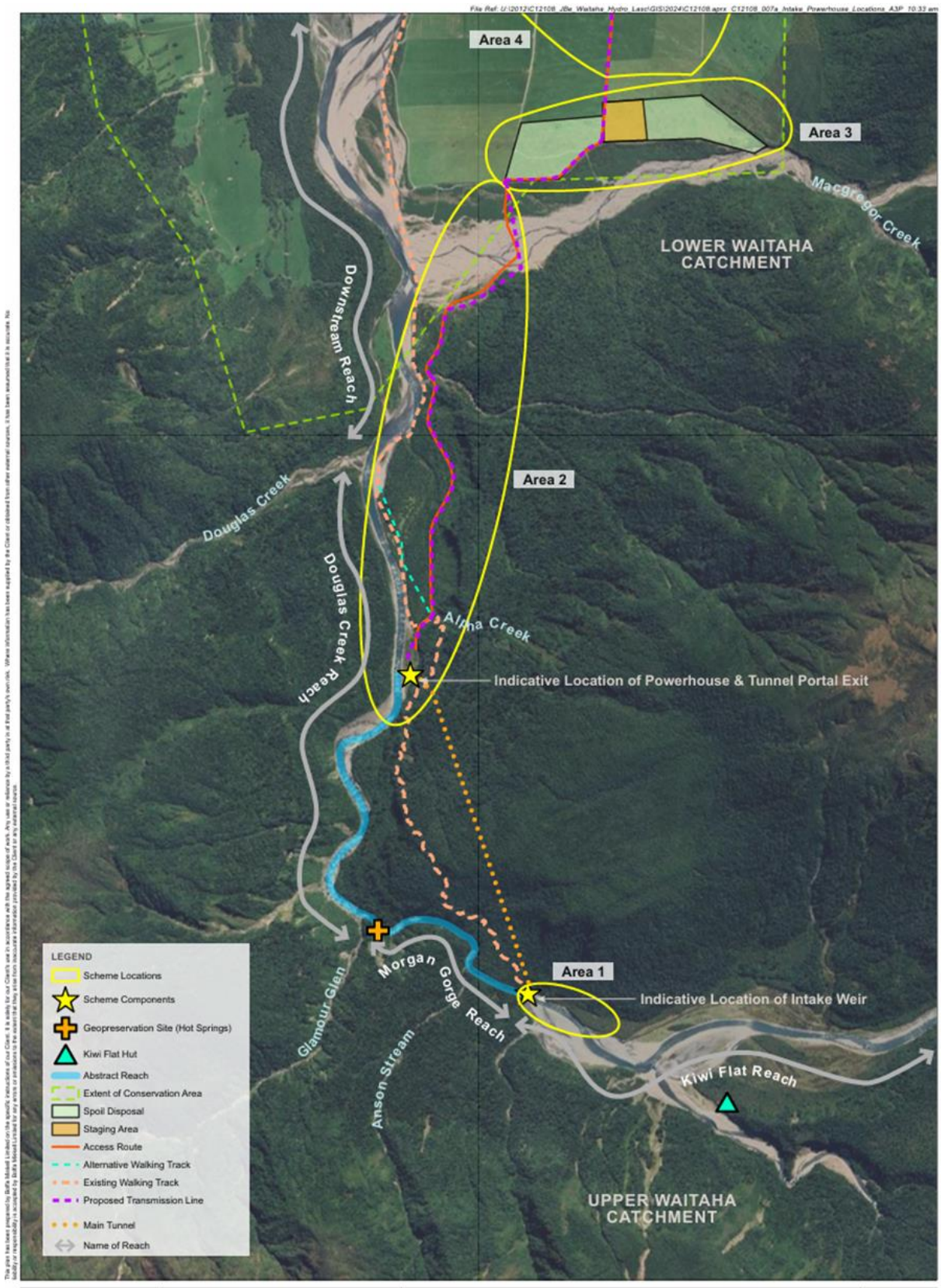
Valuation Report

Waitaha Hydro, Westland District

Valuation Date	1 February 2026
Inspection Date	9 December 2025
Client	Westpower and Electronet Group


Area 4
Area 3
Area 2
Area 1
LOWER WAITAHA CATCHMENT
UPPER WAITAHA CATCHMENT
Macgregor Creek
Downstream Reach
Douglas Creek
Douglas Creek Reach
Alpha Creek
Indicative Location of Powerhouse & Tunnel Portal Exit
Indicative Location of Intake Weir
Glamour Glen
Morgan Gorge Reach
Anson Stream
Kiwi Flat Reach
LEGEND
Scheme Locations
Scheme Components
Geopreservation Site (Hot Springs)
Kiwi Flat Hut
Abstract Reach
Extent of Conservation Area
Spoil Disposal
Staging Area
Access Route
Alternative Walking Track
Existing Walking Track
Proposed Transmission Line
Main Tunnel
Name of Reach
Boffa Miskell
www.boffamiskell.co.nz
0 360 m
1:15,000 @ A3
Data Sources: Google, Westpower, LINZ Data Service
Projection: NZGD 2000 New Zealand Transverse Mercator
WAITAHA HYDRO
Waitaha Project Area Envelope: Intake & Powerhouse Locations Plan
Date: July 2025 | Revision: 2
Plan prepared for Westpower Limited by Boffa Miskell Limited
Project Manager | Drawn | Checked
Figure 8A
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Contents

Appendices

1 Executive Summary

1.1 Waitaha "Run of the River" Hydro Electricity Scheme

ANNUAL MARKET RENTAL AND ROYALTY SUMMARY

This valuation relates to land (stewardship land/marginal strip) held under the Conservation Act 1987 and how 'market value' should be assessed. The status of the land under the Conservation Act has been expressly considered and accounted for in the preparation of this valuation. This valuation involves land associated with Areas 1 and 2, and the proposed tunnels, as depicted on the aerial photo-based plan at page 3. The registered valuer will determine the market value of the Concession Activity carried out on the Land having regard to the matters in Section 17Y of the Conservation Act 1987.

Our market rent and royalty assessment, is summarised as follows:

Compensation Summary

Component	Concession Rights	Land Area (ha)	Market Rent & Royalty Rev %	Compensation (Annual Amount)
Hydro Power Scheme Structures - Land Occupation Rights	Lease/ Licence	5.8		[redacted]
Road and Transmission Line Easement	Easement	16.12		[redacted]
Total Compensation for Land Rights Acquired		**21.92**		[redacted]
Royalties Added Value of Potential			[redacted]	[redacted]
Overall Compensation			[redacted]	[redacted]
Total Compensation (Royalties and land rent)		**Adopt**	[redacted]	[redacted]

The total revenue-based concession fee is assessed at [redacted].

The above revenue indication and total compensation amounts should be treated as indicative only, as these are based on the projected generation and earlier researched electricity price expectations, relative to 2030.

PROJECT DESCRIPTION

Brief Description

Proposed Waitaha Hydro Project - a "run-of-river" scheme to divert up to 23m³/s of water from the Waitaha River, above Morgan Gorge, through an approximate 1.5km penstock tunnel, down to a Power Station located below Morgan Gorge. The Power Station will comprise two turbines and generation equipment with an installed peak output of 23MW and generation of between 120 and 140 GWh per year. The diverted water from the Power Station will then return to the Waitaha River. The scheme will include a 2.2km long access road corridor including a 66kV electricity transmission line, this to occupy Stewardship Land administered by the Department of Conservation which will affect or potentially affect some marginal strips.

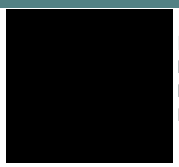
Key Components

Approximate land areas associated with this scheme are now summarised:

Key Land Components	Land Area (ha)
Proposed hydro electrical "run of the river" development	
Intake and Headworks	0.3
Power Station	0.7
Penstock and Access Tunnel	4.8
Total Structural Land	**5.8**
Roading and Transmission Line Easement	
Road and Power Corridor	2.48
Easement Injurious Affection Area	13.64
Total Road and Power Affected Land	**16.12**
Total Area	**21.92**

SIGNATORIES

Principal Valuer



Mike Penrose | VPU, Dip VPM, AMINZ, FNZIV
Registered Valuer
Director - Valuation & Advisory Services
Property Inspection - Yes | Job Involvement - Valuation & Analysis

Conditional Terms

This summary must not be acted on in isolation and must not be read independently of the valuation report in its entirety. This valuation and summary are subject to all content, assumptions, disclaimers, qualifications and recommendations in the report. The report is prepared for the use of and reliance by the Reliant Party only and limited only to the Purpose specifically stated. No responsibility is accepted or assumed to any third party for the whole or any part of the report.

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Market Risk Comment

Global Economy Risks

Global markets remain under pressure from heightened economic uncertainty stemming from the ongoing trade tensions between the United States and its trading partners. Earlier in 2025, the US imposed tariffs of 10% on New Zealand exports, later raised to 15%, disrupting trade flows and supply chains. While we have seen a partial rollback on key agricultural tariffs (notably beef and kiwifruit), residual tariffs remain, sustaining volatility and downside risks to global demand. Global interest rates trended downward in 2025, but the longer-term outlook is clouded by geopolitical tensions and fiscal instability. These developments present ongoing downside risks to New Zealand's economic activity and inflation trajectory.

Local Economy Risks

On 26 November 2025, the Official Cash Rate (OCR) was reduced by 25 bps to 2.25%, following a 50-bps reduction on 8 October to 2.50%. The Reserve Bank of New Zealand signalled that this marks the end of its easing cycle, with future moves dependent on medium-term inflation and economic conditions. While inflation remains at the top of the 1–3% target band, it is forecast to ease toward 2% by mid-2026, supporting a gradual recovery in growth and the labour market.

Commercial Property Sector Risks

Transaction volumes were at historical lows throughout 2024, following similar subdued conditions in 2022–2023. Through 2025 and into 2026, general market sentiment has improved, and activity has increased, driven largely by lower mortgage rates. However, this nascent transactional activity remains uneven across regions and sectors. Structural challenges persist in some markets, and for larger-scale properties and assets reliant on international capital. While lower interest rates may support selective transactions, economic uncertainty continues to weigh on investor confidence.

Market Risk Summary

Our conclusions in this report are based on data and market sentiment as at the date of valuation. Experience has shown that market behaviour can rapidly change during periods of volatility. Given the current economic uncertainty, it is recommended that Reliant Parties review this valuation periodically.

2 Scope of Work

2.1 Instructions

Key Constituents	
Clients	• Westpower • Electronet Group Other than the client or addressee, the report may not be relied upon by any third party. We accept no liability to third parties. Written consent is required for any third party wishing to rely on this report. We reserve the right to withhold that consent, or to review the contents of the report if consent for third party use is sought.
Instructing Party	Jon Bright.
Other Intended User	• Department of Conservation (DOC) • Fast Track Approvals Panel
Intended Use	Market Valuation – Combined annual sum payable as rent and royalty for the proposed occupation of stewardship land and activities on or potentially on marginal strips also administered by the Department of Conservation.
Asset Valued	Long term land occupation under a mix of license, lease and easement agreements, associated with the proposed Waitaha Hydroelectricity scheme, Westland District.
Basis of Valuation	Annual market (fair) concession fee under the Conservation Act, representing the combined rent and royalty compensation payment for proposed land occupation rights associated with the proposed concession activity.
Date of Inspection	9 December 2025
Date of Valuation	1 February 2026
Date of Report Issue	5 February 2026
Valuation Currency	All dollars quoted in this report are NZD.

2.2 Market Value Definition

IVS Market Value Definition

In accordance with the International Valuation Standard, the definition of market value is:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

In accordance with the International Valuation Standards (IVS), the definition of Market Rent is:

"Market Rent is the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

2.3 Industry Practice

Report Format

Our valuation has been prepared in accordance with International Valuation Standards (effective 31 January 2025) and Guidance Papers for Valuers and Property Professionals published by the Australian Property Institute (API) and New Zealand Institute of Valuers (NZIV).

Valuer Declaration

We hereby certify that Mike Penrose is suitably qualified and authorised to practise as a valuer; does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the property; and accepts instructions to value the property only from the Responsible Entity/Instructing Party.

I have previously provided advice and acted for Department of Conservation, most recently in respect of their Easement Fee Concessions manual in 2022 and Westpower has disclosed my engagement to the Department. I have not been engaged by the Department before in relation to the Waitaha River area or other areas addressed in this report

2.4 Reliance and Confidentiality

Reliance Period

CBRE policy requires that reports cannot be reassigned for any purpose beyond 3 months from the date of valuation. We do not assume any responsibility or accept any liability in circumstances after the expiration of 3 months from the date of valuation, or such earlier date if the Client or Intended Users become aware of any factors that have any effect on the valuation.

Confidentiality

The Client acknowledges and agrees that all material or documents created by CBRE in providing the Services are provided for its benefit and the purposes set out in the Report and may not be relied on by anyone other than the Client and named Intended Users.

No responsibility is accepted or assumed to any third party who may use or rely on all or any part of the content of this valuation.

Any valuation service is confidential as between CBRE, the Client and any Intended Users as specifically stated in the valuation advice/report. Neither the whole of the report, nor any part of it, may be published in any document, statement, circular or otherwise by any party other than CBRE, nor in any communication with any third parties, without the prior written approval of CBRE.

As between CBRE, the Client and the Intended Users, all intellectual property rights in this Valuation Report are owned by CBRE.

2.5 Extent of Investigations

Extent of Investigations

We carried out an inspection of the proposed hydro scheme site on 9 December 2025. Readers of this report should make their own enquiries as to the suitability of the land for the proposed project.

This report has been prepared for valuation purposes only and is not a geotechnical or environmental survey. If any defects likely to increase construction costs or reduce economic viability are found, this information could impact on the rental and royalty values for the property.

2.6 Information Provided

Summary

We have been provided key information which has been relied upon within our report.

Please refer to **Appendix A** for a summary of information provided and considered.

Our valuation is undertaken on the basis that provided information is accurate at the date of the report. Should this not be the case, we reserve the right to amend our valuation.

2.7 Special and Significant Assumptions

Preface

Assumptions are a necessary part of undertaking valuations. CBRE adopts assumptions for the purpose of providing valuation advice because some matters are not capable of accurate calculation or fall outside the scope of our expertise, or our instructions. Assumptions adopted by CBRE will be formulated on the basis that they could reasonably be expected from a professional and experienced valuer. The Reliant Parties accept that the valuation contains certain specific assumptions and acknowledges and accepts the risk that if any of the assumptions adopted in the valuation are incorrect, then this may have an effect on the valuation. Refer to the Disclaimers, Limitations and Qualifications Section, which is pertinent to this valuation report.

Special Assumptions

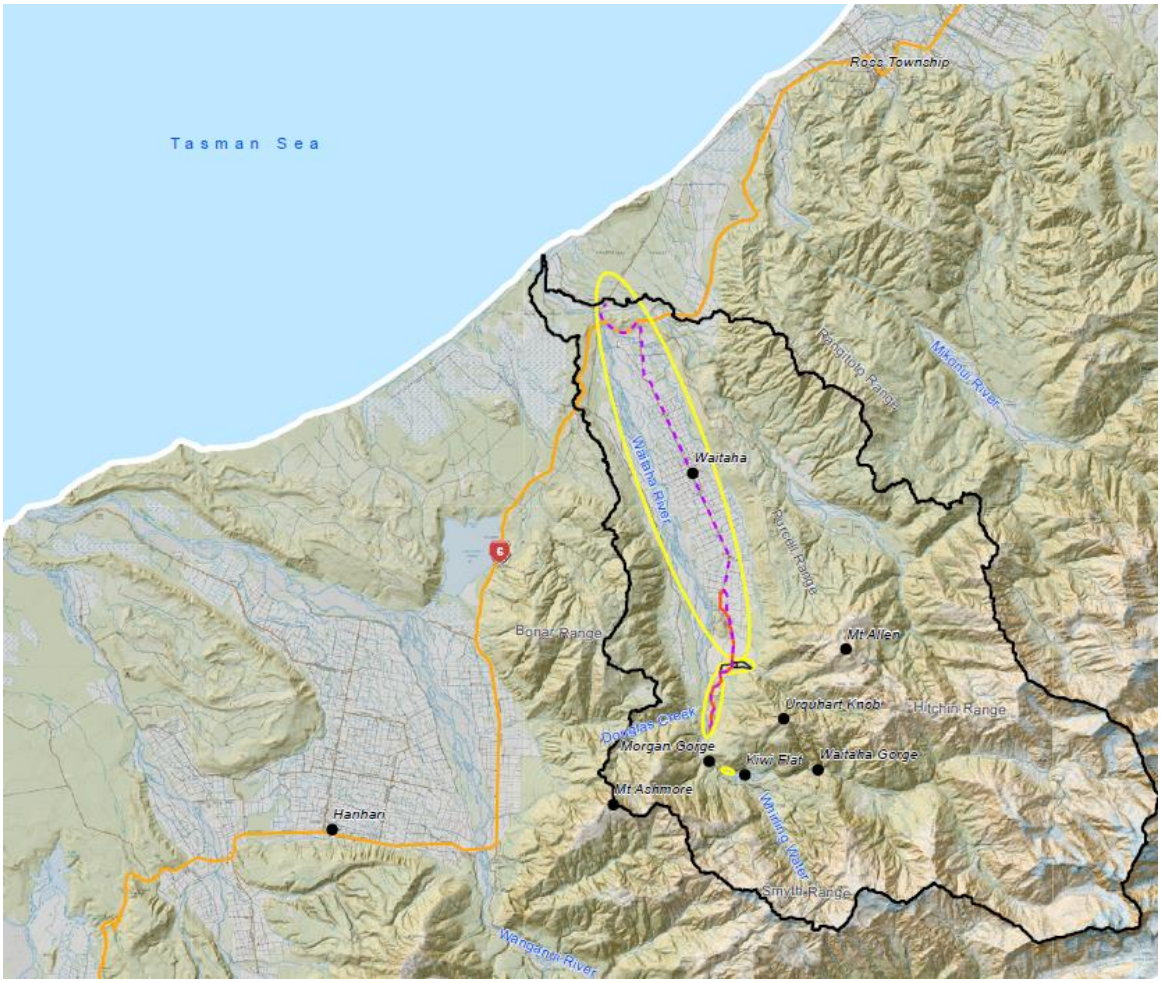
Particularly critical to our valuation are the following assumptions:

- This land is held under the Conservation Act.
- Our assessed values exclude allowance for Disturbance associated with the proposed works or the right to access for construction purposes.
- Confirmation that DOC is correct in its assertion that a Royalty payment is required.
- The valuation estimates are based on the provided land areas and on extensive documentation and the accuracy of this information, is assumed.
- Revenue estimates have been included in our assessment calculations, as supplied by the client. These should be treated as indicative only, subject to project completion and confirmation of the then current electricity generation and pricing.
- We have researched a variety of wind, hydro, solar and geothermal power developments to establish secondary details associated with location, capacity, output, commissioning dates and plant structures. Some of this research has been AI generated and we have checked the authenticity of that information, where possible.

