


Confidentiality Agreement

Bulsara Ltd, trading as Tall Poppy Real Estate (the Company) has agreed to make available to the recipient information of a sensitive nature on the basis that the information shared will be kept absolutely confidential.

The recipient hereby irrevocably undertakes that it will NOT DISCLOSE or distribute or permit to be distributed orally or in writing, directly or indirectly the confidential information and intellectual property (or any copies thereof) to any third party (including spouses or partners) until permitted in writing by the Company to do so.

As a separate and independent undertaking the recipient agrees to indemnify the Company against any losses, costs, damages, expenses, liabilities, proceedings or demands which the company may suffer as a consequence of any breach of the covenants, agreements and undertakings given under this agreement.

Signed for and on behalf of the company

Signature:  Name: Logan McCosh Date:

Signed by the recipient of the information:

Signature: Name: Date:

COPY

Form F

Lease instrument

(Section 115 Land Transfer Act 1952)

Affected instrument identifier and type (if applicable)

All/part

Area/Description of part or stratum

MB3B/563	All	
----------	-----	--

Lessor

Aldan Lodge Limited

Lessee

GJ 2016 Limited

Estate or Interest

Insert "fee simple"; "leasehold in lease number " etc.

Fee Simple

Lease Memorandum Number (if applicable)

N/A

Term

Thirty Five (35) years commencing on 14 March 2017

Rental

One Hundred Thousand Dollars (\$100,000.00) plus GST

Lease and Terms of Lease

If required, set out the terms of lease in Annexure Schedules

The Lessor leases to the Lessee and the Lessee accepts the lease of the above Estate or Interest in the land in the affected computer register(s) for the Term and at the Rental and on the Terms of Lease set out in the above Lease Memorandum or in the Annexure schedule(s) (if any)

MEMORANDUM OF LEASE

Dated this 9th day of MARCH 2017

Parties

- (1) ALDAN LODGE LIMITED (the Lessor)
- (2) GJ 2016 LIMITED (the Lessee)
- (3) GREGORY DUNCAN HORSCROFT and JACQUELENE HORSCROFT (the Guarantor)

The Lessor leases to the Lessee and the Lessee takes on lease of the premises described in the First Schedule together with the right to use the improvements for the term from the commencement date and at the annual rent (subject to review if applicable) as set out in the First Schedule.

The Lessor and the Lessee covenant as set out in the Second Schedule.

The Guarantor covenants with the Lessor as set out in the Third Schedule.



Execution

Signed by the **Lessor**
by its directors

) *[Handwritten signature]*
) *[Handwritten signature]*

Signed by the **Lessee**
by its directors:

) *[Handwritten signature]*
) *[Handwritten signature]*

Signed by the **Guarantors**
GREGORY DUNCAN
HORSCROFT and
JACQUELENE HORSCROFT
In the presence of

) *[Handwritten signature]*
) *[Handwritten signature]*

Correct for the purposes of the Land Transfer Act 1952
Solicitor for the Lessee

Witnessed: *[Handwritten signature]*

[Handwritten signature]
Nicole Berriman
Retail Worker Farmers
Auckland

[Handwritten signature]
[Handwritten signature]

FIRST SCHEDULE

PREMISES: All of the property known as "Aldan Lodge Motel", situated at 86 Wellington Street, Picton, being the land comprised in Title MB3B/563

TERM: Thirty five (35) years

COMMENCEMENT DATE: 14 March 2017

FINAL EXPIRY DATE: 13 March 2052

ANNUAL RENT: \$100,000.00 plus GST
(Subject to review if applicable) \$105,000.00 plus GST for the period 14-03-2018 to 13-03-2019

MONTHLY PAYMENTS OF RENT: \$8,333.33 plus GST

RENT PAYMENT DATES: The period between 14 March 2017 and 31 March 2017 to be paid on settlement. Thereafter the first day of each month commencing on the 1st day of April 2017

REVIEW DATES: Every two years during the term of the Lease with the first review date being 14 March 2019

PROPORTION OF OUTGOINGS: 100%
(Clause 3.1)

DEFAULT INTEREST RATE: 5% above the Lessor's bank's overdraft rate for commercial lending from time to time.

BUSINESS USE: Motel and traveler's accommodation (together with Manager's accommodation ancillary to such business use)

IMPROVEMENTS RENT PERCENTAGE: 14%

INSURANCE: Full replacement and reinstatement

NO ACCESS PERIOD: 9 months (see clause 9.2(a))



OUTGOINGS

(Clause 3)

1. Rates or levies payable to any local or territorial authority.
2. Charges for water, gas electricity, telephones and other utilities or services.
3. Rubbish collection charges.
4. New Zealand Fire Service charges and the maintenance charges in respect of all fire detection and firefighting equipment.
5. Insurance premiums and related valuation fees.
6. Service contract charges for air conditioning, lifts and other building services.
7. Cleaning, maintenance and repair charges including charges for repainting, decorative repairs and the maintenance and repair of building services to the extent that such charges do not comprise part of the cost of a service maintenance contract, but excluding charges for structural repairs to the building (minor repairs to the roof of the building shall not be a structural repair).
8. The cost of ground maintenance, i.e. lawns, gardens and planted areas including plant hire and replacement.
9. Yard and car parking area maintenance and repair charges.
10. The costs incurred and payable by the Lessor in supplying to the Territorial Authority a Building Warrant of Fitness and obtaining reports as required by the Building Act 2004.
11. Any charges, levies or other payments required to be paid by the Lessor to any governmental organisation, or any other competent authority.



SECOND SCHEDULE**LESSEE'S PAYMENTS****1.0 Rent**

1.1 The Lessee shall pay the annual rent by equal monthly payments in advance (or as varied pursuant to any rent review) on the rent payment dates. The first monthly payment shall be payable on the first rent payment date. All rent shall be paid without any deductions or set-off by direct payment to the Lessor or as the Lessor may direct.

