Dated 8th March 2018

MEMORANDUM OF LEASE

Land

Wanaka Airport

The Lessor
QUEENSTOWN LAKES DISTRICT COUNCIL

The Lessee
QUEENSTOWN AIRPORT CORPORATION LIMITED

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CONTENTS

MEMORANDUM OF LEASE

Land

DATED

PARTIES

(1) **QUEENSTOWN LAKES DISTRICT COUNCIL** at Queenstown ("the Lessor")

(2) **QUEENSTOWN AIRPORT CORPORATION LIMITED** (**company number 378001**) ("the Lessee")

The Lessor leases to the Lessee and the Lessee takes on lease the Land for the Term specified in the Reference Schedule, and upon the terms, covenants and conditions set out in this Lease.

EXECUTION

SIGNED for and on behalf of)
QUEENSTOWN LAKES DISTRICT)
COUNCIL)
as Lessor in the presence of:)

Mayor

Chief Executive Officer

Signature of Witness

RICHARD POPE
Witness

PROPERTY DIRECTOR, QLDC
Occupation

Address Queenstown

SIGNED on behalf of)
QUEENSTOWN AIRPORT CORPORATION)
LIMITED)
as Lessee in the presence of:)

Richard Colin Keel, Chief Executive Officer of the Lessee

In signing this Memorandum on behalf of the Lessee, Richard Colin Keel of Queenstown also certifies that:

1. he was appointed as attorney for the Lessee by deed dated 16 February 2018 and
2. as at the date of his execution of this memorandum (being 8 March 2018), he had not had notice or information of the revocation of that appointment by the winding up or dissolution of the Lessee or otherwise.

Signature of Witness

HALEY PASSMORE

Witness

EA TO CE

Occupation

QUEENSTOWN

Address

Mark Dugdale Edghill, Chief Financial Officer of the Lessee

In signing this Memorandum on behalf of the Lessee, Mark Dugdale Edghill of Queenstown also certifies that:

1. he was appointed as attorney for the Lessee by deed dated 16 February 2018 ;and
2. as at the date of his execution of this memorandum (being 8 March 2018), he had not had notice or information of the revocation of that appointment by the winding up or dissolution of the Lessee or otherwise.

FIRST SCHEDULE – REFERENCE SCHEDULE

1. THE LAND

As at the Commencement Date, the Land comprises all of the land described in the following table and shown in the Land Plan.

CT identifier (Otago Land Registry)	Land area (ha), more or less	Legal Description
OT18B/857	4.4300	Lot 2 DP 26239
284548		Part Lot 5 DP 340031
	9.2285	Lot 2 DP 368240
	35.4024	Lot 1 DP 341605
	2.7462	Lot 4 DP 340031
OT18B/856	10.4340	Lot 1 DP 26239
OT15D/886	0.2000	Lot 4 DP 23517
OT15D/884	0.1750	Lot 2 DP 23517
176027	0.1504	Lot 5 DP 18824
176026	0.1517	Lot 4 DP 18824
176025	0.1077	Lot 3 DP 18824
176024	0.0355	Lot 2 DP 18824
176023	0.1728	Lot 1 DP 18824
OT14D/380	0.1500	Lot 7 DP 22637
OT15D/887	0.2104	Lot 5 DP 23517
OT14D/379	0.0121	Lot 6 DP 22636
OT16B/136	0.0700	Lot 10 DP 24410
OT16B/137	0.0840	Lot 11 DP 24410
OT14D/381	0.0400	Lot 8 DP 22637
OT18C/1166	0.4310	Sec 1 SO 24776
OT15D/885	0.1750	Lot 3 DP 23517
OT16C/856	0.1750	Lot 6 DP 24685

2. THE TERM

100 years, subject to clause 2.2.

3. COMMENCEMENT DATE

1 April 2018.

4. RENT PREPAYMENT AMOUNT

$11,300,000 plus GST (if any).

5. RENT PREPAYMENT DATE

3 April 2018.

6. IMPROVEMENTS PURCHASE PRICE

$3,200,000 plus GST (if any) allocated as follows:

Improvement	Allocated value
Runway	$1,825,600
Taxiway	$132,800
Apron	$279,500
Roads & carparks	$453,400
Buildings	$292,200
Building Fitout	$120,600
Portable Buildings	$22,300
Other plant & equipment, office furniture, computer assets & vehicles	$73,600
TOTAL	**$3,200,000**

7. DEFAULT INTEREST RATE

The Lessee shall pay to the Lessor interest at the Lessor's Bank Overdraft Rate plus a margin of 4% on the Rent Prepayment Amount or other unpaid moneys due under this Lease.

8. PERMITTED USE

An airport and ancillary or related activities and events together with such other activities as the Lessee reasonably determines provided that those ancillary, related or other activities and events are:

(a) permitted under the district plan (including where applicable, any designation); or

(b) for which the Lessee has obtained all necessary consents,

and which will not interfere, in the reasonable opinion of the Lessee, with the safe and efficient operation of the Wanaka Airport. The Lessee must ensure that the Land is not used for any use, activity or event which is not within the contemplation of the Lessee's statement of intent (as required under section 64 of the ~~Local Government Act~~ 2002 and updated from time to time) insofar as the statement of intent relates to the development and operation of the Wanaka Airport.

9. AMOUNT OF PUBLIC LIABILITY INSURANCE

$5,000,000 (as may be adjusted from time to time as provided in clause 10.1(a)(i)).

10. ADDRESSES FOR SERVICE

Lessor

Queenstown Lakes District Council
10 Gorge Road
Queenstown

Attention: Property Director, Property & Infrastructure

Phone: +64 3 450 0440
Email: richard.pope@qldc.govt.nz
Contact: Richard Pope

Lessee

Queenstown Airport Corporation Limited
Sir Henry Wigley Drive
Queenstown

Attention: General Manager, Commercial and Customer Experience

Phone: +64 (0)21 0258 1926
Email: olivi olivier.pierre@queenstownairport.co.nz
Contact: ~~Olivier~~ Pierre
Olivia.

11. SCHEDULES FORMING PART OF THIS LEASE

First Schedule: Reference Schedule

Second Schedule: General Terms and Conditions

Third Schedule: Land Plan

Fourth Schedule: Project Pure Plan

Fifth Schedule: Baseline Contamination Report

Sixth Schedule: Existing Leases, Licences and Other Tenancies

Seventh Schedule: Form of Covenant

SECOND SCHEDULE - GENERAL TERMS AND CONDITIONS

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions: In this Lease unless a contrary intention appears:

(a) **"Adjoining Land"** means all land adjoining the Land or any other land used for the operation of Wanaka Airport that is owned by the Lessee at the Commencement Date or subsequently acquired by the Lessee (and includes any Third Party Land which the Lessee acquires).

(b) **"Authority"** means any local body, government or other authority having jurisdiction or authority in respect of the Land, the Buildings, the operation of the Wanaka Airport or any other business or use (being a Permitted Use) carried on from the Land and/or the Buildings.

(c) **"Baseline Contamination Report"** means the report prepared by entitled dated in relation to the Land, a copy of which is attached as the Fifth Schedule] together with any supplemental reports prepared in accordance with clauses 8.2(g) and/or 8.3(a)(vi).

(d) **"Building"** means any building and other improvement from time to time situated on the Land which are used (in whole or in part) for Core Aeronautical Activities and any other Permitted Use and the term "**Buildings**" will be construed accordingly.

(e) **"Claim"** includes any claim, demand, remedy, suit, injury, damage, loss, cost, liability, action, proceeding, right of action and claim for compensation and claim.

(f) **"Commencement Date"** means the commencement date of the Term as specified in item 3 of the First Schedule.

(g) **"Contaminant"** has the meaning given to it in the section 2 of the Resource Management Act 1991 and "Contaminate" and "Contamination" have corresponding meanings.

(h) **"Core Aeronautical Activities"** means insofar as it relates to Wanaka Airport:

(i) "aircraft and freight activities", "airfield activities" and "specified passenger terminal activities", as those terms are defined in section 2 of the Airport Authorities Act 1966 (or the equivalent definitions in any amendment or replacement legislation);

(ii) all public carparking (including free and paid carparking), electric car charging stations and related vehicular and pedestrian accessways (not being public road) serving the Wanaka Airport and includes all passenger pick up and drop off areas;

(iii) those public transport facilities situated at the Wanaka Airport and which service the Wanaka Airport including taxi rank areas;

(iv) all retail and commercial activities undertaken within the terminal buildings (including without limitation food and beverage offerings, toilet facilities, airline lounges, conference and meeting facilities, and office spaces situated within such buildings);

and

(v) such other facilities as are required to be maintained pursuant to any applicable rules of the District Plan, conditions of an aerodrome designation and/or resource consent or other approval held by the Lessee, in each case for the development and/or use of any of the facilities included in subclause (i) to (iv) above,

which are carried out at the Wanaka Airport at the relevant time.

