

MEMORANDUM OF LEASE

CERTIFICATE(S) OF TITLE
BEING LEASED
(See Note 2)

THE WHOLE OF LAND COMPRISED IN CERTIFICATE OF TITLE
REGISTER BOOK
VOLUME 5226 FOLIO 232

COMMISSIONER OF STATE TAXATION

S.A. STAMP DUTY PAID \$257.00
ORIGINAL STAMPED (Copy 2 of 2)
27/10/98 10:48:52 FI3248.1
Annual Rental (\$25680.00)
LEASE

ESTATE OF LESSOR
(See Note 3)

ESTATE IN FEE SIMPLE

ENCUMBRANCE(S)
(See Note 4)

Nil

LESSOR
Full Name and Address

BERNARD ROSS DAVIES formerly of
9 Alpha Crescent Panorama SA 5041
but now of 215b Esplanade Seacliff SA 5049

LESSEE
Full Name and Address
(See Note 5)

CRAIG LENARD LANGLEY
of 4 Gannet Court Hallett Cove SA 5158
GRAHAM LESTER LANGLEY
of 14 Courageous Avenue Happy Valley SA 5159

853.00m²
+ 36 < 53.58 m²

TERM OF LEASE
(See Note 6)

COMMENCING ON THE

First

DAY OF

September

19

98

EXPIRING ON THE

Thirty First

DAY OF

August

19

2001

WITH THE RIGHT OF EXTENSION AS SET OUT IN PART 1 HEREOF

RENT AND MANNER

OF PAYMENT

(OR OTHER

CONSIDERATION)

The rental for the first year shall be Twenty Five Thousand Six Hundred and Eighty Dollars (\$25,680.00) payable in advance by equal consecutive monthly installments of Two Thousand One Hundred and Forty Dollars (\$2,140.00). The first such payment to be made on the first day of September 1998 and thereafter on the first day of each consecutive calendar month. The rental for each subsequent year shall be increased as hereinafter provided.

\$ 25,680.

1,489.44 5.8%

\$ 27,169

= 12 = \$2,264 per month Plus GST
From 1/9/01 to 12/31/01 per Contract

OPERATIVE CLAUSE

(a) delete whichever is inapplicable

The lessor leases to the lessee the land (a) ABOVE/~~HEREINAFTER~~ described and the lessee accepts this lease of the land for the term and at the rent stipulated, subject to the covenants and conditions below and to the powers and covenants implied by the Real Property Act, 1886 (except to the extent that the same are modified or negatived below).

DEFINE THE LAND
BEING LEASED
INCORPORATING THE
REQUIRED
EASEMENT(S) ETC
WHERE APPROPRIATE

NOT APPLICABLE

Current Rent is \$27,168.00

3/8/01 to 3/31/03 - 2.5% increase

New Rent = \$27,847.00

CONSENTS OF
MORTGAGEES AND
SEC 32 DEVELOPMENT
ACT CERTIFICATION

This lease does not contravene Section 32 of the Development Act 1993

1. PARTIES AND PARTICULARS

Parties

- 1.1 'We' means the person or persons named in this lease as the Lessor or landlord, and our successors and assigns, and 'us' and 'our' have similar meanings.
- 1.2 'You' means the person or persons named in this lease as the Lessee or tenant, and if more than one, then 'you' means each of you separately and every two or more of you jointly. 'You' includes your successors and assigns.

Particulars

1.3 Rent reviews

Rent reviews will take place at the end of each twelve (12) month period (the 'fixed rent period') during the term or any renewal of the term.

1.4 Interest on arrears of rent and other charges

The rate of interest on arrears of rent and other charges referred to in Part 12 is two percent (2%) above the overdraft rate charged by our bank if in arrears more than seven (7) days.

1.5 Renewal of term

The term of this lease may be renewed according to Part 3 for a further period of THREE (3) YEARS by you giving notice to us between six (6) months and three (3) months before the end of the term.

1.6 Painting

Painting must be carried out according to the provisions in Part 7.

1.7 Use of premises

The premises may be used for automotive crash repairs and other functions related to that industry.

1.8 Public risk insurance

The minimum amount of public liability risk insurance cover which you are required to carry in our joint names according to Part 10 is TEN MILLION DOLLARS (\$10,000,000.00) and this insurance is to run at the same time as the term of this lease. We may review the amount annually.

2. PREMISES

- 2.1 The premises is defined on page 2 of this lease and does not include any other property.

3. TERM, TERMINATION AND RENEWAL

Term

- 3.1 The term commences at 12:01 a.m. on the first day and ends at 12:00 midnight on the last day of the term.

Termination

3.1a We hereby agree that you may terminate this Lease upon giving us notice in writing at least sixty (60) days before you terminate this lease of your intention to terminate the Lease. Upon delivery of this notice to us you must instigate all necessary procedures to leave the premises in the condition which is required as if the term of the lease has run to completion. In all other respects this lease governs the conduct between the parties hereto.

