

Disclosure of beginning to have substantial holding

Section 276, Financial Markets Conduct Act 2013

To: NZX Limited
and
To: SeaDragon Limited

Date this disclosure made: 11 October 2016
Date on which substantial holding began: 17 October 2016 (being the expected date of allotment)

Substantial product holder(s) giving disclosure

Full name(s): Dame Adrienne Stewart, Mark Stewart and Todd Stewart

Summary of substantial holding

Class of quoted voting products: SeaDragon Limited ordinary shares (SEA)

Summary for: Dame Adrienne Stewart, Mark Stewart and Todd Stewart

For this disclosure,—

(a)	total number held in class:	785,433,823
(b)	total in class:	4,248,087,143 (estimate – refer below)
(c)	total percentage held in class:	18.489% (estimate – refer below)

Details of relevant interests

Details for: Dame Adrienne Stewart, Mark Stewart and Todd Stewart

Nature of relevant interest(s): Trustees of trusts which together either control Masthead Limited (the ultimate parent company of Pescado Holdings Limited (**Pescado**)) or otherwise have a non-beneficial relevant interest in the shares of SeaDragon in which Pescado expects to receive a relevant interest pursuant to a joint venture agreement (described below).

For that relevant interest,—

(a)	number held in class:	785,433,823 (estimate – refer below)
(b)	percentage held in class:	18.489% (estimate – refer below)
(c)	current registered holder(s):	Forsyth Barr Custodians Ltd
(d)	registered holder(s) once transfers are registered:	Forsyth Barr Custodians Ltd

Details of transactions and events giving rise to substantial holding

On 10 October 2016, Pescado Holdings Limited (**Pescado**) exercised rights under the 1 for 2 pro-rata renounceable rights offer by SeaDragon Limited (**SeaDragon**). Those rights are held on Pescado's behalf by Forsyth Barr Custodians Ltd and Pescado expects (upon allotment and quotation of the relevant SeaDragon ordinary shares) to acquire a beneficial interest in 652,029,123 additional ordinary shares in SeaDragon.

As at the date of this notice, Pescado is unable to state with certainty the percentage interest it will hold in SeaDragon, as SeaDragon is currently undertaking a shortfall bookbuild, which is due to close on Thursday 13 October 2016. However, before taking into account any further shares issued as a consequence of that bookbuild process, Pescado is expected to obtain approximately 18.489% of the ordinary shares in SeaDragon upon allotment. A revised notice will be issued once the final numbers are known.

Dame Adrienne Stewart, Mark Stewart and Todd Stewart are trustees (**Trustees**) of the Ellen Trust, Mark James Stewart No. 2 Trust, the Sir Robertson Stewart Family Trust and Todd Huntly Stewart No. 2 Trust (**Masthead Trusts**). Some of the Trustees are trustees of only some of the Masthead Trusts, others are trustees of all the Masthead Trusts. The Masthead Trusts together either control Masthead Limited (the ultimate parent company of Pescado) or otherwise have

a relevant interest in the shares of SeaDragon in which Pescado has a relevant interest pursuant to a joint venture agreement dated 31 March 2003 (**Joint Venture Agreement**), attached as document A.

The Joint Venture Agreement constitutes the Masthead Joint Venture and sets out the terms and conditions that apply to the Masthead Joint Venture.

This event disclosure is filed in accordance with, and the Trustees have the benefit of, the Financial Markets Conduct Act (Masthead Joint Venture) Exemption Notice 2014, which permits the following provisions of the Joint Venture Agreement (the excluded provisions) to be removed from the copy of the Joint Venture Agreement that accompanies this event disclosure:

- (a) the dollar amounts in clause 3.4;
- (b) the dollar amounts in clause 3.5;
- (c) clause 4.3; and
- (d) the percentage figures in clauses 4.4(a) and 4.4(b).

Clauses 3.4 and 3.5 of the Joint Venture Agreement relate to amounts committed and/or advanced to the Masthead Joint Venture by some of the Masthead Trusts. The dollar amounts set out in clauses 3.4 and 3.5 have been excluded because they are considered commercially sensitive. Clause 4.3 provides for succession planning that is personal to the parties to the Joint Venture Agreement and has been removed because of its personal nature. Clauses 4.4(a) and 4.4(b) deal with the possible restructuring of the Sir Robertson Stewart Family Trust. The percentage figures set out in those clauses have been excluded because those amounts are personal to the trustees of the Mark James Stewart No. 2 Trust and Todd Huntly Stewart No. 2 Trust.

The Trustees, in giving this notice, warrant that this event disclosure (including the above information), when read together with the Joint Venture Agreement (after excluding the excluded provisions), is not false or misleading in any material particular in its disclosure of the relevant interest held by the Trustees, including by any omission or failure to contain or refer to material information.

Each person who is from time to time a Trustee, or a trustee of any trust that is a successor of any of the Masthead Trusts, has the benefit of the Financial Markets Conduct Act (Masthead Joint Venture) Exemption Notice 2014.

Additional information

Addresses of substantial product holder(s): Dame Adrienne Stewart, Mark Stewart and Todd Stewart
21 Leslie Hills Drive
Riccarton
Christchurch

Contact details: Warwick Webb
(+64) 3 348 5040
warwick.webb@masthead.co.nz

Nature of connection between substantial security holders: The substantial security holders are trustees of the Masthead Trusts, as set out more fully above.