(i) **"CPI"** means the Consumer Price Index (All Groups) published by Statistics New Zealand or other government agency and any revised, replacement of substituted index.

(j) **"Default Interest Rate"** means the interest rate specified in item 7 of the First Schedule.

(k) **"Default Notice"** has the meaning given in clause 15.1.

(l) **"Developed Adjoining Land"** has the meaning given in clause 8.2(a).

(m) **"GST"** means goods and services tax charged or chargeable under the GST Act.

(n) **"GST Act"** means the Goods and Services Tax Act 1985.

(o) **"Improvements Purchase Price"** means the purchase price of all Buildings situated on the Land as at the Commencement Date as specified in item 5 of the First Schedule.

(p) **"Lease"** means this lease, including any memorandum (as amended, added to, or varied) incorporated into it, and any Schedule attached to and forming part of this Lease.

(q) **"Lessee"** means the Lessee and its successors and permitted assigns and includes the Lessee's employees, agents, contractors, invitees and any other person under the Lessee's control.

(r) **"Lessor"** means the Lessor and its successors and assigns and includes the Lessor's employees, agents, contractors, invitees and any other person under the Lessor's control.

(s) **"Lessor's Bank Overdraft Rate"** means the maximum rate of interest from time to time payable by the Lessor to its principal banker for overdraft accommodation.

(t) **"LINZ"** means Land Information New Zealand.

(u) **"Management Services Agreement"** means the Management Services Agreement for Wanaka Airport dated September 2016 between the Lessor and the Lessee.

(v) **"Original Project Pure Site"** means the site occupied by Project Pure as at the Commencement Date as shown on the Project Pure Plan.

(w) **"Parties"** means the Lessor and the Lessee and their respective successors and assigns and **"Party"** will mean either one of them.

(x) **"Permitted Use"** means the permitted use specified in item 8 of the First Schedule.

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(y) **"Project Pure"** means the wastewater processing treatment plant (including the screening facilities and disposal fields) owned by the Queenstown Lakes District Council and which as at the Commencement Date is situated on the Original Project Pure Site.

(z) **"Project Pure Plan"** means the plan attached as the Fourth Schedule.

(aa) **"Queenstown Airport"** means the international airport located in Frankton, Otago, New Zealand.

(bb) "**Rent**" means the Rent Prepayment Amount and any rent payable during any extension of the Term in accordance with clause 2.2.

(cc) **"Rent Prepayment Amount"** means the amount specified in item 4 of the First Schedule.

(dd) **"Rent Prepayment Date"** means the date specified in item 5 of the First Schedule.

(ee) **"Term"** means the term of this Lease specified in item 2 of the First Schedule, but subject to clause 2.2.

(ff) **"Third Party Land"** has the meaning given in clause 8.3(a).

(gg) **"Threshold Amount"** means the amount of $10 million adjusted by the percentage movement in CPI between the Commencement Date and the relevant date on which the Threshold Amount is to be applied pursuant to the provisions of this Lease and will be calculated as follows:

A = $10,000,000 x (B ÷ C)

Where:

A is the Threshold Amount as at the relevant date;

B is the CPI for the quarter year ending immediately before the relevant date; and

C is the CPI for the quarter year ending immediately before the Commencement Date.

(hh) "**Time of Supply**" means the date on which each supply evidenced by this Lease is treated as taking place for GST purposes pursuant to section 9 of the GST Act.

(ii) ""**Wanaka Airport"** means the airport operated from the Land.

(jj) **"Working Day"** has the meaning given in the Property Law Act 2007.

1.2 Interpretation

(a) Any provision of this Lease to be performed by two or more persons shall bind those persons jointly and severally.

(b) References to the headings in the Reference Schedule shall be references to and shall include the terms and details referred to under those headings. Elsewhere in this Lease, clause headings have been inserted for convenience only and shall not in any way affect the interpretation of this Lease.

(c) Any reference in this Lease to any statute or regulation is deemed to include all amendments and revisions thereof (and where appropriate, any replacement statute or regulation).

(d) Any reference in this Lease to a "month" or "monthly" shall mean respectively calendar month and calendar monthly.

(e) Words importing the singular number shall include the plural, the masculine gender shall include the feminine, and persons shall include companies and body corporates and vice versa.

(f) Unless otherwise provided, references to recitals, sections, clauses or paragraphs by letter or number are references to recitals, sections, clauses or paragraphs in this Lease.

(g) Where the Lessor's consent or approval is expressly 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 on a prior occasion.

1.3 Entire Agreement

This document embodies the entire understanding and the whole agreement between the parties. Any previous representations, warranties, arrangements and statements whether expressed or implied with reference to the subject matter of this Lease are merged herein.

2. TERM AND EXTENSIONS

2.1 Term

The Term will commence on the Commencement Date and subject to clause 2.2, will expire at midnight on the last day of the Term.

2.2 Extensions

(a) Subject to subclause (e) below, the Term will extend by one year every year from the 100th anniversary of the Commencement Date.

(b) The parties shall endeavour to agree within 6 months of the 70th anniversary of the Commencement Date the rent and the basis for rent review that will apply from the 100th anniversary of the Commencement Date onwards. Both parties acknowledge that a lump sum prepayment rent model will not apply while the perpetual extension arrangement continues.

(c) If the parties are unable to reach agreement in accordance with subclause (b) above, then the rent and the basis for rent review that will apply from the 100th anniversary of the Commencement Date onwards will be determined pursuant to the process set out in clause 13.1.

(d) The parties will record the terms of the agreement or determination reached in accordance with subclause (b) or (c) (as applicable) in a lease variation to be prepared by the Lessor's solicitor and approved by the Lessee (such approval not to be unreasonably withheld or delayed).

(e) Either party may terminate the perpetual extension arrangement by giving the other party 30 years prior written notice to that effect provided that the earliest date of giving such notice will be on the 70th anniversary of the Commencement Date with the intent that the Term will be a minimum of 100 years. Upon giving such notice, the parties will enter into a lease variation which records the fixed expiry date of the Term, the deletion of this clause 2.2 and such other terms as may be agreed by the parties.

(f) Any lease variation prepared in accordance with subclause (d) or (e) above will be in a form capable of registration. Both parties will do all things reasonably necessary (including signing all necessary documents) to register the lease variation in the agreed form.

3. RENT AND OPERATING EXPENSES

3.1 Rent Prepayment

In consideration of the Lessor granting this Lease of the Land to the Lessee, the Lessee will pay the Rent Prepayment Amount for the whole of the original Term in one lump sum to the Lessor on the Rent Prepayment Date without deduction or set off of any kind and otherwise as the Lessor shall direct.

3.2 Operating Expenses

(a) In addition to the Rent, the Lessee will pay all rates, taxes, charges and impositions by any local government or other competent Authority, in respect of the Land and Buildings irrespective of their ownership, or paid or payable by the Lessor in consequence of the receipt of rent or other moneys pursuant to this Lease, or in consequence of the Lessor having any estate or interest in the Land (including land tax but excluding income tax or any other tax assessed in respect of the Lessor's income, profits or capital gains) as and when they fall due. If such rates, taxes, charges and/or impositions do not relate solely to the Land and the Buildings, the Lessee will pay such amount as the Lessor will fairly and reasonably allocate to the Land and the Buildings.

(b) In accordance with section 11(1)(b) of the Local Government (Rating) Act 2002, the name of the Lessee will be entered as the ratepayer, in respect of the Land and Buildings, in the rating information database and the district valuation roll of each Authority having power to assess and levy rates in respect of the Land and Buildings.

(c) The Lessee will also pay all charges in respect of all services, utilities and amenities supplied to or used by the Lessee on the Land and in the Buildings including all charges for garbage disposal and sewage disposal, water supply, electrical power supply, gas supply, telecommunications and data services, and any other services supplied to the Land and in the Buildings as and when they fall due. The Lessee will pay such charges directly to the

providers of those services. If such charges are not separately metered, the Lessee shall pay such amount as the Lessor shall fairly and reasonably allocate to the Land and the Buildings.

(d) If required to do so by the Lessor or any Authority, the Lessee shall at its own cost install and maintain any meter or other measuring device necessary for the proper charging of any utilities or services connected or used on the Land and in the Buildings.

(e) The operating expenses will be apportioned as between the Lessor and the Lessee in respect of periods current at the commencement and termination of the Term.

(f) The Lessee may re-charge the operating expenses to sublessees and licensees of the Land and Buildings but in doing so will not relieve the Lessee from any liability or obligation under this Lease.

4. SALE AND PURCHASE OF BUILDINGS

4.1 Buildings on the Land as at the Commencement Date

(a) The Parties agree that the depreciated replacement value of all of the Buildings situated on the Land as at the Commencement Date is the Improvements Purchase Price.

(b) The Lessor has agreed to sell, and the Lessee has agreed to purchase, the existing Buildings on a "as is where is" basis for the Improvements Purchase Price. The Lessor gives no warranties whatsoever as to the condition of the existing Buildings as at the Commencement Date. The Lessee will pay the Improvements Purchase Price in one lump sum to the Lessor on or before the Commencement Date without deduction or set off of any kind and otherwise as the Lessor shall direct.

