

# MEMORANDUM OF LEASE

NZ

Wellington

Land Registry Office

LESSOR  
HER MAJESTY THE QUEEN in right of New Zealand acting by and through the  
MINISTER OF CONSERVATION

LESSEE  
TOURIST HOTEL CORPORATION OF NEW ZEALAND LIMITED at Wellington

## SCHEDULE A

C.T.	AREA	LOT AND D.P. NO. OR OTHER LEGAL DESCRIPTION OR DOCUMENT NO.
An estate in Fee Simple	23.6916 ha	Lot 7 DP 69559
	1.2076 ha	Lots 1, 2, 3 and 6 DP 69560
390/927	1.4046 ha	Lots 4 and 5 DP 69562
	1.14396	

ENCUMBRANCES, LIENS AND INTERESTS

NEW ZEALAND STAMP DUTY  
15/07/92 10055001 002865 11.00

TERM as set out within

ANNUAL RENTAL as set out within

~~XXXXXXXXXXXXXXXXXXXXXXXXXXXX~~

THE LESSEE covenants with the Lessor as set out in Schedule ~~B, C, D, E and F~~ herein which forms part of this lease.

THE LESSOR hereby leases to the Lessee the Land described in Schedule A above to be held by the Lessee for the term and at the rental above mentioned, and the Lessee accepts this Lease to be held by him as Tenant subject to the conditions restrictions and covenants set forth herein.

IN WITNESS WHEREOF these presents have been executed this 9th day of July

one thousand nine hundred and ninety-one

SIGNED ~~XXXXXXXXXXXXXXXXXXXX~~ for and on behalf of  
HER MAJESTY THE QUEEN by DENIS WILLIAM  
ANSON MARSHALL the Minister of Conservation  
Lessor in the presence of:

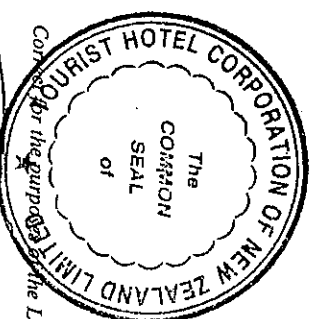
Denis Anson

*J. Jamieson*  
Scholar Wellington

SIGNED ~~XXXXXXXXXXXXXXXXXXXX~~ THE COMMON SEAL OF  
TOURIST HOTEL CORPORATION OF NEW ZEALAND  
LIMITED was affixed  
Lessee in the presence of:

*Supplis* Director

*Secretary*



Contract for the purposes of the Land Transfer Act  
*Walter*  
Solicitor for the Lessee

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TERMS AND CONDITIONS

SCHEDULE B

SECTION 1: DEFINITIONS, INTERPRETATIONS AND EXCLUSIONS

1.01 In this Lease unless a contrary intention appears:

- (a) "Authority" means each and every local body, government or other authority having jurisdiction or authority over or in respect of the Land and/or any Improvements upon the Land.
- (b) "Broken Period" means the period from the date of commencement set out in Schedule A to the day immediately preceding the first day of the first Lease Year and also the period from and including the date of commencement of the Lease Year last occurring during the term until and including the date of expiry of the said term.
- (c) "Community Services Costs" means the total sum of the following rates, taxes, costs and expenses of the Lessor properly or reasonably assessed or assessable, paid or payable or otherwise incurred or expended in respect of the Land in the use or occupation of the same:
  - (i) the amount by which the Land Tax (if any) of the Lessor has been increased by virtue of its ownership of the Land and all other taxes which are at any time during the term charged or levied upon the Land or upon the Lessor on account thereof (but excluding income tax or other tax assessed in respect of the Lessor's income or profits as distinct from taxes assessed in respect of the Premises and also excluding capital gains tax, assets tax or wealth tax) and including the amount of Goods

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and Services Tax and any other tax on the supply of goods and service charged or assessed or levied on the Land or on the Lessor in consequence of the Lessor having any estate or interest in the Land;

(ii) all rates (except to the extent that they are charged to individual Lessees) charges, assessments, duties, impositions and fees at any time or from time to time payable to any Authority in respect of the Land and/or the Improvements irrespective of the ownership thereof or paid or payable by the Lessor in consequence of the receipt of rent or other moneys pursuant to these presents, or in consequence of the Lessor having any estate or interest in the Land (but excluding income tax assessed in respect of the Lessor's income or profits) and so long as the Crown is the Lessor all grants in lieu of rates paid by the Lessor in respect of the Land;

(iii) all charges for and costs in relation to the supply of water, sewerage, drainage, rubbish disposal and not otherwise included in any other charges or assessments made by any Authority or the Lessor and assessed in accordance with Clause 3.04;

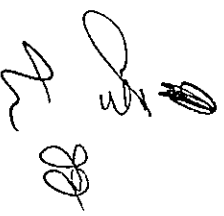
(iv) all charges for the additional services specified in Schedule D provided for the benefit of the Land or any Improvements thereon and assessed in accordance with Clause 3.04.

(d) "Improvements" means and includes the buildings, structures, plant, machinery, amenities, fixtures,

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fittings and other improvements now or hereafter erected or located on the Land.

- (e) "GST" means the tax imposed pursuant to the provisions of the Goods and Services Tax Act 1985 or any re-enactment or modification thereof or any similar tax levied in substitution therefor.
- (f) "Gross Operating Income" means the amount calculated as provided in Schedule E.
- (g) "Lease Year" means each period of one year during the term of this Lease and of any period of extension or holding over commencing from and including such date as the Lessor may stipulate as the commencement date for the Lease Year.
- (h) "Month" or "Monthly" means respectively calendar month and calendar monthly.
- (i) "The Land" means the land described in Schedule A.
- (j) "The Lease" includes the Schedules and includes any annexed plans or other annexures.
- (k) "The Lessor" means the Lessor and the Lessor's executors, administrators and assigns and where not repugnant to the context the servants and agents of the Lessor.
- (l) "The Lessee" means the Lessee's and the Lessee's executors, administrators and permitted assigns and where not repugnant to the context the servants and agents of the Lessee.
- (m) "Management Plan" means a management plan prepared for the Tongariro National Park pursuant to Section 45 of



the National Parks Act 1980 and Regional Management Strategy means a regional management strategy pursuant to Section 44A of the National Parks Act 1980.

- (n) "Park" means the Tongariro National Park.
- 1.02 (a) Words importing the singular number shall include the plural; the masculine gender shall include the feminine; persons shall include companies; and vice versa.
- (b) Any provision of this Lease to be performed by two or more persons shall bind those persons jointly and severally.
- (c) The Table of Contents of this Lease and any headings and marginal notations in this Lease have been inserted for convenience only and shall not in any way limit or govern the construction of the terms of this Lease.
- (d) Any reference in this Lease to any statute or regulation is deemed to include all amendments and revisions made from time to time to that statute or regulation.
- (e) Where the Lessor's consent or approval is required pursuant to any provision of this Lease such consent or approval shall be required for each separate occasion notwithstanding any prior consent or approval obtained for the like purpose and may be given by the Lessor's nominee or delegate. The Lessor's consent shall not be unreasonably withheld PROVIDED THAT the Lessor may withhold consent or approval in order to comply with or give effect to any statutory duty or power of the Lessor.