Name of any other person believed to have given, or believed to be required to give, a disclosure under the Financial Markets Conduct Act 2013 in relation to the financial products to which this disclosure relates: Pescado Holdings Limited

Certification

I, Warwick Graham Webb, certify that, to the best of my knowledge and belief, the information contained in this disclosure is correct and that I am duly authorised to make this disclosure by all persons for whom it is made.

Document A

Dated

31 March

2003

JOINT VENTURE AGREEMENT

between

HUNTLY TRUST

ELLEN TRUST

RHS FAMILY TRUST

MASTHEAD LIMITED

BUDDLEFINDLAY

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JOINT VENTURE AGREEMENT

DATED

31 MARCH 2003

PARTIES

- (1) **SIR ROBERTSON HUNTLY STEWART, ADRIENNE LADY STEWART and MARK JAMES STEWART**, as trustees of the **HUNTLY TRUST** ("Huntly Trust")
- (2) **ADRIENNE LADY STEWART and MARK JAMES STEWART** as trustees of the **ELLEN TRUST** ("Ellen Trust")
- (3) **SIR ROBERTSON HUNTLY STEWART, ADRIENNE LADY STEWART and MARK JAMES STEWART** as trustees of the **SIR ROBERTSON STEWART FAMILY TRUST** ("RHS Family Trust")
- (4) **MASTHEAD LIMITED**, a company incorporated under the laws of New Zealand and having its principal place of business at Level 2, 109 Cambridge Terrace, Christchurch ("Masthead")

BACKGROUND

- A. The Parties have formed Masthead for the purpose of acting as their nominee in carrying out the Joint Venture.
- B. The Parties have agreed that their respective rights and obligations relating to the Joint Venture shall be regulated by the terms and conditions of this Agreement.

IT IS AGREED

1. INTERPRETATION

- 1.1 **Definitions:** In this Agreement, unless the context requires otherwise:

"Advances" means any money advanced to the Joint Venture by any Party pursuant to clause 3.4;

"Affiliate" means, any person (other than Masthead) that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with a Party. A person shall be deemed to control another person for the purposes of this definition, if the first such person possesses, directly or indirectly, the power to appoint a majority of the directors of the second person, or to otherwise direct or cause the direction of the management or policies of the second person, whether through the ownership of voting securities, by contract or otherwise;

"Business Activities" means the collaboration between the Parties by way of an unincorporated joint venture, using Masthead as a nominee company to act on behalf of the Parties for the purposes of the Joint Venture, in seeking, researching and establishing a variety of commercial investments;

"Business Day" means a day (other than a Saturday or Sunday) on which registered banks in New Zealand are generally open for business;

"Chairperson" means the Chairperson of the Joint Venture Board for the time being appointed under clause 2 of Schedule 2;

"Default Rate" means in respect of any day in a calendar month the rate per cent per annum which is the aggregate of 3% plus the Interest Rate for that day.

"Final Termination" means a full and final termination of the Joint Venture by the discontinuation of the rights and obligations of all Parties at the relevant time, with the consequent sale and distribution of the assets of the Joint Venture pursuant to clause 10, and the liquidation of Masthead;

"Huntly Trust Vesting Date" means the date upon which the Huntly Trust for any reason terminates in accordance with its constitutional documents.

"Independent Valuer" means a suitably qualified valuer, sufficiently independent of the Parties.

"Interest" means the interest of any Party in the Joint Venture, and also includes any shares held by that Party in Masthead.

"Interest Rate" means in respect of any day in a calendar month the rate percent which is the aggregate of 2% plus the average 90 day bank bill bid rate as quoted on Reuters screen page BKBM at or about 10.45am on the first Business Day in that calendar month. If at or about the time at which the Interest Rate is to be calculated Reuters screen page BKBM is not then available the appropriate rate shall be the rate percent per annum which is the aggregate of 2% plus the rate at which Bank of New Zealand as at 11.00am on that date is prepared to buy bills of exchange with a tenor of 90 days drawn, accepted, or endorsed by any of Bank of New Zealand, Westpac Banking Corporation, The National Bank of New Zealand Limited, and ANZ Banking Group (New Zealand) Limited;

"Joint Venture" means the unincorporated joint venture between the Parties as constituted by this Agreement;

"Joint Venture Board" means the board which is constituted under clause 5;

"Masthead" means Masthead Limited being the nominee company through which the Joint Venture is to be undertaken;

"MJS Trust" means the Mark James Stewart No. 2 Trust, the trustees of which are Mark James Stewart and Adrienne Lady Stewart and which is constituted under a Trust Deed dated 17 March 2003;

"NZGAAP" means *"generally accepted accounting practice"* as defined in Section 3 of the Financial Reporting Act 1993;

"Party" or "Parties" means such one or more of Huntly Trust, Ellen Trust or RHS Family Trust and any other person or persons who pursuant to the terms and conditions of this Agreement becomes

a Party and therefore bound by the terms of this Agreement or such one or more of those persons as the context requires;

"Representative" means an appointee of any Party to the Joint Venture Board, pursuant to clause 5;

"RHS" means Sir Robertson Huntly Stewart.