Holding over

3.2 If we give you consent to remain in the premises after the expiration of the term, you will be considered to be holding as a tenant on a monthly basis still subject to all the lease covenants and conditions. The monthly tenancy may be terminated by either one of us giving to the other thirty (30) days or more prior notice in writing terminating any day afterwards.

Rights of renewal

3.3 You have a right of renewal of this lease by giving us appropriate notice in writing if you:

- (a) are up-to-date with the payment of all money,
- (b) have complied substantially with the lease conditions and covenants,
- (c) have not regularly committed any breach of this lease and there is no existing breach at the time of giving notice.

3.4 The renewal will be:

- (a) for a further period specified in Part 1,
- (b) at the rent calculated according to Part 4,
- (c) upon the same covenants and conditions that applied during the first term except for this right of renewal.

4. RENT AND RENT REVIEW

Payment of rent and other money

4.1 You must pay your rent in advance at the times due free from any deduction. If the rent is less than one (1) calendar month at the beginning or end of the term, it will be adjusted accordingly.

Rent review

4.2 The rent for each new fixed rent period will be the current rent plus an amount arrived at by multiplying the current rent by the percentage change in the C.P.I published by the Australian Bureau of Statistics between the last quarter which ended before the commencement of the current fixed rent period and the last quarter which ended before the commencement of the new fixed rent period.

Current rent payable until new rent determined

4.3 You must continue to pay the current rent until the new rent is determined. Once it is determined, the new rent will be retroactive from the commencement of the new fixed rent period.

Rent review after exercise of right of renewal

4.4 If you exercise your right of renewal and the term is extended, the rent payable during each new fixed rent period of the extended term will be determined in the same manner as before.

Replacement of the C.P.I

4.5 If the C.P.I ceases to exist, we may appoint an actuary from the Fellows of the Institute of Actuaries of Australia. The actuary will determine the prevailing level of prices for Adelaide metropolitan area at the rent review date, or the date of commencement, whichever is more recent.

4.6 The actuary's decision will be final and binding, and costs will be shared equally between us.

5. RATES, TAXES, UTILITIES, SERVICES AND COSTS

Rates, taxes and other charges

5.1 You must pay on time your portion of local council rates, water and sewer charges, and other charges for which you are liable, including licences, inspection fees, and the maintenance contribution or levy where the premises is a shared scheme.

5.2 If your premises is not individually assessed or levied, you will be required to pay only that portion which reflects your percentage of floor area to the whole area.

5.3 You must pay your cleaning, electricity, gas, phone, oil (if any) and additional meter rents which are used by and charged to you.

5.4 In the event that this lease is a Commercial Tenancy Agreement to which the Retail & Commercial Leases Act 1995 applies, you are exempt from having to pay land tax.

5.5 If the Retail & Commercial Leases Act does not apply to this lease, you may be liable for land tax which will then be calculated on a single holding basis.

5.6 Your outgoings are defined on the Disclosure Statement given to you prior to signing the lease.

Default costs

5.7 You have to reimburse us for all expenses and charges which we incur as a result of remedying any defaults by you of your obligations under this lease.

Lease costs

5.8 You must pay for:

- (a) all of the stamp duty and registration fees and
- (b) one half (1/2) of the preparatory costs if the Retail and Commercial Leases Act 1995 applies to this document, or
- (c) all reasonable legal fees and disbursements incurred in connection with or incidental to the preparation, execution, stamping, and registration of this document if the Retail & Commercial Leases Act 1995 does not apply.

5.9 The preparatory costs mentioned in (b) above include preparing the lease and disclosure statement, mortgagee's consent, and production of title. They also include a lease plan if required, and a guarantee from directors if you are a company.

6. USE OF PREMISES AND COMPLIANCE WITH STATUTES

Permitted use

6.1 You must:

- (a) use the premises only for the permitted purpose until we give you written consent to alter the arrangement,
- (b) inform us of your intentions to bring onto or remove from premises any heavy equipment (We may need to employ the services of professional persons to direct location, routing and installation.),
- (c) comply with all direction given and pay all reasonable costs incurred.

Restrictions on use

6.2 You must not :

- (a) do anything which causes unreasonable disturbance to others in adjacent premises
- (b) damage the premises or alter the architectural appearance,
- (c) keep birds or animals other than guide dogs,
- (d) live or sleep in the premises unless it is part of the permitted purpose,
- (e) do or use the premises for any illegal or noxious purpose ,or
- (f) create undue noise or vibration from heavy machinery or amplification.

Looking after the premises

6.3 You must:

- (a) keep the premises in good condition and correct any defect promptly.

(b) tell us if the premises is seriously damaged or is defective, and

(c) remove any contaminant brought onto the premises by you, and clean up such contamination promptly. If the permitted purpose allows hazardous substances, you must not keep more than the legally permitted maximum quantity of these substances on the premises,

6.4 You must:

(a) give us any order or notice from any local authority or a governing body concerning the use or condition of the premises (or the shared premises if it is part of a shared scheme) as soon as you receive it, and

(b) comply with all laws and requirements of authorities and your other obligations in connection with the premises.

