

Appendix 1: Draft Term Sheet for the Lease Option – Learners Pool at Northlake

Lessor	Northlake Investments Limited (or any transferee)
Lessee	Queenstown Lake District Council
Minimum Pool Complex Requirements	<p>A new indoor learners pool with amenities, carparking and (hard and soft) landscaping (together, the “Pool Complex”) which meets the following minimum requirements:</p> <ol style="list-style-type: none"> 1. a 7.5 x 20 metres heated learners pool with entry steps with associated plant to operate the pool; 2. the pool is to be designed, constructed and completed to meet all applicable New Zealand standards and guidelines for the design and operation of an indoor public learners pool heated to a constant 32 degrees Celsius; 3. water heating will be either by gas or solar or a combination of both; 4. pool water treatment and conditioning will be by a combination of pressure D.E. and calcium hypochlorite, with manual chemical dosing; or other combination as proposed by the lessor and approved by the lessee (acting reasonably); 5. the pool must have a minimum design life of 50 years; 6. all related pool plant must have a minimum design life of 20 years; 7. the Pool Complex (to be designed, constructed and completed in accordance with all applicable laws, consents, codes and standards) will also include the following minimum facilities: <ol style="list-style-type: none"> 7.1. 100m² of male, female and family changing rooms; 7.2. 20m² of securable storage space; 7.3. 40m² of entry area and office space; 7.4. 50m² for plant room; and 7.5. pool side seating. 8. a sufficient number of sealed and marked car parking spaces (including disability car parks) to satisfy the District Plan or resource consent requirements (but not exceeding a maximum of 90 on site carparks); 9. sealed pedestrian walkways and vehicular access ways to provide access from Outlet Road, Northburn Road and/or Mount Linton Avenue; and 10. low maintenance hard and soft landscaping.
Proposed Site	The proposed site of the Pool Complex within the Northlake Development is shown in Annexure 1 – Proposed Site Plan. Any change to the proposed site is subject to the reasonable approval of the Lessee.
Design and Value Engineering	The Lessor will procure the design of the Pool Complex at the Lessor's cost. The design of the Pool Complex will be subject to the Lessee's approval, which will not be unreasonably withheld if the design meets the minimum requirements

	<p>specified above and the aesthetic features of the Pool Complex design is in keeping with the required Northlake “look and feel”.</p> <p>The parties will work together in good faith during the design approval phase to ensure that the final approved design of the Pool Complex takes into account the Lessor's proposed construction budget of \$2.5 million plus GST (the “Maximum Cost”) whilst also meeting the minimum requirements set out above.</p> <p>In the event that the total pool cost (the “Total Pool Cost”) exceeds the Maximum Cost, NIL will fund the Cost Overrun Amount (the Cost Overrun Amount is defined as the Total Pool Cost less the Maximum Cost).</p> <p>The Cost Overrun Amount will be rentalised and QLDC will be required to pay annual rent equal to 6.5% of the Cost Overrun Amount inflated at CPI for the term of the lease.</p> <p>The parties acknowledge that for this purpose, the Maximum Cost only factors in the construction cost of the Pool Complex building and surrounds and does not include the land costs (with services to the boundary) and finance & funding costs.</p>
Consents	<p>The Lessor will be responsible for applying for and obtaining all necessary resource and building consents for the construction and operation of the Pool Complex at the Lessor's cost.</p>
Lessor's Works	<p>The Lessor will be responsible for the construction of the whole of the Pool Complex in accordance with the approved design, consents and applicable laws, codes and standards at the Lessor's cost (except in the case of approved Lessee variations for which the net additional costs approved by the Lessee (as set out below) will be paid for by the Lessee).</p> <p>The Lessor will obtain the prior approval of the Lessee to any consultants, contractors and suppliers the Lessor proposes to engage with in relation to the design and construction of the Pool Complex. The Lessee will not withhold its approval to any such consultants, contractors or suppliers provided that they are reputable, suitably qualified and experienced.</p> <p>The Lessor will also be responsible for site preparation, provision of utility services to the site, and the construction of sealed public road access to the Pool Complex from Outlet Road, Northburn Road and/or Mount Linton Avenue.</p> <p>Following completion of the Pool Complex, the Lessor is responsible for obtaining all code compliance certificates at its cost. The issue of the code compliance certificates is a pre-requisite requirement to the certification of practical completion.</p>
Lessee Variations	<p>The Lessee may request variations to the design and specification of the Pool Complex during the design and construction phase.</p> <p>If such requests involve a change to the design of the Pool Complex which is over and above the minimum requirements set out above or will cause delay in the completion of the Pool Complex, then:</p>