3 Land

3.1 Location

Local Map



Location Overview

The proposed hydro scheme is located within the middle reaches of the Waitaha River, approximately 60 km south from Hokitika, 25 south from Ross and 17 km east from Hari Hari. The structural works are centred around Morgan Gorge.

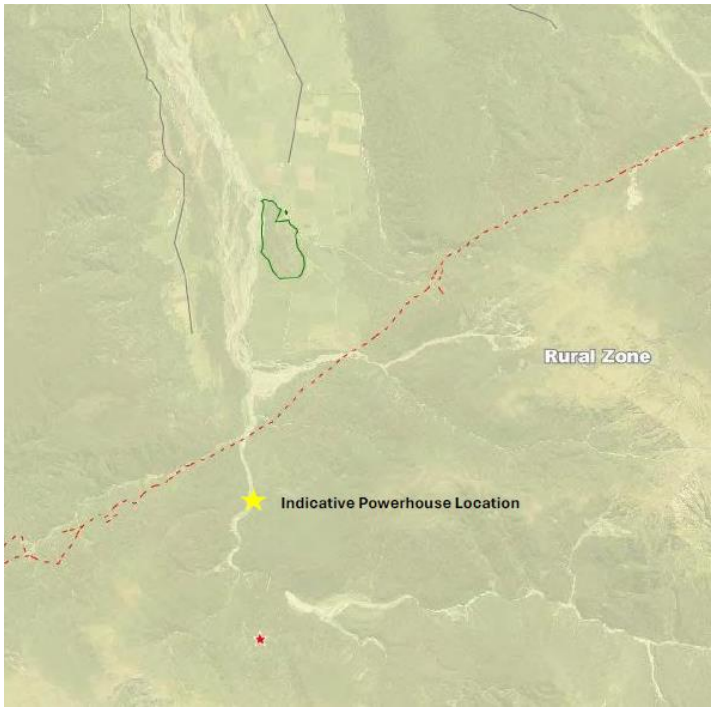
Access will be via the existing Waitaha Road, from State Highway 6 through to Anderson Road (approximately 10 km), then from proposed roading over McLean Company Limited land through to Macgregor Creek (approximately 3.0 km) and finally over public conservation land from Macgregor Creek to the power station (last 2.2km). It may cross marginal strips along Allen Creek and Macgregor Creek.

The lower Waitaha River valley is utilised for a mix or beef and dairy farming while land associated with the structural components of the scheme, is covered in part regenerating and part mature indigenous forest.

Hokitika provides a range of commercial, service and schooling activities.

3.2 Resource Management

Territorial Local Authority	Westland District Council.
Plan Status	Operative Westland District Plan 2002 (WDP) Proposed Te Tai Poutini Plan (TTPP) - combined plan covering all of West Coast.
Zone	• Rural Zone under Westland District Plan 2002 • Open Space Zone under Proposed Te Tai Poutini Plan (TTPP)
Zoning Plans	



Westland District Plan zoning

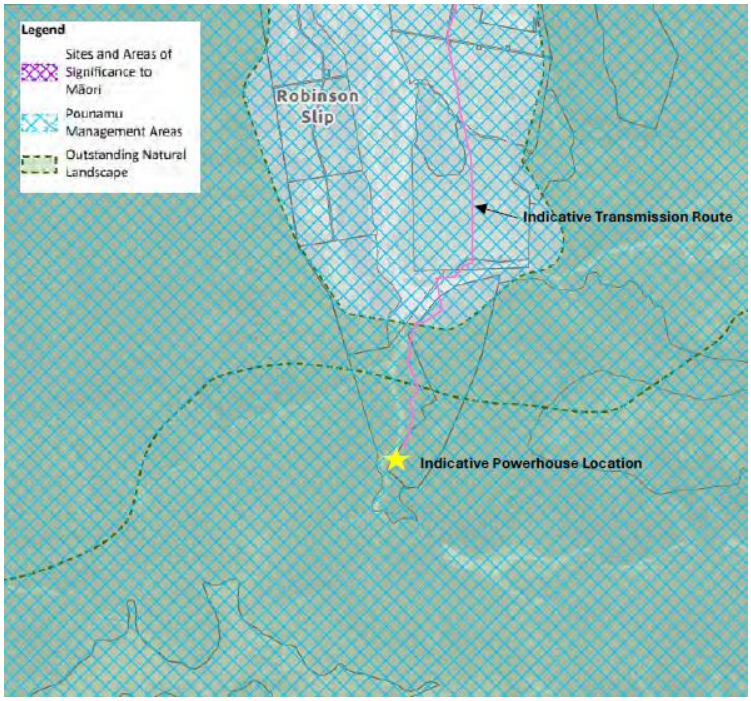
Proposed Te Tai Poutini Plan zoning

Indicative Permitted Uses

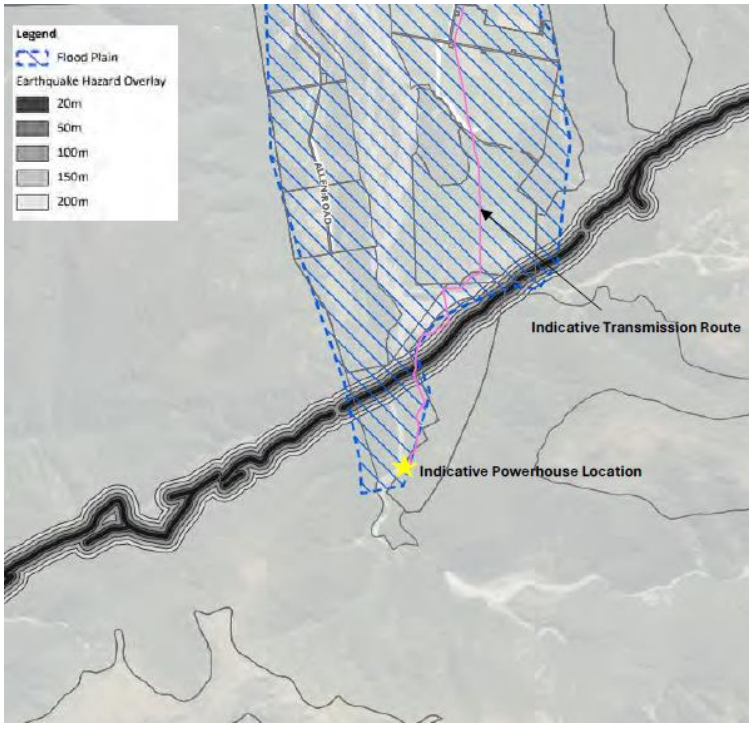
Overlays and Other Features under TTPP:

- The entire Scheme and its surrounds are in an Outstanding Natural Landscape ("ONL") and within the Pounamu Management Area
- There is an absence of any recorded Sites and Areas of Significance to Māori at or near the Scheme
- The Alpine Fault, classified as an Earthquake Hazard Overlay, extends to 200 m either side of the active fault trace, as shown in the WDP, crossing the Project Site downstream of the proposed Power Station
- The Lower Waitaha Valley is identified in the TTPP as a Floodplain. The Flood Plain area includes the proposed Power Station site and most of the proposed access road and transmission line.

Overlay Plans



Outstanding Natural Landscape and within the Pounamu Management Area



Alpine Fault and Flood Plain overlay

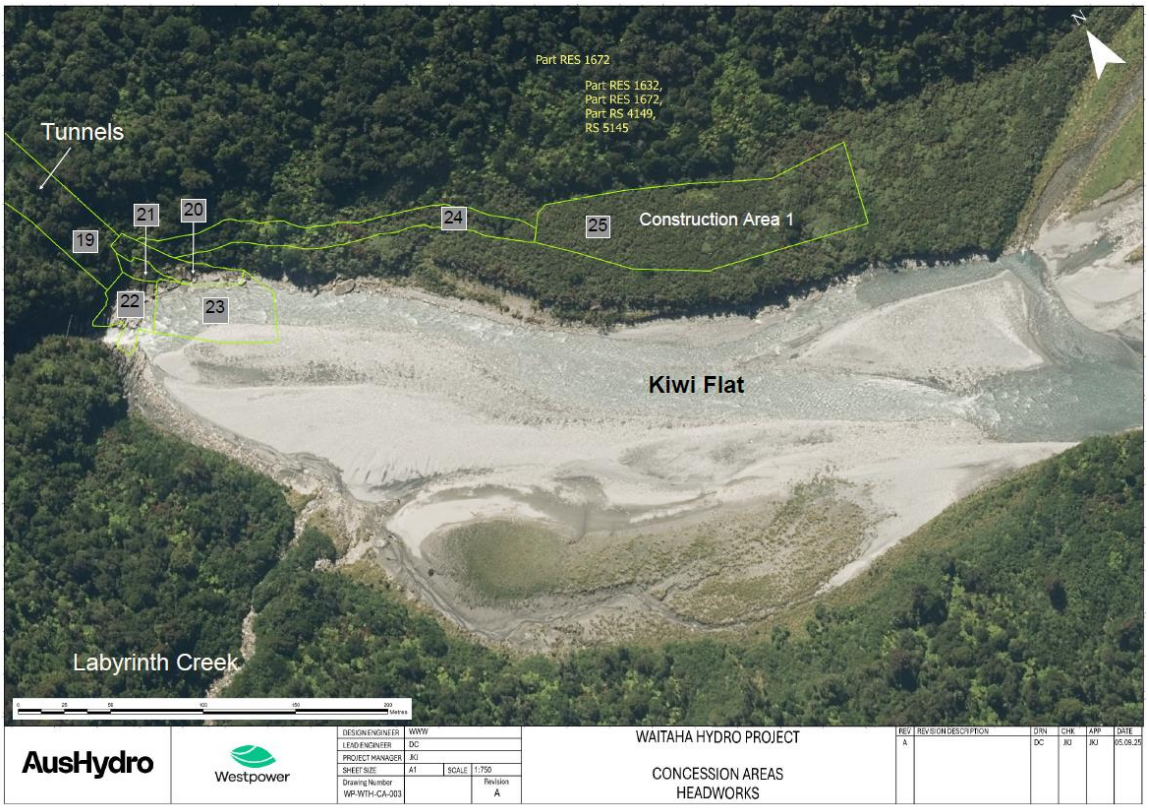
3.3 Resource Consent Application Summary

Westpower is seeking various approvals for the Waitaha Hydro Scheme under Section 42 of the Fast-track Approvals Act, including:

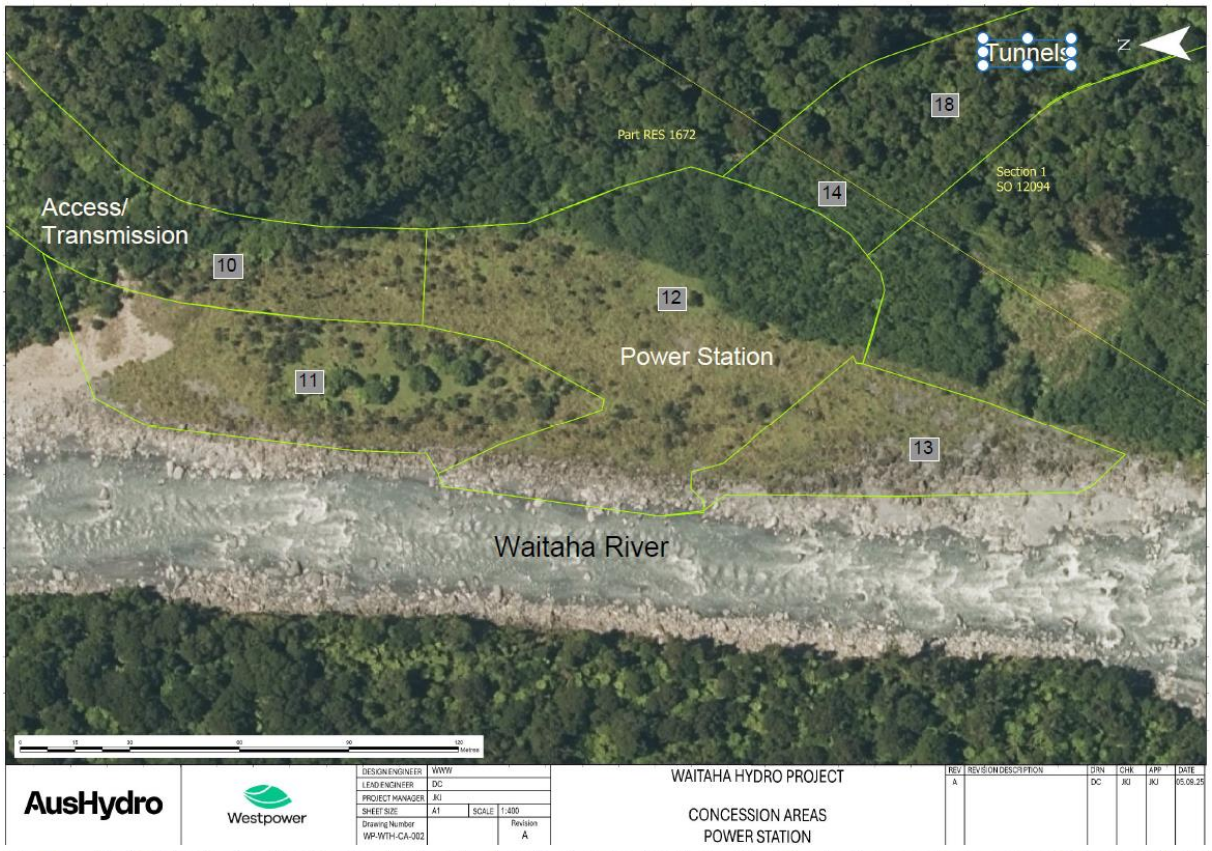
- Resource consents (district and regional) that would otherwise be applied for under the RMA (s42(4)(a)) including any consents required by a National Environmental Standard.
- Concession(s) that would otherwise be applied for under the Conservation Act (s42(4)(e)).
- Wildlife approvals that would otherwise be authorities applied for under the Wildlife Act (s42(4)(h)).
- Approvals / dispensations that would otherwise be applied for under regulation 42 or 43 of the Fisheries Regulations (s42(4)(j)).

Further details of these are contained in the Mitchell Daysh – Substantive Application for a Listed Project (Section 4).

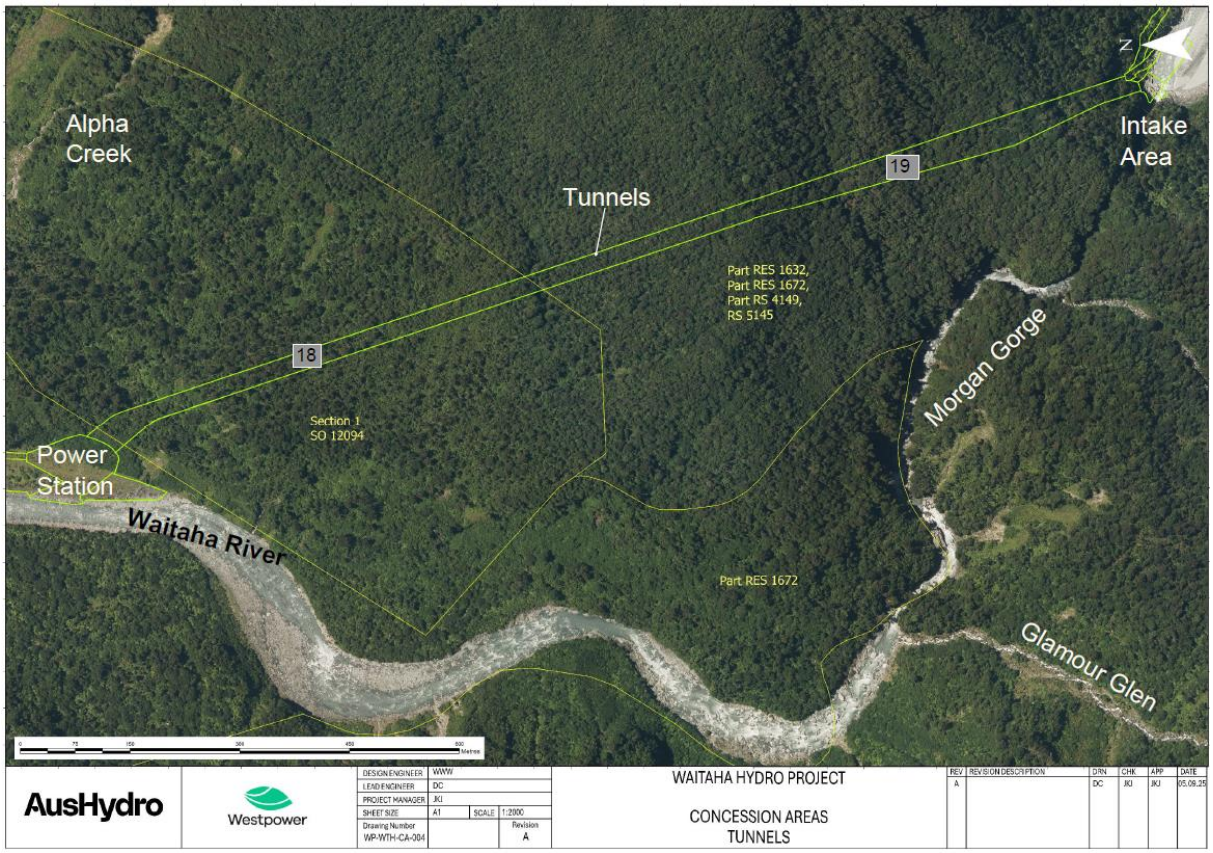
3.4 Legal Description

Identifier	318036
Land registration District	Westland.
Legal description	Comprising part of the land now described: ▪ Part RES 1632, Part RES 1672, Part RS 4149, RS 5145 ▪ Part RES 1672 ▪ Section 1 SO 12094 ▪ CL SO 11209
Estate	Fee simple.
Registered owner(s)	Crown land administered by Department of Conservation.
Interests	It is unclear whether the proposed license, lease and easement interests will be registered on title.
Headworks Concession Areas	