"RHS Family Trust Restructuring" means the resettlement of the assets of the RHS Family Trust into MJS Trust and THS Trust;

"RHS Family Trust Successors" means MJS Trust and THS Trust;

"Terminating Party" means a Party which wishes to terminate its participation in the Joint Venture pursuant to clause 4.2;

"Termination Notice" means a prior written notice of a period of no less than 6 months from the date upon which such notice is given, by a Terminating Party to the other Parties, that it wishes to terminate its participation in the Joint Venture, pursuant to clause 4.2;

"THS Trust" means the Todd Huntly Stewart No. 2 Trust, the trustees of which are Todd Huntly Stewart and Adrienne Lady Stewart and which is constituted under a Trust Deed dated 17 March 2003;

1.2 Interpretation: In this Agreement, unless the contract requires otherwise:

- (a) References to sections, clauses and schedules are to sections, clauses and schedules of this Agreement;
- (b) The headings to clauses shall (unless otherwise specified) be ignored in construing this agreement;
- (c) A gender includes each other gender;
- (d) Any party to this Agreement or any other agreement includes its successors and permitted assignees and transferees;
- (e) The plural includes the singular and vice versa; and
- (f) A statute includes that statute as amended from time to time and any regulations, orders in council and other instruments issued or made under that statute from time to time and legislation passed in substitution for the statute.
- (g) An obligation not to do anything includes an obligation not to suffer, permit or cause that thing to be done;
- (h) Derivatives of any defined word or term have a corresponding meaning;
- (i) This Agreement shall not bind any party until it has been signed by both parties;
- (j) "including" and similar words do not imply any limitation;

- (k) If a party comprises more than one person, each person's liability is joint and several;
- (l) Any obligation falling due for performance on or by a day other than a Business Day shall be performed on or by the Business Day immediately following that day;
- (m) All moneys to be paid in terms of this Agreement shall be paid in New Zealand currency by bank cheque or telegraphic transfer on or before 2pm on the due date for payment;
- (n) Reference to one party notifying another or giving notice to another, or agreeing, consenting or objecting to any matter or nominating or making any nomination, or giving any direction means that party notifying, giving notice, agreeing, consenting, objecting, nominating or directing (as the case may be) in writing;
- (o) The recitals to this Agreement under the heading "Background" form part of this Agreement.

2. ESTABLISHMENT, COMMENCEMENT AND SCOPE

- 2.1 Establishment:** The Parties hereby establish the Joint Venture to accomplish the Business Activities in accordance with the terms and conditions of this Agreement.
- 2.2 Term:** The Joint Venture shall continue until terminated pursuant to the provisions of this Agreement.
- 2.3 Status of Joint Venture:** The Joint Venture between the Parties shall be unincorporated so that all assets and revenues of the Joint Venture shall belong to the Parties as tenants-in-common, subject to the provisions of this Agreement. The Parties acknowledge that Masthead will be their nominee to hold all the assets of the Joint Venture on trust for the Parties as bare trustee in accordance with their respective interests.
- 2.4 Commercial advantage:** The Joint Venture and all the activities and decisions of each of the Parties in connection therewith shall be conducted in the best interests of the Parties on sound commercial profit-making principles and shall be directed to securing the maximum commercial opportunities available to the Parties and no Party shall take or refrain from taking any action the consequence of which shall be that the commercial advantage of the Joint Venture is not maximised. However, the Parties acknowledge that the respective trustees of the Huntly Trust, the Ellen Trust, the RHS Family Trust and the RHS Family Trust Successors will require to fulfil their obligations under this Agreement in light of their respective fiduciary obligations to their respective beneficiaries.
- 2.5 Co-operation:** The Parties will at all times during the continuance of the Joint Venture act honestly and faithfully and with due and proper diligence in the interests of each other and will promptly and properly comply with all obligations imposed on each Party and will at all times use their respective best endeavours to co-operate with each other to ensure the efficient operation of the Joint Venture and further will not enter into any independent arrangements, agreements or understandings to promote the sole interests of such Party to the detriment of the Joint Venture and in particular (but without limitation) will not engage or be involved in, and will procure that none of their Affiliates is engaged or involved in, any business or activities which are competitive with those of the Joint

Venture, except after consultation with the other Parties and with their consent (such consent not to be unreasonably withheld).

- 2.6 **Holdings of Masthead shares:** Each of Huntly Trust, Ellen Trust and RHS Family Trust will hold 1 share in Masthead, with all such shares ranking equally in all respects.
- 2.7 **Constitution:** The constitution of Masthead shall be substantially in the form annexed as Schedule 1.
- 2.8 **Masthead Director:** Masthead will have one director, appointed by agreement between the Parties. Such director will have no discretion to exercise rights in respect of the Joint Venture or the assets of the Joint Venture which Masthead holds on trust for the Parties, and such director will at all times be subject to the direction and control of the Joint Venture Board.
- 2.9 **Financial year:** The financial year of the Joint Venture shall end on 31 March in each year.
- 2.10 **Bankers:** The bankers of the Joint Venture shall be The Hong Kong and Shanghai Banking Corporation Limited or such other bankers as may be determined from time to time by resolution of the Joint Venture Board.

