

**COMMERCIAL LEASE AGREEMENT**

**THIS LEASE (this "Lease") dated this 24th day of January, 2023**

**BETWEEN:**

**A & H Frosty Nominees Pty Ltd ATF A & H Frosty Super Fund (ACN 615 074 587) of 28 Oswald St, Randwick, NSW, 2031 and LK Narunsky Nominees Pty Ltd ATF L&K Narunsky Superannuation Fund (CAN 614 745 087) of 28 Peel St, Dover Heights, NSW, 2030 (collectively and individually the "Landlord")**

**OF THE FIRST PART**

**- AND -**

**Convergent Water Controls Pty Ltd (ABN 580 82 819 734) of PO Box 7058, Alexandria, NSW, 2015**

Telephone: (02) 9698 3131

(the "Tenant")

**OF THE SECOND PART**

**IN CONSIDERATION OF** the Landlord leasing certain premises to the Tenant, the Tenant leasing those premises from the Landlord and the mutual benefits and obligations set forth in this Lease, the receipt and sufficiency of which consideration is hereby acknowledged, the parties to this Lease (the "Parties") agree as follows:

**Definitions**

1. When used in this Lease, the following expressions will have the meanings indicated:
  - a. "Additional Rent" means all amounts payable by the Tenant under this Lease except Base Rent, whether or not specifically designated as Additional Rent elsewhere in this Lease;
  - b. "Building" means all buildings, improvements, equipment, fixtures, property and facilities from time to time located at 35 Timor Circuit (off 84-100 Pacific Drive) Keysborough, VIC, 3173, as from time to time altered, expanded or reduced by the Landlord in its sole discretion;
  - c. "Common Areas and Facilities" mean:
    - i. those portions of the Building areas, buildings, improvements, facilities, utilities, equipment and installations in or forming part of the Building which

from time to time are not designated or intended by the Landlord to be let to

tenants of the Building including, without limitation, exterior weather walls, roofs, entrances and exits, carpark areas, driveways, loading docks and area, storage, mechanical and electrical rooms, areas above and below leasable premises and not included within leasable premises, security and alarm equipment, grassed and landscaped areas, retaining walls and maintenance, cleaning and operating equipment serving the Building; and

- ii. those lands, areas, buildings, improvements, facilities, utilities, equipment and installations which serve or are for the useful benefit of the Building, the tenants of the Building or the Landlord and those having business with them, whether or not located within, adjacent to or near the Building and which are designated from time to time by the Landlord as part of the Common Areas and Facilities;
- d. "Leasable Area" means with respect to any rentable premises, the area expressed in square metres of all floor space including floor space of mezzanines, if any, determined, calculated and certified by the Landlord and measured from the exterior face of all exterior walls, doors and windows, including walls, doors and windows separating the rentable premises from enclosed Common Areas and Facilities, if any, and from the centre line of all interior walls separating the rentable premises from adjoining rentable premises. There will be no deduction or exclusion for any space occupied by or used for columns, ducts or other structural elements;
- e. "Premises" means the office & warehouse space at 35 Timor Circuit (off 84-100 Pacific Drive), Keysborough, VIC, 3173;
- f. "Proportionate Share" means a fraction, the numerator of which is the Leasable Area of the Premises and the denominator of which is the aggregate of the Leasable Area of all rentable premises in the Building.
- g. "Rent" means the total of Base Rent and Additional Rent.

### **Leased Premises**

- 2. The Landlord agrees to rent to the Tenant the office & warehouse space described as 35 Timor Circuit (off 84-100 Pacific Drive), Keysborough, VIC, 3173, (the "Premises").
- 3. The Premises will be used for only the following permitted use (the "Permitted Use"): office & factory. Neither the Premises nor any part of the Premises will be used at any time during the Term by Tenant for any purpose other than the Permitted Use.

