

DEED OF VARIATION OF LAKE TAUPO FOREST LEASE

DATED THE 10th DAY OF MARCH 2000

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Schedule A Copy of 1969 Lease

Schedule B Deed of Partial Surrender of Lease

Schedule C Forest Management

A PARTIES TO THIS DEED

The parties to this deed are

1. THE TRUSTEES OF THE LAKE TAUPO FOREST TRUST ("the Trustees")
2. HER MAJESTY THE QUEEN acting by and through the Minister of Forestry ("the Minister")

B BACKGROUND

- (1) Attached to this deed as Schedule A is a copy of an Agreement to Lease dated 5 June 1969 ("the Lease") whereby the Trustees agreed to lease to HER MAJESTY THE QUEEN acting by and through the Minister of Forests land for the purposes of protection and production forestry.

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- (2) The lessor and the lessee have agreed to vary the terms and conditions in the Lease in the manner set out in this Deed.

THIS DEED WITNESSES:

1. Interpretation

1.1. In this Deed:

"Block"

means any of the Maori land blocks forming part of the Land;

"Clearfell"

means the harvesting and removal of all standing trees more than two metres in height and more than 15 centimetres in diameter-at-breast-height within the existing canopy edge; and including the clearing of "birds-nests" around landings; cutting off of tie-back stumps, clearing of watercourses, roads and firebreaks of felled material; and the installing of cut-offs on temporary harvest access tracks;

"Clearfelled Area"

means an area of land within Lake Taupo Forest where the clearfelling of first rotation crop has been completed by the Minister;

" First rotation crop"

means the crop of marketable trees planted on the Land by the Minister from 1969 to 1991 inclusive and where the context so requires includes part or parts of the first rotation crop;

"FORMAC"

means the Forest Management Coordination Committee;

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“Lake Taupo Forest”

means the forest on the Land;

“the Land”

means the Maori land blocks subject to the Lease as at 30 March 2000;

“the Lease”

means the Agreement to Lease dated 5 June 1969 a copy of which is appended as Schedule A to this deed;

“Second rotation crop”

means the crop of marketable trees planted on the Land by the Minister from and including 1992 and where the context so requires includes part or parts of the second rotation crop;

“Surrender”

means the determination of the Lease with respect to any part of the Land;

“Surrendered Area”

means any area of the Land in respect of which the Lease has been surrendered.

- 1.2. Clause and other headings are for ease of reference only and will not be deemed to form any part of the context or to affect the interpretation of this agreement.
- 1.3. In this Deed:
- (a) Words importing the singular number shall include the plural and vice versa.
 - (b) References to parties are references to the parties to this Deed.



- (c) Words and expressions defined in the main body of this Deed bear the defined meaning in the whole of this Deed and the Schedules.
- (d) Any obligation not to do anything will be deemed to include an obligation not to suffer, permit or cause that thing to be done.
- (e) All monetary references in this Deed or the Schedules, unless otherwise specified, are to New Zealand dollars.

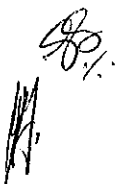
2. Amendment of Lease Expiry Date

The paragraph following Recital IV of the Lease is amended by deleting "expiring on the 31st day of March 2039" and substituting for it "expiring on the 30th day of June 2021 or such earlier date as the final area of the Land is surrendered."

3. Amendment of Stumpage Percentage and Payment

Clause 1(b) of the Lease is deleted and substituted by the following:

- 1 (b) (i) With effect from 1 April 1999 the Minister shall pay the Trustees by way of rent 35 % of the stumpage amount received by the Minister from the sale of any timber or trees or other plants and the produce thereof from any first rotation crop PROVIDED ALWAYS that in any year such rent so calculated shall be not less than the rental payable in accordance with clause 1 (a) of the Lease. For the purposes of this clause "stumpage" means the gross sale receipts from the sale of any logs or standing trees less any directly related export, log distribution, log processing, log and load and temporary harvest access costs.
- 1 (b) (ii) Such payments shall be due and payable on the 20th day of each calendar month in respect of the previous month.



- 1 (b) (iii) Arrears for the period 1 April 1999 to 31 March 2000 shall be payable not later than 30 June 2000

4. Minister's Obligation to Re-stock replaced with Obligation to Clearfell

Clause 4(d) of the Lease is amended to read – "Will clearfell any area the trees on which are damaged by fire, weather, insect or disease killing or destroying substantially all existing timber growth on it."

5. Minister's Access to Gravel etc.

Clause 6 of the Lease is amended by deleting the expression "the said land" where it last appears and substituting the words "the land subject to this Lease as at 30 March 2000."

6. Deletion of Stumpage Review Clause and Other Clauses.

Lease clauses 18, 19, 20, and 21 are deleted.

7. Addition of New Clauses

The following clauses are added to the Lease:

31. Surrender of Clearfelled Areas

On the 31st day of March 2000 the Minister will surrender the Lease in respect of all Clearfelled Areas that have already been replanted with second rotation crop. All second rotation crop shall thereafter belong absolutely to the Trustees.

