

Central North Island Forests Collective Settlement

Agreement in Principle of Substantive Terms of Settlement

Purpose of Document

This document sets out the substantive terms of settlement agreed in principle between the representatives of the Crown and the Collective.

While this document and the agreement in principle do not create any legal rights or obligations for the Crown, the Collective or any member of the Collective, it is an important document that reflects the:

- co-operative negotiations and discussions between the Crown and the Collective to date; and
- parties' intention to now expedite the drafting of a comprehensive Deed of Settlement that is consistent with this document.

Definitions

The following defined terms are used in this document:

<i>Act</i>	means the legislation to be passed by Parliament to give effect to the Settlement;
<i>Affiliate Te Arawa Iwi/Hapu</i>	means the Affiliate Te Arawa Iwi/Hapu as defined in the TPT Settlement Deed (whose governance entity is Te Pūmautanga);
<i>Accumulated Rentals</i>	means the licence fees accumulated in the Crown Forestry Rental Trust in relation to the CNI Forests Land to the Transfer Date;
<i>CFAA</i>	means the Crown Forest Assets Act 1989;
<i>Claim</i>	means a claim of a member of the Collective to the extent it relates to CNI Forests Land, based on a historical breach of the ToW;
<i>CNI Forests Land</i>	means all of the Crown's interest as the owner of the land described in Schedule 1, including all of the Crown's interest in that land as licensor under all current Crown Forestry Licences;
<i>CNI Forests Land Cultural Redress</i>	means cultural redress in relation to areas within the CNI Forests Land or for other cultural and spiritual values and interests in the CNI Forests Land;
<i>CNI Iwi</i>	means a member of the Collective and any Other CNI Iwi;

Certified True Copy 2 May, 2008

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For and on behalf of the Collective

[Signature]

for and on behalf of the Crown

[Signature]
(Solicitor for the Collective)

- Collective* means the CNI (Central North Island) Iwi Collective, comprising:
- (a) Ngāti Rangitihī;
 - (b) Ngāi Tūhoe;
 - (c) Ngāti Tūwharetoa;
 - (d) Ngāti Whakaue;
 - (e) Ngāti Whare;
 - (f) Ngāti Manawa;
 - (g) Raukawa; and
 - (h) the Affiliate Te Arawa Iwi/Hapu (but refer to clause 1.3);
- Collective Mechanisms* means the DSP and RFR mechanisms referred to in clause 11;
- Collective Shareholders' Agreement* means the shareholders' agreement referred to in clause 15.5 that is to govern the relationship between members of the Collective In relation to the Trust Holding Company and the Trust Holding Company Trust, but that does not involve the Crown as a party;
- Crown* means Her Majesty the Queen in right of New Zealand acting by and through the Minister in Charge of Treaty of Waitangi Negotiations and the Minister of Maori Affairs;
- Crown's 10% Interest* means:
- (a) the Crown's holding of 10% of the Trust Holding Company Shares; and
 - (b) the Crown's entitlement as a beneficiary of the Trust Holding Company Trust to:
 - (i) an undivided 10% share by value of the CNI Forests Land; and
 - (ii) the Accumulated Rentals and NZUs acquired by the Trust Holding Company, to the extent relating to that 10% undivided share of the CNI Forests Land; and
 - (iii) 10% of the net profits, and any residual assets, of the Trust Holding Company Trust;

<i>Crown Forestry Licence</i>	means a Crown forestry licence as defined in section 2(1) of the CFAA;
<i>Deed of Settlement</i>	means the comprehensive deed of settlement to be drafted on a basis consistent with this document and ,if agreed, entered into between the Crown and the Collective In relation to the Settlement;
<i>DSP</i>	means deferred selection procedure;
<i>DSP and RFR Mechanisms</i>	means mechanisms for providing DSPs and RFRs;
<i>Financial Redress</i>	means the transfer on the Transfer Date of all of the CNI Forests Land to the Trust Holding Company in settlement of the Claims, except to the extent representing the Crown's 10% Interest;
<i>Forest Management Company</i>	means the separate Collective entity referred to in clause 16.1 to be approved by the Crown and confirmed in the Deed of Settlement that is to undertake the management of the CNI Forests Land under the terms of the Management Contract;
<i>Future Comprehensive Settlement</i>	means a future comprehensive settlement of all claims of a member of the Collective or an Other CNI Iwi based on historical breaches of the ToW;
<i>Management Contract</i>	means the management contract referred in clause 16 to be entered into between the Trust Holding Company and the Forest Management Company for management of the CNI Forests Land;
<i>NZUs</i>	means the New Zealand Units to be created pursuant to the passing into law of the Climate Change (Emissions Trading and Renewable Preference) Bill, or other associated legislation, which will be provided by the Crown to the Trust Holding Company Trust at an agreed rate per hectare of the CNI Forests Land;
<i>Other CNI Iwi</i>	means a Central North Island iwi (other than a member of the Collective) that has a legitimate claim to CNI Forests Land;
<i>Put and Call</i>	means the procedure referred in clause 14.3(c) for the final termination of the Crown's 10% Interest;
<i>Put and Call Date</i>	means the day before the end of the 6 year finite period of the Crown's 10% Interest;
<i>Redress</i>	means the items of property referred to in clause 5 provided to the Collective under the Settlement;