3. JOINT VENTURE OPERATIONS

3.1 Operational Plan, Budget and Investment Policies:

- (a) An annual operational plan, budget and investment policies for the Joint Venture for each financial year shall be developed and prepared by management of the Joint Venture for consideration by the Joint Venture Board. Proposals for the financing of the operational plan, budgets and investment policies shall also be developed for the Joint Venture Board's consideration. Each operational plan shall set out in detail the business to be undertaken by the Joint Venture during the year;
- (b) The annual operational plan, budget and investment policies shall be submitted to the Joint Venture Board at least 1 month prior to the end of the preceding financial year. Joint Venture management shall ensure that the annual operational plan, budget and investment policies together with all necessary supporting material are forwarded to all Representatives at least 2 weeks prior to the Joint Venture Board meeting at which they are to be considered. No annual operational plan, budget and investment policies will be implemented until approved by the Joint Venture Board;
- (c) If necessary, the Joint Venture Board (pursuant to management recommendations) may from time to time develop and prepare supplementary or revised operational plans, budgets and investment policies. These operational plans, budgets and investment policies will also be forwarded to all Representatives at least 2 weeks prior to the Joint Venture Board meeting at which they are to be considered. Any supplementary or revised operational plan, budget or investment policies will not be implemented until approved by the Joint Venture Board;

3.2 Supply of financial statements: Joint Venture management shall provide to the Joint Venture Board:

- (a) Monthly financial statements promptly after the end of each month;
 - (b) Half yearly financial statements within 50 days after the end of each half year;
 - (c) Financial statements for each financial year within 60 days of the end of such financial year; and
 - (d) A valuation by an Independent Valuer of the assets of the Joint Venture as at the end of each financial year, within 30 days after the end of such financial year.
- 3.3 Content of financial statements:** The financial statements for each half yearly or yearly period shall include a statement of financial position as of the end of such period, a statement of financial performance, and a statement of changes in financial condition for such period, each prepared in accordance with NZGAAP.
- 3.4 Total commitment to Advances:** Each Party shall, subject to clauses 3.5 and 3.6, be committed to providing the following Advances to the Joint Venture:
- (a) Huntly Trust:
 - (b) Ellen Trust:
 - (c) RHS Family Trust:
- 3.5 Initial Advances:** Each Party shall immediately on execution of this Agreement provide the following Advances to the Joint Venture:
- (a) Huntly Trust:
 - (b) Ellen Trust:
 - (c) RHS Family Trust:
- 3.6 Subsequent Advances:** The balance of the total commitment of each Party as provided in clause 3.4 shall be paid at such times and in such amounts as the Joint Venture Board may decide, provided that the Joint Venture Board shall be required to give the Parties no less than 30 days' prior written notice of any requirement to make further Advances to the Joint Venture pursuant to this clause. Any subsequent Advances made by the Parties to the Joint Venture pursuant to this clause will be made in proportion to the total commitments of the Parties as provided in clause 3.4.
- 3.7 Repayments of Advances:** Repayments of all or any part of the Advances which are made by the Joint Venture to the Parties, after the obtaining of any required approval under clause 5.6 will be made to the Parties in proportion to their original Advances.
- 3.8 Allocation of expenses and revenues:** The Parties agree that the expenses and revenues of the Joint Venture will be divided among the Parties in proportion to the outstanding balances of their respective Advances from time to time. However, the timing of the distribution to the Parties of allocated net revenues will be decided by the Joint Venture Board.
- 3.9 Interests:** The respective Interests of the Parties will be in proportion to the outstanding balances of their respective Advances from time to time.

- 3.10 **Huntly Trust:** The Parties acknowledge that the Joint Venture will retain sufficient cash or readily realisable securities to enable the Joint Venture to meet its obligations to pay out the Interest of Huntly Trust pursuant to clause 4.3(f).

4. TERMINATION PROCEDURE

- 4.1 **No Transfer Right:** No Party has any right to sell, transfer, assign, or otherwise dispose of its Interest, except with the unanimous consent of the Parties.
- 4.2 **Termination Procedure:** The following provisions will apply whenever a Terminating Party wishes to terminate its participation in the Joint Venture:
- (a) **Termination Notice:** The Terminating Party may give a Termination Notice to the other Parties at any time. A Termination Notice can be withdrawn by the relevant Terminating Party at any time before the expiry of the relevant 6 month notice period.
 - (b) **Valuation of Assets:** Upon the expiry of the 6 month period governing the relevant Termination Notice, the Parties will immediately proceed to have the net value of the assets of the Joint Venture determined as at the date of the expiry of the Termination Notice by reference to the fair market value of such assets as at such date. The valuation will be undertaken by an Independent Valuer jointly appointed by the Parties. Should the Parties be unable to agree on a mutually acceptable Independent Valuer within 5 Business Days from the date of the Termination Notice then any Party may apply to the President (or his or her nominee) for the time being of the Institute of Chartered Accountants of New Zealand to appoint an Independent Valuer for the purpose of undertaking the valuation. The Terminating Parties shall jointly be responsible for the costs of any Independent Valuer. The Independent Valuer's valuation under this clause 4.2(b) is not binding on the Parties, and is undertaken only for the purpose of giving the Parties an indication of the likely value of the assets of the Joint Venture in the event of an orderly sale thereof.
 - (c) **Asset Realisation:** After the obtaining of the valuation pursuant to clause 4.2(b), the Parties will proceed to cooperate together in good faith to effect an orderly sale of the assets of the Joint Venture provided that the Parties acknowledge that subject to the approval process under clause 4.2(d), the Joint Venture Board will conduct the asset sale process.
 - (d) **Approval of asset sales:** The unanimous consent of the Parties will be required in respect of the sale of any asset of the Joint Venture provided that if the unanimous consent of the Parties cannot be obtained within 5 Business Days after each of the Parties has received written notice from the Joint Venture Board of the proposed sale and its terms and conditions, an opinion will be obtained from an Independent Valuer appointed by the Joint Venture Board as to whether or not the proposed sale price (and the terms and conditions of sale) of the relevant asset is a fair and reasonable reflection of the then current fair market value of such asset (on an orderly sale basis). Any appointment so made and the opinion as provided by the Independent Valuer shall be binding on the Parties for the purpose of this clause 4.2(d). If the Independent Valuer advises that in his or her opinion the price and terms and conditions of the proposed asset sale are fair and reasonable taking into consideration the then current fair market value of the relevant asset (on an orderly sale basis), then all

Parties will be deemed to have given their consent to the proposed asset sale at that price and on those terms and conditions.