Building and other work

6.5 You must get our written consent and all necessary approvals from government authorities before you carry out works or enter into a contract to carry them out.

6.6 You must :

(a) comply with all laws, requirements of authorities, easements, and covenants which affect works,

(b) ensure that works are done competently

6.7 We are not liable for any loss in connection with works we consent to, including loss arising out of plans or specifications we may approve.

6.8 Even if we monitor works, including inspecting or accepting any part of their construction or approving plans, we will be doing so for our own purposes.

We do not owe you any duty to exercise care or skill in doing so.

Repairs of damage

6.9 You must repair any damage to the premises caused by you or by your permitted persons within fourteen (14) days of our giving you written notice. If we have to carry out the required work, you must pay the costs of repairs.

6.10 You must pay for any structural alterations which are necessary due to the nature of your business or number, sex or physical capacity of persons employed.

6.11 You are not liable for fair wear and tear.

7. POSSESSION, ASSIGNMENT AND SUBLETTING

7.1 You are entitled to hold and enjoy the premises without disturbance from us or anyone claiming through or under us as long as you pay your rent and observe the covenants in this lease.

7.2 You must advise us and your insurer if you intend leaving the premises unattended for more than one (1) week, and get our written consent to do so.

7.3 When your lease comes to an end, you must leave the premises in good condition and repair, clean and free of rubbish.

7.4 If you wish to assign your rights under this lease or to sub-let the whole or any part of the premises, we will take the following into consideration:

- (a) the respectability and responsibility of the proposed assignee,
- (b) the suitability of the proposed assignee as a tenant,
- (c) the financial resources or retailing skills of the proposed assignee to meet the liabilities and duties,
- (d) any proposed new permitted purpose and its likely effect on and commercial compatibility with other businesses in close proximity, and
- (e) any previous history of the proposed assignee as a tenant.

7.5 Additional requirements are that:

- (a) you remedy any breaches of lease conditions which are in existence at the time of notice,
- (b) you provide us with information that we require about the financial standing and business experience of the proposed assignee,
- (c) you satisfy us that the proposed assignee's retailing skills are not inferior to yours,
- (d) you furnish the proposed assignee with a copy of any disclosure statement you may have received when leasing the premises, together with details of any changes that have occurred since the statement was given to you (If you do not have your disclosure statement , and if we are unable to assist with its replacement, this clause does not apply.),
- (e) the proposed assignee accepts the transfer and assignment of the lease in writing, including giving any required guarantees, and pays the associated costs,
- (f) you are to pay our expenses incurred in satisfying ourselves and giving consent within fourteen (14) days of our giving you written notice.

7.6 You may treat the assignment as having been consented to if you have complied with clause (d) above, and if we have not given you written notice to the contrary within forty-two (42) days after your request was made.

7.7 If you are a company and intend to transfer more than one-half (1/2) of your shares or controlling interest, you will need our consent.

7.8 If this lease is assigned or transferred, your liability continues until we release you, or the lease is varied, renewed or extended.

Rights reserved

7.9 We will not unreasonably withhold our consent to :

- (a) the granting of a sub-lease, licence or concession for the whole or part of the premises,
- (b) you parting with possession of the whole or part of the premises, or
- (c) you mortgaging or otherwise charging or encumbering your interest in the lease.

7.10 If we consent to a charge over this lease and if we ask at the time, you must get an agreement acceptable to us regarding the priority between this lease and the other charge.

7.11 In the event that you have not re-negotiated to remain in the premises, we reserve the right to enter the premises at all reasonable times during the last sixty (60) days of the lease to erect notices and show the premises to intending tenants.

7.12 In the event that we wish to sell the premises, we reserve the right to enter the premises at all times to erect notices and show the premises to intending purchasers

7.13 In the event that we wish to demolish the premises, we will give you a minimum of six (6) months written notice of our intention.

7.14 In all of the above situations, we will be subject to your interests under this lease.

Maintenance and repairs

7.15 At your expense you must:

- (a) keep the premises in good order, safe and secure,
- (b) keep all plant and equipment belonging to both of us in good repair, including floor tiles, window and door fastenings, and locks,
- (c) maintain the plumbing, electrical, heating and cooling systems in good working order,
- (d) maintain all yards and gardens,
- (e) replace all light globes, fluorescent tubes, and broken glass with the same quality glass,
- (f) paint or paper (where previously done) inside every five (5) years, if required, and upon leaving the premises,
- (g) clean all windows, doors, floors and carpets (if any) regularly,
- (h) repair, replace or repaint signs when damaged,
- (i) dispose of all rubbish in appropriate containers,
- (j) exterminate when advised to do so, and
- (k) report promptly all accidents or dangerous circumstances to us for which we may have a responsibility.

