

Crown Pastoral Land Tenure Review

Lease name : RAMSHEAD RUN

Lease number : PM 024

Due Diligence Report (including Status Report) - Part 6

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 09

11.10 25.OCT90 154889

PARTICULARS ENTERED IN REGISTER
LAND REGISTRY MARLBOROUGH DISTRICT

ASST. LAND REGISTRAR

1A1033

[Signature]
506
MARLBOROUGH DISTRICT

Extract from N.Z. Gazette, 4 October 1990, No. 173, p. 3738

Declaration That Private Land Shall be Protected Private Land

Pursuant to the Reserves Act 1977, and to a delegation from the Minister of Conservation, the Regional Conservator of the Nelson/Marlborough Conservancy hereby declares that the private land, described in the Schedule hereto, shall be protected private land for scenic purposes, subject to the provisions of the said Act.

Schedule

Marlborough Land District—Marlborough District

651.765 hectares, more or less, being part Section 2, Block XXIV, Avon Survey District and part Section 1, S.O. Plan 6741, shown as "A" "B" and "O" on D.P. 7395. Part certificate of title 1A/1033.

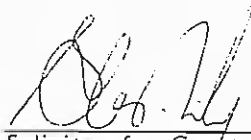
Dated at Nelson this 27th day of September 1990.

I. BLACK, Regional Conservator.

(C.O. PPL: 126)

In10931

Correct for the purposes of
the Land Transfer Act 1952




Solicitor for Grantee

ARIST LAND & REVENUE

OFFICE COPY

9.25 24.NOV97 194369/

| | |
|---------------------------------------------------------------------------------------|----|
| PARTICULARS | NI |
| LAND REGISTRY | MA |
| ASSET | 1 |
| 3.17 (00.00.00) | |
|  | |
| DISTRICT LAND REGISTAR | |
| MARLBOROUGH N.Z. | |



The National Bank
of New Zealand Limited

OLM

Certificate of Non-Revocation of Delegation of Power of Attorney

I, NEIL PERFECT

Manager Rural Debt Management

of Wellington in New Zealand **HEREBY CERTIFY** that:

1. By Deed dated 17 November 1992 deposited in the Lands and Deeds Registry Office at:

| | | | | | |
|--------------|--------|------------|--------------|--------|------------|
| Auckland | 25 No. | C.437380.1 | Hokitika | 25 No. | 093356.1 |
| Blenheim | 25 No. | 166109.1 | Invercargill | 25 No. | 205198.1 |
| Christchurch | 25 No. | A.033435.1 | Napier | 25 No. | 583965.1 |
| Dunedin | 25 No. | 821487.1 | Nelson | 25 No. | 322991.1 |
| Gisborne | 25 No. | G.190113.1 | New Plymouth | 25 No. | 396792.1 |
| Hamilton | 25 No. | B.116233.1 | Wellington | 25 No. | B.273065.1 |

('the Power of Attorney'), The National Bank of New Zealand Limited ('the Bank') did constitute and appoint that person for the time being and from time to time appointed by the Bank to act as the Chief Executive of the Bank ('the Attorney') to be the attorney or agent of the Bank to represent and act for, and in the name of, the Bank for all the objects and purposes, and with the powers and authorities, set out in the Schedule to the Power of Attorney.

2. The Power of Attorney empowers the Attorney to delegate from time to time, either generally or specifically in writing, to any officer or employee of the Bank or of any other company in the Lloyds Bank Group for the time being, or any other person that the Attorney considers an appropriate delegate, all or any powers and authorities given to the Attorney under the provisions of paragraph 12 of the Schedule to Power of Attorney (but not further or otherwise) so that that delegate will have, and be able to exercise, all those powers and authorities (but without power to delegate) as fully and effectually as the Attorney would have done.

3. By instrument dated 1 March 1994 deposited in the Lands and Deeds Registry Office at:

| | | | | | |
|--------------|--------|----------|--------------|--------|----------|
| Auckland | 25 No. | C.583100 | Hokitika | 25 No. | 097471 |
| Blenheim | 25 No. | 173186 | Invercargill | 25 No. | 218250 |
| Christchurch | 25 No. | A.103265 | Napier | 25 No. | 604372 |
| Dunedin | 25 No. | 852098 | Nelson | 25 No. | 336303 |
| Gisborne | 25 No. | G.196480 | New Plymouth | 25 No. | 409194 |
| Hamilton | 25 No. | B.193520 | Wellington | 25 No. | B.350588 |

JOHN ANTHONY ANDERSON of Wellington, being the then Chief Executive of the Bank, delegated all of the powers and authorities given to him under the provisions of paragraph 12 of the Schedule to the Power of Attorney to me (among others).

4. At the date of this Certificate, I have not received any notice of the revocation of that delegation of powers and authorities to me or notice of the winding-up of the Bank or other revocation of the Power of Attorney.

DATED at Wellington this

01 day of November

19 96

Neil Perfect

N/L

MEMORANDUM OF TRANSFER GRANTING FORESTRY RIGHT
[embodying a Joint Venture Agreement as herein detailed]

Pursuant to the Forestry Rights Registration Act 1983

Marlborough Land Registry Office

| | | |
|--------------------|------------|------------|
| 106KJ1 | 14/10/1997 | 10183 |
| NZ Stamp Duty | | Not Liable |
| Self assessed duty | | \$0.00 |

THIS Transfer is dated the 22nd day of October
1996

RECITALS

- A. **G.S. MILLER LIMITED** a duly incorporated company formerly having its registered office at Balclutha and now at Blenheim (hereinafter referred to as "the Grantor") as registered as proprietor subject however to such encumbrances, liens and interests as are notified by memoranda underwritten or endorsed thereon in **ALL THAT** parcel of land containing 2346.1402 hectares more or less being *BB* Pt Section 2 Block XXIV, Avon Survey District and more particularly comprised and described in Certificate of Title Volume 1A, Folio 1033, Marlborough Registry (hereinafter called "the said Land")
- B. The Grantor has agreed to transfer and grant to PGG Trust Limited a duly incorporated company having its registered office at Christchurch (hereinafter referred to as "the Grantee") as agent for and on behalf of Insignis Forest Partnership to be formed pursuant to a registered prospectus ("the Prospectus") by way of a Forestry Right the rights hereinafter appearing over part of the said Land.