- (e) **Distribution of Asset Sale Proceeds:** Upon the sale of any asset of the Joint Venture pursuant to this clause 4.2, the net sale proceeds (after retention of such amounts as are considered by the Joint Venture Board to be necessary to meet any costs or expenses of the Joint Venture) will be distributed to the Parties in proportion to their respective Interests.
- (f) **Party can be purchaser:** Notwithstanding any other provision of this Agreement or any rule of law or equity, any Party may be and shall not be disqualified from being a purchaser of any of the assets of the Joint Venture on any sale pursuant to this clause 4.2.

4.4 Restructure of RHS Family Trust: For the avoidance of doubt, upon the completion of the RHS Family Trust Restructuring, the Interest previously held by the RHS Family Trust will be transferred to the RHS Family Trust Successors in the following proportions:

(a) **MJS Trust:**

(b) **THS Trust:**

Accordingly, all rights and obligations under this Agreement and in respect of the Joint Venture which were previously enjoyed by or imposed on RHS Family Trust under this Agreement will pass to the RHS Family Trust Successors in those proportions, subject to any express provision of this Agreement. In particular, but without limiting the generality of the foregoing:

- (i) the shares in Masthead previously held by RHS Family Trust will pass to the RHS Family Trust Successors in those proportions;
- (ii) the Advance made by RHS Family Trust to the Joint Venture will be divided between the RHS Family Trust Successors in those proportions;
- (iii) the rights of RHS Family Trust under clause 4.3 will pass to the two new trusts in those proportions, provided that the non-exercise by either of the two new trusts of such rights will cause the benefit of that new trust's rights to pass to the other new trust;
- (iv) each of the RHS Family Trust Successors will have the right to appoint 1 Representative to the Joint Venture Board;
- (v) the quorum for any meeting of the Joint Venture Board will be 4 voting members comprising at least 1 Representative of each Party;
- (vi) the shares in Masthead will be subdivided to enable appropriate division of RHS Family Trust's shares between the RHS Family Trust Successors.

4.5 **Liability of Selling Party:** On any realisation of a Party's Interest pursuant to clauses 4.2(g) or 4.3, such Party shall cease to have an Interest, or any rights or interest in Joint Venture property and its rights under this Agreement shall terminate. However, the such Party shall remain liable to fulfil and perform its obligations under this Agreement or under any legislation which have accrued and remain unsatisfied at the date the such Party ceases to have an Interest.

5. GOVERNANCE

5.1 **Joint venture board:** Subject to clause 5.6, all decisions in respect of the Joint Venture shall be taken by the representatives of the Parties constituted as the Joint Venture Board.

5.2 **Power to bind:** No act of any of the Parties shall be the act or deed of or be binding upon, the other Party unless done or taken through or approved by the Joint Venture Board or otherwise formally approved in the manner contemplated by this Agreement. The Joint Venture Board shall have no power to bind any Party beyond the terms of this Agreement without the prior written agreement of such Party.

5.3 **Membership:** The Joint Venture Board shall comprise up to 4 Representatives, with each of Huntly Trust, Ellen Trust and RHS Family Trust having the right to appoint 1 Representative. Each Party shall, by written notice to the other Parties, be entitled to appoint 1 alternate Representative to the Joint Venture Board. In addition, the Parties agree that additional persons (whether being persons

associated with a Party or not) may, by agreement of the Joint Venture Board, be invited to attend meetings of the Joint Venture Board from time to time, for the purpose of providing specialist advice to the Joint Venture Board.

5.4 Joint Venture board procedure: The Joint Venture Board shall be regulated by the rules set out in Schedule 2.

5.5 Day to day management: The business of the Joint Venture shall be initially managed by management personnel appointed by the Joint Venture Board. Management will report to the Joint Venture Board and be responsible for the day to day operation of the Joint Venture in a manner consistent with the terms of this Agreement and subject to the ultimate direction and control of the Joint Venture Board.

5.6 Joint Venture Board restrictions: Notwithstanding clause 5.1, the Joint Venture Board shall not undertake or allow the following without the unanimous approval of the Parties (regardless of whether such matters have previously been disclosed in a document approved by the Joint Venture Board under clause 3.1):

- (a) the entry of the Joint Venture into any contract or related series of contracts with a value of \$2,000,000.00 or more per annum;
- (b) any transaction for the acquisition or disposition by the Joint Venture of any assets (whether in a single or in a related series of transactions) of a value of \$2,000,000.00 or more;
- (c) the entry of the Joint Venture into contracts of a term of more than 2 years which cannot be terminated on reasonable notice and without penalty;
- (d) any material change in the nature or scope of the business of the Joint Venture or the terms and conditions of any consent, licence, approval or concession granted to or relied upon by the Joint Venture;
- (e) the admission of a third party to the Joint Venture and/or the business of the Joint Venture (except in accordance with any other provisions of this Agreement);
- (f) establish, allow subcontracting of any function of, or vary the terms and conditions of, any management agreement under which any person has been contracted to manage all or part of the Joint Venture's business;
- (g) debt funding or granting security over the assets of the Joint Venture;
- (h) requiring the Parties to contribute additional capital or loan funding to the Joint Venture; or
- (i) repayment of all or any part of the Advances or any of them.