4. Subject to the provisions of this Lease, the Tenant is entitled to the use of 5 parking spaces (the 'Parking') on or about the Premises. Only properly insured motor vehicles may be parked in the Tenant's space.
5. The Landlord reserves the right in its reasonable discretion to alter, reconstruct, expand, withdraw from or add to the Building from time to time. In the exercise of those rights, the Landlord undertakes to use reasonable efforts to minimise any interference with the visibility of the Premises and to use reasonable efforts to ensure that direct entrance to and exit from the Premises is maintained.
6. The Tenant acknowledges that the Landlord or its agent will have the right to enter the Premises at all reasonable times to show them to prospective purchasers, encumbrancers, lessees or assignees, and may also during the ninety days preceding the termination of the terms of this Lease, place upon the Premises the usual type of notice to the effect that the Premises are for rent, which notice the Tenant will permit to remain on them.

### **Term**

7. The term of the Lease commences at 12:00 noon on 24 January 2023 and ends at 12:00 noon on 23 January 2024 (the "Term"). If neither party gives notice within 1 month of end of lease period, the lease will automatically renew ad infinitum for a further 12 months, at a rental increase of 5%. Under mutual agreement between the landlord and the tenant this lease may be terminated at any time.
8. Should the Tenant remain in possession of the Premises with the consent of the Landlord after the natural expiration of this Lease, a new tenancy from month to month will be created between the Landlord and the Tenant which will be subject to all the terms and conditions of this Lease but will be terminable upon either party giving one (1) month's notice to the other party.

### **Rent**

9. Subject to the provisions of this Lease, the Tenant will pay a base rent, without setoff, abatement or deduction, of \$4,064.42, payable per month, for the Premises (the "Base Rent"). This rent will increase by 5% at the beginning of each new lease term.  
Share of Rent =  $4,064.42/2 = \$2,032.21 + \text{GST } \$203.22 = \$2,235.43$
10. The Tenant will pay the Base Rent on or before the First of each and every month of the Term to the Landlord.

### **Outgoings**

11. In addition to the Base Rent, the Tenant will pay as Additional Rent, without setoff, abatement or deduction, its Proportionate Share of all of the Landlord's recoverable costs,

charges and expenses of operating, maintaining, repairing, replacing and insuring the Building including the Common Areas and Facilities from time to time and the carrying out of all obligations of the Landlord under this Lease and similar leases with respect to the Building ("Outgoings").

12. Except as otherwise provided in this Lease, Outgoings will not include debt service, depreciation, costs determined by the Landlord from time to time to be fairly allocable to the correction of construction faults or initial maladjustments in operating equipment, all management costs not allocable to the actual maintenance, repair or operation of the Building (such as in connection with leasing and rental advertising), work performed in connection with the initial construction of the Building and the Premises and improvements and modernisation to the Building subsequent to the date of original construction which are not in the nature of a repair or replacement of an existing component, system or part of the Building.
13. Outgoings will also not include the following:
  - a. any increase in insurance premiums to the centre as a result of business activities of other Tenants;
  - b. the costs of any capital replacements;
  - c. the costs incurred or accrued due to the willful act or negligence of the Landlord or anyone acting on behalf of the Landlord;
  - d. structural repairs;
  - e. costs for which the Landlord is reimbursed by insurers or covered by warranties;
  - f. costs incurred for repairs or maintenance for the direct account of a specific Tenant or vacant space;
  - g. costs recovered directly from any Tenant for separate charges such as heating, ventilating, and air conditioning relating to that Tenant's leased premises, and in respect of any act, omission, neglect or default of any Tenant of its obligations under its Lease; or
  - h. any expenses incurred as a result of the Landlord generating revenues from common area facilities will be paid from those revenues generated.

14. The Tenant will pay:

- a. To the Landlord, the Tenant's Proportionate Share of all real property taxes, rates, duties, levies and assessments which are levied, rated, charged, imposed or assessed by any lawful taxing authority (whether federal, municipal, school or otherwise) against the Building and the land or any part of the Building and land from time to time or any taxes payable by the Landlord which are charged in lieu of such taxes or in addition to such taxes, but excluding income tax upon the income of the Landlord to the extent that such taxes are not levied in lieu of real property taxes against the Building or upon the Landlord in respect of the Building.
- b. To the lawful taxing authorities, or to the Landlord, as it may direct, as and when the same become due and payable, all taxes, rates, use fees, duties, assessments and other charges that are levied, rated, charged or assessed against or in respect of all improvements, equipment and facilities of the Tenant on or in default by the Tenant and in respect of any business carried on in the Premises or in respect of the use or occupancy of the Premises by the Tenant and every subtenant, licensee, concessionaire or other person doing business on or from the Premises or occupying any portion of the Premises.

