

TERMS AND CONDITIONS OF THE EXCHANGE CHRISTCHURCH
SUBLEASE AGREEMENT

FIRST SCHEDULE

HEADLESSOR: RGA GROUP 376 LIMITED

PREMISES: That part of the premises at 376 Wilsons Road, Christchurch, being the warehouse on the ground floor and first floor unit at the front with a street frontage, as highlighted in yellow, as well as the common areas, on the attached plan in the Sublease Agreement.

CARPARKS: NIL

TERM: as per Sublease Agreement signed by both parties

COMMENCEMENT DATE: as per Sublease Agreement signed by both parties.

FINAL EXPIRY DATE: 31 July 2017.

MONTHLY RENT: as per Sublease Agreement signed by both parties.

RENT PAYMENT DATES: on the Commencement date and thereafter the first day of each month.

RENT REVIEW DATES: At the end of fixed term tenancy or with 20 working days notice by Sublessor for periodic tenancies.

PROPORTION OF OUTGOINGS: Included in monthly rent and listed in clause 2.2

DEFAULT INTEREST RATE: 9%

BUSINESS USE: Production and showcase space

SECOND SCHEDULE

1. INTERPRETATION

In this Sublease unless context requires a different interpretation:

1.1 Definitions:

“Authority” means and includes every government, local, territorial and statutory authority having jurisdiction or authority over the Premises or their use;

“Final Expiry Date” means the date specified in the First Schedule or the day before the final expiry of the Headlease whichever is earlier;

“GST” means Goods and Services Tax arising pursuant to the Goods and Services Act 1985;

“Headlease” means the deed of lease attached to this Sublease as the Third Schedule;

“Headlessor” means the party stated as being the current Headlessor in the First Schedule;

“Rent” means the rent for the Premises specified in the First Schedule, plus GST, subject to any changes consequent on any review of the rent:

“Sublease Agreement” means the Sublease Agreement signed by the Sublessor and the Tenant plus these Terms and Conditions;

“Sublessor” means the Exchange Charitable Trust, as leasees of the HeadLease;

“Tenant” is the party defined in the Sublease Agreement as holding the subtenancies as specified in the SubLease Agreement;

“Utilities” means all utility and other services connected and/ or supplied to the Premises, including water, sewage, drainage, electricity, gas, telephone and rubbish collection;

2.0 RENT

2.1 Payment: The Tenant must pay:

2.1.1 Rent: the Rent to the Sublessor by monthly, weekly or daily instalments in advanced as set out in the Sublease Agreement commencing on the Rental Commencement Date (and apportioned where necessary), and due on the first Rental Payment Date thereafter;

2.1.2 GST: The rent stated in the Sublease Agreement is exclusive of GST;

2.1.3 Payment: the Rent by way of automatic bank payment or in any other manner which the Sublessor directs; and

2.1.4 No Set-Off or Deductions: all instalments of the Rent in full without any set-off or deduction and without necessity of any demand by the Sublessor.

2.2 Rent includes outgoings: The Rent shall also include the following outgoings and use of facilities:

(i) Basic furnishings and kitchen facilities;

(ii) Heating;

(ii) Electricity;

(iv) Cleaning;

(v) Internet;

(vi) Management of the building;

(vii) Repair of common equipment and facilities;

(xiii) Advertising;

(ix) Security System (if any); and

(x) Other building related costs.

3.0 RENT REVIEW

3.1 Process: The Rent is subject to review on the renewal of a fixed term tenancy or if a periodic tenancy then the Sublessor will give the Tenant 20 working days notice of any rental change occurring.

3.2 The Rent may be adjusted to meet any changing cost arising from the Headlease or to adjust for the actual outgoings expenses as set out in clause 2.2 from time to time at the Sublessor's sole discretion, subject to clause 3.1.

4.0 RIGHT OF RENEWAL

4.1 Exercise Renewal in Headlease: Right of renewal of the Headlease is at the sole discretion of the Sublessor.

- 4.2 Exercise Renewal in Sublease Agreement: Right of renewal of the Sublease Agreement is at the sole discretion of the Sublessor.
- 4.3 Rent Adjustment: If the Sublessor renews the sublease after the date of Rent Review in the Headlease then they shall be permitted to adjust the Rent to reflect any rent change under the Headlease, subject to clause 3.1.
- 4.5 Covenants: The renewed Sublease Agreement shall be upon and subject to the covenants and agreements expressed and implied in this Sublease Agreement except that the term of this Sublease Agreement plus all further terms shall expire on or before the Final Expiry Date;
- 4.6 Guarantees: The Sublessor as a condition of granting a new Sublease shall be entitled to have the new Sublease Agreement guaranteed by any guarantor who has guaranteed this Sublease on the behalf of the Tenant who has given notice.
- 5.0 UTILITIES AND OUTGOINGS
- 5.1 Utility Charges: The Tenant must promptly pay to the relevant Authority or supplier all charges for Utilities that are not included in the Rent as specified in Clause 2.2.
- 5.2 Apportionment: The Tenant must pay to the Sublessor on demand a fair and reasonable proportion of the charge for the Utility which is not separately metered or charged to the Premises, and not included in the Rent as specified in Clause 2.2.
- 5.3 Security Call Out Charges: In addition to any charges included in the Rent, the Tenant is liable to cover any security call out fees that are incurred due to the actions of the Tenant.
- 6 TENANT'S FURTHER COVENANTS
- 6.1 Headlease: The Tenant must comply with all the of Sublessor's obligations as lessee in the Headlease (other than the covenants for payment of rent and other money in the Headlease) which are able to be performed by the Tenant as if all those obligations were set out in this Sublease Agreement as obligations binding on the Sublease.
- 6.2 Sublessor Indemnity: The Tenant shall indemnify the Sublessor against all actions, proceedings, calls, liabilities, costs, expenses, claims, demands, damages or losses on account of breach of any of the Tenant's obligations expressed or implied in this Sublease Agreement.

