



TE URI O HAU SETTLEMENT TRUST

All contents embargoed until midday, Tuesday 16 October 2012

TE ARAI ANNOUNCEMENT

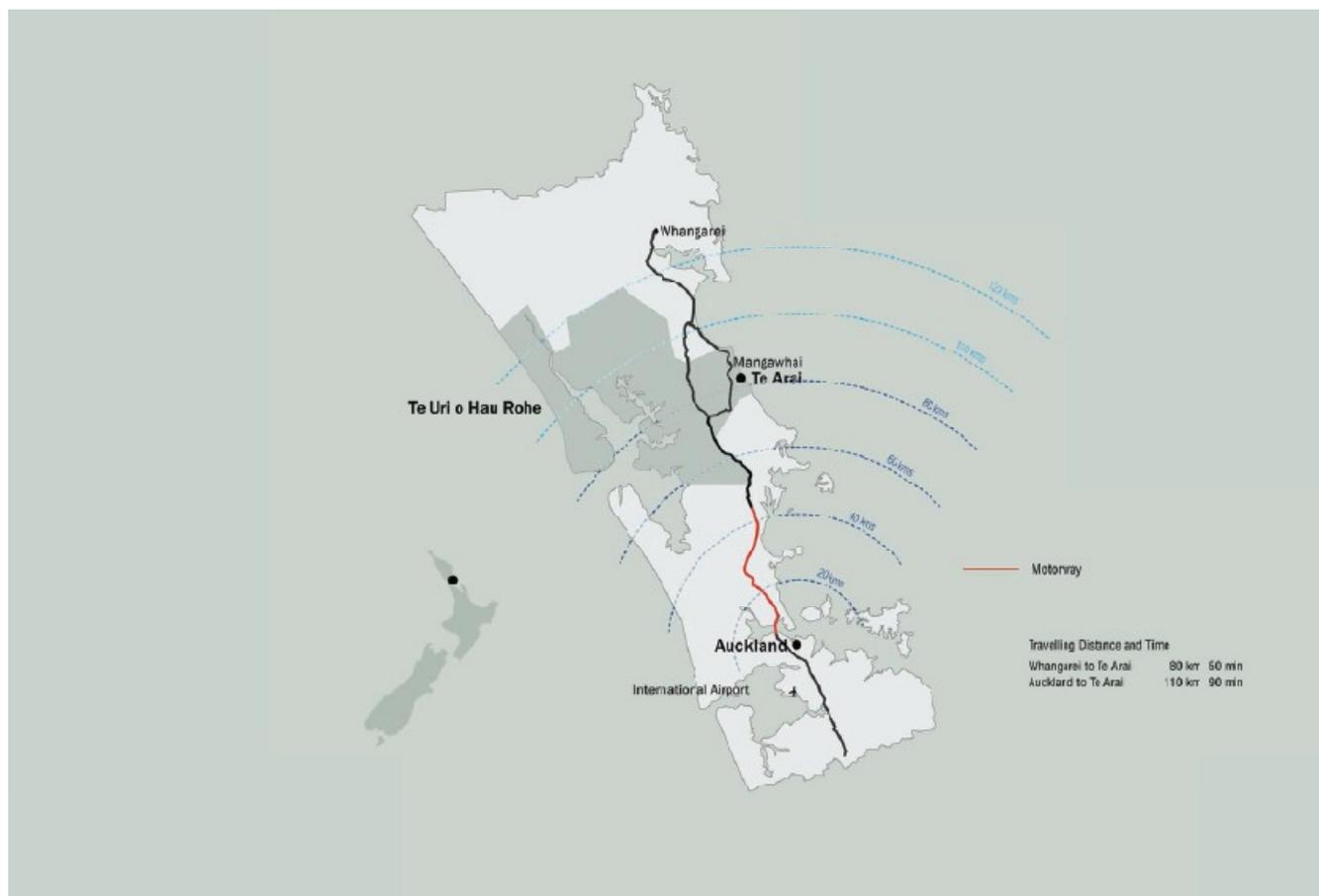
KEY POINTS

- ◆ A championship quality 18 hole links golf course within 90 minutes drive of Auckland attracting international visitors to the region.
- ◆ Conservation trust to protect endangered shorebirds.
- ◆ Protection of dunes, revegetation with indigenous flora, and protection of wetland areas.
- ◆ Remaining area of forest to include 45 lot development (no building visible from the beach) and recreational facilities and possible coastal reserve.
- ◆ Economic benefits for Te Uri o HAU and Mangawhai in the form of jobs and income.