32. Surrender of Land Clearfelled after 1 April 2000

On the 30th day of June 2000 and on each anniversary thereafter, or on such other dates as the parties may agree, the Minister will surrender the Lease in respect of

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all Clearfelled Areas that have been clearfelled during the preceding year (or other period as agreed).

33. Surrender to be by deed

Surrender shall be effected by deed of surrender of lease in the form set out in Schedule B. Where an area to be so surrendered is the last portion of a Block to be clearfelled and such Block includes an area of the Land that was not planted with first rotation crop, such area of the Land shall be deemed to be part of the Clearfelled Area. Not less than 2 months prior to any surrender date the Minister will provide the Trustees with a plan of the area proposed to be surrendered.

34. Joint Appointment of Forest Manager

With effect from 1 April 2000 the parties shall jointly appoint a forest manager to manage the forestry operations on the Land.

35. Forest Management Coordination Committee (FORMAC)

With effect from 1 April 2000 the parties shall establish, service, and participate in a joint Forest Management Coordination Committee. The functions and responsibilities of the committee shall be those in Schedule C of this deed.

36. Access Rights

After the surrender of any Clearfelled Area to the Trustees and subject to any reasonable restrictions which may be imposed in the interests of safety:

- a) the Minister shall, for the purpose of exercising lease rights and responsibilities over that part of the Land remaining in the Lease, have rights of access including vehicular access, over any Surrendered Area. Without

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limiting the rights of the Trustees under the Lease, the Trustees shall have rights of access over that part of the Land remaining in the Lease for the purpose of forest establishment, management, utilisation and protection of any Surrendered Area. The Trustees shall for the purpose of land preparation also have access to any Clearfelled Area that is to be surrendered at the next surrender date.

- b) Each party shall be responsible for ensuring that, in exercising such rights of access, no damage or destruction occurs and in the event of any damage or destruction occurring the same shall be made good as soon as practicably possible to the reasonable satisfaction of the other party.
- c) The party exercising access rights for log transport vehicles shall bear the full cost of maintaining the roads used for such access.

37. Indemnities

- a) Each party shall indemnify the other party against fire fighting and fire suppression costs and loss of crop value suffered by the other party in respect of any fire ignited due to any activity of the first mentioned party.
- b) The Trustees shall indemnify the Minister against any claim made against the Minister by any of the beneficial owners of the Land arising from or in respect of this Deed or any deed of surrender pursuant to this Deed or the agreement of the Trustees contained in the following paragraph (c).
- c) The Trustees agree that any claim the Trustees have or may have had against the Minister under the Lease or this Deed in respect of any alleged default by the Minister in the Minister's performance or non-performance of the Lease in respect of any Clearfelled Area shall cease absolutely on the surrender of such Clearfelled Area unless notice of such claim has been given to the Minister prior to the signing of the deed of surrender by or on behalf of the Trustees.

d) The indemnity given in paragraph (b) above shall cover all costs expenses and losses incurred by the Minister in respect of any such claim.

8. Maori Land Court noting

The Trustees shall forward this Deed and each subsequent deed of partial surrender to the Registrar of the Maori Land Court for noting.

9. Continuance

Except as expressly modified or varied by this Deed the covenants and conditions expressed or implied in the Lease shall continue in full force and effect during the balance of the term of the Lease.

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IN WITNESS WHEREOF THIS DEED HAS BEEN SIGNED BY THE PARTIES

SIGNED by Hon Pete Hodgson
Minister of Forestry for and on
Behalf of HER MAJESTY THE QUEEN
In the presence of:

Pete Hodgson
.....
.....

1.1.14

NARROW PASSION PAPER - PRIVATE SECRETARY

SIGNED by the Trustees

Tumu te Heuheu

Tumu te Heuheu
.....

Jim Heemi Biddle

Jim Heemi Biddle
.....

Whakapumautanga Downs

Whakapumautanga Downs
.....

John Hoani Nick Wall - QSM

John Hoani Nick Wall
.....

Rangikamutua Downs

Rangikamutua Downs
.....

Timoti Morehu te Heuheu

Timoti Morehu te Heuheu
.....

Te Kanawa Pitiroi

Te Kanawa Pitiroi
.....

Arthur Te Takinga Smallman

Arthur Te Takinga Smallman
.....

Stephen Asher

Stephen Asher
.....

Mahlon Kaira Nepia

Mahlon Kaira Nepia
.....

Heemi Biddle

Heemi Biddle
.....

In the presence of:

Russell Talbot Felst

Russell Talbot Felst
Solicitor
Wellington

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SCHEDULE A

WHEREAS

I. The Trustees named in the first schedule hereto (hereinafter together with their successors and assigns called "the Trustees") are trustees appointed under Section 438 of the Maori Affairs Act 1953 in respect of the Maori Freehold land described in the second schedule hereto (hereinafter called "the said land").