(c) Ownership of those Buildings will vest in the Lessee on later of the Commencement Date or the date the Improvements Purchase Price has been paid to the Lessor.

(d) The parties agree that:

(i) the Improvements Purchase Price is the lowest price that they would have agreed upon at the time this Lease was executed with respect to the Buildings situated on the Land as at the Commencement Date on the basis of payment in full at the time at which the first right in the Buildings is to be transferred;

(ii) the Improvements Purchase Price is the value of the Buildings; and

(iii) they will compute their taxable income for the relevant period on the basis that the Improvements Purchase Price includes no capitalised interest, and will file their tax returns accordingly.

For the purposes of this clause the term "right" in the Buildings shall bear the same meaning as the term "right" in section YA 1 of the Income Tax Act 2007.

5. INTEREST ON OVERDUE PAYMENTS

If the Lessee defaults in payment of the Rent or other moneys payable hereunder for 7 days then the Lessee shall pay interest at the Default Interest Rate on the money unpaid from the date for payment to the date of payment. A certificate signed by the Lessor or on behalf of the Lessor by one of its officers, managers or its solicitors shall be conclusive evidence of the Default Interest Rate.

6. GOODS AND SERVICES TAX

6.1 GST

(a) The parties agree that:

(i) the lease of the Land for the initial 100 years of the Term (for which the Rent Prepayment Amount is being paid in accordance with clause 3.1); and

(ii) the sale of the Buildings situated on the Land as at the Commencement Date,

each constitutes a supply that wholly or partly consists of a supply of an interest in land that meets the requirements of section 11(1)(mb) of the GST Act and, as a consequence, these transactions are zero rated for GST purposes pursuant to that section. The parties will each file their GST returns on that basis.

(b) The Lessee warrants that, at the Commencement Date:

(i) the Lessee will be a registered person; and

(ii) the Lessee is acquiring the Lease of the Land and the Buildings situated on the Land as at the Commencement Date with the intention of using them for making taxable supplies; and

(iii) the Lessee does not intend to use the Lease and those Buildings (or any part thereof) as a principal place of residence for it or a person associated with it under section 2A(1)(c) of the GST Act.

(c) The warranties in clause (b) are made by the Lessee on the date of this Lease, the Time of Supply and the Commencement Date.

(d) The Lessor represents and warrants that, as at the date of this Lease, the Time of Supply and the Commencement Date, it is a registered person.

(e) The Lessee shall, prior to the Commencement Date, provide to the Lessor in writing the Lessee's registration number for GST purposes.

(f) Subject to subclause (a) above and provided that the Lessor has provided a valid tax invoice (as defined in the GST Act) to the Lessee, the Lessee will pay to the Lessor or as the Lessor shall direct the GST (if any) payable by the Lessor in respect of the Rent and any other moneys payable by the Lessee under this Lease. The GST in respect of the Rent will be

payable on each occasion when any Rent payment falls due for payment and in respect of any other payment, will be payable upon demand.

(g) If the Lessee defaults in payment of the Rent or other moneys payable under this Lease and the Lessor as a result becomes liable to pay additional GST, or any other levy, tax, duty or assessment then the Lessee shall on demand pay to the Lessor or as the Lessor shall direct such additional GST, tax, levy, duty or assessment.

7. LESSEE'S MAINTENANCE OBLIGATIONS

7.1 Lessee to Keep Buildings in Good and Substantial Repair and Condition

(a) Subject to subclause (c) below, the Lessee shall keep the Buildings used (in whole or in part) for Core Aeronautical Activities in such good and substantial repair and condition throughout the Term as would be reasonably expected to maintain the safe and efficient operation of the Wanaka Airport.

(b) The Lessee shall keep all other Buildings not used (in whole or in part) for Core Aeronautical Activities in good and substantial repair and condition throughout the Term, having regard to its intended use, fair wear and tear excepted.

(c) The Lessor acknowledges that the Lessee may from time to time demolish any Buildings on the Land which the Lessee considers it is reasonable to do so at any time during the Term to maintain the safe and efficient operation of the Wanaka Airport.

7.2 Lessee's Further Maintenance/Repair Obligations

The Lessee shall duly and punctually at the Lessee's expense:

(a) ensure that all routine waste is placed daily in suitable receptacles and any excess waste and rubbish is removed from the Land;

(b) take any steps necessary to control any pest infestation occurring in or emanating from the Land;

(c) comply with all statutes, ordinances, proclamations, orders and regulations affecting the Land, the Buildings, or the operation of the Wanaka Airport or any other Permitted Use carried on by the Lessee and others;

(d) comply with any notices or orders which may be given by any Authority for the Land, any Buildings or the operation of the Wanaka Airport or any other Permitted Use carried on by the Lessee;

(e) maintain all landscaping on the Land in a tidy and cared for condition; and

(f) keep and maintain all carparking, electric car charging stations, vehicular and pedestrian accessways, public transport facilities including taxi rank areas, pavings and other sealed or surfaced areas in such good and substantial repair and condition throughout the Term.

7.3 Lessee's Obligation on Expiry or Early Termination

(a) Subject to clauses 7.4 and 15.2(c), at the expiry or earlier termination of the Term, the Lessee must yield up the Land and Buildings in a state of repair and condition consistent with the Lessee's maintenance and repair obligations in clauses 7.1 and 7.2.

(b) The Lessee will also provide copies of all as-built plans and specifications of the Buildings situated on the Land to the extent held by the Lessee at the expiry or earlier termination of the Term.

7.4 Compensation and transfer of Land at Lease Expiry

(a) At the expiry of the Term, the Lessor will pay the Lessee compensation for all Buildings used for Core Aeronautical Activities provided that:

(i) there is an ongoing operating airport at the expiry of the Term;

(ii) the value of the Buildings is to be based on their net book value;

(iii) the net book value of the Buildings is to be agreed or determined 36 months prior to the expiry of the Term;

(iv) the Lessee has complied with clause 8.1(d);

(v) if required by the Lessor, any Adjoining Land on which Buildings used for Core Aeronautical Activities continue to be owned by the Lessee at the expiry of the Term is to be subdivided by the Lessee (at the Lessee's cost) and sold to the Lessor at the then market value of that Adjoining Land and the Buildings; and

(vi) in relation to Buildings which are situated on the Land and used for activities other than Core Aeronautical Activities, the Lessor will have the option in each instance to either:

(1) retain that Land and the Buildings erected thereon and pay the Lessee compensation for such Buildings only at the then market value of the improved land less the value of the unimproved land; or

(2) subdivide the Land (at the Lessor's cost) and require the Lessee to buy the subdivided parcel containing the Buildings used for activities other than Core Aeronautical Activities at the then market value.

(b) The Lessor will prepare for the approval by the Lessee (which approval will not be unreasonably withheld or delayed) the sale and purchase agreements to give effect to the purchase of the Buildings and where necessary, the agreements required to give effect to subclause (a)(v) and/or (a)(vi) above. The agreements will be on customary terms, incorporate the terms and conditions set out in, or determined in accordance with, the provisions above, and such other matters as may be agreed between the parties. Each party will be responsible for its own costs associated with the preparation and negotiation of such agreements.

(c) If this Lease is terminated pursuant to clause 15.2(a) or 15.2(b), the Lessee will not be entitled to receive any compensation for Buildings situated on the Land on termination but the Lessor will be entitled to exercise its right set out in subclause (a)(v) above.

7.5 Fencing

The Lessee will not call upon the Lessor to contribute towards the cost of the erection, maintenance or repair of any fences to the boundaries of the Land. The Lessee is responsible for erecting and maintaining all boundary fencing to ensure the safe and efficient operation of the Wanaka Airport.

7.6 Noxious Weeds

The Lessee will keep the Land clear of all gorse, briar, brambles, thistles and other noxious vegetation and will comply with and indemnify the Lessor against all liability under the provisions of the Biosecurity Act 1993 and every statutory amendment or modification thereof for the time being subsisting and will during the Term use all reasonable means to keep the Land free and clear of such noxious growths and vegetation.

7.7 Notice of Damage, Notifiable Events or Circumstances likely to cause Damage and/or Injury

The Lessee will promptly give written notice to the Lessor of:

(a) any material damage to the Land and/or Buildings which will detrimentally affect the Lessee's ability to operate the Wanaka Airport in a safe and efficient manner; and/or

(b) any "notifiable event" (as defined in the Health and Safety at Work Act 2015) occurring within the Land and/or the Wanaka Airport.

8. FUTURE DEVELOPMENT

8.1 General

(a) The Lessee will be responsible for all future development of the Wanaka Airport and subject to subclause (d) below and clauses 8.2 and 8.3, the Lessor's consent will not be required provided that the Lessee:

(i) obtains all necessary building and resource consents and such other consents as may be required for the proposed development; and

(ii) carries out and complete such development in accordance with:

(1) the building and resource consents and such other consents obtained; and

(2) the proper requirements of all applicable Authorities and all applicable laws, regulations and codes of practice for the time being in force.