- 6.3** Insurance: The Tenant acknowledges the Tenant is responsible for their own belongings and chattels. It is the Tenant's responsibility to ensure the Tenant mitigates loss and is appropriately insured for any loss that could arise from damage or theft of the Tenant's belongings and chattels.
- 6.4** Safety: The Tenant agrees to take all steps necessary to ensure they maintain a safe work environment and abide by all Health and Safety Policies of the Sublessor as well as Health and safety regulations and laws. The Tenant indemnifies the Sublessor where risk occurs due to negligence or failure to follow these procedures.
- 6.5** Headlessor Indemnity: The Tenant shall indemnify the Headlessor against all actions, proceedings, calls, liabilities, costs, expenses, claims, damages or losses on account of the Headlessor incurring any loss on account of breach of any of the Tenant's obligations expressed or implied in this Sublease Agreement.
- 6.6** Notices: If the Headlessor gives to the Tenant or leaves on the Premises any notice relating to the Premises, the Tenant must immediately give a copy of that notice to the Sublessor.
- 6.7** Entry to Premises: The Tenant must permit the Sublessor and the Headlessor to enter the Premises for any purpose that in the Sublessor's opinion is necessary to enable the Sublessor to comply with any of the Sublessor's expressed or implied in the Headlease, even if this Sublease imposes that obligation on the Sublessee.
- 6.8** Use of Premises: The Tenant must not carry on any business or activity on the Premises other than the Business Use.
- 6.9** Security: The Tenant agrees to comply with all reasonable requests of the Sublessor in order to maintain the security of the premises. This includes but is not limited to ensuring the premises is locked if they are the last to leave, and not giving out their security code to any unauthorised parties.
- 6.9.1** The Tenant will seek authorisation from the Sublessor before giving out their security code to anyone who is not directly party to this Sublease.
- 6.10** The Tenant acknowledges that the premises they are renting is a shared workspace and therefore agrees to respect other tenants work and property (both physical and intellectual) and ensure any guests of the tenants abide by the same code of conduct, as would be expected in a collaborative work environment.

7.0 SUBLESSOR'S COVENANTS

Provided the Tenant is not in breach of any of the Tenant's obligations in this Sublease, the Sublessor must:

- (1) Pay Rent: pay the rent and other money payable under the Headlease when due;
- (2) Quiet Enjoyment: permit the Tenant to occupy and enjoy the Premises during the Term without any interruption or disturbance by the Sublessor or any person claiming under the Sublessor except as authorised under this Sublease or the Headlease;
- (3) Rights and Remedies: exercise all rights and remedies which the Sublessor may have under the Headlease to require the Headlessor to observe and perform the Headlessor's covenants in the Headlease; and
- (4) Observe Covenants: comply with all of the obligations in the Headlease which are binding for the Sublessor as lessee.

8.0 HEADLEASE

8.1 Application of Headlease Terms: Unless inconsistent with the express terms of this Sublease, all the terms of the Headlease apply with the necessary changes to this Sublease as if:

- (1) Terms Set Out: the Headlease terms were set out in this Sublease; and
- (2) Parties Same: the lessor and the lessee under the Headlease were the Sublessor and the Tenant under this Sublease.

8.2 Sublessor's Obligations: If the Sublessor cannot practically perform any obligation of the Sublessor under the Headlease for the purposes of this Sublease will be interpreted only as an obligation to take all reasonable steps to require the Sublessor to carry out the relevant obligation under the Headlease.

8.3 Where under this Sublease the Sublessor's consent is required for anything done or proposed to be done by the Tenant, then the Headlessor's prior consent will also be required.

9.0 COSTS

The Tenant must pay to the Sublessor on demand:

- (1) Legal Costs: The Sublessor's legal costs for the preparation and execution of this Sublease; and any renewal, extension, or variation of this Sublease (including any variation recording a rent review); and
- (2) Costs for Consents: The Sublessor's costs and the Headlessor's costs (including legal costs) in obtaining any consents associated with the grant and any renewal,

extension or variation of this Sublease (including any variation recording rent review); and

- (3) Cost on default: all costs, charges and expenses for which the Sublessor becomes liable as a result of the Sublessor's breach of any of this Sublease's terms.

10.0 FURTHER TERMS

- 10.1 Notwithstanding the Final Expiry Date provision in the First Schedule to this Deed of Sublease this tenancy shall expire no later than the date upon which the Headlease expires. Renewal of the Headlease shall be at the sole discretion of the Sublessor.
- 10.2 Should the Headlease be terminated for any reason whatsoever then this sub-tenancy will terminate on the date of the Headlease terminating and neither the Sublessor/Tenant will have any claim against the Headlessor where the Headlessor validly terminates the Headlease.

THIRD SCHEDULE**HEADLEASE**

An electronic copy of this can be provided to the Tenant (upon request) before signing, for their information.