2.0 Rent Review

2.1 The annual rent shall be reviewed by the Lessor as follows:

- (a) The Lessor shall commence a review by not earlier than three (3) months prior to a review date or at any time up to the next following review date giving written notice to the Lessee specifying the annual rent considered by the Lessor to be the current market rent for the Premises as at that review date.
- (b) If, by written notice to the Lessor within twenty eight (28) days after receipt of the Lessor's notice, the Lessee disputes that the proposed new annual rent is the current market rent then the new rent shall be determined in accordance with Clause 2.2. BUT the new rent shall not be less than the commencing rent of **ONE HUNDRED THOUSAND DOLLARS** (\$100,000.00) (plus GST).
- (c) If the Lessee fails to give such notice (time being of the essence) the Lessee shall be deemed to have accepted the annual rent specified in the Lessor's notice.



- (d) The annual rent so determined or accepted shall be the annual rent from the review date or the date of the Lessor's notice if such notice is given later than three (3) months after the review date.
- (e) Pending the determination of the new rent, the Lessee shall pay the rent specified in the Lessor's notice provided that the rent is substantiated by a registered Valuer's Report. Upon determination of the new rent an appropriate adjustment shall be made.
- (f) The rent review at the option of either party may be recorded in a Deed, the cost of which shall be payable by the Lessee.

2.2 Immediately following receipt by the Lessor of the Lessee's notice the parties shall endeavour to agree the new rent, but if agreement is not reached within fourteen (14) days then the new rent may be determined either:

- (a) By one party giving written notice to the other requiring the new rent to be determined by arbitration; or
- (b) If the parties so agree by members of the NZ Institute of Valuers ("Valuer") or their Umpire acting as experts and not as Arbitrators as follows:
 - (i) Each party shall appoint a Valuer and give written notice of the appointment to the other party within fourteen (14) days of the parties agreeing to so determine the new rent.
 - (ii) If the party shall not appoint a Valuer within fourteen (14) days, the party which has failed to appoint a Valuer shall have the President of the NZ Institute of Valuers appoint their Valuer within a further fourteen (14) days.
 - (iii) The Valuers appointed before commencing their determination shall appoint an Umpire who need not be a registered Valuer and



failing agreement the Umpire shall be appointed by the President of the NZ Institute of Valuers.

- (iv) The Valuers shall determine the current market rent of the premises and if they fail to agree then the rent shall be determined by the Umpire.
- (v) Each party shall be given the opportunity to make written or verbal representations to the Valuers or the Umpire subject to such reasonable time and other limits as the Valuers or the Umpire may prescribe and they shall have regard to any such representations but not be bound thereby.

When the new rent has been determined the Valuers or the Umpire shall give written notice thereof to the parties. The notice shall provide as to how the costs of the determination shall be borne and such provision shall be binding on the parties.

2.3 (a) In assessing the current market rent the Valuers or Umpire will disregard:

- (i) The value of any goodwill attributable to the Business; and
- (ii) Any deleterious condition of the Premises if such condition results from any breach of any term of this Lease by the Lessee; and
- (iii) The value of the Lessee's chattels.

(b) In assessing current market rent the Valuers or Umpire must accept that a Motel is the highest and best use for the Premises and must have regard to:

- (i) The terms and conditions of the Lease; and
- (ii) The period of time until the next review date; and

- (iii) The Lessee's obligations to pay the operating expenses; and
 - (iv) The rental value of comparable premises.
- (c) In assessing the current market rent the Valuers or Umpire must make no deductions on account of any concession previously granted to the Lessee or on account of any premium previously paid by the Lessor and must take into account the general condition and quality of the Premises other than any deleterious condition caused by the Lessee.
- (d) In assessing the current market rent the Valuers or their Umpire must have regard to the following assumptions:
- (i) That the Premises are fit for immediate occupation and use; and
 - (ii) That the Premises are available to let by a willing lessor to a willing lessee as a whole without a premium but with vacant possession and subject to the provisions of this Lease (other than the amount of the annual rent but including the provisions for rent review) for a term equal to the original term of this Lease.
- (e) In assessing the current market rent the Valuers or Umpire shall be entitled to inspect the Lessee's complete and most recent books of accounts, records, balance sheets, profit and loss accounts and day book.
- 2.4 Any reference within this Lease to the NZ Institute of Valuers shall include any successor body of that Institute.

3.0 Outgoings

- 3.1 The Lessee shall pay the outgoings in respect of the property which are specified in the First Schedule. Where any outgoing is not separately assessed or levied in respect of the Premises then the Lessee shall pay such proportion thereof as is specified in the First Schedule or if no proportion is specified then such fair proportion as shall be agreed or failing agreement determined by arbitration.



- 3.2 The outgoings shall be apportioned between the Lessor and the Lessee in respect of any period current at the commencement and termination of the term.
- 3.3 The outgoings shall be payable without deduction or set-off on demand or if required by the Lessor by monthly instalments on each rent payment date of such reasonable amount as the Lessor shall determine calculated on an annual basis. Where any outgoing has not been taken into account in determining the monthly instalments it shall be payable on demand.
- 3.4 After 31 March in each year of the term or such other date in each year as the Lessor may specify, and after the end of the term, the Lessor shall supply to the Lessee reasonable details of the actual outgoings for the year or period then ended. Any overpayment shall be credited or refunded to the Lessee and any deficiency shall be payable to the Lessor on demand.
- 3.5 The Lessee's liability to pay outgoings during the term shall subsist notwithstanding the end or earlier termination of the term.
- 4.0 Goods and Services Tax**
- 4.1 The Lessee shall pay to the Lessor or as the Lessor shall direct the Goods and Services Tax (GST) payable by the Lessor in respect of the rental and other payments payable by the Lessee hereunder. The tax in respect of the rental shall be payable on each occasion when any rental payment falls due for payment and in respect of any other payment shall be payable upon demand.
- 4.2 If the Lessee shall make default in payment of the rental or other moneys payable hereunder and the Lessor becomes liable to pay additional GST then the Lessee shall on demand pay to the Lessor the additional tax.
- 5.0 Interest on Unpaid Money**
- 5.1 If the Lessee defaults in payment of the rent or other moneys payable hereunder for five (5) days then the Lessee shall pay on demand interest at the default interest



rate specified in the First Schedule on the moneys unpaid from the due date for payment down to the date of payment.