5.7 Parties' meetings: The Parties will meet together at no less than 6 monthly intervals to question, discuss, or comment on the Joint Venture and to address questions about the Joint Venture to the Joint Venture Board.

6. MANAGEMENT

- 6.1 Access to Company operations:** The Parties shall each have full and complete access to Joint Venture operations at all reasonable times for the purpose of inspection or audit but so as not unreasonably to interfere with the operations of the Joint Venture.
- 6.2 Access to records of Joint Venture:** The Parties shall each have full and complete access to the books of account, registers and other records (including all other information in whatever form) of the Joint Venture at all reasonable times for the purpose of inspection but so as not unreasonably to interfere with the operations of the Joint Venture.
- 6.3 Staff:** The Joint Venture shall appoint its own staff, either as employees, or on a contract basis, to provide for other respects of its management and operations.

7. CONFIDENTIALITY

- 7.1 Confidentiality of information:** The Parties each agree that Joint Venture accounts, records, reports and other documents and information relating to the Joint Venture and the terms and conditions of this Agreement (such accounts, records, reports information and the terms and conditions of this Agreement being referred to in this clause as "**Confidential Information**"), provided or disclosed by one Party (in this clause called the "**Disclosing Party**") to the other Party or Parties, is confidential, whether oral, written or embodied in other physical form, except that information is not to be considered confidential if the Party or Parties receiving the Confidential Information proves:
- (a) That the information was known to such Party or Parties on the date of its receipt from the Disclosing Party; or
 - (b) The information was in the public domain on the date of its receipt from the Disclosing Party; or
 - (c) The information had entered the public domain after the date of its receipt from the Disclosing Party other than by unauthorised disclosure by a Party or any other person.
- 7.2 Disclosure of Confidential Information:** Neither any Party receiving Confidential Information will disclose, in whole or in part, to any third person Confidential Information received from a Disclosing Party except as approved in writing by the Disclosing Party or where necessary to carry out the Business Activities. No Party shall have the right to use or disclose Confidential Information disclosed by a Disclosing Party except in furtherance of the Business Activities. Before making a disclosure of Confidential Information to a third person, the Party concerned shall inform the Disclosing Party of its intention to disclose and shall inform such third persons of the confidential obligations under this Agreement and require such third person to be bound by the confidentiality obligations.
- 7.3 Obligation on termination:** Immediately upon termination of this Agreement for any reason whatsoever, each Party shall cease use of all Confidential Information received from a Disclosing Party and shall within 2 weeks of termination, deliver to the Disclosing Party all documents and

things in its possession or control containing or constituting Confidential Information disclosed or provided by the Disclosing Party to the other Party and Parties.

- 7.4 **Confidentiality agreements:** Each Party shall require each of its managers, technical personnel and all other persons who may have access to Confidential Information disclosed by a Disclosing Party to execute a confidentiality agreement in such form as the Parties may mutually agree upon. Managers, technical personnel and other employees and contractors of the Joint Venture who have access to Confidential Information shall also be required to execute such confidentiality agreements.
- 7.5 **Confidentiality obligations to continue:** The obligations of confidentiality under this clause shall continue beyond the termination of this Agreement. Furthermore a Party shall continue to be bound by this clause notwithstanding that it may have transferred its Interest or otherwise ceased to hold its Interest or be a party to this Agreement.

8. PROHIBITION ON MORTGAGES OF INTEREST

- 8.1 **Mortgage of Interest:** No Party shall mortgage, pledge, charge or otherwise encumber (whether by way of assignment or otherwise) all or any portion of its Interest.

9. WINDING UP

- 9.1 **Winding-up plan:** Upon Final Termination or upon it becoming apparent that Final Termination is imminent, then the Joint Venture Board shall prepare a plan for the efficient and economic winding-up of the Joint Venture and an estimate of net proceeds of the sale of assets of the Joint Venture.
- 9.2 **Contents of plan:** The winding-up plan shall also provide for and shall oblige the Joint Venture Board to:
- (a) Conduct or cause to be conducted the sale of the operations and activities of the Joint Venture to one of the Parties or to a third party;
 - (b) Obtain all necessary governmental and other clearances and releases, and dispose of the Joint Venture property so that the Parties are released and discharged from any future claims relative to the Joint Venture or to encumbrances over Joint Venture property;
 - (c) Pay and discharge the debts and liabilities of the Joint Venture and after deduction of the costs and expenses of winding up to distribute to the Parties any remaining Joint Venture property in such manner as may have been agreed in the winding-up plan; and
 - (d) Place Masthead into liquidation at the appropriate time.
- 9.3 **Termination:** In the event of Final Termination, this Agreement and the Joint Venture shall, upon the final settlement of accounts, terminate without prejudice however to any accrued rights and remedies of the Parties.

10. MISCELLANEOUS

10.1 Exclusion of partnership and agency: Nothing in this Agreement shall create, or constitute or be deemed to create or constitute a partnership between the Parties or any of them, nor to constitute or create or be deemed to create or constitute a Party as an agent of any other Party for any purpose whatsoever. No Party shall have any authority or power whatsoever to bind or commit, act or represent or hold itself out as having authority to act as an agent of, or in any way bind or commit the other Parties to any obligations. The rights, duties, obligations and liabilities of the Parties shall be several and not joint or collective and nothing herein contained shall be construed as creating a partnership each Party being individually responsible only for its obligations as set out in this Agreement.