NOW THEREFORE IN CONSIDERATION of the covenants and agreements on the part of the Grantee hereinafter recorded, the Grantor **HEREBY TRANSFERS AND GRANTS** to the Grantee and its servants, agents and workmen for a term of Thirty (30) years from and inclusive of the 7th day of May 1997 and expiring on the 6th day of May 2027 ("the Term") (subject to the Grantee's earlier termination of this Agreement or the exercise of a right of renewal) as a Forestry Right pursuant to the Forestry Rights Registration Act 1983 exclusive to the Grantee the rights licences and privileges hereinafter appearing

- (a) To establish, maintain and harvest and to manage, cultivate, protect, render to productive harvest, store, carry away, sell and otherwise utilise all Trees, growing or to be grown on the Forest Area.
- (b) To make, install and use all such roadways, tracks and gates on the said Land for general access to the Forest Area as may be

BB * and Sec 1 SO 6741

[Handwritten signatures and initials]

necessary for the purpose of establishing, maintaining, managing, felling, carrying away and selling or utilising the said Trees.

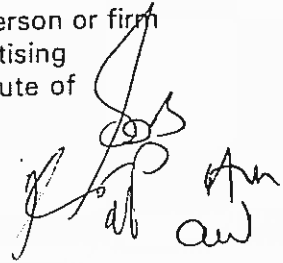
- (c) By itself or by its agents, servants, licensees and invitees from time to time to enter and to pass and repass upon the said Land and the Forest Area with or without machinery and vehicles and plant of all kinds, for the purposes of this Forestry Right.
- (d) To construct upon the Forest Area such buildings, plant and other works as may be necessary or convenient for the full enjoyment of this Forestry Right and to remove the same on expiry or earlier determination of the Term.
- (e) To place and stack upon the Forest Area, any Trees harvested pursuant to this Forestry Right.
- (f) Generally to do whatever may be necessary or convenient for establishing, managing, protecting, harvesting, carrying away and disposing of the said Trees on the Forest Area and in order to derive the full benefit of the rights and privileges hereby granted.

WITH THE OBJECT of producing a crop of Trees and for any other object set out in the Schedules to this Forestry Right; but subject always to the covenants, conditions, agreements, restrictions and rights contained in this Forestry Right and its Schedules, and the Prospectus.

AND IT IS HEREBY AGREED by the parties hereto, as follows:

INTERPRETATION AND DEFINITIONS

1. In this instrument, unless the context otherwise requires:
 - (a) "Agreement" means this joint venture agreement.
 - (b) "Forest" means Trees established on the Forest Area.
 - (c) "Forest Area" means the area to be granted under this Forestry Right.
 - (d) "Forest Manager" means the person or firm appointed in the Prospectus who shall be qualified in the business of planning, establishing, managing and administering forest related activities.
 - (e) "Independent Forestry Consultant" means the person or firm appointed in the Prospectus who shall be a practising consultant recognised by the New Zealand Institute of Forestry Inc.

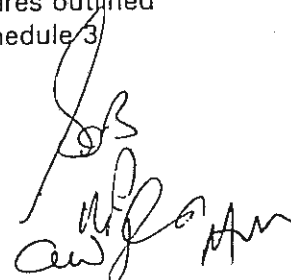


- (f) "Management Plan" means any detailed plan on the management of the Forest Area as prepared by the Independent Forestry Consultant for the Grantee for the purposes of exercising this Forestry Right.
- (g) "Net stumpage" means the value of stumpage having deducted the costs and expenses of the Forest Manager involved in organising and supervising the harvesting of the trees and in marketing the sale thereof.
- (h) "Parties" includes any successors, executors and assigns.
- (i) "Partnership" means the forestry investment partnership to be formed pursuant to the Prospectus for the purposes of this Forestry Right and Joint Venture Agreement and to be known as the Insignis Forest Partnership.
- (j) "Prospectus" means the document required for the public flotation of the Insignis Forest Partnership for the purposes of this Forestry Right and Joint Venture Agreement.
- (k) "Stumpage" means the saleable value of the Trees in the Forest Area as and where they stand.
- (l) "Trees" means such commercial variety of trees as set out in Schedule 2 herein located or to be located within the Forest Area being the property of the Grantee and including any timber, logs and other saleable forest produce.
- (m) The singular includes the plural and vice versa.
- (n) The male gender implies the female gender and neutral genders.
- (o) Reference to any Act or Regulation includes references to any amending or substituting Act or Regulation.
- (l) Reference to this Forestry Right includes references to Joint Venture Agreement or Agreement.

LOCATION OF THE FOREST AREA

2. The Forestry Right hereby granted by the Grantor to the Grantee is in respect of an approximate Forest Area of 77.5 hectares outlined in red on the plan annexed hereto and contained in Schedule 3 herein.

GRANTOR'S COVENANTS

Handwritten signature and initials, possibly "J.B." and "aw", in the bottom right corner of the page.

NIL

4

3. It shall be the responsibility of the Grantor (and the Grantor hereby covenants with the Grantee) to do the following:

(a) Mortgagees Consent and Payments

Obtain the consents of all mortgagees holding security over the said Land for the registration of the Forestry Right if such consent is required and to comply with the provisions of all mortgages, leases, licences and charges given over the Forest Area; and to pay all local body rates, taxes and charges levied in respect of the said Land and the Forest Area during the Term of this Agreement. In the event that the rates burden on the Forest Area is increased as a direct consequence of the said Land within the Forest Area being used for commercial forestry purposes the Grantee shall reimburse the Grantor for the amount of such increase.