II The Trustees have agreed to lease the said land to HER MAJESTY THE QUEEN acting by and through the Minister of Forests (hereinafter called "the Minister") for the purposes of :

- (a) Preventing soil erosion, reducing pollution of the waters of Lake Taupo and of the streams and rivers flowing into and out of the said Lake and minimising adverse changes in river and lake waters
- (b) Conserving and protecting fish and wild life habitat and other natural resources of the area
- (c) Preserving and safeguarding the graves of the Maori people and all historic and sacred places in and around the said land and the areas of natural beauty and scenery and of unique vegetation
- (d) Consistent with the above purposes establishing managing and protecting a forest or forests thereon and appraising selling realising removing and utilising the produce thereof in a manner consistent with good forestry practices so as to achieve the maximum financial yield to the Minister as forest owner and the Trustees as Lessors (allof which operations are hereinafter referred to as "the objects of this Lease")

which the Minister pursuant to the provisions of



Section 15(2) of the Forests Act 1949 has agreed to do on the terms and conditions hereinafter set forth

III. The Trustees and the Minister have agreed that the objects of this lease will be best obtained by the Trustees leasing the said land to the Minister at a rental deferred (except for a nominal amount) until substantial profits from the forestry operations on the said land are available.

IV. The Trustees did on the 24th day of May 1969 resolve and agree to lease the said land to the Minister upon the terms and conditions hereinafter appearing

NOW THEREFORE the Trustees DO HEREBY LEASE unto the Minister the surface of the said land and the trees timber and other forest products hereafter established and grown on the said land for a term calculated from and including the first day of April 1969 and expiring on the 31st day of March 2039.

AND

A. THE MINISTER HEREBY COVENANTS WITH THE TRUSTEES as follows:

1. THAT the Minister shall pay to the Trustees the following amounts by way of rental in respect of the said land:

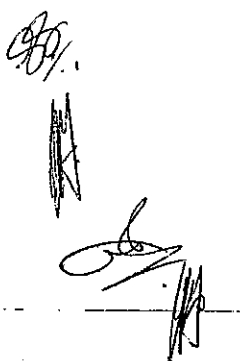
(a) As from the 1st day of April 1969 until such time as moneys from the sale of the first marketable thinnings to be extracted from any forest established or to be established upon the said land shall be received an annual rental of 5 cents per acre per annum, such rental to be paid in advance by annual payments on the 30th day of June in each year until such time as a higher rental becomes payable as hereinafter provided, the first of such payments to be made on the 30th day of June 1969

(b) From and after the time when receipts from the sale or



utilisation of any part of the forest shall be obtained (but subject always to the provisions hereinafter appearing) the Minister shall pay to the Trustees by way of rent $18\frac{1}{2}\%$ of the stumpage amount received by the Minister from the sale of any timber or trees or other plants and the produce thereof from any such forest PROVIDED ALWAYS that in any year the rent so calculated shall not be less than the rental payable in accordance with paragraph (a) of this clause. As from the time the rental is assessed under this paragraph (b) or paragraph (c) of this clause, such rental shall be paid quarterly on the last days of March, June, September and December in respect of the quarter then past.

- (c) Notwithstanding anything to the contrary in paragraphs (a) and (b) of this clause, the Minister will guarantee to the Trustees during the first 19 years of the term such rental not exceeding \$10,000 per annum (nor less than 5 cents per acre per annum) as the Trustees before the 30th day of June in each year may nominate and thereafter (i.e. from the year commencing on the 1st day of April 1988) a rental of not less than \$60,000 per annum, and, to the extent that any such rental paid under this paragraph (c) exceeds the rental that would otherwise be payable to the Trustees under paragraphs (a) or (b) of this clause the Minister shall be entitled to set off such excess together with interest thereon at the rate of 6 per centum per annum against the rental that subsequently becomes payable to the Trustees under paragraph (b) of this clause as soon as the rental payable to the Trustees under the said paragraph (b) exceeds during the first 19 years of the term the

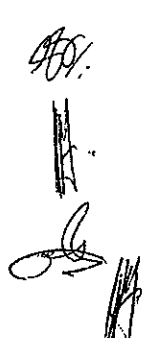


sum of \$10,000 per annum and thereafter the sum of \$60,000 per annum PROVIDED HOWEVER that the amount or amounts so set off shall at no time reduce the balance payable to the Trustees to less than the nominated rental during the first 19 years of the term and thereafter \$60,000 per annum.

2. FOR the purposes of calculating the rent or royalty to be paid by the Minister in accordance with Clause 1(b) above :

- (a) If the sale by the Minister of any timber or trees or other plants and the produce thereof from any such forest shall be to any third party of the right to take standing or naturally fallen timber then the stumpage amount shall be the amount in money or moneys worth which the Minister shall receive as stumpage payment in respect of the market value of such standing or naturally fallen timber; or
- (b) If the cutting and/or extraction of any such timber or trees or other plants and the produce thereof from any such forest is carried out by or on behalf of the Minister then the stumpage amount shall be that proportion of the gross sales receipts from the produce so cut and extracted by or on behalf of the Minister as would properly and fairly be allocated as stumpage as provided in the preceding sub-clause for forest produce of the type so cut and extracted in the district at that time if the trees had been sold standing or naturally fallen to a third party on the open market and if the parties are unable to agree on the amount thereof then the same shall be settled by reference to arbitration.

