

LEASE

between

BIRSE COMMUNITY TRUST, incorporated under The Companies Acts (Company Number SC188799), having its Registered Office at 51 Atholl Road, Pitlochry and being Scottish Charity Number SC028220 (who and whose successors in ownership of the subjects hereby let are hereinafter referred to as "the Landlord")

And

BIRSE TRADING COMPANY LIMITED, incorporated under The Companies Acts (Company Number SC327196), having its Registered Office at 51 Atholl Road, Pitlochry (who and whose successors in the right of occupation hereby granted are hereinafter referred to as "the Tenant")

The Landlord in consideration of the rent and other prestations hereinafter specified hereby lets to the Tenant and to its executors and assignees, but excluding sub-tenants except with the prior written approval of the Landlord, ALL and WHOLE that area of ground extending to two hundred and forty one hectares or thereby known as Balfour Forest, by Aboyne, in the County of Aberdeen, being the subjects delineated in red on Plan No.1 annexed and signed as relative hereto (hereinafter referred to as "the Subjects") and that on the following terms and conditions:-

(FIRST) PERIOD OF LET

The period of this Lease shall be from First January Two Thousand and Thirteen (which notwithstanding the date or dates hereof is hereby

declared to be the date of the Tenant's entry under this Lease) for a period of ten years to Thirty First December Two Thousand and Twenty Two.

(SECOND) RENT

The annual rent for the Subjects shall be TWO THOUSAND POUNDS (£2,000) Sterling and the said rent shall be payable in advance within twenty eight days of the First January in each year of the lease, with interest on the said payments from the due date thereof until paid at the rate of four per centum per annum above the base lending rate of the Royal Bank of Scotland plc from time to time applicable. Acceptance of rent by the Landlord shall not bar it from exercising all rights open to it (including irritancy of this Lease) arising out of antecedent breaches by the Tenant of its obligations hereunder. The rental amounts hereinbefore specified are exclusive of Value Added Tax which shall be payable in addition, if applicable.

(THIRD) RENT REVIEW

There will be no review during the period of this lease of the rent charged for the Subjects under Clause SECOND of this lease, other than any mutually agreed adjustments to the rent as provided for under Clauses FOURTH (Two) and SIXTH of this lease, or as may otherwise be mutually agreed between the Landlord and Tenant in writing.

(FOURTH) RESERVATIONS

There are reserved to the Landlord:-

- (One) All existing rights of way, wayleaves and servitudes, with power to grant further wayleaves and servitudes and to alter the routes of wayleaves, servitudes or power lines from time to time, subject to payment to the Tenant for any surface damage occasioned by the granting of any such further rights.
- (Two) Power to resume any part or parts of the Subjects at any time and from time to time on giving three months' written notice for any purpose whatever other than for forestry; declaring that the Tenant shall be allowed deductions from the rent for ground so resumed from the respective dates of resumption where any such deductions are warranted and which deductions will, failing agreement, be ascertained by arbitration as hereinafter provided for.
- (Three) Subject to the provisions of Clause SEVENTH below, all mines and minerals of every description with full power to search for and work the same with power to do on the Subjects everything necessary for these purposes, the Tenant to be indemnified for loss and damage (including for the avoidance of doubt damage to growing timber) arising as a result thereof which damage shall, failing agreement, be ascertained by arbitration as hereinafter provided for.
- (Four) A right to use for vehicular access for all necessary purposes by the Landlord and the Landlord's nominees all existing roads and vehicle tracks within the Subjects.

(FIFTH) LAND MANAGEMENT

- (One) The Tenant agrees to manage the Subjects in full accordance with the Balfour Forest 'Forest Plan 2011-30', approved by Forest Commission Scotland as Forest Plan Reference 4355448.
- (Two) The Tenant shall be fully responsible and liable for the implementation of the said Forest Plan and the Landlord shall have no responsibility or liability for the implementation of the said Forest Plan.
- (Three) The Tenant shall manage the Subjects in line with high land management and environmental standards current at the time and having regard to all necessary considerations.