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Map 1

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Media release

Embargoed until midday, 16 October 2012

Hapu unveils world-class golf course near Auckland

Northland hapu Te Uri o Hau has successfully negotiated for a world-class golf course to be built at the northern end of their 616 hectare forest adjoining Te Arai beach, 90 minutes drive north of Auckland between Pakiri and Mangawhai.

Currently a commercial pine plantation, trees have already been felled to enable earthworks for a links course designed by Tom Doak, one of the world's most respected golf course architects. Doak designed the spectacular Cape Kidnappers course in Hawkes Bay, rated among the world's top 100 courses. The aim is to develop a course at Te Arai with a similar rating.

Te Uri o Hau negotiated for around 230 hectares of the forest, which the hapu acquired as a commercial asset as part of its Treaty settlement in 2002, to be bought by Los Angeles financier and golf enthusiast Ric Kayne and his wife Suzanne.

The Kaynes will finance the construction of a championship standard private links course and associated facilities. The purchase of up to 230 hectares of land has Overseas Investment Office approval, subject to a number of conditions. These include extensive replanting of the area and establishment of a trust to help fund increased surveillance and protection for nesting shorebirds in the adjoining dunes and beach area.

The project will bring increased spending and jobs to the area. Developing the course initially is estimated to add some \$5.9 million into the local economy and subsequently contribute about \$3.5 million per year, partly through increasing tourism to the area as golfers are drawn to the new Tom Doak course. The project is expected to support over 30 jobs, which will include employment for members of Te Uri o Hau.

Ric Kayne, a frequent visitor to New Zealand, says it was difficult to find land close to Auckland that was ideally suited to an ocean-links style golf course.

“With its existing natural shape, free draining sand base, and glorious vistas over the ocean and islands, this land has all of the required attributes to create a truly world renowned course and significantly enhance New Zealand's already growing reputation as a great international golf destination.

“We intend to treat it with great respect, and regard it as a privilege to have this opportunity to work with Te Uri o Hau and the local community.”

ENHANCED PROTECTION FOR SHOREBIRDS

Te Uri o Hau chief executive Deborah Harding said that not only will the agreement with the Kaynes create a world-class golf course near to Auckland, but is also paving the way for the establishment of a conservation trust which will significantly boost resources for the protection of endangered shorebirds.



“Ric Kayne has committed to establishing a trust, and the golf course will host an annual charity event to raise additional ongoing funds for the trust.

“This is significant for the environment at Te Arai. To the north of the forest is the Mangawhai Wildlife Reserve, which is home to threatened shorebird species such as the fairy tern and the New Zealand dotterel.

“An extensive habitat restoration program for threatened foreshore birds is a key component of the project. The existing over-mature pines on fore-dunes are being replaced with endemic native species typical of the more open habitat favoured by endangered foreshore birds, such as the fairy tern and New Zealand dotterel. There will also be an active programme to reduce predator numbers.

“One million dollars is to be spent on revegetation using appropriate indigenous plant species. Initial funding for the conservation trust will come from a \$100,000 donation from Ric Kayne. Ongoing funding will be sought from various sources, and will include proceeds from a special golf tournament held each year specifically to raise funds for seabird protection at Te Arai.”

Chair of the Te Uri o Hau Settlement Trust Mihi Watene said that protecting cultural heritage has also been pivotal to the golf course’s design.

“The discovery of two midden sites has been inspected by archaeologists and local kaumatua. It will be included as a place of natural character and site of significance for Te Uri o Hau. In addition, significant measures will be introduced to protect and enhance the environment at Te Arai, including substantial restoration of the dunes and a wetland area.

“We remain on course for developing recreation facilities and 45 one to two hectare residential lots in the remaining 390 hectares of forest under existing rights confirmed by the Environment Court. There is also the possibility of exchanging or selling part of the remaining land as a conservation reserve.

“Today’s announcement is momentous for the hapu and the local community. We are proceeding with a development which will benefit the local and regional economy, providing employment opportunities, creates a world-class golf course near to Auckland, and also includes considerable investment in the environment.”