Power Station Concession Areas

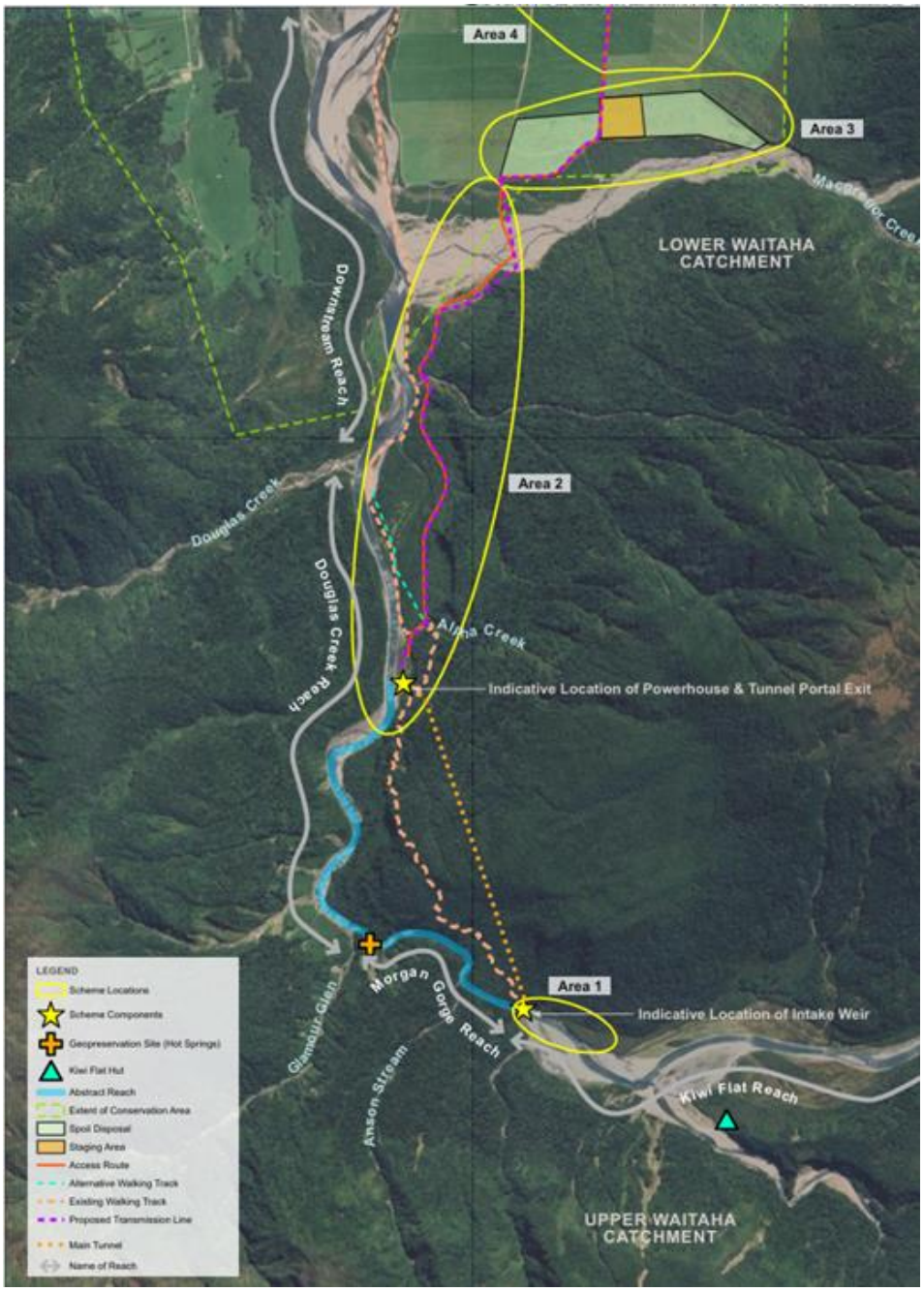


Concession Areas - Tunnels



3.5 Land Description

Aerial Photograph



Land Area

This valuation involves land associated with Areas 1 and 2, and the proposed tunnels, on the above plan.

Key Land Components	Land Area (ha)
Proposed hydro electrical "run of the river" development	
Intake and Headworks	0.3
Power Station	0.7
Penstock and Access Tunnel	4.8
Total Structural Land	**5.8**
Roading and Transmission Line Easement	
Road and Power Corridor	2.48
Easement Injurious Affection Area	13.64
Total Road and Power Affected Land	**16.12**
Total Area	**21.92**

Shape

Irregular shape.

Contour

- Intake weir and power station - gently sloping riverbed and reverting land
- Penstock and access tunnels – below medium and steep contoured land in indigenous forest cover
- Road and transmission corridor – easy but broken contoured land in reverting bush cover

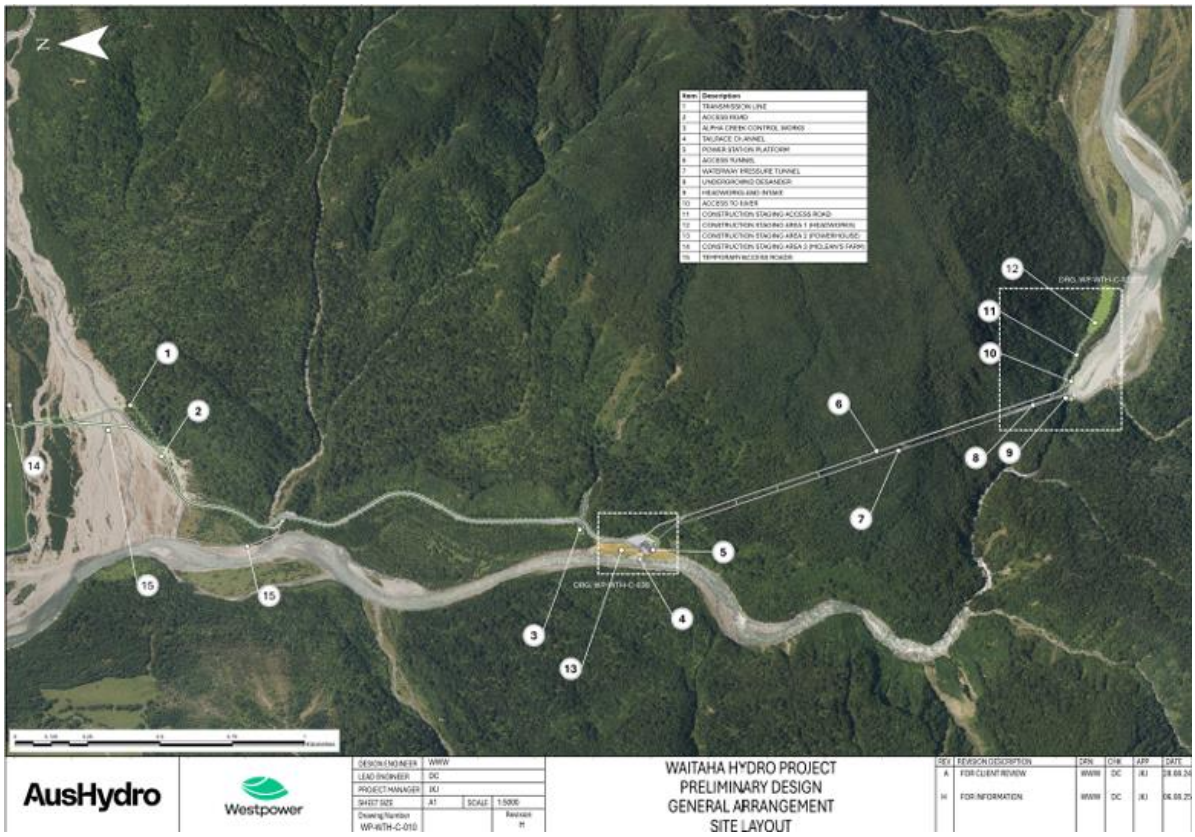
4 Description of Proposed Scheme

4.1 Overview of Scheme

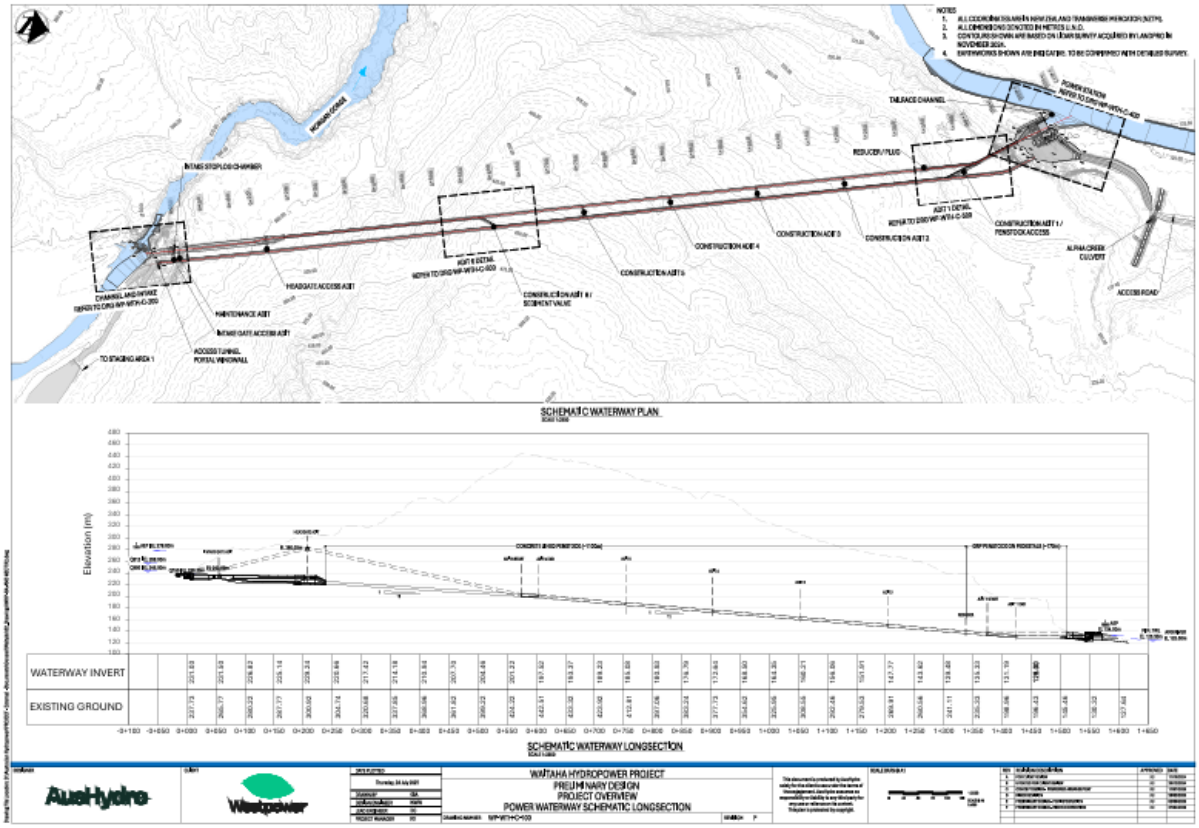
The proposed Waitaha Hydro Project is a “run-of-river” scheme with the following features:

- Headworks; including low-profile weir and intake structure situated at the top of Morgan Gorge – this will divert up to 23 m³/s (cumecs) of water into a penstock (pressurised water tunnel).
- River retains a residual (minimum) river flow of 3.5 m³/s.
- Has an abstraction reach (intake weir to tailrace) approximately 2.5 km long.
- The penstock tunnel will convey the water firstly into a desander, where sediment material is removed, and then down to a Power Station located below Morgan Gorge.
- Power Station with two turbines and generation equipment will have an installed peak output of 23 MW. It is anticipated the Scheme will generate between 120 and 140 GWh per year. The diverted water from the Power Station will then return to the Waitaha River via a tailrace near the confluence with Alpha Creek.
- The scheme will be remotely controlled from Westpower offices in Greymouth.
- Construction and maintenance access associated with the Headworks will be via an access tunnel running parallel to the pressurised water tunnel. Both the access and penstock tunnels will be approximately 1,500 m long, 5 m wide and 32 m apart. These will have a footprint of 4.8 ha approximately.
- The Scheme will retain a minimum flow of not less than 3.5 m³/s in the Waitaha River between the Headworks and the Power Station tailrace (the "abstraction reach"). The abstraction reach will be approximately 2.5 km long, including Morgan Gorge at its upper end.
- The Project also Includes an access road and a 66 kV electricity transmission line (approx. 2.2 km long) south of Macgregor Creek; all located on Stewardship Land administered by the Department of Conservation ("DOC"). The road will be within a 15 m wide corridor, noting that after construction the road from the tunnel to the river will be 5m wide, and the power poles will be approximately 15.5 m in height with overhead wires at 150 – 250 m spacing.
- Existing transmission and connection infrastructure from near the northern end of Waitaha Road (at State Highway 6) through to, and including, the Waitaha Substation, will be upgraded as part of the Project.
- During construction, over 3.5-4.0 years, a temporary 140 m long construction road will be constructed at Kiwi Flat through to a temporary construction site (Staging area 1) of 0.7 ha, and a further temporary construction site (Staging area 2) of 0.8 ha will adjoin the power station.
- Excavated spoil from the project will be trucked to a spoil disposal area on McLean Farm, north of the DOC land where a further temporary construction area (Staging area 3) will be established.

Aerial Photos



Site Layout



Schematic Waterway Longsection

A summary of the initial Construction and long-term Operation areas, follows:

	Construction (ha)	Operation (ha)
Headworks/Intake Area		
Weir	< 0.1	< 0.1
Intake Channel (including Sluice Channel)	0.2	0.2
Intake Structure and Intake Portal	< 0.1	< 0.1
Tunnel Portal, Intake Accessway and River Protection	< 0.1	< 0.1
Road to Construction Staging Area 1	< 0.1	0
Construction Staging Area 1	0.7	0
Test Drilling Site (x 4)	< 0.1	0
Intake Totals Rounded	**1.2**	**0.3**
Power Station Area		
Power Station, Control Room, Switchyard	< 0.1	< 0.1
Hard fill area between power station, access road and tunnel portal	0.3	0.3
Tailrace & tailbay	0.2	0.2
Retaining wall, river protection, access ramp	0.1	0.1
Slope protection works	< 0.1	< 0.1
Construction Staging Area 2 (including temporary staging road and riverside flood protection)	0.8	0
Test Drilling Site (x 3)	< 0.1	0
Power Station Totals Rounded	**1.6**	**0.7**
Road / Transmission Line between farm boundary at Macgregor Creek and the power station site		
Transmission Line (where separate from the road)	0.6	0.6
Access Road (where separate from transmission line)	0.6	0.6
Access Road and Transmission Line (running in parallel)	3.2	2.7
Waterway Training and Flood Protection at Alpha Creek	0.2	0.1
Road / Transmission Line Totals Rounded	**4.6**	**4.0**

4.2 Proposed Intake

Includes all those works associated with the intake and weir at the top of Morgan Gorge, including the access tunnel portal entrance.

Intake works include construction of: ·

- A low weir across the river
- An intake channel on the true-right bank which takes the river flow to the intake gate and incorporates a channel and gate to sluice sediment past the intake
- An intake gate housed at the start of a roofed culvert to convey the flow into the intake tunnel portal.

Coffer dam, to be removed after construction, is to temporarily redirect the Waitaha River above Morgan Gorge to one side or the other to allow dewatering of works during construction.

Weir – indicative construction:

- Approximately 30 m long, 1 m crest width
- Less than 4 m high, but up to 7 m in the sluice/diversion channel
- A typical gravity concrete structure, on natural bedrock in channel and top covered with steel alloy, bolted on
- Includes a training wall – a concrete wall with a 0.5 m wide crest.

Sluice gate and channel features:

- Radial sluice gate 2.5 m high and 3.0 m wide
- Located adjacent to the environmental flow gate
- Roofed structure to protect gate from debris during overtopping
- Sluice channel approximately 8.0 m wide
- Divert water for main intake construction work.

Intake and Intake Gate:

- Vertical intake gate located underground
- The top of the intake interfaces with the intake platform and weir
- The intake opening is about 14.5 m wide and 3 m high, but this will not be visible as it is submerged about 1.5 m below normal water level
- 6.5 m wide pressurised concrete lined tunnel.