8. ALTERATIONS AND IMPROVEMENTS

When entering the premises

8.1 You must obtain our written consent to:

- (a) make any alteration of a structural nature,
- (b) install partitioning, plant, equipment, fixtures and fittings,
- (c) erect additional signs after receiving any required local council approval, and
- (d) affix anything to the exterior of the premises.

8.2 If it becomes necessary to use the services of a professional person, you must use the materials specified by that person and pay the appropriate costs.

When leaving the premises

8.3 You must return all keys to us and not give them to anyone also.

8.4 You must make good any damage caused by removal of:

- (a) partitions, plant, equipment, fixtures or fittings,
- (b) erected signs, painted notices, and lettering, and you have a right to remove these.

9. DAMAGE TO LEASED PREMISES

9.1 If the premises are damaged or their useability is diminished because of damage to or destruction of some other part of the land,

- (a) you are not liable to pay rent or outgoings or other charges during the period which your premises cannot be used or is inaccessible due to that damage, or
- (b) your liability for rent and outgoings is reduced in proportion to the reduction in useability, or
- (c) if we consider that repair of the damage is impractical or undesirable, either of us may terminate the lease by giving a minimum of seven (7) days notice in writing to the other, and no compensation is payable in respect of the termination, or
- (d) If we fail to repair the damage within a reasonable time after receiving your written request to do so, you may terminate the lease by giving us a minimum of seven (7) days notice in writing of termination.

Paragraphs (a) through (d) do not affect our right to recover damages from you in respect of damage or destruction.

9.2 You are still obligated to pay rent if damage results from your wrongful act or negligence, or of your employees' or your agents', unless we are insured against loss of rent under an insurance policy and you contribute to the insurance premium.

9.3 In the case of damage, nothing prevents this lease from being terminated by agreement..

9.4 If there is disagreement as to the amount of rent being suspended, the rent must be determined by a valuer who is a member of the Australian Institute of Valuers and Land Economists (SA Division) Inc., and who is appointed by both of us who will act as an arbitrator. If we fail to agree on this appointment within twenty-one (21) days, it will have to be someone appointed by the president or acting president of the above institute or its successor. The costs of the valuation under this section will be shared equally.

10. INSURANCE

Building insurance

10.1 We will insure and keep insured the building, the improvements, and our fixtures and fittings. You must reimburse us for all costs associated with the insurance of the building. If you lease only a portion of a building the insurance costs will be calculated on a square metre ratio of your portion of the building in relation to the whole building.

10.2 If our insurance cost is increased as a result of your use of the premises (outside of the permitted use), you must reimburse us for the additional cost upon our request; however, we may agree to you insuring the premises upon terms and conditions agreed to by both of us.

Public risk

10.3 You must maintain a public liability risk insurance policy over the premises for a minimum of TEN MILLION DOLLARS (\$10,000,000.00) for any one accident.

Other insurance

10.1 You must insure to full insurable value on a replacement and reinstatement basis:

(a) all of your own fixtures, fittings, signs, and stock against loss, damage, destruction and burglary,

(b) all plate glass windows and doors, and all toilet pans (if any) against breakage.

10.5 You must indemnify us against all actions and losses which we may be liable for except those caused or contributed to by our own wilful or negligent act or omission, the negligent use of services and facilities, overflow or leakage of water in or from the premises (including rain water), loss of other person' property, injury to or death of a person, and anything caused by permitted persons. Your liability under this clause only extends to that which is not recoverable by our insurance or pursuant to this lease, or which is not our responsibility and is only in respect of anything that occurs on the premises.

10.6 Every policy must be with a reputable insurance company approved by us, must note our interest, and be on terms for an amount satisfactory to us.

10.7 You must produce satisfactory evidence to us of current insurance cover within seven (7) days of being asked.

10.8 You must ensure that insurance cover is not adversely affected, reduced or cancelled because of anything you do, and must notify us if it is or could be.

10.9 You must comply with all sprinkler and fire alarm regulations; however, It is our responsibility to ensure that as of the commencement date, those and any other laws have been complied with so that the premises is suitable for the permitted purpose at that time.

10.10 You must register with the Workers Rehabilitation and Compensation Corporation (SA) (WorkCover) if applicable.

Restoring the premises

10.11 If any loss or damage occurs from any cause, including inevitable accidents or damage beyond your control, and which is covered by your insurance, you must use the insurance money to restore or reinstate the loss or damage.

10.12 If there are insufficient funds from the insurance claim to reinstate the loss or damage, you must pay the difference if you are liable for that re-instatement under this lease.

10.13 If we notify you, we may take over your rights to make, pursue or settle an insurance claim. We may exercise those rights in any manner we choose.

10.14 If any insurance money received is insufficient to restore the loss or damage, you must pay the difference.

11. THINGS WE MAY DO AT ANY TIME

11.1 Subject to your rights under this lease, we may assign or otherwise deal with our rights under this lease or any agreement covered by this lease in any way we consider appropriate. You agree that we may disclose any information or documents we consider necessary to help us exercise this right.

