

Crown Pastoral Land Tenure Review

Lease name : THE MULLER

Lease number : PM 021

Due Diligence Report - Addendum

This report and attachments results from a pre-Tenure Review assessment of the pastoral lease for the purpose of confirming land available for Tenure Review and any issues, rights or obligations attaching to it. The information is gathered from files and other sources available to the LINZ contractor.

Part of the information relates to research on the status of the land, resulting in a Status Report that is signed off by a LINZ approving officer. The remainder of the information is not analysed for relevancy or possible action until required, and LINZ does not guarantee its accuracy or completeness as presented.

The report attached is released under the Official Information Act 1982.

July 08

**DUE DILLIGENCE REPORT ADDENDUM
CPL PRE-TENURE REVIEW ASSESSMENT STANDARD 6:**

File Ref: 12640 The Muller **Report No:** 710032

Report Date: 24 July 2008

Office of Agent: Christchurch LINZ Case No:

Date sent to LINZ:

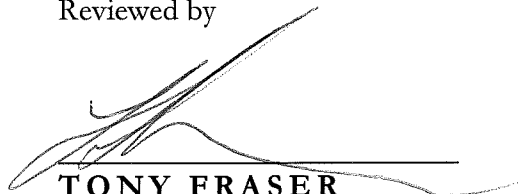
Recommendations:

That the Commissioner of Crown Lands or his delegate note:

1. That the Commissioner of Crown Lands or his delegate **note** this Due Diligence Report Addendum which has been prepared in a manner similar to Pre-Tenure Review Assessment Standard on instructions from the Commissioner of Crown Lands.
2. That the Commissioner of Crown Lands or his delegate **note** the following incomplete actions which require action by the Manager of Pastoral:
 - a. That there are no incomplete actions identified which require action.

Signed by

Reviewed by



REBECCA GILLESPIE
Property Consultant

TONY FRASER
Project Manager – Contract 50438

24 July 2008

24 July 2008

Accepted

Approved/Declined (pursuant to a delegation from the Commissioner of Crown Lands)
by:



Name: *M. MacKowzie*

Date of Decision: *20/8 2008*

1. Pastoral Lease Details

Pastoral Lease The Muller.

Location Awatere Valley, Marlborough being 70 kilometres from the Seddon Township and 110 kilometres southwest of Blenheim.

LIPS No. 12640

Lessee The Muller Station Limited

Legal Description Runs 218 and 220 and Section 1 Block VII Upcot Survey District

Area 28127.6472 hectares

Land Tenure Pastoral Lease of pastoral land pursuant to Section 66 and registered under Section 83 of the Land Act 1948, as varied by Memorandum of Renewal on 23 September 1993 (No. 170453).

Term 33 years commencing on 1 July 1993.

Computer Interest Register MB46/198

2. File Search

The following files were provided by LINZ, and searched for the purpose of the Land Status Check and Due Diligence addendums:

File Reference	File Name	Date
CPL/04/07/12640	Regional Files – Crown Pastoral Land – District – Marlborough Land District - Muller	1 March 1997 –
CON/50268/09/12640/Z-ZNO	Contract Management – Crown Property Contracts – Muller Station	23 April 2002 – 9 July 2002

3. Summary of Lease Document

Terms of Lease

Term

A thirty three year lease from 1 July 1993.

Rental

The current annual rental payable is set at _____ plus GST being 2.25% of the Land Exclusive of Improvements Value of _____

The current annual rental is for the 11 year period from 1 July 2004 to 30 June 2015. The date of the next rent review is at lease renewal on 1 July 2015.

Stock Limitation in Lease

Clause (f) of Schedule B of lease document provides that the base stock limit is set as follows:

11,000 Sheep
200 Cattle

Commencement Date

The original pastoral lease was issued on 1 March 1960 to Ian Tasman Van Asch. The lease was transferred to the current lessee, The Muller Station Limited, by Transfer A6104 on 27 October 1965.

The lease was renewed on 1 July 1993 for a further term of 33 years by Memorandum of Renewal of Lease No. 170453 at an annual rental of _____ plus GST, being 1.5% of the Land Exclusive of Improvements Value of _____.

Other Provisions

None.

Renewals & Variations

45509 Variation of the covenants of the lease registered on 20 August 1965. The variation requires the transfer of shares in any company holding the lease to be subject to the provisions of Section 89 of the Land Act 1948.

170453 Variation of the terms of the lease registered on 23 September 1993. The variation acts to renew the lease for a further 33 years commencing on 1 July 1993.

Area Adjustments

32933 Registered the surrender of part of the pastoral lease as to Run 219 containing 7,850 acres or 3,176.7823

hectares. The document was registered on 28 May 1960.