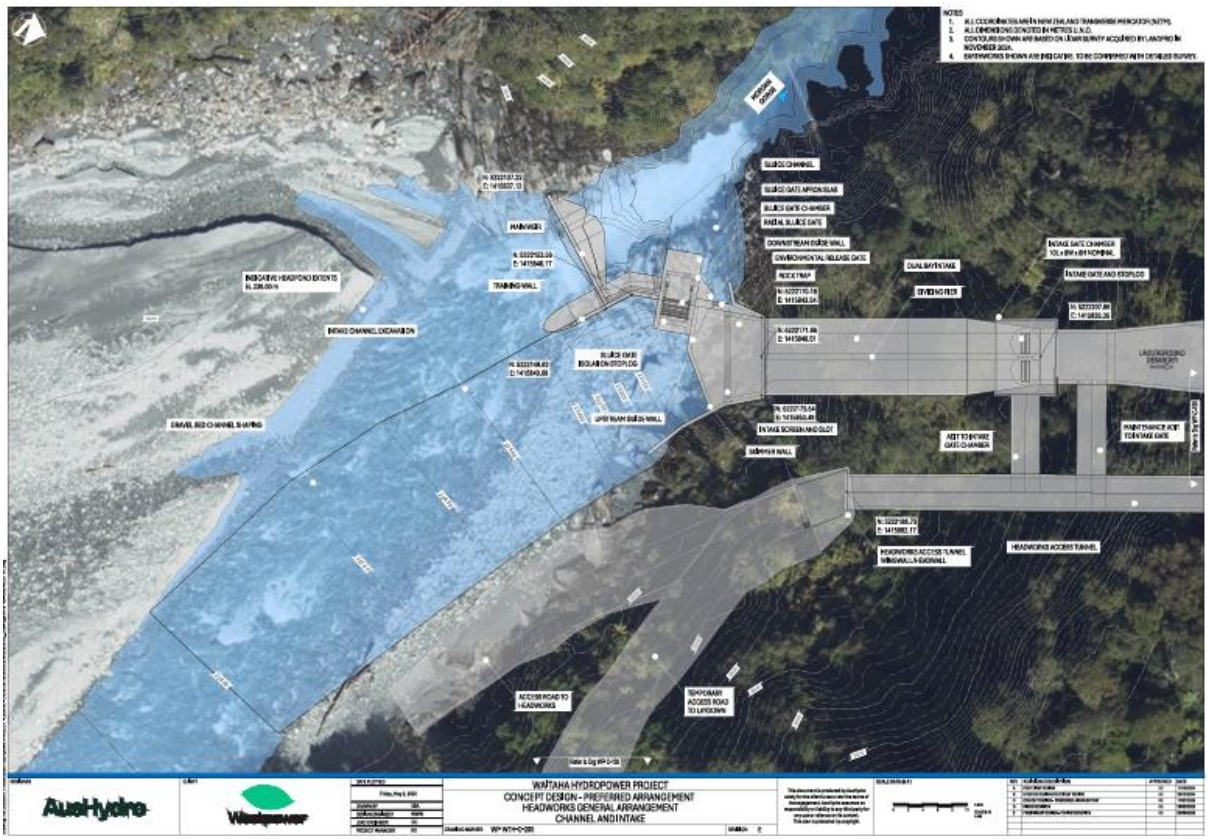
Aerial Photos

Conventional horseshoe-shaped tunnels driven from the Power Station area

A 4m diameter

Intake Layout

Weir and Intake Visual Simulation



Headworks Concept Design

4.3 Pressure Tunnel and Access Tunnel

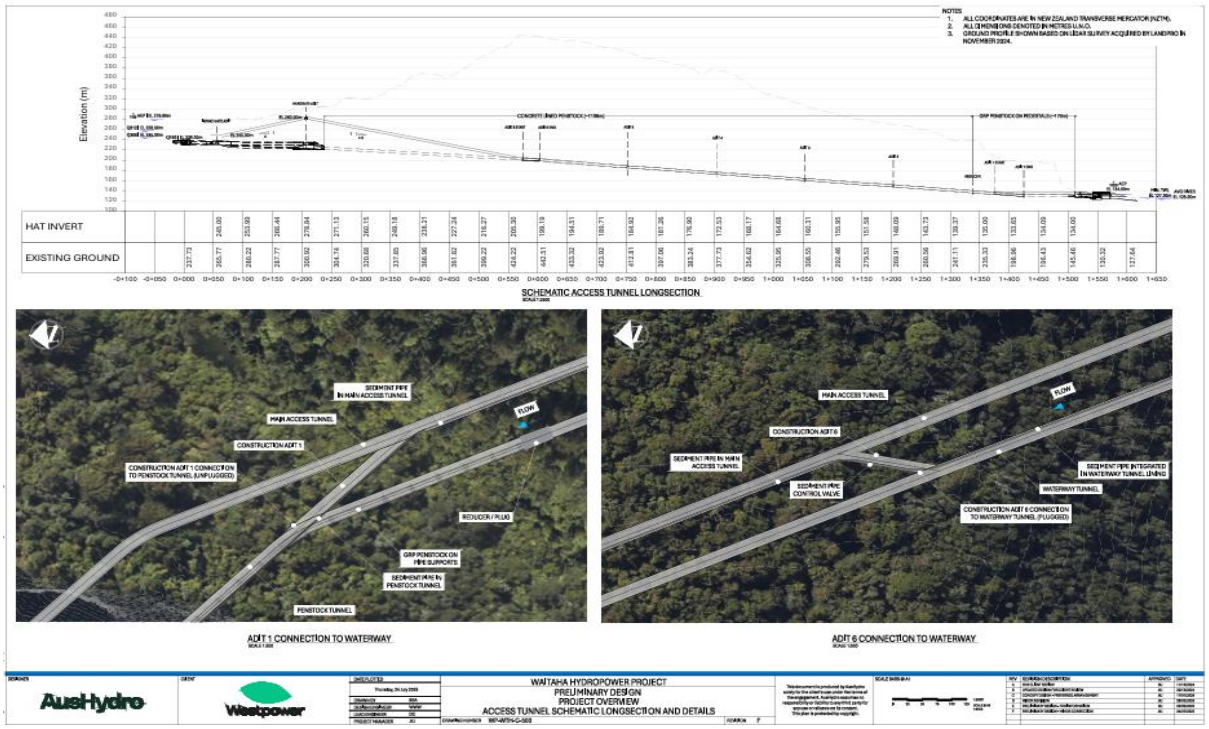
Pressure tunnel - To transport pressurised water from the desander to the turbines in the Power Station.

- One of two tunnels 1.5 km long and approximately 32 m apart, with an average grade of 1 in 15 will be excavated between the Power Station and the Headworks
- To comprise two separate tunnels, one for access and the other, a pressurised water tunnel
- Concrete lined 6.5 m wide pressurised intake tunnel
- Transition section length is 15 m long to slow gradually the flow velocity to promote sediment setting
- Pressurised desander - 107 m long, 11 m wide, minimum 9 m high
- Pressure tunnel lined 4 m diameter with rock bolt and shotcrete lining.

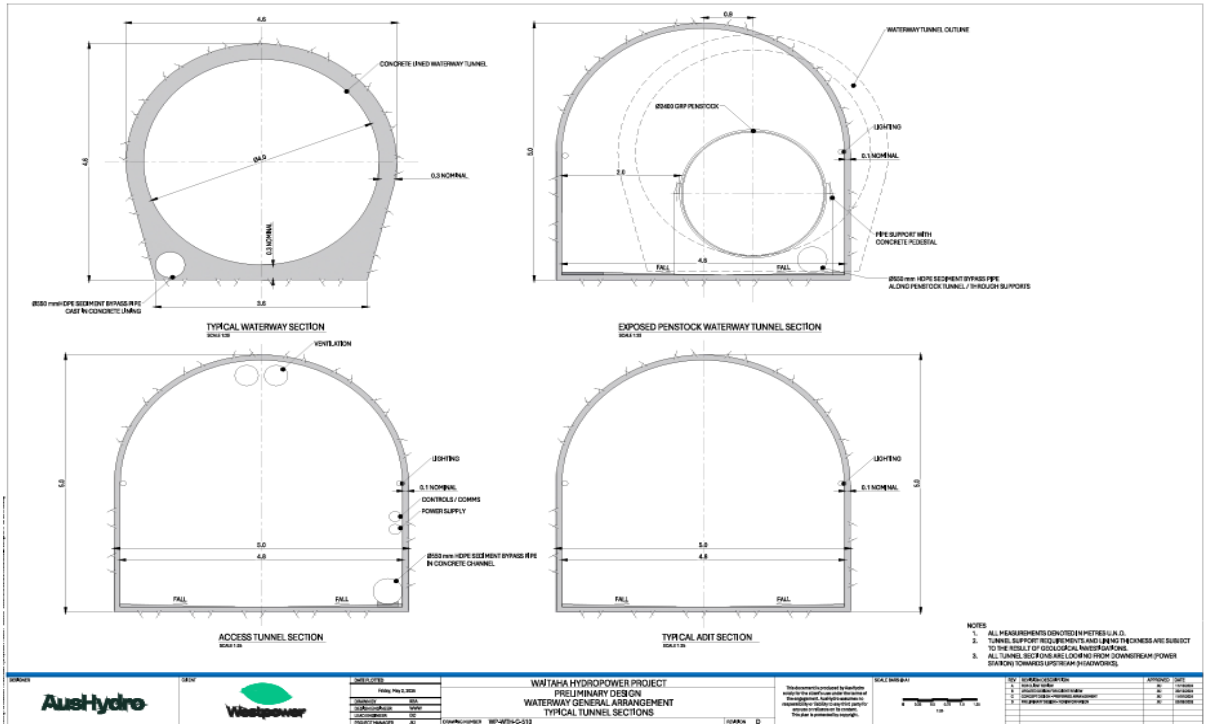
Access Tunnel - Parallel to pressure tunnel

- The second tunnel to maintain permanent access to the Headworks and to allow inspection and maintenance of the penstock and gates
- The Headworks access tunnel portal will be approximately 5 m wide x 5 m high
- Final portal location is estimated to be approximately 10 m distance (horizontally) from the water portal
- Floor approximately 6 m higher than the top of the water portal
- Access from the portal to the riverbed at the intake is via a ramp.

Aerial Photos



Intake Layout



Typical Tunnel Sections

4.4 Proposed Power Station and Penstock

Pressure tunnel portal at power station, key features:

- An underground penstock will transport water from the water tunnel into the power station
- Forepoling will be used to stabilise the ground above the tunnel portal/roof
- Located at the base of a 60 -70 m high near-vertical terrace edge
- Approximate size 5 x 5 m.

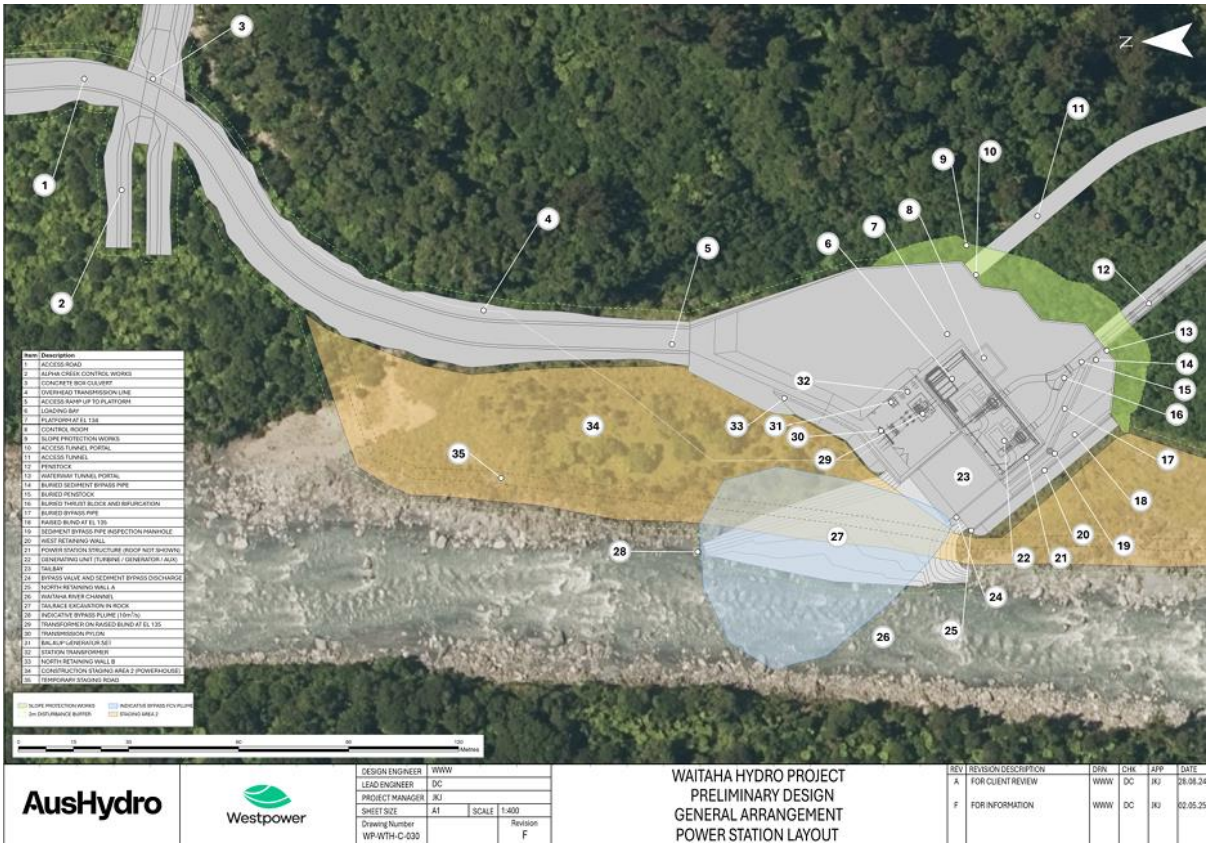
Penstock:

- The penstock will be partially or entirely buried and will transport water from the pressurised water tunnel portal to the Power Station
- Diameter of the penstock approximately 2.8 m.

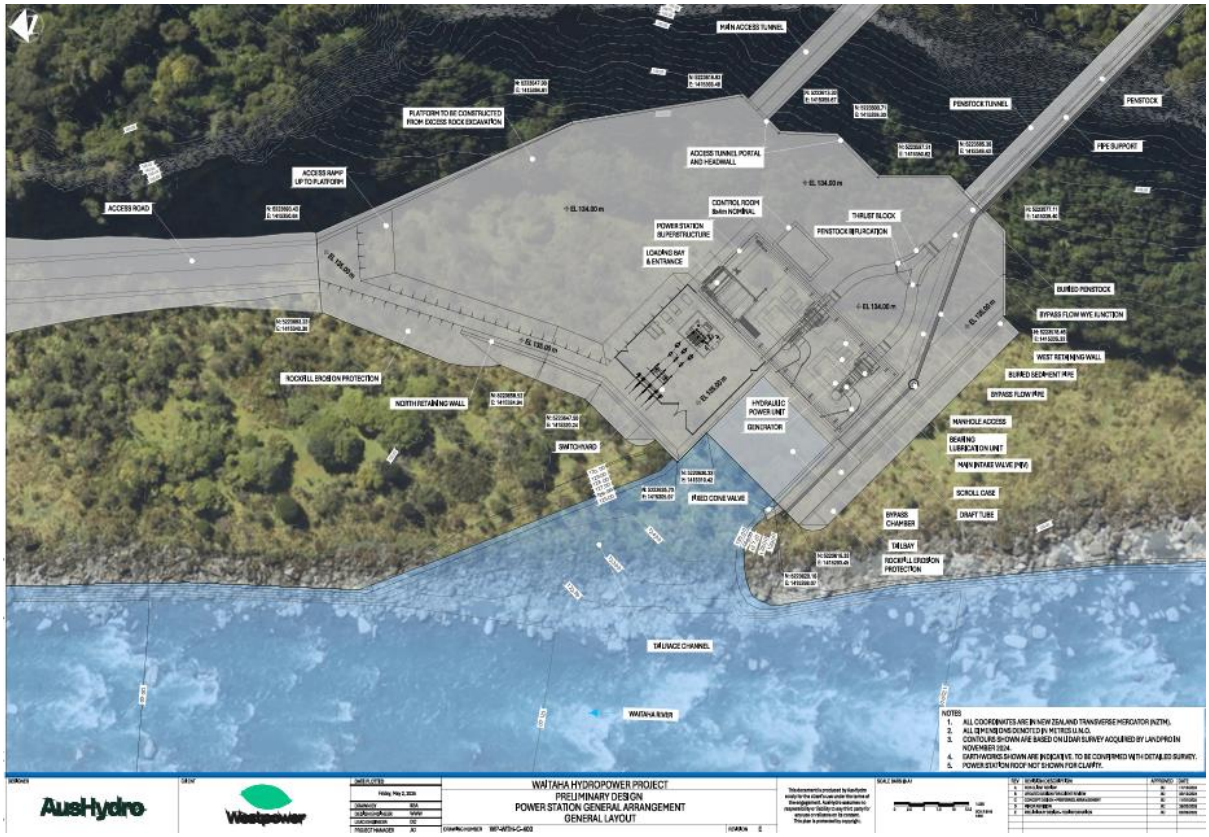
Power Station, Tailbay and Tailrace Channel

- Requires around 5 to 6 m depth of excavation to reach bottom of draft tube (between the turbine and the tailrace)
- Smaller areas will need to be deeper, such as the drainage galleries and sumps
- The assembly bay and generator floor are intended to be also founded on bedrock
- Comprises two horizontal shaft turbines
- Power Station design comprises a double mono-pitch roof which is approx. 4.5m to 6.0 m above the rock embankment
- Power Station size 15 m x 35 m
- Tailbay is of concrete construction 16 m long by 15 m wide to a depth of approximately 8 m
- Tailrace widening towards the Waitaha River, to discourage fish from entering the tailrace channel.

Aerial Photos – Power Station



Power Station Layout



Power Station Concept Design

Power Station Visual Simulation

4.5 Access Road

From the end of Waitaha Road

- Light and heavy traffic will follow a small section of Anderson Road to the farm entrance
- After the initial few months, on Waitaha and Anderson Roads there will be a steady movement of trucks bringing in gravel and cement for concrete (for tunnel lining, Headworks, Power Station) for approximately two years
- It is understood that gravel for the access road across the farm, and between Macgregor Creek and the Power Station, would be sourced from Waitaha River and that excavated spoil will be transported back to the Spoil Disposal Areas on the farm.

Access Road on the Farm

- From Anderson Road, a new road will be constructed through the McLean farm to Construction Staging Area 3 and the farm boundary at Macgregor Creek.

Macgregor Creek to Power Station Site

- Approximately 2.2 km with route planning to minimise effects on vegetation and waterways
- Bridge constructed across Granite Creek, which will include piles on at least one side of the riverbed
- Temporary track and bridges to support permanent bridge and structures construction
- Concrete fords or culverts constructed to cross small watercourses and stormwater flow paths
- Approximately 30 waterway crossings in total between Macgregor Creek, the Power -Station and the Headworks access portal and Construction Staging Area 1
- Protection works to be undertaken at crossings as required
- Macgregor Creek crossing mainly located in dry bed of creek
- Macgregor Creek crossing to be formed by using insitu river gravels worked to form a smooth surface and use of Hynds Driftdeck or similar.

Accessway from Headworks portal to the riverbed

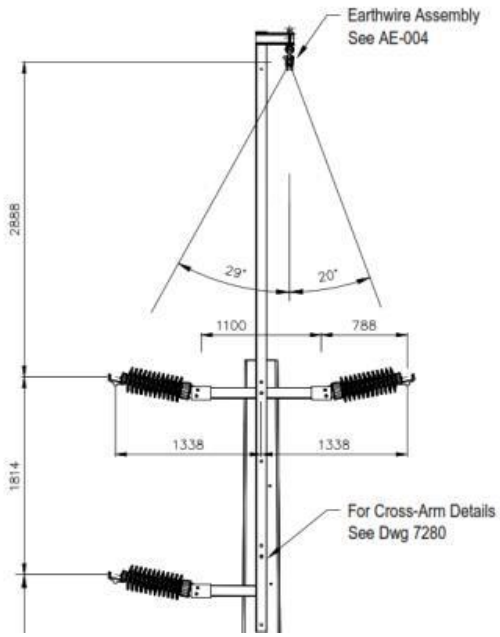
- Average width for construction 12 m. Approximate length 60 m.
- Road width from tunnel to river after construction is 5m.