11.2 We may enter the property to:

- (a) inspect its condition or any works,
- (b) repairs and service all facilities to and through the premises,
- (c) find out if you are complying with this lease, or
- (d) carry out our rights under this lease.

11.3 Unless there is an emergency, we must give you seven (7) days written notice before entering in the above conditions. You must help us enter, such as by getting any consent necessary.

11.4 Subject to Part 12, we may correct anything which you should have done under this lease which you have either not done or, have not done properly. If we do so, you must pay our costs when we ask.

11.5 We will give you reasonable notice if we have to make alterations to the premises to comply with present or future legislation.

12. IF YOU ARE IN DEFAULT

12.1 You are in default if:

- (a) you do not pay on time any of the amounts owing when due,
- (b) you are unable to pay your debts, or go into receivership liquidation
- (c) you are a company and the company is wound up for purposes other than reconstruction or amalgamation,
- (d) you give someone priority over this lease,
- (e) you do something you agree not to do, or you don't do something you agree to do under this lease or an agreement covered by this lease,
- (f) you or another person have given us incorrect or misleading information (including your declarations) in connection with this lease or an agreement covered by this lease.

12.2 If you are in default for more than fourteen (14) days and we choose to enforce this lease, we must give notice. The notice must:

- (a) state that you are in default,
- (b) specify a period of grace of at least fourteen (14) days, and
- (c) contain any other information the law requires.

In this paragraph, time is essential.

12.3 During the grace period you are allowed to correct any default that can be corrected. If you do not correct that default within that period or if there is a default that cannot be corrected, we may then do one or more of the following:

- (a) sue you for any amount owing,
- (b) take possession of the premises,
- (c) do anything else the law allows us to do, and
- (d) charge you with all relevant costs.

Default interest

12.4 You must pay interest to us at the rate of two percent (2%) above the rate normally charged by our bank on overdrafts on any money due.

12.5 The interest will be calculated from the date on which payment was due until the money is paid in full.

12.6 a certificate signed by a bank officer, showing the rate at the date of the default, will be sufficient to determine the amount of interest to be charged.

13. ESSENTIAL TERMS

13.1 Each of the following are essential terms of this lease:

- (a) Part 4 relating to payment of rent on time,
- (b) Part 5 relating to payment of rates and outgoings,
- (c) Part 6 relating to permitted use,
- (d) Part 7 relating to assignment and sub-letting,
- (e) Part 8 relating to maintenance and repairs, and
- (f) Part 10 relating to insurance.

13.2 We may treat any breach of an essential term as a repudiation by you.

13.3 We have the right to recover damages from you, if you breach any of the above essential terms, in addition to any other or entitlement which we have.

14. DAMAGES

14.1 In the event that you repudiate the terms of this lease, you agree to compensate us for loss or damage.

14.2 We are entitled to recover damages during the entire term of this lease even if:

- (a) you abandon or vacate the premises,
- (b) we decide to re-enter or terminate this lease,
- (c) we accept your repudiation, or
- (d) our mutual conduct establishes a surrender of lease by operation of law.

14.3 We are also entitled to start legal proceedings against you for damages in respect of the entire term of the lease.

14.4 Anything we do to lessen our damages does not excuse you from your breach; however, we will mitigate our losses.

15. COSTS, INDEMNITIES, AND INTEREST

15.1 All money payable by you is recoverable as a debt or as rent in arrears. If no date or time for payment is specified, the money is payable within seven (7) days.

15.2 You are only credited with money from the date we actually receive it.

16. NOTICES AND OTHER COMMUNICATIONS

16.1 Notices, certificates, consents and other communications in conjunction with this lease must be in writing, unless you and we agree otherwise. If you are a company, communication from you must be signed by a director.

16.2 They may be:

(a) given personally (if they are for you and you are a company, to one of your directors; if they are for us, to one of us or one agent), or

(b) left at the address last notified, or

(c) sent by post to the address last notified, or

(d) sent by fax to the fax number last notified, or

(e) given in any other way permitted by law.

16.3 They take effect from the time they are received unless a later time is specified in them.

16.4 If they are sent by a fax machine which produces a transmission report, they are taken to be received at the time shown in a transmission report which indicates that the whole fax was sent.

16.5 If they are sent by post, they are taken to have been received by you on the third business day after posting.

17. HOW WE MAY EXERCISE OUR RIGHTS

17.1 We may exercise a right or remedy or give or refuse our consent in any way we consider appropriate, including imposing conditions.

17.2 We may enforce this lease before we enforce any other charges.

17.3 If we do not exercise a right or remedy fully or at a given time, we can still exercise it later.

17.4 Our rights and remedies under this lease are in addition to other rights and remedies provided by other laws.

17.5 Our rights and remedies under this lease may be exercised by any of our directors, or employees whose job title includes the word " manager ", or any other person we authorise.