6.0 Costs

6.1 The Lessee shall pay the Lessor's Solicitor's costs of and incidental to:

- (a) The preparation of any variation or renewal of the Lease or any Deed recording a rent review; and
- (b) Any breach or default or threatened breach or default by the Lessee in the performance or observance of any of the terms covenants and conditions of this Lease.

7.0 Indemnity

7.1 The Lessee shall indemnify the Lessor against all damage or loss resulting from any act or omission on the part of the Lessee or the Lessee's employees, contractors or invitees. The Lessee shall recompense the Lessor for all expenses incurred by the Lessor in making good any damage to the property resulting from any such act or omission PROVIDED THAT the Lessee shall be liable to indemnify only to the extent that the Lessor is not fully indemnified under any policy of insurance.

8.0 Insurance

8.1 The Lessor will at all times during the term keep and maintain the Premises and the Improvements insured under a policy of the type specified in the First Schedule against loss, damage or destruction by fire and such other risks as the Lessor may reasonably determine and such cover may extend to:

- (a) Loss, damage or destruction of windows and other glass and all of the Improvements.



- (b) A Loss of Rent Policy for such amount and on such conditions as the Lessor may reasonably require from time to time.

8.2 The Lessee will take out and keep current at all times during this Lease the following insurance policies:

- (a) An Insurance Policy for the full insurable value on a replacement basis against all insurable risks covering the Lessee's chattels.
- (b) A Public Liability Insurance Policy in such sum as the Lessor may from time to time reasonably require applicable to the Premises and the Business.

All such insurance policies shall be effected in the names of the Lessor and Lessee for their respective rights and interests and with insurance companies first approved by the Lessor. The Lessee shall provide copies of all such policies to the Lessor when reasonably requested to do so by the Lessor.

9.0 NO ACCESS DURING EMERGENCY

9.1 If there is an emergency and the Lessee is unable to gain access to the premises to fully conduct the Lessee's business from the premises because of reasons of safety of the public or property of the need to prevent, reduce or overcome any hazard, harm or loss that may be associated with the emergency including:

- (a) A prohibited or restricted access cordon applying to the premises; or
- (b) Prohibition on the use of the premises pending the completion of structural engineering or other reports and appropriate certifications required by any competent authority that the premises are fit for use; or
- (c) Restriction on occupation of the premises by any competent authority,

then a fair proportion of rent and outgoings shall cease to be payable for the period commencing on the date when the Lessee became unable to gain access to the



premises to fully conduct the Lessee's business from the premises until the inability ceases.

9.2 This sub-clause 9.2 applies where sub-clause 9.1 applies and the premises or building of which the premises form part are not totally or partially destroyed or damaged resulting in the Lease being cancelled as provided in sub-clause 25.1. Either party may terminate this Lease by giving ten (10) working date written notice if:

- (a) The Lessee is unable to gain access to the premises for the period specified in the First Schedule; or
- (b) The party that terminates this Lease can at any time prior to termination establish with reasonable certainty that the Lessee is unable to gain access for that period. Any termination shall be without prejudice to the rights of either party against the other.

LESSOR'S PAYMENTS

10.0 Outgoings

10.1 Subject to the Lessee's compliance with the provisions of Clause 3 the Lessor shall pay all outgoings in respect of the property not payable by the Lessee direct. The Lessor shall be under no obligation to minimise any liability by paying any outgoing or tax prior to receiving payment from the Lessee.

10.2 If the Lessee shall be in default of the payment of any outgoings on their due date for payment then the Lessor may, but shall have not obligation to do so, without notice to the Lessee pay such outgoings. The Lessor will be entitled to recover from the Lessee any amount so paid, together with any legal costs and expenses and any interest charges or bank fees incurred by the Lessor in respect of the remedying of the Lessee's default together with interest on all such amounts at the default interest rate specified in the First Schedule from the date of payment by the Lessor until the date upon which the Lessor receives reimbursement from the Lessee.



MAINTENANCE AND CARE OF PREMISES**11.0 Lessee's Obligations**

11.1 The Lessee shall in a proper and workmanlike manner and to the reasonable requirements of the Lessor:

(a) **Maintain the premises**

Keep and maintain the interior and exterior of the Premises and the Improvements in the same clean order, repair and condition as they were in at the commencement of this Lease and will at the end or earlier determination of the term quietly yield up the same in the like clean order, repair and condition. The Lessee shall not be responsible for any maintenance of a structural nature unless the need for such maintenance has been caused by the negligent act or omission of the Lessee or the Lessee's agents, employees, contractors or invitees or any other party for whom the Lessee is responsible. The Lessee shall not be liable for damage caused by fire, earthquake, flood, storm, act of God or inevitable accident, or any risk against which the Lessor is insured unless the insurance moneys are rendered irrecoverable in consequence of any act or default of the Lessee or the Lessee's agents, employees, contractors or invitees.

(b) **Repair minor breakages**

Repair all glass breakages and breakage or damage to all doors, windows, light fittings and power points and Improvements and keep that portion of the electrical system of the Premises from the switchboard to all power outlets in good operating condition. This provision shall apply notwithstanding any other provision in this Lease.

(c) **Redecoration**

- (i) At intervals of six (6) years or such earlier date as may be required given the state of the premises from the commencement date and



again during the last six (6) months of the term hereof at its cost clean down and paint the whole of the outside (excluding the roof which shall only be required to be painted every ten (10) years by the Lessee) of the Premises usually painted and in colours approved by the Lessor and also will in such periods paint, stain and/or paper those parts of the interior of the Premises as are usually painted, stained or papered in colours or with papers approved by the Lessor. If the term of this lease shall determine before any six yearly anniversary an estimate shall be made by the Lessor of the cost of reasonably complying with the provisions of this clause and the Lessee shall pay to the Lessor a proportion of the estimate equivalent to the proportion to that part of that six year period of the lease which has elapsed before determination.

(ii) Notwithstanding the provisions of clause 11.1(c)(i) above in order to avoid disruption to the ongoing operation of the business the Lessee may at its option choose to stagger the redecoration of the units so that half of the units are redecorated in the sixth year after the commencement of the Lease and the other half in the seventh year after the commencement of the Lease and then in six yearly intervals following the previous date of redecoration of the units.