<i>RFR</i>	means right of first refusal;
<i>Settlement</i>	means the settlement of the Claims under the Deed of Settlement;
<i>Share in the Crown's 10% Interest</i>	means a part of the Crown's 10% Interest including, in particular, a corresponding percentage beneficial interest as a beneficiary under the Trust Holding Company Trust;
<i>Shareholders' Agreement</i>	means the agreement referred in clause 12 to be entered into between the Crown and the Collective which will contain the terms of the Trust Holding Company Trust and certain agreed matters relating to the management of the Trust Holding Company Trust for the duration of the Crown's 10% Interest;
<i>ToW</i>	means the Treaty of Waitangi;
<i>TPT Settlement</i>	means the settlement between the Crown and the Affiliate Te Arawa Iwi/Hapu of their claims under the ToW
<i>TPT Settlement Deed</i>	means the deed of settlement entered into on 30 September 2006 recording the settlement between the Crown and the Affiliate Te Arawa Iwi/Hapu of their claims under the ToW, as amended and ratified;
<i>Transfer Date</i>	means 12.00AM on 1 July 2009 or such earlier date as the parties may agree to be included in the Act;
<i>Trust Holding Company</i>	means the company referred to in clause 12.1 to be incorporated by the Collective and the Crown to be the trustee of the Trust Holding Company Trust;
<i>Trust Holding Company Share</i>	means a share in the Trust Holding Company;
<i>Trust Holding Company Trust</i>	means the trust referred to in clause 12.2, on the terms of which the Trust Holding Company holds the Trust Property; and
<i>Trust Property</i>	means the property held by the Trust Holding Company subject to the terms of the Trust Holding Company Trust, being: (a) the Redress, except to the extent distributed to a member of the Collective; (b) the remainder of the CNI Forests Land, Accumulated Rentals and NZUs (being the part representing the Crown's 10% Interest), except to the extent distributed to an Other CNI Iwi or the Crown in accordance with clause 14; and

(c) any accretions to those items of property.

Description of Substantive Term	Agreement In Principle
<p>1. Parties</p>	<p>1.1 Crown (Her Majesty the Queen in right of New Zealand acting by and through the Minister in Charge of Treaty of Waitangi Negotiations and the Minister of Maori Affairs); and</p> <p>1.2 CNI (Central North Island) Iwi Collective, comprising:</p> <ul style="list-style-type: none"> (a) Ngāti Rangitihī; (b) Ngāi Tūhoe; (c) Ngāti Tūwharetoa; (d) Ngāti Whakaue; (e) Ngāti Whare; (f) Ngāti Manawa; (g) Raukawa; and <p>1.3 the Affiliate Te Arawa Iwi/Hapu, whose membership in the Collective is conditional upon a decision being made by them to become a member of the Collective prior to execution of the Deed of Settlement (but for the purposes of this Agreement in Principle they are referred to as a member of the Collective).</p>
<p>2. Authority of Governance Entities</p>	<p>Before execution of the Deed of Settlement, each member of the Collective is to provide evidence satisfactory to the Crown, and to the other members of the Collective, confirming the authority of their respective governance entities (refer to 4. below) to enter into the Deed of Settlement.</p>
<p>3. The Collective Settlement</p>	<p>3.1 The Deed of Settlement will confirm:</p> <ul style="list-style-type: none"> (a) That it is entered into in the settlement of all Claims; and (b) For the avoidance of doubt, that: <ul style="list-style-type: none"> (i) the Claims do not include, and the Settlement

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	<p>does not affect, any claims based on historical breaches of the ToW for matters that are not related to CNI Forests Land; and</p> <p>(II) that this confirmation is not intended to restrict cultural redress relating to CNI Forests Land from being included in the Future Comprehensive Settlements of</p> <p>(A) each member of the Collective; and</p> <p>(B) an Other CNI Iwi.</p> <p>3.2 The Deed of Settlement will provide for:</p> <p>(a) the removal of all ToW memorials over the CNI Forests Land, through the passing of the Act; and</p> <p>(b) the removal of the jurisdiction of the Waitangi Tribunal and the Courts in relation to the CNI Forests Land through the passing of the Act.</p> <p>3.3 The Deed of Settlement will also record acknowledgements between the Crown and the Collective:</p> <p>(a) providing an express recognition of the parties' special relationship based on the principles of the ToW and that the Settlement and the outcomes to be achieved by the Settlement are intended to honour that special relationship; and</p> <p>(b) that the Crown and the Collective have entered into the Deed of Settlement in accordance with the framework and principles of the 1989 Deed between representatives of Māori and the Crown and the resulting CFAA.</p> <p>3.4 These acknowledgements may be included in Future Comprehensive Settlements.</p>