(b) Statutory Consents

Apply for all statutory and other consents (including any District or Regional Planning consents or consents required by the Resource Management Act) necessary to make this Agreement legally binding, and if such consents have not been obtained within a period of three (3) months or such other period as the parties may from time to time agree, either party may by notice to the other cancel this Agreement.

(c) Access

To allow the Grantee general access onto and over the said Land to the Forest Area and to use their best endeavours to do all things necessary to enable the Grantee at the Grantee's expense to obtain reasonable and practical access to the Forest Area across the said Land or otherwise howsoever during the Term created by this Forestry Right. Where existing road access to the Forest Area is inadequate for forestry purposes, the Grantee shall from time to time consult with the Grantor on, and obtain the Grantors written consent (such consent not to be arbitrarily or unreasonably withheld) for, the necessary construction or maintenance works including the route of the road, materials, culverts, bridges and the like and the Grantee shall meet the full costs of such road works.

(d) Fencing

[Handwritten signature]
10/10/01
[initials]

At its own expense fence and keep fenced the Forest Area to the standards of the Fencing Act 1978 and in such a manner that the Trees are adequately protected from damage by livestock and to remove all fencing within the Forest Area identified by the Grantee in Schedule 3 herein as being not required, such fencing to be removed prior to the commencement of planting.

(e) Construction

To allow the Grantee to construct upon the Forest Area such buildings, plant, and other works as may be necessary or convenient for the full enjoyment of this Forestry Right and to remove the same on expiry or sooner determination of the Term.

(f) Signage

To allow the Grantee to erect signage for any purpose relevant to the exercise of this Forestry Right on the Forest Area or on the said Land where there is no public road immediately adjacent to the Forest Area.

(g) Grazing

To graze livestock free of charge on planted and unplanted portions of the Forest Area only in accordance with guidelines set out in the Management Plan and subject to the approval and restrictions imposed by the Forest Manager.

(h) Assignment

The Grantor shall not sell, transfer, mortgage, lease or part with possession of the said Land or any part thereof or create or dispose of any interest therein without the previous written consent of the Grantee being firstly obtained provided however that such consent shall not be unreasonably or arbitrarily withheld and it shall not be deemed unreasonable of the Grantee to require as a condition precedent to the grant of such consent **FIRST** in the case of a sale or transfer the execution by the purchaser or transferee of a Deed of Covenant to be prepared by the Grantee's solicitors at the cost of the Grantor whereby the purchaser or transferee covenants with the Grantee to duly observe and perform all the covenants conditions and stipulations herein expressed or implied and on the Grantee's part to be observed and performed **SECONDLY** in the case

[Handwritten signature]
aw

of a mortgage lease or other disposition a written acknowledgement by the Mortgagee Company or other party acquiring such interest that such party is aware of the provisions of this Forestry Right and consents to them and **THIRDLY** in any such last-mentioned cases the insertion in any documentation creating such estates or interests of appropriate clauses to protect the Grantee's right of property, access and action granted by this Forestry Right.

(i) Fires

Not to light, cause to be lit or allow to be lit any fire on the said Land without first obtaining all necessary statutory consents, permits or otherwise and thereafter taking all necessary and prudent precautions to prevent the endangerment of the Forest.

(j) Fire Notification

To notify the Forest Manager and the appropriate fire fighting authorities immediately upon becoming aware of a fire on the said Land or on any neighbouring properties which imposes or may impose a threat to the Forest and shall use its best endeavours to prevent the spreading of such fire on, from, to or across the Forest Area.

GRANTEE'S COVENANTS

4. It shall be the responsibility of the Grantee (and the Grantee hereby covenants with the Grantor) to do the following:-

(a) Compliance with Objects

The Grantee will at its own expense in pursuance of and consistent with the objects of this Forestry Right establish, manage and protect a commercial forest on the Forest Area of Trees for the production of saw logs and/or pulp wood and/or any other saleable forest produce all in accordance with sound forestry principles and good forestry practice.

(b) Grantee not to Interfere

The Grantee will, in the exercise of this Forestry Right, not unreasonably interfere with the Grantors normal farming operations.

(c) Sacred Sites

JS
aid
at P. J. Am

To comply with any requests from the Grantor with respect to any Wahi Tapu (historic and sacred places) or Taonga-o-nga Tipuna (artifacts) which are within the Forest Area, provided that any such request is made prior to the execution of this Agreement and further provided that if any request is made which is beyond the control of the Grantor then the request shall be regarded as a cause of force majeure and treated accordingly.

(d) Insurance and Fire Protection

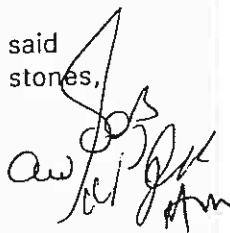
To insure the Forest against damage by fire on the basis of compensation for loss and to comply with, and indemnify the Grantor against all liabilities under, the Forest and Rural Fires Act 1977 and the Forest and Rural Fires Regulations 1979 with respect to the Forest, but this will not extend to any amount payable under an insurance policy rendered irrecoverable or void by any act or omission of the Grantor and (subject to the provisions of that Act and the said Regulations or any other statutory regulation affecting the same) the Grantee shall:

- (i) carry out all proper fire protection on the Forest Area; and
- (ii) take all reasonable measures that may be necessary to prevent the spreading of any fire on, from, to or across the Forest Area; and
- (iii) be entitled to erect lookouts, construct firebreaks and take such normal fire protection measures (including the destruction without compensation of any portion of the Forest) as may from time to time be deemed by the Grantee to be necessary.

If the Forest is damaged by any cause so as to render it no longer economically viable, the Grantee shall (subject to the prerogative and instructions of the Insurance Company) harvest and dispose of all salvageable material as the Grantee sees fit and the proceeds of salvage, together with any insurance moneys payable, shall be apportioned between the parties in accordance with the percentages or formulas contained Schedule 4 herein.