10.2 Service of Notices: All demands, consents and notices authorised or required to be made under this Agreement shall be in writing and may be given to, or served upon a recipient by:

- (a) Being left at the recipient's address as stated below or as notified pursuant to clause 10.3; or
- (b) Facsimile, to the recipient's stated or notified facsimile number to the recipient's stated or notified address (as confirmed by subsequent letter posted in the manner hereinafter provided); or
- (c) Being posted in a prepaid, certified or registered letter addressed to the recipient Party at its stated or notified address.

10.3 Deemed service: Any such demand, or notice shall be deemed duly served in the case of a facsimile, on the same day if sent before 5.00pm on any Business Day in the place of receipt, and if sent after 5.00pm on any such working day or on a day other than such a working day, and so confirmed, then on the first working day in the place of receipt following the day of transmission and in the case of post at the expiration of 2 Business Days after the time of posting. Any demand, consent or notice may be signed by any of the Parties thereto or on its behalf by any director, secretary, manager or other duly authorised agent for the time being of the Party.

The address of the Parties and Masthead will be as follows:

P O Box 2043
109 Cambridge Terrace
Christchurch

Facsimile: 0-3-374 5376
Attention: M J Stewart

10.4 Change of address: A person on becoming a Party shall notify the other Parties of its address in New Zealand for service of all demands, consents and notices. A Party may change its address for service by appropriate notice to the Parties.

10.5 Prior negotiations: So far as the subject matter of this Agreement is concerned this Agreement comprises the full agreement between the Parties and replaces all prior negotiations, agreements, arrangements or understandings whether oral or written. No oral explanation or oral information given by any Party to the other Parties shall alter the meaning or interpretation of this Agreement.

- 10.6 **Variation or waiver of agreement:** Any modification or variation of this Agreement or a purported waiver of the rights of a Party under this Agreement shall not be of any force or effect unless in writing and executed by the Parties thereto or, in the case of a waiver, by the Party whose rights are expressed to be waived.
- 10.7 **Governing law:** This Agreement and any modification or variation hereto shall be governed by the laws from time to time in force in New Zealand. All questions with respect to jurisdiction, validity, interpretation and performance of this Agreement and any such modifications or variations shall be determined according to the laws of New Zealand in force from time to time and shall be subject to the non-exclusive jurisdiction of the High Court of New Zealand.
- 10.8 **Partial invalidity:** If any clause or provision of this Agreement shall be, or shall be deemed to be, judged invalid for any reason whatsoever, such invalidity shall not affect the validity or operation of any other clause or provision of this Agreement except only so far as may be necessary to give effect to the construction of such invalidity.
- 10.9 **Conflict:** In the event of a conflict between the provisions of this Agreement and the Constitution, the provisions of this Agreement shall prevail.
- 10.10 **Counterparts:** This Agreement may be signed in any number of counterparts all of which taken together shall constitute one and the same instrument. Any party may enter into this Agreement by signing any such counterpart.

EXECUTION

HUNTLY TRUST

SIGNED by
SIR ROBERTSON HUNTLY STEWART
in the presence of

Signature

Witness signature

WARWICK WEBB

Full Name

CHRISTCHURCH

Address

MANAGER

Occupation

SIGNED by
ADRIENNE LADY STEWART
in the presence of

Signature

Witness signature

WARWICK WEBB

Full Name

CHRISTCHURCH

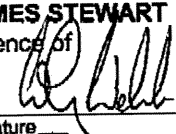
Address

MANAGER

Occupation

SIGNED by
MARK JAMES STEWART
in the presence of


Signature


Witness signature

WARWICK WEBB

Full Name

CHRISTCHURCH

Address

MANAGER

Occupation

ELLEN TRUST

SIGNED by
ADRIENNE LADY STEWART
in the presence of


Signature


Witness signature

WARWICK WEBB

Full Name

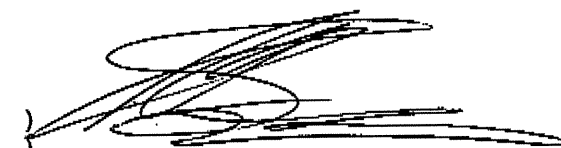
CHRISTCHURCH

Address

MANAGER

Occupation

SIGNED by
MARK JAMES STEWART
in the presence of


Signature


Witness signature

WARWICK WEBB

Full Name

CHRISTCHURCH

Address

MANAGER

Occupation

RHS FAMILY TRUST

SIGNED by
SIR ROBERTSON HUNTLY STEWART
in the presence of

Signature

Witness signature

WARWICK WEBB

Full Name

CHRISTCHURCH

Address

MANAGER

Occupation

SIGNED by
ADRIENNE LADY STEWART
in the presence of

Signature

Witness signature

WARWICK WEBB

Full Name

CHRISTCHURCH

Address

MANAGER

Occupation

SIGNED by
MARK JAMES STEWART
in the presence of

Signature

Witness signature

WARWICK WEBB

Full Name

CHRISTCHURCH

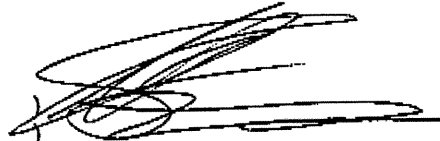
Address

MANAGER

Occupation

MASTHEAD

SIGNED for and on behalf of
MASTHEAD LIMITED
in the presence of



Director

Director/Authorised
Signatory

Witness signature

WARWICK WEBB

Full Name

CHRISTCHURCH

Address

MANAGER

Occupation

Note: If two directors sign, no witness is necessary. If a director and authorised signatory sign, both signatures are to be witnessed. If the director and authorised signatory are not signing together, a separate witness will be necessary for each signature.