**Landlord's Estimate**

15. The Landlord may, in respect of all taxes and Outgoings and any other items of Additional Rent referred to in this Lease compute bona fide estimates of the amounts which are anticipated to accrue in the next following lease year, calendar year or fiscal year, or portion of such year, as the Landlord may determine is most appropriate for each and of all items of Additional Rent, and the Landlord may provide the Tenant with written notice and a reasonable breakdown of the amount of any such estimate, and the Tenant, following receipt of such written notice of the estimated amount and breakdown will pay to the Landlord such amount, in equal consecutive monthly instalment throughout the applicable period with the monthly instalment of Base Rent. With respect to any item of Additional rent which the Landlord has not elected to estimate from time to time, the Tenant will pay to the Landlord the amount of such item of Additional Rent, determined under the applicable provisions of this Lease, immediately upon receipt of an invoice setting out such items of Additional Rent. Within one hundred and twenty (120) days of the conclusion of each year of the term or a portion of a year, as the case may be, calendar year or fiscal year, or portion of such year, as the case may be, for which the Landlord has estimated any item of Additional Rent, the Landlord will compute the actual amount of such item of Additional Rent, and make available to the Tenant for examination a statement providing the amount of such item of

Additional Rent and the calculation of the Tenant's share of that Additional Rent for such year or portion of such year. If the actual amount of such items of Additional Rent, as set out in the any such statement, exceeds the aggregate amount of the instalment paid by the Tenant in respect of such item, the Tenant will pay to the Landlord the amount of excess within fifteen (15) days of receipt of any such statement. If the contrary is the case, any such statement will be accompanied by a refund to the Tenant of any such overpayment without interest, provided that the Landlord may first deduct from such refund any rent which is then in arrears.

### **Use and Occupation**

16. The Tenant will use and occupy the Premises only for the Permitted Use and for no other purpose whatsoever. The Tenant will carry on business under the name of Convergent Water Controls Pty Ltd and will not change such name without the prior written consent of the Landlord, such consent not to be unreasonably withheld. The Tenant will open the whole of the Premises for business to the public fully fixtured, stocked and staffed on the date of commencement of the term and throughout the term, will continuously occupy and utilise the entire Premises in the active conduct of its business in a reputable manner on such days and during such hours of business as may be determined from time to time by the Landlord.
17. The Tenant covenants that the Tenant will carry on and conduct its business from time to time carried on upon the Premises in such manner as to comply with any statute, including any subordinate legislation, which is in force now or in the future and taking into account any amendment or re-enactment, or any government department, local authority, other public or competent authority or court of competent jurisdiction and of the insurers in relation to the use, occupation and enjoyment of the Building (including in relation to health and safety compliance with the proper practice recommended by all appropriate authorities).

### **Quiet Enjoyment**

18. The Landlord covenants that on paying the Rent and performing the covenants contained in this Lease, the Tenant will peacefully and quietly have, hold, and enjoy the Premises for the agreed term.

### **Overholding**

19. If the Tenant continues to occupy the Premises without the written consent of the Landlord after the expiration or other termination of the term, then, without any further written agreement, the Tenant will be a month-to-month tenant at a minimum monthly rental equal to twice the Base Rent and subject always to all of the other provisions of this Lease insofar as

the same are applicable to a month-to-month tenancy and a tenancy from year to year will not be created by implication of law.

