



169 Main Street, Greytown

10 February 2022

Greytown Trust Lands Trust

PO Box 16

Greytown

Attention: Phil Holden

Hullo Phil

Cobblestones : Leasehold Tenure

As you will be aware, the greater part of our site is held by way of leasehold tenure from the Greytown Trust Lands Trust. For most of our now 50 year existence, GTLT has seen fit to continue with the concept established at the outset of the lease, that is, to provide a 100% rebate on the ground rental.

Recently however, there has been a suggestion and discussion between the parties around Cobblestones paying a market rental. The current contract renewal dating from 2018, calls for a rental of \$37,125 per annum, plus GST. There are rights of renewal in perpetuity, with reviews at seven year rests. GTLT recently reverted to the original 100% rebate, for which we are most appreciative, however this extends only until the date of the next ground rental review on 1 April 2024.

We are getting under way with a substantial building project, likely to cost about \$375-400,000. This is on the GTLT land. A significant proportion of the cost will need to come from community funders such as Lotteries and Eastern & Central.

From past experience, funders will require proof of ownership of the land where the expenditure will take place, or in the case of leasehold land, proof of the ability of the ground lessee to meet the rental payments.

As we have indicated in the past, Cobblestones is not in a position to meet even the present rental of \$37,125pa. While we acknowledge and are most grateful of the current abatement through to 2024, we are very mindful of the probability of a substantial increase on review.

To put this matter bluntly, even with the Covid-19 matter put to one side, Cobblestones would not be able to meet the present rental, let alone any increase in 2024. With the certainty of our inability to meet our debts, as trustees, we would be remiss in doing anything other than closing those parts of the museum which sit on GTLT land. And as lessor, with Cobblestones as the tenant in default, GTLT would be within its rights to resume ownership of the site and all associated improvements.

From our perspective and that of the public, this would for an entire raft of reasons, be nothing less than tragic. We don't wish to overplay this matter but this is the inevitable, brutal reality of the situation.

As per earlier discussions, we had anticipated a resolution to this matter by the end of 2021. For whatever reasons, this did not eventuate. We have in mind to apply for the funding mentioned above in August and realistically, clarity as to the ground rental position is needed by then.

We would appreciate your urgent attention to this matter.

As always, our Board is available to discuss the situation.

A handwritten signature in blue ink, appearing to be 'Joseph Gillard', written in a cursive style.

Regards
Joseph Gillard
Deputy Chair