

Management Agreement

relating to

administration and property management services

TWC Quantum Dixon Limited

Company

and

The Wellington Company Asset Management Limited

Manager

Date 31 October 2016

BELL GULLY

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This **Management Agreement** is made on 31 October 2016

between (1) **TWC Quantum Dixon Limited (Company)**

and (2) **The Wellington Company Asset Management Limited (Manager)**

Introduction

- A. The Company is the owner of the Property.
- B. The Property, which has 34 individual apartments, a 57 room residential operation, 4 commercial and retail tenants, and seven car parks has been leased, with effect from 1 December 2016, under two long-term agreements to lease.
- C. The Company wishes to appoint the Manager, and the Manager wishes to accept appointment, as the exclusive provider to the Company of:
- (a) administration and management services in respect of the Company; and
 - (b) property management services in respect of the Property,
- on the terms set out in this Agreement.

It is agreed

1. Definitions and interpretation

1.1 Definitions

In this Agreement, unless the context requires otherwise:

Agreement means this agreement, including the schedules, and any amendments from time to time agreed in writing by the parties;

Board means the board of directors of the Company;

Body Corporate means the body corporate of the unit title development located at 15-21 Dixon Street, Te Aro, Wellington, as defined in the Unit Titles Act 2010;

Business Day means a day on which all registered banks are open for business generally in Wellington;

Commencement Date means 14 December 2016 or such other date on which shares in the Company are allotted pursuant to the Offer Document;

Company Services means the administration and management services to be provided by the Manager in respect of the Company set out in Schedule 2 and such other services as may be agreed in writing by the parties from time to time;

Confidential Information means any and all information and data in any form that:

- (a) is related to the business or financial affairs, operations, methodologies, personnel, suppliers, Tenants, systems, processes, plans or pricing of a party (or of a Related Company) or a property owned by the Company (or of a Related Company); or
- (b) is obtained from the other party or a Related Company of the other party and that is a trade secret or is otherwise confidential in nature or is expressed to be confidential,

whether obtained before or after the date of this Agreement;

Constitution means the constitution of the Company as may be adopted or altered from time to time;

Force Majeure means, in relation to either party, any event or circumstance which is beyond the reasonable control of that party, including strikes, lockouts or other industrial disputes (whether involving the workforce of the party so prevented or of any other party), acts of God, fire, flood, war, riot, civil commotion, malicious damage and failure of third party infrastructure, except to the extent that such event or circumstance could have been prevented, overcome or mitigated as a result of exercising reasonable care;

GST means goods and services tax;

Laws means:

- (a) any statute, regulation, bylaw, ordinance or subordinate legislation in force from time to time in New Zealand to which a party is subject;
- (b) the common law and the law of equity of New Zealand as applicable to the parties from time to time;
- (c) any binding New Zealand court order, judgment or decree;
- (d) any applicable industry code, policy or standard enforceable by New Zealand law; or
- (e) any applicable direction, policy, permission, consent, licence, rule or order that is binding on a party and that is made or given by any governmental, legal or regulatory body having jurisdiction in New Zealand over a party or any of that party's assets, resources or business;

Leases means:

- (a) the agreement to lease between Eastwards Investments Limited as trustee for the Eastwards Trust (the current owner of the Property), as lessor, and Te Aro Tenancies Limited, as lessee, dated 27 October 2016 for a lease of Levels 4-8 of the Property for an initial term of 12 years, commencing on 1 October 2016, and a right of renewal for a further term of six years;
- (b) the agreement to lease between Eastwards Investments Limited as trustee for the Eastwards Trust (the current owner of the Property), as lessor, and The Set Up Accommodation Limited, as lessee, dated 27 October 2016 for a lease of Level 3 of the Property for an initial term of 12 years, commencing on 1 October 2016, and a right of renewal for a further term of six years;
- (c) the Deed of Lease between Eastwards Investments Limited as trustee for the Eastwards Trust (the current owner of the Property), as lessor, and Whitireia Community Polytechnic, as lessee, for a lease of Levels 1 and 2 of the Property for an initial term of four years that commenced on 1 June 2013, and a right of renewal for a further term of two years;

- (d) the Deed of Lease between Eastwards Investments Limited as trustee for the Eastwards Trust (the current owner of the Property), as lessor, and Chefs on Wax Limited, as lessee, for a lease of Unit 5 of the ground floor of the Property (together with rights to use four car parks) for an initial term of five years that commenced on 8 April 2016, and two rights of renewal for two further term of three years each;
- (e) the Deed of Lease between Eastwards Investments Limited as trustee for the Eastwards Trust (the current owner of the Property), as lessor, and Subway Real Estate Limited, as lessee, for a lease of Unit 4 of the ground floor of the Property for an initial term of 25.6 years that commenced on 1 May 1997, and a right of renewal for a further term of six years;
- (f) the Deed of Lease between Eastwards Investments Limited as trustee for the Eastwards Trust (the current owner of the Property), as lessor, and Terrace Mart NZ Limited, as lessee, for a lease of Unit 3 of the ground floor of the Property for an initial term of four years that commenced on 1 May 2016, and a right of renewal for a further term of four years; and
- (g) any other lease relating to the car parks or other parts of the Property as at the date of this Agreement,