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Passion for NZ drives investment in world-class golf course

Ric and Suzanne Kayne's decision to create a world class golf course overlooking the Pacific Ocean at Te Arai is driven by a 20 year love affair with the country, beginning with golf, reinforced by cruising the coasts of New Zealand with their family and culminating in a desire to invest, create an outstanding golf course, and spend more of their lives here.

They were impressed by what American Julian Roberston had achieved with his outstanding resort golf courses at Cape Kidnappers and Kauri Cliffs, by starting with the right piece of land and making a commitment to absolute excellence, while preserving and enhancing the environment.

"Both those ocean-front courses rate in the top 100 in the world - a spectacular achievement for a small country - and they attract wealthy golf tourists to New Zealand with many flow-on benefits to the country," says Ric Kayne.

"We also became good friends with the developer of the Britomart urban waterfront precinct, Peter Cooper, who has painstakingly created the superb Mountain Landing waterfront development in the Bay of Islands where he has planted hundreds of thousands of native trees and restored wetlands as key elements of the project. We intend to take a similar approach at Te Arai, where pines are being logged at the moment, to ready the land for some gentle landscaping and extensive planting to restore the most appropriate native species on various parts of the property.

"Through a trust which we will establish and fund, we will be working with the Department of Conservation on the monitoring and control of predators that endanger nesting shorebirds on the adjoining dune and beach areas, and we will be contributing labour and finance to ensure that programme creates a far safer environment for fairy terns and dotterels in particular.

"Not only is this in accord with our approach to this land, but international golf tourists want to discover a beautifully maintained course which not only provides challenging and enjoyable golf, but is set in a pristine natural area that showcases the best a country has to offer. They most certainly do not want to spend their leisure time somewhere that has been despoiled to build a golf course."

Mr Kayne said it had been difficult to find such an opportunity existing so close to a major city and airport, a site he found after years of searching.

"I am fortunate that I do not have to be concerned whether the course makes money – as an ardent golfer, simply the opportunity to work with Tom Doak and create a truly outstanding course in a beautiful environment will be reward enough."

Doak, designer of the Cape Kidnappers golf course, has already completed the design for the Te Arai course, and has been delighted to find that the natural land contours are such that landscaping requirements will be minimal, and that while many parts of the course will have magnificent ocean views, much of the course will not be visible from the beach below, nor will any of the associated buildings.



As well as preserving natural contours to the maximum possible extent, the focus will be on using natural materials, such as local sand, stone and timber, and replacing the native species that would have existed before the pine plantation was planted.

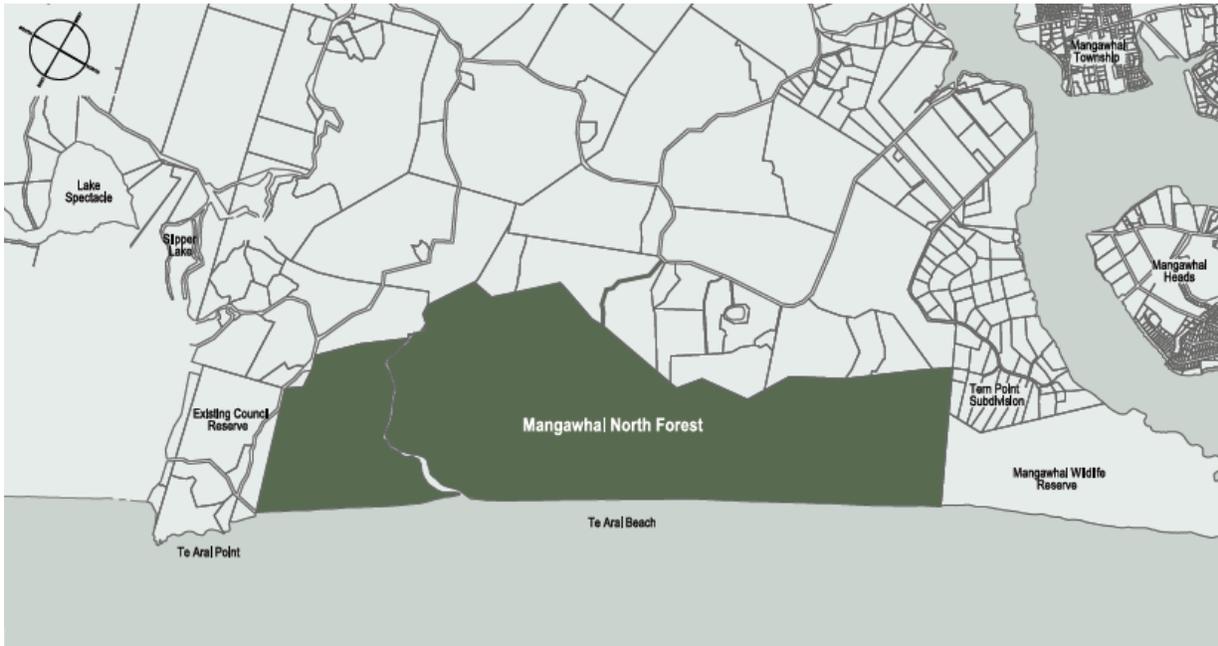
Ric Kayne has long since lost count of the number of times he and Suzanne have flown to New Zealand as tourists and golfers. “The time zones make it a particularly easy trip from the West Coast of the United States, because you can board a plane in the evening and be in Auckland in the morning.

