historical or spiritual or emotional or cultural significance to Te Rūnanga o Ngāi Tahu
	Covenant relating to forest research areas



FORM OF NGĀI TAHU CROWN FORESTRY LICENCE

[] FOREST

PROTECTIVE COVENANT NO. 1**A CREATION OF COVENANT:**

This covenant was created by the execution of the Ngāi Tahu Crown Forestry Licence between Te Rūnanga o Ngāi Tahu, established under Section 6 of Te Rūnanga o Ngāi Tahu Act 1996 and Her Majesty the Queen in right of New Zealand acting by the Minister for State-Owned Enterprises and the Minister of Finance pursuant to section [] of the Act 199 [insert name of the Settlement Legislation] commencing on [] 199 in respect of that land being [legal description].

B KIND OF COVENANT:

Covenant for the protection of sites having historical or spiritual or emotional or cultural significance to Te Rūnanga o Ngāi Tahu.

C DESCRIPTION OF LAND SUBJECT TO THIS COVENANT:

The whole of the Land defined in Section A.

D NATURE OF THIS COVENANT:

The purpose of this covenant is to protect all sites having historical or spiritual or emotional or cultural significance to Te Rūnanga o Ngāi Tahu which are located on the Land. All such sites known to be on the Land at the creation of this covenant are set out in the Schedule.

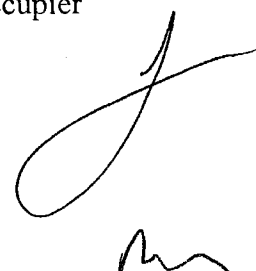
E TERMS AND CONDITIONS OF THIS COVENANT:

The terms and conditions of this covenant are as follows:

1 Definitions

In this covenant the following terms shall have the meanings attached to them in this clause 1:

- 1.1 *Site* means any site on the land that has historical or spiritual or emotional or cultural significance to Te Rūnanga o Ngāi Tahu and of which the Occupier has been advised in writing;



FORM OF NGĀI TAHU CROWN FORESTRY LICENCE

- 1.2 *the Land* means the land defined in Section A;
- 1.3 *the Licensor* means Te Rūnanga o Ngāi Tahu and includes any other owner for the time being of the Land; and
- 1.4 *the Occupier* means the occupier of the Land, whether or not the occupier is the owner of the Land and includes:
- 1.4.1 the licensee of any Ngāi Tahu Crown Forestry Licence granted over the Land; and
- 1.4.2 the executors, administrators, successors, assigns, licensees, servants, agents, contractors, visitors and any other person on the Land with the express or implied consent of the occupier.

2 Construction

- 2.1 In this covenant, unless the context otherwise requires, any reference to Sections, clauses or the Schedule are references to sections, clauses or the schedule of this covenant.
- 2.2 Any headings in this covenant have been inserted for convenience only and shall not in any way limit or govern the construction of the terms of this covenant.

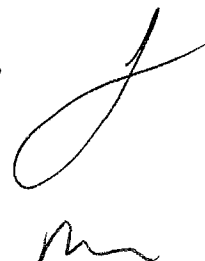
3 Duration of Covenant

- 3.1 This covenant shall continue to apply in respect of the Land until the termination or sooner determination of the Ngāi Tahu Crown Forestry Licence referred to in Section A.
- 3.2 This covenant may only be varied or cancelled by agreement between the Licensor and the Licensee for the time being of the Ngāi Tahu Crown Forestry Licence.

4 Protection of Sites

The Occupier shall, at all times, observe and cause any licensee, servant, agent, contractor or visitor of the Occupier to observe, the following requirements:

- 4.1 no known Sites on the Land may be destroyed, damaged or modified without first obtaining the approval of the Licensor;
- 4.2 where any previously unknown Site is discovered as a result of any operations or activity on the Land any further disturbance of such site is to



- cease immediately and the Licensor is to be advised of the discovery. Any operations or activity on such Site may only continue with the approval of the Licensor; and
- 4.3 the Occupier shall permit entry to the Land at all reasonable times to any officer or employee of the Licensor or any person authorised by the Licensor for the purposes of investigating the Sites or for carrying out surveys to determine if such Sites exist. Such entry may be controlled by the Occupier for reasons relating to the safety of people on the Land or for the protection of trees, buildings, plant, equipment and related items on the Land.

