



MEMORANDUM TO BENEFICIAL OWNERS

Shares in the Palmerston North Maori Reserve (“Trust”)

- Over the years as the Trust has developed and become more profitable Beneficial Owners have witnessed a substantial increase over that time in the value of your shares.
- Over this period of growth many Beneficial Owners have queried whether they have the ability to unlock the value in their shares by way of selling their shares or using their shares as security to secure borrowings.
- The starting point when considering this issue has always been the kaupapa of Te Ture Whenua Maori Act 1993 (“the Act”), that is land is taonga tuku iho of special significance and to promote the retention of land in the hands of its owners, their whanau and their hapu.
- A share in the Trust is considered in the same light as if the your name was on the Title to the land and the same restrictions apply in the event you wish to alienate your share.
- Your share can only be offered to and received by a person that sits within the definition of preferred class of alienee. This is defined pursuant to the Act as:
 - Children and remoter issue of the alienating owner;
 - Whanaunga of the alienating owner who are associated in accordance with tikanga Maori with the land;
 - Other beneficial owners of the land who are members of the hapu associated with the land;
 - Trustees of persons referred to above; and
 - Descendants of any former owner who is or was a member of the hapu associated with the land.
- Any financial institution that were to use the shares as collateral would also need to understand the alienation provisions of the Act which are prohibitive in that the ability to sell the shares is limited.

- The shares are closely held and cannot be alienated to any person outside of the preferred class of alienee. They are not like shares in any other type of investment such as a share in a public company for example. It is a limited market governed by the legislation.
- However, in the event that a sale is negotiated as between the parties with the purchaser being within the classification of preferred class of alienee as defined by the Act the next step is for the sale to be approved by the Maori Land Court.
- This requires the seller to apply to the Maori Land Court and the Maori Land Court will consider the alienation in a very thorough investigation and if it is satisfied it will issue an order accordingly.
- The Maori Land Court in its determination takes care to ensure that a whanau is not being disinherited of its future rights. This is a fundamental difference with say a share in a listed company and the Trust as there is no open market place for the trading of shares which signifies the importance placed by the Maori Land Court on the ownership of the shares and reflects the kaupapa of the Act.

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