“However, we have also spent a good deal of time around the beautiful coasts of New Zealand aboard large vessels which we have owned successively over the years, and have had major refit work done on them at Whangarei. Our current vessel, Suri, is in the professional management of an Auckland company.”

The Kaynes are well known in the charity field in Los Angeles, where Ric is chairman of Kayne Anderson Capital Partners, which specialises in international finance for clients in the energy field.

Both the firm and the Kayne family are substantial backers of projects in education, health and mental health and the arts.

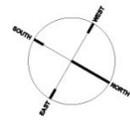
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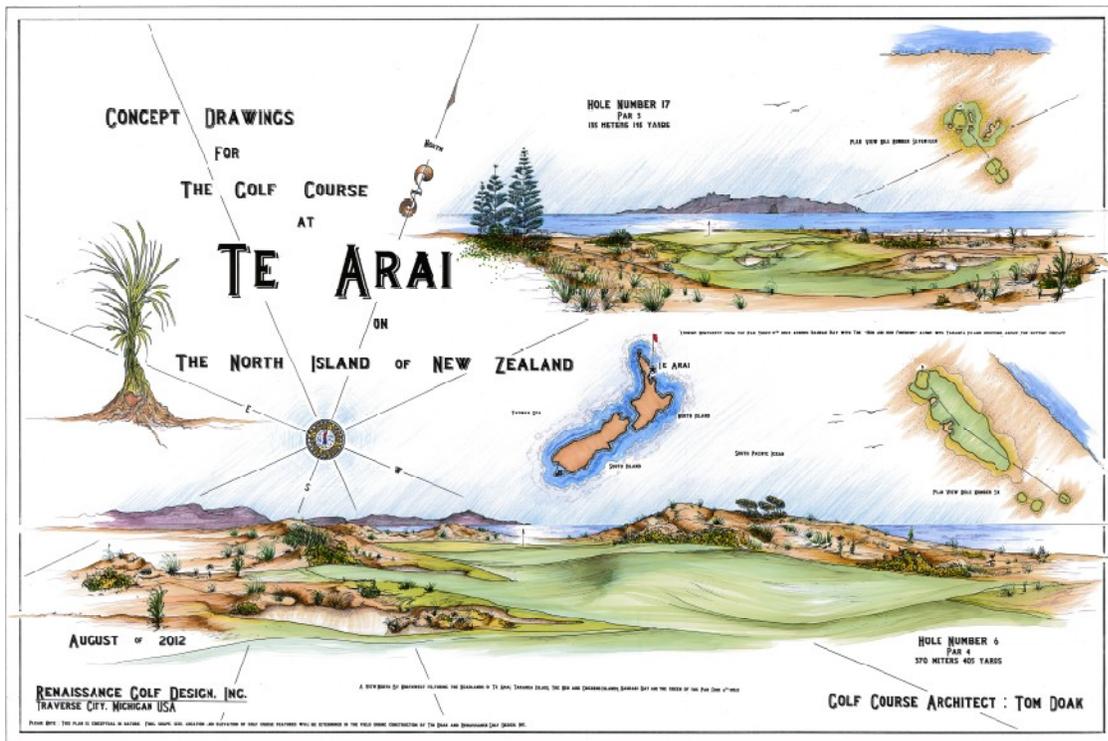
Map 2