4.6 Transmission line

66 kV Transmission Line

- From Power Station Site Waitaha Road
- The first section of the transmission line will be an upgrade of the existing 11 kV pole line to a conjoint 66/11 kV line.
- Along Waitaha Road to Anderson Road, the 66kV transmission line will be on the opposite side of Waitaha Road from the existing 11 kV line to increase resilience.
- The line will be operated at 11 kV to provide electricity for the site's construction and will then be upgraded to 66 kV
- The average width of the combined road and lines corridor between Macgregor Creek and the Power Station Site will be 15.5 m. Where not adjoining, the road and the lines corridor will each be 10 m. Communications lines will be included
- Poles will be generally concrete, except for any 21m poles that will be treated hardwood
- Poles to be around 15.5 m high but at either side of Macgregor Creek, will be at a maximum of 21 m. No poles in waterways
- Pole spacing along the corridor will generally range from 150 - 180m
- For 1 km from the Power Station the set up will include an additional 10 mm earth wire suspended on a steel post approximately 3 m above the pole to support an earth wire.

Images



Earthwire Assembly

Pole photo with earthwire

4.7 Cost and Revenue Considerations

The construction cost for the Scheme in 2027 has been estimated at circa $200 million dollars. The construction cost will be spread over 3.5 years and subject to escalation.

Revenue has been estimated circa 2030 at [redacted] million dollars, based on:

- Generation of[redacted]
- Revenue pricing at[redacted].

The cost and revenue estimates should be treated as indicative only, subject to project completion and confirmation of the then current electricity generation and pricing

5 Concession Documents

5.1 Introduction

Overview

The Scheme is proposed to occupy land secured under three concession documents:

- Long term lease/ licence
- Short term lease/ licence
- Easement

5.2 Land Occupation - Concession Document Summary

Occupation basis

A combination of the above agreements.

5.2.1 Long Term Lease/Licence

Concession Activity	Operation and maintenance of Waitaha Hydro Scheme, including water use, infrastructure upkeep and ancillary activities
Occupation Rights	• Lease for the power station, tunnels, intake and headworks, in-stream structures at Alpha Creek and ancillary activities • Licence over area upstream of intake for in-stream maintenance works and over adjoining land more broadly for ancillary activities
Term	49 years
Lapse Period	20 years
Renewals	None
Concession fee review frequency	3 yearly
Rights for compensation on expiry	Nil, liability for removal (with exclusions) and land restoration
Concession Fee Calculation	Market Value for the concession activity
Permanent Scheme Footprint	5.0 ha

5.2.2 Short Term Lease/Licence

Concession Activity	Construction of the Waitaha Hydro Scheme, including access for construction purposes, laydown areas, commissioning, and preparation for commencement of generationand ancillary works.
Occupation Rights	• Lease of construction staging areas 1 and 2, the intake, headworks, power station, tunnels, switchyard and in-stream works and ancillary activities • Licence over adjoining land, including marginal strips, for construction activities and access
Term	15 years

Lapse Period	10 years
Renewals	None
Concession fee review frequency	3 yearly
Concession Fee Calculation	Market Value for the concession activity
Construction Disturbance Area	7.4 ha

5.2.3 Concession Conditions (Easements)

Concession Activity	Easement for access to scheme infrastructure and use of transmission line.
Occupation Rights	• Right of way • Right to convey electricity • Right to convey telecommunications
Term	49 years
Lapse Period	20 years
Renewals	None
Concession fee review frequency	3 yearly
Concession Fee Calculation	Market Value for the concession activity

Refer Appendix B for a detailed summary of these Agreements.

5.2.4 Proposed Compensation Measures

Proposed Additional Adverse Effect Payments

A range of payments for adverse effects are proposed, and these are summarised in the following table:

Compensation Payment Summary

Adverse Effect	Proposed Compensation	Term of commitment	Total Financial Commitment
Construction effects on bats	$15,000p.a for 10 yrs	10	$150,000
Construction effects on Whio	$35,000p.a for 10 yrs	10	$350,000
Construction effects on forest birds	$10,000p.a for 2 yrs	2	$20,000
Operational effects on biodiversity	$35,000p.a for 25yrs	25	$875,000
Effects on kayakers	$15,000p.a for 35 yrs	35	$525,000
Effects on recreational visitors	Single payment of $25,000	1	$25,000
Total			**$1,945,000**
Weighted Avg Commitment Per Annum		**23.3**	**$83,483**

It is proposed that the amounts be paid additional to the annual rent/ royalty amount, for the commitment periods shown above.

Adverse Effects

Construction is expected to take 3.5-4.0 years and a summary of the Effects of the Scheme are shown at page 4 of the Mitchell Daysh Substantive Application document. These are reproduced below:

Topic	Overall Post Mitigation Assessment of Effect	
	During Construction (temporary)	During Operation
Economic Benefits and Other Positive Effects	Positive	Positive – Significant
Cultural	Adverse – No more than minor.	Positive – Significant
Hydrology and Flow Regime	Nil	Adverse – No more than minor
Water Quality	Adverse – No more than minor	Adverse – No more than minor
Gravel extraction	Adverse – No more than minor	Adverse – No more than minor
Sediment transport and river morphology	Adverse – Less than minor	Adverse – No more than minor
Indigenous Vegetation	Adverse – No more than minor	Adverse – Less than minor
Bats	Adverse – No more than minor	Adverse – less than minor
Whio	Adverse – Less than minor	Potentially positive with implementation of proposed ecosystem programme.
Birds	Adverse – No more than minor	Potentially positive with implementation of proposed ecosystem programme.
Lizards	Adverse – Minor	Potentially positive with implementation of proposed ecosystem programme.
Terrestrial Invertebrates	Adverse – Less than minor	Adverse – Less than minor
Construction phase discharges	Adverse – Less than minor	Adverse – Less than minor
Aquatic Ecology	Adverse – Less than minor	Adverse – No more than minor
Traffic	Adverse – Less than minor	De-minimis

Topic	Overall Post Mitigation Assessment of Effect	
	During Construction (temporary)	During Operation
Noise	Adverse – No more than minor	Adverse - Less than minor
Landscape, Natural Character and Visual Effects	Adverse – More than minor (local scale and temporary)	Local Scale: Adverse – More than minor Broad Scale: Adverse - No more than minor
Recreation	Adverse – Significant but temporary	Recreation Opportunities: Nil Recreation Values: Adverse – Significant (local scale only)
Geotechnical	Adverse – Less than minor	Adverse – Less than minor
Natural Hazard Effects	Adverse – Less than minor	Adverse – Less than minor
Public River Safety	Adverse – Less than minor	Adverse – Less than minor

Comment on Payments

The adverse effects payments seem high, compared to the anticipated long term impacts the scheme is forecast to have. The effects are mainly “less than minor” except for local scale “more than minor” adverse effects around landscape, natural character and visual and “adverse- significant” for recreational values.

Conservation Act 1987 Direction on Royalties

I have reviewed the provisions of the **Conservation Act 1987** (as modified by the Fast track Approvals Act 2024) and the following applies:

17Y Rents, fees, and royalties

Relevant clauses:

2. The rent, fee, or royalty may be fixed at the market value, having regard to-

(a) any circumstances relating to the nature of the activity; and

(b) the effects of the activity on the purposes of the area affected; and

(c) any contractual conditions, covenants, or other encumbrances placed upon intrinsic resources, natural resources, or historic resources by the concession.

3. Rent, fees, and royalties for a concession shall be reviewed at intervals not exceeding 3 years

The rent, fee, or royalty for a concession can be set at market value, but the Act does not define a single formula as it requires the Minister to consider specific factors:

1. Nature of the Activity

Higher-impact or commercial activities generally attract higher charges.

2. Effects on an Area's Purpose

How the activity aligns with the conservation objectives of the land. If the activity limits public access or affects ecological integrity, this can influence pricing.

3. Contractual Conditions and Encumbrances

Any restrictions or obligations placed on the intrinsic resources, natural resources, or historic resources by the concession.

Other Legislation

Other legislation considered, includes:

National Policy Statement for Freshwater Management 2020 Amended 2025

Section 3.31 Large hydro-electric generation schemes

1. This clause applies to the following 5 hydro-electricity generation Schemes:

a) Waikato Scheme
b) Tongariro Scheme
c) Waitaki Scheme
d) Manapouri Scheme
e) Clutha Scheme.

2. When implementing any part of this National Policy Statement as it applies to a Freshwater Management Unit (FMU) or part of an FMU affected by a Scheme, a regional council must have regard to the importance of the Scheme's:

a) contribution to meeting New Zealand's greenhouse gas emission targets; and
b) contribution to maintaining the security of New Zealand's electricity supply: and
c) generation capacity, storage, and operational flexibility.

There is no standard royalty regime for hydroelectric schemes in New Zealand.

Resource Management (Transitional, Fees, Rents, and Royalties) Regulations 1991

This legislation includes reference to royalties in respect of the holders of coastal marine licences, permits, approvals and authorisations.

National Policy Statement for Renewable Electricity Generation

Initially issued 2011 and amended effective 15 January 2026.

This supports hydro as a key renewable resource but does not prescribe royalties; instead, it focuses on enabling development while managing environmental impacts.

Stronger Policy Support - Hydro schemes now have clearer national backing and decision-makers must recognise and provide for the benefits of renewable electricity generation, including hydro, rather than just "consider" them. This gives hydro projects more weight in consent decisions.

While hydro still needs to comply with freshwater management policies, the NPS-REG now emphasises balancing environmental effects with national renewable energy benefits.

Principles For Royalties on Non-Mineral Natural Resources in New Zealand

This is a NZ Treasury Policy Perspectives Paper dated Nov 2006.

This paper comments that the royalty regime should maximise the net benefits to New Zealanders from use of public resources. The focus was to identify the principles for where and how the Crown should charge for use of natural resources.

This refers to royalties as a form of economic rent and comments that:

There may be a case in special circumstances for the Crown to determine that a financial return is not needed or can be reduced, in circumstances where:

- A particular use or resource has wider community benefits

Crown Minerals Act 1991

Section 99H "Royalties"

Obligates all permit holders to:

- Submit royalty returns, and
- Pay royalties in accordance with their permit, the Act, and applicable regulations.

Water is not a mineral and is specifically excluded from the definition of mineral, under the Act.

Public Good Considerations

There appears to be strong arguments and precedent, supporting reduced or nil royalty payments for renewable energy and the Waitaha proposed scheme (and described in the Application), considering it will:

- Create a new renewable energy resource that will assist in meeting the forecast national and regional increase in electricity demand across New Zealand by 2030
- Displace 129,000 tonnes of CO2 from thermal electricity production
- Assist in mitigating climate change which is a significant risk to conservation and biodiversity (renewable energy is therefore of significant benefit to conservation)
- Create a significant increase in the security of supply and electricity resilience of West Coast communities and businesses
- Lower the cost to regional consumers of electricity generation and supply as the costs of generation from the Scheme are lower than the alternative generation capacity it displaces
- Encourage the region's decarbonisation
- Provide additional income to the Project partners, Poutini Ngāi Tahu, as well as cultural benefits
- Contribute to the economic wellbeing of the region
- Royalties are not paid on other major hydro schemes - precedent

Private sector land occupation is compensated generally through payment of “fair rent” rather than, rent plus the addition of royalties. Fair rent infers a reasonable but not opportunistic premium to reflect the use or economic benefits that may accrue from the occupation rights granted.

Valuation Approach

I have been engaged to assess the combined annual payment by way of rent and royalty for the proposed scheme.

While I have considered the above legislation and references, I have not been engaged to determine the appropriateness or otherwise, of DOC charging a royalty for the land rights associated with the Waitaha proposed scheme.

6 Market Overview

6.1 Economic Overview

GDP

GDP rebounded in the September quarter, rising 1.1% and surpassing market expectations. This follows a revised 1% contraction in the previous quarter. Growth was driven by manufacturing and business services (up 2.2%) and construction (up 1.7%), while exports surged 3.3% on the back of strong dairy and meat demand. Household spending remained subdued at 0.1%, and sectors such as telecommunications and education contracted. Despite this rebound, economists remain cautious due to global trade tensions, high household debt and a fragile labour market.

Migration

Migration has dropped significantly, with annual net migration gain of 10,600 in the year ended August 2025. This reflects both reduced arrivals and record departures, linked to a weak labour market. The decline in net immigration over the past two years has dampened housing demand and worsened labour shortages.

Inflation

Annual inflation rose to 3.1% in Q4 2025, the highest since June 2024 but this is expected to ease by mid-2026. The largest contributors were driven by increases in energy costs, rents and local authority rates.

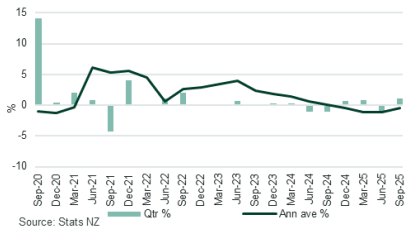
Interest Rates

On 26 November 2025, the OCR was cut again by 25 bps to 2.25%, signalling continued monetary easing to support growth amid weak domestic conditions and global uncertainty. The RBNZ indicated that this cut marks the end of its easing cycle, with future OCR moves dependent on medium-term inflation and the broader economic outlook.

Summary

Property market sentiment remains cautious amid economic uncertainty. Both occupier and investment market conditions are expected to remain soft over the coming quarters. However, falling interest rates may support increased sales volumes through Summer 2025, particularly in residential markets.

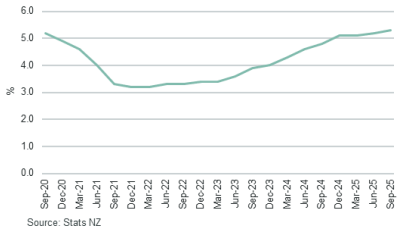
GDP



Source: Stats NZ

In Q3 of 2025, GDP grew by 1.1%, following a 1% decrease in the previous quarter. The rise in economic activity was broad-based, with increases in 14 out of 16 industries. Despite the rebound, consumer sentiment continues to lag.

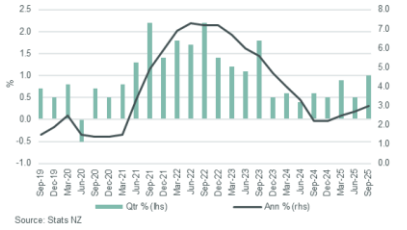
Unemployment Rate



Source: Stats NZ

Unemployment rate has risen to 5.3% in the September 2025 quarter, the highest in nine years. The labour market continues to show signs of weakness, with cautious hiring, minimal job growth and a rise in underutilisation.

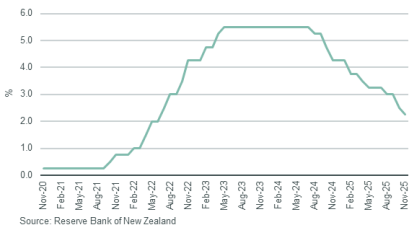
CPI Inflation



Source: Stats NZ

In Q3 2025, inflation reached the top of the RBNZ's 1% - 3% target range. The increase was driven by higher costs for electricity, rent and local authority rates. Despite the rise, the RBNZ had anticipated this outcome and expects inflation to ease moving forward.

Interest Rates



Source: Reserve Bank of New Zealand

The RBNZ cut the OCR by 25 basis points to 2.25% to support economic recovery. The RBNZ has signalled that future moves to the OCR depends on medium-term inflation and economic outlook.

6.2 Market Evidence - Marginal Land Sales

Introduction

I have researched sales of low productivity land, mainly in bush or with conservation attributes, as the basis for determining the market rent attributable to occupation of the underlying land, by the proposed scheme. This evidence gives indications of value for the underlying land, exclusive of potential for any higher use activities such as the proposed hydro scheme.

Sales

A summary of land sales, follows:

Marginal Land Sales Summary

Address	Location	Date	Sale Price	Area (ha)	Sale Price / ha
1178 Puhi Puhi Road	Kaikora District	01/06/24	$2,800,000	910.04	$3,077
Rutherglen Road	Greymuth	07/07/25	$350,000	50.99	$6,864
Shellback	Atarau	10/03/25	$460,000	59.45	$7,738
Palmer Road	Victoria Park	31/05/24	$340,000	60.45	$5,624
201 Graham Valley Nth Branch Road	Motueka	12/03/24	$435,000	56.39	$4,611
East Takaka Road	Takaka	20/02/24	$240,000	53.01	$4,527
Tutaki Road south	Nelson Lakes	19/12/23	$250,000	74.09	$3,239
Waitui Road	Upper Takaka	21/12/22	$720,000	174.6	$3,797
Gem Lake Station, Pomahaka	South Otago	01/04/24	$3,500,000	2055.41	$1,703
421 Hutiwai Road, Tongaporutu	Taranaki	13/10/25	$1,725,000	433.97	$3,975
Owen Valley East Road	Murchison	20/01/22	$590,000	159.6	$3,697

Broad analysis indicates the following base value levels:

Marginal Land Sales Value Ranges

Component	Land Sale Price Evidence		
	Minimum	Maximum	Average
Bare land (part/ all in bush)	$1,703 ha	$7,738 ha	$4,441 ha

Summary of findings

Having regard to locational, accessibility and physical aspects, an underlying land value of $4,500/ ha was adopted. This figure was then adjusted to allow “like for like” comparison with the Waitaha Scheme.

6.3 Royalty Payment Evidence

Introduction

Rental agreements and detail on energy related and other specialised property types, are commercially sensitive and confidential. This confidentiality restricts detailed analysis of the energy sector and limits the extent of detail we can disclose in our report.

I have researched rental and royalty agreements associated with a range of land uses, including:

- Hydro scheme - energy
- Wind Farms - energy
- Solar Farms – energy
- Holiday Park ground leases – alternative land use
- Other Permits and Concessions – alternative tourism-based comparisons

Market evidence from each of the above sectors is now discussed.

6.3.1 Hydro Schemes

Hydro evidence

Our research has identified only one hydro scheme where royalties are being paid.

That is the Amethyst "run of the river" scheme at Hari Hari, south from this proposal. The same parties are involved in the Waitaha Scheme.