  
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Exclusion of Statutory Provisions

1.03 (a) The covenants and powers contained in Sections 106 and 107 of the Property Law Act 1952 shall not be implied in this Lease and are expressly negatived.

(b) To the extent permitted by law the application to this Lease of any moratorium or other law, act or regulation having effect of extending the term, reducing or postponing the payment of rent or other moneys payable under this Lease or cancelling, postponing or suspending any periodic rent review or otherwise affecting the operation of the terms of this Lease is expressly excluded and negatived.

SECTION 2: TERM

Term of Lease

2.01 The term of this Lease shall be thirty (30) years commencing on the 1st day of May 1990 and expiring at midnight on the 30th day of April 2020.

2.02 If the lessor permits the Lessee to continue to occupy the land beyond the expiration of the term of this Lease (otherwise than pursuant to the grant of a further lease) the Lessee shall do so as a monthly tenant only at a total rental payable monthly in advance, the first such payment to be made on the day following the date of termination equal to one-twelfth of the sum of the following amounts:

(i) The annual amount of the rent payable under this Lease immediately prior to the expiration of the term of this Lease.

(ii) The annual amount of the Lessee's contribution to the Community Services Costs.

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The tenancy so created shall be determinable at any time by either party by one (1) month's notice in writing but otherwise the tenancy shall continue on the same terms and conditions (so far as applicable to a monthly tenancy) as are herein contained.

Lessee's First Option to Accept Offer of New Lease

- 2.03 (a) If the Lessee during the term of this Lease punctually pays the rental payable hereunder and observes and performs the covenants and conditions on the part of the Lessee herein contained or implied, and gives notice in writing to the Lessor at least six calendar months prior to the expiry of the said term of the desire of the Lessee to take a new lease of the land, then the Lessor will offer to the Lessee a new lease of the land for one further term of thirty (30) years and at such rental and upon such other terms and conditions as shall be stipulated by the Lessor by notice to the Lessee to meet market conditions. If any dispute shall arise as to whether amendments to the terms of the Lease are for the purpose of meeting market conditions then such dispute shall be referred to arbitration.

- (b) If the Lessee does not accept such terms, conditions and rental (subject only to any amendments which may be mutually agreed upon in writing) within sixty (60) days from the date of service of such notice or the date of the determination of the arbitrator as the case may be, whichever is the later (time being of the essence in this respect) the offer of a new lease in terms of this clause shall thereupon be deemed to have been withdrawn and the Lessor shall (subject to complying with Clause 10.03(b) hereof) be at liberty to lease the land to any other person for a term commencing at, or at any time after, the expiration of the term of this Lease and on terms and conditions no more favourable to the new



lessee than the terms and conditions offered to the Lessee.

SECTION 3: RENT, PAYMENT OF OPERATING EXPENSES, RENT REVIEW, RATES

Covenant to Pay Rent and GST

3.01 (a) The Lessee shall pay to the Lessor during the term of this Lease rent (hereinafter called "Rent") at the rate of THIRTY FOUR THOUSAND EIGHT HUNDRED DOLLARS (\$34,800.00) per annum or where increased in accordance with the express provisions of this Lease at the increased rent.

(b) The Lessee shall in addition to the Rent pay to the Lessor by way of reimbursement an amount equivalent to the GST payable in respect of the Rent by the Lessor.

Manner of Payment of Rent

3.02 (a) The Rent reserved by this Lease and GST thereon shall be paid by the Lessee by equal monthly instalments in advance on the first day of each month (and proportionately for any part of a month) the first instalment to be paid on the commencement date of the Lease and such payment of rent shall be paid by way of automatic bank payments or as the Lessor shall direct.

(b) The Lessee covenants with the Lessor to ensure that at all times all bank orders in favour of the Lessor remain in full force and effect.

Lessee's Contribution to Community Services Costs

3.03 The Lessee shall (in addition to the Rent) pay in the manner hereinafter set out the Community Services Costs together with an amount equivalent to the GST (if any) payable by the Lessor in respect of the Community Services Costs.

Method of Payment of Community Services Costs

- 3.04 (a) As near as practicable to the date of commencement the Lessor shall by notice in writing given to the Lessee advise the Lessee of the Lessor's estimate of the Community Services Costs for the initial Broken Period. The amount of the Lessor's estimate shall be paid by equal instalments on the first day of each month of the Broken Period.
- (b) Prior to or as soon as practicable after the last day of the initial Broken Period and thereafter the last day of the Lease Year in each year of the term of this Lease the Lessor shall by notice in writing advise the Lessee of the Lessor's estimate of the Community Services Costs for the following Lease Year.
- (c) If by written notice to the Lessor within fourteen (14) days (in which regard time shall be of the essence) after service of the Lessor's estimate the Lessee disputes the Lessor's estimate and sets out the Lessee's estimate the Lessor and the Lessee shall enter into negotiations to resolve the dispute. Should agreement not be reached within fourteen (14) days (or such longer period as the Lessor and the Lessee agree upon) after service of the Lessee's notice of dispute then the dispute shall be determined by arbitration as provided by Clause 11.04.
- (d) If the Lessee does not give notice disputing the Lessor's estimate the Lessee shall be deemed to have accepted the estimate.
- (e) As from the first day of each Lease Year during the term of this Lease and thereafter on the 1st day of every month the Lessee shall pay 1/12th of the estimate determined or accepted as above of such Community

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Services Costs referable to that particular year or such Lesser proportion as may be applicable for any period of occupation of the Premises by the Lessee of less than one (1) month's duration.

(f) As soon as may be convenient after the last day of the Lease Year in every year of the term of this Lease or the initial Broken Period, the Lessor will provide a statement of actual Community Services Costs for the Lease Year or initial Broken Period (as the case may be) then ended as compared to the estimate previously notified by the Lessor to the Lessee and whatever adjustment as is necessary between the Lessor and the Lessee shall forthwith be made by or to the Lessee.

(g) On or before or as soon as practicable after the date of expiration or sooner determination of this lease the Lessor shall by notice in writing advise the Lessee of:

(i) the revised estimate of the amount of Community Services Costs for the then current Lease Year or confirmation of the estimate for such year previously given pursuant to Clause 3.04(b);

(ii) the total liability of the Lessee for the Community Services Costs in respect of the concluding Broken Period of the term of this Lease;

(iii) the total of the monthly payments previously made by the Lessee on account of that liability;

and any deficiency shall be paid by the Lessee to the Lessor within twenty one (21) days of receipt of the said notice and any excess payments by the Lessee



shall, be refunded by the Lessor within the said twenty-one (21) day period subject always to the right of the Lessor to withhold the amount of any such payment and apply the same towards satisfaction of any monies owing and unpaid by the Lessee PROVIDED HOWEVER the Lessor shall not be entitled to recover any amount in excess of fifteen (15) percent more than the Lessor's estimate of the Community Services Costs unless the Lessor has notified the Lessee of the additional costs and the Lessee has agreed to the additional expenditure prior to it being incurred.