Mangawhai North Forest

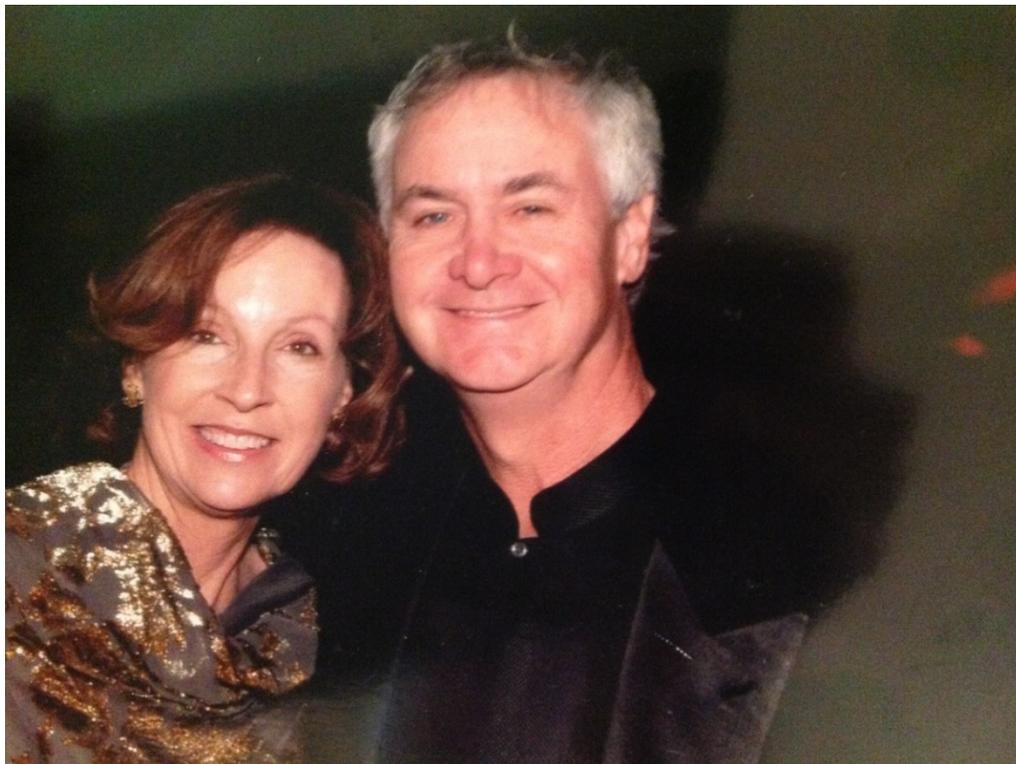
- Existing Pine Forest
- Area for Golf Course and Conservation Buffer
- Existing Public Access



Map 3



Concept drawing of golf course showing views from the 17th tee.



Picture 1: Los Angeles financier Ric Kayne (right) and his wife Suzanne



Picture 2: View from Te Arai Point towards Mangawhai Heads, Mangawhai North Forest on left



Picture 3: Inside the Mangawhai North Forest where the golf course will be constructed



Picture 4: View of Hen and Chicken Islands will be visible from parts of the proposed golf course site.



Picture 5: Cleared forest for golf course site



Picture 6: Extensive planting will be carried out to enhance the dune areas alongside the northern forest areas overlooking Te Arai beach.



Picture 7: Chair of the Te Uri o Hau Settlement Trust Mihi Watene



Picture 8: Te Uri o Hau chief executive Deborah Harding



Te Arai - Background information

Mangawhai North Forest

In 2002, Te Uri o Hau and the Crown concluded a Treaty of Waitangi settlement which included the hapu's purchase of the 616 hectare Mangawhai North Forest at Te Arai. The land was sold by the Crown at market price as a commercial asset with recognised "highest and best use" development potential under the settlement.

Historically, the area was a summer fishing settlement – a resource-base – for Te Uri o Hau. Following colonial settlement, large amounts of land were alienated from the hapu. The Te Arai area itself was developed into farmland. Prior to the land being purchased by Te Uri o Hau, it was developed into a production pine forest, owned by the Crown but leased to forestry company Carter Holt Harvey. The lease was purchased by Te Uri o Hau at an additional cost.