3. NOTHING in this Lease shall be construed as preventing the Minister from purchasing consuming utilising or realising by logging and/or milling or otherwise converting the forest

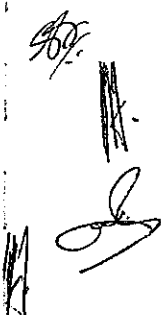


products on the said land provided that in such case the Minister shall give prior notice of his intention so to do to the Trustees who shall be entitled to elect that 18½ percentage of the crop which the Minister would otherwise have so purchased consumed utilised or realised to be put out to public tender in which case the stumpage for the crop purchased consumed utilised or realised by the Minister shall be the same stumpage as that obtained as a result of the public tendering PROVIDED FURTHER that if the Trustees make no such election the stumpage amount shall be calculated as is provided in clause 2 (b) hereof being not less than the market price prevailing at that time.

4. THAT the Minister consistent with the objects of this lease :

- (a) Will prepare an initial management plan and will supply a copy thereof to the Trustees not later than the 30th day of September 1969 or within 6 months after the date hereof whichever last occurs which plan shall include the establishment proposals with such maps as may be necessary or desirable to make such plan clear and will during the term of this Lease consult with the Trustees with regard to revised management plans, including extraction proposals, at five-yearly intervals with a view to achieving the maximum financial yield to the Minister as forest owner and the Trustees as Lessors PROVIDED ALWAYS that the Minister at his discretion may make adjustments and revisions to such management plan at any time as forestry developments may require to achieve such maximum financial yield and shall advise the Trustees thereof. The annual Control Report on the management plan shall each year be available to the Trustees.

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- (b) At his own expense shall establish manage and protect a forest thereon in accordance with sound forestry principles including and not limited to planting, re-seeding and replanting, building of roads and fire breaks and protection of trees from fire, insects and disease and generally in such a manner as will produce a high regular yield of marketable forest products to be effected at the earliest reasonable and practicable time PROVIDED ALWAYS that the Minister shall use his best endeavours to complete the initial full development of the said land for forest purposes not later than the 31st day of March 1986.
- (c) Shall have the right without liability to the Trustees to kill destroy or otherwise eliminate cull trees or other growth considered by the Minister to be undesirable by the use of girdling or poisoning or the use of chemical spray or other means usual customary or accepted as reasonable methods in forest land management.
- (d) Will re-stock through seeding or planting any area the trees on which are damaged by fire, weather, insect or disease killing or destroying substantially all existing timber growth on it at the time and leaving insufficient suitable seed trees
- (e) Having established a forest thereon shall use his best endeavours to obtain the maximum financial yield to the Minister as forest owner and the Trustees as Lessors therefrom
- (f) Shall keep accurate records of the establishment management realisation and utilisation of the forest and of the receipts obtained therefrom and the Trustees may at all reasonable times by their duly appointed professional agents or representatives have the right to examine the said records.
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(g) From such time as he commences the realisation and utilisation of the timber and other forest products off the said land, shall consult with the Trustees annually on the sales policy to be pursued during the following year. The express agreement of the Trustees (to be not unreasonably withheld) shall be obtained before the conclusion of any sales which the Director-General of Forests is required to refer to the Minister for his personal approval.

5. IT IS HEREBY DECLARED that all work done by the Minister in connection with any matter arising under the preceding clause prior to the signature of this Lease shall be deemed to have been done pursuant to the provisions of the preceding clause and at the sole cost and expense of the Minister.

6. THAT the Minister shall use the said land only for those objects incidental to the establishment, management and protection of a forest thereon and the sale, realisation and utilisation of the produce of such forest and shall not be entitled to remove as "forest produce" any earth, rock, sand, shingle or other minerals as part of the utilisation of such land PROVIDED ALWAYS that the Minister may have the free use of any sand, clay or gravel located in or upon the said land for any purposes in connection with this Lease.

7. THAT the Minister shall not at any time during the term hereof assign this Lease.

8. THAT the Minister shall not at any time during the term hereof sublet or part with possession of the said land or any part thereof except with the prior written consent of the Trustees such consent not to be unreasonably withheld. Without limiting the factors that the Trustees may take into account before giving their consent, they may have regard to :

- (a) The extent that the subletting or parting with possession may be necessary in carrying out the objects of this Lease.
- (b) The effect that any such subletting or parting with



possession will have on the stumpage that under the terms hereof will determine the rental that subsequently becomes payable to the Trustees.

(c) The extent to which such subletting or parting with possession will prejudice the objects of this Lease.

The Trustees acknowledge and agree that the provision of dwellings and the operation of amenities for employees engaged in work upon this forest shall be considered as necessary for the objects of this Lease.

9. THE Minister shall be deemed to have all necessary power and authority by virtue of these presents to cut remove and dispose of forest products from the said land and to enter into contracts by which other persons may cut remove and dispose of such forest products during the term hereof and for such purposes but limited only to such time as this Lease shall remain in full force and effect the property in all timber and timber-like products and forest products whether severed from the soil or not arising out of the operations of this Lease shall vest in the Minister as tenant's crops but this provision shall be subject always to the rights of the Trustees against the Minister for payment of the rent hereby reserved and any other moneys payable by the Minister in terms hereof.