(h) The provisions of Clause 3.07 hereof shall apply to all payments due in accordance with the provisions hereof.

#### Utilities

3.05 The Lessee shall pay all charges for electric power, water supply, telephone rental and other utilities supplied to the Land or Improvements by any Authority or person other than the Lessor during the term of this Lease.

#### Rent Reviews

3.06 (a) During the term of this Lease the rent payable by the Lessee will be reviewed at the expiration of three (3) years from the Commencement Date and thereafter at the expiration of each three (3) years during the remainder of the term of this Lease. In no event will the rent payable by the Lessee following the reviews at the expiration of three (3) years and six (6) years from the Commencement Date be more than the rent payable immediately prior to that particular review without the agreement of both the Lessor and the Lessee.

(b) The procedure for reviewing the rent at the expiration of nine (9) years from the Commencement Date and at



each subsequent three (3) yearly review will be as follows:-

Not less than two (2) months prior to each rent review date the Lessor shall advise the Lessee by notice in writing whether the rent for the following three (3) years will at the option of the Lessor in each year of the review period be either

- (i) an amount equal to three (3) percent of the Gross Operating Income; or
- (ii) an amount equal to seven and a half (7.5) percent of the land value assessed on the basis of the existing use at the review date.

Provided however that if the Lessor elects to have rent calculated as seven and a half (7.5) percent of land value the Lessor's notice to the Lessee shall specify the amount the Lessor considers to be the land value on the basis of the existing use at the review date.

- (c) If the Lessor elects to have rent calculated at three (3) percent of the Gross Operating Income then the rent for each year until the next review date shall be calculated and paid as provided in Schedule E.
- (d) If the Lessor elects to calculate the rent at seven and a half (7.5) percent of the land value
  - (i) The Lessee may within forty-two (42) days of the date of service of the Lessor's notice (time being of the essence in this regard) by notice in writing to the Lessor dispute the land value nominated by the Lessor and

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specify the amount the Lessee considers to be the land value.

(ii) If the Lessee does not give such notice, it shall be deemed to have accepted the land value nominated by the Lessor.

(iii) If the Lessee gives notice under Clause 3.06(d)(i) and the Lessor and Lessee do not resolve the dispute by negotiation within fourteen (14) days (or such longer period as the Lessor and Lessee may agree on) the land value shall be determined by reference to arbitration as provided by Clause 11.04 in which case the term "arbitrator" referred to in clause 11.04 shall be deemed to mean "registered valuer".

(iv) The Lessor and the Lessee will bear all costs of determination of the land value equally unless the land value for the Premises as determined under this Clause is equal to or greater than the land value assessed by the Lessor (in which case, the Lessee will bear all the costs of the determination) or equal to or less than the value assessed by the Lessee (in which case the Lessor will bear all the costs of the determination).

(e) Any variation in the rent after a review of rent will take effect from the particular rent review date even if the Lessor gives his notice under Clause 3.06(b) after the commencement of the particular review period. The Lessee will pay the rent assessed by the Lessor under Clause 3.06(b) as an interim rent until the new rent is determined in accordance with the provisions of this clause. Once the new rent has been determined an



immediate adjustment (if necessary) will be made between the Lessor and the Lessee.

(f) From the Commencement Date the Lessee shall supply to the Lessor at the end of each month a statement of the Gross Operating Income for the previous month. The Lessor shall treat such information as confidential.

(g) At the option of the Lessor, the Lessor and the Lessee will complete a deed prepared by the Lessor's solicitors at the expense of the Lessee to record the new rent for the appropriate rental period.

(h) If any moratorium or other law, act, or regulation that (notwithstanding Clause 1.03(b)) applies to this Lease has the effect of postponing any period review of rent as at a rent review date or date of commencement of any renewed lease as the case may be then if and whenever such moratorium is lifted or the law, act, or regulation is repealed or amended so as to permit the rent to be reviewed then (to the extent permitted by law) the review that has been postponed shall take place as at the date that such moratorium is lifted or such law, act, or regulation is repealed or amended to the intent that the rent review shall establish the full current market rent of the land as at such date and not as at the date fixed pursuant to Clause 3.06(a) hereof but any subsequent rent review shall take place on the date fixed in accordance with the provisions of Clause 3.06(a) hereof.

Interest on Overdue Rent or Other Moneys

3.07 If any rent or other moneys payable by the Lessee under this lease remain unpaid for fourteen (14) days after their due date then the Lessee will pay interest on those moneys to the Lessor a rate which is five (5) percent above the





interest rate on overdrafts for the time being charged by the Lessor's bank calculated from the due date to the date of payment. The Lessor will be entitled to recover those moneys and interest as if they were rent in arrears.

#### Rates

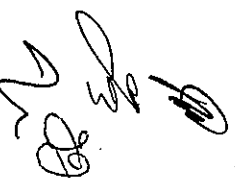
3.08 If required by the Lessor the Lessee shall have its name placed on the Rating Roll or alternatively the Lessor may at its option arrange for the name of the Lessee to be placed on the Rating Roll. The Lessee shall forthwith as the same become due pay all rates or charges assessed in respect of the Premises by the Local or other Authority and the Lessee shall upon request produce the receipt or other evidence of payment for the same to the Lessor.

#### SECTION 4: ASSIGNMENT/SUBLETTING

##### Control of Subletting and Assignment

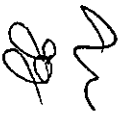
4.01 The Lessee shall not sublet, assign, transfer, mortgage, charge or part with the possession or occupation of the Land or any part provided always that the Lessee may with the prior written consent of the Lessor sublet all or part of the Land or transfer or assign the whole of this Lease and the Lessor will not unreasonably withhold its consent to a sublease, transfer or assignment of this Lease to a respectable responsible solvent and suitable sublessee transferee or assignee but before giving such consent to a sublease, transfer or assignment of this Lease and as a condition precedent to the giving of such consent the Lessor shall be entitled to performance and satisfaction of the following conditions:

- (a) the Lessee shall demonstrate to the satisfaction of the Lessor that the proposed sublessee, transferee or assignee is responsible and of sound financial standing



and capable of and intending to use the premises for the use specified in Clause 8.01;

- (b) all rent and other moneys payable by the Lessee to the Lessor up to the date of proposed transfer, assignment or subletting have been paid;
- (c) there is not any existing unremedied breach of any of the terms of this Lease;
- (d) the Lessee shall procure the execution by the transferee or assignee of a covenant by such transferee, assignee with the Lessor that the transferee, assignee will at all times during the continuance of the term hereby granted duly pay the rent hereby reserved at the times and in the manner herein mentioned and observe and perform all the covenants, conditions and agreements herein contained or implied on the part of the Lessee to be observed and performed but without thereby releasing the Lessee from the Lessee's obligations to pay the rent reserved and observe and perform the other covenants and conditions until such time as a subsequent transfer or assignment is approved it being hereby agreed and declared that on the assignment of the Lease by the Tourist Hotel Corporation of New Zealand Limited ("THC") being approved by the Lessor it will release THC from the Lessee's obligations forthwith;
- (e) all costs reasonably incurred by the Lessor incidental to such consent (whether or not the proposed sublessee, transferee or assignee proceeds to completion) have been paid by the Lessee;
- (f) where the Lessee is a company any change in the Lessee's shareholding altering the effective control of



the Lessee will be deemed to be a proposed assignment requiring the consent of the Lessor;

- (g) where the proposed transferee, assignee or sublessee is a company (other than a public company listed on the Stock Exchange or a company with a paid up capital of \$2,000,000.00 or more) the Lessor may require the directors and/or the controlling shareholders of such company or some other guarantor or guarantors acceptable to the Lessor to enter into a deed guaranteeing the performance by that company of the terms of this lease or sublease in the case of subletting. Such guarantee shall be in a form acceptable to the Lessor and the reasonable costs incurred by the Lessor in the preparation and execution of such guarantee shall be paid by the Lessee.