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	<p>3.5 The Deed of Settlement will also record the parties' intention that the entry into the Settlement is a significant step in expediting the settlement of the Future Comprehensive Settlements (refer to clause 10 below).</p>
<p>4. Governance Entities</p>	<p>The Deed of Settlement will provide for the recognition by the Crown and the members of the Collective of a governance entity for each member of the Collective to be a shareholder in the Trust Holding Company and beneficiary in the Trust Holding Company Trust through which Redress for the Claims is to be provided by the Crown and held by the Trust Holding Company on behalf of the members of the Collective.</p>
<p>5. The Redress</p>	<p>5.1 The transfer on the Transfer Date of all the CNI Forests Land to the Trust Holding Company in settlement of the Claims). This transfer is to be:</p> <ul style="list-style-type: none"> (a) to the Trust Holding Company to hold on the terms of the Trust Holding Company Trust (refer to clause 12 below); (b) with effect from the Transfer Date; and (c) effected by the passing of the Act, which will deem the transfer to be pursuant to a binding recommendation of the Waitangi Tribunal. <p>5.2 The Accumulated Rentals.</p> <p>5.3 The Deed of Settlement will provide that the Financial Redress is "on account" for financial redress that would have otherwise been provided for in the Future Comprehensive Settlements.</p> <p>5.4 The NZUs, which are to be the subject of a separate agreement to be entered into between the Crown and the Collective before the execution of the Deed of Settlement.</p> <p>5.5 For the avoidance of doubt, the Accumulated Rentals and</p>

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	<p>the NZUs are not Financial Redress.</p> <p>5.6 The Redress does not include the Crown's 10% Interest in the CNI Forests Land, the Accumulated Rentals or the NZUs.</p>
<p>6. The CNI Forests Land</p>	<p>All of the Crown's interest as the owner of the land described in Schedule 1, including all of the Crown's interest in that land as licensor under all Crown Forestry Licences in existence at the Transfer Date.</p>
<p>7. Value of the Financial Redress</p>	<p>An agreed value of the Financial Redress will be recorded in the Deed of Settlement.</p>
<p>8. Specific exclusion in relation to individual Claimant's claims</p>	<p>8.1 The settlement will exclude, and is not to affect, other historical ToW claims of each member of the Collective, except that the transfer of the Financial Redress is to be taken "on account" in assessing the financial redress to be included in Future Comprehensive Settlements.</p> <p>8.2 In relation to the "on account" nature of the Deed of Settlement and its application to Future Comprehensive Settlements, the Deed of Settlement will provide that:</p> <p>(a) The Financial Redress is to be taken "on account" in assessing the financial redress to be included in the Future Comprehensive Settlements;</p> <p>(b) It is the Crown's view that the Financial Redress provided on account in the Settlement is likely to be sufficient to offset the financial redress that would be negotiated in the Future Comprehensive Settlements. The Crown acknowledges, however, that some of the members of the Collective have not had the opportunity to discuss the Crown's assessment of their financial redress and that the Collective has stated that it does not accept the</p>

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	<p>Crown's view;</p> <ul style="list-style-type: none">(c) Nothing in the Settlement is intended to preclude each member of the Collective discussing the Crown's assessment of financial redress as part of their individual negotiation of their Future Comprehensive Settlement;(d) Nothing in the Settlement is intended to preclude the negotiation of other components of the Future Comprehensive Settlements and the Settlement expressly will not affect the other redress that would have otherwise been provided for in the Future Comprehensive Settlements, including:<ul style="list-style-type: none">(i) An express recognition of the nature and extent of historical breaches of the ToW by the Crown in respect of the historical claims of each of the Collective;(ii) An apology to be provided by the Crown in recognition of those breaches;(iii) Additional commercial redress, including DSP and RFR Mechanisms over assets agreed in the Future Comprehensive Settlements as being available for these mechanisms (refer also to clause 11.1 and 11.2 below); and(iv) Cultural redress, including cultural redress in relation to areas within the CNI Forests Land or for other cultural and spiritual values and interests in the land comprising CNI Forests Land. <p>8.3 The Deed of Settlement will provide for the following in relation to the inclusion of CNI Forests Land Cultural Redress in Future Comprehensive Settlements:</p> <ul style="list-style-type: none">(a) for the Future Comprehensive Settlements to be entered into between the Crown and each member

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	<p>of the Collective:</p> <ul style="list-style-type: none">(i) the intention of the Collective to include in the Collective Shareholders' Agreement the availability of a process through which the Collective may endeavour to agree:<ul style="list-style-type: none">(A) the extent of all or any of the cultural and spiritual values and interests in CNI Forest Land of a member of the Collective; and(B) the appropriate basis upon which these could be recognised in Future Comprehensive Settlements; and(ii) that this process will be merely for facilitation purposes that:<ul style="list-style-type: none">(A) are intended to expedite Future Comprehensive Settlements, but without binding a member (or, for the avoidance of doubt, the Crown) to any outcome; and(B) will not limit or restrict the basis upon which the Crown and each member of the Collective are to agree and give effect, through legislation, to the CNI Forests Land Cultural Redress to be included in the Future Comprehensive Settlements of each member of the Collective; and <p>(b) for the Future Comprehensive Settlements to be entered into between the Crown and Other CNI Iwi, that the Settlement will not limit or restrict the basis upon which the Crown and each Other CNI Iwi may agree and give effect, through legislation, to any CNI Forests Land Cultural Redress to be included in Future Comprehensive</p>

