

tax revenue.

- iii. You have failed to bring to the notice of the sub-lessor the fact that the sewage plant has been in-operative over a period of nearly 9 years thereby endangering the hygienic conditions of the waters around the island.

In the aforesaid background a further meeting was summoned by the Ministry of Tourism, Arts and Culture of the Republic of Maldives on 18th June 2013 at 2.00 p.m. It was revealed at the said meeting and confirmed in your presence and the presence of the Permanent Secretary, Director General, Senior Project Officer and the Assistant Planning Officer that the instructions and/or the directives given by the Ministry of Tourism as per the inspection carried out on the 5th of April 2013 have not been complied with substantially. You are in possession of the said report dated 18th June 2013. At the said meeting you have agreed that there are still major requirements as per the said report that have not been complied with. This includes, Power House and Reverse Osmosis (RO) Plant and Registration, Pest Control, repair of the main store, Disaster Management Plan, Beach Management Plan, Submission of As Built Site Plan of the resort and issues related to human resources, food hygiene, safety and security of the resort.

Furthermore it has been noted on the Maldives Inland Revenue's Schedule for Palm Beach Head Lease Rent; The Second Quarter Head Lease Rent payment was deferred (Rec. No. **R-8575/2013** and **R-8574/2013**) and a Fine for short and late payment delay of 31 days was sanctioned and a Fine for late payment on the new land area was sanctioned upon deferral of 8 days from the payment date. The failure to pay the rent by 10 (ten) Maldivian business days is grounds confirming the rights for a termination of the Sublease Agreement under Article 21 (a) by me.

In the circumstances, it is noted that you have breached / violated a number of conditions of the head-lease agreement dated 28th August 1997 which has been fully incorporated into the sublease agreement dated 14th October 1999 and the sub-lease agreement itself.

Thus, Article 21 of the sublease agreement dated 14th October 1999 provides that, "*IAM may serve written notice of termination of this agreement under the following circumstances, in which event this agreement may be terminated forthwith, and following which IAM may re-enter the resort in order to take possession and control of the same;*"

(a) Where SSH fails without due cause to pay the Head Lease Rent on the due dates and more than 5 (five) Maldivian business days have elapsed for such Rent in default to be paid, IAM may serve notice on SSH requiring such Rent (together with any liquidated damages that may be imposed by the Ministry of Tourism under the Head Lease Agreement) to be paid within 10 (ten) Maldivian business days of the date of service of such notice, and following expiration of this time period, such Rent remains unpaid;

(b) SSH refuses or persistently neglects to perform and observe the applicable covenants, terms and conditions of the head-lease agreement and the Government of Maldives has given notice to SSH to cure such breach and one half of the time period permitted under such notice period has elapsed without the breach having being cured.”

Article 31 of the sublease agreement provides as follows:

“SSH undertakes to peaceably and quietly deliver and yield possession of the resort to IAM upon the expiry or earlier termination of this agreement without IAM having to undertake recourse to any course of law. IAM shall have the right to remove, sell or otherwise dispose of all personal belongings belonging to employees of SSH and all movables belonging to SSH left on the resort on the date of termination (and not considered to be part of the resort) if the same has not been removed from the resort without having to obtain any sanction or permission from the government authorities or court of law whatsoever provided that notice has been served upon SSH to remove the same and 14 (fourteen) Maldivian business days have passed (or such other time as may be agreed between the parties) from the date of such notice without compliance by SSH. The proceeds of sale shall be used by IAM to settle any outstandings incurred by SSH towards third parties in connection with the operation and management of the resort and left unsettled at the date of termination, preference to be given to local creditors as well as to settle any costs incurred by IAM.”

Therefore in view of the serious breaches/ violations of terms and conditions committed by you I hereby serve notice as per Article 21(a), Article 21(b) and Article 31 of the sublease agreement to terminate the Sublease Agreement signed between us on the 14th of October 1999, Effective Immediately.