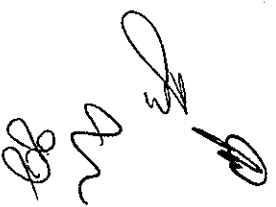
Section 109(2) Property Law Act 1952

- 4.02 Any assignment or underletting of the interest of the Lessee within the meaning of Section 109(2) of the Property Law Act 1952 shall be deemed to be a breach of the provisions of Clause 4.01 hereof.

SECTION 5: MAINTENANCE, REPAIRS, ALTERATIONS AND ADDITIONS

Lessee to Keep Premises and Fixtures in Good Repair

- 5.01 Throughout the term of the Lease, the Lessee shall at all times keep and maintain in good and substantial repair and condition all Improvements now or at any time thereafter during the term of this Lease erected created or made on the Land in the leased area to a standard consistent with the authorised use specified in Clause 8.01 and to the reasonable satisfaction of the Lessor.



Lessee's Further Obligations

5.02 The Lessee shall at the Lessee's expense:

- (a) Ensure that all the routine waste of the Lessee is placed daily in suitable receptacles and any excess waste and rubbish is removed from the Land and Improvements to the satisfaction of the Lessor;
- (b) Take any steps necessary to control any pest, insect or rodent infestation occurring in or emanating from the Improvements or Land and if required by the Lessor engage a pest exterminator approved by the Lessor;
- (c) Maintain the Land and Improvements in a neat and tidy condition to the satisfaction of the Lessor and make necessary provisions for the disposal of rubbish and effluent and any other refuse to the satisfaction of the Lessor;
- (d) Clear and keep the Land clear from all noxious plants and comply strictly with the provisions of the Noxious Plants Act 1970 and in addition keep the Land clear of rubbish;
- (e) Comply with all requirements of the Department of Health or any local authority exercising such powers regarding sanitation and comply with all local authority by-laws and fire safety requirements.

Protection of the Park

- 5.03 (a) The Lessee shall clear and keep the Land clear of all plants not native to the Park unless the Lessee obtains the written consent of the Lessor to permit specified species of plants on defined areas of the Land.



(b) The Lessee shall not without the prior written consent of the Lessor do or permit or suffer to be done any of the following acts:

(i) Cut, trim, destroy or mutilate any native trees, plants, bushes or other indigenous vegetation on the Land or in the Park.

(ii) Plant any trees, shrubs or plants of any description or bring any trees, shrubs or plants of any description onto the Land or into the Park.

(iii) Keep or permit to be kept any dogs, cats, birds or other animals upon the Land or improvements.

(iv) Harm or kill birds, lizards or indigenous wildlife on the Land or in the Park.

(v) Permit water, waste, fire or any thing, or substance of a hazardous or potentially hazardous nature to escape from the Land or improvements into the Park.

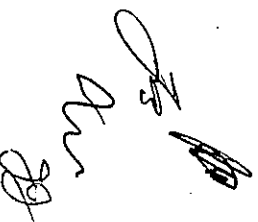
(c) The Lessee shall take adequate and appropriate measures to advise its guests of the activities which are prohibited in the Park.

In addition the Lessee shall use its best endeavours to ensure that all promotional materials and information provided to guests promotes the awareness of the Park and the need to protect the Park. The Lessee shall use its best endeavours to encourage guests to behave in a responsible and appropriate manner in the Park.



Alterations or Additions to Improvements by Lessee

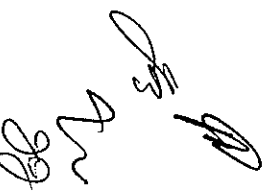
- 5.04 The Lessee shall not build or construct improvements on the Land, demolish or replace Improvements existing on the Land make or permit to be made any alterations (including painting the exterior walls or roof) to the external appearance of any buildings or improvements on the Land or make alterations or additions to the exterior of any buildings or improvements on the Land without the Lessor's prior written approval which approval shall not be unreasonably withheld and:
- (a) In seeking the Lessor's approval to a proposed alteration or addition the Lessee shall submit plans and specifications of the proposed works.
  - (b) The Lessor may require any or all of the following as a condition of its approval:
    - (i) any such work shall be overseen by a person approved by the Lessor;
    - (ii) any such work shall be executed by contractors or tradesmen approved by the Lessor (which approval shall not be unreasonably withheld) in accordance with the terms and conditions set out in an agreement or contract approved by the Lessor;
    - (iii) the Lessee pays on demand all reasonable costs incurred by the Lessor in considering the proposed work and overseeing the work including the fees of architects or other building consultants employed by the Lessor PROVIDED THAT that Lessor shall provide the Lessee with an estimate of its costs when giving its approval;



- (iv) the Lessee obtain from every competent Authority all necessary approvals or permits necessary to enable such proposed work to be lawfully effected and on request by the Lessor provide for inspection to the Lessor copies of all such approvals and permits from each other competent Authority;
- (v) upon completion of the works the Lessee produce to the Lessor any certificates of compliance issued by any such competent Authority together with "as built" drawings of such Improvements or alterations.
- (c) The Lessee shall prior to the commencement of any alterations or additions acknowledge in writing to the Lessor its acceptance of all conditions imposed by the Lessor pursuant to Clause 5.04(b) hereof.

Compliance with Statutory Requirements and Management Plan

- 5.05 (a) The Lessee will at all times comply with all statutes, (including but not limited to the National Parks Act 1980 and the Conservation Act 1987) ordinances, regulations, by-laws or other enactment affecting or relating to the use of the Improvements or other facilities on the Land and with all requirements which may be made or notices or orders which may be given by any Authority and will keep the Lessor indemnified in respect of any non-compliance therewith by the Lessee and persons under the control of the Lessee.
- (b) The Lessee shall at all times act in accordance with the approved Management Plan current at the commencement of the term of this lease and the provisions of any subsequent alterations and reviews of the Management Plan.

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- (c) The Lessee shall at all times act in accordance with any Regional Management Strategy established for the Park and the provisions of any subsequent alterations and reviews of the Regional Management Strategy.
- (d) The Lessee shall have the opportunity to make submissions or objections to any alteration or review of the Management Plan or Regional Management Strategy and to have its submissions or objections heard.