(e) Use of the Land

The Grantee shall not be entitled to remove from the said Land any minerals, metals, precious metals, precious stones,

Handwritten signature and initials in the bottom right corner of the page.

coal, earth, rock, sand, clay, pumice, gravel, shingle, oil or geothermal steam and shall not allow dumping of chemical wastes or any other noxious and/or offensive materials on the said Land, provided that:

- (i) the Grantee shall be entitled to use on the said Land for any purposes reasonably required by it in connection with the objects of this Forestry Right any sand, clay, gravel, shingle, rock, located in or upon the said Land and in particular may use such materials for the building and maintenance of roads, bridges, culverts, fences, skids and any buildings and erections for such purposes;
- (ii) the Grantee shall not use any of the abovementioned materials on any land other than the said Land except where specifically approved to do so by the Grantor in writing and where appropriate royalties are paid to the Grantor;
- (iii) the Grantee may for the purposes of this clause and with the Grantor's prior written consent (such consent not to be arbitrarily or unreasonably withheld) establish and manage a quarry or quarries subject at all times to the requirements of law relating thereto;
- (iv) the Grantee shall at the Grantees expense maintain all access ways on the Forest Area which are utilised by the Grantee for the purposes of this Forestry Right, and shall contribute to the cost of maintaining access ways on the balance of the said Land where the need for such maintenance is caused due to use by the Grantee;
- (v) at the end of the Term of this Agreement the Grantee shall ensure that all roads and tracks utilised by the Grantee for the purposes of this Forestry Right shall be left in a reasonable condition and in a tidy state free of debris and litter.

(f) Forest Protection

To pay all costs of protecting the Forest from fungi, disease, insects and pests, fire and other threats which can be economically prevented or treated; and to comply with all Acts, Regulations and Bylaws relating to the Forest Area and its afforestation including (but not limited to):-

[Handwritten signature]

- (i) The Resource Management Act 1991
- (ii) The Biosecurity Act 1993
- (iii) The Forest and Rural Fires Act 1977
- (iv) The Antiquities Act 1975/The Historic Places Act 1980
- (v) The Land Drainage Act 1908
- (vi) The Accident Rehabilitation and Compensation Insurance Act 1992
- (vii) The Health and Safety in Employment Act 1993
- (viii) The Forests Act 1949

and their amendments and revisions.

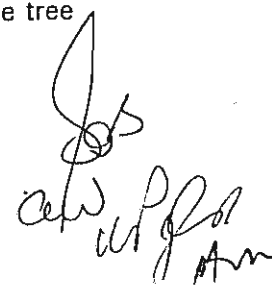
(g) Assignment

Not to assign or mortgage its interest in this Agreement without first obtaining the written consent of the Grantor (such consent not to be arbitrarily or unreasonably withheld in the case of a responsible, solvent and suitable disposee which has satisfied the Grantor of its ability to exercise this Forestry Right and observe and perform the covenants of the Grantee).

(h) Removal of Improvements

Within ninety (90) days of the expiry of this Agreement remove any improvements on the Forest Area. Unless agreed otherwise, all improvements remaining on the property after the said 90 day period will be deemed to be the property of the Grantor. The Forest Area shall be returned to the Grantor following harvesting in a condition that would result from sound harvesting methods. All merchantable Trees shall be removed from the Forest Area and all harvest debris shall be left within the perimeter of the outside row of stumps. The Grantor acknowledges that there is no obligation on the Grantee to remove the tree stumps or harvest debris from the Forest Area.

(i) Grantors Access

Handwritten signatures and initials in the bottom right corner of the page. There are several overlapping signatures, including one that appears to be 'JOS' and another that looks like 'am'.

To allow the Grantor continued access across the Forest Area as outlined in Schedule 3 herein and to all natural water on the Forest Area and not to pollute any water course on the said Land.

(j) Forest Management

To carry out and manage all forestry operations required for the development and care of the Forest as required by the Management Plan (a copy of which shall be provided to the Grantor) including:

- (i) clearing such existing vegetation as the Grantee may require from the Forest Area and planting such of the Forest Area as is reasonably possible in accordance with the Management Plan, but excluding land agreed as:

- too steep or inaccessible or likely to erode;
- required for roads, tracks, landing strips, firebreaks or felling operations;
- existing vegetation which is to be preserved;
- adjacent to power, telephone or other transmission lines;
- unable to be planted for whatever reason

- (ii) tending, protecting and managing the Forest to ensure the health, vigour and marketability of the Trees in accordance with the objectives of this Agreement;

- (iii) harvesting the Forest in accordance with the Management Plan using the most efficient recognised harvesting practices.

(k) Harvesting and Sale

To (in its sole discretion) manage the harvesting and sale of the Trees on the Forest Area and in conducting such harvesting and sale it shall:

- (i) consult with the Grantor in relation to the proposed harvesting of the Trees and the associated roading, log landing location and construction to be undertaken in completing the harvest within the requirements of

[Handwritten signature]
C. B. J. Am

the Management Plan, such consultation to take place at least one (1) month prior to the Grantee's notice given in accordance with Clause 4(k)(ii) below.