(as amended in each case from time to time) and includes any lease in respect of all or part of the Property entered into by the Company in substitution for or replacement of the Leases of either of them and **Lease** means one or other of the Leases;

Management Fee has the meaning given to it in clause 7.1;

Offer Document means the product disclosure statement to be dated on or around 31 October 2016 pursuant to which shares in the Company are offered to the public for subscription;

Property means the property comprised and described in computer unit title registers WN33A/52 (or any titles issued in substitution for those computer unit titles) and located at 15-21 Dixon Street, Wellington, which property is predominantly used for residential accommodation;

Property Services means the property management services to be provided by the Manager in respect of the Property set out in Schedule 1 and such other services as may be agreed in writing by the parties from time to time;

Reimbursable Expenses means the following expenses incurred by the Manager directly in the course of performance of the Services:

- (a) any costs or expenses which directly relate to the Company or the ownership and management of the Property and provision for which has been included in the annual Property operating expense budget or annual Company budget; and
- (b) any other cost and expense approved in writing by the Company as being a Reimbursable Expense;

Related Company has the meaning given to that term in section 2(3) of the Companies Act 1993;

Services means the Company Services and the Property Services;

Subsidiary has the meaning given to that term in section 5 of the Companies Act 1993;

Term has the meaning given to it in clause 3.1(b) and includes any extension effected under clause 3.2;

Value of the Property means:

- (a) in respect of the first Year, \$22,000,000; and
- (b) in respect of each subsequent Year, the value at which the Property is stated or recorded in the most recent audited financial statements of the Company; and

Year means the period of 12 months commencing on the Commencement Date and each period of 12 months commencing on each anniversary of the Commencement Date throughout the Term.

1.2 General references

In this Agreement, unless the context otherwise requires:

- (a) a reference to a clause or, schedule is a reference to a clause of, or schedule to, to this Agreement;
- (b) a reference to this Agreement or another instrument includes any variation, novation, or replacement of either of them;
- (c) a reference to business hours means the hours between 8:30 a.m. and 5:00 p.m. on any Business Day;
- (d) a reference to a statute or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them (whether before or after the date of this Agreement);
- (e) the singular includes the plural and vice versa;
- (f) “including”, “for example” and similar words are illustrative and do not imply any limitations;
- (g) the word person includes an individual, a body corporate, an association of persons (whether corporate or not), a trust, a state and an agency of state, in each case, whether or not having a separate legal personality;
- (h) a reference to a “person” includes a reference to the person’s executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and permitted assigns;
- (i) a reference to \$ or dollars is a reference to the lawful currency of New Zealand and, unless otherwise specified, all amounts payable by a party under this Agreement are to be paid in that currency;
- (j) words importing one gender include the other gender; and
- (k) headings are inserted for convenience and do not affect the interpretation of this Agreement.

2. Appointment

2.1 Appointment

The Company appoints the Manager, and the Manager accepts appointment, to perform the Services on the terms set out in this Agreement.

2.2 Exclusive appointment

Unless expressly permitted by this Agreement, the Company will not, while this Agreement is in force, appoint any other person to provide any of the Services to be provided by the Manager under this Agreement, or any services that are comparable to the Services to be provided by the Manager under this Agreement, except:

- (a) if the Manager actually or practically refuses or fails to provide a Service as and when it is required to do so under this Agreement and, following a request in writing by the Company to provide the Service, the Manager has not (without good reason) provided that Service within such time frame as is reasonable in the circumstances;
- (b) if there is an emergency or event of Force Majeure which prevents the Manager from providing all or some of the Services; or
- (c) with the prior written consent of the Manager, which consent is not to be unreasonably withheld or delayed.

(To avoid any doubt, the Company may, at any time and for any reason, engage consultants or advisors to advise the Board on any matter, including any matter relating to the Property or to the Services or the Manager's performance of them.)

2.3 Application of exceptions

If the Company arranges the performance of Services by a person other than the Manager under clause 2.2(a), then the reasonable cost of the provision of those Services will be deducted from the Management Fee before any further Management Fee is payable to the Manager.

3. Term and renewal

3.1 Term

- (a) This Agreement is effective on and from the Commencement Date.
- (b) Subject to clause 3.2, the term of this Agreement will be five years from the Commencement Date (the **Term**) unless terminated earlier in accordance with clause 10 of this Agreement.