(d) **Make good defects**

Make good any damage to the Premises caused by improper careless or abnormal use by the Lessee or those for whom the Lessee is responsible.

(e) **Maintain yard**

Keep and maintain any car parks, pavings and other sealed or surfaced areas in good order and repair.

(f) **Care of grounds**

Keep any grounds, yards and surfaced areas in a tidy condition and maintain any garden or lawn areas in a tidy and cared for condition.

(g) **Water and drainage**

Keep and maintain the storm or waste water drainage system including downpipes and guttering clear and unobstructed.

(h) **Other works**

Carry out such works to the Premises as the Lessor may require in respect of which outgoings are payable by the Lessee.

(i) **Public Health**

Where any infectious illness occurs on the Premises, immediately give notice to the Lessor and the proper authorities and at the Lessee's expense fumigate and disinfect the Premises and comply with all other requirements and directions from such authorities.

(j) **Contact Person**

Appoint a contact person for the purposes of all communication and other contact with the Lessor and advise the contact person's details to the Lessor in writing. Where the Lessee is a Company or a Trust then the contact person must be a director of the Company or trustee of the Trust as the case may be. The Lessee can by written notice to the Lessor advise of any change of the contact person from time to time.

11.2 Where pursuant to the terms of this Lease the Lessee is obligated to make good damage to the Premises or the Improvements then the Lessor shall reimburse the Lessee for the cost of making good such damage to the extent of any insurance moneys received by the Lessor in respect of such damage.

11.3 In addition to the annual rent and other sums payable under this Lease the Lessee agrees to pay to an interest bearing bank account nominated by the Lessor (*"the Maintenance Account"*) an annual sum equal to 5% of the Annual Rent by equal monthly instalments in advance on the first day of each month (and proportionately on an annual basis for any part of a month), the first instalment to be paid on the Commencement Date. The Maintenance Account shall be held and administered by the Lessor and the Lessee jointly upon the following basis:

Handwritten signature and scribble in the bottom right corner of the page.

- (a) Funds paid to the Maintenance Account may be disbursed by agreement between the Lessor and the Lessee for the sole purpose of paying accounts that are properly incurred in the carrying out of the Lessee's maintenance and redecoration obligations under this Lease.
- (b) This provision does not in any way affect the Lessee's obligations under the Lease to carry out and pay for such maintenance whether or not those costs may from time to time exceed the balance then held in the Maintenance Account.
- (c) All interest earned on the Maintenance Account is to be reinvested into the Account.
- (d) Whenever the Lessee has undertaken or is proposing to undertake maintenance work in respect of the Premises or the Improvements the Lessee may make a claim against funds held in the Maintenance Account in respect of part or all of the cost of such maintenance. Any such claim shall be submitted to the Lessor, and must be supported by appropriate documentation including where appropriate quotations or invoices. The Lessor agrees that all such claims shall be processed promptly, the intention being that approved claims shall be paid as quickly as is practicable following completion of the maintenance work.
- (e) In the event of the Lessee assigning its rights and interests under the Lease any interest earned on the balance of the Maintenance Account as at the date of assignment shall be paid to the outgoing Lessee with the balance of the Maintenance Account to be held for the benefit of the incoming Lessee to meet the ongoing obligations under the Lease.
- (f) For the avoidance of doubt it is acknowledged by the Lessor and the Lessee that the Maintenance Account may from time to time be completely exhausted if the Lessee's claims properly made on the Maintenance Account are in excess of the balance then contained within it.



12.0 Toilets

12.1 The toilets, sinks and drains situated within the Premises shall be used for their designed purposes only and no substance or matter deposited in them, which could damage or block them.

13.0 Rubbish Removal

13.1 The Lessee shall regularly cause all rubbish and garbage to be removed from the Premises and will keep any rubbish bins or containers in a tidy condition. The Lessee will also at the Lessee's own expense cause to be removed all trade waste boxes and other goods or rubbish not removable in the ordinary course by the Local Authority.

14.0 Lessor's Covenants

14.1 The Lessor shall maintain the roof and exterior of the Premises in a watertight condition, but shall not be responsible for any:

- (a) Repair or maintenance which the Lessee is responsible for; or
- (b) Loss suffered by the Lessee or any of the Lessee's invitees arising from any want of repair or defect unless the Lessor shall have received notice in writing from the Lessee and shall not within a reasonable time thereafter have taken appropriate steps to rectify the same.
- (c) Repair or maintenance arising from any negligent act of the Lessee or the Lessee's agents, employees, contractors or invitees.

14.3 The Lessor may at the Lessor's option keep and maintain service maintenance contracts for any building services unless it is the obligation of the Lessee to maintain such contracts.



15.0 Notification of Defects

15.1 The Lessee shall give to the Lessor prompt notice of any accident to or defect in the Premises of which the Lessee may become aware and in particular (but without limitation) in relation to any pipes or fittings used in connection with the water, electrical gas or drainage services.

16.0 Lessor's Right of Inspection

16.1 The Lessor and the Lessor's employees, contractors, agents and invitees may at all reasonable times and upon reasonable notice being given enter upon the Premises to view their condition.

16.2 If the Lessor shall give the Lessee written notice of any failure on the part of the Lessee to comply with any of the requirements of clause 10, then the Lessee shall with all reasonable speed remedy that failure.

17.0 Lessor may Repair

17.1 If default shall be made by the Lessee in the due and punctual compliance with any repair notice given pursuant to the previous clause or in the event that any repairs for which the Lessee is responsible require to be undertaken as a matter of urgency then without prejudice to the Lessor's other rights and remedies expressed or implied the Lessor may by the Lessor's employees and contractors with all necessary equipment and material at all reasonable times enter upon the Premises to execute such works. Any moneys expended by the Lessor in executing such works shall be payable by the Lessee to the Lessor upon demand together with interest at the default interest rate from the date of expenditure until the date of payment.

18.0 Access for Repairs

18.1 The Lessee shall permit the Lessor and the Lessor's employees and contractors at all reasonable times to enter the Premises to carry out repairs to the Premises and to install, inspect, repair, renew or replace any services where the same are not the



responsibility of the Lessee all such repairs, inspections and work to be carried out with the least possible inconvenience to the Lessee.