(SIXTH) TREE FELLING

- (One) The Tenant shall be entitled to thin or fell stands of timber in accordance with the said Balfour Forest 'Forest Plan 2011-30', and the Tenant shall be entitled to retain any income from the sale of timber so thinned or felled from the said stands.
- (Two) The Tenant shall be entitled to thin or fell such further stands of timber on the Subjects subject to the prior written agreement of the Landlord, including any adjustment to the rent paid by the Tenant for the Subjects.
- (Three) The Tenant shall be entitled to fell particular trees or small groups of trees as may be required for safety or other management requirements.

- (Four) Except as specified in this clause the Tenant is prohibited from felling any trees within the Subjects.

(SEVENTH) MINERAL EXTRACTION

- (One) The Tenant shall be entitled to excavate sand and gravel on the Subjects insofar as necessary to maintain or improve forest roads and tracks within the Subjects and for other uses within the Subjects, subject to any such excavations being left in a safe and tidy condition when they are not being actively worked.
- (Two) The Tenant shall also be entitled to use sand and gravel excavated on the Subjects as necessary to maintain and improve forest roads and tracks and for other uses on any other subjects leased by the Tenant from the Landlord during the period of this lease.

(EIGHTH) ROADS AND TRACKS

- (One) The Tenant shall be entitled to use the access routes on adjoining properties as these routes and their use are specified in the Landlord's title to the Subjects.
- (Two) The Tenant shall maintain all other existing forest roads, vehicle tracks and footpaths within the Subjects in their condition at the start of this lease or in better condition, including the repair of any damage caused by the extraction of timber and other management operations by the Tenant.

- (Three) The Tenant shall be entitled to construct new forest roads, vehicle tracks and footpaths within the Subjects.
- (Four) The Tenant shall maintain or improve the opportunities for pedestrian public access within the Subjects.

(NINTH) OTHER MAINTENANCE

- (One) The Tenant shall maintain in good order and repair culverts, drains, ditches, fences, gates, barriers and bridges on or within the Subjects.
- (Two) The Tenant shall keep the Subjects free of litter and other rubbish and maintain or improve the existing amenity of the Subjects generally.
- (Three) The Tenant shall safeguard the existing drystone dykes within the Subjects or forming part of the boundaries of the Subjects in their condition at the start of this lease or in better condition and repair any damage to the dykes resulting from the Tenant's management of the Subjects.
- (Four) The Tenant shall safeguard all archaeological and historical sites and features on the Subjects and shall report to the Landlord any unrecorded such sites and features located on the Subjects by the Tenant.

(TENTH) DEER AND OTHER WILDLIFE

- (One) The Tenant shall be responsible for the management of deer and shall use all reasonable endeavours to reduce and keep down the numbers of deer on the Subjects. The Tenant shall report annually to the Landlord by First May

in each year of this lease, the number, species and sex of all deer shot by the Tenant on the Subjects in the preceding twelve month period First April to Thirty First March. The Tenant shall also provide information on the number, species and sex of deer shot on the Subjects at such other times during this lease as the Landlord may reasonably require.

(Two) The Tenant shall ensure that rabbit numbers on the Subjects do not increase and shall prevent the use of the Subjects by grey squirrels. The Tenant shall report to the Landlord by First May in each year of this lease any rabbits and grey squirrels that have been killed on the Subjects in the preceding twelve month period First April to Thirty First March.

(Three) The Tenant shall be responsible for the management of all species of wildlife on the Subjects.

(ELEVENTH) SIGNAGE

The Tenant shall not be entitled to erect any permanent signs on the Subjects without the written agreement of the Landlord.

