

19 June 2023

9(2)(a)

Tēna kōe

Chateau Lease – Removal of KNZ’s Chattels

We refer to the **attached** letter dated 4 April 2023 which advised that the Department of Conservation (**DOC**) does not wish to purchase any of KAH New Zealand Limited’s (**KNZ**) heritage chattels. The letter also requested that KNZ remove KNZ’s chattels from the building as soon as possible.

We wrote again on 14 April 2023, this time through our lawyer to your lawyer, requesting an update as to when KNZ plans to remove the chattels. Our lawyer suggested that we meet via Teams to discuss. Our lawyer wrote again on 18 April 2023 requesting a discussion and advising that the painting and other chattels need to be removed from the building as soon as possible as the Chateau building will remain unoccupied in the immediate future. Our lawyer followed up with a further email on 20 April 2023.

On 24 April 2023 you agreed through your lawyer that the removal of the chattels, and in particular the Carl Kahler painting, can be resolved separately from any repair and maintenance matters. On 28 April 2023, our lawyer provided your lawyer with photos to illustrate some examples of the KNZ chattels that are still in the building and that need to be removed by KNZ.

Our lawyer phoned and left a message for your lawyer on 11 May 2023. An email response was received on the same day indicating that your lawyer did not have any updates as she is waiting to receive instructions from you. Our lawyer phoned your lawyer again on 30 May 2023 seeking an update as to when the chattels will be removed. Your lawyer informed she was still awaiting instructions from you.

The empty Chateau building is not a good place for the Carl Kahler painting and the other KNZ chattels to be stored. The chattels are still KNZ’s property even though they have been left behind after termination of the lease. The chattels are in the Chateau building at KNZ’s sole risk.

DOC has provided you with a period of grace to give you time to attend to removal of the chattels. This period of grace needs to come to an end. DOC has no obligation to KNZ to keep the heating on and DOC cannot indefinitely store the KNZ chattels in the Chateau buildings.

DOC requires KNZ to attend to the removal of the KNZ chattels from the Chateau buildings **by 30 June 2023**.



Department of Conservation
Te Papa Atawhai

The KNZ chattels cannot remain in the Chateau buildings. Particularly as we head into winter conditions. By not removing the chattels (including the painting) by the specified date, KNZ will be taken to consent to any relocation of the KNZ chattels on the basis that any such relocation will be entirely at KNZ's cost and risk with no liability whatsoever attaching to DOC in effecting the removal and relocation on KNZ's behalf.

We look forward to hearing from you.

9(2)(a)

Marie Long
Deputy Director-General
National Operations and Regulatory Services



Department of Conservation
Te Papa Atawhai

Appendix A – DOC letter dated 4 April 2023

4 April 2023

Tan Kheng Hwee
C/O Derek Yan
KAH New Zealand Limited

By email: derek.yan@bayviewhotels.com

Tēna kōe

Chateau Lease - Chattels

Further to previous correspondence, we advise that the Department of Conservation (**DOC**) does not wish to purchase any of the heritage chattels.

However, the Crown would like to work with you to facilitate the sale of the Carl Kahler painting of the pink and white terraces to a public museum. Please advise me if you would like DOC to introduce you to the appropriate people to start this conversation. This could lead to discussions also about opportunities to store the painting securely in a museum setting if you are interested in this.

In any case, the chattels are not part of the improvements that have reverted to the lessor pursuant to the operation of clause 10.03 of the lease. Ownership and risk in the chattels remain with KNZ and KNZ will need to remove the chattels from the building as soon as possible. Please contact David Conley (email: dconley@doc.govt.nz) so that KNZ can be provided access to attend to the removal of the chattels.

Our inspection of the Chateau building has identified that there are some repair and maintenance issues. Some of these issues relate to the water tank in the roof space and pipework throughout the building. As a result, there is some urgency for you to attend to removal of the chattels. As noted previously, we do not agree that KNZ has yielded up the improvements in good repair and condition as required by the lease.

We note that KNZ has indicated that it is KNZ's intention to pass on a copy of the DSA report. It would be appreciated if you could provide a copy of the DSA to us as soon as possible. We are requesting this as the DSA will assist with our health and safety planning for the building.

We look forward to hearing from you.

A handwritten signature in blue ink, appearing to read 'Marie Long'.

Marie Long
Deputy Director-General
National Operations and Regulatory Services