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	Settlements of Other CNI Iwi, provided that there must be prior consultation by the Crown with the Collective in relation to these matters.
9. Preservation of value of Affiliate Te Arawa Iwi/Hapu Settlement and other current Collective settlements.	<p>It is intended that in entering into the Deed of Settlement, and taking into account the application of the exclusions referred to in clause 8.1 and 8.2 and the future entry into the Future Comprehensive Settlements, the Crown will preserve the value of:</p> <ul style="list-style-type: none"> (a) the TPT Settlement; and (b) the other current settlement offers made by the Crown to members of the Collective, including Ngāti Whare and Ngāti Manawa.
10. Expedition of Future Comprehensive Settlements.	<p>The Deed of Settlement will record that:</p> <ul style="list-style-type: none"> (a) the Settlement is a significant step towards the settlement of the Future Comprehensive Settlements; and (b) the Crown and each of the Collective will work together in a co-operative manner to expedite and accord priority to the settlement of the Comprehensive Future Settlements.
11. Acknowledgement in relation to possible future regional Collective DSP and RFR Mechanisms	<p>11.1 The Deed of Settlement will provide for the Collective to have DSP and RFR Mechanisms for Crown assets in the role of members of the Collective and of Other CNI Iwi who become members of the Collective and which are core Crown assets which:</p> <ul style="list-style-type: none"> (a) are ordinarily subject to DSP and RFR Mechanisms agreed to by the Crown in the settlement of historical ToW claims; and (b) do not become subject to DSP and RFR Mechanisms provided as redress to a member of the Collective or

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	<p>an Other CNI Iwi (or potentially to a group of members of the Collective and or an Other CNI Iwi in the case of cross claims) in Future Comprehensive Settlements, because:</p> <ul style="list-style-type: none"> (i) such member of the Collective or Other CNI Iwi (or such group) elects that these core Crown assets are not to be included as redress in their Future Comprehensive Settlement; or (ii) of cross claims; or (iii) their size, <p>to the intent that the terms of the Collective Mechanisms are to be included in the Deed of Settlement and that specific assets will become subject to the Collective Mechanisms as and when agreed between the Crown and the affected members of the Collective and Other CNI Iwi (which agreement may occur before the relevant Future Comprehensive Settlements are entered into).</p> <p>11.2 The Deed of Settlement will also record the Crown's willingness to enter into discussions in the future with the Collective about the potential availability of other Crown assets or Interests for a Collective Mechanism. For the avoidance of doubt, the obligation is to have such discussion and will not prevent the Crown from acting in the national interest of New Zealand.</p> <p>11.3 The current intention of the Collective is to establish a special-purpose holding company to hold the Collective Mechanisms.</p>
12. Collective Entity	12.1 The members of the Collective and the Crown will incorporate the Trust Holding Company. The establishment

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	<p>of the Trust Holding Company would involve the following elements:</p> <ul style="list-style-type: none">(a) The capital of the company would be nominal, say, 1,000 shares of \$1 each;(b) The members of the Collective would, together, hold 90% of the shares, with the individual shareholding of each member being determined on the basis notified by the Collective. (The individual members would be represented by their authorised governance entities, which might include any mandated iwi organisations recognised by Te Ohu Kai Moana Trustee Limited.);(c) The Crown would hold 10% of the Trust Holding Company Shares (but would, in the event of an Other CNI Iwi becoming a member of the Collective (see 14.3(b)(i) below), transfer an appropriate percentage of the Crown's Trust Holding Company Shares to that Other CNI Iwi);(d) The Collective would appoint the directors of the Trust Holding Company, with the numbers of directors and allocation of directors to be as determined by the Collective. The Crown would not itself appoint a director; and(e) Under standard company-law, there would be certain automatic levels of protection for minority shareholders against majority oppressive behaviour. <p>12.2 The members of the Collective (through their authorised governance entities), the Crown and the Trust Holding Company would enter into the Shareholders' Agreement, which is to be a deed and comprise both a shareholders' agreement and a trust deed (see also clause 15 below). The Shareholders' Agreement would provide for the following elements of the structure:</p>

