

with its railway-works or the line or lines of railway aforesaid; and all other the estate, property, claim, and interest, legal or equitable, of the company in or to any of the real or personal property, things, and choses in action aforesaid: to hold and enjoy the same unto the Public Trustee, his successors in office and assigns, according to the nature of the estate or interest granted, charged, or assigned; subject nevertheless to the provisions hereinafter contained, and also to the enactments contained in "The District Railways Act, 1877," "The District Railways Act 1877 Amendment Act, 1878," and every other Act of the General Assembly applicable to the said railway and works, and to any and every power vested in the Governor of the Colony of New Zealand enabling him to purchase the said railway, and also to a power conferred by the company upon the Governor in the said in part recited agreement of the thirty-first day of March, one thousand eight hundred and eighty, to purchase the said railway and works at any time before the first day of March, one thousand eight hundred and eighty-two, upon the terms therein expressed and contained: Provided always that, until default shall be made as and in manner hereinafter expressed, the company shall, at its own free will, and without any let or hindrance on the part of the Public Trustee, his successors in office or assigns, use and enjoy all and every the real and personal estates and interests and choses in action hereby charged, and collect, get in, use, and enjoy all and every the revenues of the company gotten and earned by means of its railway and works, or anything connected therewith, and make, sue for, and enforce payment of any unpaid or unpaid calls in respect of shares already or hereafter to be allotted by the company or the directors thereof; and the company shall also, until default shall be made as aforesaid, be at liberty to make or enter into any contract or agreement affecting the use of the said railway and works, or affecting the tolls, fares, or charges to be levied in respect of the carriage of passengers or goods traffic, and in all other respects to exercise any and every power which the company possesses or is entitled to exercise, save and except the creation of any permanent charge or encumbrance upon its property, revenues, or undertaking, as if this security had not been granted.

And the company hereby covenants, agrees, and declares with and to the Public Trustee, his successors in office and assigns in manner following, that is to say,—

1. That the company will regularly and well and duly keep, in proper books of account to be opened for the purpose, an authentic and correct record of its assets and liabilities, of its receipts and expenditure, of its profits and losses, of all contracts and agreements entered into by the company in connection with its railway and works, and whether in respect of permanent works or repairs, or in respect of the traffic over its line of railway, or in any other respect whatsoever; and also a record containing the names and addresses of the shareholders, the number of the shares held by them, the calls made in respect thereof, the arrears (if any) due in respect of such calls, and the dividend or dividends paid or payable by the company to such shareholders; and generally the books of account so to be kept by the company shall at all times show as nearly and accurately as possible the true financial position of the company, and whether its operations are being carried on profitably or unprofitably, and such books of account shall from time to time be audited and certified by some competent person to be selected and approved by the directors, and be at all times, and whether default shall have been made by the company or not within the meaning of these presents, subject to the inspection of the Public Trustee, his successors in office or assigns, with liberty to take extracts from such books of account or any of them.

2. The company will well and truly pay and discharge at maturity, without preference or priority of any description, all and every the said seven hundred and fifty debentures for one hundred pounds each hereinbefore mentioned, or such of them as shall be actually issued, and such debentures shall be so paid at the places and according to the tenor expressed and contained therein; and shall also in like manner, and without preference or priority of any description, well and truly pay and discharge the instalments of interest represented by the coupons attached to each debenture which shall be actually issued by the company, and such instalments of interest shall be paid at the places and according to the tenor expressed and contained in the said coupons.

3. The company will at all times during the continuance of this security keep insured in one or more responsible insurance offices carrying on business in New Zealand all buildings, rolling-stock, and chattels, or fixtures of any nature or kind belonging to the company in the full insurable value thereof against risks from fire; and will apply all moneys obtained by means of any such insurance towards making good, restoring, or replacing the property or thing so injured or destroyed by fire.

4. The company will not, without first providing for accrued or accruing interest payable in respect of the said debentures or any of them, make, declare, or pay any dividend to the shareholders of the company out of the ordinary revenues of the company.

5. The company will not transfer, charge, or encumber any part of the hereinbefore assigned premises either absolutely or by way of mortgage or security, or do any act, deed, matter, or thing in any way calculated to prejudice or diminish the value of this security.

6. The company will keep the said premises in good working order and repair, and will from time to time renew and reinstate such and such parts of the said premises as may be worn out or otherwise become unserviceable.

7. The company will, so long as the trusts of these presents shall subsist, observe the provisions of all statutes, regulations, and by-laws for the time being applicable to the railway and works hereby charged, and will not do, or knowingly suffer to be done or omit to do, any act, matter, or thing by reason whereof any penalty may be incurred.

8. The company will cause and procure, or use its best endeavours to cause and procure, every body corporate or individual having or claiming any estate, right, title, or interest in or to the said premises hereby charged or assigned, or any of them or any part thereof, at the request of the Public Trustee, his successors in office or assigns, but at the costs and charges of the company during the subsistence and continuance of this security, to execute and do every such act, deed, matter, or thing for the further or more perfectly assuring the said premises respectively or any part thereof unto the Public Trustee, his successors in office or assigns, as shall be reasonably required.

9. The company will, at its own cost and expense, during the subsistence and continuance of this