Brief Description

Located at Hari Hari and commissioned 2013. Run of the river hydro scheme with 7.7mW capacity and annual generation of 45-50 GWh. Low level intake weir with 2.5km pressure tunnel. The fee basis and methodology changed over previous reviews. Only 50% of this scheme is on DOC land. Royalty based on [redacted] of overall gross revenue.

Other Hydro Precedent

The major hydro schemes are understood to pay no royalties and comprise:

South Island

- Manapouri Power Station
- Waitaki Scheme - includes:
- Benmore (540 MW)
- Aviemore (220 MW)
- Öhau A/B/C (264 MW, 212 MW, 212 MW)
- Tekapo A/B (160 MW)
- Waitaki (105 MW)
- Clutha Scheme - Clyde Dam (432 MW), Roxburgh (360 MW)

North Island

- Waikato River Scheme - 9 stations:
- Maraetai (360 MW)
- Arapuni (197 MW)
- Karapiro (96 MW)
- Whakamaru (124 MW)
- Atiamuri (84 MW)
- Waipapa (54 MW)
- Tongariro Scheme – Tokaanu and Rangipo

Summary

Hydro Schemes

Analysis Summary	% Royalty	Total rent/ Royalty % Rev
Minimum	[redacted]	[redacted]
Maximum	[redacted]	[redacted]
Average	[redacted]	[redacted]
Count	1	
Adopt Base		[redacted]

6.3.2 Wind Farms

Wind farm evidence

Our research has identified a number of wind farms where a premium is built into the rent and charged per turbine. Some of this evidence is anecdotal and has not been able to be verified. The premium in rent has been analysed on two wind farms.

On another large wind farm I was involved with, the rent was based on the higher of; a prescribed rent per turbine or, [redacted] of gross revenue.

The three wind farms where a verifiable premium in rent or royalty are paid, are now summarised:

Brief Description

Electricity Generation Comparisons

Location	Type	Date	Generation Capacity (MW)	% Royalty	Total rent/ Royalty % Rev	Royalty Basis	Comments
Kaipara District	Wind Farm	21/07/2020	77	[redacted]	[redacted]	[redacted]	Wind Farm developed by Tilt Renewables NZ on Omamari Station, and to be operated by Mercury Energy. Approximately 15 km north from Dargaville and 4 km from the west coast. The higher points of the farm sit at between 100 m to 140 m above sea level and experience high wind frequency. The Wind Farm is to be connected to the National Grid by a proposed new 66 KV transmission line.
Manawatu Gorge	Wind Farm	17/06/2019	90	[redacted]	[redacted]	[redacted]	This Meridian Wind Farm is spread over five properties and was constructed in 2003-2004 and began generating electricity in August 2004. The fifty-five 1.65 megawatt Vestas turbines have a total capacity of 90 megawatts. A high altitude site with high wind frequency. Pay an annual rent per turbine per annum, inclusive of premium.
Bluff	Wind Farm	10/08/2021	6.8	[redacted]	[redacted]	[redacted]	An 8 turbine wind farm as part of a 149ha coastal farm approximately 16km from Invercargill. Developed by Southern Generation Ltd. [redacted]

Commentary

Royalties are not generally paid by wind farms, but the operators normally pay a premium in rental, over and above the rent to the farming operation, on a per turbine basis. The rents per turbine show wide variation, partly due to the differing size and generation capacity of the turbines. In these situations, the premium in rent has been separated and effectively analysed as royalty.

Wind farm operators avoid Conservation Estate land due to the difficulties in obtaining necessary consents, the limited supply of suitable clear land and distance from transmission infrastructure.

Summary

Wind Farms

Analysis Summary	% Royalty	Total rent/ Royalty % Rev
Minimum	[redacted]	[redacted]
Maximum	[redacted]	[redacted]
Average	[redacted]	[redacted]
Count	3	
Adopt Base		[redacted]

6.3.3 Solar Farms

Solar farm evidence

Our research has identified a relatively high number of solar developments through New Zealand but in only two situations have we detail on the royalty and rental premium being paid.

Discussions with a major solar developer (5 commissioned solar farms with annual generation capacity of circa 270 MW and a further 6 proposed/ consented projects) indicated that, of their solar developments, they have only paid a royalty in one case. They do however pay a reasonable premium in rent on a per ha basis, recognising the revenue upside opportunities to the developer.

Locational requirements are less specific for these developments and often several site alternatives may be available. Proximity to transmission infrastructure is a key consideration together with land suitability.

Verifiable detail has been sourced on two solar farms.

Brief Description

Electricity Generation Comparisons

Location	Type	Date	Generation Capacity (MW)	% Royalty	Total rent/ Royalty % Rev	Royalty Basis	Comments
Far North	Solar Farm	1/09/2022	0.0	[redacted]	[redacted]	[redacted]	Situated on Aupouri Peninsula, north of Kaitaia. Occupying approximately 19ha with 20.8 MW capacity and 30 GWh annual generation. Developed by Far North Solar Ltd.
Gisborne Airport	Solar Farm	1/10/2022	5.2	[redacted]	[redacted]	[redacted]	Developed by Eastland Generation on land forming part of Gisborne Airport. Gisborne Airport is owned by Eastland Group, a related company. [redacted]

Commentary

Royalties are not generally paid by solar farms developers, but they do pay a premium in rental, this based on land area and over and above the rent to the farming operation. In these situations, the premium in rent has been analysed as effectively representing a royalty. These premiums are confidential and as a proportion of revenue, are relatively low. As an example, analysis of the Far North non- royalty land rental indicated a premium of around [redacted] over and above the low grazing land-based rent of $1,000 /ha.

Summary

Solar Farms

Analysis Summary	% Royalty	Total rent/ Royalty % Rev
Minimum	[redacted]	[redacted]
Maximum	[redacted]	[redacted]
Average	[redacted]	[redacted]
Count	2	
Adopt Base		[redacted]

6.3.4 Holiday Park Ground Leases

Solar farm evidence

We have analysed ground rental evidence for Holiday Parks in situations where it is common for the undeveloped land to be leased on a turnover related basis and where all improvements are Lessee owned. I have identified a mix of net and gross lease transactions and have adjusted all transactions to a net basis with 3 yearly rent review frequency.

Holiday Park land tends to be in high profile coastal or lake locations and under “average efficient” management, business risks are generally lower.

Brief Description

Property	Comments
Whangarei Holiday Park	This is a holiday park in a central location, within a short drive from Whangarei's CBD. The campground is a rear site with limited main road visibility, however it adjoins the Parihaka reserve, with nature walks to Whangarei's CBD. While the total leased area is 1.408ha, the usable area is limited to 8925 m2.
Belt Road Seaside Holiday Park	A centrally located Motor Camp providing a mix of Cabins and camp sites; this located within the City overlooking Port Taranaki. This is effectively a ground lease with the Lessee owning the majority of the improvements. Gross lease with annual CPI reviews and market upon renewal.
Oakura Beach Camp	This is a ground lease of a reserve area located on the coast at Oakura. Lessee owns all of the improvements. This was a market review on a five year renewal term and there are annual CPI reviews.
Blue Lake Top 10 Holiday Park	This is a ground lease of the Top 10 holiday park site at the Blue Lake, 7km south of Rotorua. The building improvements are owned by the lessee. Rental is calculated [redacted] of gross annual income (concession activity fee). Lessor is DOC.
Long Bay Camping Ground	Nil increase on rent review for two beachfront campground sites east of Coromandel township at Long Bay and Tucks Bay. The rent is for the land only. There is a full ratchet clause that prevents the rent dropping below the previous period. Based on estimated turnover this rent suggests a rent of [redacted] of turnover.
Athenree Holiday Park	A ground lease with a turnover based rental. In July 2018, a variation of lease was granted for two terms of 15 years with a final expiry of 1 April 2054. Rent was set on review indicationg a rental agreed between the parties at [redacted] of actual turnover. The land is quite low lying and the tenants have carried out substantial drainage works at their cost.
Papamoa Beach Holiday Resort	Papamoa Beach resort comprises a central location on the fringe of the Tauranga CBD. It has all year round visitors with a mixture of motel units, cabins, and powered site. The amenities are of the good modern standard. The ground rent is reviewed every 5 years. We understand the ground rent equated to [redacted] of 2023 revenue but [redacted] of 2024 revenue but we also understand it was based on [redacted] of projected revenue from the date of review.

Commentary

Royalties are not paid for the land occupation by the above Holiday Parks, but the above rents are based on a % of turnover. We have analysed this evidence on a turnover comparative basis and have then undertaken further adjustment to give direct comparability to the higher risk associated with this hydro development.

Summary

Analysis Summary	% of T/O	Adjusted % T/O
Minimum	[redacted]	[redacted]
Maximum	[redacted]	[redacted]
Average	[redacted]	[redacted]
Count	7	
Adopt Base		[redacted]

6.3.5 Other Royalty Evidence

Other evidence

We have considered a range of other tourist activities for which royalties are paid, relative to gross revenue.

These activities are on Crown Pastoral Lease land for a range of activities.

Brief Description

Revenue Based Royalty Comparisons

Activity	Land Owner	Land Type	Location / Use	Type	Date	% Royalty
Hunting & Guided Walks	Crown	Crown Pastoral Lease	Various	Recreation Permit	2025	[redacted]
Horse Treking, Mtn Biking, WD Tours	Crown	Crown Pastoral Lease	Various	Recreation Permit	2025	[redacted]
Kyaking & Rafting Access	Crown	Crown Pastoral Lease	Various	Recreation Permit	2025	[redacted]
Heliskiing	Crown	Crown Pastoral Lease	Various	Recreation Permit	2025	[redacted]
Endurance Race	Crown	Crown Pastoral Lease	Various	Recreation Permit	2025	[redacted]
Various Commercial	Tuwharetoa	Use of Lake	Lake Taupo	Commercial Licences	2025	[redacted]

Summary

Analysis Summary	% Royalty
Minimum	[redacted]
Maximum	[redacted]
Average	[redacted]
Count	Multiple
Adopt Base	[redacted]

Commentary

These activities generally require relatively low capital investment compared to the subject Scheme and revenue is directly related to the outdoor environment and to a strong personal factor.

We have also looked at Geothermal Energy but were unable to identify any royalty agreements relative to this use.

Mining and extraction activities on Crown land pay royalties based on the quantity of mineral extracted and are specifically covered by the Crown Minerals Act 1991. The main Crown owned minerals include gold, silver, uranium and petroleum. Section 34 requires payment of a royalty where a mining permit exists. This obligation is not linked to land ownership and relates to crown owned minerals.

6.3.6 Summary of Royalty and Rent Premium Evidence

Other evidence

We have considered a range of other tourist activities for which royalties are paid, relative to gross revenue.

The analysed data from energy and other activities, is now summarised:

Summary

Royalty Summary and Reconciliation

Dataset	Land Ownership	Sample Size	% Rev Minimum	% Rev Maximum	% Rev Average	Other non Opex Payments	Indicated Market Royalty	Risk Adjustment - Hydro v Dataset	Overall Comparative Adjustment	Indicated Total Rent & Royalty to Subject
Wind Farms	Various	3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Solar Farms	Various	2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Hydro Developments	DOC & Other	1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Holiday Parks	DOC & Other	7	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Tourist activities	Various	Multiple	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Average										[redacted]

7 Compensation Methodology

7.1 Introduction

Department of Conservation is seeking compensation for the granting Concessions associated with this proposed scheme.

The Conservation Act 1987 provides at S17Y:

1. It shall be a condition of the Minister's granting a concession under this Part that the person or body to whom the concession is granted-

(a) shall pay any specified rents, fees, and royalties to the Minister, and
(b) shall pay any other levy or charge made on an occupier or owner of land, as a result of the grant of a lease, licence, or easement, either to the Minister or as directed by the Minister.

2. The rent, fee, or royalty may be fixed at the market value, having regard to-

(a) any circumstances relating to the nature of the activity; and
(b) the effects of the activity on the purposes of the area affected; and
(c) any contractual conditions, covenants, or other encumbrances placed upon intrinsic resources, natural resources, or historic resources by the concession.

3. Rent, fees, and royalties for a concession shall be reviewed at intervals not exceeding 3 years.

7.2 Case Law Precedent

There is no case law precedent for assessing 'market value' under the Conservation Act.

Compensation payments in New Zealand derive from two main transaction categories:

- Private sector agreements
- Land takings by “designating authorities”

There is a contrasting approach taken to assessing compensation in these situations. Under statutes such as the Public Works Act, “designating authorities” have the power to compulsorily acquire land for specific purposes and in such, compensation is limited to the monetary loss in value suffered by the landowner.

In contrast, compensation in Private Sector agreements, is not limited to the loss in property value but is based on wider enquiry, as is illustrated in the following Case extracts:

Jacobsen Holdings Limited v Drexel (Court of Appeal) July 1986.

> *“The concept of willing buyer/willing seller must be applied by envisaging a friendly negotiation between fair minded people who were in the situation in which the parties found themselves, and who were willing to consider all factors of detriment to either side, taking due account of the benefits which would accrue to the buyer, but assuming at the same time that the seller was not an unprincipled opportunist with no thought except as to capitalise to the fullest extent on the buyer’s dilemma.”*
>
> *“I would expect a fair-minded person in the seller’s position to be content to hold out for a moderate rather than an extortionate windfall from the buyer’s predicament. By the same token, I would expect a fair minded person in the buyer’s position to be conscious of the fact that he is seeking an advantage in no way commensurate with the seller’s almost negligible detriment and so be prepared to agree on a figure considerably in excess of the value of the land affected by the right of way.”*

In summary the Court envisaged that compensation would be equitable between the parties and should be assessed based on what willing parties to an easement would agree.

Furthermore the Court envisaged friendly negotiation between fair minded people, willing to consider all factors of benefit

or detriment to either side, taking due account of the benefits which will accrue to one party and where one of the parties will gain an advantage in no way commensurate with the other party's detriment then it was envisaged that a figure considerably in excess of the value of the land affected by the right-of-way, would be agreed.

In **Lowe and Others v Brankin**, (Court of Appeal 2005) similar principles were outlined. The Court found that the original High Court judge had focussed solely on the "loss" to the White Head Lane residents and that this approach overlooked that Brankin could reasonably expect to pay a premium for gaining access that he sought. Accordingly, compensation was increased from $40,000 to $125,000 but was then adjusted down to $100,000 as two of the original parties to the case had withdrawn.

In the subsequent 2010 Court of Appeal case **Hajnal v Asmussen** the Court identified:

> *Our conclusion from these cases is that one should first identify the value of the land being taken, here a figure obtained by identifying the diminution in value to the property being forced to accept the easement. That is then the starting point against which to measure other factors which would affect a willing buyer and willing seller. In this case, as in Brankin, we consider the buyer would be willing to pay more than the bare value of the land because 142 is the sole beneficiary of the easement, and it results in a significant increase in the value of 142. The hypothetical parties would be aware of this and be willing to factor in a transfer of some or much of 142's increased value to 136.*

7.3 Compensation principles

The general valuation principles relating to compensation (which I consider are applicable in the context of the Conservation Act), are summarised as:

- The cases envisage a friendly negotiation between the parties.
- All material factors of benefit or detriment on either side are relevant to determining compensation.
- The potentialities of the land to each party should be viewed from the perspective of a willing buyer and willing seller, both hypothetical.
- The starting point is to determine the diminution in market value to the servient tenement, from which the easement rights are to be acquired.
- The damage or injury to that property will be relevant in determining the diminution in value.
- Calculate any increase in value to the acquiring property, dominant tenement or the benefit gained by the acquiring party.
- Where hypothetical parties are aware that the acquired rights will result in an increase in value or financial benefit, the parties would factor in a transfer of some of this increase in value or benefit in their negotiations.
- Alternative options to obtain the same utility or benefit, and the associated costs, may be relevant.
- The special needs of a party might result in their being willing to pay more for the land than others in a market situation.

7.4 Compensation Considerations

The quantum of fair or market rental/ royalty paid (compensation), requires the balancing of a number of considerations (again within the context of the Conservation Act):

- The loss in value to the occupied and surrounding parts of the stewardship land due to the lease, licence and easement rights granted.
- The financial profit and benefits to Westpower through electricity sales on completion.
- The reasonable impacts on sensitive land in Conservation Estate from construction and operation of the Scheme.
- The unique potential offered for hydro development by the land.
- The specialised nature of the Scheme and high associated construction costs.
- The high risk associated with this difficult construction project, potential for major project cost over runs and delays, and the need for a high profit and risk contingency.
- Difficult alpine construction environment with seismic fault lines and made more difficult by having to adopt low impact construction strategies.
- Design and operational risk- will projected power generation targets be met.

- Public good energy benefits related to increased power supply and resilience, greater West Coast supply self-sufficiency, reduced transmission losses, reduced risk of disrupted supply, reduced exposure to and offset generation in dry Central Otago periods.
- Other public good benefits from direct and indirect employment during construction and the on-going operational employment for staff and contractors.

7.5 Compensation Comparisons

Direct market comparison has been applied, considering energy related and other land use datasets, including:

- Hydro scheme - energy
- Wind Farms - energy
- Solar Farms – energy
- Holiday Park ground leases – alternative land use
- Other Permits and Concessions – alternative tourism-based comparisons

7.5.1 Land Value and Adjustments

Appropriate adjustments have been made in analysing this evidence, to allow “like for like” comparison. Our adjustments included:

- Base land value was determined from analysis of rural land values as summarised in Section 6.2 at $4,500/ ha
- Scale (smaller land area than the sales) [redacted]
- Environmental Uniqueness[redacted]

Occupation of the land underlying the components of the Scheme, was assessed at:

- Intake/ headworks and power station land [redacted] of land value
- Penstock and Access Tunnel[redacted] of land value
- Easement corridor [redacted] of land value
- Easement Injurious Affection areas[redacted] and [redacted] of land value

7.5.2 Comparative Adjustments

For the energy related and other land use dataset market comparisons, further direct comparison was then undertaken to equate the specific risks and attributes to the proposed hydro scheme.

On the premise that for higher risk projects, prudent parties would agree a lower royalty % rent, the following comparative adjustments were made:

Hydro Royalty Adjustments

Hydro Schemes		
Analysis Summary	% Royalty	Total rent/ Royalty % Rev
Average	[redacted]	[redacted]
Count	1	
Adopt Base		[redacted]
Adjust for	**Adjustment**	
Location	[redacted]	
Risk - capital expenditure, construction cost inflation and engineering	[redacted]	
Specialised use and environmental risk	[redacted]	
Unique resource	[redacted]	
Total adjustment	[redacted]	[redacted]
Indicated Market combined Rent & Royalty Per Annum		[redacted]

Similar risk to Waitaha scheme.