3.2 Renewal

- (a) The Term will be renewed for a further period of five years commencing from the fifth anniversary of the Commencement Date, unless the Company's shareholders resolve by special resolution not to renew this Agreement (provided that the holder of the "Subordinated Shares" (as that term is defined in the Constitution) shall not be entitled to vote on any resolution for the termination of this Agreement under this clause 3.2(a)). Any renewal of this Agreement will be on the same terms and conditions contained in this Agreement, excluding this clause 3.2(a).

- (b) If this Agreement is not renewed under clause 3.2(a), then the Manager shall be paid by the Company, within 10 Business Days of the expiry of the Term, an amount equal to one year's annual base management fee, as calculated in accordance with clause 7.1 on the basis of the Value of the Property as at the date of expiry of the Term, plus GST.

4. Manager's obligations

4.1 Services

The Manager will perform the following Services:

- (a) the Property Services set out in Schedule 1;
- (b) the Company Services set out in Schedule 2; and
- (c) such other services as may be agreed in writing by the parties from time to time.

4.2 Duties

The Manager, in performing the Services, will:

- (a) act at all times in a skilled and professional manner consistent with the standard of competence which can reasonably be expected from someone of good standing engaged by companies in the property investment sector to perform services of a magnitude and nature similar to those to be provided by the Manager;
- (b) manage the Company's business and the Property with the aim of maximising the value of the Company and returns to its shareholders over the medium to long term;
- (c) act at all times in good faith and in the best interests of the Company;
- (d) use its best efforts and exercise due care in exercising the rights, powers and authorities granted to it under this Agreement and in performing the Services under this Agreement;
- (e) ensure that it has sufficient resources, experience and expertise so as to always provide the Services when, in the manner and to the standard required under this Agreement and otherwise to meet its obligations under this Agreement;
- (f) use all reasonable endeavours to comply with, and ensure that the Company and the Property comply with:
 - (i) all Laws; and
 - (ii) any rules or requirements of any self-regulatory organisation to which the Company is affiliated,
 in each case to the extent applicable;
- (g) manage the Manager's records so as to enable the Manager to provide the Company with access to such records in accordance with clause 4.3; and
- (h) act in accordance with the reasonable requirements of the Board as advised from time to time to the Manager, provided those requirements are not inconsistent with the provisions of this Agreement.

4.3 Access to Manager's information

The Manager will provide the Company with:

- (a) access to all documents, records and other information held by the Manager relating to the Company, its business, the Property (including information relating to the Leases), this Agreement and/or the Services, at any time during business hours on reasonable notice;
- (b) reasonable assistance for the purposes of enabling the Company and/or its advisers, auditors or agents to monitor the Manager's compliance with the terms of this Agreement, including by:
 - (i) allowing any of those persons to inspect documents, records and other information on the Manager's premises relating to the same; and
 - (ii) allowing those persons to take accurate and complete copies of such documents, records and other information; and
- (c) notice of any material matter that may adversely affect the capacity or ability of the Manager to perform its obligations under this Agreement as soon as the Manager becomes aware of any such matter.

The Manager will retain, in addition to the records it is required to retain under the Companies Act 1993, all documents, records or other information of the kind referred to in clause 4.3(a) for a period of seven years or for such shorter period as (in respect of all or specified documents, records and other information) the Company determines.

4.4 Authority

The Manager:

- (a) does not have any authority to act, or to assume any obligations, on behalf of the Company; and
- (b) will not represent (whether by act or omission or otherwise) that it is the agent of the Company,

except in accordance with, and subject to the conditions of, a written delegation made, or authority given, by the Company that is in effect at the time.

4.5 Engaging advisers

To enable the provision of the Services, the Manager may, subject to obtaining the prior written consent of the Company, appoint advisers to act for the Company at the expense of the Company in respect of accounting, tax and audit matters, legal matters and other external consulting matters (such as obtaining valuations of the Property as and when required). The Manager acknowledges that no such appointment will relieve it of responsibility for performing and discharging its duties and obligations under this Agreement. To avoid any doubt, each such adviser must:

- (a) advise the Company;
- (b) owe its duty of care to, and contractual responsibilities to, the Company in respect of such advice; and

- (c) give any representations, warranties or guarantees (whether express or implied) to, or for the benefit of, the Company,

and the Company acknowledges that such advisers, and not the Manager, will be providing such advice.

4.6 **Manager acts solely as agent of the Company**

For the purposes of this Agreement and the performance by the Manager of its duties, the Manager shall act solely as the agent of the Company.

4.7 **Employees of the Manager**

- (a) The Manager will employ such persons as are necessary to ensure that it can perform its obligations under this Agreement.
- (b) The Manager will ensure that its employees involved in the performance of the Manager's obligations under this Agreement have sufficient and appropriate expertise and experience as to enable them to effectively and efficiently carry out the Services on behalf of the Manager in accordance with this Agreement and will use all reasonable endeavours to ensure that each such employee always acts consistently with, and so as to give effect to, this Agreement (including the Manager's obligations in connection with the performance of the Services).