**Additional Rights on Reentry**

20. If the Landlord reenters the Premises or terminates this Lease, then:
- a. notwithstanding any such termination or the term thereby becoming forfeited and void, the provisions of this Lease relating to the consequences of termination will survive;
  - b. the Landlord may use such reasonable force as it may deem necessary for the purpose of gaining admittance to and retaking possession of the Premises and the Tenant hereby releases the Landlord from all actions, proceedings, claims and demands whatsoever for and in respect of any such peaceable entry or any loss or damage in connection therewith or consequential thereupon;
  - c. the Landlord may expel and remove, forcibly, if necessary, the Tenant, those claiming under the Tenant and their effects, as allowed by law, without being taken or deemed to be guilty of any manner of trespass;
  - d. in the event that the Landlord has removed the property of the Tenant, the Landlord may store such property in a public warehouse or at a place selected by the Landlord, at the expense of the Tenant. If the Landlord feels that it is not worth storing such property given its value and the cost to store it, then the Landlord may dispose of such property in its sole discretion and use such funds, if any, towards any indebtedness of the Tenant to the Landlord. The Landlord will not be responsible to the Tenant for the disposal of such property other than to provide any balance of the proceeds to the Tenant after paying any storage costs and any amounts owed by the Tenant to the Landlord;
  - e. the Landlord may relet the Premises or any part of the Premises for a term or terms which may be less or greater than the balance of the Term remaining and may grant reasonable concessions in connection with such reletting including any alterations and improvements to the Premises;
  - f. after reentry, the Landlord may procure the appointment of a receiver to take possession and collect rents and profits of the business of the Tenant, and, if necessary to collect the rents and profits the receiver may carry on the business of the Tenant

- and take possession of the personal property used in the business of the Tenant, including inventory, trade fixtures, and furnishings, and use them in the business without compensating the Tenant;
- g. after reentry, the Landlord may terminate the Lease on giving five (5) days' written notice of termination to the Tenant. Without this notice, reentry of the Premises by the Landlord or its agents will not terminate this Lease;
- h. the Tenant will pay to the Landlord on demand:
- i. all rent, Additional Rent and other amounts payable under this Lease up to the time of reentry or termination, whichever is later;
  - ii. reasonable expenses as the Landlord incurs or has incurred in connection with the reentering, terminating, reletting, collecting sums due or payable by the Tenant, realizing upon assets seized; including without limitation, brokerage, fees and expenses and legal fees and disbursements and the expenses of keeping the Premises in good order, repairing the same and preparing them for reletting; and
  - iii. as liquidated damages for the loss of rent and other income of the Landlord expected to be derived from this Lease during the period which would have constituted the unexpired portion of the term had it not been terminated, at the option of the Landlord, either:
    - i. an amount determined by reducing to present worth at an assumed interest rate of twelve percent (12%) per annum all Base Rent and estimated Additional Rent to become payable during the period which would have constituted the unexpired portion of the term, such determination to be made by the Landlord, who may make reasonable estimates of when any such other amounts would have become payable and may make such other assumptions of the facts as may be reasonable in the circumstances; or
    - ii. an amount equal to the Base Rent and estimated Additional Rent for a period of six (6) months.



**Tenant Improvements**

21. The Tenant will obtain written permission from the Landlord before doing any of the following:
- a. painting, wallpapering, redecorating or in any way significantly altering the appearance of the Premises;
  - b. removing or adding walls, or performing any structural alterations;
  - c. changing the amount of heat or power normally used on the Premises as well as installing additional electrical wiring or heating units;
  - d. subject to this Lease, placing or exposing or allowing to be placed or exposed anywhere inside or outside the Premises any placard, notice or sign for advertising or any other purpose;
  - e. affixing to or erecting upon or near the Premises any radio or TV antenna or tower, or satellite dish; or
  - f. installing or affixing upon or near the Premises any plant, equipment, machinery or apparatus without the Landlord's prior consent.

**Utilities and Other Costs**

22. The Tenant is responsible for the direct payment of the following utilities and other charges in relation to the Premises: electricity, natural gas, water, sewer, telephone, Internet and cable.
23. The Tenant will also directly pay for the following utilities and other charges in relation to the Premises: Fire Safety Inspections.

**Insurance**

24. The Tenant is hereby advised and understands that the personal property of the Tenant is not insured by the Landlord for either damage or loss, and the Landlord assumes no liability for any such loss. The Tenant is advised that, if insurance coverage is desired by the Tenant, the Tenant should inquire of the Tenant's insurance agent regarding a tenant's policy of insurance.