10. THAT the Minister shall during the said term hereof and as and when the same shall become due and payable duly and punctually pay and discharge all rates, taxes, charges (including electric power charges) and assessments (other than the Trustees' Land Tax) which during the said term may be rated, taxed, charged, assessed or made payable in respect of the said land or in respect of any improvements which the Minister may place or erect upon the said land.

11. THE Trustees shall be under no liability to fence or contribute towards the cost of fencing or maintenance of the outer perimeter of the said land or any internal fence.

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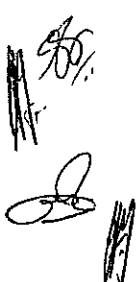
12. THAT the Minister shall in all respects comply with and indemnify the Trustees against all liability under the Forest and Rural Fires Act 1955, the Agricultural Pests Destruction Act 1967, the Noxious Weeds Act 1950 and the Noxious Animals Act 1956 and will comply with all fencing notices in relation to the said land which may be served under the Fencing Act 1908 and with all other provisions of the said Act and all other statutory provisions regulations and by-laws in any way affecting the said land and will indemnify the Trustees against liability thereunder respectively.

13. THE Trustees shall be entitled to extract sand, shingle, metal, rock or other minerals from the said land and to establish maintain and work a quarry or quarries on the said land and to remove and extract from the said land timber from any native bush having a commercial value and to have reasonable access thereto PROVIDED HOWEVER that the Trustees shall not be entitled to exercise the power herein reserved to them without the prior written consent of the Minister, such consent to be not unreasonably withheld so long as the proposed exercise of the power does not conflict with the reasonable forest management requirements of the Minister or the objects of this lease.

14. THAT subject to the reasonable forest management requirements of the Minister, and free of charge by the Minister the beneficial owners of the said land shall be entitled to a written permit from the Minister to enter thereon

- (a) To preserve and safeguard the graves of the Maori people, and
- (b) To fish and hunt

15. THAT in respect of those portions of the said land as will not be brought into full productive forest because of the other objects of the Lease as hereinbefore set out, the Trustees shall be entitled to provide recreational and incidental amenities thereon either for the private purposes of the Trustees and beneficial owners or for commercial purposes and any income



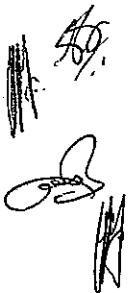
derived therefrom shall belong to the Trustees PROVIDED HOWEVER that the Trustees shall not be entitled to exercise the power herein reserved to them without the prior written consent of the Minister such consent to be not unreasonably withheld so long as the proposed exercise of the power does not conflict with the reasonable forest management requirements of the Minister, or the objects of this Lease and as a condition of his consent the Minister shall be entitled to charge a reasonable sum for services provided by the Minister.

16. THAT the Minister will pay the legal costs (to be calculated in accordance with the New Zealand Law Society Scale) and the reasonable consultation costs of the Trustees arising from and incidental to the negotiation and completion of these presents. Should the Minister desire to register this Lease under the Land Transfer Act he shall pay all the costs, including survey, incidental to the completion of the Land Transfer Title or Titles to the said land and the registration of this Lease.

A. On completion of such Title or Titles the Trustees on request by the Minister will execute a Memorandum of Lease to be prepared by the Minister in a form registerable under the Land Transfer Act and to incorporate the terms conditions covenants and agreement of these presents and the Trustees will do such further things at the expense of the Minister as are necessary to enable such Memorandum of Lease to be registered.

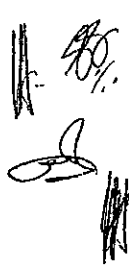
B. AND THE TRUSTEES HEREBY COVENANT WITH THE MINISTER as follows:

17. THAT subject to the limited rights of entry to the Trustees and the beneficial owners of the said land, the Minister shall have and enjoy full quiet and undisturbed occupation of the said land and the Trustees shall abide by those directions given by the Minister to enable full and efficient administrat-



ion of the said land for the purposes and on the conditions hereof

C. AND IT IS HEREBY MUTUALLY AGREED AND DECLARED AND COVENANTED


18. THAT at the expiration of the first twenty years of the term and thereafter at five-yearly intervals either party may call for a review of the percentage of stumpage that is payable by the Minister to the Trustees. If the parties are unable to agree on any proposed change the dispute shall be settled by reference to arbitration as hereinafter provided. All relevant factors may be considered and in particular, but without limiting the generality of the relevant factors, consideration shall be given to the extent the projected figures anticipated in the formula on which the division of stumpage at the commencement of the term hereof have been realised or surpassed, and the terms generally offered for similar leasing schemes at the time of the review.
19. THAT the Minister shall have the right to remove any and all buildings and fixed machinery which have been placed by him upon the said land during the term hereof within a period of six months following the determination of the term hereby granted unless it shall be agreed that compensation shall be paid therefor in accordance with the provisions hereinafter appearing.
20. THAT in the fortieth year of the term hereby granted and in the succeeding ten years at least three more times at not greater intervals than three years the Trustees and the Minister shall confer to consider the then state of the forest established pursuant to the terms hereof and to consider the proposals of the Minister and of the Trustees regarding the operation of such forest subsequent to the term hereof, whether or not there shall be an extension of the term hereof and if so the terms and conditions of such extension and to consider any special arrangements as to the operation of the forest
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during the last twenty years of the term hereof.