(b) The Lessee will be entitled, as part of any future development of Wanaka Airport, to:

(i) erect or construct new Buildings; and

(ii) alter, refurbish or demolishing existing Buildings.

(c) Upon completion of any development, the Lessee will remove all surplus plant, materials, temporary works and equipment from the building site and ensure that all construction waste and debris is lawfully removed and disposed of.

(d) During the final 10 years of the Term, the Lessee must obtain the Lessor's prior written approval to any proposed major capital expenditure on Buildings that are for or part of the Core Aeronautical Activities where that expenditure (excluding GST) will exceed the then Threshold Amount.

8.2 Lessee's Adjoining Land

(a) To the extent that:

(i) any part of the Lessee's Adjoining Land is developed for the purpose of providing Core Aeronautical Activities; and

(ii) the cost of that development (or accumulation of separate developments) excluding GST is equal to or exceeds the then Threshold Amount (excluding from that cost any developments on Adjoining Land which has already been sold to the Lessor),

then the Lessor has the right to require the Lessee to subdivide (as necessary) at the Lessee's cost and sell that part of the Adjoining Land ("**Developed Adjoining Land**") to the Lessor at the time such development (or such developments, if more than one) is completed or such other time following completion as the Lessor determines.

(b) Any Developed Adjoining Land which the Lessor wishes to purchase shall be sold for the market value of the unimproved land component determined at the time of the purchase. If the parties are unable to agree the market value, either party may require the market value and purchase price of the Developed Adjoining Land to be determined pursuant to the process set out in clause 13.1.

(c) Ownership of any Buildings (including any other assets) on the Developed Adjoining Land purchased by the Lessor will remain with the Lessee.

(d) If the Lessor elects to purchase any Developed Adjoining Land during the Term, the Lessor will lease the Developed Adjoining Land to the Lessee and the Lessee agrees to take on lease of the Developed Adjoining Land on the same terms and conditions as set out in this Lease except that:

(i) the term of the lease of the Developed Adjoining Land is to have the same expiry date as the Term of this Lease (as may be extended pursuant to clause 2.2); and

(ii) the Lessee will pay a lump sum rent prepayment (for any period up to the expiry of the original Term and calculated based on the unimproved value of the land discounted to reflect the remaining unexpired portion of the original Term) and/or other rent (determined in accordance with the methodology agreed pursuant to clause 2.2 from

the 100th anniversary of the Commencement Date onwards) for the Developed Adjoining Land.

(e) The parties agree to the surrender and regrant of this Lease to incorporate the Developed Adjoining Land as part of the land being leased with such amendments to the terms and conditions of this Lease as is necessary to give effect to the sale and leaseback of the Developed Adjoining Land.

(f) The Lessor will prepare for the approval of the Lessee (which approval will not be unreasonably withheld or delayed) the necessary agreements and documents required to give effect to the subdivision (if necessary), sale and leaseback of the Developed Adjoining Land. The agreements and documents will be on customary terms, incorporate the terms and conditions set out in, or determined in accordance with, the provisions above, and such other matters as may be agreed between the parties.

(g) Prior to commencing any development on Adjoining Land, the Lessee must arrange at its cost for the consultant who prepared the original Baseline Contamination Report to carry out a site investigation of that part of the Adjoining Land on which the development is to be carried out to establish the type, nature, degree, location and extent of Contamination (if any). The results of that investigation are to be recorded in a report which will supplement the Baseline Contamination Report. If the consultant who prepared the original Baseline Contamination Report is unavailable or unable to carry out the site investigation, the Lessee may nominate an alternate suitable consultant, such consultant to be subject to the Lessor's approval (which is not to be unreasonably withheld or delayed).

8.3 Future Acquisitions

(a) If during the Term the Lessee identifies additional land surrounding the Wanaka Airport which is required for further development for the purpose of Core Aeronautical Activities ("**Third Party Land**"), the following provisions will apply:

(i) The Lessee will notify the Lessor of the requirement and of the Third Party Land available for purchase.

(ii) On receipt of such notice, the Lessor will have the first option to purchase the Third Party Land.

(iii) If the Lessor elects to purchase the Third Party Land, the Lessor will lease the Third Party Land to the Lessee and the Lessee agrees to take on lease of the Third Party Land on the same terms and conditions as set out in this Lease except that:

(1) the term of the lease of the Third Party Land is to have the same expiry date as the Term of this Lease (as may be extended pursuant to clause 2.2); and

(2) the Lessee will pay a lump sum rent prepayment (for any period up to the expiry of the original Term calculated based on the unimproved value of the Third Party Land discounted to reflect the remaining unexpired portion of the original

Term) and/or other rent (determined in accordance with the methodology agreed pursuant to clause 2.2 from the 100th anniversary of the Commencement Date onwards) for the Third Party Land.

(iv) The parties agree to the surrender and regrant of this Lease to incorporate the Third Party Land as part of the land being leased with such amendments to the terms and conditions of this Lease as is necessary to give effect to the purchase and lease of the Third Party Land.

(v) The Lessor will consult and agree with the Lessee the lump sum rent prepayment amount and/or other rent to be paid and such other the terms upon which the Third Party Land will be leased to the Lessee before concluding any binding agreement to purchase the Third Party Land with the landowner.

(vi) If the Lessor elects to purchase the Third Party Land, then a requirement of that purchase shall be for the Lessor or the Third Party Land owner to arrange (at the Lessor's or the Third Party Land owner's cost) for the consultant who prepared the original Baseline Contamination Report to carry out a site investigation of the Third Party Land to establish the type, nature, degree, location and extent of Contamination (if any). The purchase is to be conditional on the Lessor and the Lessee (both acting reasonably) being satisfied as to the results of that investigation. The results of that investigation are to be recorded in a report which, if the purchase of the Third Party Land proceeds, will supplement the Baseline Contamination Report. If the consultant who prepared the original Baseline Contamination Report is unavailable or unable to carry out the site investigation, the Lessor may nominate an alternate suitable consultant, such consultant to be subject to the Lessee's approval (which is not to be unreasonably withheld or delayed).

(vii) If the Lessor elects not to buy the Third Party Land, the Lessee can acquire it and thereafter clause 8.2 above will apply.

(b) The parties further acknowledge that as at the Commencement Date, the property comprising 5,236m^2 (more or less) being Lot 2 on Deposited Plan 341605 and contained in computer freehold register 171182 is owned by Hanger 66 Limited. That property is subject to an encumbrance which records a first right of refusal to purchase the property in favour of the Lessor should the owner wish to sell the land (or part of it). Should this opportunity arise during the Term, then subclause (a) above will apply to that acquisition.

9. ASSIGNMENT AND SUBLETTING

9.1 Control of Assignment and Subletting

Subject to clause 9.2, the Lessee may only assign the whole of its interest in this Lease or sublet parts of the Land with the prior written consent of the Lessor PROVIDED ALWAYS that the Lessor will not unreasonably withhold or delay the giving of its consent to an assignment or sublease to a respectable, responsible, solvent and suitable assignee or sublessee (as the case may be) but

before giving such consent, and as a condition precedent to the giving of such consent, the Lessor shall be entitled to the performance and satisfaction of the following conditions:

(a) the Lessee shall demonstrate to the satisfaction of the Lessor that the proposed assignee, or sublessee is respectable, responsible, suitably qualified and experienced, and of sound financial standing and intending to use the whole of the Land (in the case of an assignment) or part (in the case of a sublease) for the Permitted Use specified in the Reference Schedule;

(b) the Lessee shall demonstrate to the satisfaction of the Lessor that the shareholders of the proposed assignee or sublessee are respectable, responsible, suitably qualified and experienced, and of sound financial standing;

(c) all Rent and other moneys payable by the Lessee to the Lessor up to the date of the proposed assignment or subletting have been paid;

(d) there are no unremedied breaches of any of the terms of this Lease;

(e) in the case of an assignment, the Lessee shall:

(i) deliver to the Lessor a deed duly executed by the Lessee and the proposed assignee in a form acceptable to the Lessor covenanting that the proposed assignee will at all times pay the Rent and observe all the terms and conditions of this Lease (but without releasing the Lessee from the Lessee's obligations under this Lease) and acknowledging that the covenants of the proposed assignee are not in substitution for and do not reduce, prejudice or vary the liability of the Lessee under this Lease; and

(ii) where the proposed assignee is a company (other than a company listed on the New Zealand Stock Exchange), arrange for the controlling shareholders of such company to enter into a deed (in a form acceptable to the Lessor) guaranteeing the performance of the proposed assignee of the terms of this Lease or if the Lessor so elects, a bank guarantee from a registered trading bank in New Zealand on reasonable terms approved by the Lessor;

(f) all costs incurred by the Lessor (whether or not the proposed assignment or subletting proceeds to completion) shall be paid by the Lessee; and

(g) where the Lessor consents to a sublease such consent shall extend to the subletting only and shall not extend to enable the sublessee to deal with the sublease in any way in which the Lessee would be constrained from dealing without obtaining the Lessor's consent.