25. The Tenant is responsible for insuring the Landlord's contents and furnishings in or about the Premises for both damage and loss for the benefit of the Landlord.
26. The Tenant is responsible for insuring the Premises for damage and loss to the structure, mechanical or improvements to the Building on the Premises for the benefit of the Tenant and the Landlord. Such insurance should include such risks as fire, theft, vandalism, flood and disaster.
27. The Tenant is responsible for insuring the Premises for liability insurance for the benefit of the Tenant and the Landlord.

#### **Abandonment**

28. If at any time during the Term, the Tenant abandons the Premises or any part of the Premises, the Landlord may, at its option, enter the Premises by any means without being liable for any prosecution for such entering, and without becoming liable to the Tenant for damages or for any payment of any kind whatever, and may, at the Landlord's discretion, as agent for the Tenant, relet the Premises, or any part of the Premises, for the whole or any part of the then unexpired term, and may receive and collect all rent payable by virtue of such reletting, and, at the Landlord's option, hold the Tenant liable for any difference between the Rent that would have been payable under this Lease during the balance of the unexpired term, if this Lease had continued in force, and the net rent for such period realised by the Landlord by means of the reletting. If the Landlord's right of reentry is exercised following abandonment of the premises by the Tenant, then the Landlord may consider any personal property belonging to the Tenant and left on the Premises to also have been abandoned, in which case the Landlord may dispose of all such personal property in any manner the Landlord will deem proper and is relieved of all liability for doing so.

#### **Tenant's Indemnity**

29. The Tenant will and does hereby indemnify and save harmless the Landlord of and from all loss and damage and all actions, claims, costs, demands, expenses, fines, liabilities and suits of any nature whatsoever for which the Landlord will or may become liable, incur or suffer by reason of a breach, violation or nonperformance by the Tenant of any covenant, term or provision hereof or by reason of any construction or other liens for any work done or materials provided or services rendered for alterations, improvements or repairs, made by or on behalf of the Tenant to the Premises, or by reason of any injury occasioned to or suffered by any person or damage to any property, or by reason of any wrongful act or omission, default or negligence on the part of the Tenant or any of its agents, concessionaires, contractors, customers, employees, invitees or licensees in or about the Building, or any

losses caused, or contributed to, by any trespasser while that trespasser is on the Premises.

**Governing Law**

30. It is the intention of the Parties to this Lease that the tenancy created by this Lease and the performance under this Lease, and all suits and special proceedings under this Lease, be construed in accordance with and governed, to the exclusion of the law of any other forum, by the laws of the State of New South Wales, without regard to the jurisdiction in which any action or special proceeding may be instituted.

**Severability**

31. If there is a conflict between any provision of this Lease and the applicable legislation of the State of New South Wales (the "Act"), the Act will prevail and such provisions of the Lease will be amended or deleted as necessary in order to comply with the Act. Further, any provisions that are required by the Act are incorporated into this Lease.

**Assignment and Subletting**

32. The Tenant will not assign this Lease in whole or in part, nor sublet all or any part of the Premises, nor grant any license or part with possession of the Premises or transfer to any other person in whole or in part or any other right or interest under this Lease (except to a parent, subsidiary or affiliate of the Tenant), without the prior written consent of the Landlord in each instance, which consent will not be unreasonably withheld so long as the proposed assignment or sublease complies with the provisions of this Lease.
33. Before giving consent, the Landlord may require reasonable documentation to satisfy the Landlord that the proposed assignee or subtenant is capable of performing the Tenant's obligations under this Lease.
34. Notwithstanding any assignment or sublease, the Tenant will remain fully liable on this Lease and will not be released from performing any of the terms, covenants and conditions of this Lease.
35. If the Lease is assigned or if the Premises or any part of the Premises are sublet or occupied by anyone other than the Tenant, the Landlord may collect rent directly from the assignee, subtenant or occupant, and apply the net amount collected, or the necessary portion of that amount, to the rent owing under this Lease.
36. The prohibition against assigning or subletting without the consent required by this Lease will be constructed to include a prohibition against any assignment or sublease by operation

of law or in equity.