21. (a) If the Trustees and the Minister shall at the conferences provided in the preceding clause agree either on a renewal or extension of the term hereof and on the terms of such extension or on the operation plan of the forest on the said land during the last twenty years of this lease and in particular upon the method and upon the liability for the cost of that portion of the management and operations during such last period of twenty years being in particular the planting and management of trees which would not be taken as a final crop during such last period of twenty years then the terms so agreed upon shall apply and shall be embodied in a formal written document

(b) If the parties are unable to agree upon any such extension and are unable to agree upon any special terms relating to the operation of the forest during the last twenty years of the term hereby created then from the fiftieth year of the term hereof until the expiry of such term the rents or royalties payable hereunder shall be diminished by the cost of the replanting re-seeding and re-stocking of the area cut over during that period and by the cost of the management and control thereof the reason for this provision being that the income from the mature crop of trees to be received from such areas will be received in total by the Trustees and no other compensation shall be payable by the Trustees to the Minister in respect of timber or trees upon the said land at the expiration of the term hereof

22. IF the said land or any part thereof including the forest products thereon is taken by proclamation or otherwise by any local authority or the Crown pursuant to the Public Works Act 1928 or any other Statute so enabling the amount of



compensation paid in respect of the growing trees upon any land so taken shall be divided between the Trustees and the Minister in the same proportion as would moneys received for such timber trees by way of stumpage and if any part of the said land shall be taken or set aside under the provisions of the Iron and Steel Industry Act 1959 the compensation for growing trees shall be divided as aforesaid but any compensation or payment to be made in respect of iron sand or iron sands mined or taken under the provisions of that Act shall belong to the Trustees absolutely.

23. THE Minister shall indemnify and save harmless the Trustees from any liability at law for injury or damages to any person or property resulting from any act or omission by the Minister, his agents, servants, contractors or employees upon the said land.

24. THAT the Trustees shall be at liberty by their agents and servants at all reasonable times to enter upon the said land and view the same.

25. THE Trustees may give notice to the Minister of any matter arising under the terms hereof which the Trustees consider to be a breach of such terms and the Minister shall thereafter have ninety days from the receipt of such notice in which to commence the necessary operations to comply with any requirements properly notified thereunder and shall after the commencement of such remedial action proceed with it to completion with all practicable speed.

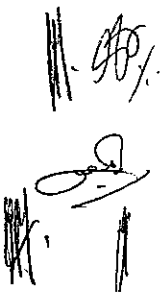
26. THAT if the said rent hereby reserved or any part thereof shall be in arrear and unpaid for the space of three calendar months next after any of the days hereinbefore appointed for payment thereof whether the same shall have been demanded or not the Trustees or their agents may immediately or at any time thereafter enter and distrain upon the said premises for the arrears of the said rent and dispose of the distress or distresses then and there found as landlords

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may do for rent and all costs and expenses occasioned by the same being so in arrear may be fully paid and satisfied.

27. IN case the rent hereby reserved or any part thereof shall be in arrear and unpaid for the space of three calendar months after any of the days whereon the same is hereby made payable (whether the same shall have been demanded or not) or in case default shall be made in the fulfilment observance or performance of any obligation covenant or agreement whether affirmative or negative herein expressed or implied and on the part of the Minister to be fulfilled observed or performed then and in any such case it shall be lawful for the Trustees or their agents or bailiff forthwith without any further or other notice to enter into and upon the demised premises or any part thereof in the name of the whole and the same to have again repossess and enjoy as in its former estate without prejudice however to any right or remedy of the Trustees against the Minister in respect of any antecedent breach of any covenant condition or agreement herein contained or implied.

28. THE Trustees may by notice in writing given to the Minister not later than six months preceding the expiration of the term hereof require the Minister not to remove any buildings or fixed machinery specified in such notice then the Trustees and the Minister shall agree upon a value for such buildings or fixed machinery so required to be left and if agreement cannot be reached on the value thereof such value shall be fixed by arbitration. The value so fixed shall be paid by the Trustees to the Minister upon the delivery of possession PROVIDED ALWAYS that if the value so involved is greater than the net royalties received by the Trustees during the preceding five years then the Minister shall allow the Trustees to pay such amount by not more than ten equal annual instalments the amount outstanding from time to time to bear interest at a rate not exceeding six per centum per annum



PROVIDED FURTHER that apart from that for the buildings or fixed machinery so specified no compensation whatsoever shall be payable from the Trustees to the Minister.

29. SHOULD either party be unable to perform their obligations or undertakings hereunder including particularly the covenants of the Minister contained in clause 4 hereof by reason of war, acts of the Queen's enemies, restrictions or prohibitions of the Government, the taking of the whole of the said land by proclamation, disease, blight or infection of timber or any other matter resulting from causes beyond the reasonable control of that party such party shall be relieved to the extent and for the time only it is so prevented from the performance of such obligations and if by reason of the time when such occurrence preventing performance occurs or of the extent of any taking of lands or any matter whatsoever it shall appear that the intention of the contract evidenced by this Lease shall be frustrated then either party may apply to the other for a termination hereof. If the other shall agree to such termination then the terms thereof shall be agreed or failing agreement settled by arbitration. If the other shall not agree to such a termination then as to whether or not there should be such a termination and as to the terms thereof also shall be settled by reference to arbitration as herein-after provided.