9.2 Subletting and Licencing not requiring Lessor's consent

Notwithstanding clause 9.1, the Lessee may sublet and/or grant licences in respect of any part of the Land without the consent of the Lessor provided that the permitted use under the sublease or licence is consistent with the Permitted Use and the sublease or licence term does not extend beyond the unexpired term of this Lease. Any proposed subletting or licence longer than 35 years (including rights of renewal) which involves any Core Aeronautical Activities will require the consent of the Lessor in accordance with clause 9.1.

9.3 Change of Shareholding

For the purposes of clause 9.1, except where the Lessee is a company listed on the main board of a public stock exchange, any change in the partnership, membership or shareholding of the Lessee or any reclassification of the rights attaching to any shares or any other arrangement altering the effective control of the Lessee (if a partnership or a company) shall be deemed a proposed assignment of this Lease and will require the consent of the Lessor.

10. INSURANCE AND INDEMNITY

10.1 Lessee to Insure

(a) The Lessee shall effect and keep current at all times during the occupation of the Land at its own cost appropriate and sufficient insurance cover during the Term, with the Lessor noted as an additional insured, for:

(i) public liability cover for an amount not less than the Amount of Public Liability Insurance stated in item 9 of the First Schedule or such other reasonable amount as may from time to time be notified in writing by the Lessee and approved by the Lessor, which approval will not be unreasonably withheld or delayed, (being the amount which may be paid out arising out of any one single accident or event) indemnifying the Lessor as the Land owner and the Lessee as tenant in respect of all liabilities to third parties arising from the Lessor's ownership of and the Lessee's interest in the Land;

(ii) the replacement cost of all Buildings and all of the Lessee's fixtures, fittings and stock; and

(iii) business interruption insurance (including loss of rents).

Subject to subclause (f) below, such policies shall be effected with an insurance company and on terms acceptable to the Lessor (acting reasonably).

(b) The Lessee shall on each anniversary of the Commencement Date or whenever requested by the Lessor provide to the Lessor details of such policies and certificates of currency on request.

(c) The Lessee shall ensure that each such policy includes a provision that the policy will not be cancelled other than for non-payment of premiums and that if the policy is to be cancelled, then the insurer or the Lessee will give the Lessor notice of the proposed cancellation.

(d) The Lessee must not carry on or allow upon the Land any trade or occupation or allow to be done any act or thing which would make void or voidable any of the Lessee's insurance policies.

(e) If any such insurance policy becomes unavailable during the Term on terms which the Lessee considers to be commercially reasonable, other than because of the Lessee's act or omission, the Lessee will not be in breach while such policy is unavailable provided the Lessee uses all reasonable endeavours on an ongoing basis to obtain such cover.

(f) While the Lessee is also the operator of the Queenstown Airport, the insurers and the insurance terms of the insurance policies arranged by the Lessee for Wanaka Airport in accordance with subclause (a) above will be consistent with those used by the Lessee for Queenstown Airport.

10.2 Lessee to occupy Land at its Risk

The Lessee agrees to occupy and use the Land at the Lessee's risk and releases to the full extent permitted by law the Lessor 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.

10.3 Indemnity by Lessee

The Lessee indemnifies and holds harmless the Lessor from and against all Claims for which the Lessor shall or may be or become liable in respect of and arising from:

(a) the negligent or careless use or misuse by the Lessee of the Land or any of the utilities or other services to the Land or arising out of any defective Buildings and/or faulty fixture or fitting of the Lessee;

(b) any accident or damage to property or persons arising from any occurrence on the Land wholly or in part by reason of any act or omission by the Lessee;

(c) any breach by the Lessee of the provisions of Section 15 of, or any conditions of a discharge permit issued under, the Resource Management Act; and/or

(d) any liability incurred by the Lessor whatsoever in respect of a breach by the Lessee of any of the provisions of any legislation, including by way of example but not limited to, the Building Act 2004 or the Health and Safety at Work Act 2015, in respect of the Land,

provided that the Lessee shall only be liable to indemnify the Lessor pursuant to this clause to the extent the Lessor is not fully indemnified under any policy of insurance.

11. USE OF LAND

11.1 Use to which the Land may be put by the Lessee

(a) The Lessee will not use the Land otherwise than for the Permitted Use without the prior written approval of the Lessor.

(b) The Lessor makes no promise or representation that the Land is fit for Permitted Use.

(c) The Lessee will do everything necessary for the Lessee to use the Land lawfully.

11.2 Airport Authority and Designations

(a) Subject to subclause (d) below, the Lessor shall not, during the Term, exercise its powers as an airport authority under the Airport Authorities Act 1966 in respect of Wanaka Airport.

(b) The Lessee shall apply, and the Lessor shall support any such application by the Lessee (including by signing all documentation reasonably required by the Lessee):

(i) for the Lessee to become a requiring authority under section 167 of the Resource Management Act for the purposes of operating and developing Wanaka Airport in accordance with the terms of this Lease during the Term; and

(ii) to transfer:

(1) the rights and responsibilities for designations 64 and 65 of the Queenstown Lakes District Plan to the Lessee pursuant to section 180 of the Resource Management Act; and

(2) the rights and obligations of any other environmental approvals held by the Lessor at the Commencement Date (if any) in respect of Wanaka Airport, from the Lessor to the Lessee,

provided that nothing in this subclause (b) will prevent the Lessor from exercising its rights as a requiring authority to acquire Third Party Land (as defined in clause 8.3) in accordance with clause 8.3 of this Lease (but for no other purpose) during the Term.

(c) At the expiry or earlier termination of this Lease, the Lessee shall do all things necessary (including by signing all documentation reasonably required by the Lessor) to:

(i) satisfy the Minister for the Environment that it can and should revoke the Lessee's status as a requiring authority for Wanaka Airport under section 167(5) of the Resource Management Act 1991; and

(ii) to contemporaneously transfer the rights and responsibilities for designations 64 and 65 on the Queenstown Lakes District Plan (or equivalent that applies at the date of expiry or earlier termination), together with any other environmental approvals held by the Lessee at that time, in each case in respect of Wanaka Airport, from the Lessee to the Lessor.

(d) Subclause (a) above will not prevent the Lessor from exercising its powers as an Airport Authority in respect of Wanaka Airport if the Lessee loses its status as an Airport Authority during the Term.

11.3 No Warranty

The Lessee acknowledges that it has entered into this Lease in reliance upon its own judgement and not in reliance upon any representation or warranty by the Lessor.

11.4 Conduct of the Wanaka Airport

(a) The Lessee shall actively operate the Wanaka Airport and shall comply in all respects with:

(i) all statutes, ordinances, regulations and by-laws orders and other directives:

(1) issued by the Civil Aviation Authority or similar body and/or any other Authority and in particular, statutes, regulations, by-laws or orders which deal with noise or operations of the Wanaka Airport; and

(2) relating to the operation of the Wanaka Airport and any activities conducted on the Land; and

(ii) any request by the Civil Aviation Authority for information in relation to Civil Aviation Regulations and any other requirements.

(b) The Lessee covenants that it will:

(i) supervise and control all entry to and from the Land and to and from any operational areas of the Wanaka Airport; and

(ii) ensure that all security requirements laid down under the Civil Aviation Act 1990 and/or Civil Aviation Regulations are strictly complied with.

11.5 Interests, Leases, Licences and any other Tenancy Arrangements

(a) The Lessee acknowledges and accepts that it takes the lease of the Land subject to:

(i) all easements, encumbrances, consent notices and all other interests noted on the titles of the Land; and

(ii) all leases, licences and other tenancy arrangements in relation to the Land and the Buildings.

(b) A schedule of all leases, licences and other tenancy arrangements existing as at the Commencement Date is attached as the Sixth Schedule.

(c) The parties acknowledge that prior to the Commencement Date, the Lessee managed all leases, licences and other tenancy arrangements relating to the Land for and on behalf of the Lessor pursuant to the terms of the Management Services Agreement. The Lessee accepts that:

(i) the Lessor does not represent or warrant that:

(1) any tenant or licensee under the existing leases and licences will not be in breach of its obligations under their respective lease or licence as at the Commencement Date; or

(2) any tenant or licensee under the existing leases and licences will be in possession of their respective premises or licenced area as at the Commencement Date; and

(ii) there may be various subtenancies in existence or in the course of negotiation or execution as at the Commencement Date and the Lessor does not make any warranties or representations in connection with those subtenancies.

(d) On the Commencement Date, the Lessor will transfer to and vest in the Lessee (if necessary) the current balances of the following funds received from any tenant or licensee:

(i) any security deposits or bonds held by the Lessor; and

(ii) sinking or maintenance funds associated with any existing Buildings as at the Commencement Date.