USE OF PREMISES

19.0 Business Use

19.1 The Lessee will not use or permit to be used the Premises or any part of the Premises for any purpose other than the business use specified in the First Schedule. The Lessee must not use the Premises in any manner which causes annoyance, disturbance or nuisance to the owners or occupiers of neighbouring properties PROVIDED however that any such deemed nuisance shall not prevent the proper conduct of the permitted use.

20.0 Signage

20.1 The Lessee shall not affix, paint or exhibit or permit to be affixed, painted or exhibited any name, sign, nameplate, signboard or advertisement of any description on or to the Premises without the prior approval in writing of the Lessor but such approval shall not be unreasonably or arbitrarily withheld in respect of signage describing the Lessee's business. If approved the signage shall be secured in a substantial and proper manner so as not to cause any damage to the Premises or to any building upon the Premises or any person and shall at the end or sooner determination of the term remark in position and become the property of the Lessor.

21.0 Additions and Alterations

21.1 The Lessee shall neither make nor allow to be made any alterations or additions to any part of the Premises without first producing to the Lessor on every occasion plans and specifications and obtaining the written consent of the Lessor (not to be unreasonably or arbitrarily withheld) for that purpose. The Lessor may as a condition of giving consent require to approve any tradespeople engaged or to be engaged to undertake the alterations and additions. The Lessee will promptly discharge and



procure the withdrawal of any liens or charges of which notice may be given to the Lessee or the Lessor in respect of any work carried out by the Lessee.

21.2 If the Lessor shall authorise any alterations or additions then the Lessee will at the Lessee's expense, if required by the Lessor, at the end of the term remove the alterations and additions and reinstate and make good the Premises.

21.3 The Lessee (with assistance provided by the Lessor where necessary) when undertaking any "building work" to the premises (as that term is defined in the Building Act 2004), shall comply with all statutory requirements including the obtaining of Building Consents and Code Compliance Certificates pursuant to that Act.

22.0 Compliance with Statutes and Regulations

22.1 The Lessee shall comply with the provisions of all statutes, ordinances, regulations and by-laws relating to the use of the Premises by the Lessee or any other occupant and will also comply with the provisions of all licences, requisitions and notices issued by any competent Authority in respect of the Premises or their use by the Lessee or other occupant PROVIDED THAT:

(a) The Lessee shall not be required to make any structural repairs or alterations other than those required by reason of the particular nature of the business carried on by the Lessee or other occupant of the Premises or the number or sex of persons employed on the Premises or by reason of any negligent act or omission of the Lessee or the Lessee's agents, employees, contractors or invitees or any other party for whom the Lessee is responsible.

(b) The Lessee shall not be liable to discharge the Lessor's obligations as owner under the Building Act 2004 unless any particular obligation is the responsibility of the Lessee as an occupier of the Premises.

22.2 If the Lessor is obliged by any such legislation or requirement to expend moneys on any improvement, addition or alteration to the Premises then the Lessor shall be



entitled to charge, in addition to the annual rent, an annual sum ("*improvements rent*") equal to the improvements rent percentage specified in the First Schedule of the amount so expended by the Lessor and the monthly payments of rent shall increase accordingly from the first day of the month in which such improvement, addition or alteration is completed. The liability for improvements rent shall continue only until the next rental review at which time the new rental shall take into account any improvements carried out by the Lessor. If the Lessor would be obliged to expend an unreasonable amount then the Lessor may determine this Lease and any dispute as to whether or not the amount is unreasonable shall be determined by arbitration.

22.3 Notwithstanding clause 22.2 above, the improvements rent able to be charged by the Lessor, shall not include any earthquake strengthening works which may be required to bring the premises up to standard under the Building Act, Building Code, or any applicable statute, regulation, bylaw or any other statutory enactment.

23.0 No Noxious Use

23.1 The Lessee shall not:

- (a) Bring upon or store within the Premises nor allow to be brought upon or stored within the premises any machinery, goods or things of any offensive, noxious, illegal or dangerous nature, or of such weight, size or shape as is likely to cause damage to the building or any surfaced area,
- (b) Use the Premises or allow them to be used for any noisome, noxious, illegal or offensive trade or business, or
- (c) Allow any act or thing to be done which may be or grow to be a nuisance, disturbance or annoyance to the Lessor or any other person and generally the Lessee shall conduct the Lessee's business upon the Premises in a clean, quiet and orderly manner free from damage, nuisance, disturbance or annoyance to any such persons but the carrying on by the Lessee in a



reasonable manner of the Business or any use to which the Lessor has consented shall be deemed not to be a breach of this clause.

24.0 Lessee not to Void Insurances

24.1 The Lessee shall do anything or allow anything to be done upon the Premises anything which:

- (a) Shall make void or voidable any policy of insurance in respect of the Premises, or
- (b) May render any increased or extra premium payable for any policy of insurance except where in circumstances in which any increased premium is payable the Lessee shall have first obtained the consent of the insurer of the Premises and the Lessor and made payment to the insurer of the amount of any such increased or extra premium as may be payable but the carrying on by the Lessee in a reasonable manner of the Business or of any use to which the Lessor has consented shall be deemed not to be a breach of this clause.

In any case where in breach of this clause the Lessee has rendered any insurance less effective or void and the Lessor has suffered loss or damage thereby the Lessee shall forthwith compensate the Lessor in full for such loss or damage.

DAMAGE TO OR DESTRUCTION OF PREMISES

25.0 Total Destruction

25.1 If the Premises or any portion of the building of which the Premises may form part shall be destroyed or so damaged:

- (a) As to render the Premises untenable then the term shall at once terminate; or
- (b) In the reasonable opinion of the Lessor as to require demolition or reconstruction, then the Lessor may within three (3) months of the date of



damage or destruction give the Lessee one (1) month's written notice to terminate and a fair proportion of the rent and outgoings shall cease to be payable according to the nature and extent of the damage. Any termination pursuant to this clause shall be without prejudice to the rights of either party against the other.