5 Trees not to be Planted

The Occupier shall not, without the approval of the Licensor, plant trees on any Site listed in the Schedule where trees were not already present on such Site at the date of creation of this covenant.

6 Heavy Machinery not to be Used

The Occupier shall not, without the approval of the Licensor, use heavy machinery on any Site listed in the Schedule.



SCHEDULE**KNOWN SITES**

The following are known Sites on the Land at the creation of this covenant. The location of each such site, area or place is shown on the attached maps and diagrams.

Site Reference	Map No.	Map Co-ordinates		Compartment No.	Description
		Easting	Northing		

or

There are no known Sites on the Land at the creation of this covenant.



FORM OF NGĀI TAHU CROWN FORESTRY LICENCE

[] FOREST

PROTECTIVE COVENANT NO. []

A. CREATION OF COVENANT:

This covenant was created by the execution of the Ngāi Tahu Crown Forestry Licence between Te Rūnanga o Ngāi Tahu, established under section 6 of Te Rūnanga o Ngāi Tahu Act 1996 and Her Majesty the Queen in right of New Zealand acting by the Minister for State-Owned Enterprises and the Minister of Finance pursuant to section [] of the [] Act 19 [insert name of the Settlement Legislation] and [] commencing on [] 199 in respect of that land being [legal description].

B. KIND OF COVENANT:

Covenant relating to forest research areas.

C. DESCRIPTION OF LAND SUBJECT TO THIS PROTECTIVE COVENANT:

The location and area of each Forest Research Area included in this covenant is set out in the Schedule.

The balance of the Land is subject to rights of access and other restrictions set out in the terms and conditions of this covenant contained in Section E.

D. NATURE OF THIS COVENANT:

The purpose of this covenant is to protect long term forest research. The Forest Research Areas to which this covenant applies are detailed in the Schedule.

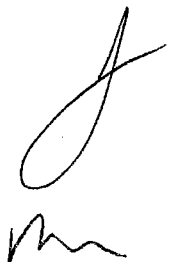
E. TERMS AND CONDITIONS OF THIS COVENANT:

The terms and conditions of this covenant are as follows:

1 Definitions

In this covenant the following terms shall have the meaning attached to them in this clause 1:

- 1.1 *the Controlling Organisation*, unless stated otherwise in the special conditions described in the Schedule, means The Chief Executive Officer,



FORM OF NGĀI TAHU CROWN FORESTRY LICENCE

New Zealand Forest Research Institute Limited, Private Bag 3020, Rotorua, New Zealand and any successor. Where the context requires, the Controlling Organisation shall include the servants and agents of the Controlling Organisation;



- 1.2 *the Crown* means Her Majesty the Queen in right of New Zealand;
- 1.3 *Forest Research Area* means a forest research area set out in the Schedule";
- 1.4 *the Land* means the land defined in Section A;
- 1.5 *the Licensor* means Te Rūnanga o Ngāi Tahu and includes any other owner for the time being of the Land; and
- 1.6 *the Occupier* means the occupier of the Land whether or not the occupier is the owner of the Land and includes:
- 1.6.1 the licensee of any Ngāi Tahu Crown Forestry Licence granted over the Land; and
- 1.6.2 the executors, administrators, successors, assigns, licensees, servants, agents, contractors, visitors and any other person on the Land with the express or implied consent of the occupier.

2 Construction

- 2.1 In this covenant, unless the context otherwise requires, any reference to Sections or clauses or the Schedule are references to sections or clauses or the schedule of this covenant.
- 2.2 Any headings in this covenant have been inserted for convenience only and shall not in any way limit or govern the construction of the terms of this covenant.

3 Duration

- 3.1 This covenant shall continue to apply in respect of the Land until the termination or sooner determination of the Ngāi Tahu Crown Forestry Licence referred to in Section A.
- 3.2 This covenant, in respect of each Forest Research Area, shall commence from the creation of this covenant and shall, unless stated otherwise in the special conditions in the Schedule, cease to apply to each Forest Research Area upon such Forest Research Area being clearfelled.



- 3.3 Where this covenant has ceased to apply to every Forest Research Area this covenant shall cease to apply to the Land.
- 3.4 Except as provided elsewhere in this covenant, this covenant may only be varied or cancelled by agreement between the Controlling Organisation, the Licensor and the Licensee for the time being of the Ngāi Tahu Crown Forestry Licence.