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	<p>(a) The Crown would settle on the Trust Holding Company, on trust, the Redress and the property representing the Crown's 10% Interest;</p> <p>(b) The terms of the Trust Holding Company Trust would provide that the Trust Property would be held by the Trust Holding Company on trust for the members of the Collective as to 90% (with the individual beneficial entitlement of each member being determined by reference to the agreed and notified allocation percentages - see clause 13 below and Schedule 2. The Crown's 10% Interest would be held on trust for the Crown;</p> <p>(c) The terms of trust would provide that the Crown's 10% Interest was finite for 6 years and could only be dealt with in certain ways (see clause 14 below).</p> <p>12.3 The terms of trust would provide that, to the extent that the Crown's 10% Interest had not been either converted into a beneficial entitlement under the Trust Holding Company Trust for an Other CNI Iwi or, alternatively, satisfied by a distribution in specie of land or money or other property (see clause 14 below), the Crown's 10% Interest would simply terminate at the end of the agreed finite period of 6 years.</p> <p>12.4 The Shareholders' Agreement would continue to detail the agreement between the Collective and the Crown as to the powers of and restrictions on the Trust Holding Company in relation to the Trust Property (again, see clause 15 below).</p> <p>12.5 At the end of the finite period of the Crown's 10% Interest, the Crown would cease to be a beneficiary of the Trust Holding Company Trust. Thereafter, the Trust Holding Company would hold the Trust Property purely on trust for the members of the Collective and any introduced Other CNI Iwi beneficiary, on the basis of their respective percentage beneficial entitlements.</p>

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	<p>12.6 Following the end of this finite period, all the Crown's rights under the Shareholders' Agreement would be exhausted and management of the Trust Property would purely be a matter for the Collective, to be undertaken through the Trust Holding Company, on the terms set out in the Shareholders' Agreement and the Collective Shareholders' Agreement (and subject to any other future arrangements determined by the Collective in relation to the CNI Forests Land management).</p>
<p>13. Allocation and proportionate interest of each individual member of the Collective</p>	<p>13.1 The Deed of Settlement will record agreed proportionate beneficial interests of each member of the Collective in the Trust Property (excluding only the Financial Redress and the Crown's 10% Interest, but, for the avoidance of doubt, for the purposes of this provision the Trust Property includes the Accumulated Rentals, all licence fees and other income receivable with effect from the Transfer Date under Crown Forestry Licences or otherwise in respect of CNI Forests Land and the NZUs not included in the Crown's 10% Interest), as agreed between the Collective and attached as Schedule 2, to apply until the CNI Forests Land is distributed to individual members of the Collective following a period of ownership by the Trust Holding Company to be agreed by the Collective.</p> <p>13.2 The intention of the Collective is to include in the Collective Shareholders' Agreement a process through which the Collective will determine the ultimate ownership of the underlying land comprised in the CNI Forests Land (to which the Collective is beneficially entitled) which will be determined according to each member of the Collective's manawhenua interests, which process will be recorded in a schedule to the Deed of Settlement.</p> <p>13.3 These will also be reflected in the trust deed elements of the Shareholder's Agreement.</p>
<p>14. Crown's Residual</p>	<p>14.1 The Deed of Settlement will provide for the Crown to retain</p>

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Interest	<p>the Crown's 10% Interest, being sufficient for it to settle claims of Other CNI Iwi to the CNI Forest that are not settled by the Settlement.</p> <p>14.2 The value of the Crown's 10% Interest, from time to time, will only be in respect of the CNI Forests Land, the related Accumulated Rentals and the related NZUs and will reflect any changes in value to them (but not any interest on the Accumulated Rentals) from the Date of Transfer.</p> <p>14.3 The Deed of Settlement and Shareholders' Agreement will also record that:</p> <ul style="list-style-type: none">(a) the Crown will have the Crown's 10% Interest for a maximum of 6 years from the date of the Act; and(b) this is for the express purpose of the Crown utilising the Crown's 10% Interest in the settlement of claims to CNI Forests Land by Other CNI Iwi and will allow the Crown to:<ul style="list-style-type: none">(i) transfer Shares in the Crown's 10% Interest to an Other CNI Iwi and on the basis that the Other CNI Iwi will become a member of the Collective (this will be subject to prior approval by a 75% majority (of shareholders other than the Crown) in a resolution of the shareholders of the Trust Holding Company and necessitate accommodation of the Other CNI Iwi in other Collective entities and on basis to be reasonably approved by the Crown); and/or(ii) cancel Shares in the Crown's 10% Interest for their then value (refer to clause 14.2 above) and apply the value received as redress towards the settlement of the claim by the Other CNI Iwi. This value may take the form of specific land comprised in the CNI Forests Land, money or other commercial

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	<p>Instrument or a combination of these. In the case of specific land, the Crown may only procure the transfer by the Trust Holding Company, and the release from the Trust Holding Company Trust, of areas of CNI Forests Land, subject to, to the extent possible, the Crown, the Collective and the relevant Other CNI Iwi agreeing such areas of CNI Forests Land; and</p> <p>(c) on the Put and Call Date, the Trust Holding Company will pay the Crown in money (or some other commercial instrument) the value of any residual entitlement not previously so transferred or cancelled. The residual value will be the total of:</p> <ul style="list-style-type: none"> (i) an amount for the residual entitlement to CNI Forests Land, being the lower of the value of that residual entitlement at the date of the Deed of Settlement and its market value on the Put and Call Date; and (ii) the amount of the residual entitlement to Accumulated Rentals; and (iii) an amount equal to the market value on the Put and Call Date of the residual entitlement to NZUs. <p>However, the Crown will be required to settle the part of the residual value that is attributable to Accumulated Rentals and NZUs on a trust for use in promoting commercial development for the benefit of CNI iwi generally.</p> <p>14.4 At the end of the 6 year period, the Crown will cease to be a beneficiary of the Trust Holding Company Trust.</p> <p>14.5 The Act will include a provision confirming that, to the extent that the Trust Holding Company Trust would be a</p>