(e) The Lessor will be entitled to all rent and other moneys payable under the existing leases and licences up to the date immediately prior to the Commencement Date. The Lessee is entitled to all rent and other moneys payable under the existing leases and licences from (and including) the Commencement Date. The Lessor will hold on trust and promptly disburse to the Lessee any rent and other moneys received by the Lessor after the Commencement Date that are due to the Lessee. The Lessee will hold on trust and promptly disburse to the Lessor any rent and other moneys received by the Lessee following the Commencement Date that are due to the Lessor.

11.6 Securing of Land by Lessee

The Lessee shall be solely responsible for securing the Land.

11.7 Environmental

The Lessee is responsible for any contamination of the Land and/or adjoining properties caused by the Lessee during the Term. At the end of the Term, the Lessee will be responsible for removing any such contamination from the Land and remediate the Land provided that the Lessee will not be required to:

(a) remediate the Land to a better standard than that described in the Baseline Contamination Report; or

(b) carry out any remediation to the extent that it is not required by law having regard to the intended use of the Land following the expiry or earlier termination of the Term.

11.8 Legal Compliance

The Lessee must comply at all times with:

(a) all applicable laws, statutes, regulations, bylaws, codes of practice, including the Health and Safety at Work Act 2015, Airport Authorities Act 1966, Civil Aviation Act 1990 (including any rules promulgated under that Act), Building Act 2004 and the Resource Management Act 1991;

(b) all applicable rules under the District Plan (as may be amended or replaced from time to time);

(c) all conditions of the aerodrome designation for Wanaka Airport (as may be amended or replaced from time to time); and

(d) all conditions contained in any consents issued in relation to Wanaka Airport and activities conducted on the Land,

provided however that temporary non-material breaches of the rules and conditions in subclauses (b) to (d) above will not constitute a breach of this Lease.

12. RIGHTS RESERVED BY LESSOR

12.1 Project Pure

(a) The parties acknowledge that as at the Commencement Date the Lessor owns and operates Project Pure on the Original Project Pure Site as shown on the Project Pure Plan. Subject to the provisions below, the Lessor may:

(i) continue to operate Project Pure without interference from the Lessee;

(ii) go over and along those parts of the Land identified as access route(s) on the Project Pure Plan with or without vehicle, machinery, plant and equipment for the purpose of accessing all and any part of Project Pure; and

(iii) at the Lessor's cost, establish a gravel, paved or sealed accessway over the access route(s), to repair and maintain such access route(s) and (if necessary for any of those purposes) to alter the state of the Land over which the access route(s) are situated.

The Lessor has the right to have the access route(s) kept clear at all times of obstructions (whether caused by parked vehicles, deposit of materials, or unreasonable impediment). To avoid doubt, the Land leased by the Lessee under this Lease excludes the Original Project Pure Site.

(b) The Lessor acknowledges that as the Commencement Date, Project Pure is situated in close proximity to the Lessee's planned runway for Wanaka Airport. So as to ensure that the continuing operation of Project Pure and any future development of Project Pure will not detrimentally affect the Lessee's ability to develop Wanaka Airport in the future, the parties agree as follows:

(i) Subject to subclause (iii)(5) below, the cost of any future development of Project Pure will be met by the Lessor.

(ii) The Lessor will not carry out any future development of Project Pure, including any expansion of capacity of Project Pure, whilst it is situated on the Original Project Pure Site without obtaining the Lessee's prior written consent, such consent not to be unreasonably withheld or delayed. The Lessor acknowledges and accepts that the following reasons would be reasonable for the Lessee to deny consent:

(1) if the Lessor is proposing to develop closer to the Lessee's planned runway;

(2) if the Lessor's proposing to develop new buildings or plant above the height of existing buildings or plant in Project Pure as the Commencement Date; and/or

(3) if the Lessor's proposed development materially conflicts with any regulatory and/or operational requirements of Wanaka Airport.

To the extent that the Lessee's withholding of consent to the Lessor's proposed development of Project Pure may result in the operation of Project Pure being impractical, uneconomic or unable to service the projected future requirements for wastewater treatment in the Wanaka community, the Lessor and the Lessee agree to work together in good faith to find a mutually acceptable solution that may include relocating Project Pure pursuant to the provisions of subclause (iii) below. The Lessor agrees to register a covenant against identifier 284548 (Otago Land Registry) (being the title containing the Original Project Plan site) in favour of the Lessee's leasehold interest in the Land recording the restrictions on any future development of Project Pure as set out in this subclause. The land covenant will be contained in the easement instrument in the form attached as the Seventh Schedule.

(iii) The Lessee, may on giving a minimum of 3 years prior written notice to the Lessor, require the Lessor to relocate Project Pure. In the case of the disposal fields, the notice can be given any time after the second anniversary of the Commencement Date. For the remainder of Project Pure, the notice can be given any time after the fifth anniversary of the Commencement Date.

(1) The Lessee acknowledges and accepts that the relocation may involve relocation to:

A. part of the Land leased under this Lease;

B. Adjoining Land (subject to the same being available and, in the Lessee's reasonable determination, compatible with future airport development and operation); or

C. other land.

The parties will discuss in good faith and endeavour to agree the new location during the 3 years notice period. The new location must be of sufficient size to accommodate Project Pure as at the date of the proposed relocation and any proposed expansion.

(2) If the new location is situated on Land leased under this Lease, this Lease will be surrendered and regranted so as to:

A. exclude the area required for Project Pure's new location; and

B. include the area previously occupied by Project Pure.

An appropriate adjustment of the Rent Prepayment Amount will be agreed by the parties (or failing such agreement, to be determined pursuant to the process set out in clause 13.1) to reflect any change in leasehold area. Upon agreement (or determination) of the adjusted Rent Prepayment Amount, any overpayment will first be set off against the costs which the Lessor incurs in

relocating Project Pure (and which the Lessee is liable pursuant to subclause (5) below) and any amount then remaining will be refunded to the Lessee. Any shortfall will be immediately payable by the Lessee.

(3) If the new location is situated on Lessee's Adjoining Land, the Lessee will sell that land required for Project Pure to the Lessor at the then market value and this Lease will be surrendered and regranted to include the area previously occupied by Project Pure. The Lessee will be liable to pay an additional lump sum rent prepayment for this additional area (for any period up to the expiry of the original Term calculated based on the unimproved value of the Third Party Land discounted to reflect the remaining unexpired portion of the original Term) and/or other rent (determined in accordance with the methodology agreed pursuant to clause 2.2 from the 100th anniversary of the Commencement Date onwards).

(4) Under either of the scenarios described in subclauses (2) and (3) above, the Lessee must provide to the Lessor reasonable access rights to the new location of Project Pure over the Land (where necessary).

(5) The Lessee will bear all of the costs of relocating Project Pure (including all costs of relocating existing plant, procuring and installing new plant, commissioning the new plant and decommissioning the existing plant, any necessary subdivision, design, consenting and project management costs, the establishment of new access routes, and the surrender and regrant of this Lease) provided that if the Lessor has increased the capacity of Project Pure since the Commencement Date or intends to increase the capacity of the relocated Project Pure, the Lessee's share of such costs will be limited to a proportion of the costs of relocating Project Pure equal to the proportion of the capacity as at the Commencement Date bears to the capacity of the relocated Project Pure.

(6) The parties agree to work together, acting reasonably, to ensure a smooth transition. Each party will use all reasonable endeavours to agree and implement transitional procedures that will allow the relocation to be completed within the notice period (or where that is not commercially practicable, as soon as reasonably possible thereafter) while ensuring that the Lessor is able to maintain the operation of Project Pure (whether from the Original Project Pure Site or new site) without interruption. The parties further agree to work together, acting reasonably, to ensure the Lessor is able to obtain all necessary consents and permits required to operate Project Pure (from the Original Project Pure Site or new site).

12.2 Water Bores

(a) The parties acknowledge that there is an existing water bore situated on the Land which currently services only the Wanaka Airport. If the Lessor requires a future water bore and associated plant (including pump stations and pumping controls, pipelines, reservoirs, fittings

and valves, and meter(s)) to serve the wider community and these are to be situated on the Land, the Lessor reserves the right to require that part of the Land required for the future water bore and associated plant to be either:

(i) partially surrendered and possession reverted back to the Lessor; or

(ii) to be protected by way of an easement in gross in favour of the Lessor,

including all necessary access rights, subject to that use not unreasonably conflicting with Core Aeronautical Activities and not conflicting with related regulations governing the operation of Wanaka Airport.

(b) The parties will work together, acting reasonably, to ensure:

(i) the Lessee obtains sufficient water permits to use the current bore capacity and meet future requirements; and

(ii) the Lessor is able to obtain all necessary consents and permits required to establish and use any new water bore and establish, operate and maintain all associated plant.

(c) Without diminishing the Lessee's obligations under clause 11.7, the Lessee will ensure that the storage and use of hazardous substances on the Land will not Contaminate the existing water bore or any new water bores including ensuring that there is sufficient physical separation between the storage and use of hazardous substances and the existing water bore and any new water bores.