26.0 Partial Destruction

26.1 If the Premises or any portion of the building of which the Premises may form part shall be damaged but not so as to render the Premises untenable and:

- (a) The Lessor's policy or policies of insurance shall not have been invalidated or payment of the policy moneys refused, and
- (b) All the necessary Permits and Consents shall be obtainable,

then the Lessor shall with all reasonable speed expend all the insurance moneys received by the Lessor in respect of such damage towards repairing such damage or reinstating the Premises and/or the building but the Lessor shall not be liable to expend any sum of money greater than the amount of the insurance money received.

26.2 Any repair or reinstatement may be carried out by the Lessor using such materials and form of construction and according to such plan as the Lessor thinks fit and shall be sufficient so long as it is reasonably adequate for the Lessee's occupation and use of the Premises.

26.3 If any necessary Permit or Consent shall not be obtainable or the insurance moneys received by the Lessor shall be inadequate for the repair or reinstatement then the term shall at once terminate but without prejudice to the rights of either party against the other.

26.4 Until the completion of such repair or reinstatement the rent shall abate in fair proportion to the extent to which the premises remain for the time being damaged.



DEFAULT

27.0 Cancellation

27.1 The Lessor may (in addition to any right to apply to the Court for an order of possession) cancel this Lease by re-entering the Premises at the time or at any time thereafter:

- (a) If the rent shall be in arrears ten (10) working days after any of the rent payment dates and the Lessee has failed to remedy that breach within ten (10) working days after service upon the Lessee of a notice in accordance with section 245 of the Property Law Act 2007;
- (b) In case of breach by the Lessee of any covenant or agreement on the Lessee's part herein expressed or implied (other than the covenant to pay rent) after the Lessee has failed to remedy that breach within the period specified in a notice served upon the Lessee in accordance with section 246 of the Property Law Act 2007.
- (c) If the Lessee shall make or enter into or endeavour to make or enter into any composition, assignment or other arrangement with or for the benefit of the Lessee's creditors.
- (d) In the event of the insolvency, bankruptcy or liquidation of the Lessee.
- (e) If the Lessee shall suffer distress or execution to issue against the Lessee's property, goods or effects under any judgement against the Lessee in any Court for a sum in excess of ten thousand dollars (\$10,000.00).

27.2 The term shall terminate on such cancellation but without prejudice to the rights of either party against the other.



28.0 Loss on Re-entry

28.1 Upon re-entry the Lessor may remove from the Premises any chattels in the apparent possession of the Lessee and place them outside the Premises and the Lessor shall not be answerable for any loss resulting from the exercise of the power of re-entry.

29.0 Essentiality of Payments

29.1 Failure to pay rent or other moneys payable hereunder on the due date shall be a breach going to the essence of the Lessee's obligations under the Lease. The Lessee shall compensate the Lessor and the Lessor shall be entitled to recover damages from the Lessee for such breach. Such entitlement shall subsist notwithstanding any determination of the Lease and shall be in addition to any other right or remedy which the Lessor may have.

29.2 The acceptance by the Lessor of arrears of rent or other moneys shall not constitute a waiver of the essentiality of the Lessee's continuing obligation to pay rent and other moneys.

30.0 Repudiation

30.1 The Lessee shall compensate the Lessor and the Lessor shall be entitled to recover damages for any loss or damage suffered by reason of any acts or omissions of the Lessee constituting a repudiation of the Lease or the Lessee's obligations under the Lease. Such entitlement shall subsist notwithstanding any determination of the Lease and shall be in addition to any other right or remedy which the Lessor may have.

31.0 Removal of lessee's chattels

31.1 Subject to the provisions of clause 41.0, the Lessee not being in breach may at any time before and will if required by the Lessor at the end or earlier termination of the term remove all the Lessee's chattels and make good at the Lessee's own expense all



resulting damage and if not removed within seven (7) working days of the Lessor's request ownership of the remaining Lessee's chattels shall pass to the Lessor.

GENERAL

32.0 Quiet Enjoyment

32.1 The Lessee paying the rent and performing and observing all the covenants and agreements herein expressed and implied shall quietly hold and enjoy the Premises throughout the term without any interruption by the Lessor or any person claiming under the Lessor.

33.0 Assignment

33.1 The Lessee shall not assign the Lease without first obtaining the written consent of the Lessor which the Lessor shall give if the following conditions are fulfilled:

- (a) The Lessee proves to the satisfaction of the Lessor that the proposed assignee is (or in the case of a company the shareholders of the proposed assignee are) respectable, responsible and have the financial resources to meet the Lessee's commitments under this Lease, and have a command of the English language sufficient, in the Lessor's reasonable opinion, for the good conduct of the Business.
- (b) All rent and other moneys payable have been paid and there is not any subsisting breach of any of the Lessee's covenants.
- (c) In the case of an assignment a Deed of Covenant in customary form approved or prepared by the Lessor is duly executed and delivered to the Lessor.
- (d) In the case of an assignment to a company (other than a listed public company) a Deed of Guarantee in customary form approved or prepared by the Lessor is duly executed by the shareholders of that company and (if required by the Lessor) by the Directors and delivered to the Lessor.



(e) The Lessee pays the Lessor's proper costs and disbursements in respect of the approval or preparation any Deed of Covenant or Guarantee and (if appropriate) all fees and charges payable in respect of any reasonable enquiries made by or on behalf of the Lessor concerning any proposed assignee, sub-lessee or guarantor.

33.2 The Lessee may not sublet or otherwise part with possession of any part of the Premises nor may they assign any part of the Lessee's rights or obligations pursuant to this Lease. Further, the Lessee may not engage any person as a manager for the Business for an aggregate period of more than twenty eight (28) days in total in any 12 month period during the Lease, except where the Lessee is a Company or Trust and a director or trustee (as the case may be) is appointed as manager.

33.3 Where any Lessee is an unlisted company then any change in the legal or beneficial ownership of any of its shares or issue of new capital whereby in either case there is a change in the effective management or control of the company is deemed to be an assignment of this Lease.

34.0 Holding Over

34.1 If the Lessor permits the Lessee to remain in occupation of the Premises after the expiration or sooner determination of the term, such occupation shall be a monthly tenancy only terminable by one month's written notice at the annual rent which was payable immediately prior to the date of expiration or sooner determination and otherwise on the same covenants and agreements (so far as applicable to a monthly tenancy) as herein expressed or implied.