18. YOUR OBLIGATIONS AND OUR RIGHTS ARE UNAFFECTED

18.1 This lease does not merge with or adversely affect any of the following:

- (a) another lease, charge or other security or right or remedy to which we are entitled, or
- (b) a judgement or order which we obtain against you in respect of any amount owing.
(We can still exercise our rights under this lease as well as under the judgment or order.)

19. VARIATION OR WAIVER

19.1 a Term of this lease, or right created under it, may be waived or varied in writing signed by both of us.

19.2 We may waive any breach of any covenant or condition temporarily; however, we reserve our rights in respect of future breaches of all conditions.

20. COMMON AREAS

20.1 You have a non-exclusive right of access to use the common areas for the purpose of:

- (a) delivery of goods,
- (b) movement of plant and equipment, and
- (c) use the lunch room and toilet facilities.

20.2 We may make and alter rules relating to the use and management of the common areas including:

- (a) use, safety, and cleanliness;
- (b) access outside the normal business hours:
- (c) location of garbage pending removal, and
- (d) closure of whole or part of the common areas outside normal business hours.

20.3 You are obligated to observe the rules and to see that your employees do the same, and failure to observe the rules constitutes a breach of this lease.

20.4 The rules will not be inconsistent with the provisions of this lease with regard to your use and enjoyment of the premises.

20.5 We will provide you with a copy of the rules (if any) within fourteen (14) days after the commencement of this lease, and any alterations within fourteen (14) days after an alteration becomes effective.

21. MISCELLANEOUS

21.1 If we decide to re-lease the premises at the end of your term, we will offer the premises to you subject to the same terms and conditions contained in this lease.

21.2 If a security bond is required, the money will be paid to the Commercial Tribunal.

21.3 We do not warrant that the premises is structurally suitable for the permitted purpose for the duration of your lease.

21.4 This lease and all supplementary documents represent the entire agreement between ourselves. Any promises, representations, undertakings or warranties made prior to our signing this lease are void.

22. ADMINISTRATIVE MATTERS

22.1 This lease is subject to the extra terms and conditions (if any) set out in the attached Schedule

22.2 This lease may be subject to consent in writing of the relevant planning authority.

23. APPLICABLE LAW

23.1 Any reference in this lease to an Act of Parliament includes amendments or effective re-enactments.

23.2 If any covenants in this lease becomes unlawful or invalid, or inconsistent with any other law, the remainder of the lease remains enforceable.

23.3 This lease is governed by the laws of the state or territory where the premises is situated. Both of us submit to the non-exclusive jurisdiction of the courts of that place.

24. YOUR RIGHTS AND OUR OBLIGATIONS

Your rights

24.1 You will not be required to:

(a) carry out or contribute to the maintenance or repair of the premises (or any of our fixtures or fittings) in or to any better condition than their condition as at the commencement date;

(b) carry out or contribute to the cost of any work (including but not limited to structural improvements, additions, repairs or maintenance) in respect of the premises (or any of our fixtures or fittings) which would have been required irrespective of your use and occupation of the premises;

(c) carry out or contribute to the cost of any repairs or maintenance of a structural nature unless (subject to (b) above) rendered necessary as a consequence of any direct or indirect act, neglect or default on your part or of any of your permitted persons on the premises by lawful license of you;

(d) carry out or contribute to the cost of the maintenance or repair of the premises (or any of our fixtures, fittings or floor coverings) where this is caused by any of the following:

(1) fire, storm, flood, tempest, earthquake, civil commotion, war, inevitable accident or other 'Act of God' and any other risks insured against by us or which would be covered by prudent Lessor under its insurance policies- except to the extent that insurance monies are refused under any policies taken by us in respect of any of these risks as a consequence of any act, neglect or default of you or any of your permitted persons on the premises by lawful licence of you,

(2) fair wear and tear, or

(3) defects of a structural nature and damage resulting from this (to the extent that sub-clauses (b) and (c) allows;

(e) make or reimburse capital expenditure except in circumstances approved by the Retail and Commercial Leases Act 1995.

(f) obtain our consent to the selection of any workers, agents or contractors to carry out any of your obligations for the cleaning, maintenance or repair of the premises or any approved alterations of to the premises or to pay or engage any workers, agents or contractors as directed by us to carry out or supervise any such works;

(g) deliver up the premises (and our fixtures and fittings) in any better state of repair or condition than would be required if you had complied with your obligations under this lease as to maintenance and repair;

(h) observe or not prejudice any of the terms of any insurance policy arranged by us unless we first provide you with a copy of those terms as they apply from time to time;

(i) pay or contribute towards the payment of or reimburse us for any expense:

(1) which is calculated by reference to the imposition of penalties, interest or other payments or liabilities arising from any failure by us to make any payment,

(2) which is an amount towards depreciation or towards the capital costs of the leased premises or any other part of the land including the replacement of our airconditioning or other plant or equipment (if any),

(3) which is an amount towards the maintenance or repairs of any part of the land other than the leased premises or the common areas,

(4) which is a payment of Land Tax or income tax if this lease is under the retail and Commercial Leases Act

(5) which is in relation to the costs of the management, control or administration of the leased premises or any other part of the land, or

(6) which we are prohibited by the law from recovering from you.