4.8 **Manager's responsibility for employees**

Without limiting clause 4.7, the Manager will:

- (a) ensure that all employees or authorised contractors engaged in performing the Services comply with, observe and perform, this Agreement just as if they were parties to it; and
- (b) be responsible for, and liable to the Company for, the acts and omissions of such employees and contractors.

4.9 **Insurance**

The Manager will ensure that it has in place, at all times during the Term, such professional indemnity insurance and other insurance as is reasonable for a service provider providing services in the nature of the Services and as is consistent with any relevant good industry practice.

4.10 **Assets**

- (a) The Manager will ensure that all assets, rights and property of the Company or that ought reasonably to be owned by the Company are held in the name of the Company. Such assets, rights and property include:
 - (i) anything which is, or should be, included in the Company's statement of financial position or statement of financial performance;
 - (ii) all consents, warranties and titles; and
 - (iii) all software or other intellectual property purchased by or developed for and at the expense of the Company (whether before or after the date of this Agreement) or used exclusively for the provision of the Services or in the

operations and/or management of the Company's business, transactions or affairs or in the management of the Property.

- (b) The Manager acknowledges that, if it has any rights in or to the Company's intellectual property or the goodwill in the Company's intellectual property, those rights will automatically vest exclusively in the Company on termination of this Agreement. The Manager will, at the Company's request, execute all documents and instruments and do all things reasonably required by the Company to give effect to this clause 4.10.

4.11 **Direction by the Board**

The Manager will provide the Services under the direction and supervision of the Board. Accordingly, the Board retains complete discretion to oversee the Manager's management of the Company, and to direct the Manager to act in relation to the Company and its business, and the Property, as the Board believes is necessary. The Manager will act in accordance with all such directions from the Board.

4.12 **Material transactions**

Without limiting the Board's rights and powers under clause 4.11, the Board has the sole and exclusive right and power to consider and approve:

- (a) all "major transactions" (as defined in section 129 of the Companies Act 1993) of the Company subject to the requirement to obtain approval by the Company's shareholders for such transactions as set out in the Companies Act 1993 and the Constitution;
- (b) the Company's financial statements;
- (c) a recommendation as to the appointment of an auditor;
- (d) all material announcements by or for the Company;
- (e) any decision, power or right requiring the authorisation of a special resolution;
- (f) any capital raising; and
- (g) any other act, matter or thing specified for the purposes of this clause 4.12 by the Board.

4.13 **Manager's responsibilities to the Board**

Without limiting the scope of the Services, the Manager:

- (a) shall report to the Board at each meeting of the Board, and otherwise as and when reasonably requested to do so, on:
 - (i) the Company's operating and financial performance;
 - (ii) any major maintenance, refurbishment or other work required to be carried out in respect of the Property or any issues or potential issues regarding the Property's compliance with any applicable statutory or regulatory regime;
 - (iii) past or upcoming events, actions or occurrences of a material nature;
 - (iv) any actual or potential threats to or opportunities for the Company, or the Company's business, including any actual or threatened litigation against the

Company (including in respect of the Property) or any actual, threatened or proposed regulatory or legislative proposal or action;

(v) any matters which the Manager believes should be brought to the Board's attention; and

(vi) such other matters as the Board reasonably requires;

(b) may prepare, and present to the Board, any investment, divestment and development opportunities identified by the Manager which, in its view, are commercially viable for the Company or which otherwise fall within parameters set by the Board;

(c) shall be responsible for such other matters directly related to the Company, the Company's business, the Property or the Services as the Board may reasonably require; and

(d) shall declare to the Board any conflicts of interest and manage any such conflicts in the manner reasonably required by the Board.

4.14 Review of performance

The parties agree that:

(a) as from time to time reasonably determined by the Board, but at least annually, they will carry out a review of the Manager's performance of its obligations under this Agreement; and

(b) on each anniversary of the Commencement Date during the Term, they will carry out a review of the terms and conditions of this Agreement, including the Management Fees, by comparison to current market terms and conditions, provided that any changes to such terms and conditions must be agreed by the parties in writing.

5. Company's obligations

The Company will provide to the Manager, for the purposes of allowing the Manager to meet its obligations under this Agreement:

(a) access to all of its documents, records and other information relating to the Company or the Property;

(b) reasonable rights of access to the Property, subject to the rights of any Tenant of the Property from time to time, to enable the Manager to discharge its duties and obligations under this Agreement;

(c) access to the Board and to its employees and officers; and

(d) such other reasonable assistance as is requested by the Manager.

6. Subcontracting

The Manager will not subcontract the provision of any of the Services under this Agreement without the prior written consent of the Board.