35.0 Access for Reletting

35.1 The Lessee will at all reasonable times during the period of five (5) months immediately preceding expiration of the term permit intending Lessees and others with written authority from the Lessor, or the Lessor's agents, to view the Premises.



35.2 In addition to granting access as provided in clause 35.1 the Lessee shall also allow the Lessor at reasonable times during the term of the Lease to show the Premises to potential purchasers of the Lessor's interest in the Premises provided that the Lessor shall have first given notice to the Lessee not less than twenty four (24) hours' notice.

36.0 Suitability

36.1 Subject to and except for the terms of the Agreement for Sale and Purchase dated 17 December 2016 between the Lessor and the Lessee no warranty or representation expressed or implied has been or is made by the Lessor that the Premises are now suitable or will remain suitable or adequate for use by the Lessee or that any use of the Premises by the Lessee will comply with the by-laws or ordinances or other requirements of any Authority having jurisdiction.

37.0 Lessee's Financial Information

37.1 The Lessee will keep proper records of accounts and records relating to all transactions in the course of undertaking the Business. The Lessee shall keep all such accounts and records together with all supporting data including sales slips, records, bank deposit records, GST returns for at least 36 months after the expiration of each year of the Lease.

37.2 If requested by the Lessor the Lessee will in each year produce to the Lessor within six (6) months of the Lessee's balance date copies of the Lessee's Statement of Financial Performance (Profit and Loss).

38.0 Waiver

38.1 No waiver or failure to act by the Lessor in respect of any breach by the Lessee shall operate as a waiver of another breach.

Handwritten signature and scribble in the bottom right corner of the page.

39.0 Notice

39.1 Subject to the provisions of the Property Law Act 2007 all notices to be given to the Lessor or the Lessee hereunder shall be in writing and deemed sufficiently served if:

- (a) Sent by registered post to the addressee's last known address in New Zealand, or
- (b) In the case of a Body Corporate sent to its registered office, or
- (c) In the case of notices addressed to the Lessee, if there is no last known address or registered office, placed conspicuously on any part of the premises.

39.2 Any notice so posted or placed shall be deemed to have been served on the day following the posting or placing thereof.

40.0 Arbitration

40.1 All disputes and differences between the parties shall be submitted to the arbitration of a single Arbitrator if one can be agreed upon or to two Arbitrators (one to be appointed by each party) and their Umpire (appointed by them prior to their arbitration) such arbitration to be carried out in accordance with the provisions of the Arbitration Act 1996 or any then statutory provisions relating to arbitration. This clause shall not prevent the Lessor from issuing proceedings in any Court of competent jurisdiction for the recovery of arrears or rental or any other moneys owed by the Lessee or for possession of the Premises.

41.0 Chattels

41.1 At the termination of the Lease (for whatever cause) the Lessor will have the option to purchase from the Lessee the Lessee's chattels.

41.2 The purchase price for the Lessee's chattels shall be such price as is agreed upon between the parties, or if they are unable to agree then the price shall be fixed by



two Valuers (and in the case of their disagreement by their Umpire) one Valuer to be appointed by the Lessor and the other by the Lessee. The price to be determined shall be the value of the chattels in situ at the Premises, based upon replacement cost less fair wear and tear.

- 41.3** If the Lessor wishes to exercise its option to purchase the Lessee's chattels, then it must give written notice to the Lessee within five (5) working days after the date upon which the purchase price is determined, and the settlement date shall be two (2) working days later.
- 41.4** Before the Lessor is obliged to make payment for the Lessee's chattels, the Lessee must:
- (a) Produce an appropriate GST invoice; and
 - (b) Provide evidence of the fact that the Lessee is able to transfer ownership of the Lessee's chattels to the Lessor free of any security interest or any charge or claim by any third party.
- 41.5** During the term of this Lease the Lessee will replace any furniture, fitting or plant sold or disposed of with new items of a similar kind and quality to the intent that the motels comprised in the premises will always remain furnished to the high standard which existed at the commencement date.
- 42.0 Intellectual Property**
- 42.1** The Lessor shall retain all intellectual property rights in respect of the trading name "Aldan Lodge Motel". The Lessee is permitted by the Lessor to use this trading name only during the term of the Lease, and otherwise on terms as directed by the Lessor.
- 42.2** The Lessee may not change the name of the Business without the prior written consent of the Lessor.



43.0 Security Interest

- 43.1 If requested by the Lessor and provided no other security is required by the Lessee's financial institution at any time the Lessee shall grant to the Lessor a general security interest in respect of the Lessee's chattels to secure the payment to the Lessor the monies payable pursuant to this Lease.
- 43.2 Except as provided at clause 43.1 the Lessee shall not grant any security interests, mortgage, liens, declaration of trust or any other transfer or right to possession in respect of the Lessee's chattels without first obtaining the Lessor's consent. The Lessor shall be entitled as a condition of consent to require the party receiving such interest to enter into a deed recording that such party agrees to be bound by the provisions contained at clause 41 as if they were the Lessee, and if required at any time such party shall hold safe all chattels until the provisions of that clause can be given effect to.
- 43.3 Notwithstanding the provisions of 43.1 and 43.2, the Lessor shall not request any security in respect of the Lessee's chattels to secure the payment to the Lessor of the monies payable pursuant to this Lease whilst the Lessee remains GJ 2016 Limited. On assignment or transfer of the Lessee's interest under this Lease, clauses 43.1 and 43.2 shall prevail.

44.0 Lessor's Right of First Refusal

- 44.1 If at any time during the term of this Lease the Lessee should desire to sell the Business, the Lessee shall first deliver written notice ("Lessee's Notice") to the Lessor specifying the price, terms and conditions upon which the Lessee is prepared to sell the Business.
- 44.2 The Lessor shall have 21 days after receipt of the Lessee's Notice to advise the Lessee by written notice ("Lessor's Notice") whether the Lessor (or the Lessor's nominee) wishes to acquire the Business at the price and upon the terms and conditions specified in the Lessee's Notice.