24.2 Any release or indemnity granted by you in favour of us does not apply:

(a) where any loss, damage, death or injury results (directly or indirectly) from any act, neglect or default on the part of us, our servants, agents or contractors, or

(b) where any loss, damage, death or injury arises from the defective or dangerous condition of our property (including the premises) except to the extent to which a defective or dangerous condition was created by you or any of your permitted persons on the premises by lawful licence of you.

Our obligations

25. We will :

- (a) repair all latent and inherent defects in the premises promptly and will keep the external walls and roof of the premises and all gutters, downpipes and other pipes attached or incidental to them in a good state of repair and condition and will promptly repair all items of damage or disrepair in respect of the premises, and the carpark or any other common areas which are not specifically your responsibility to repair under this lease.
- (b) keep all common areas including toilets in good repair.
- (c) comply promptly with and observe all notices and requirements of every government and statutory authority, instrumentality and body and all laws relating to the leased premises or the use and occupation of the premises (including the payment of any rates, taxes, assessments, duties, charges and fees) except for those which are your responsibility to comply with under this lease.
- (d) we will pay all costs of the matters in 25. (a), (b), and (c) without contribution from you.

25.1 If anything in this lease requires our consent:

- (a) we will not be unreasonable in withholding our consent or imposing unreasonable conditions, and
- (b) we will inform you in writing of our decision with respect to the subject matter requiring our consent within 21 days of the date of being served by you with a written request for that consent.

25.2 Where under any of the provisions of this lease you are to reimburse any expense incurred or paid by us, then each of these obligations will be limited to the extent to which those expenses are reasonably incurred or paid by us.

25.3 Any right of us or anybody authorised by us to enter upon the premises for any purpose shall be subject to the condition that reasonable notice (appropriate to the circumstances) is to be given and that such entry, and any activity which we or they are permitted to carry out, will be performed so as to cause as little interference to you as is reasonably practicable.

25.4 Any right of ours to attach any notices to the premises is subject to the conditions that those notices are not to obstruct access to or visibility of the premises unreasonably.

25.5 Any restrictions as to the use of the premises (including noise, vibration, fumes, chemicals, substances or equipment) do not apply to any extent to which these would restrict you from using the premises for the permitted purpose in a lawful manner.

25.6 We will insure the building for its replacement value against the risks of fire, storm, flood and all other usual risks and will cause your interest to be noted in the insurance policies. If we fail to affect and keep current such insurance or to have your interest noted, then we release you from all liability with respect to the events against which we were to insure.

26. DEFINITIONS

26.1 "Building " means the interior and exterior of all buildings erected on the land referred to on page 1 in which the premises is contained; (If it is defined in a plan deposited for lease purposes in the General Registry Office of the Department of Lands in Adelaide, it means the building so defined.); it also includes air conditioning, fire protection and other plant, machinery and equipment, and all fittings and fixture belonging to us together with all our conveniences, services, amenities and appurtenances.

26.2 "C.P.I." means Consumer Price Index

26.3 " day " means clear day

26.4 " fixed rent period " means the period between the date of the commencement of the term, and the day upon which a new rent may become payable, and each successive similar period.

26.5 " governing body " means each entity which administers any shared scheme of which the property is part

26.6 " index number ", in relation to the C.P.I ., means a number appearing in Table 1 of the catalogue of the Australian Bureau of Statistics containing the changes in the C.P.I. for Adelaide (all groups)

26.7 "law" includes common law, principles of equity and laws made by parliament (and includes regulations and other instruments under laws made by parliament and consolidations, amendments, re-enactments or replacements of any of them)

26.8 " month" means calendar month

26.9 " percentage ", in relation to the C.P.I., means a percentage appearing in Table 2 of the catalogue of the Australian Bureau of Statistics containing the changes in the C.P.I. for Adelaide (all groups)

26.10 " permitted persons " includes an agent, contractor, employee, invitee, licensee, servant, sub-tenant, and authorised visitor

26.11 " premises " means that portion of the land and building which are described above and includes, where appropriate, our fixtures and fittings and any other real property described in Part 2

26.12 " professional person " includes architect, builder, and engineer

26.13 " quarter", in relation to the review of rent, means a quarter used by the Australian Bureau of Statistics for the purpose of determining the C.P.I

26.14 " rent " means the rent specified on page 2 or other varied rent agreed to or determined from time to time.

26.15 " rent review " means the revision of the rent on a regular basis as set out in Part 4

26.16 "right of renewal" (and "renewal of the term ") means the right to extend the term and the lease for a further period

26.17 "term " means the term specified on page 1 and, where applicable, any renewal of the term according to Part 3

26.18 "works " includes building work, excavation or earthworks on the premises, work demolishing any part of the premises, or any building or development work required in connection with the premises by an authority.