4 Controlling Organisation to have Access to the Land

The Occupier shall permit the Controlling Organisation of any Forest Research Area to enter and remain on the Land for the purpose of examining and measuring such Forest Research Area and to carry out any other operations in or on such Forest Research Area which are consistent with the purpose for which such Forest Research Area was established provided that:

- 4.1 the Controlling Organisation shall give reasonable prior notice to the Occupier of the Controlling Organisation's intention to enter the Land and of the reason for such entry;
- 4.2 the Controlling Organisation shall supply to the Occupier, free of charge, all data collected and data summarised from the Forest Research Area; and
- 4.3 the Occupier has the discretion to control any such entry and use by the Controlling Organisation for reasons relating to the safety of people on the Land or for the protection of trees, buildings, plant, equipment and related items on the Land.

5 Occupier to Notify Controlling Organisation

The Occupier shall give the Controlling Organisation at least one month's notice in writing of any activity to be carried out in or likely to impact on any Forest Research Area so that the Controlling Organisation may undertake any necessary measurements or other operations in such Forest Research Area prior to the carrying out by the Occupier of such activity. The Occupier shall, where requested by the Controlling Organisation, supply to the Controlling Organisation, full details of all activities carried out in such Forest Research Area.

6 Restriction on Treatment

All silvicultural operations on any Forest Research Area shall only be undertaken by or under the control of the Controlling Organisation.

7 Ownership of Trees



The creation of this covenant does not confer on the Controlling Organisation any proprietary right to or interest in the merchantable stem of any trees on any Forest Research Area.

8 Special Conditions

The Occupier shall comply with any special conditions relating to a Forest Research Area which are set out in the Schedule, and where there is any conflict between the general conditions in this Section E and the special conditions set out in the Schedule then the special conditions in the Schedule shall prevail.

9 Indemnity

If the Crown ceases to be the Occupier, the Crown shall indemnify the Occupier against any damages caused by the negligence of the employees, agents or invitees of the Controlling Organisation associated with access to or use of a Forest Research Area, or otherwise based on any action, claim, demand, and or proceeding brought or prosecuted against the Occupier by any person in relation to access to or use of any Forest Research Area unless such action, claim, demand, award, proceedings, loss, damage or expense is caused or contributed to by any act, omission, neglect or breach of this covenant on the part of the Occupier or any employee, contractor or agent of the Occupier.



SCHEDULE

FOREST RESEARCH AREAS

The Forest Research Areas included in this covenant and the special conditions, if any, applying to each are set out below. The location of each Forest Research Area is shown on the attached maps and diagrams.

Forest Research Area Identifier	Compartment	Area (ha)	Species	Planting Year	Purpose	Special Conditions
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APPENDIX B

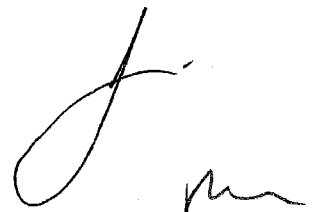
PUBLIC ACCESS EASEMENTS

Either:

There [is/are] [] public access easement[s] forming part of this Licence and which [is/are] included in this *Appendix B*.

Or:

There are no public access easements included in this Licence.

A handwritten signature in black ink, consisting of a large, stylized initial 'J' followed by a smaller, less distinct signature.

FORM OF NGĀI TAHU CROWN FORESTRY LICENCE

[] FOREST

PUBLIC ACCESS EASEMENT NO. []

A. CREATION OF EASEMENT:

This easement was created by the execution of the Ngāi Tahu Crown Forestry Licence between Her Majesty the Queen in right of New Zealand acting by the Minister for State-Owned Enterprises and the Minister of Finance pursuant to section 14 of the Crown Forest Assets Act 1989 and *[insert name of Licensee]* commencing on [] 199 in respect of that land being *[legal description]*.

[Comment: the reference to the Act may need to be changed to the Settlement Legislation.]

B. DESCRIPTION OF LAND SUBJECT TO THIS EASEMENT:

[Legal description]

C. NATURE OF THE ACCESS RIGHT:

The purpose of this easement is to permit and allow access by the public over and across that part of the Land described in Section B subject to the terms and conditions specified in Section D.