- 44.3** If the Lessor's Notice contains advice that the Lessor wishes to acquire the Business at such price and upon such terms and conditions, then from the time of receipt by the Lessee of the Lessor's Notice a binding agreement shall exist for the sale and purchase of the Business.
- 44.4** The terms and conditions of such agreement shall be those specified in the Lessee's Notice and otherwise those of the then most recent addition of the Real Estate Institute of New Zealand/Auckland District Law Society "Agreement for Sale and Purchase of Business". Where the Lessor has nominated another person as purchaser, the Lessor shall at all times be liable for all obligations on the part of the purchaser under the Agreement.
- 44.5** If the Lessor either does not respond to the Lessee's Notice within the period provided in clause 44.2, or if the Lessor's Notice contains advice that the Lessor does not wish to purchase the Business at the price and upon the terms and conditions stipulated in the Lessee's Notice, then at any time within six months from the date of the Lessee's Notice the Lessee may sell the Business to any other person or party on terms and conditions no more favorable to the purchaser than those which were provided for in the Lessee's Notice. If within such period the Lessee wishes to offer more favorable terms and conditions of sale then the Lessee shall first reoffer the property to the Lessor under clause 44.1 but the Lessor shall only have 10 business days in which to respond.
- 45.0 Lessee's Right of First Refusal**
- 45.1** If at any time during the term of this Lease the Lessor should desire to sell the Freehold, the Lessor shall first deliver written notice ("Lessor's Notice") to the Lessee specifying the price, terms and conditions upon which the Lessor is prepared to sell the Freehold.
- 45.2** The Lessee shall have 21 days after receipt of the Lessor's Notice to advise the Lessor by written notice ("Lessee's Notice") whether the Lessee (or the Lessee's nominee) wishes to acquire the Freehold at the price and upon the terms and conditions specified in the Lessor's Notice.



- 45.3 If the Lessee's Notice contains advice that the Lessee wishes to acquire the Freehold at such price upon such terms and conditions, then from the time of receipt by the Lessor of the Lessee's Notice a binding agreement shall exist for the sale and purchase of the Freehold.
- 45.4 The terms and conditions of such agreement shall be those specified in the Lessor's Notice and otherwise those of the then most recent addition of the Real Estate Institute of New Zealand/Auckland District Law Society "Agreement for Sale and Purchase of Real Estate". Where the Lessee has nominated another person as purchaser, the Lessee shall at all times be liable for all obligations on the part of the purchaser under the Agreement.
- 45.5 If the Lessee either does not respond to the Lessor's Notice within the period provided in clause 45.2, or if the Lessee's Notice contains advice that the Lessee does not wish to purchase the Freehold at the price and upon the terms and conditions stipulated in the Lessor's Notice, then at any time within six months from the date of the Lessor's Notice the Lessor may sell the Freehold to any other person or party on terms and conditions no more favorable to the purchaser than those which were provided for in the Lessor's Notice. If within such period the Lessor wishes to offer more favorable terms and conditions of sale then the Lessor shall first reoffer the property to the Lessee under clause 45.1 but the Lessee shall only have 10 business days in which to respond.

46.0 Interpretation

46.1 In this Lease:

Business means the motel business undertaken by the Lessee upon the premises.

Guarantor means the Guarantors Gregory Duncan Horscroft and Jacqueline Horscroft, their executors, administrators, successors and permitted assigns of the Guarantor.

Improvements means the Lessor's plant, machinery, equipment, fixtures and fittings at the premises.



Lessee means the Lessee and the executors, administrators, successors and permitted assigns of the Lessee, and where the context requires the Lessee's employees and agents.

Lessee's chattels means all chattels, fixtures, fittings, improvements of the Lessee ordinarily located at the premises for the purpose of the business.

Lessor means the Lessor and the executors, administrators, successors and permitted assigns of the Lessor.

Premises means the premises described in Schedule One together with all improvements situated on the premises

- 46.2** Whenever words appear in this Lease that also appear in the First Schedule then those words shall mean and include the details supplied after them in the First Schedule.
- 46.3** Where the context requires or admits, words importing the singular shall import the plural and vice versa.
- 46.4** Where any express term of this Lease is inconsistent with any term express or implied in the Property Law Act 2007 then the term of this Lease shall prevail.
- 46.5** Any invalidity or unenforceability of any term of this Lease shall not affect the balance of the Lease.
- 47.0 Statutes**
- 47.1** Any reference in this Lease to any statute shall be deemed to include a reference to any substitute, amended or replacement statutory provision.



48.0 Release of Liability

48.1 PROVIDED and so long as there have been no breaches of the Lessee's obligations under this Lease, the Lessee shall be released from all liability under this Lease after a period of two (2) years from the date of Transfer or Assignment of the Lease to an Assignee.



THIRD SCHEDULE

In consideration of the Lessor entering into the Lease the Guarantor:

- (a) Guarantees payment of the rent and the performance by the Lessee of the covenants in the Lease, and
- (b) indemnifies the Lessor against any loss the Lessor might suffer should the Lease be lawfully disclaimed or abandoned by any liquidator, receiver or other person.

The Guarantor covenants with the Lessor that:

1. No release delay or other indulgence given by the Lessor to the Lessee or to the Lessee's successors or assigns or any other thing whereby the Guarantor would have been released had the Guarantor been merely a surety shall release prejudice or affect the liability of the Guarantor as a guarantor or an indemnifier.
2. As between the Guarantor and the Lessor the Guarantor may for all purposes be treated as the Lessee and the Lessor shall be under no obligation to take proceedings against the Lessee before taking proceedings against the Guarantor.
3. The guarantee is for the benefit of and may be enforced by any person entitled for the time being to receive the rent.
4. Subject to Clause 7 below an assignment of the Lease and any rent review in accordance with the Lease shall not release the Guarantor from liability.
5. Should there be more than one Guarantor their liability under this guarantee shall be joint and several.
6. The Guarantee shall extend to any holding over by the Lessee.
7. Notwithstanding Clause 4 above the liability of Gregory Duncan Horscroft and Jacqueline Horscroft as Guarantor shall be released in full from all liability under the Lease from a date two (2) years following the date of transfer or assignment of this Lease.