13. VALUATION PROCESS

13.1 Valuation Process for determining Land Value and Rent

When required to be determined pursuant to this Lease, the market valuation of any parcel of land and/or the rent (where applicable) payable under clauses 2.2(c), 7.4(a)(v), 7.4(a)(vi)(1), 7.4(a)(vi)(2), 8.2(b), 8.2(d)(ii), 8.3(a)(iii)(2), 12.1(b)(iii)(2) or 12.1(b)(iii)(3) will be determined by valuers acting as experts (and not as arbitrators) using the following process:

(a) The parties will each appoint a registered valuer and give written notice of the appointment to the other party within 20 Working Days of the relevant event.

(b) If a party fails to appoint a valuer within the 20 Working Day period then the valuer appointed by the other party shall determine the market valuation of the relevant parcel of land and/or the rent (as the case may be) and such determination will be binding on both parties.

(c) The valuers appointed will, before commencing their determination, appoint a third expert who need not be a registered valuer. If the parties cannot agree on the third expert, the appointment will be made on application of either party by the president or vice president for the time being of The New Zealand Institute of Valuers.

(d) The valuers appointed by the parties will determine the current market valuation of the relevant parcel of land and/or the rent (as the case may be). If they fail to agree, then the determination will be made by the third expert.

(e) Each party will have the opportunity to make written or oral representations subject to such reasonable time and other limits as the valuers or the third expert may prescribe and they will have regard to any representations, but not be bound by them.

(f) The parties will jointly and severally indemnify the third expert for their costs. As between the parties, they will share the costs equally. A party may pay the other party's share of the costs and recover the payment on demand from the other party.

(g) When the market value of the relevant parcel of land and/or the rent (as the case may be) has been determined, the person or persons making such determination will give written notice to the other parties.

(h) Each party will share equally in the costs of the determination and the determination will be binding.

(i) When determining the market value of a parcel of land or rent for the purposes of clauses 2.2(c), 7.4(a)(vi)(2), 8.2(b), 8.2(d)(ii), 8.3(a)(iii)(2) 12.1(b)(iii)(2) or 12.1(b)(iii)(3), the valuers or the third expert making such determination will do so based on the value of the unimproved land (excluding any Buildings erected thereon).

14. COVENANTS BY LESSOR

14.1 Quiet Enjoyment

If the Lessee pays the Rent and performs and observes the terms contained in this Lease, the Lessee (subject to the provision of this Lease) shall peaceably hold and enjoy the Land without hindrance or interruption by the Lessor until the expiration or sooner determination of this Lease.

15. DEFAULT AND TERMINATION

15.1 Default by the Lessee

(a) If the Lessee fails to fulfil any of its obligations under this Lease, the Lessor may notify the Lessee in writing of the default giving the Lessee not less than 10 Working Days to remedy the default (**Default Notice**). The time period specified in the relevant Default Notice must be reasonable having regard to the nature and extent of the default and the steps required to remedy the default.

(b) If the Lessee fails to comply with the Default Notice within the remedial period specified in the Default Notice, then the Lessor may (at the Lessor's option) pursue damages, specific performance or such other rights and remedies it has at law provided that in no circumstances can the Lessor seek to terminate this Lease except in the circumstances set out in clause 15.2(b).

15.2 Termination

(a) The Lessee may terminate this Lease if:

(i) the Airport Authorities (Queenstown Airport Corporation Limited) Order 1989 is rescinded and is not replaced with a similar order or authority;

(ii) the Lessee, having been approved as a requiring authority under section 167 of the Resource Management Act 1991 for the purposes of operating and developing Wanaka Airport has that approval revoked pursuant to section 167(5) of that Act;

(iii) any necessary resource consents (or equivalent) required to operate Wanaka Airport cannot be obtained; or

(iv) a total destruction event occurs which gives rise to the right to terminate this Lease pursuant to clause 16.1.

(b) The Lessor may terminate this Lease if the Lessee:

(i) goes into liquidation (other than a voluntary liquidation for the purposes of reconstruction or amalgamation approved in writing by the Lessor);

(ii) is wound up or dissolved; or

(iii) has abandoned the operation of the Wanaka Airport or is persistently, flagrantly or wilfully neglecting to carry out its obligations under this Lease and such neglect has a material adverse effect on the operation of the Wanaka Airport.

(c) On termination pursuant to subclause (a) or (b) above, the Lessee will not be entitled to any reimbursement of the Prepayment Rent Amount or receive any compensation for the Buildings on the Land.

15.3 Meaning of Rent

For the purposes of this Lease, the word "rent" extends to and includes not only the Rent payable in terms of this Lease but also GST assessed in respect of such Rent, the share of operating expenses together with GST (if any) on the same and all or any amounts paid by the Lessor upon default by the Lessee of its obligations under this Lease.

15.4 Non-Waiver

No waiver by the Lessor of any breach of this Lease shall operate as a waiver of any similar or subsequent breach. No custom or practice which may exist or develop between the parties shall be construed to waive or lessen any rights, powers or privileges at law or in equity for the Lessor to insist upon the strict observance by the Lessee of this Lease.

16. DAMAGE AND DESTRUCTION

16.1 Total Destruction

In the event of damage to or destruction of the Land and/or Buildings to such an extent that the Lessee reasonably determines that the Land can no longer be used as an airport, the Lessee may elect to terminate this Lease. The Lessee would be entitled to retain any insurance moneys received on termination but would not be entitled to any reimbursement of the Rent Prepayment Amount nor the Improvements Purchase Price in whole or in part.

16.2 Partial Destruction

In the case of any other damage or destruction, the Lessee must reinstate at its cost, limited to the insurance proceeds received, so much of the damaged Land and Buildings necessary to ensure that the Core Aeronautical Activities at Wanaka Airport can continue to operate at the equivalent level of operation of those activities prior to the damage or destruction event. To avoid doubt, the Lessee will be liable for the excess payable for each claim and that amount must be applied to the cost of reinstatement.

17. MANAGEMENT SERVICES AGREEMENT

17.1 Termination of the Management Services Agreement

The parties acknowledge and agree that notwithstanding any provision in the Management Services Agreement, the current term of the Management Services Agreement will end at midnight on the date immediately preceding the Commencement Date with the intention that this Lease will replace the Management Services Agreement with effect from the Commencement Date. The Lessee (as services provider under the Management Services Agreement) will be entitled to be paid for Charges and the reimbursement of any Direct Costs accruing up to but excluding the Commencement Date and such Amount Outstanding (if any) will be paid in accordance with clause 6.5 the Management Services Agreement. For the purpose of this clause, the terms "Amount Outstanding", "Charges" and "Direct Costs" will have the meanings ascribed to them in the Management Services Agreement. To avoid doubt, termination of the Management Services Agreement pursuant to this clause 17.1 is without prejudice to any breach of that agreement occurring prior to such termination.

18. MISCELLANEOUS

18.1 Costs

(a) Each Party will pay their own costs of and incidental to the preparation and execution of this Lease (including the negotiation and settlement of the terms of this Lease) and any extension, variation or surrender of this Lease.

(b) The Lessee will be responsible for the cost of registration of this Lease, any variation, extension or surrender of this Lease.

(c) The Lessee shall pay:

(i) the Lessor's costs in giving or obtaining any consents or approvals associated with this Lease whether or not such consents or approvals are ultimately given or obtained;

(ii) all stamp duty (if any) and valuation fees incurred by the Lessor in connection with any extension or variation of this Lease;

(iii) all costs, charges and expenses (including legal costs as between the lawyer and the client) for which the Lessor shall 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; and

(iv) such other costs as required to be met by the Lessee pursuant to the provisions of this Lease.

18.2 Notices

(a) All notices, demands, approvals, consents or other communications ("**notices**") required to be given or served in connection with this agreement shall be in writing and may be delivered personally or sent by mail or email. The addresses for service of the Lessor and the Lessee are specified in the Reference Schedule or at such other address in New Zealand as either Party may specify for such purpose by notice in writing to the other.

(b) Any notice may be given or signed on behalf of the Party giving or serving it by a director, secretary or other duly authorised person.

(c) Notices:

(i) sent by mail shall be deemed given on the date which is three Working Days following posting; or

(ii) sent by email, shall be deemed to have been received at the time of transmission provided that:

(1) a delivery receipt has been received by the sender; and

(2) any email sent after 5.00pm on a Working Day or at any time on a non Working Day shall be deemed delivered on the next Working Day.

(d) All notices must to the extent applicable, comply with the provisions of Part 7 of the Property Law Act 2007.

18.3 Periodic Tenancy/Holding Over

Should the Lessee with the consent of the Lessor continue to occupy the Land beyond the expiration of the term of this Lease (otherwise than in terms of the grant of a renewed or new lease) the Lessee shall do so as a periodic tenant only. The tenancy so created shall be determinable by 20 Working Days' notice in writing given at any time by either party to the other

with the tenancy terminating on the expiry of the notice and otherwise shall be on the same terms as are contained in this Lease with any amendments as may be necessary to make them applicable to a periodic tenancy.