Entry by Lessor to View and Effect Repairs and Alterations

- 5.06 The Lessor, its servants, agents and workpersons shall have the right to enter Land or and Improvements on the Land with all necessary material and equipment at all reasonable times and on reasonable notice (but at any time and without notice in the case of an emergency):-
- (a) to enter and view the state of repair of the buildings and facilities and to ascertain whether or not there has been any breach of the terms of this Lease;
- (b) to execute any work required to remedy a defect which is the Lessee's duty to repair if the Lessee has not within twenty-one (21) days of the date of receipt by the Lessee of written notice from the Lessor requiring such defect to be repaired taken steps to remedy the defect and without prejudice to other remedies the Lessor may recover the costs of such repairs from the Lessee forthwith on demand;
- (c) for the purpose of complying with the terms of any present or future legislation affecting the Improvements or any notice of any competent Authority for which the Lessee is not responsible under this Lease.

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In exercising its rights set out above the Lessor shall use its best endeavours to minimise any disturbance caused to the Lessee in the occupation and use of the buildings or facilities by the Lessee.

SECTION 6: INSURANCE AND INDEMNITIES

Lessee to Insure Building

6.01 The Lessee shall forthwith insure and keep insured in the joint names of the Lessor and the Lessee for their respective interests all the Improvements now or at any time hereafter on the said land to their full replacement value against loss or damage caused by fire, earthquake, fire consequent upon earthquake, avalanche, flood, volcanic activity and including insurance for indemnity for the cost of demolition, removal of debris and clearance of the site.

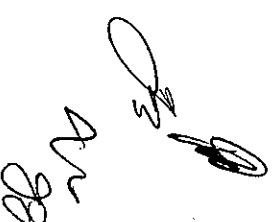
Public Risk

6.02 The Lessee shall keep current at all times during the term of this lease a Public Liability Policy of insurance applicable to the land and improvements and the business carried on therein for an amount of ONE MILLION DOLLARS (\$1,000,000.00) or such higher amount as the Lessor may from time to time reasonably require.

6.03 The Lessee's insurance policies shall be with a reputable insurance company approved by the Lessor. The Lessee shall pay the premiums in respect thereof and provide the Lessor with copies of such policies and with a certificate of currency each year.

Compliance with Insurance Council Requirements

6.04 The Lessee shall take all reasonable steps to comply with the requirements of the New Zealand Insurance Council and with the requirements of any relevant statute, regulation,

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by-law or other notice issued by any similar Authority relating to fires.

Lessee to Occupy Premises at its Risk

6.05 The Lessee agrees to occupy and use the Land at the Lessee's risk and release to the full extent permitted by law the Lessor, its servants and agents from all claims and demands of any kind and from all liability which may arise in respect of any accident, damage or injury occurring to any person or property in or about the land or the Building or facilities on the leased area.

Indemnity by Lessee

6.06 The Lessee will indemnify and hold harmless the Lessor from and against all actions, claims, demands, losses, damages, costs and expenses for which the Lessor shall or may be or become liable in respect of and arising from:-

- (a) Negligent use, waste or abuse by the Lessee or persons under the control of the Lessee of any water, gas, electricity, oil, lighting or other services and facilities in the Improvements;
- (b) Overflow or leakage of water (including rain water) in or from the Improvements or caused or contributed to by any act or omission on the part of the Lessee or persons under the control of the Lessee;
- (c) Loss, damage or injury from any cause whatsoever to property or persons caused or contributed to by the use of the improvements or facilities by the Lessee or persons under the control of the Lessee or by the condition of the Improvements or any part thereof;



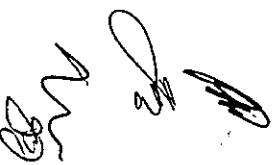
(d) Loss, damage or injury from any cause whatsoever to property or persons within or without the Improvements occasioned or contributed to by act, omission, neglect, breach or default on the part of the Lessee or persons under the control of the Lessee.

SECTION 7: DAMAGE OR DESTRUCTION OF PREMISES

7.01. In the event of the Improvements or any part thereof at any time during the said term being damaged or destroyed then provided the Lessee is not prevented by any act, ordinance, regulation or by-law then in force from so doing the Lessee shall with all convenient speed repair and reinstate the Improvements. In such case all such moneys received by the Lessor and the Lessee under and by virtue of any insurance policy in respect of the Improvements shall be expended in repairing and reinstating or rebuilding the Improvements.

7.02 Notwithstanding the provisions of Clause 7.01, if the damage or destruction of the Improvements is of a minor nature such as not to materially affect the profitable operation of the business of a Tourist Hotel Resort the Lessor will at the request of the Lessee waive the requirement for the Lessee to repair, re-instate or rebuild all or part of the Improvements in which case the insurance moneys received by the Lessor and Lessee in respect of demolition, removal of debris and clearance of the site shall be expended for that purpose and the Lessee shall be entitled to any other insurance moneys.

7.03 Notwithstanding the provisions of Clause 7.01 if as a result of such damage or destruction it is no longer practicable or possible for the Lessee to profitably continue to carry on the business of a Tourist Resort Hotel the Lessee may by notice in writing to the Lessor within twenty eight (28) days of the damage or destruction terminate this lease and the term hereby created shall absolutely cease and determine



as from the date of such destruction or damage but without releasing the Lessee from liability for rent and other moneys up to that date and without prejudice to the rights of either party in respect of any previous breach of the provisions of this Lease. The Lessee shall forthwith remove any remaining damaged or destroyed structure or structures or the remains thereof and restore the area to the satisfaction of the Lessor.

7.04 Nothing in Clause 7.00 shall compel the Lessor or the Lessee to lay out in reinstatement, repair or removal any sum greater than the proceeds of the insurance received by the Lessor or the Lessee in respect of the damage or destruction.

7.05 If any question shall arise as to whether it is practicable or possible for the Lessee to profitably continue to carry on the business of a Tourist Resort Hotel then such dispute shall be referred to arbitration in accordance with Clause 11.04 hereof.

SECTION 8: USE OF BUILDING OR FACILITIES

Permitted Use

8.01 The Lessee will not use the Land or Improvements for any purpose other than a Tourist Resort Hotel. The Lessee shall not provide facilities or associated administrative services other than those listed in Schedule C without obtaining the Lessor's prior written consent.

8.02 The Lessee shall conduct a Tourist Resort Hotel offering the said facilities on the Land in an orderly, lawful and businesslike manner and shall foster the development of such use by regularly and adequately advertising the services offered and employing sufficient capable staff for the conduct thereof.

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Offensive Acts

8.03 The Lessee shall not:-

- (a) Permit any noxious or offensive act, trade, business, occupation or calling to be carried on in or about the Land or Improvements.
- (b) Do or permit anything which may disturb or annoy the owners or occupiers of any adjoining land or visitors to the Park.
- (c) Store or use inflammable or dangerous substances upon the Land or Improvements except in properly licenced facilities and in strict compliance with any regulations, by-laws and other restrictions relating thereto.