Wind Farm Royalty Adjustments

Wind Farms

Analysis Summary	% Royalty	Total rent/ Royalty % Rev
Average	[redacted]	[redacted]
Count	3	
Adopt Base		[redacted]
Adjust for	**Adjustment**	
Location attributes	[redacted]	
Risk - capital expenditure, construction cost inflation and engineering	[redacted]	
Specialised use and environmental risk	[redacted]	
Unique resource	[redacted]	
Total adjustment	[redacted]	[redacted]
Indicated Market combined Rent & Royalty Per Annum		[redacted]

Wind farms have higher certainty around engineering and development costs and generation capacity. By comparison the Waitaha scheme would require lower royalty to compensate for the higher risk.

Solar Farm Royalty Adjustments

Solar Farms

Analysis Summary	% Royalty	Total rent/ Royalty % Rev
Average	[redacted]	[redacted]
Count	2	
Adopt Base		[redacted]
Adjust for	**Adjustment**	
Location attributes	[redacted]	
Risk - capital expenditure, construction cost inflation and engineering	[redacted]	
Specialised use and environmental risk	[redacted]	
Unique resource	[redacted]	
Total adjustment	[redacted]	[redacted]
Indicated Market combined Rent & Royalty Per Annum		[redacted]

Solar farms have the greatest certainty around engineering and development costs and generation capacity. By comparison, the Waitaha scheme would require lower royalty to compensate for the higher risk.

Holiday Park Site Rental Adjustments

Holiday Park Site Rentals

Analysis Summary	% of T/O
Average	[redacted]
Count	7
Adopt Base	[redacted]
Adjust for	**Adjustment**
Location attributes for GC Holiday Park development	[redacted]
Risk - capital expenditure, construction cost inflation	[redacted]
Specialised use and environmental risk	[redacted]
Unique resource	[redacted]
Total adjustment	[redacted]
Indicated Market combined Rent & Royalty Per Annum	[redacted]

Tourist Activity Royalty Adjustments

Tourist Activity Royalties	
Analysis Summary	**% Royalty**
Average	[redacted]
Count	Multiple
Adopt Base	[redacted]

Adjust for	**Adjustment**
Location	[redacted]
Risk - lower capital expenditure, predictabe cost inflation and personal factor	[redacted]
Specialised use and environmental risk	[redacted]
Unique resource	[redacted]
Total adjustment	[redacted]
Indicated Royalty	[redacted]

7.5.3 Summary of Adjustments and Indicated Royalty and Rent Payment

Commentary

In the above section each dataset has been adjusted to equate relative risks and attributes, to the Waitaha Scheme. Those activities presenting the lowest risk, attract the higher royalty payments (holiday parks and tourist activities). The summary of our analysis and adjustments, follows:

Indicated Overall Royalty/ Rent payment

Based on the available evidence, the following average revenue-based payment (as % of total revenue) was determined.

Royalty Summary and Reconciliation									
Dataset	Sample Size	% Rev Minimum	% Rev Maximum	% Rev Average	Other non Opex Payments	Indicated Market Royalty	Risk Adjustment - Hydro v Dataset	Overall Comparative Adjustment	Indicated Total Rent & Royalty to Subject
Hydro Developments	1	[redacted]							
Wind Farms	3	[redacted]							
Solar Farms	2	[redacted]							
Holiday Parks	7	[redacted]							
Tourist activities	Multiple	[redacted]							
Average									[redacted]

Further Adjustment

Additional to the proposal to charge a royalty, significant mitigation payments are proposed, as outlined in Section 5.2.4.

No significant mitigation or other payments are understood to have been charged for the comparables used in my analysis. Further adjustment has therefore been made for these additional charges, as an additional expense to the Waitaha proposal.

Present value analysis of the various mitigation payments for Waitaha, over the duration of each effect, indicates an effective relativity to projected annual revenue of [redacted].

Reasonable parties in negotiation might be expected to pay lower regard to what are future expenses spread over a relatively long time span and in recognition of this, an additional [redacted] reduction was applied to the indicated impact on revenue, giving a reduced indicated adjustment of [redacted] and rounded to [redacted].

Our adopted royalty, after adjustment for the onerous mitigation payments, follows:

Adopted Royalty Percentage			
		Indicated Total Rent & Royalty to Subject	Market Annual Payment
Average Adjusted Royalty Indication		[redacted]	
Indicated WTA Royalty		[redacted]	
Adjusted Royalty after Weighting of Approaches			[redacted]
	Adjustment		
Adjust for Additional Effects Related Payments	[redacted]		
Total adjustment			[redacted]
Adopt Market combined Rent & Royalty Per Annum			[redacted]

The above weighted average royalty indication (WTA) places higher weighting on the hydro, wind and solar comparisons and lower weighting on the tourist and holiday park comparisons. The overall averages are however similar, and our adopted figure has been based on the WTA approach, as rounded.

7.6 Compensation Aspects

7.6.1 Loss of Land Rights

For easements, leases or licenses the granting of land occupation rights is normally compensated for by determining the impact or detriment as a proportion of the underlying land value. The proportion of land value assessed depends on the nature of the land use, the impacts on the land and whether any on-going use will remain available to the landowner.

The royalty compensation (Concession Fee) has been assessed as the overall annual amount relative to the land rights acquired for the Concession Activities outlined in the proposed Concession Documents. These involve the Operation Areas and access to and use of the Waitaha River, for the outlined hydro scheme. Royalty and rental payments and compensation are authorised under Sections 17Y and, 17X of the Conservation Act 1987.

Additional activities associated with the Construction Areas relate to the temporary staging and drilling areas, for which it is assumed compensation in the form of Disturbance will be paid.

The intake, power station and road/ transmission land will be almost exclusively used by the Scheme while land associated with the access and penstock tunnels will continue to provide uninterrupted conservation use above ground.

7.6.2 Loss of Improvements

There are no existing structural improvements associated with the land.

7.6.3 Injurious Affection

Injurious affection is interpreted as the permanent reduction in value of an owner's remaining land and improvements, resulting from:

- The operation and nature of the works
- Depreciation arising from being severed from other land with which it was previously held

Injurious affection can result from physical impacts on the remaining land or from factors such as visual obtrusion, increased noise, potential danger, perceived health risks, increased working costs and reduced efficiencies.

Injurious affection is required to be "substantial" and in the Land Valuation Tribunal case Eckhold v. Department of Lands (NZAR pg. 202 [1991]) the Tribunal stated:

> *"For injurious affection to be substantial, the word substantial must be given its ordinary meaning that of substance, something more than trivial, ephemeral or of a fleeting, temporary nature. The matters complained of must have an impact and major effect as distinct from trivial."*

Injurious affection in this instance relates to the likely impacts on adjoining land in the same ownership, these largely stemming from loss of privacy and associated noise and visual obtrusion considerations. While injurious affection will in some places be relatively confined due to the track following the creek alignment, in other areas track users will be far more visible.

The road corridor will include power transmission lines and poles, and the combination of this development will have an adverse effect (Injurious Affection) on adjoining land through noise and visual obtrusion. To determine compensation for this, I applied the “corridors of effect” approach which considers the impact on adjoining land on a zonal basis. It is based on the rationale that as the distance from the easement increases, the impacts on adjoining land reduce.

In this instance we adopted two 15.5m wide strips, on either side of the easement, as being impacted. The impact to the strips adjacent to the easement (both sides) was assessed at [redacted] of underlying land value while the impact to the furthest land strips beyond, was assessed at a reduced rate of [redacted] of underlying land value.

7.6.4 Disturbance

Allowance is made for disturbance within compensation assessments however this is best determined when the timing, length of construction and impacts, are known. No allowance has been made for disturbance in the valuation.

Disturbance compensation has not been assessed in the report, as instructed and this is normally best calculated at the conclusion of the works.

7.6.5 Betterment

Betterment can arise in some situations where the proposed works convey a benefit on residual land and its value.

No Betterment has been identified in this situation.

7.7 Occupation Compensation – Lease Licence Land Rent

7.7.1 Introduction

The first part of the compensation assessment relates to the impact on the underlying land and the value associated with this, arising from the proposed hydro scheme. The value of the land as public conservation land was related to sales of what is referred to as marginal land, in this case land in indigenous forest. Such land has relatively low value due to its restricted use and normally low potential income generating ability.

7.7.2 Compensation Assessment – Land with Power Scheme Structures

The basis of this assessment, as applied to the land associated with the power scheme structures, follows:

Hydro Power Scheme Structures - Land Occupation Rights

Component	Land Area (ha)	Base Land Value	Scale Adjustment	Environ - mental Uniqueness	Total Adjment	Adjusted Base Land Value	% Of Underlying LV	Injurious Affection	Diminution in LV Compensation
Lease and Licence Concess	**Loss of Land Rights Compensation**								
Intake and Headworks	0.3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Power Station	0.7	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Penstock and Access Tunnel	4.8	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Totals	**5.8**				**Value of Acquired Land Rights - Power Scheme**				[redacted]
Annual Rent							[redacted]		[redacted]
Total Land Occupation Compensation Hydro Power Scheme Structures - Assessed As Annual Rent Payment								**Adopt**	[redacted]

7.8 Easement Compensation

7.8.1 Introduction

The easement land is to be used for the access road and transmission line, from McGregor Creek to the Power Station with a length of approximately 2.2 km.

The land under the approximately 15.5 m wide strip, that will accommodate the road and transmission line, will be fully required for this purpose for the 49-year duration of the easement. Additional to the occupy area, the corridors of land to either side of the road will be injuriously affected, and additional compensation has been assessed for these impacts.

7.8.2 Road and Transmission Line Compensation

The basis of this assessment, as applied to the land associated with the road and transmission line, follows:

Roading and Transmission Line Easement - Compensation for Loss of Land Rights

Land Description	Easement Corridor Width (m)	Corridors Affected	Corridor Length (m)	Corridor Area (ha)	Proportion of Corridor	Total Corridor Area (ha)	Adjusted Base Land Value	% Of Underlying LV	Diminution in LV Compensation
Easement Concession	**Loss of Land Rights Compensation**								
Loss in value corridor 1	15.5	1	2200	2.48	100%	2.48	[redacted]	[redacted]	[redacted]
					Value of Acquired Land Rights - Road & Power Corridor				[redacted]
Injurious Affection									
Loss in value corridor 2	15.5	2	2200	3.41	100%	6.82	[redacted]	[redacted]	[redacted]
Loss in value corridor 3	15.5	2	2200	3.41	100%	6.82	[redacted]	[redacted]	[redacted]
					Total Injurious Affection- Adjoining Land				[redacted]
Total Compensation For Access Road and Transmission Lines				**16.12**	**Total Value of Land Rights Acquired**				[redacted]
Annual Rent							[redacted]		[redacted]
Total Easement Fee for Access and Power Corridor - Assessed As Annual Rental Value								**Adopt**	[redacted]

7.8.3 Total Land Compensation (as Annual Payment)

The summary of the land related compensation assessments, follows:

Compensation for Loss of Land Rights		
Total Land Occupation Compensation Hydro Power Scheme Structures - Assessed As Annual Rent Payment		[redacted]
Total Easement Fee for Access and Power Corridor - Assessed As Annual Rental Value		[redacted]
Total Compensation for Land Rights and Injurious Affection - Assessed As Annual Rental Value	**Adopt**	[redacted]

7.9 Royalty Compensation

7.9.1 Introduction

My instructions were to assess the combined annual payment by way of rent and royalty for the proposed scheme.

In undertaking this assessment, I have assumed the circumstances around this proposed hydro scheme give legitimacy to the proposed charging of a royalty by DOC.

The combined rent and royalty payment has been determined from analysis of other royalty and rent premium evidence, and has been split into two parts:

- Physical occupation of the land by the scheme as access road
- Royalty payment for the unique hydro potential offered by the land.

7.9.2 Overall Royalty/ Rent Compensation

Our assessment of overall annual compensation as rent/ royalty, follows:

Compensation Summary - Royalty Payment Assessment			
Land Use Components	Land Area (ha)	Estimated Gross Revenue Royalty %	Royalty Compensation
Proposed hydro electrical "run of the river" development			
Intake and Headworks	0.3	)	
Power Station	0.7	)	
Penstock and Access Tunnel	4.8	)	
Total	**5.8**	)	
Roading and Transmission Line Easement		[redacted])	[redacted]
Easement Corridor 1	2.48	)	
Easement Injurious Affect	13.64	)	
Total	**16.12**	)	
Estimated Annual Royalty	**21.92**		[redacted]
Indicated Gross Revenue		[redacted]	[redacted]
Estimated Annual Royalty (2025 Revenue estimate)			[redacted]

The Revenue estimates were supplied by the client. These should be treated as indicative only, subject to project completion and confirmation of the electricity generation and then current and pricing.

7.10 Summary and Apportionment of Royalty/ Rent Compensation

The apportionment of the annual payment, comprising rent to underlying land rights, and royalty, follows:

Compensation Summary				
Component	Concession Rights	Land Area (ha)	Market Rent & Royalty Rev %	Compensation (Annual Amount)
Hydro Power Scheme Structures - Land Occupation Rights	Lease/ Licence	5.8		[redacted]
Road and Transmission Line Easement	Easement	16.12		[redacted]
Total Compensation for Land Rights Acquired		**21.92**		[redacted]
Royalties Added Value of Potential			[redacted]	[redacted]
Overall Compensation			[redacted]	[redacted]
Total Compensation (Royalties and land rent)		**Adopt**	[redacted]	[redacted]

The above valuation is plus GST (if any).

8 Disclaimers & Qualifications

Valuation Subject To Change	This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including because of general market movement or factors specific to the particular property). For the avoidance of doubt, this may include global financial crises or force majeure events. We do not accept liability for losses arising from such subsequent changes in value. Furthermore, values vary from time to time in response to changing market circumstances. The valuation is based on available information as at the date of valuation. No warranty can be given as to the maintenance of this value into the future. Therefore, it should be reviewed periodically.
Lease Documentation	Where applicable, our assessment of value is provided on the assumption that all leases are executed and that individual lease provisions are in accordance with the tenancy information provided.
Disclosure	CBRE must be advised if the Reliant Party becomes aware of any changes relating to the information and advice provided by the Instructing/Reliant Party during the Reliance Period. This includes, without limitation, any changes to information and advice provided in relation to encumbrances, registered/unregistered interests, title, and land area/dimensions. In any such event, this valuation must not be relied upon without consulting CBRE first to reassess any effect on the valuation.
Taxation & GST	Unless otherwise stated, all financial information and valuation calculations and assessments in this report are on a plus GST (if any) basis. We are not tax experts and have not been provided with tax or legal advice. The Reliant Party must make its own enquiries if they consider that GST applies.
Site Survey	We do not commission site surveys and a site survey has not been provided to us. We have assumed there are no encroachments by or on the property, and the Reliant Parties should confirm this status by obtaining a current survey report and/or advice from a registered surveyor.
Property Titles	We have assumed that there are no further easements, unregistered interests or encumbrances not disclosed by our title search which may affect market value. However, if a future title search is undertaken which reveals additional easements or encumbrances, CBRE should be consulted to reassess any effect on the value stated herein.
Environmental Conditions	Unless otherwise stated, we have assumed that the site is free of elevated levels of contaminants or subsoil asbestos that would prevent the continuation of the current use of the property. Note our visual inspection is an inconclusive indicator of the actual site condition. We make no representation as to the actual environmental status of the subject property. If any formal testing is undertaken to assess the degree, if any, of contamination of the site and this is found to be positive, this valuation must not be relied upon without first consulting CBRE to reassess any effect on the valuation.
Flooding Caution	The quality, completeness and accuracy of flood mapping varies widely between localities and Councils. We have not verified, and make no representation as to the appropriateness, accuracy, reliability, or currency of the flood mapping reviewed. The Reliant Party may wish to confirm the flood mapping information by obtaining an expert hydrologist's report. If further flooding data is obtained, we reserve the right to review and if necessary, amend the valuation.
Asbestos/ Hazardous Materials	Unless otherwise noted, we have assumed that the improvements are free of asbestos and hazardous materials, or should these materials be present then they do not pose significant risk to human health, nor require immediate removal. Our visual inspection is an inconclusive indicator of the actual condition/presence of asbestos/hazardous materials within the property. We make no representation as to the actual status of the subject property. If any testing is undertaken and the presence of any asbestos/hazardous materials on site is found to be positive, this valuation must not be relied upon before first consulting CBRE to reassess the valuation.
Planning Information	We assume information provided by the relevant responsible authority is current and accurate. We do not commission formal investigations to verify information provided to us. If a Land Information Memorandum (LIM) report is obtained, and the information therein is later found to be materially different to the town planning information detailed within the valuation, we reserve the right to amend the valuation.