- (ii) give three (3) months notice to the Grantor of any harvesting and sale proposal;
- (iii) act in accordance with the provisions and procedures outlined in the Management Plan

(I) Grantors Harvest Election

The Grantor may, at the Grantor's sole discretion, within ten (10) calendar days of receiving notice of any harvesting from the Grantee pursuant to Clause 4(k)(ii) above, give written notice to the Grantee electing to retain a representative share of the Trees in lieu of receiving payments to which the Grantor might otherwise have been entitled under Clause 4(m) and Schedule 4 herein, such share of the Trees to be left as standing trees on the Forest Area. Any harvest election made by the Grantor shall be subject to the following conditions:

- (i) the Grantee reserves the absolute discretion to accept any harvest election made by the Grantor after the due date for receipt of written notice;
- (ii) upon receiving written notice of the Grantor's harvest election the Forest Manager and the Independent Forestry Consultant shall consult with one another and select the representative share of Trees to be left standing as the full share of the crop owing to the Grantor in lieu of payment due under this Agreement;
- (iii) the Grantor will be solely responsible for all reasonable costs incurred by the Forest Manager and the Independent Forestry Consultant in selecting the representative share of Trees to be left standing;
- (iv) the Grantor acknowledges that all risk associated with the Trees selected in accordance with the Grantor's harvest election shall pass to the Grantor including but not limited to any loss or damage incurred as a result of wind throw, pests, disease, fire or any other cause whatsoever. Such risk shall pass immediately upon selection by the Forest Manager and Independent

Handwritten signature and initials

Forestry Consultant of the Grantor's representative share of the Trees.

- (v) any harvest election made by the Grantor shall be in lieu of the total amount to which the Grantor would have been entitled to as set out in Schedule 4, and the Grantee shall not be liable to make any further payment or payments to the Grantor except in accordance with this Agreement.
- (vi) in the event that the Grantor makes a harvest election then the Grantor shall be liable to the Grantee for a proportionate share of the fair and reasonable costs of roading, landing construction and harvest planning and any other reasonable costs for work undertaken by the Grantee which will assist the Grantor in harvesting its share of the Trees left standing pursuant to this clause 4(l) such payment to be payable upon demand from the Grantee.

(m) Payments

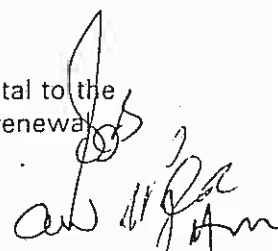
The Grantee shall pay all monies payable hereunder by the Grantee to the Grantor as specified in Schedule 4 herein to the Grantor at such place in New Zealand as the Grantor shall from time to time by notice in writing to the Grantee specify subject to any harvest election made by the Grantor under Clause 4(l) above.

(n) Records

The Grantee shall keep accurate records relating to its use of the Forest Area, including (but not by way of limitation) records of the audited cost of Forest development, silvicultural records, forest management plan and the receipts obtained from the sale and utilisation of the produce thereof. The Grantor shall, at all reasonable times, by its agents or representatives, have the right to examine such records and to take and retain copies thereof or extracts therefrom, which shall at all times be treated by the Grantor as highly confidential. The Grantor shall be entitled to receive all reports prepared by whomever relating to the management of the Forest.

(o) Costs

The Grantee shall pay the legal costs of and incidental to the preparation of this Agreement and any variation or renewal



of this Agreement except for the Grantor's own independent advice for which the Grantor shall be responsible.

MUTUAL COVENANTS

5. And it is hereby agreed (and the parties hereto respectively covenant with each other) as follows:

(a) Indemnity

That neither party by itself or its servants, contractors or agents or invitees shall carry out any act or allow any act to be carried out or omission to take place, which may result in the Forest being damaged or destroyed; or result in any injury or damage occurring to livestock, buildings, vehicles, equipment, roads or other assets belonging to either party; or impede or adversely affect the rights of either party pursuant to this Forestry Right; and each party shall indemnify the other for all claims, demands, loss or proceedings resulting from such act or omission; or make reimbursement to the other as the case may require.

(b) No Chemical Substances

Not to use any chemical substances in a manner which could damage the Trees, or the pasture, crops, livestock, or other assets of either of the parties or of neighbouring parties.

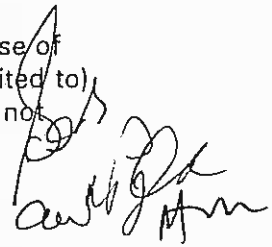
(c) Forest Revenue and Rental Adjustments

(i) That revenue arising from the sale of Trees or from insurance of the Forest or Trees accruing to either the Grantor or the Grantee be apportioned in accordance with the percentages or formulas contained in Schedule 4 herein.

(ii) The actual area planted in Trees on the Forest Area will be determined by survey from aerial photography during the third year following planting and will become the basis for the calculation of all future rental payments to the Grantor commencing from the Partnership's next succeeding financial year.

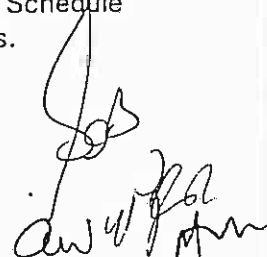
(d) Force Majeure

(i) For the purposes of this Forestry Right a cause of force majeure shall include (but not to be limited to) the occurrences of war (whether declared or not)

Handwritten signature and initials in the bottom right corner of the page.

declared), revolution, or act of public enemies, flood, storm, tempest, earthquake, fire, explosion or other Act of God, act or restraint of any local authority or department of state, the taking of the whole of the land by proclamation or otherwise by any local authority, department of state, Court or Tribunal, major disease, blight, or infection of trees, strike or lock out, and any other cause similar to any of the foregoing beyond the reasonable control of the party claiming force majeure.

- (ii) If any of the abovementioned causes of force majeure prevents the performance by the Grantor or the Grantee of any of its obligations under this Forestry Right then performance of that obligation shall be suspended until the cause of force majeure ceases to prevent performance of that obligation. The party claiming force majeure shall notify the other in writing as soon as reasonably possible after the occurrence of the cause of force majeure.
- (iii) Nothing in this clause shall be construed to require any party to settle a strike, lock out, industrial action or other similar event by acceding against its judgment to the demands of opposing parties in any such event.
- (iv) Notwithstanding the provisions of subclause (ii) of this clause if for any reason it shall appear that the subsistence of the cause of force majeure shall operate to frustrate the economic viability of this Forestry Right then either party may institute the procedures outlined in clause 5(f) herein.
- (v) If any of the abovementioned causes of force majeure shall significantly affect the Forest Area or the viability of this joint venture project or the objectives of this Agreement then the Grantee may return to the Grantor any single area of the Forest Area greater than five (5) hectares provided that it can be shown that returning the land will improve the economic viability of the joint venture project and further provided that such area of land is returned to the Grantor in accordance with clause 4(h) herein. In the event that land is returned to the Grantor the annual rental specified in Schedule 4 herein shall be reduced on a pro rata basis.