Continuation with a third rotation of pine plantation was not economically viable or environmentally sustainable. Extensive studies on various land use options were considered over the past five years ranging from a new coastal settlement through to recreation and conservation uses. Intensive residential development options were opposed by local groups keen to preserve Te Arai's remote feel and protect shorebirds. The hapu is developing only 45 residential lots, including limited visitor accommodation, alongside a world-class golf course over an area of 616 hectares. The hapu is also proposing an option which could see up to 150 hectares of the forest being exchanged or sold to a public agency.

Golf Course

The golf course will comprise a championship grade, world class golf course, together with a club house and ancillary buildings, and a single dwelling. The land is ideally suited for a world class links-style golf course due to its natural terrain, free draining soil for year round play, and magnificent views.

It will create a world-class course within 90 minutes drive of Auckland of similar quality to Kauri Cliffs and Cape Kidnappers.

The golf course has been designed by noted United States golf course designer Tom Doak, who has developed four courses ranked among the top 100 in the world, including Cape Kidnappers in Hawkes Bay.

Design aspects will help to improve the environment. Doak is known as a 'minimalist' designer who focuses on concentrating his designs around the natural features of the land. The golf course will use, where possible, natural materials sourced on the land, such as local stone and pine timber milled on the property. Exotic pine trees will be removed and replaced with native vegetation. A wetland will be restored. Substantial use will be made of the existing contours of the land.



The golf course design intends to remove most of the exotic tree cover on the land, replant the dunes in native species and undertake significant replanting with native species in areas not utilised primarily for the golf course activity. Initially 30 hectares of re-vegetation (being 24 ha of duneland planting and 6ha of wetland planting) will be undertaken. The re-vegetation planting will include planting of the areas immediately adjacent to the Mangawhai Wildlife Refuge to the north of the golf course, the wetland and the buffering of the land from adjoining farmland. It is anticipated that approximately 240,000 native duneland species will be planted in the 24 ha of duneland, 15,000 native wetland species planted in 6ha of wetland and 160,000 native grassland species in the additional 16 ha.

Conservation Trust

Ric Kayne, the American financier and golf enthusiast who is establishing the golf course, is establishing a conservation trust to fund initiatives to protect shorebirds and the environment. The trust will be seeded with \$100,000 funding from Mr Kayne. Further funding is likely from other sources. Mr Kayne will host an annual golf charity event to raise funding for the trust to help fund the ongoing costs of the conservation initiatives. The trust will significantly increase resources available for predator control and other measures.

Remaining forest

Under an Environment Court ruling, Te Uri o Hau is permitted to apply to develop 45 one to two hectare residential lots in the forest in addition to the golf course. These will be sited in the forest and will not be visible from the beach. Up to 150 hectares of the forest could be exchanged or sold to a public agency for conservation purposes. This could include the area around the Te Arai Stream, which is an important habitat for birds in the area, and adjoins an existing 76 hectare council-owned reserve at Te Arai Point.



Te Uri o Hau

Te Uri o Hau is a Northland hapu with currently over 7000 members from the Northern Kaipara region. The tribal groups of Te Uri o Hau include Ngai Tahuu, Ngati Tahinga, Ngati Rangi, Ngati Mauku, Ngati Kauae, Ngati Kaiwhare and Ngati Kura.

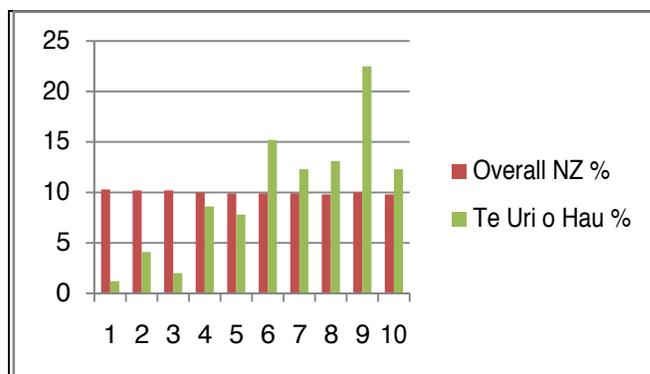
Te Uri o Hau arrived on the ancestral waka Mahuhu Ki Te Rangi around 1250 AD, landing at Taporapora on the shores of the Kaipara Harbour. Over the centuries, the hapu maintained control of the Northern Kaipara and Te Taou in the South. Colonisation in the 1800s led to illegal and unauthorised land sales and the loss of much of Te Uri o Hau's ancestral lands and resources, its economic base and its cultural taonga, leading to severe socio-economic impacts.