(TWELTH) INSURANCE AND DAMAGE

The Landlord shall maintain insurance throughout the duration of this Lease against public liability and against all normal insurable risks to the timber and timber crops on the Subjects for the full market value thereof which insurance shall be endorsed to show the interest of the Tenant hereunder; and the Tenant shall not do, omit, or suffer to be

done or omitted any act, matter or thing whatsoever the doing or omission of which would make such insurance void or voidable.

(THIRTEENTH) REMOVAL

At the expiry or sooner termination of this Lease the Tenant undertakes to remove itself from the Subjects and to leave the Subjects in a clean and tidy condition in accordance with normal forestry practice and land management standards at that time.

(FOURTEENTH) ASSIGNATION, SUB-LETTING AND OTHER CONTRACTS

(One) The Tenant shall not assign this Lease nor sub-let the Subjects other than to a subsidiary or associated company of the Tenant unless with the prior written consent of the Landlord, which consent shall not be unreasonably withheld or delayed.

(Two) The Tenant shall not enter into any grant contracts or other contracts or agreements over some or all of the Subjects without the Landlords written consent, where the terms of any such contract or agreement extend beyond the period of this lease.

(Three) The Landlord reserves the right to enter into grant contracts and other contracts and agreements over some or all of the Subjects during the period of this lease subject to the prior written consent of the Tenant, which consent shall not be unreasonably withheld or delayed.

(FIFTEENTH) COMPLIANCE WITH STATUTE

The Tenant shall comply with all obligations imposed by any Act or Acts of Parliament, Statutory Instruments or the rules, by-laws, regulations and notices of any Local or other Authority for the time being in force and at their own expense do and execute or cause to be done and executed or to join with other persons in doing or executing all such works, acts, deeds, matters and things of, under or by virtue of any such Act or Acts of Parliament, Statutory Instruments, rules, by-laws, regulations or notices as are or shall be properly directed or necessary to be done or executed upon or in respect of the Subjects or any part thereof.

(SIXTEENTH) IRRITANCY

In the event of the Tenant becoming apparently insolvent or going into liquidation (other than voluntary liquidation for the purpose of reconstruction or amalgamation) or if a receiver shall be appointed to the whole or any part of its assets or if the Tenant shall allow any term's rent or any part thereof to fall into arrear for a period exceeding twenty one days whether demanded or not or shall contravene or fail to comply with any of the other provisions or conditions of this Lease, then and in any of these events the Landlord may at its option forthwith bring this Lease to an end without notice and resume possession of the Subjects and without any declarator of irritancy or other process of law, without prejudice to the right of action of the Landlord in respect of any arrears of rent or any antecedent breach of the conditions of this Lease, which irritancy is pactional not penal and not purgeable at the bar.

(SEVENTEENTH) ARBITRATION

Any dispute arising between the Landlord and the Tenant on any matter arising out of this Lease, the interpretation thereof or the tenancy created hereunder shall be referred to the decision of a single arbitrator to be appointed by agreement between the parties or, failing agreement, appointed by the Chairman for the time being of The Scottish Branch of the Royal Institution of Chartered Surveyors whose decision will be final and binding on the parties.

(EIGHTEENTH) EXPENSES

The Tenant shall be responsible for payment of the whole costs of preparing this Lease and of any assignation or other deed or transmission thereof and for all surveyor's and other professional charges incurred by the Landlord in connection with any application to the Landlord for consent in terms of this Lease or in consequence thereof.

(TWENTIETH) REGISTRATION

The parties hereto consent to registration hereof and of any decree arbitral to be pronounced hereunder for preservation and execution: IN WITNESS WHEREOF

these presents consisting of this and the nine preceding pages together with the plan annexed are executed at Finzean on the Twenty Sixth January Two Thousand and Thirteen as follows:- for and on behalf of Birse Community Trust by Jean McLeod, one of its Directors, in the presence of Rick Paul of Balfour House, Birse, and for and on behalf of the Birse Trading Company by Paul Chapman, one of its Directors, in the presence of Robin Fraser Callander of Haughend, Finzean.