7. Fees

7.1 Management Fee

The Management Fee will comprise an annual base management fee equal to 0.25% of the Value of the Property up to a maximum of \$60,000 (plus GST) for each Year.

7.2 Manner of payment

- (a) The Management Fee is to be payable on a monthly basis with the Manager to render an invoice to the Company each month for the appropriate portion of the Management Fee for the relevant month. The Manager shall include on each monthly invoice the amount of all reasonable and actual Reimbursable Expenses incurred by it since the previous month.
- (b) Each invoice rendered under clause 7.2(a) is to be paid on or before the 20th of the month following the month in which the Company receives a correctly rendered invoice from the Manager.

7.3 Adjustments

If, for any reason, the amount paid under clause 7.2 on account of the Management Fee for a Year is more or less than the actual amount of the Management Fee for that Year, as calculated in accordance with clause 7.1, then the Company or the Manager, as the case may be, shall pay to the other the amount of any such under or over payment within 10 Business Days of a written notice being provided by the party entitled to payment setting out the amount of any such over or under payment.

7.4 Management Fee is all inclusive

With the exception of the Reimbursable Expenses, the Management Fee includes all of the Manager's general administrative costs and overheads of and incidental to the performance of its duties and obligations under this Agreement (including, without limitation, salaries, wages, travel and accommodation costs, stationery, all communication costs and costs of premises and other facilities).

8. Confidentiality

8.1 Restricted disclosure and use

Except to the extent set out in this clause 8 or otherwise expressly permitted in this Agreement, each party:

- (a) will only use Confidential Information for the purposes of this Agreement or otherwise for the purpose for which it was disclosed by the other party;
- (b) will keep Confidential Information confidential and not disclose any Confidential Information to any third party or in the presence of any person other than its employees or advisors permitted under paragraphs (c) and (d) without first obtaining the written consent of the other party;
- (c) may disclose Confidential Information to its employees to the extent they need to know the Confidential Information in the ordinary course of their work and activities or for a particular purpose, provided that such employees have first been made aware of

their obligations to keep such information confidential and of the obligations in this clause 8 and it ensures that they comply with those obligations;

- (d) may only disclose Confidential Information to its professional advisers if such disclosure is necessary for the purposes of receiving professional advice in relation to this Agreement and those professional advisers are subject to a duty of confidentiality in relation to that information; and
- (e) will take all action reasonably necessary to secure the Confidential Information against theft, loss or unauthorised disclosure.

8.2 Continuing obligations

The provisions of this clause 8 will continue to bind a party notwithstanding that it may have ceased to be a party to this Agreement.

8.3 Return of information

Following termination of this Agreement, each party will immediately deliver to the other party all such Confidential Information (including all copies or reproductions of the same and all material referring to any such Confidential Information) within that party's possession or control together with a certificate signed by a director of the relevant party confirming that the information returned comprises all such Confidential Information held by that party.

9. Ownership of information

9.1 Ownership

The Manager acknowledges that all records, documents and information held by it, or prepared by or on behalf of it, for the purposes of, or in connection with, the provision of the Services under this Agreement are the property of the Company and the Manager has no right to use, disclose or retain those records, documents and information except in accordance with and for the purposes of this Agreement.

9.2 Access

If, following return by the Manager of any such records, documents and information, the Manager requires access to the same for the purposes of either conducting or defending any litigation or other proceedings to which the Manager is a party or dealing with any tax related matters arising as a consequence of the provision of the Services, the Company will, following receipt of a written request from the Manager to that effect, permit the Manager to have such access to those records, documents and information, during normal business hours, as the Manager may reasonably require (and having regard always to any obligations of confidentiality to which the Company may be subject and, for the avoidance of doubt, the obligations in clause 8 will apply to such records, documents and information), provided that:

- (a) the rules of discovery will apply in respect of any proceedings by the Manager against the Company to the exclusion of the remainder of this clause 9.2 above; and
- (b) if the Company determines in good faith that the Company may be entitled to claim client legal privilege in respect of a document, or any part of a document, and the loss of the right to claim such privilege could result in material damage to the Company, whether at that time or at any time in the future, then the Company may impose such conditions on the Manager's access to the relevant document (including refusing to allow access) as the Company reasonably determines, in good faith, are appropriate to ensure that the right to claim privilege cannot be jeopardised by such access.

10. Termination

10.1 Termination by agreement

The parties may terminate this Agreement at any time by agreement in writing.

