

30 August 2019

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OIOmonitoring@linz.govt.nz**

PSA CAPITAL LIMITED - REPORTING - CONSENT 201110070

- 1 We refer to your email and letter of 13 August 2019 requesting reporting against conditions 8 and 9 of the above recently varied consent.
- 2 Condition 8 deals with the following matters.
 - 2.1 *Settlement of the Crystal Valley land exchange agreement with the Department of Conservation:* PSA Capital Limited is ready to settle the land exchange agreement. On 16 July 2019, just prior to settlement, the Department of Conservation, on advice from Crown Law, advised that giving effect to the land exchange agreement, or aspects of it, would be inconsistent with the Department's public law obligations. PSA Capital Limited disagrees and is seeking that the Department honours the agreement. We understand Crown Law has discussed this in more detail with the Overseas Investment Office.
 - 2.2 *Stock fencing, pest and predator control, and vegetation programme, at the Steep Head Gully site:* Please refer to paragraphs 18 to 26 inclusive of the final version of the application to vary dated 21 May 2019 for detailed updates regarding these matters.
 - 2.3 *Unwind of the Crystal Valley land exchange agreement:* No update required.
- 3 Condition 9 deals with construction expenditure to implement the development. Paragraphs 6 to 10 inclusive of the Variation Application detail capital expenditure up to the 2016/2017 season. Since then, PSA Capital Ltd has constructed a 2.6km mountain bike flow trail network which it opens and operates in summer and purchased the Porters Alpine Lodge, it has also progressed consenting and design of a further 15km – 20km of gravity bike trails. The total capital cost of these initiatives has been in excess of NZD500,000. A NZD20,000 updated economic needs assessment was recently undertaken to support the case for the planned stage 1 and it expands the assessment to a full build-out scenario. This can be shared with the OIO if requested.

- 4 Please do not hesitate to contact the writer or Simon Harvey of PSA Capital Limited should you require any further information at this stage.

Yours faithfully



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