A handwritten signature in dark ink, appearing to be 'J. B. [unclear]', is located in the bottom right corner of the page.

(e) Default

That if either party is in default of any provision of this Agreement, the other party may notify the party in default in writing to remedy the default within thirty (30) days. If that party fails to remedy the default in time, or the default is not capable of remedy, the parties shall undertake the procedures outlined in clause 5(f) herein.

(f) Disputes

That in the event of any dispute arising between the parties in relation to this Agreement (whether this Agreement is still current or has been terminated pursuant to this Agreement) the parties agree to enter into negotiation in good faith and in the event that any dispute is not capable of resolution following such negotiations, the parties agree to submit to the arbitration of an independent arbitrator, and if one cannot be agreed upon, to an independent arbitrator appointed by the President for the time being of the Canterbury District Law Society, such arbitration to be determined in accordance with the New Zealand Arbitration Act 1908 and any amendment thereto.

(g) Meetings

To meet at least once a year for the purposes of:

- (i) reporting on the activities conducted under the Management Plan and any costs or indexation reports required by the Schedules hereto of the preceding twelve (12) months;
- (ii) discussing the requirements of the Management Plan (including grazing) for the ensuing twelve (12) months;
- (iii) ensuring mutual compliance with the provisions of this Agreement;
- (iv) at the appropriate time, discussing the plans for harvesting extraction and removal of the Trees.

(h) Notices

That any demand or requirement or notice which pursuant to the provisions in this Forestry Right is given by either party to this Forestry Right shall be in writing and shall be signed

[Handwritten signature]
aw if jle2

by the party giving the demand or requirement or notice or by an officer, servant or solicitor of that party and shall be deemed to have been duly served on the other party if delivered to it personally or sent by registered post to the other party's last known business address.

(i) Right of Early Termination

The Grantee shall have a right to terminate this Agreement five (5) years prior to the expiry of the Term provided that the Grantee gives written notice to the Grantor of such intention no later than the 24th anniversary of the commencement of this Agreement.

(j) Renewal of Term

The Grantee may give written notice to the Grantor to renew this Agreement for a further term of up to five (5) years at the discretion of the Grantee by providing written notice to the Grantor of such intention at least twelve (12) calendar months before the end of the Term. Upon receiving written notice of an intention to renew from the Grantee the Grantor will at the cost of the Grantee renew this Agreement for a further term of 5 years. The renewed Agreement shall be upon and subject to the covenants and agreements herein expressed and implied.

(k) Registration

The parties mutually agree to do all things and sign all documents necessary to facilitate the Registration of this Transfer on the Title or Titles for the said Land and do further agree to facilitate the submission of a registrable Transfer to the Registrar of Lands and Deeds at Marlborough on or before the 25th day of November 1977 or such later date mutually agreed by the Grantor and the Grantee. The Grantor agrees not to sell, mortgage, dispose of or transfer its interest in the said Land before the registration of this Transfer.

(l) Execution by the Grantee

The Grantee has executed this Forestry Right as agent for and on behalf of the Partnership and the Grantor acknowledges that notwithstanding the provisions of clause 5 (m) herein the Grantee may directly enforce the Grantors covenants and obligations under the Forestry Right.

[Handwritten signatures and initials]

17

(m) Contracts Privity Act

The Grantor declares that it has entered into the covenants and obligations in this Forestry Right for the benefit of the Partnership to the intent that pursuant to the Contracts Privity Act 1982 any Partner may enforce the Grantors covenants and obligations under this Forestry Right.

ACCEPTANCE

PGG TRUST LIMITED the abovenamed Grantee, hereby accepts this grant of a Forestry Right under the Forestry Rights Registration Act 1983 in respect of the Forest Area subject to the covenants, conditions and restrictions above set forth and conditional upon the successful flotation of the Prospectus and formation of the Partnership.

DATED at ^{BLenheim} ~~22nd~~ this 22nd day of OCTOBER 1996

SIGNED by G.S. MILLER LIMITED
(under seal if required by Articles of
Constitution)
As Grantor
in the presence of

.....^[Signature].....Director
.....Director/Secretary

Witnessed by (if signed by other than two directors)

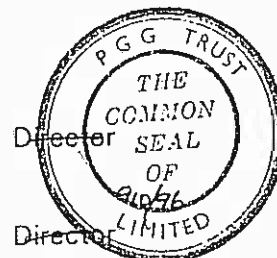
.....^[Signature].....Signature
.....STEPHEN C. RILEY.....Name
.....SOLICITOR.....Occupation
.....BLENHEIM.....Address

SIGNED by PGG TRUST LIMITED
as Grantee in the presence of

.....^[Signature].....AUTHORISED
.....^[Signature].....SIGNATORY

WITNESS to the signatures of those
attesting the affixing of the Common Seal

.....^[Signature].....Name
.....Secretary.....Occupation



[Handwritten signature]
11/1/96

18

SCHEDULE 1

Objectives of this Forestry Right and Joint Venture Agreement (in addition to the object outlined on page 2 herein)

SCHEDULE 2

Commercial Variety of Trees (to be grown on the Forest Area pursuant to this Forestry Right)