26.19 Headings and reference notes are not part of this lease or of the covenants or conditions of this lease. They are not intended to affect, alter or limit the interpretation or construction of this lease.

DATED THIS

2TH

DAY OF

OCTOBER

19 98

IMPORTANT NOTICE

The Lessor does not warrant that the premises you are about to rent are structurally suitable for the type of business you intend to carry on.

EXECUTION AND
ATTESTATION

(See Note 7)

LESSORLESSEE

Signed by the said
Bernard Ross Davies

Signed by the said
Craig Lenard Langley

B.R. Davies

In the presence of

[Signature]

CORNEUS VERNIGY

505C BRINGTON ROAD
BRINGTON SA 5048

8377 2966

See Note 8

Appeared before me at

the

day of

CONVEYANCE

19

the LESSOR within described the party executing the within instrument, being a person well known to me and did freely and voluntarily sign the same

See Note 8

Appeared before me at

the

day of

19

the LESSEE within described the party executing the within instrument, being a person well known to me and did freely and voluntarily sign the same

See Note 9

Appeared before me at

the

day of

19

(hereinafter called "the witness") a person known to me and of good repute attesting witness to this instrument and acknowledged his signature to the same and did further declare that the LESSOR the party executing the same was personally known to the witness and that the signature to the said instrument is in the handwriting of the LESSOR and the LESSOR did freely and voluntarily sign the same in the presence of the witness and was at that time of sound mind.

See Note 9

Appeared before me at

the

day of

19

(hereinafter called "the witness") a person known to me and of good repute attesting witness to this instrument and acknowledged his signature to the same and did further declare that the LESSEE the party executing the same was personally known to the witness and that the signature to the said instrument is in the handwriting of the LESSEE and the LESSEE did freely and voluntarily sign the same in the presence of the witness and was at that time of sound mind.

23 NOV 1998

REGISTERED/...../19

[Signature] pro



REGISTRAR-GENERAL

8576624

LANDS TITLES REGISTRATION
OFFICE
SOUTH AUSTRALIA

MEMORANDUM OF LEASE

Series No.	Prefix
	L

LESSORS COPY

1. Use Form L.2 for an Underlease.
2. When no rights are being created the quantum of the land leased may be defined precisely by referring to an approved plan or a deposited G.R.O. plan.
3. Insert estate in fee simple, or estate as Crown lessee (as the case may be).
4. List encumbrances which effect the estate being leased.
5. If there are two or more lessees as tenants in common in unequal shares, specify shares.
6. The term of lease must have a certain beginning and a certain ending.
7. Execution by both lessor and lessee is necessary. If the executing party is a natural person execution should read: "SIGNED by the lessor/lessee in the presence of.....". The witness must be a disinterested person. If the executing party is a body corporate execution must conform to any prescribed formalities relating to the affixing of the common seal.
8. The short form of proof is applicable where the witness is an authorised functionary.
9. The long form of proof is to be used where the witness is not an authorised functionary. The address and occupation of the witness must be stated.
10. All panels to be completed. If insufficient space use Annexure Form B1. The panel should then contain only the words "See Annexure A (or as the case may be) attached".

DELIVERY INSTRUCTIONS (Agent to complete)
PLEASE DELIVER THE FOLLOWING ITEM(S) TO THE
UNDERMENTIONED AGENT(S)

ITEM CT/CL REF.	AGENT CODE

FORM APPROVED BY THE REGISTRAR-GENERAL

CERTIFIED CORRECT FOR THE PURPOSES
OF THE REAL PROPERTY ACT 1886

Solicitor/Licensed Land Broker/Lessee

COR VETANCY

BELOW THIS LINE FOR OFFICE USE ONLY

Date		Time	
FEES			
R.G.O.	POSTAGE	ADVERT	NEW C.T.

EXAMINATION

<u>CORRECTION</u>	<u>PASSED</u>

BELOW THIS LINE FOR AGENT USE ONLY

Lodged by: } ATO2 CONVEYANCING
Correction to: }
AGENT CODE
A121

TITLES, CROWN LEASES, DECLARATIONS ETC. LODGED WITH INSTRUMENT (TO BE
FILLED IN BY PERSON LODGING)

1.
2.
3.
4.
5.

Assessor

PLEASE ISSUE NEW CERTIFICATES OF TITLE AS FOLLOWS

1.
2.
3.
4.
5.

Yearly

Rent @ 1998 \$2140 per month + GST = \$25,680.00

" @ 19.01 → \$2,264. per month + GST = \$27,168.00.

" @ 3.8.04. → \$2264.00 + 2.5% = \$2320.60 per Month + GST. \$27,847.20 PA. + 10%.

@ 31-7-06 \$2320.60 per Month + 4% CPI.
= \$2413.42 From 31/8/06 onwards \$28961.00 PA. + 10%.