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	<p>Maori authority for the purposes of the Income Tax Act 2007 but for the Crown's 10% Interest, the existence of the Crown's 10% Interest will not prevent the Trust Holding Company Trust from being a Maori authority for those purposes.</p>
<p>15. Shareholders' Agreement for Trust Holding Company</p>	<p>15.1 As indicated above, this will include trust deed terms to provide the detail around the parties' respective beneficial entitlements to the Trust Property.</p> <p>15.2 The Deed of Settlement will:</p> <ul style="list-style-type: none"> (a) confirm the material terms of the Shareholders' Agreement required by the Crown in respect of the protection of the benefits and rights associated with its residual interest in the Trust Holding Company; and (b) provide for the final Shareholders' agreement to be prepared and finalised prior to the passing of the Act. <p>15.3 The terms to be required by the Crown will include the provision of specific voting and approval rights whereby the Crown will be able to protect its beneficial interest in the Trust Holding Company and the Trust Holding Company Trust, having regard to the interests of the Other CNI Iwi and the use of the Crown's interest in providing redress to Other CNI Iwi.</p> <p>15.4 Specifically, during the 6 year period none of the following will be permitted without the Crown's written consent (which may be withheld by the Crown having reasonable regard to the nature of the Crown's 10% Interest in the Trust Property):</p> <ul style="list-style-type: none"> (a) Legal or beneficial interests in the Trust Holding Company Trust and Trust Holding Company Shares may not be transferred (potentially other than to

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	<p>approved governance entities of the respective members of the Collective);</p> <p>(b) No transfers or distributions of CNI Forests Land can be made to any person, including any member of the Collective except to an Other CNI Iwi under the procedure referred to in clause 14.3(b)(ii) or being CNI forests Land Cultural Redress provided to a member of the Collective or an Other CNI Iwi by legislation as referred to in clause 8.3;</p> <p>(c) No security interests are to be permitted in respect of CNI Forests Land or each of the beneficial interests in the Trust Holding Company Trust or Trust Holding Company Shares;</p> <p>(d) No major transactions (as per the Companies Act 1993 test) to be permitted in respect of Trust Holding Company and Trust Holding Company Trust;</p> <p>(e) No change can be made to the Trust Holding Company's share capital (other than issues of Trust Holding Company Shares for fair value to members of the Collective);</p> <p>(f) In the case of Accumulated Rentals transferred to the Trust Holding Company on Settlement and Crown Forestry Licence fees received thereafter, no distribution can be made in respect of the Crown's 10% Interest and, in addition, sufficient money must be retained in the Trust Holding Company Trust for the Collective to procure the effective management of the CNI Forests Land through the Management Contract;</p> <p>(g) The role of the Trust Holding Company will be restricted to:</p> <p>(i) holding the Trust Property as legal owner and receiving revenue from the Crown Forestry</p>

Description of Substantive Term	Agreement In Principle
	<p>Licences for application pursuant to the agreed terms of the Shareholders' Agreement, including making permitted distributions to beneficiaries of the Trust Holding Company Trust; and</p> <p>(ii) entering into and procuring the Forest Management Company's compliance with the Management Contract.</p> <p>15.5 The Collective will enter into a separate Collective shareholders' agreement that governs the relationships between members of the Collective in relation to the Trust Holding Company and the Trust Holding Company Trust, but that does not involve the Crown as a party.</p>
<p>16. Management of Holding Entities interest in CNI Forests Land</p>	<p>16.1 The Trust Holding Company will enter into the Management Contract with the Forest Management Company.</p> <p>16.2 The Deed of Settlement will record material terms of the Management Contract to ensure:</p> <ul style="list-style-type: none"> (a) The prudent management of CNI Forests Land; (b) The management of relationships with licensees under Crown Forestry Licences (including the management of licence fee reviews); (c) Appropriate interfaces relating to the management of the CNI Road Network Agreement; (d) The management of certain CNI Forests Land on behalf of the members of the Collective who lease any CNI Forests Land to the Forest Management Company (acknowledging that this will not occur until after the expiration of the holding period of [5] years); and (e) Nothing can be done that will materially and adversely affect the Crown's 10% Interest, without