Since the settlement of its Treaty of Waitangi claim in 2002, Te Uri o Hau has been undertaking a variety of cultural, community, environmental and commercial activities aimed at delivering a self-sufficient, sustainable and prosperous future for all its members. The hapu, however, remains highly disadvantaged in terms of socio-economic status compared to the rest of New Zealand.

2006 Census Results - NZ Index of Deprivation 2006

1= least deprived 10=most deprived

Deprivation Index	Overall NZ %	Te Uri o Hau %
1	10.3	1.2
2	10.2	4.1
3	10.2	2.0
4	10.0	8.6
5	9.9	7.8
6	9.9	15.2
7	9.9	12.3
8	9.8	13.1
9	10.0	22.5
10	9.8	12.3



The proposed development at Mangawhai is intended to assist Te Uri o Hau in lifting the socio-economic status of its members by creating more jobs and providing an economic return on land purchased as a commercial asset, while ensuring the protection of significant environmental areas.



Questions and Answers

Q: How will a golf course enhance the environment?

The golf course will establish a 200 hectare buffer between the areas of public use of the forest and the Mangawhai Wildlife Reserve, which is where shorebirds, like the fairy tern, breed and nest. An extensive habitat restoration program for threatened foreshore birds is a key component of the project. The existing over-mature pines on fore-dunes are being replaced with endemic native species typical of the more open habitat favoured by shorebirds. The existing forest is also host to a variety of pests – rats, hedgehogs, cats, mustelids, and possums – who prey on shorebirds. The predator control programme will target these species. Meanwhile beach users will retain the unspoilt feel of Te Arai, as the golf course and buildings will not be visible from the beach. There will be a single access road into the forest and none through the golf course to the beach.

Q: What sort of economic benefits will the golf course bring?

A: According to economic analysis prepared for the application to the Overseas Investment Office, developing the course will contribute around \$5.9 million in value added to the regional economy. Longer term, it will contribute \$3.5 million per annum to the region per year and support over 30 jobs, including employment opportunities for members of Te Uri o Hau. For a small economy at Mangawhai, this is a considerable investment.

For the wider economy, the development brings a world-class golf course to within 90 minutes drive of central Auckland. The more courses of this nature which New Zealand can build, the greater will be the interest from international visitors keen to play a variety of golf courses of the highest quality.

Q: Where will the access to the golf course be?

A: There will be a short access road to the club house off the existing Black Swamp Road on the landward side of the forest. There will be no road access to the beach through the golf course.

Q: Who can play at the golf course?

A: The golf course will be privately owned and controlled. A club will be formed with membership rules. In general, the only people who will be entitled to play at the new course will be members and their guests. The club may also decide to allow non members to play on payment of a fee - that is yet to be decided. There will be an annual open day, when anyone can pay to play, and the proceeds will be given to the shorebird protection trust.

Q: When will the new course be finished?

A: Pines have been felled and various consents applied for. The aim is for the course to be opened in 2014.

Q: Where will water come from to maintain the areas planted in grass?

A: More than adequate water can be obtained from the property itself, using bores. Also the course design is using a variety of grass that requires about 20% less water than more conventional grasses.

Q: Who currently owns the Mangawhai North Forest?



The forest land was purchased by Te Uri o HAU which then formed a joint venture – Te Arai Coastal Land Trust – with other investors and Darby Partners who provided capital and expertise for the development of the site.

Q: Why is Te Uri o HAU selling its land to a wealthy foreigner?