D. TERMS AND CONDITIONS OF THIS PUBLIC ACCESS EASEMENT:

The terms and conditions of this easement are as follows:

1 Definitions

In this easement the following terms shall have the meanings attached to them in this *clause 1*:

- 1.1 *the Access Areas* means the land defined in Section B;
- 1.2 *the Act* means the Crown Forest Assets Act 1989 *[or the Settlement Legislation]*;
- 1.3 *the Crown* means Her Majesty the Queen in right of New Zealand;
- 1.4 *the Land* means the land defined in Section A; and



FORM OF NGĀI TAHU CROWN FORESTRY LICENCE

1.5 *the Occupier* means the occupier of the Land whether or not the occupier is the owner of the Land and includes:

1.5.1 the licensee of any Ngāi Tahu Crown Forestry Licence granted over the Land; and

1.5.2 the executors, administrators, successors, assigns, licensees, servants, agents, contractors, visitors and any other person on the Land with the express or implied consent of the Occupier.

2 Construction

2.1 In this easement, unless the context otherwise requires any reference to Sections or clauses are references to sections or clauses of this easement.

2.2 Any headings in this easement have been inserted for convenience only and shall not in any way limit or govern the construction of the terms of this easement.

3 Duration of Easement

3.1 This easement shall continue to apply in respect of the Access Areas until the termination or sooner determination of the Ngāi Tahu Crown Forestry Licence referred to in Section A.

3.2 This easement may only be varied or cancelled by agreement between the Licensor and the Licensee for the time being of the Ngāi Tahu Crown Forestry Licence.

4 Occupier to Permit Access

The Occupier shall permit and allow access by the public over and across the Access Areas on foot or on horseback or on bicycle or on motorcycle or in light motor vehicles provided that the Occupier may close or otherwise restrict the use of the Access Areas only:

4.1 during the hours of darkness;

4.2 for reasons relating to the safety of those using the Access Areas or of those working on the Land; or

4.3 for reasons relating to the protection of the trees, buildings, plant, equipment and related items on the Land.



5 Occupier not Required to Maintain Road

- 5.1 The Occupier shall not be required to maintain any road, track or other accessway on the Access Areas which is not required by the Occupier for its own use, provided that, in the event that the failure to maintain any road, track or accessway leads to full or partial closure of the Access Areas for reasons of the safety of those using the Access Areas, then the Occupier shall notify the Crown of such full or partial closure.
- 5.2 The Occupier may construct and maintain any road, track or other accessway on the Access Areas which is required by the Occupier for its own use.

6 Notices to be Displayed

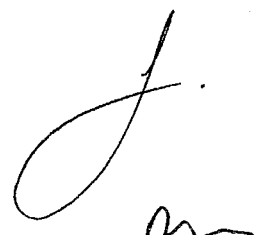
The Occupier shall, at the expense of the Crown, erect and keep maintained appropriate notices indicating the existence of the Access Areas and of any general conditions relating to their use.

7 Notices of Closure to be Displayed

In the event of any closure of the Access Areas under *clause 4.2* or *4.3*, the Occupier shall cause notices indicating such closure to be displayed alongside any notices erected in accordance with *clause 6*.

8 Indemnity

The indemnity given by the Licensee in *clause 10.1* of the Ngāi Tahu Crown Forestry Licence which created this easement shall not apply to any actions, claims, damages, demands, awards and proceedings brought or prosecuted against the Crown nor to any loss, damage, cost or expense suffered or incurred by the Crown which are based upon or arise out of or are connected with any act, omission, neglect, breach or default on the part of any person who has entered the Access Areas as a consequence of this easement, unless such actions, claims, damages, demands, awards, proceedings, loss, damage, cost or expense are the direct result of negligence on the part of such Licensee.



APPENDIX C

SPECIAL MANAGEMENT RESTRICTIONS

[Comment: Check if any conditions needed.]

A large, stylized handwritten signature in black ink, consisting of a large loop and a long tail, is located in the bottom right corner of the page. Below it, there is a smaller, less distinct handwritten mark.

APPENDIX D

EXISTING RIGHTS

1. RIGHTS OVER CROWN FOREST LAND

Nature	Beneficiary	Description of Servient Land	Description of Dominant Land	Notes
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2. RIGHTS IN FAVOUR OF CROWN FOREST LAND

Nature	Beneficiary	Description of Servient Land	Description of Dominant Land	Notes
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3. OTHER MATTERS

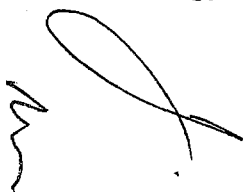




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