30. IN the event of any dispute or difference arising as to any clause matter or thing herein contained or implied or as to the construction hereof or arising in any way in respect hereof such dispute or difference shall be referred pursuant to the Arbitration Act 1908 to two arbitrators (one of whom shall be appointed by each party to the reference) and an umpire who shall be appointed by the arbitrators before proceeding with the reference and who shall sit with them during the reference.

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DATED this 5th day of June 1969.

FIRST SCHEDULE

Hepi Te Heuheu
 Pateriki Hura
 John Te Herekieke Grace
 Wairemana Tamaira
 Robert Keepa
 Brian Hauauru Jones
 John Hoani Wall
 Rangikamutua Downs
 Bill Hawkins
 Hema Maniapoto
 Fearon Grace

SECOND SCHEDULE

(as shown on plan attached hereto)

<u>Land</u>	<u>Area</u>
Hautu 1A1 (PT)	354 3 26
1A2	472 0 34
1A3	788 0 00
1A4	1914 0 00
1A5	755 0 00
1A6	847 0 00
1A7	778 0 00
1A8	1314 0 00
1B1B2A1	173 0 00
1B1B2A2	1006 0 00
1B1B2B1E (PT)	155 0 00
1B1B2B3	64 0 00
1B1B2B4	168 0 30
1B1B2B5B1	491 0 00
1B3	78 0 00
1B8B1B	34 0 00
1B8B2A	63 0 00
1B8B2B2	132 1 13
2B1B1 (PT)	735 0 00
2B1B2D2	1028 0 00
A1	582 2 00
A2	152 0 08
A3	158 3 20
A4	137 3 18
A5	1104 2 00
	Perimeter of these Blocks shown approx. in outline red being Blocks received from Crown in exchange for Hautu 5B2B2B, 4B2A2D, 4B2A2C2, 4B2A2A and 4B2A2B2 Blocks.
Opawa Rangitoto 1A	17 0 00
1B	452 0 00
1C	236 0 00
1D	18 0 00
2B	673 0 00
2D2	28 1 20
2D3B2	100 3 30
2G	11451 3 00
3	1903 0 00

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Tauranga Taupo	*1B1B	2104	0	00) Subject to release from Part XXIV Maori Affairs Act 1953
	1B1C	415	3	00	
	1B1D	400	1	00	
	2A1	1486	0	00	
	2A2	1352	0	00	
	2B1A	992	1	00	
	2B1B	511	2	00	
	2B1C	629	0	00	
	2B1D	1233	0	00	
	2B1E	365	1	00	
	2B2M1	3454	0	00	
	2B2M5	1196	0	00	
	3B1B	151	3	32	

Te Kopiha		543	2	00
Te Whataroa		1346	0	00
Turu Tururoa		1698	0	00
Pahikohuru	2	620	0	00
	3	930	0	00
	Pt. 4	57	2	20
	Pt. 5	728	0	16
	Pt. 6	945	0	07

Tauhara South	B1	14045	0	00
	B2	1800	0	00

Tauhara Middle 4A2B2C (PT)5423 0 00

SIGNED by HER MAJESTY THE QUEEN)
by DUNCAN MacINTYRE Minister of)
Forests in the presence of :

*Solicitor
Wellington.*

Duncan MacIntyre

Minister of Forests for
and on behalf of HER
MAJESTY THE QUEEN

9/5/51

[Handwritten mark]

SIGNED by the said HEPI
TE HEUHEU in the presence
of:

} *Hepi te Kenker.*

*Heist
Solicitor
Wellington*

SIGNED by the said PATERIKI
HURA in the presence of:

} *Pateriki Hura*

*Heist
Solicitor
Wellington*

SIGNED by the said JOHN TE
HEREKIEKIE GRACE in the
presence of:

} *J. T. Grace*

*Heist
Solicitor
Wellington*

SIGNED by the said WAIREMANA
TAMAIRA in the presence
of:

} *W. A. A. A.*

*Heist
Solicitor
Wellington*

SIGNED by the said ROBERT
KEEPA in the presence
of:

} *Robert Keep*

*Heist
Solicitor
Wellington*

SIGNED by the said BRIAN
HAUAURU JONES in the
presence of:

} *B. H. Jones*

*Heist
Solicitor
Wellington*

*Go.
I*

SIGNED by the said JOHN
HOANI WALL in the presence
of:

J H Wall.