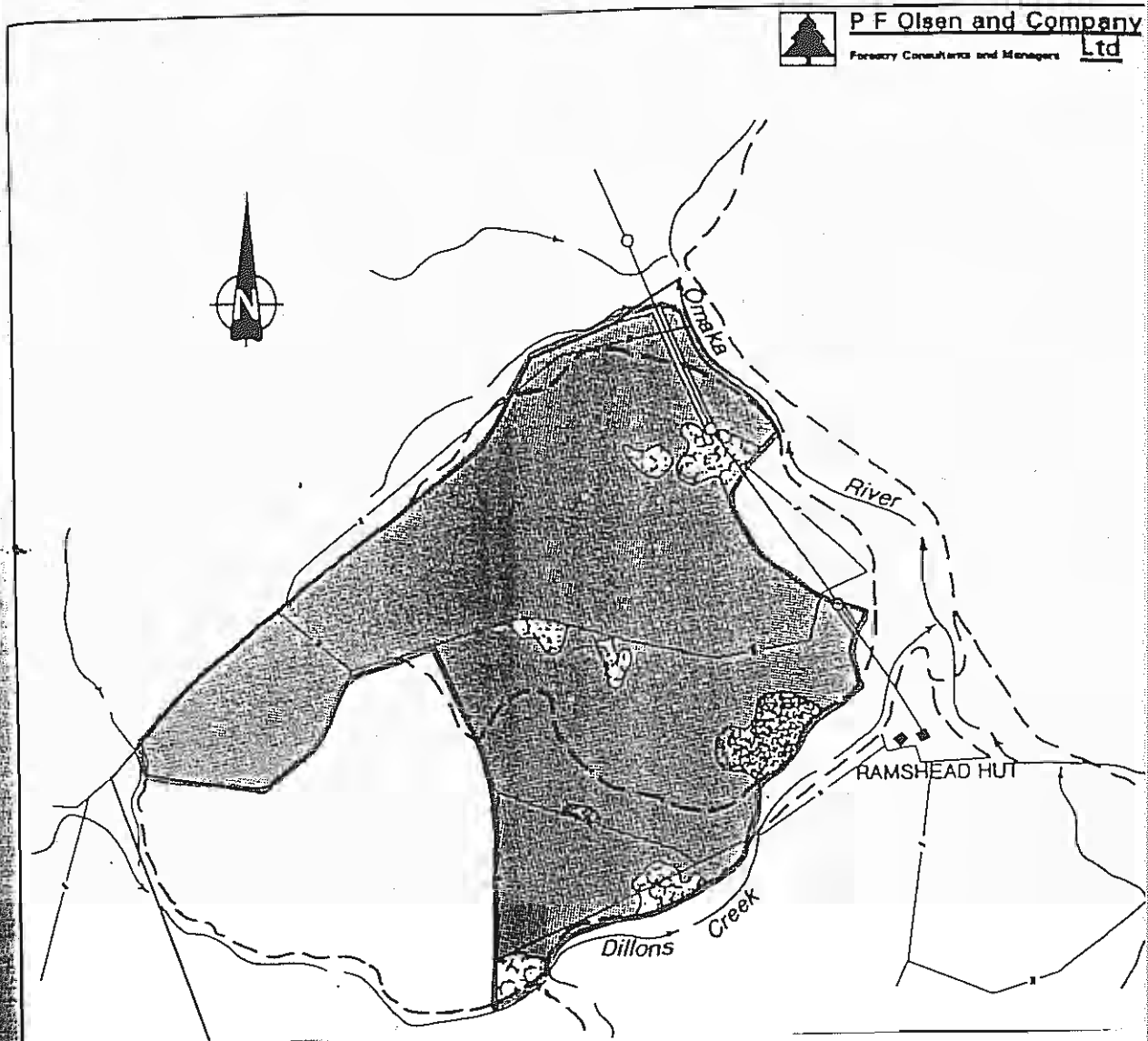
Pinus Radiata

For
aw Am

19

SCHEDULE 3

The Forest Area (with fencing to be removed specified and the Grantor's access outlined)



*JS
AP gls
Caw Am*

SCHEDULE 4

Provisional Division of the Forest Revenue and payment of the Grantor

In consideration of the Grantor granting this Forestry Right and complying with all express and implied terms, conditions and covenants contained in this Agreement the Grantor shall be remunerated by one of the following options.

~~1. Pre-determined Crop Share~~

The Grantor shall be paid the following predetermined share of the net stumpage value of the Trees subject to this Forestry Right; *ELN*

Crop Share

2. Annual Rental

The Grantor shall be paid the following annual rental;

Annual Rental
\$64.61 plus GST
per ha.

The annual rental is calculated on the basis of the full land rental value for the Forest Area and shall remain fixed for the Term of this Forestry Right subject to clause 5(c)(ii) of the Agreement.

In consideration of the annual rental not increasing the Grantor shall receive a share of any increase in the actual net stumpage value over the following projected Net Stumpage value;

Projected Value
\$2,800,000.00

~~3. Part Annual Rental and Pre-determined Crop Share~~

The Grantor shall be paid the following annual rental; *ELN*

Annual Rental
\$

*SB
WJ
Am
aw*

The annual rental is calculated as a percentage of the full land rental value for the Forest Area and shall remain fixed for the Term of this Forestry Right subject to clause 5(c)(ii) of the Agreement.

In consideration of the annual rental not increasing the Grantor shall receive a share of any increase in the net stumpage value over the following projected Net Stumpage value;

Projected Value
\$

In addition to the annual rental the Grantor shall be paid the following predetermined share of the Net Stumpage value;

Crop Share
%

(Delete the inapplicable options)

Notes (applying to options 2 and 3 only)

1. This basis of the crop share calculation is the net present value of the parties forecasted direct and indirect annual cashflow contributions to the Forest Area during the Term of this Agreement, discounted using the following internal rate of return;

Discount Rate
7.0%

2. The Grantor's cashflow contributions shall be calculated as the difference between the indexed value of the annual land rental for the preceding year and the actual land rental paid.
3. The Grantee's cashflow contributions shall include all actual direct and indirect project overhead expenditure incurred in each year in the exercise of this Forestry Right including the annual rental payments made to the Grantor.
4. The respective contributions of the parties in each year shall be recorded by the Accountant named in the Prospectus. The shares attributable to each party shall be calculated at the termination of this Forestry Right using the internal rate of return specified.