Description of Substantive Term	Agreement In Principle
	<p>the Crown's prior written consent (which may be withheld by the Crown having reasonable regard to the nature of the Crown's 10% Interest in the Trust Property).</p> <p>16.3 The Deed of Settlement will provide for the final Management Contract to be prepared and finalised prior to the passing of the Act.</p>
<p>17. Basis of Transfer of Redress</p>	<p>17.1 Transfer to be effected by the Act and with effect on the Transfer Date (refer to clause 5.1 above).</p> <p>17.2 To the extent that titles/unique Identifiers to any CNI Forests Land (In respect of the legal description of each area of the CNI Forests Land described In Schedule 1) are not raised by that time, the Deed of Settlement and the Act will:</p> <ul style="list-style-type: none"> (a) override all applicable provisions of the Resource Management Act 1991 and the Local Government Act 2002 that would otherwise apply to the transfer of the CNI Forests Land pursuant to the passing of the Act; and (b) enable the Trust Holding Company to raise title/unique identifiers after the Transfer Date.
<p>18. Preservation of Access Rights</p>	<p>18.1 The Deed of Settlement will specifically provide that the status quo is to apply in respect of all existing access rights to the land comprised In the CNI Forests Land, which will be transferred to the Trust Holding Company subject to the Existing Access Rights.</p> <p>18.2 It is acknowledged that these will include:</p> <ul style="list-style-type: none"> (a) all access rights created or to be created under the TPT Settlement; and (b) Access arrangements relating to the Kaingaroa

Description of Substantive Term	Agreement In Principle
	<p>Forest road network and related rights (including to Landcorp and others); and</p> <p>(c) arrangements preserving Ngāti Awa's reciprocal rights clause in its deed of settlement.</p> <p>18.3 The Shareholders' Agreement and the Management Agreement will provide for the management of these rights on a reasonable basis and having regard to the rights of the licensees under the Crown Forestry Licences.</p>
<p>19. Process and timetable for entry into Deed of Settlement and passing of the Act</p>	<p>The Crown and the Collective will work together to, and will procure their respective officials and advisers to, expedite the negotiation and finalisation of the Deed of Settlement and the finalisation and introduction to Parliament of the Act:</p> <p>(a) in a co-operative manner, consistent with the good relationship developed to date;</p> <p>(b) on a basis that is consistent with the substantive terms of agreement set out in this document; and</p> <p>(c) within a timeframe and on a basis that is firmly intended to result in execution of the Deed of Settlement and the introduction of the Act on 26 June 2008.</p>

Schedule 1
CNI Forests Land

Forest Name	Legal Description	Forestry Licence
Crater	1178.8700 hectares more or less situated in the Land Registration District of South Auckland, being Lots 1 and 2 DPS 59440 and Lot 1 DPS 63808.	SA51D/850
Horohoro	1575.004 hectares more or less situated in the Land Registration District of South Auckland, being Lots 1 and 2 DPS 62529, Lots 1 – 6 DPS 62530 and Lot 1 DPS 65986.	SA70B/81
Kaingaroa Caves	5079.2785 hectares more or less situated in the Land Registration District of South Auckland, being Lot 2 DPS 55758, Lot 1 DPS 64349 and Lots 1 and 2 DPS 68046.	132203
Kaingaroa Flaxy Creek	10706.0000 hectares more or less situated in the Land Registration District of South Auckland, being Lots 1,2,3,6,7 and 8 DPS 65625.	SA55B/500
Kaingaroa Headquarters	8904.6569 hectares more or less situated in the Land Registration District of South Auckland, being Lots 1 & 2 DPS 45072 and Lot 1 DPS 47429.	SA52D/450
Kaingaroa Matea	20734.1680 hectares more or less situated in the Land Registration District of South Auckland, being Lots 1,2,3,4,5,6 & 7 DP 29756, Lot 8 DP 20757, Lot 9, 10, 11 & 12 DP 21389, Part Pukahunui No 2 Block DP 22305, Lot 16 & 17 DP 23613, Lot 18 & 19 DP 23614, Lot 20 DP 23615, Lot 4 DPS 54197, Lot 2 54742, Lot 3 DPS 54743, Lot 4 DPS 54744, Lot 5 DPS 54745, Lot 6 DPS 54746, Lot 1 DPS 55288, Lot 1 DPS 56447, Lot 1 DPS 65623	SA57B/1