10.2 Termination on default

Notwithstanding any other provision of this Agreement, either the Manager or the Company (the **Non-Defaulting Party**) may terminate this Agreement at any time with immediate effect by written notice to the other party, if the other party (the **Defaulting Party**) commits or is or becomes subject to any of the following events:

- (a) the Defaulting Party goes into liquidation (other than a voluntary liquidation for the purpose of reconstruction or amalgamation on terms previously approved in writing by the Non-Defaulting Party);
- (b) a receiver or receiver and manager is appointed in respect of any of the assets of the Defaulting Party;
- (c) an application is made to the Court or a meeting is called for any of the purposes in (a) and (b) above (unless the Defaulting Party satisfies the Non-Defaulting Party, in its reasonable opinion, that the application or call for meeting is frivolous or vexatious);
- (d) the Defaulting Party is unable to pay its debts as they become due;
- (e) the Defaulting Party enters into any arrangement or composition with its creditors generally (other than with the prior consent of the Non-Defaulting Party, which consent is not to be unreasonably withheld or delayed);
- (f) a statutory manager is appointed in respect of the Defaulting Party under the Corporations (Investigation and Management) Act 1989;
- (g) the Defaulting Party commits a material breach of this Agreement and (if the breach is capable of remedy) fails to remedy the breach within 20 Business Days after receipt of written notice from the Non-Defaulting Party requiring it to remedy the breach; or
- (h) the Defaulting Party is negligent in the performance of its duties under this Agreement and such negligence:
 - (A) causes material loss or damage to the Company or a material loss in reputation to, or damage to the reputation of, the Company; or
 - (B) results in a material reduction in the value of the Property.

10.3 Fees payable to the Manager on termination

Without prejudice to any other rights or remedies of the Manager, if this Agreement is terminated under clause 10.1 or 10.2, then the Company will pay to the Manager, on the date of termination, an amount equal to all accrued and unpaid Management Fees, Reimbursable Expenses, and other costs and expenses but is not required to make any other payment to the Manager in respect of such termination.

10.4 Obligations on termination

On termination of this Agreement:

- (a) the Manager will deliver, or cause to be delivered, to the Company all property of the Company (including all certificates, accounting records, correspondence, and all other records relating to the business or affairs of the Company (including in respect of the Property)) in the possession or under the control of the Manager or any contractor or subcontractor of the Manager;
- (b) the Manager will deliver to the Company all proxies, letters of authority, mandates or powers of attorney which may have been issued to it by the Company; and
- (c) the Manager will not hold itself out as having authority to negotiate, contract or take any other action for or on behalf of, or as agent for, the Company.

11. Indemnities

11.1 Manager

The Manager will indemnify, and hold the Company indemnified, from and against any losses, liabilities, costs, claims, demands and expenses made against, or suffered or incurred by, the Company as a result of:

- (a) any unauthorised acts of the Manager, fraud, dishonesty, negligence, default or wilful breach of the terms of this Agreement by the Manager;
- (b) any material act or material omission on the part of an employee or subcontractor engaged by the Manager in performing Services; and
- (c) any claim made or threatened against the Company by any employee, contractor or subcontractor engaged, or formerly engaged, by the Manager in providing Services,

except to the extent that any such losses, liabilities, costs, claims, demands and expenses were directly caused by an act or omission of the Company or any party other than the Manager or its employees, contractors or subcontractors acting on behalf of the Manager (other than due to any default or failure of the Manager to comply with its obligations under this Agreement).

11.2 Company

- (a) In carrying out its obligations under this Agreement, the Manager acts as agent for the Company to the extent of the authorities and powers conferred on the Manager under this Agreement and the Company will indemnify the Manager and its directors, and hold them indemnified, from and against any losses, liabilities, costs, claims, demands and expenses whatsoever suffered which are made against, or suffered or incurred by, the Manager, its directors, employees or permitted contractors that arise as a result of the Manager carrying out its obligations under and in accordance with the terms of this Agreement, provided that the Manager shall not be indemnified for any such losses, liabilities, costs, claims, demands and expenses if and to the extent they arise from any unauthorised acts of the Manager, fraud, dishonesty, gross negligence, wilful default or wilful breach of the terms of this Agreement by the Manager, its directors, employees or permitted contractors.
- (b) If any claims or demands are brought, or threatened to be brought, against the Manager in respect of which indemnification may be sought from the Company under this Agreement, the Manager is to notify the Company in writing as soon as practicable after the Manager becomes aware of any such claim or demand and will fully consult with the Company on the steps to be taken, if any, in defending any such action, proceeding, claim or demand.

- (c) The Manager will not admit liability in respect of all or part of, settle or compromise or consent to the entry of judgment in, or incur any costs in relation to, any pending or threatened action, proceeding, claim or demand brought or threatened against it in respect of which the Manager is, or may be, entitled to indemnification from the Company under this clause 11.2 without first consulting with and discussing such action with the Company unless it would be unreasonable to do so.

11.3 Mitigation

Each party will take reasonable steps to mitigate any claim, losses or damage sustained or incurred as a result of any act or omission (including any breach or default) of the party (regardless of whether or not covered by any indemnity).