Signs

8.04 The Lessee shall not without the prior written consent of the Lessor erect affix paint or exhibit nor permit to be affixed painted or exhibited any name, sign, name-plate, signboard or advertisement of any description on or to the Land or the exterior of Improvements. The Lessor's consent shall not be unreasonably or arbitrarily withheld in respect of a name, sign, name-plate, signboard or advertisement which:

- (a) indicates or describes Lessee's name and the permitted use
- (b) conforms with the Lessor's reasonable requirements relating thereto and
- (c) when erected shall be secured in a proper manner so as not to cause any damage to the premises or any person

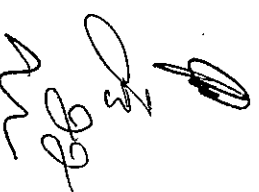


(d) does not conflict with the environmental features of the Park or the cultural sensitivities of any race.

At the end or earlier determination of the term the Lessee shall remove any Lessee's name, sign, name-plate, signboard or advertisement to the extent required by the Lessor and make good any damage to the reasonable satisfaction of the Lessor.

8.05 That the Lessee shall take out, keep, maintain and pay all fees, levies and dues, apply for and endeavour to obtain all such licences, permits or authorisations as are or may be necessary for the purpose of carrying on the permitted uses upon the Land (including by way of example but not by way of limitation) water rights, planning consents, tourist hotel licence, liquor and restaurant licence, fuel licence, air field licence, membership of local and international reservation services. If so requested by the Lessor the Lessee will at the expiration or sooner determination of the term and any renewal thereof:-

- (a) do and execute all acts and things necessary for enabling the Lessor or its nominee to take possession of the premises and the conduct of the permitted uses therein; and
- (b) sign and give such notice or notices and allow such notice or notices of any application for a renewal or application for any licences, permits or authorisations as may be required by law to be affixed on the premises to be thereto affixed during such time or times as shall be necessary or expedient in that behalf;
- (c) generally will do and perform all such further acts, matters or things as shall be necessary to enable the Lessor or any person authorised by it to obtain the renewal of any licence or licences or any new licence

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or licences in respect of the premises and permitted uses;

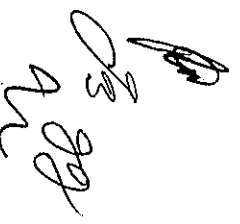
AND the Lessee HEREBY NOMINATES, CONSTITUTES AND APPOINTS the nominee of the Lessor as its true and lawful attorney irrevocably for it and in its name to apply for a certificate of such licences, permits or authorisations or as may be necessary in respect of the premises and the permitted uses or in any way relating thereto and to do, perform and execute all such acts and things and to pay and incur all such costs and expenses as may be necessary for the purpose of complying with the provisions of the law for the time being in force preliminary to applying for such certificate or for such licences, permits or authorisations AND to demand and receive any licences, permits or authorisations or the certificate for the same in respect of the premises and the permitted uses or in any way relating thereto and to pay the prescribed fees for any licences, permits or authorisations and generally to do, perform and execute all such acts, deeds, matters and things as may in its discretion be necessary or advantageous for the purposes of securing, protecting and renewing any licences, permits or authorisations in respect of the premises and the permitted uses or in any way relating thereto.

SECTION 9: DEFAULT BY LESSEE  
Default by Lessee

9.01 If at any time during the term of this lease

- (a) any rent or other moneys payable by the Lessee are in arrear for the space of twenty eight (28) days after the same shall have become due although no formal demand therefore has been made; or
- (b) the Lessee commits, permits or suffers to occur any breach or default of any covenant or condition of this Lease and such default is continued for twenty eight

- (28) days or in the case of repairs required to be effected by the Lessee such repairs are not completed within a reasonable time; or
- (c) execution be levied against any of the assets of the Lessee; or
- (d) the Lessee (not being a company) is declared bankrupt or insolvent according to law or assigns his estate or enters into a deed of arrangement for the benefit of creditors; or
- (e) the Lessee (being a company) either:
- (i) goes into liquidation (other than a voluntary liquidation for the purposes of reconstruction or amalgamation approved in writing by the lessor such not to be unreasonably or arbitrarily withheld); or
- (ii) is wound up or dissolved.
- (f) the Guarantor
- (i) not being a company any of the events in Clause 9.01(d) occur in respect of the Guarantor; or
- (ii) being a company any of the events in Clause 9.01(e) occur in respect of the Guarantor;
- then notwithstanding any prior waiver or failure to take action by the Lessor or indulgence granted by the Lessor to the Lessee in respect of any such matter or default whether past or continuing it shall be lawful for the Lessor or any other person duly authorised by it to re-enter upon the land or any part thereof in the name of the whole and thereby

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determine the estate of the Lessee without releasing the Lessee from any liability in respect of the breach or non-observance of any covenant, condition or agreement of this lease.

Lessor May Remedy Lessee's Default

9.02 The Lessor may elect to remedy at any time without notice any default by the Lessee under this Lease, (or in the case where Clause 5.06(b) applies, after the twenty one (21) day period referred to therein has expired) and whenever the Lessor so elects all reasonable costs and expenses incurred by the Lessor (including legal costs and expenses) in remedying such default shall be paid by the Lessee to the Lessor forthwith on demand.

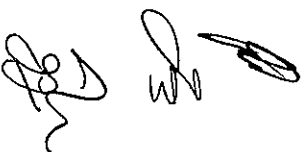
Distraint

9.03 The Lessor may distraint for rent (and GST) and the Community Services Costs in arrear or unpaid for the space of twenty eight (28) days after the same shall have become due and payable pursuant to whether the same shall have been legally demanded or not.

SECTION 10: COVENANTS BY LESSOR

Quiet Enjoyment

10.01 The Lessee, while paying the rent hereby reserved and performing and observing the covenants, provisos, conditions and agreements herein contained and on the part of the Lessee to be paid, observed and performed, shall peaceably hold and enjoy the land and any buildings without hindrance or interruption by the Lessor or by any person or persons claiming under the Lessor until the expiration or sooner determination of this Lease.



Rates and Taxes and Community Services

10.02 The Lessor shall:

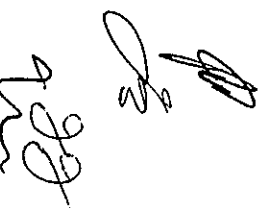
- (a) pay all rates, taxes and assessments charged upon the Land except those which the Lessee is obliged to pay to the relevant Authority or supplier
- (b) provide the services listed in Schedule D to the boundary of the Land to a like standard and extent as at the Commencement Date of this Lease.

All rates, taxes and assessments paid by the Lessor and all costs and expenses incurred in respect of providing the services listed in Schedule D shall constitute community services costs (except for those specifically excluded) and the Lessor shall be entitled to recover payment of the same from the Lessee in accordance with the Community Services Costs provisions of this Lease.

