

or thereafter should or might be in force in the said Province of Otago, to hold the same tolls, dues, and wharfages, and all and singular other the premises thereinbefore expressed to be thereby demised unto the said David Proudfoot, Richard Oliver, and Thomas Birt Ulph, their executors, administrators, and permitted assigns, for and during and until the full end of sixteen years from the first day of January, one thousand eight hundred and seventy-one, at the yearly rental of one shilling, and under and subject to the covenants and conditions therein contained, and on the part of the lessees, their executors, administrators, and assigns to be observed and performed, and including a covenant on the part of the lessees to retain and pay to the persons entitled thereto, under the said deed of agreement, of the twenty-fifth day of January, one thousand eight hundred and seventy, out of the net moneys in their hands as such lessees, the moneys from time to time payable under the said deed as interest upon the capital to be expended in the construction of the said railway and works; and as to the surplus of the said net moneys, to pay the same half-yearly, as therein mentioned, to the Provincial Treasurer of the said Province of Otago, to a separate account called "The Port Chalmers Railway Guarantee Account," yearly, to be applied to the payment of future interest thereafter to accrue under the said deed of agreement of the twenty-fifth January, one thousand eight hundred and seventy:

And whereas the said David Proudfoot, Richard Oliver, and Thomas Birt Ulph (hereinafter called "the Contractors") constructed certain portions of the said railway and works, and acquired certain parts of the land required for the same in pursuance of the said agreement: And whereas a certain company called "The Dunedin and Port Chalmers Railway Company, Limited," was established in England for the purpose of acquiring the rights, interests, and privileges of the Contractors under the said recited deed of agreement and lease, including so much of the said railway and works as had been already constructed or were then in course of construction, and for completing and carrying on the said railway and works in accordance with the said rights and privileges; and by the articles of association of the Railway Company, the Board of Directors thereof were empowered (amongst other things) to acquire for the Company, upon such terms in all respects as they thought fit, from the persons then entitled thereto, the rights, interests, privileges, and property for the acquisition whereof the Company was established, and all such lands and hereditaments in the Province of Otago, in New Zealand, as might be necessary or proper for the purposes of the Company. And also to borrow for the purposes of the Company upon the debentures or mortgage bonds of the Company or otherwise, and upon such terms as to rate of interest or otherwise, and for such periods as the Board might from time to time determine, any sum not exceeding in the aggregate nominal amount the sum of one hundred thousand pounds, and (if they should deem it necessary or expedient so to do) for the purpose of better securing the due payment of the principal moneys and interest payable on such debentures, or mortgage bonds, and providing for the formation of a sinking fund for gradual liquidation and redemption of such debentures or mortgage bonds, to convey, assign and transfer all or any part or parts of the real and personal property, income, and assets of the Company (either with or without the collateral security of any other property or person) to Trustees to be for that purpose nominated by the Board, upon such trusts and with such powers of sale and other powers and provisions as the Board might think fit.

And whereas under the powers so conferred upon them as aforesaid, the Directors of the Railway Company agreed with the Contractors for the absolute purchase of their said rights, interests, and privileges, including the portion of the said railway and works then already constructed or in course of construction, and the lands then already acquired by them as aforesaid, in consideration of the issue to the Contractors or their nominees of eleven thousand nine hundred and seventy-five fully paid-up shares in the capital of the Railway Company, and of the payment by the Railway Company to the Contractors, on or before the thirtieth September, one thousand eight hundred and seventy-one, of such a sum, not exceeding twenty-five thousand pounds, as should be mutually agreed and determined by the Railway Company and the Contractors to be the amount of outlay made by the Contractors on the said railway and works, up to the sixth day of July, one thousand eight hundred and seventy-one. And upon the terms of the Contractors entering into a contract with the Railway Company, in a form for that purpose prepared and approved of by the Railway Company and the Contractors, for the completion of the said railway and works by or before the fourteenth day of March, one thousand eight hundred and seventy-two, for the sum of seventy thousand pounds, less the amount to be paid to the Contractors as last aforesaid, and subject to a stipulation that until the completion by the Contractors of the said railway and works according to the terms of the said contract, eleven thousand seven hundred and seventy-five of the said eleven thousand nine hundred and seventy-five fully paid-up shares, and also the sum of twelve thousand pounds to be provided by the Contractors (together with the rights, interests, and property so purchased by the Railway Company from the Contractors), should be and remain vested in trustees, as security for the due payment of interest at a rate (not exceeding five per cent. per annum), upon debentures or mortgage bonds to be issued by the Railway Company, for sums not exceeding in the aggregate one hundred thousand pounds.

And whereas in further exercise of the powers contained in the said articles of association, at a meeting of the Board of Directors of the Railway Company held on the seventh July, one thousand eight hundred and seventy-one, it was resolved, that upon the Contractors transferring and assigning to the Railway Company the rights, interests, privileges, and property so agreed