- Registered Interests**
- 168367 Land Improvement Agreement pursuant to Section 30A of the Soil Conservation and Rivers Control Act 1941. The document was registered on 10 May 1993.
- 101010 Mortgage to The Rural Banking and Finance Corporation.

Unregistered Interests

The original Due Diligence Report dated 24 June 2002 notes that the Benmore-Haywards A 350 KV HVDC main line of power pylons runs across the pastoral lease. The report advises that these cross the lower south eastern side of Run 218 of the lease.

The lines are owned by Transpower New Zealand Limited and form part of the National Grid. The report further advises that no formal easement exists, but however protection is afforded by Section 22 of the Electricity Act 1992. Our file search has not identified any easement to replace this statutory protection.

Other Interests None.

4. Summary of Government Programmes

There have been no further Government programmes relating to the pastoral lease, other than those noted in the original Due Diligence Report dated 24 June 2002.

5. Land Status Check Report Summary

The Land Status Check Report confirms that status of the land as Crown Land under the Land Act 1948, and being subject to pastoral lease pursuant to Section 66 of the Land Act 1948. The pastoral lease is registered pursuant to Section 83 of the Land Act 1948, as Computer Interest Register MB46/198.

The Land Status Check Report identifies that the lease is subject to Part IVA of the Conservation Act 1987, and Land Improvement Agreement pursuant to Section 30A of the Conservation and Rivers Control Act 1941. The minerals remain with the Crown.

The area of the pastoral lease is confirmed as 28127.6472 hectares. The legal description has been confirmed and is the same as that noted earlier in this report under Section 1.

No further matters requiring further investigation, other than those noted in the original Land Status Check Report dated 22 April 2002, have been identified.

A copy of the Land Status Check Report is attached at Appendix A.

6. Review of Topographical & Cadastral Data

The topographical and cadastral data reported in the original Due Diligence Report dated 24 June 2002 has been reviewed and it is confirmed that there are no changes to that reported.

7. Details of Neighbouring Crown or Conservation Land

The only change that has occurred in respect of neighbouring Crown or Conservation Land since the original Due Diligence Report dated 24 June 2002, relates to Molesworth Station which adjoins the western boundary. As at 1 July 2005, Molesworth Station became a Recreation Reserve and is now managed and administered by the Department of Conservation.

8. Summary of Uncompleted Actions or Potential Liabilities

Other than the matter noted below, identified from our file search, no further uncompleted actions or potential liabilities have been identified, other than those noted in the original Due Diligence Report dated 24 June 2002.

Castle River Storage Dam

The file search identified a proposal by the Awatere Irrigation Group to undertake a feasibility study into the development of a water supply scheme for irrigation of suitable areas in the Lower Awatere Valley. The proposal involved the investigation of an off-channel storage reservoir on Castle River, immediately upstream of the confluence with the Awatere River.

The proposal affected both The Muller and adjoining Upcot pastoral leases. The Awatere Irrigation Group advised Land Information New Zealand in writing on 1 April 2003 that the level of support for the scheme was insufficient to be economically viable and that no further action would be taken in respect of the proposal. No further action is therefore required.

This issue was identified from our file search, and is simply brought to your attention.

Review of Due Diligence Report matters

Our review of the Due Diligence Report dated 24 June 2002 and associated documents have confirmed that there are no uncompleted actions or potential liabilities pertaining to the pastoral lease. Those points noted, are simply matters to be aware of as opposed to those requiring further action.

In summary these are outlined as follows:

Retired Area

There is no undertaking to surrender the 'retired area'. This area was simply fenced for retirement purposes utilising Land Settlement Board Funds. No further action is therefore required.

Transpower New Zealand Limited power pylons

The power pylons which cross over a portion of the pastoral lease are protected, at present, by Section 22 of the Electricity Act 1992. No further action is therefore required.

SO 7111

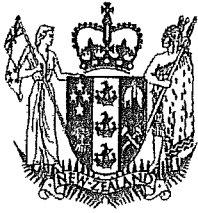
The renewal of the lease on 1 July 1993 instigated marginal strip provisions. No further action is therefore required.