	<p>(a) the Lessor shall provide an estimate of the net additional costs (if any) that will be incurred in respect of any such variation and the impact the requested variation will have on the overall programme (if any); and</p> <p>(b) if the Lessee wishes to proceed with its requested variation, the Lessee will be liable for the net additional costs advised by the Lessor (such amount to be payable on the lease commencement date) and the Lessor will be entitled to an appropriate time extension to both the target completion date and the sunset date.</p>
Timing for consents/approvals	If there are any delays to the design and construction of the Pool Complex caused by the failure to act or omission of the Lessee (including those of the Lessee acting in its capacity as the regulatory authority), then the target practical completion date and the sunset date will be extended by the period of such delays so caused.
Target practical completion date	30 June 2016 (but subject to any permitted time extensions as provided above).
Sunset Date	5 December 2016 (but subject to any permitted time extensions as provided above). If the Pool Complex is not completed by the sunset date, the Lessee can elect not to proceed with the lease by giving written notice to the Lessor.
Proposed lease terms	<p>Following practical completion, the Lessor will lease the Pool Complex to the Lessee. The form of lease is to be negotiated but will incorporate the following key terms:</p> <ol style="list-style-type: none"> 1. <i>Commencement Date</i>: 5 working days following practical completion of the Pool Complex. 2. <i>Lease term</i>: 20 years with no right of renewal. 3. <i>Annual rent</i>: \$1 plus GST (if any) during the lease term with no reviews. 4. <i>Outgoings</i>: The Lessee will be responsible for all outgoings properly and reasonably incurred in respect of the premises including (without limitation) rates, utility charges, rubbish collection charges, NZ Fire Service charges, cleaning, maintenance of grounds, building WOF and compliance costs, service contract charges for all building services and plant, insurance premiums (including related valuation fees) and insurance excesses. 5. <i>Lessee's maintenance</i>: The Lessee will be responsible for maintaining the premises during the term of the lease in the same clean order, repair and condition as they were in at the lease commencement date. The Lessee will be responsible for rectifying any structural damage and replacing or renewing any capital items during the term of the lease when they cannot be maintained in good order and repair through regular maintenance. However, the Lessee will not be responsible for any remedial works which are required due to defects in design or workmanship or any defective materials or plant. 6. <i>Insurance</i>: The Lessee will be responsible for arranging insurance cover for the building against usual risks and adequate public liability cover, with the Lessor noted as an interested party.

	<p>7. <i>No reinstatement:</i> The Lessee will have no removal or reinstatement obligations at the end or earlier determination of the term provided they are in full compliance with clause 5. If the Lessee elects to remove any of its fixtures or fittings, it will be required to make good any damage caused by such removal.</p> <p>8. <i>Additional provisions:</i> The Lease will also contain provisions which address the following matters:</p> <ul style="list-style-type: none"> • Minimum operating hours; • Lessor's right of inspection; • Lessee's alterations and additions to require the Lessor's consent; • Lessee's compliance with all laws and regulations in occupying and using the premises; • No assignment, subletting or parting with possession without obtaining the Lessor's consent; and • Lessee not to caveat the title.
Regulatory Capacity	To avoid doubt, nothing in this term sheet or any agreement or lease anticipated by this term sheet will fetter, restrict or bind the Lessee in its regulatory capacity and any agreements or approvals given by the Lessee (in its capacity as a lessee of the Pool Complex) will not be construed as agreement or approval of the Lessee in its regulatory capacity.
Subject to contract	This term sheet is non-binding and subject to the parties negotiating and executing a formal contract which incorporates the key terms set out in this term sheet.
Milestones	<p>The following milestones shall apply:</p> <ul style="list-style-type: none"> • Agreement for lease - to be agreed by 5pm on Monday 30 March 2015. • QLDC approval - 5pm on Wednesday 1 July 2015.

Annexure 1 – Proposed Site Plan