[Handwritten signatures and initials]

5. Payments of annual rental will be indexed using the Grazing Land Price Index (Table G7) as published by Valuation New Zealand Limited in its publication "Rural Property Statistics", or such other appropriate Price Index as the parties shall from time to time agree.
6. The annual rental shall be paid quarterly in advance on or before the 1st days of January, April, July and October of each year during the Term of this Agreement. In the event that this Forestry Right commences during a quarter the rental for that quarter shall be apportioned on a daily basis.
7. Payment of pre-determined crop share shall be within twenty (20) days of the Grantee receiving payment from the sale of all Trees and establishing the Net Stumpage value.

Is
aw
Lapfor

SCHEDULE 5

Costs/Indexation Reports required.

SCHEDULE 6

Special Conditions

1. The parties acknowledge that the provisions of this Transfer and Joint Venture Agreement are expressly subject to the terms and conditions of the the pastoral lease comprised and described in Certificate of Title 1A/1033 (Marlborough Registry) ("the Pastoral Lease").
2. The Grantor covenants with the Grantee that as at the date of execution of this Agreement it has complied with and will continue to comply with all the terms and conditions of the Pastoral Lease.
3. In the event that the Grantor fails to comply with the terms and conditions of the Pastoral Lease the Grantor hereby irrevocably nominates, constitutes and appoints the Grantee and any nominee of the Grantee to be the true and lawful attorney of the Grantor for the purpose of doing any act, matter or thing or executing any document required to remedy any default under the Pastoral Lease and to secure by way of mortgage over the Grantor's interest in the Pastoral Lease if required the cost of any such action and insofar as this appointment may not be fully effective the Grantor

awd
Am 11/10/04

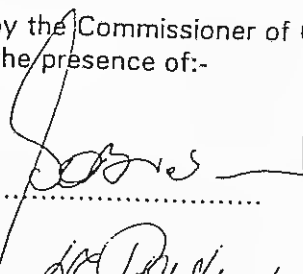

hereby irrevocably covenants with the Grantee to execute and give a fresh and proper appointment of the Grantee to be the attorney of the Grantor for the specific purpose of remedying any default under the Pastoral Lease.

4. The Grantor covenants with the Grantee to exercise all of the Grantor's statutory rights of renewal of the Pastoral Lease during the term of the forestry right held by the Grantee over the said land and in the event the Grantor fails to exercise its said statutory rights of renewal the Grantor hereby irrevocably nominates, constitutes and appoints the Grantee and any nominee of the Grantee to be the true and lawful attorney of the Grantor for the purpose of exercising the Grantor's statutory right of renewal of the Pastoral Lease and insofar as this appointment may not be fully effective the Grantor hereby irrevocably covenants with the Grantee to execute and give a fresh and proper appointment of the Grantee to be the attorney of the Grantor for the specific purpose of enabling any statutory right of renewal to be exercised.
5. As a condition of the consent to enter into this Agreement from the Commissioner of Crown Lands in respect of the Pastoral Lease the Grantor covenants to:
 - (a) control the spread of any wilding trees beyond the proposed Forest Area, and
 - (b) immediately following clear felling of the Forest Area to replant the Forest Area in commercial forest trees unless the consent of the Commissioner of Crown Lands is obtained to use the Forest Area for another purpose.
6. The Grantee covenants with the Grantor to notify the Commissioner of Crown Lands prior to any logging operation commencing and to obtain consent for any soil disturbance which will occur within the Forest Area or on any other area forming part of the Pastoral Lease.

A handwritten signature in dark ink, appearing to be 'J. B. [unclear]', is located in the bottom right corner of the page.

THE COMMISSIONER OF CROWN LANDS on behalf of the Lessor under Pastoral Lease comprised and described in Certificate of Title 1A/1033 (Marlborough Land Registry) hereby consents to the within Memorandum of Transfer granting forestry right (embodying a Joint Venture Agreement).

SIGNED by the Commissioner of Crown Lands in the presence of:-

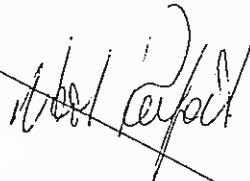
 (S.D. Brown)
.....


LYNETTE PORTER
TEAM MEMBER
NATIONAL OFFICE
LAND INFORMATION N.Z.
WELLINGTON

~~THE NATIONAL BANK OF NEW ZEALAND LIMITED~~ as mortgagee under mortgage 168485.3 hereby consent to the registration of the within memorandum of transfer granting forestry right but without prejudice to its privileges rights and remedies under the said mortgage.

Signed By
The National Bank
of New Zealand
Limited
By its attorney

NEIL PERFECT.



In the presence of:

Witness:

KARLYN ANNE FITZGEORGE

Occupation:

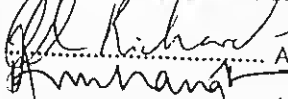
BANKING CONSULTANT

Address:

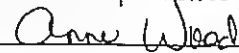
WELLINGTON

PGG TRUST LIMITED as mortgagee under Mortgage 193283.2 hereby consents to the registration of the within memorandum of transfer granting forestry right but without prejudice to its privileges rights and remedies under the said mortgage.

Signed for and on behalf of
PGG TRUST LIMITED


..... Authorised Signatory
..... 861/97

Signed in the presence of:

 Signature
ANNE WOOD Name
SECRETARY Occupation

26

DATED

199

BETWEEN G.S. MILLER LIMITED

AND PGG TRUST LIMITED

MEMORANDUM OF TRANSFER EMBODYING
JOINT VENTURE AGREEMENT

LANE NEAVE RONALDSON
SOLICITORS
CHRISTCHURCH
AJL\1094.CD