A: Te Uri o HAU offered its land for purchase to public bodies to keep the land in New Zealand (and public) ownership. Both the Department of Conservation and the-then Auckland Regional Council rejected the offer. No other New Zealand buyers have emerged. Ric Kayne's purchase of around a third of the forest – 230 hectares out of 616 hectares in total - enables the hapu to proceed with a development, envisaged at the time of settlement 10 years ago, which will generate a greater economic return than would a commercial forest. The remaining area will be retained by the hapu where it will develop 45 one to two hectare lots for further sale. The hapu has also proposed an option which could see up to 150 hectares of the forest being transferred or sold to a public agency.

Q: Who uses the forest?

A: Currently, it is a commercial pine forest but it has been used by locals for recreation purposes - walkers, hunters, and horse riders. Trail bike riders have used the forest without permission. All can access the Mangawhai Wildlife Reserve, where most of the shorebirds nest, which adjoins the forest at its northern end.

Q: How will Te Arai beach be protected?

A: The 45 lots and golf course will be subject to applicable environmental planning standards and be located in the forest set back from the beach, and behind the dunes. No building will be visible from the beach. Te Arai beach will retain its unspoilt feel.

The conservation trust will significantly increase funding for conservation measures employed at Te Arai, improving the prospect of rebuilding threatened shorebird species and planting native species. If the proposed new reserve area was to proceed, it would significantly increase the public reserve and area at Te Arai Point, augmented by environmental enhancement through native revegetation and protection of the area. Te Uri o HAU is restoring and protecting a wetland area in the Mangawhai North Forest.

Q: How will the development impact on the endangered birds?

A: The establishment of the conservation trust will provide for a significant increase in resources for shorebird and environmental protection.

Outside of the DoC wildlife refuge to the north of Te Arai, shorebirds (other than fairy tern) nest in the dunes principally near the Te Arai Stream mouth – the parts which Te Uri o HAU has proposed to transfer to the Council to create a reserve, protecting those areas.

The new residents resulting from the low scale development of 45 homes will be able to assist community protection efforts to deter activities and persons undertaking those activities which threaten shorebirds. Establishing a golf course creates a 200 hectare buffer to the south of the Mangawhai Wildlife Reserve. Activities which pose a risk to nests and shorebirds will not be permitted in the forest.

Q: Why have previous development proposals attracted opposition?



A: Proposed coastal developments usually attract opposition from existing residents and users of coastal areas who oppose change to the status quo or are concerned by environmental impacts. This is the case with Te Arai. The development is not on the beachfront, is small scale, and is set back within an existing commercial forest, and involves significant environmental enhancements.

Q: What financial gain will TUOH see?

The purchase amount is confidential but the proceeds from the overall development will provide a significant improvement to the hapu compared with returns from forestry. There will also be considerable ongoing benefits from the running of the golf course, employment and spending in the local area.

Q: How long has the hapu owned this forest alongside Te Arai beach and why did it buy it?

A: The hapu purchased this land 10 years ago as a commercial asset. It was acquired from the Government in 2002, as part of Treaty reparations, on the clear understanding that it would be re-developed on a commercial basis and on sold.

Q: Why has it taken 10 years to do this?

A: Te Uri o Hau purchased an existing commercial pine forest. Given the zoning of the land, it was apparent that a low-density residential development offered a much better financial outcome than replanting the forest on maturity. The hapu has considered various development concepts which have not been accepted on the grounds that they proposed an unacceptable number of building sites. The successful negotiation of the sale of the golf course land to Ric Kayne has been the breakthrough, and will assist in resolving the future of the whole forest area.

Q: Why is a golf course preferable to replanting the pine forest from an economic point of view?

A: The pine forest is not economic in terms of its commercial return. Te Uri o Hau is not investing in a golf course itself but Mr Kayne has the resources, as well as the commitment, to build and operate a private golf course of world standard and with significant environmental safeguards. Substantial money will be spent in the local community during the construction phase and in the subsequent operation and maintenance of the facility, and by visiting international golfers and their friends and families. It will create more jobs than a forest. And with replanting and restoration of sand dunes and wetlands, it will be better for the environment.

Q: What guarantee is there that any of these things will happen once the land is in private ownership?

A: In approving the sale of the land to Mr Kayne, the Overseas Investment Office has imposed a number of conditions. They include a requirement for the golf course and associated facilities to be developed. They also include a requirement for the applicant to establish and fund a Trust and to work with the Department of Conservation to protect areas of ecological value, and on pine removal, revegetation, weed and pest control, and measures to offer increased protection to nesting shorebirds.