12. Force Majeure

12.1 Failure to perform

If either party is prevented or delayed in the performance of any of its obligations under this Agreement by Force Majeure, that party will forthwith serve notice in writing on the other party specifying the nature and extent of the circumstances giving rise to Force Majeure, and will subject to service of such notice and to this clause 12, have no liability in respect of the performance of such of its obligations as are prevented by the Force Majeure event during the continuation of such event, and for such time after any such event ceases as may be necessary for that party, using all reasonable endeavours, to recommence performing its obligations under this Agreement.

12.2 Long term failure

If either party is prevented from performance of all or substantially all of its obligations under this Agreement for a continuous period in excess of two months due to Force Majeure, the other party may terminate this Agreement forthwith on service of written notice upon the party so prevented, in which case neither party will have any liability to the other except in respect of any rights and liabilities that accrued prior to such termination, which will continue to subsist.

12.3 Reasonable endeavours

The party claiming to be prevented or delayed in the performance of any of its obligations under this Agreement by reason of Force Majeure will use reasonable endeavours to bring the Force Majeure event to a close or to find a solution by which the Agreement may be performed despite the continuance of the Force Majeure event. Without extending this obligation to use reasonable endeavours, the Manager acknowledges that the provision of the Services to the Company is crucially important to the proper operation of the Company's business and that it is committed to, and will make available such resources as are necessary for, such proper operation.

13. Dispute resolution

13.1 Dispute resolution process to apply

No party may commence any proceedings relating to any dispute between the parties (except where the party seeks urgent interlocutory relief) unless the party has taken all reasonable steps to comply with this clause 13.

13.2 Notice of dispute

If either party believes that there is a dispute between the parties concerning this Agreement, that party will give written notice to the other party setting out the details of the dispute. If a notice of dispute is given:

- (a) the Company will direct an independent director and the Manager will direct its Managing Director to use his or her reasonable endeavours to resolve the dispute within 10 Business Days from the date the dispute is referred to him or her; and
- (b) if the dispute is not resolved under clause 13.2(a), then either party may, by written notice to the other party, require that the dispute be referred to mediation. The parties will appoint a mediator agreed by the parties, or if there is no agreement, approved by the President of the New Zealand Law Society. The mediator will determine the process and timetable for the mediation. The cost of the mediation will be shared equally between the parties.

13.3 Manager to continue providing the Services

In the event of a dispute between the parties concerning this Agreement, the Manager will continue to provide the Services and the Company will continue paying for the Services.

14. Notices

14.1 Form of notice

Each notice or other communication under this Agreement is to be in writing, is to be made by facsimile, email, personal delivery or by post to the addressee at the facsimile number, email address or physical address, and is to be marked for the attention of the person or office holder (if any), from time to time designated for the purpose by the addressee to the other parties. The initial facsimile number, email address and physical address and relevant person or office holder of each party is set out below:

Manager:

The Wellington Company Asset Management Limited

Level 12, 50 Manners Street
Wellington
Facsimile: 04 802 4298
Email: william.gorrie@twc.co.nz

Company:

TWC Quantum Dixon Limited

Level 12, 50 Manners Street
Wellington
Facsimile: 04 802 4298
Email: william.gorrie@twc.co.nz

14.2 Notice effective

No communication is to be effective until received. A communication is to be deemed to be received by the addressee:

- (a) in the case of a facsimile or email, on the Business Day on which it is sent or, if sent after 5:00 p.m. (in the place of receipt) on a Business Day or, if sent on a non-Business Day, on the next Business Day after the date of sending;
- (b) in the case of personal delivery, when delivered; and
- (c) in the case of a letter, on the third Business Day after posting by fastpost or by airmail.

15. General

15.1 Waiver

Any delay, failure or forbearance by a party to exercise (in whole or in part) any right, power or remedy under, or in connection with, this Agreement will not operate as a waiver of such right, power or remedy. A waiver of any breach of any provision of this Agreement will not be effective unless that waiver is in writing and is signed by the party against whom that waiver is claimed. A waiver of any breach will not be, or be deemed to be, a waiver of any other or subsequent breach.

15.2 Assignment

A party will not be entitled to assign, transfer or otherwise dispose of any of its rights or obligations under this Agreement (other than through subcontracting in accordance with this Agreement), except with the prior written consent of the other party, which consent will not be unreasonably withheld or delayed. A change in the effective control of the Manager will be deemed to be an assignment, transfer or other disposition for the purposes of this clause 15.2.

15.3 Amendment

This Agreement may be amended at any time by agreement between the parties in writing, provided that any material changes to the Agreement must be approved by the Company's shareholders by special resolution. Without limiting the preceding sentence, any amendments to the following clauses will constitute a material change for the purpose of this clause 15.3:

- (a) clause 3 (Term and renewal); and
- (b) clause 7.1 (Management Fee).