18.4 Dispute Resolution

(a) The parties shall first endeavour to resolve any dispute or difference by agreement between themselves and if they agree by mediation.

(b) Unless any dispute or difference is resolved within 20 Working Days of the dispute or difference arising, that dispute or difference shall be submitted to the arbitration of one arbitrator who shall conduct the arbitral proceedings in accordance with the Arbitration Act 1996 and any amendment thereof or any other statutory provision then relating to arbitration.

(c) If the parties are unable to agree on the arbitrator, an arbitrator shall be appointed, upon the request of any party, by the President or Vice President for the time being of the New Zealand Law Society. That appointment shall be binding on all parties to the arbitration and shall be subject to no appeal. The provisions of Article 11 of the First Schedule of the Arbitration Act 1996 are to be read subject hereto and varied accordingly.

(d) The procedures prescribed in this clause shall not prevent the Lessor from taking proceedings for the recovery of any Rent or other monies payable hereunder which remain unpaid after their due date or clause 15.2(b).

(e) Nothing in this clause 18.4 will prevent either party from seeking urgent interlocutory or injunctive relief from the Courts.

18.5 Exclusion of Implied Covenants and Statutory Provisions

Any covenants and powers implied in leases by virtue of the provisions of any Act to the maximum extent permitted by law are excluded from this Lease.

18.6 Partial Invalidity

Except as otherwise expressly provided in this Lease, that if for any reason any clause or any part of a clause is illegal, void or unenforceable, such clause or part thereof shall be severable from all other clauses (including the part of the clause which is not illegal, void or unenforceable) which shall remain unaffected thereby.

18.7 Governing Law

This Lease is governed by the laws of New Zealand.

18.8 Regulatory Capacity

The Lessee acknowledges and accepts that the Lessor has entered into this Lease as the owner of the Land and nothing in the ground lease will fetter, restrict or bind the Lessor in its regulatory capacity acting as a local authority. To avoid doubt, any consents or agreements that are given in by the Lessor under this Lease will not be construed as a consent or agreement of the Lessor in its regulatory capacity.

18.9 Governance under the Local Government Act not affected by this Lease

The parties acknowledge that QAC is a council controlled trading organisation subject to governance under the Local Government Act 2002. Nothing in this Lease will prejudice the statutory rights and obligations in Part 5 of the Local Government Act 2002 for so long as those statutory rights and obligations apply to those parties

THIRD SCHEDULE – LAND PLAN

FOURTH SCHEDULE - PROJECT PURE PLAN

FIFTH SCHEDULE - BASELINE CONTAMINATION REPORT

SIXTH SCHEDULE - EXISTING LEASES, LICENCES AND OTHER TENANCIES

Lease Code	Lessee / Licensee	Property Description	Final Expiry
WL003	Alpine Deer Group Ltd	Lot 3 DP 22259	30/09/2038
WL004	Alpine Deer Group Ltd	Lot 4 DP 22259	30/09/2038
WL004A	Luggate Hangers Ltd	Lot 4	13/12/2013
WL005	Focke Wulf Ltd	Lot 5 DP 23517	13/12/2023
WL006	Nokomai Ltd	Lot 6 DP24685	30/06/2021
WL008	WHG Management Ltd	Lot 8	28/09/2024
WL009	Twenty Twenty Four Limited	Lot 9	30/10/2022
WL010	Gladstone Trust	Lot 10	17/07/2025
WL011	D R Nicholson and EFU Trust	Lot 11	1/11/2025
WL012	Kittyhawk Aviation Ltd	Lot 12	28/02/2023
WL013	GG Brown & AE Dovey	Lot 13	29/03/2025
WL014	Mustang Flights Wanaka Ltd	Lot 14	28/06/2024
WL015	Doran Family Trust	Lot 15	28/06/2024
WL016	Southern Flight Holdings Ltd	Lot 16	30/11/2036
WL017	WHG Management Ltd	Lot 17	28/09/2024
WL018	Air Milford 2000 Ltd	Lots 18 & 19	28/06/2024
WL020	Wanaka Helicopters Ltd	Lot 20	30/09/2038
WL021	Wanaka Helicopters Ltd	Lot 21	9/06/2022
WL022	Infinity Investment Group Ltd	Lot 22	31/03/2032
WL023	Shepherds Creek Ltd	Lot 23	1/10/2020
WL024	Buick Brothers Holdings Ltd	Lot 24	15/10/2036
WL025	Buick Brothers Holdings Ltd	Lot 25	31/05/2037
WL027	Skydive Wanaka Ltd	Lot 27	30/06/2038
WL028	Wanaka Airport Limited	Lot 28	30/06/2037
WL030	BP Oil New Zealand Ltd	Lot 30	30/11/2025
WL031	BP Oil New Zealand Ltd	Lot 31	31/12/2025
WL033	Skydive Wanaka Ltd	Lot 33	30/06/2038
WL034	Z Energy Ltd	Fuel Site	31/10/2025
WL03A	Pembroke Hangars Ltd	Lot 3 DP 23517	29/07/2024
WL05A	Southern Alps Air	Licence Lot 5 DP 23517	1/12/2015
WL08A	Meteorological Service of NZ Ltd	Lot 8 DP 22637	30/06/2026
QUE912302	Queenstown Airport Corporation Ltd	284548 (Otago Registry)	31/01/2027
	Warbirds over Wanaka Airshows Ltd	Licence	31/12/2023
WL035	Hanger 66 Ltd	Licence Part Lot 1 DP 341605	31/12/2023

SEVENTH SCHEDULE – FORM OF COVENANT

Form B

Easement instrument to grant easement or *profit à prendre*, or create land covenant

(Sections 90A and 90F Land Transfer Act 1952)

Grantor

Queenstown Lakes District Council

Grantee

Queenstown Airport Corporation Limited

Creation of Covenant

The Grantor, being the registered proprietor of the servient tenement(s) set out in Schedule A, **creates** the covenant(s) **set out** in Schedule A, with the rights and powers or provisions set out in the First Annexure Schedule.

Schedule A

Purpose (Nature and extent) of easement; *profit* or covenant	Shown (plan reference)	Servient Tenement (Computer Register)	Dominant Tenement (Computer Register) or in gross
Restrictive Covenant	[Details to be inserted following survey of Existing Project Pure Site]	Part Lot 5 DP 340031 (CFR 284548) (Otago Land Registry)	**[Grantee's Leasehold estate CIR to be inserted post-registration of the memorandum of lease]**

Covenant provisions

The provisions applying to the specified covenants are those set out in the Annexure Schedule.

ANNEXURE SCHEDULE

INTRODUCTION

1. Queenstown Lakes District Council ("**Covenantor**") is the registered proprietor of the Servient Tenement set out in Schedule A ("**Servient Land**").

2. Queenstown Airport Corporation Limited ("**Covenantee**") is the registered proprietor of the Dominant Tenement set out in Schedule A ("**Dominant Land**").

3. The Covenantor and Covenantee have entered into a long-term lease ("**Lease**") in respect of the Dominant Land. The Covenantee is the operator of Wanaka Airport ("**Airport**") which is situated on the Dominant Land.

4. The Covenantor operates a wastewater processing treatment plant ("**Project Pure**") from the Servient Land, which is situated adjacent to the Dominant Land.

5. As part of that Lease, the Covenantor and Covenantee have agreed to the registration of this covenant against the Servient Land, for the purposes of restricting the further development of Project Pure (or any other operation on the Servient Land, now or in the future) which may interfere with the Covenantee's Airport operations upon the Dominant Land.

COVENANT

6. The Covenantor agrees with the Covenantee that it will not undertake any future development of Project Pure (including any expansion of the capacity of the operations of Project Pure) upon the Servient Tenement, without obtaining the Covenantee's prior written consent, such consent not to be unreasonably withheld or delayed.

7. The Covenantor acknowledges and agrees that the following reasons would be reasonable for the Covenantee to deny consent:

   (a) if the Covenantor is proposing to develop buildings, plant, or structures closer (than those existing at the commencement date of the Lease) to the Covenantee's planned runway upon the Dominant Tenement;

   (b) if the Covenantor is proposing to develop new buildings, plant, or structures above the height of buildings, plant, or structures in the Project Pure site, as at the commencement date of the Lease; and/or

   (c) if the Covenantor's proposed development materially conflicts with any regulatory and/or operational requirements of the Covenantee as the operator of the Airport.

8. To the extent that the Covenantee's withholding of consent to the Covenantor's proposed development of Project Pure may result in the operation of Project Pure being impractical, uneconomic or unable to service the projected future requirements for wastewater treatment in the Wanaka community, the Covenantor and the Covenantee agree to work together in good faith to find a mutually acceptable solution that may include relocating Project Pure pursuant to the provisions of the Lease.

9. In the event that Project Pure is relocated such that the covenants recorded in this instrument are no longer required, the Covenantor and the Covenantee will sign all documents and instruments necessary to register a surrender of this instrument.