37. The consent by the Landlord to any assignment or sublease will not constitute a waiver of the necessity of such consent to any subsequent assignment or sublease.

#### **Bulk Sale**

38. No bulk sale of goods and assets of the Tenant may take place without first obtaining the written consent of the Landlord, which consent will not be unreasonably withheld so long as the Tenant and the Purchaser are able to provide the Landlord with assurances, in a form satisfactory to the Landlord, that the Tenant's obligations in this Lease will continue to be performed and respected, in the manner satisfactory to the Landlord, after completion of the said bulk sale.

#### **Care and Use of Premises**

39. The Tenant will promptly notify the Landlord of any damage, or of any situation that may significantly interfere with the normal use of the Premises.
40. Vehicles which the Landlord reasonably considers unsightly, noisy, dangerous, improperly insured, inoperable or unlicensed are not permitted in the Tenant's parking stall(s), and such vehicles may be towed away at the Tenant's expense. Carpark facilities are provided at the Tenant's own risk. The Tenant is required to park in only the space allotted to them.
41. The Tenant will not make (or allow to be made) any noise or nuisance which, in the reasonable opinion of the Landlord, disturbs the comfort or convenience of other tenants.
42. The Tenant will not engage in any illegal trade or activity on or about the Premises.
43. The Landlord and Tenant will comply with standards of health, sanitation, fire, housing and safety as required by law.

#### **Surrender of Premises**

44. At the expiration of the lease term, the Tenant will quit and surrender the Premises in as good a state and condition as they were at the commencement of this Lease, reasonable use and wear and damages by the elements excepted.

**Hazardous Materials**

45. The Tenant will not keep or have on the Premises any article or thing of a dangerous, flammable, or explosive character that might unreasonably increase the danger of fire on the Premises or that might be considered hazardous by any responsible insurance company.

**Rules and Regulations**

46. The Tenant will obey all rules and regulations posted by the Landlord regarding the use and care of the Building, parking lot and other common facilities that are provided for the use of the Tenant in and around the Building on the Premises.

**General Provisions**

47. Any waiver by the Landlord of any failure by the Tenant to perform or observe the provisions of this Lease will not operate as a waiver of the Landlord's rights under this Lease in respect of any subsequent defaults, breaches or nonperformance and will not defeat or affect in any way the Landlord's rights in respect of any subsequent default or breach.
48. This Lease will extend to and be binding upon and inure to the benefit of the respective heirs, executors, administrators, successors and assigns, as the case may be, of each party to this Lease. All covenants are to be construed as conditions of this Lease.
49. All sums payable by the Tenant to the Landlord pursuant to any provision of this Lease will be deemed to be Additional Rent and will be recoverable by the Landlord as rental arrears.
50. Where there is more than one Tenant executing this Lease, all Tenants are jointly and severally liable for each other's acts, omissions and liabilities pursuant to this Lease.
51. Time is of the essence in this Lease.
52. This Lease will constitute the entire agreement between the Parties. Any prior understanding or representation of any kind preceding the date of this Lease will not be binding on either party to this Lease except to the extent incorporated in this Lease. In particular, no warranties of the Landlord not expressed in this Lease are to be implied.

**IN WITNESS WHEREOF** the Parties to this Lease have duly affixed their signatures under hand and seal, or by a duly authorised officer under seal, on this 24th day of January,  
2023

NICOLA WALSH



(Witness)

A & H Frosty Nominees Pty Ltd ATF A & H Frosty  
Super Fund (ACN 615 074 587) of 28 Oswald St,  
Randwick, NSW, 2031 (Landlord)

Per:  (SEAL)

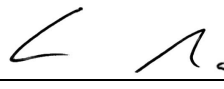
Andrew Narunsky

NICOLA WALSH



(Witness)

LK Narunsky Nominees Pty Ltd ATF  
L&K Narunsky Superannuation Fund  
(CAN 614 745 087) of 28 Peel St,  
Dover Heights, NSW, 2030 (Landlord)

Per:  (SEAL)

Larry Narunsky

NICOLA WALSH



(Witness)

Convergent Water Controls Pty Ltd (Tenant)

Per:  (SEAL)

Andrew Narunsky