

and ready to be open for traffic; or until (2) the whole of the present issue of debentures has been fully paid off and discharged, or the said sum of £745,000, and all interest in respect thereof up to the date at which such debentures shall become payable, shall have been paid to the Trustees for the purpose of the redemption and payment thereof, whichever of these two events shall first happen.

4. If (1) at any time default shall be made in payment of interest secured by the debentures or any of them forming part of the said series for the time being outstanding for four months after the same shall become due; or if (2) an order be made or an effective resolution of the Company be duly passed for the winding-up of the Company; or if (3) a distress or execution be levied or sued out upon or against any of the chattels or property of the Company; or if (4) the Company commit any breach of or incur any forfeiture or penalty under the terms of the hereinbefore-recited contract with the Queen, dated the 3rd day of August, 1888, or under the terms of the Acts of Parliament recited or referred to in such contract, or omit to appoint and continue a duly-accredited representative in New Zealand under the provisions in that behalf contained in the said contract; or if (5) the Company commit a breach of some covenant herein contained,—then and in any of such cases the Trustees or Trustee may, in their or his discretion, and shall if required so to do by resolution passed at any meeting of the holders of such of the debentures of the said series as may for the time being be outstanding, to be called under the provisions of the 13th clause hereof, without any further consent on the part of the Company, enter upon and take possession, either in the name of the Trustees or any one or more of them, or in the name or names of any receivers or receiver agents or agent to be appointed under the powers in that behalf hereinafter contained, of the said railway, lands, timber, and all and singular other the property for the time being hereby charged, and may in their or his discretion either sell and convert the same into money, or manage and work the same, and for such purpose exercise and carry into effect all and every the powers, contracts, and obligations of the Company, or such of the powers, contracts, and obligations as can or may be lawfully delegated by the Company for the purpose of this security.

5. No purchaser shall be bound or entitled to see or inquire whether any of the principal moneys secured by any of the said debentures have become payable, or whether any default has been made by the Company in the terms of these presents or otherwise as to the necessity or expediency of any sale made by the Trustees or Trustee of these presents for the time being, or of any stipulations and conditions ancillary to any such sale; but all sales and acts by the Trustees or Trustee for the time being under or purporting to be effected under the provisions of these presents shall, notwithstanding any impropriety or irregularity whatsoever, be deemed, so far as regards the safety and protection of any purchaser or purchasers to be within the powers of the Trustees herein contained, and to be valid and effectual accordingly; and the remedy, if any, of the Company shall be in damages only, and the receipt of the Trustees or Trustee for the time being for the purchase-moneys of any premises that may be sold under these presents and for all moneys whatsoever that shall in any wise be payable to the Trustees or Trustee under these presents shall effectually discharge the persons or person paying the same and from being concerned to see to the application thereof.

6. The Company further covenants with the Trustees that the Company will, at its own expense, at any time hereafter, on demand, execute to the Trustees a legal mortgage or legal mortgages of all or any of the properties for the time being hereby charged or any part or parts thereof respectively, subject to the reservations and with the powers herein contained, and will do all such acts and things and execute all such documents as shall or may be necessary for enabling the Trustees to procure grants of the lands available for selection by the Company under the said contract to the Trustees, or to their receivers, managers, agents, or nominees; and, further, that the Company will at the like expense do all or any acts that may be necessary or deemed desirable for the purpose of registering any such mortgage or mortgages, grant or grants, in such names as the Trustees shall direct for the purpose.

7. The Trustees shall hold all moneys that shall be received by the Trustees or Trustee under or by virtue of clause 4 hereof (other than and except the said sum of £93,000, the trusts whereof are hereinbefore declared) upon trust—in the first place, to pay or retain the costs and expenses incident to the execution of the trusts hereof; secondly, to pay to the holders of debentures of the said series as may be outstanding, *pari passu*, in proportion to the amounts due to them respectively, and without preference or priority, all arrears of interest remaining unpaid; thirdly, to pay to the said holders of the same debentures, *pari passu*, in proportion to the amount due to them respectively, and without preference or priority, the principal moneys due on such debentures; and lastly, to pay the surplus, if any, of such moneys to the Company.

8. The Trustees may invest all moneys that shall from time to time be paid to or received by them on account of the sinking fund mentioned in clause 3, subsection (3) hereof, or that shall be realised by means of the exercise of any of the powers of the Trustees hereinbefore contained in any manner for the time being authorised by statute, or by the rules for investment of trust moneys under the control of the Chancery Division of the High Court of Justice, or by placing the same with their said bankers on deposit.

9. The Trustees may, if they shall enter into possession and carry on any of the company's business under the powers hereinbefore contained, employ such agents, managers, receivers, accountants, servants, and workmen, upon such terms as to remuneration and otherwise as they shall think proper, and may repair and renew any buildings, plant, machinery, or implements, and make any additions or improvements to the premises, and generally may do or cause to be done all such acts and things, and may enter into such arrangements respecting the premises, or the working of the same or any part thereof, as they could do if absolutely entitled thereto, and without being responsible for any loss or damage which may arise or be occasioned thereby, and may also at discretion demise, farm, or let the premises, or any part thereof, upon such terms and subject to such stipulations as the Trustees shall think fit; and the Trustees shall, by and out of the rents and profits and income