Lease Termination/Lessee Improvements

10.03 At the expiration of the lease or any renewal thereof hereby granted or sooner determination thereof the Lessee shall yield up the land and all improvements in good repair and condition and the Lessor shall not be called upon or be liable to pay compensation whatsoever for any improvements of whatsoever nature effected by the Lessee PROVIDED HOWEVER if the Lessee has during the term of this Lease duly and punctually paid the rent payable hereunder and duly observed, performed and kept all covenants and conditions on the part of the Lessee, the Lessor shall either:

- (a) in the event that the Lessor gives notice under Clause 10.04 that it does not intend to offer a new lease of the Land and the current Management Plan and Regional Management Strategy do not require the continued



operation of the permitted use, the Lessor shall give notice to the Lessee to remove all Improvements from the Land in which case the Lessee shall pull down and remove all Improvements in a workmanlike manner so as not to cause any damage to the Land and to leave the Land in clean and tidy condition; or

(b) in the event that the Lessor offers a new lease of the Land to a person other than the Lessee:

(i) The Lessor shall notify the Lessee and the Lessor and the Lessee shall each within seven (7) days of such notice appoint a valuer to determine the value of the Improvements. Before proceeding with their determination the valuers shall appoint as an umpire a valuer who will undertake to hand down a determination of the value of the Improvements if so required. If the valuers are unable to agree upon a determination within twenty-eight (28) days of their appointment then the value of the Improvements shall be assessed by the umpire whose determination shall be final and binding on the parties.

(ii) The Lessor shall require the incoming Lessee to pay to the Lessor, in trust for the Lessee, the value of the Improvements so determined. The Lessor shall on demand (but subject to all rent and other moneys payable by Lessee having been paid) pay to the Lessee the amount of the value of the Improvements paid to it by the incoming Lessee.

10.04 If the Lessor does not intend to grant a new lease of the Land and the current Management Plan and Regional Management Strategy do not require the continued operation of the



permitted use it shall give the Lessee not less than five (5) years notice in writing of its intention not to grant a new lease.

SECTION 11: MISCELLANEOUS

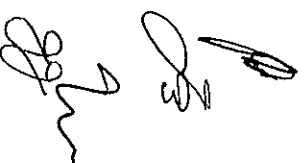
Lessee to Pay Lessor's Costs

11.01 In addition to the rent and other moneys reserved by this Lease the Lessee shall pay:

- (a) the Lessor's reasonable legal costs of and incidental to the preparation and registration this Lease or any extension or variation or rent review Deed of Agreement (including all stamp duty at any time payable and costs and disbursements payable or incurred in the preparation and deposit of the survey plan referred to in Clause 11.07) and the Lessor's reasonable costs in obtaining any consent or approvals associated with the granting of such Lease or any extension or variation:
- (b) all costs, charges and expenses for which the Lessor shall reasonably become liable in consequence of or in connection with any breach or default by the Lessee in the performance or observance of any of the terms covenants and conditions of this Lease or the enforcement thereof.

Lessee to Permit Inspection and Display of Signs

11.02 During the period of three (3) months prior to the termination of this Lease the Lessee shall allow the Lessor to show the Land and Improvements to prospective tenants and to affix and exhibit such notices as the Lessor shall think fit.



Notices

11.03 Any notice or other document required to be given, delivered or served under this Lease may be given, delivered or served:

- (a) in any manner mentioned in Section 152 of the Property Law Act 1952; or
- (b) by registered post addressed to the registered office, principal place of business or post office box of the party intended to be served; or
- (c) by facsimile or telex message to the facsimile or telex number or code of the party intended to be served;

and any notice or other document shall when given or served by either of the methods mentioned in sub-clause (b) or (c) be deemed to have been given or served and received by the other party two (2) working days after the date of posting or sending AND in the case of any notice or document required to be served or given by the Lessor to the Lessee the same may be signed on behalf of the Lessor by any attorney, officer, employee, servant, agent or solicitor of or for the Lessor or any other person authorised by the Lessor from time to time.

Arbitration

11.04 All differences and disputes between the parties hereto concerning these presents or any act or thing to be done in pursuance hereof (except as otherwise expressly provided) shall be referred to arbitration in New Zealand by a single arbitrator who shall be mutually agreed upon and failing agreement by two arbitrators (one to be appointed by each party) and an umpire (to be appointed by the arbitrators) in accordance with the Arbitration Act 1908 or any re-enactment or modification thereof.

Severability

11.05 If any term, covenant or condition to this Lease or the application thereof to any person or circumstance shall be or become invalid or unenforceable the remaining terms, or become invalid or unenforceable the remaining terms, covenants and conditions shall not be affected thereby and such term, covenant and condition of these presents shall be valid and enforceable to the fullest extent permitted by law.

Privity of Contract

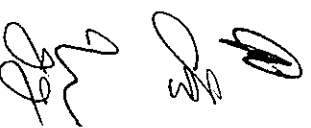
11.06 The parties acknowledge and declare that the obligations of the Lessor under this Lease shall be enforceable only at the suit of the Lessee and not at the suit of a third party.

Registration of Lease

11.07 The Lessor shall commission the preparation of a survey plan of the Land or such other plan as may be required for the purpose of registering the lease and shall arrange for the deposit of the survey plan and registration of this lease pursuant to the Land Transfer Act 1952 PROVIDED HOWEVER the Lessor shall not be required to comply with this clause if for some reason beyond its control it is unable to grant a registered lease of the Land and the Lessor has used all reasonable endeavours, including (if appropriate) seeking empowering legislation to facilitate registration.

Treaty of Waitangi

11.08 In the exercise of their respective rights and obligations pursuant to this Lease the Lessor and Lessee shall at all times use all reasonable endeavours to comply with the spirit of the Treaty of Waitangi.



SECTION 12: ACCOUNTING RECORDS

12.01 (a) The Lessee shall keep and maintain at all times during the term full and accurate books of account and records from which the Gross Operating Income in respect of each year can be ascertained and determined without limiting the generality of the foregoing.

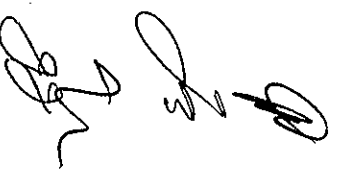
(i) The Lessee shall at all times during the term of this Lease maintain the permitted uses as a separate profit centre within its business and keep separate books of account for the permitted uses and all other profit centres.

(ii) The Lessee shall during the term of this Lease charge its clients and customers room rates and other charges at commercial rates.

(iii) The Lessee shall be entitled to offer discounts, concessions, price reductions, inducements and incentives on such fees and charges that are normal in the travel and tourist industries. However, where a discount, concession, price reduction, inducement or incentive involves or is offered in conjunction with more than one product or profit centre, the total revenue shall be allocated pro rata between such products or profit centres in proportion to the fees or charges which would normally be payable for them but for such discount.

(iv) Nothing in this clause shall restrict the right of the Lessee to set its own prices for the permitted uses.