ATTACHMENTS:

Schedule A Copy of Computer Interest Register MB46/198

Attachment 1 Land Status Check

Schedule A



**COMPUTER INTEREST REGISTER
UNDER LAND TRANSFER ACT 1952**



Search Copy

R. W. Muir
Registrar-General
of Land

Identifier MB46/198
Land Registration District Marlborough
Date Registered 01 March 1960 12:00 am

Prior References

MB46/151 MB46/152 MB46/153

Type	Lease under s83 Land Act 1948		
Area	31304.4295 hectares more or less	Term	Thirty three years commencing on the first day of July 1960 and renewed for 33 years commencing on 1 July 1993

Legal Description Run 218,219,220 and Section 1 Block VII
Upcot Survey District

Proprietors

The Muller Station Limited

Interests

- 32933 Surrender of the within Lease as to Run 219 containing 7850 acres (=3176.7823 ha.) - 28.5.1960 at 10.40 am
- 45509 Variation of the covenants of the within lease - 20.8.1965 at 10.40 am
- 101010 Mortgage to The Rural Banking and Finance Corporation - 20.11.1980 at 9.26 am
- 168367 Land Improvement Agreement pursuant to Section 30A Soil Conservation and Rivers Control Act 1941 - 10.5.1993 at 9.16 am
- 170453 Variation of terms renewing the within lease for 33 years commencing on 1 July 1993 - 23.9.1993 at 9.55 am

Attachment 1



**12640
MULLER PASTORAL
LEASE**

**Land Status Report Addendum
June 2008**

Prepared By:
Ashley Macfarlane
Senior Property Consultant

Reviewed By
Tony Fraser
Project Manager – Contract 50428/3

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reproduction in full or in part is forbidden.

RELEASED UNDER THE OFFICIAL INFORMATION ACT

This report is an up-date of the Land Status Report of 22 April 2002 (File: CON/50268/09/12460/Z-ZNO) and has been prepared on the instruction of Land Information New Zealand in terms of Contract 50428/3 dated 27 May 2008 and undertaken for the purposes of the Crown Pastoral Leases Act 1998.

LAND STATUS REPORT for Muller Pastoral Lease		LIPS Ref: 12640
PROPERTY		

Land District	Marlborough
Legal Description	Runs 218 and 220 and Section 1 Block VII Upcot Survey District
Area	28127.6472 hectares
Status	Crown Land subject to the Land Act 1948
Instrument of Title / Lease	Balance Computer Interest Register MB46/198 pursuant to Section 66 and registered under Section 83 Land Act 1948
Encumbrances	Subject to: <ol style="list-style-type: none"> 1. Document 168367 Land Improvement Agreement pursuant to Section 30A Soil Conservation and Rivers Control Act 1941 2. Subject to Part IVA Conservation Act 1987
Mineral Ownership	Minerals remain with the Crown as the land has never been alienated since its acquisition for settlement purposes, from the former Maori owners under the Kaikoura purchase 1859.
Statute	Land Act 1948 & Crown Pastoral Land Act 1998.

Data Correct as at	10 April 2008
Certification Attached	Yes

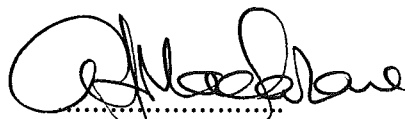
Prepared by Crown Accredited Supplier	The Property Group Limited
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<p>NOTES: This information does not affect the status of the land but was identified as possibly requiring further investigation at the due diligence stage: See Crown Pastoral Standard 6.</p>	<ol style="list-style-type: none"> 1. The Memorandum of Renewal of Lease 170453 includes a condition that the lease is subject to Part IVA of the Conservation Act 1987 "as shown on Survey Office Plan 7111." This renewal creates the marginal strips pursuant to Section 24(9) Conservation Act 1987 and excludes the subject waterways from the lease. 2. File Pm21 volume 1 folio 133 topographical plan identifies an area 'retired'? Earlier correspondence (folio 124, March 1983) approves the expenditure of fencing. This area still remains within the pastoral lease (comment brought forward from Land Status Report of 22 April 2002). 3. An existing DC main line of power pylons runs across the lower south-eastern side of Run 218 (Benmore-Haywards A 350kV HVDC). No formal easement exists with Transpower New Zealand Ltd, therefore protection is afforded pursuant to Section 22 Electricity Act 1992 (comment brought forward from Land Status Report of 22 April 2002).
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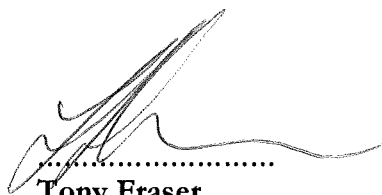
CERTIFICATION

Report to the Commissioner of Crown Lands, or his delegate, for the acceptance of Status Investigation for the MULLER Pastoral Lease.

1. I, Ashley John Macfarlane of The Property Group Limited, certify that the status report enclosed for certification is in order for signature.
2. In giving this certification I, Ashley John Macfarlane of The Property Group Limited, undertake that the status report has been completed in compliance with all relevant policy instructions and Standards and Guidelines.



A J Macfarlane
Senior Property Consultant



Tony Fraser
Project Manager