Heist
Solicitor
Wellington

SIGNED by the said
RANGIKAMUTUA DOWNS in the
presence of:

R. H. Downs

Heist
Solicitor
Wellington

SIGNED by the said BILL
HAWKINS in the presence
of:

C. W. Hawkins J.P.

Heist
Solicitor
Wellington

SIGNED by the said HEMA
MANIAPOTO in the presence
of:

Hana Maniapoto

Heist
Solicitor
Wellington

SIGNED by the said FEARON
GRACE in the presence of:

FEARON GRACE

Heist
Solicitor
Wellington

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DATED 5th day of June 1969

HEPI TE HEUHEU AND OTHERS AS
TRUSTEES FOR THE OWNERS

SECTION 233 (1) of the MAORI AFFAIRS ACT 1968

the within instrument has been produced to the Registrar of the Aotea District Maori Land Court and has been noted in the records of the Court.

Lessors

WITNESSED at Wanganui this 23rd day of March 1973



[Signature]
REGISTRAR

HER MAJESTY THE QUEEN

Lessee

L E A S E

Tripe Matthews & Feist
Solicitors
Wellington

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SCHEDULE B

DEED OF PARTIAL SURRENDER OF LEASE

PARTIES TO THIS DEED

The parties to this deed are

1. **THE TRUSTEES OF THE LAKE TAUPO FOREST TRUST** ("the Trustees")
2. **HER MAJESTY THE QUEEN** acting by and through the **Minister of Forestry** ("the Minister")
 - A. By an Agreement dated 5 June 1969 the Trustees granted a lease to the Minister of certain pieces of land.
 - B. By Deed of Variation dated the day of March 2000 the parties agreed that as first rotation crop is clearfelled, the Minister will surrender the Lease in respect of Clearfelled Areas.
 - C. The areas of land coloured Blue on the Plan attached hereto comprise
Clearfelled Areas clearfelled between the xxx day of xxxx xxxx and
the xxx day of xxxx 20xx.

THIS DEED WITNESSES:

1. The Minister hereby surrenders the Lease and the Trustees accept the surrender in respect of the Clearfelled Areas coloured Blue on the Plan attached hereto.
2. The parties acknowledge that the Lease continues in respect of the areas coloured Yellow on the Plan attached hereto and that the areas coloured Red on such Plan are all the areas of land surrendered from 1 April 2000 to but not including the date of this deed.

[Handwritten initials]

SCHEDULE B

- 3. For the avoidance of doubt, the parties acknowledge that the term "the said land" in the lease now refers to the area of land delineated in colour Yellow on the Plan attached hereto.
- 4. The words "clearfell", "Clearfelled Area", "first rotation crop", "the Lease" and "surrender" bear the meanings defined in the said Deed of Variation.

IN WITNESS WHEREOF this Deed has been executed
this day of 20xx

MINISTER'S Attestation _____

TRUSTEES' Attestation _____

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1. Management Agreement

Pursuant to a Deed of Variation of Lease dated the day of March 2000, the Minister and the Trustees have agreed to jointly appoint a forest manager to manage their forestry operations.

2. Forest Management Co-ordination Committee

The parties shall:

- a. jointly establish and participate in a Forest Management Co-ordination Committee ("*FORMAC*");
- b. each appoint no less than two and no more than four representatives to *FORMAC*;

3. *FORMAC* : Meetings, Functions, Responsibilities etc.

Consistent with sound forestry practices and principles and to achieve effective, efficient and coordinated management of their respective areas without diminishing the privileges and responsibilities of the parties under the lease *FORMAC* shall:

- a. Recommend from time to time to the Minister and the Trustees for their joint decision the contracting, renewal or replacement of a single forest manager.
- b. Meet at least quarterly.
- c. Have authority delegated by the parties to discuss and agree joint policies including but not limited to:
 - i) Formulae for fair apportionment of management, operational and protection costs. For the avoidance of doubt any costs incurred which relate to a specific party's area and not to the other party's area will be borne in full solely by the relevant party; Unless otherwise agreed by *FORMAC*, forest management costs for general management, protection, maintenance, and fire services incurred in any financial

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year will be shared in proportion to the respective net stocked areas of productive forest and area awaiting planting held by the parties within Lake Taupo Forest at the 30th day of June each year ;

- ii) Access by either party or their agents, representatives or appointees over the other party's area ;
- iii) Fire control and equipment;
- iv) Road, fence and other maintenance;
- v) Weed and animal control not including land preparation and releasing operations;
- vi) Forest health surveillance;
- vii) Health & Safety in Employment Act 1992 issues;
- viii) Forest operations;

d. Be serviced by the Minister unless the committee decides otherwise.

e. Adopt a consensus approach to policy determination. In the event that consensus cannot be achieved on any significant issue the matter shall be referred to the Minister's lawful delegate and the Trustees for direction or if necessary resolution.

4. Lake Taupo Rural Fire District

Both parties will remain members of the Lake Taupo Rural Fire District or any successor Rural Fire District for the duration of the Lease.

5. Forest Manager

The Forest Manager shall :

- i) be jointly appointed and engaged by the Minister and the Trustees on the recommendation of *FORMAC*;
- ii) be responsible for carrying out all forestry operations;

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- iii) report to the quarterly meetings of *FORMAC* or more often if required by *FORMAC*;
- iv) subject to prior agreement on rates by *FORMAC* charge flat rate fees per production hectare for:
 - (a) Service & Administration;
 - (b) Fire & Protection Services.

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