	and Lot 6 DPS 65624.	
Kaingaroa Northern Boundary	13379.0953 hectares more or less, situated in the Land Registration District of South Auckland, being Lot 1 DPS 45825, Lot 1 DPS 45827, Lot 1 DPS 45828, Lots 1 & 2 DPS 45829, Lots 1 & 2 DPS 53630, Lot 1 DPS 56572, Lots 1, 2 & 3 DPS 57693, Lot 2 DPS 65988, Lot 1 DPS 67637, Section 2 SO 378328 and Section 3 SO 378328	SA52D/450
Kaingaroa Pukuriri	17173.3400 hectares more or less situated in the Land Registration District of South Auckland, being Lots 1,3,4 & 6 DPS 73202.	SA56D/50
Kaingaroa Reporoa	14318.908 hectares more or less situated in the Land Registration District of South Auckland, being Lot 1 DPS 55758, Lot 1 DPS 45063, Lot 1 DPS 55285, Lot 1 DPS 55286, Lot 1 DPS 64818, Lots 1 and 2 DPS 55284, Lot 1 DPS 55287 and Lot 1 DPS 27452.	SA57A/750
Kaingaroa Totara Block	5722.0000 hectares more or less situated in the Land Registration District of South Auckland, being Lot 3 DPS 45072.	SA52D/400
Kaingaroa Waimaroke	22757.5770 hectares more or less situated in the Land Registration District of South Auckland, being Lots 1 & 2 DPS 47428 and Lots 1 & 3 DPS 19572.	SA52D/500
Kaingaroa Wairapukao	14545.0000 hectares more or less situated in the Land Registration District of South Auckland, being Lots 1 and 2 DPS 47427.	SA55B/450
Kaingaroa Whirinaki	7489.4610 hectares more or less situated in the Land Registration District of South Auckland, being Lots 1 & 2 DPS 55244, Lots 1, 2 & 3 DPS 55245, Lot 1 DOS 55243, Lot 1 DPS 53142, Lots 1 & 2 DPS 53893, Lot 1 DPS 57694.	SA57A/60

Marotiri	165.5300 hectares more or less situated in the Land Registration District of South Auckland, being Lot 1 DPS 63260.	SA51D/900
Pureora South	1022.0000 hectares more or less situated in the Land Registration District of South Auckland, being Lot 1 DPS 57144.	SA54A/600
Taurewa	1322.1900 hectares more or less situated in the Land Registration District of Wellington, being Lot 1 DP 73295, Lot 1 DP 73296, Lots 1 and 2 DP 73297, Lot 1 DP 72521, Lot 1 DP 73779 and Lot 1 DP 74275.	WN1300/18
Waimihia North	7160.5698 hectares more or less situated in the Land Registration District of South Auckland, being Lots 2 & 5 DPS 73202, Lots 2 & 3 DPS 65321 and Lot 1 DPS 65322.	SA56D/200
Waimihia South	16029.5000 hectares more or less situated in the Land Registration District of South Auckland, being Lot 1 DPS 45580 and Lot 1 DPS 45581.	SA55A/100
Waituhi	1150.3500 hectares more or less situated in the Land Registration District of South Auckland, being Lots 1, 2 and 3 DPS 57168.	SA51D/800
Whakarewarewa Highlands	1481.1260 hectares more or less situated in the Land Registration District of South Auckland, being Lots 1 and 2 DPS 57556, Lot 1 DPS 57557 and Lots 1 and 2 DPS 57588.	SA67D/322
Whakarewarewa Tokorangi	290.0920 hectares more or less situated in the Land Registration District of South Auckland, being Lots 2 and 3 DPS 54801.	SA60D/700
Whakarewarewa Waimangu	648.8000 hectares more or less situated in the Land Registration District of South Auckland, being Lot 1 DPS 57559.	SA55A/50

Whakarewarewa Whaka	3250.0000 hectares more or less situated in the Land Registration District of South Auckland, being Lot 6 DPS 54801.	SA60D/750
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Schedule 2

The Collective's Allocation Agreement

Iwi	Percentage
Ngai Tuhoe	26.3125%
Ngati Tuwharetoa	25.9125%
The Affiliate Te Arawa Iwi/Hapu	15.6125%
Ngati Raukawa	14.2125%
Ngati Manawa	6.0125%
Ngati Whare	4.7125%
Ngati Whakaue	3.6125%
Ngati Rangitahi	3.6125%

Schedule 3

Reference Schedule to Collective's Proposal

This Schedule is included simply to assist the Collective's representatives and advisers when reviewing this document.

It lists:

- the provisions of the Terms of Agreement signed on 21 February and lists the paragraphs in this Working Schedule of Substantive Terms of Settlement that are the negotiated reflection of those provisions; and
- the paragraphs in the Collective's Settlement Proposals letter of 27 March 2008 that was sent to the Crown for consideration and lists the paragraphs in this Working Schedule of Substantive Terms of Settlement that are the negotiated response to those specific proposals.

Provisions in Terms of Agreement:

- 6.1 Clause 3.1
- 6.2 Clauses 3.1, 8.1 and 8.2
- 7.1 Clause 3.3
- 7.2 Clause 3.1 and 3.3
- 7.3 Clause 3.4
- 7.4 Clause 13
- 7.5 Clauses 16.1, 16.2 and 16.3
- 7.6 Clause 9

Paragraphs in Collective's Settlement Proposal:

- 1-5 Not applicable
- 6 Clause 5, Clause 6, Clause 7, Clause 12, Clause 14, Clause 19
- 7 Clause 12, 14
- 8 Clause 13
- 9 Clause 15

- 10 Clause 16
- 11 Clause 8, Clause 10
- 12 Clause 11
- 13 Clause 11 [*still to be added to the ASP*]
- 14 Not applicable
- 15 Clause 2

- Schedule 1 See Terms of Agreement above
- Schedule 2 Clauses 12 - 16
- Schedule 3 Not applicable
- Schedule 4 Clause 13