- (b) The Lessee shall keep and preserve during and for at least twelve (12) months after the end of each year all sale slips dockets bank deposit records tax returns and other evidence of Gross Operating Income for such lease year. The Lessor shall have the right at any time and from time to time to inspect and audit all of the books of account statements documents records returns papers and files of the Lessee relating to Gross Operating Income and the Lessee at the request of the Lessor shall make the same available for such inspection or audit at such place as the Lessor may reasonably require.
- (c) In the event of the Lessor having caused an audit to be made and the Gross Operating Income shown by the Lessee's statement being found to be under-stated by more than three (3) per centum then the Lessee shall pay to the Lessor the cost of any such audit.
- (d) In the event of its being established by the Lessor's audit or otherwise that any such statement delivered by the Lessee to the Lessor as aforesaid is inaccurate any necessary adjustment shall thereupon be made and either party shall pay to the other upon demand such sums as may be found to be due from the one party to the other.
- (e) The Lessor's right to examine the records of the Lessee shall be limited to those records connected with the Demised Premises as defined herein except in such cases where a dispute arises in respect of "Gross Operating Income" as defined herein.

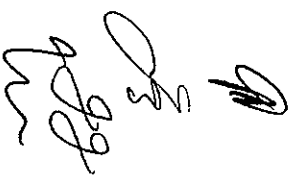
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SCHEDULE C

Facilities & Associated Administrative Services

- (a) Tavern.
- (b) 9 hole golf course.
- (c) 2 tennis courts.
- (d) Cafeteria associated with the Tavern.
- (e) Restaurant.
- (f) Bowling green.
- (g) Accommodation for Lessee's staff.
- (h) Service station (vehicle repair and petrol).
- (i) Shopping facilities of the nature and extent current at Commencement of Lease.

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SCHEDULE D

Community Services

- (a) Sewage disposal and treatment.
- (b) Water supply.
- (c) Collection of rubbish.
- (d) Village signs and landscaping.
- (e) Volcanic warning system.
- (f) Snow clearing.
- (g) Village lighting.
- (h) Roading and visitor carparks.

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SCHEDULE E

(Clause 3.06 of Lease)

CALCULATION AND PAYMENT OF RENTAL APPLICABLE WHERE  
LESSEE PAYS PERCENTAGE OF GROSS OPERATING INCOME

The amount of rent payable by the Lessee pursuant to Clause 3.06(b)(i) of the Lease shall be calculated and payable as follows:-

1. THE Lessee will pay on account of the yearly rent monthly instalments in advance on the 1st day of each month calculated as 1/12th of the total annual rent payable in accordance with the formula herein provided for the previous Lease Year. At the end of the Lease year the Lessee's Gross Operating Income in the course of the Lessee's business on the Land shall be calculated as provided in this Schedule and thereupon any overpayment or underpayment shall be refunded or paid.

2. FOR the purposes of determining the rent the following are the factors to be used in calculating the Gross Operating Income:-

(a) Revenue

Rooms  
Food  
Beverage  
Other Trading Departments  
Rental and Other Income

TOTAL REVENUE

Less Cost of Goods Sold

Food  
Beverage  
Other Trading Departments

TOTAL COST OF GOODS SOLD

Less Department Expenses

Payroll Expenses  
Rooms  
Food  
Beverages  
Other Trading Departments  
Other Department Expenses  
Rooms  
Food  
Beverages  
Other Trading Departments

TOTAL DEPARTMENTAL EXPENSES

GROSS OPERATING INCOME



The following items are not included in calculating the Gross Operating Income.

- Administration - Payroll
- Administration and General Management Fees
- Advertising and Promotion Energy
- Repairs and Maintenance
- Depreciation
- Proceeds of insurance claims, damages or compensation
- Proceeds of the sale of chattels, fixtures and fittings after use thereof in the conduct of the Lessor's business.

House Profit

All calculations shall be on GST exclusive figures.

JAW099

A handwritten signature in black ink, appearing to be 'JAW' followed by a stylized flourish.

SCHEDULE F  
Easements

1. In this Schedule:

"the First Land" means the land described as Part Okahukura No. 8 Block ~~and Section I Block III Ruapehu Survey District~~ (Wellington Registry) ✓ RD.

"the Second Land" means that part of the Tongariro National Park described as Lots 1, 2, 3 and 6 on Deposited Plan 69560, Lots 4 and 5 on Deposited Plan 69562 and Lot 7 on Deposited Plan 69559 being all the land comprised and described in Certificate of Title Volume ~~39D~~ Folio ~~927~~ (Wellington Registry) ✓ RD ✓ RD

2. The lessor reserves unto himself <sup>apart from the First Land</sup> the full free and uninterrupted right liberty and privilege during the term of the Lease to:-

- (a) convey water in free and unimpeded flow (except in any periods necessary for cleaning and repairing) through pipes under the surface of and through the soil of those parts of the Second Land shown as E, F, G, H, I, J, K, L and M on Deposited Plan 69559 and A on Deposited Plan 69562; and
- (b) drain discharge or convey sewage and other waste material and fluid in free and unimpeded flow (except in any periods necessary for cleaning and repairing) through pipes under the surface of and through the soil or through those parts of the Second Land shown as A, B, C, D, I, J, K, L and M on Deposited Plan 69559 and A on Deposited Plan 69560; and
- (c) enter upon the Second Land with or without engineers, tradesmen and workmen and with or without any necessary vehicles, implements, tools, pipes, materials of any kind

✓ RD  
✓ RD  
✓ RD  
✓ RD

for the purposes of laying, maintaining, cleansing, monitoring, repairing and renewing the water and sewage pipelines and obtaining access to sewage pipelines and the treatment plant located on the First Land and opening up the soil of the Second Land as may be necessary for these purposes.

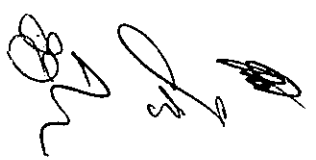
3. The Lessor covenants with the Lessee as follows:-

(a) To repair, maintain and keep the water and sewage pipelines described above in good leakproof order and condition in full compliance with local authority and any other governmental requirements.

(b) To carry out any work required as expeditiously as possible and to cause as little as possible disturbance to the surface of the Second Land or interference to the Grantee and to restore the Second Land as near as reasonably possible to its former condition and as may be necessary shall replace the soil thereof with the surface turf consolidated to its proper level and if necessary resow the soil and regrass the land to its former condition.

4. The Lessee covenants with the Lessor to indemnify and hold harmless the Lessor against all action, claims, demands, losses, damages, costs and expenses in respect of and arising from negligent use or abuse by the Lessee of the water and sewage pipelines.

5. The Lessor covenants with the Lessee to indemnify and hold harmless the Lessee against all action, claims, demands, losses, damages, costs and expenses in respect of and arising from negligent use or abuse by the Lessor of the water and sewage pipelines or from breach by the Lessor of any of its obligations hereunder.



6. All differences and disputes between the parties hereto concerning these presents or any act or thing to be done in pursuance hereof (except as otherwise expressly provided) shall be referred to arbitration in New Zealand by a single arbitrator who shall be mutually agreed upon and failing agreement by two arbitrators (one to be appointed by each party) and an umpire (to be appointed by the arbitrators) in accordance with the Arbitration Act 1908 or any re-enactment or modification thereof.

JAW192

Handwritten initials and signatures, including a circled 'A' and several cursive marks.