SCHEDULE 1 – MASTHEAD CONSTITUTION

1. DEFINITIONS AND INTERPRETATION

- (a) In this Constitution, unless the context otherwise requires:

"Act" means the Companies Act 1993 as amended from time to time or any Act which replaces that Act.

"Company" means Masthead Limited.

- (b) In this Constitution, unless the context otherwise requires:

- (i) references to section numbers are to subsections of the Act;
- (ii) headings are for guidance only and shall not affect the interpretation of this Constitution.

2. SHARES

- (a) **Purchase of Own Shares:** The Company is permitted to purchase or otherwise acquire shares issued by it and it may also hold its own shares in accordance with the Act.

- (b) **Shareholdings:** Each of Huntly Trust, Ellen Trust and No. 1 Trust will hold 1 share in the Company, with such shares having the same rights and privileges attached to them.

3. DIRECTORS

- (a) **Duty of Directors:** A director of the Company is permitted to act in a manner which he or she believes is in the best interests of a shareholder or shareholders even though it may not be in the best interests of the Company.
- (b) **Number of Directors:** The number of directors of the Company must not at any time exceed four.
- (c) **Appointment and Removal:** Each of the Huntly Trust, Ellen Trust and No. 1 Trust may at any time by written notice to the Company appoint a director, or remove a director previously appointed by them and section 156 shall not apply.

4. BARE TRUSTEE

The Company is intended to have the function of holding the assets of a joint venture between the shareholders as a bare trustee only and the rights, powers and privileges of the Company are limited to the terms of the trust upon which those assets are held accordingly.

SCHEDULE 2 - RULES OF JOINT VENTURE BOARD

1. **Membership:** The Joint Venture Board shall comprise the persons appointed from time to time by written notice from a Party to the other Parties in accordance with Clause 5.3 of the Agreement and a Party may similarly remove its Representative from the Joint Venture Board.
2. **Chairperson:** The Joint Venture Board shall be chaired by the member appointed by the Joint Venture Board ("**Chairperson**"). If the Chairperson cannot attend any particular meeting of the Joint Venture Board, he or she may designate another person (who must be a member of the Joint Venture Board) to act as chairperson in his or her place.
3. **Frequency of Meetings:** The Joint Venture Board shall meet at such times as it shall determine but no less often than monthly. A meeting shall also be called upon the request of any member given in writing to the Chairperson of the Joint Venture Board.
4. **Notices:** Notice of meetings shall be given to all members by the Chairperson not less than 5 Business Days prior to the date of the meeting specifying the time, place and proposed business of the meeting. Such notice shall be given to the address specified by each Joint Venture Board member for that purpose (or if no address is specified, to the Party of which that member is a nominee). The meeting may deal with any business not specified in the notice of meeting provided that each participant is represented at the meeting by one or more nominees and no member present objects to the consideration of that business.
5. **Quorum:** No business shall be transacted at any meeting of the Joint Venture Board unless a quorum is present in person at the time when the meeting proceeds to business. Unless all Parties agree otherwise, the quorum for meetings of the Joint Venture Board shall be 3 voting members comprising at least one Representative of each Party.
6. **Adjournment:** If within half an hour of the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned for 5 Business Days at the same time and place and, if at the adjourned meeting a quorum is not present within half an hour of the time appointed for the meeting, the member or members (or his, her or their alternatives) present shall constitute a quorum.
7. **Voting:** Voting at any meeting of the Joint Venture Board shall be relative to each Party's Interest. The Chairperson shall have a casting or deliberative vote in the event of a voting deadlock on any decision of the Joint Venture Board (other than those matters which require the unanimous approval of the Parties).
8. **Written Resolutions:** A resolution in writing signed by each member of the Joint Venture Board (or their respective alternates) shall be as valid and effectual as a resolution passed at a meeting of the Joint Venture Board. Any such resolution may consist of several documents in like form each signed by one or more of the members of the Joint Venture Board. A facsimile message purporting to be sent by a voting member shall be deemed to be a document signed by such member for the purpose of this clause.

9. **Meeting by Telephone/Videoconference:** The contemporaneous linking together by telephone or other means of communication of a number of the members of the Joint Venture Board not less than a quorum, whether or not any one or more of the members is out of New Zealand, shall be deemed to constitute a meeting of the Joint Venture Board so long as the following conditions are met:

(a) all the members shall be entitled to notice of a meeting by telephone or other means of communication and to be linked by telephone or such other means for the purposes of such meeting. Notice of any such meeting may be given by telephone or other means of communication;

(b) each of the members taking part in the meeting must be able to hear each of the other members taking part at the commencement of the meeting,

and a minute of the proceedings at any such meeting shall be sufficient evidence of such proceedings and of the observance of all necessary formalities, if certified as a correct minute by the Chairperson or by another member.

10. **Matters Requiring Unanimity:** None of the matters referred to in clause 5.6 of the Agreement may be implemented or given effect to by the Joint Venture Board on behalf of the Parties unless it is consented to by all of the members of the Joint Venture Board present at a meeting of the Joint Venture Board (where such matter is considered).