Inclusions & Exclusions	Our valuation includes those items that form (or will form) part of the building service installations such as heating and cooling equipment, lifts, sprinklers, lighting, etc., that would normally pass with the sale of the property, but excludes all items of plant, machinery, equipment, partitions, furniture and other such items which may have been installed (by the occupant/operator) or are used in connection with the enterprise carried on within the property.
Side Agreements	If the Reliant Party becomes aware of any side agreements, this valuation must not be relied upon before first consulting CBRE to reassess any effect on the valuation.
Floor Areas	Unless stated otherwise in the valuation, we have assumed that the floor areas have been calculated in accordance with the Property Council of New Zealand (PINZ PCNZ) Guide to Measurement of Rentable Areas or as specifically instructed by the party who we have agreed to provide this valuation. We recommend that the person or entity relying upon this report should obtain a survey to determine whether the areas provided differ from PINZ PCNZ guidelines. If the survey reveals a variance in areas, then the relevant person or entity should not rely upon the valuation and should provide all relevant survey details to CBRE for consideration and possible review of the valuation.
Condition & Repair	We are not building/structural experts and are therefore unable to certify the structural soundness of the improvements. Unless otherwise stated, we have not sighted a qualified engineer's structure survey of the improvements, or its plant and equipment. Any Reliant Parties would need to make their own enquiries in this regard. Unless otherwise stated, we have not sighted a structural report on the property, nor have we inspected unexposed or inaccessible portion of the premises. We therefore cannot comment on the structural integrity, defect, rot or infestation of the improvements nor can we comment on any knowledge of the use in construction of material such as asbestos or other materials considered hazardous.
Currency	All dollars are NZ$.
LIM & PIM	Unless otherwise stated, we have not obtained Land Information Memoranda (LIM) or Project Information Memoranda (PIM) from the Territorial Authority.
Lease Covenant Strength	We do not make detailed enquiries into the covenant strength of occupational tenants but rely on our judgement of the market's perception of them. Any comments on covenant strength should therefore be read in this context. We assume that tenants are capable of meeting their financial obligations and there are no undisclosed rental arrears or breaches of covenant.
Site Conditions	We do not commission site investigations to determine the suitability of ground conditions and services, nor do we undertake environmental or geotechnical surveys. We have assumed that these aspects are satisfactory and also that the site is clear of underground mineral or other workings, methane gas or other noxious substances. In the case of property which may have redevelopment potential, we proceed on the basis that the site has load bearing capacity suitable for the anticipated form of redevelopment without the need for additional and expensive foundations or drainage systems (unless stated otherwise).
Not a Structural Survey	We state that this is a valuation report, and not a Structural Survey.
Director's Clause	Under required circumstances, this report may have been co-signed by a Director of CBRE. In accordance with our internal Quality Assurance procedures, the co-signing Director certifies that they have discussed the valuation methodology and calculations with the prime signatory, however the opinion of value expressed herein has been arrived at by the prime signatory alone. The co-signing Director may or may not have inspected the subject property.
Reliance	For the avoidance of doubt, nothing in this valuation report will constitute any legal recommendation or advice in relation to investment, or an offer or solicitation for the purpose of or for sale of any securities, financial instrument or products or other services. CBRE are not liable to any purchasers and/or investors in their own decisions in relation to any purchasing or investments from the services provided.
Market Movement	Values vary from time to time in response to changing market circumstances. The valuation is based on available information as at the date of valuation. No warranty can be given as to the maintenance of this value into the future. Therefore, it should be reviewed periodically.

Extent of Investigations	We are not engaged to carry out all possible investigations in relation to the property. Where in our report we identify certain limitations to our investigations, this is to enable the Reliant Party to instruct any further investigations considered appropriate or where we recommend as necessary prior to Reliance. CBRE is not liable for any loss occasioned by a decision not to conduct further investigations.
Assumptions	Assumptions are a necessary part of undertaking valuations. CBRE adopts assumptions for the purpose of providing valuation advice because some matters are not capable of accurate calculation or fall outside the scope of our expertise, or our instructions. Assumptions adopted by CBRE will be formulated on the basis that they could reasonably be expected from a professional and experienced valuer. The Reliant Party accepts that the valuation contains certain specific assumptions and acknowledges and accepts the risk that if any of the assumptions adopted in the valuation are incorrect, then this may influence the valuation.
Information Supplied by Others	This document contains information which is derived from other sources. Where this information is provided by experts and experienced professionals, we have relied upon the expertise of such experts and by necessity we have relied upon the information provided being accurate, whether prepared specifically for valuation purposes or not. Unless otherwise specifically instructed by you, we have not independently verified that information, nor adopted it as our own. Notwithstanding the above, we have reviewed the provided information to the extent that such a review would be reasonably expected from a professional and experienced valuer having regard to normal industry practice undertaking a similar valuation/consultancy service. The Reliant Party acknowledges that the valuer is not a specialist in the areas from which the expert information is derived and accepts the risk that if any of the information/advice provided by others and referred to in the valuation is incorrect, then this may influence the valuation.
Future Matters	To the extent that the valuation includes any statement as to a future matter, that statement is provided as an estimate and/or opinion based on the information known to CBRE at the date of this document. CBRE does not warrant that such statements are accurate or correct.
Industry Practice	Subject to the assumptions and qualifications detailed within, this valuation report is prepared and issued in accordance with the International Valuation Standards published by the IVSC and adopted by NZIV, as well as relevant and applicable valuation guidelines published by the NZIV as Guidance Papers and Valuation Protocols.
Artificial Intelligence	Artificial intelligence tools may be used in the preparation of this valuation report to assist with tasks, including data processing and drafting. Such tools are applied solely as support mechanisms and will not replace the professional judgment of the Principal Valuer. All analyses, opinions, and conclusions expressed herein have been independently determined and verified by the Principal Valuer.

APPENDICES

A. Information Provided

Document	Source
Waitaha-Hydro-project-substantive-application-documents – Mitchell Daysh	Client
▪ Appendices ▪ Appendix-1-Waitaha-Hydro-project-location-and-coordinates-register ▪ Appendix-2-records-of-title ▪ Appendix-3 - Summary ▪ Appendix-3-project-overview-report-part1 ▪ Appendix-3-project-overview-report-part2 ▪ Appendix-4 - Summary ▪ Appendix-4-letters-to-WCRC-and-WDC-and-Appendix-B-identification-of-existing-resource-consents ▪ Appendix-5 - Summary ▪ Appendix-5-Letters-from-WCRC-and-WDC ▪ Appendix-6 - Summary ▪ Appendix-6-agreements-with-Westland-Schist-and-Premier-Group ▪ Appendix-7 - Summary ▪ Appendix-7-letter-from-consent-holder ▪ Appendix-8 - Summary ▪ Appendix-8-letter from Poutini Ngai Tahu ▪ Appendix-9 - Summary ▪ Appendix-9-feedback-from-DOC ▪ Appendix-10 - Summary ▪ Appendix-10-letter-from-MfE-pre-lodgment-consultation ▪ Appendix-11-Letter-from-WWNZ ▪ Appendix-12-Letter-from-McLean-farm-manager ▪ Appendix-13-letter-from-DWC ▪ Appendix-14-partnership-report ▪ Appendix-15-economic-benefits-report ▪ Appendix-16-electricity-resilience-report ▪ Appendix-17-geology-and-geotechnical-report ▪ Appendix-18-hydrology-report ▪ Appendix-19-sediment-report ▪ Appendix-20-vegetation-report ▪ Appendix-21-terrestrial-fauna-report ▪ Appendix-22-Whio-report ▪ Appendix-23-terrestrial-invertebrates-report ▪ Appendix-24-lizard-report_redacted ▪ Appendix-25-freshwater-ecology-report ▪ ppendix-26-IFIM-report ▪ Appendix-27-landscape-report ▪ Appendix-28-recreation-report ▪ Appendix-29-noise-report ▪ Appendix-30-traffic-report ▪ Appendix-31-downstream-flow-modelling-report ▪ Appendix-32-public-river-safety-report ▪ Appendix-33-construction-and-environmental-management-plan ▪ Appendix-34-erosion-and-sediment-control-plan ▪ Appendix-35-vegetation-management-plan	Client

▪ Appendix-36-avifauna-management-plan ▪ Appendix-37-bat-management-plan ▪ Appendix-38-lizard-management-plan ▪ Appendix-39-freshwater-ecology-management-plan ▪ Appendix-40-landscape-management-plan ▪ Appendix-41-construction-noise-management-plan ▪ Appendix-42-conceptual-scheme-design-drawings ▪ Appendix-43-preliminary-access-road-drawings ▪ Appendix-44-preliminary-instream-structure-drawings ▪ Appendix-45-proposed-conditions-resource-consent ▪ Appendix-46-proposed-conditions-DOC-concessions ▪ Appendix-47-proposed-conditions-wildlife-approvals ▪ Appendix-48-proposed-conditions-complex-freshwater-fishery-activities ▪ Appendix-49-fish-facility-information-for-complex-freshwater-fishery-activities ▪ Appendix-50-regional-and-distric-land-plan-assessment ▪ Appendix-51-statutory-assessment-regional-and-district-plans ▪ Appendix-52-management-strategy-and-conservation-general-policy-statutory-assessment	
Expert Panel: Westpower Ltd Memorandum 2 – Project Updates: ▪ Attachment 1A ▪ Attachment 1B ▪ Attachment 1C ▪ Attachment 2A ▪ Attachment 2B ▪ Attachment 3 ▪ Attachment 4A ▪ Attachment 4B ▪ Attachment 5A ▪ Attachment 5B ▪ Attachment 6 ▪ Attachment 7 ▪ Attachment 8 ▪ Attachment 9	Client
Waitaha-Hydro Scheme – Landscape Effects Assessment – Boffa Miskell	Client
Waitaha-Hydro Scheme – Roger Griffiths	Client

B. Detailed Summary of Proposed Concession Agreements

Waitaha Long Term Lease/ Licence Conditions

Purpose and Background	The concession is granted under the Fast-track Approvals Act 2024 for the Waitaha Hydro Scheme, a run-of-river hydroelectric project on the Waitaha River. Applies to land in Waitaha Forest (Stewardship Land). The Minister of Conservation grants Westpower Limited: • A Lease over specified conservation land for core infrastructure • A Licence over adjoining land for operational activities
Concession Activity	Operation and maintenance of the Waitaha Hydro Scheme, including water use, infrastructure upkeep, and associated works.
Land	Lease and Licence areas as shown in Schedule 4 maps.
Term	49 years
Lapse Period	20 years
Renewals	None
Concession Fee	To be agreed
Concession fee review frequency	3 yearly
Concession Fee Calculation	Market Value for the concession activity
Use Restrictions	Land may only be used for concession activities.
Quiet Enjoyment	Granted while fees and conditions are met.
Assignment	Requires Minister's consent (except transfer to Waitaha Hydro Ltd).
Environmental Obligations	• No vegetation removal or damage without consent • Sanitary and waste disposal requirements.
Structures	New structures or land alterations require Minister's approval; rehabilitation and closure plan mandatory.
Liability & Insurance	• Concessionaire uses land at own risk; indemnifies Minister • Must maintain insurance as specified
Health & Safety	• Comprehensive Safety Plan required and audited • Temporary access restrictions allowed for safety
Termination	Possible for non-payment, insolvency, or material breach.
Expiry	No compensation for improvements; removal and reinstatement obligations apply.
Monitoring	Minister may inspect for compliance.

Special Conditions (Schedule 3)

Management Plans Required	• Site Operations & Maintenance Plan (SOMP) • Freshwater Ecology Management Plan (FEMP) • Vegetation Management Plan (VMP) • Landscape Management Plan (LMP) • Avifauna Management Plan (AMP) • Stormwater Management Plan (SMP) • Morgan Gorge Flushing Management Plan (FlushMP)
Operational Limits	• Maximum footprint: 5 ha (Headworks + Power Station + access road) • Water diversion capped at 23 m^3/sec; residual flow ≥ 3,500 L/sec
Environmental & Cultural Protocols	• Accidental discovery protocols for archaeology and koiwi • Didymo prevention and hazardous substance compliance
Public Access & Safety	• Public River Safety Risk Report required • Alternative track access for trampers
Kayaking Provisions	• Four annual “no-take” days for Whitewater NZ; compensation if cancelled
Ecological Compensation	• Annual payments for bat and whio conservation (up to $35,000/year)
Monitoring	• Continuous flow monitoring; ecological and sediment monitoring • Annual reporting to DOC

Waitaha Short Term Lease/ Licence Conditions

Purpose and Background	This concession is granted under the Fast-track Approvals Act 2024 for the construction phase of the Waitaha Hydro Scheme. The Minister of Conservation grants Westpower Limited: • A Lease over specified conservation land for construction activities • A Licence over adjoining land for temporary works and access Applies to land in Waitaha Forest (Stewardship Land)
Key Details (Schedule 1)	
Land	Lease and Licence areas as shown in Schedule 4 maps.
Concession Activity	Construction of the Waitaha Hydro Scheme, including: • Access roads, tunnels, headworks, power station, transmission lines • Laydown areas, helicopter operations, and ancillary work.
Term	15 years from execution; 10-year lapse period.
Renewals	None.
Fees	Concession fee (TBC), reviewed every 3 years.
Insurance	Public liability insurance (amount TBC).
Bond	Required (amount TBC).
Penalty Interest	Double the Official Cash Rate.
Special Conditions	See Schedule 3

Standard Terms (Schedule 2)	
Use Restrictions	Land may only be used for construction activities.
Quiet Enjoyment	Granted while fees and conditions are met.
Fees & Reviews	Processing and concession fees payable before activity starts; reviewed every 3 years.
Assignment	Requires Minister's consent (except transfer to Waitaha Hydro Ltd).
Environmental Obligations	• No vegetation removal or damage without consent. • Sanitary and waste disposal requirements.
Structures	Construction works permitted as per approved plans; rehabilitation plan required if concession ends before long-term concession begins.
Liability & Insurance	• Concessionaire uses land at own risk; indemnifies Minister • Must maintain insurance as specified
Health & Safety	• Comprehensive Safety Plan required and audited • Temporary access restrictions allowed for safety
Termination	Possible for non-payment, insolvency, or material breach.
Monitoring	Minister may inspect for compliance
Dispute Resolution	Negotiation, mediation, or arbitration under Arbitration Act 1996.
Law	Governed by New Zealand law.
Special Conditions (Schedule 3)	
Management Plans Required	• Construction Environmental Management Plan (CEMP) • Erosion & Sediment Control Plan (ESCP) • Dust Management Plan (DMP) • Construction Traffic Management Plan (CTMP) • Construction Noise Management Plan (CNMP) • Freshwater Ecology Management Plan (FEMP) • Vegetation Management Plan (VMP) • Landscape Management Plan (LMP) • Avifauna Management Plan (AMP) • Bat Management Plan (BMP) • Lizard Management Plan (LizMP) • Flight Management Plan (FMP)
Construction Limits	• Disturbance area: max 7.4 ha • Indigenous vegetation clearance: max 4.26 ha
Environmental & Cultural Protocols	• Accidental discovery protocols for archaeology and koiwi • Didymo prevention and hazardous substance compliance
Noise & Helicopter Restrictions	• Noise limits per NZ standards; helicopter movements capped at 30/day
Ecological Compensation	• Annual payments for bat and whio conservation (up to $35,000/year) • Additional payments for vegetation clearance and recreation access
Public Access & Safety	• Public River Safety Risk Report required • Alternative track access for trampers

Monitoring & Reporting	• Continuous compliance monitoring; annual reporting to DOC

Waitaha Concession Conditions (Easements) Conditions

Purpose and Background	The concession is granted under the Fast-track Approvals Act 2024 for the Waitaha Hydro Scheme, a run-of-river hydroelectric project on the Waitaha River. The Minister of Conservation grants Westpower Limited an easement over public conservation land (Waitaha Forest, stewardship land) for constructing, operating, and maintaining scheme infrastructure.
Key Details (Schedule 1)	
Easement Land	Part Reserve 1672 and Section 1 SO Plan 12094.
Rights Granted	• Right of way • Right to convey electricity • Right to convey telecommunications
Term	49 years from commencement of generation; 20-year lapse period.
Fee & Review	Concession fee (TBC), reviewed every 3 years.
Insurance	Public liability insurance (amount TBC).
Penalty Interest	Double the Official Cash Rate.
Special Conditions	See Schedule 3.
Standard Terms (Schedule 2)	
Use Restrictions	Easement land may only be used for concession activities.
Fees	Processing and concession fees payable before activity starts.
Assignment	Requires Minister's consent (except transfer to Waitaha Hydro Ltd).
Environmental Obligations:	• No vegetation removal or damage without consent (except for safety clearance) • Maintain easement facilities and keep land tidy
Structures	Cannot erect structures without Minister's consent.
Liability & Insurance:	• Concessionaire uses land at own risk; indemnifies Minister • Must maintain insurance as specified
Health & Safety	Compliance with Health and Safety at Work Act 2015; temporary access restrictions allowed for safety.
Termination	Possible for non-payment, insolvency, or material breach.
Expiry	No compensation for improvements; removal and reinstatement obligations apply.
Monitoring	Minister may inspect for compliance.
Dispute Resolution	Negotiation, mediation, or arbitration under Arbitration Act 1996.

Law	Governed by New Zealand law.
Special Conditions (Schedule 3)	Rights and powers implied under Land Transfer Regulations 2018 are replaced with amended terms in Schedule 5.
Schedule 5 Highlights	Defines easement facilities (electricity, telecom, right of way). Grants, rights for installation, maintenance, upgrades, and vegetation clearance for safety. Specifies grantor restrictions (e.g. no structures, earthworks, or activities that interfere with easement facilities).

C. Valuation Terminology & Definitions

Terminology	Definition
Net Income Estimate, Fully Leased	The total current net income for the subject property plus the estimated income from vacant tenancies. The total current net income is the sum of the current base, outgoings recoveries and sundry income, less total outgoings expenses (including non-recoverable expenses). The estimated income from vacant tenancies reflects our market assessment of gross rent for these tenancies.
Net Passing Income	The sum of the current base, outgoings recoveries and sundry income, less total outgoings (including non-recoverable expenses).
Outstanding Tenant Incentives	The total cost of all outstanding tenant incentives as at the date of valuation including unexpired rent free periods, outstanding fitout or cash contributions and rental discounts.
Initial Yield	Initial yield reflects the net contract income (including any outgoings for vacant tenancies) as a percentage of the assessed value.
Adopted Capitalisation Rate (or Equivalent Yield)	The capitalisation rate applied within our valuation to the net income estimate fully leased (as defined above). The term equivalent yield (as utilised within our analysis of comparable sales) essentially reflects a derived capitalisation rate based on the analysed purchase price adjusted for any under/over renting, surplus land, capital expenditure, vacancy allowances and other below the line adjustments.
Terminal Yield	The capitalisation rate applied within our valuation to the net passing income forecast during Year 11 of our Discounted Cash Flow (DCF) analysis. From this capitalised amount capital adjustments are made to arrive at a selling price for the property at the end of Year 10 of the DCF. Our adopted Terminal Yield is supported by the estimated terminal occupancy profile and the capital expenditure allowed throughout the cash flow, and at the end of the projection, which reflects efficient asset management practices in ensuring the property maintains its competitive position with its peer group.
Target Internal Rate of Return (IRR)	The discount rate applied to the annual net cash flows of the property and the hypothetical sale of the property at the end of Year 10 to arrive at the adopted value (excluding any balance land) using the Discounted Cash Flow method.
Ten Year IRR (Indicated)	The Internal Rate of Return which the property would achieve over a 10 year period given the forecast net cash flow and assessed value. This analysis excludes the value of any balance land.

CBRE OFFICE LOCATIONS

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