15.4 Severability

If any provision of this Agreement is, or becomes, unenforceable, illegal or invalid for any reason, the relevant provision will be deemed to be modified to the extent necessary to remedy such unenforceability, illegality or invalidity or if this is not possible then such provision will be severed from this Agreement, without affecting the enforceability, legality or validity of any other provision of this Agreement.

15.5 Counterparts

This Agreement may be signed in any number of counterparts all of which, when taken together, will constitute one and the same instrument. A party may enter into this Agreement by executing any counterpart.

15.6 Entire agreement

This Agreement constitutes the entire understanding and agreement of the parties relating to the subject matter of this Agreement and supersedes and extinguishes all prior agreements and understandings between the parties relating to such subject matter.

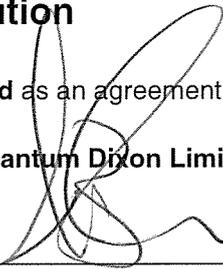
15.7 Governing law

This Agreement is governed by the laws of New Zealand and the parties submit to the non-exclusive jurisdiction of the courts of New Zealand.

Execution

Executed as an agreement.

TWC Quantum Dixon Limited by:



Director

Ian Brecken Cassels
Print Name

The Wellington Company Asset Management Limited by:



Director

Ian Brecken Cassels
Print Name

Schedule 1: Property Services

The Manager will manage and supervise, and protect the Company's interests in relation to, the Property. In particular, the Manager will:

- (a) ensure, as far as is reasonably practicable, that each lessee meets its obligations to the Company under its Lease and otherwise supervise the performance by each lessee of such obligations;
 - (b) promptly collect from the lessee all rent, outgoings and any other amounts payable by the lessee under the relevant Lease (including any arrears);
 - (c) arrange, conduct or attend to any objections, reference to experts, arbitration hearings, dispute resolution, mediation or appeals which the Manager considers to be reasonably necessary or desirable in the interest of the Company in relation to any rent review and, with the Company's prior written approval, where required in the Manager's reasonable opinion to contest or defend by objection, hearing or appeal any charges, levies, assessments or valuations made in relation to any matter in respect of the Property;
 - (d) implement, arrange, control, supervise and maintain or, where appropriate ensure, as far as reasonably practicable, that the Body Corporate implements, arranges, controls, supervises and maintains the security systems and arrangements for the Property and keep the Property secure at all times as reasonably necessary and appropriate;
 - (e) advise the Company how to minimise operating expenses and prepare an annual operating budget for the Property;
 - (f) supervise each Lease and any consent to assignment or subletting and negotiate and document any renewals or termination of any Lease;
 - (g) ensure that the rent payable under each Lease is reviewed in accordance with the terms of the relevant Lease (and, if applicable, endeavour to achieve the best rent reasonably obtainable under any such review);
 - (h) arrange, at the expense of the Company, valuations of the Property for the purposes of insurance, the preparation of financial statements and the determination of rentals or as otherwise requested by the Company. The Company has the right to nominate the registered valuer to be instructed for these purposes;
 - (i) arrange quotations and negotiate contracts for, and supervise any service contracts for the Property that may be entered into by the Company and liaise with the Body Corporate in regard to service contracts that may be entered into by the Body Corporate but which affect the Property and provide appropriate supervision of any such contractors;
- (For the purposes of this paragraph, the Manager may undertake repairs and maintenance of the Property within expenditure and budget limits previously approved in writing by the Company);
- (j) conduct inspections of the Property (and the apartments at it) at intervals of not more than three months and provide a written report on the state of the same to the Company as soon as practicable after completing each inspection;
 - (k) co-operate with the local authority, fire authorities and civil defence in relation to the arrangement and supervision of evacuation and emergency procedures for the Property;
 - (l) oversee compliance, through independent consultants where necessary, with the Building Act 2004, the Health & Safety at Work Act 2015 and the Fire Safety and Evacuation of Building

Regulations 2006 and any other acts, regulations or statutes which may apply to the Property from time to time;

- (m) supervise the carrying out of any alterations to the Property by a lessee, provided such alterations have been approved by the Company;
- (n) receive all notices and other communications from lessees, the Body Corporate and any local authority or other regulatory authority in respect of the Property, and to either deal with or make recommendations to the Company in respect of all of these communications;
- (o) advise the Company on, and arrange for, insurance cover appropriate for the Property and the plant, equipment, fittings and fixtures on it or, where appropriate, advise the Company on and ensure, as far as reasonably practicable, that the Body Corporate arranges insurance cover appropriate for the Property and the plant, equipment, fittings and fixtures on it;
- (p) liaise with the Company, and if required by the Company, the Company's insurers or the Body Corporate in relation to any loss or damage to the Property or the plant, equipment, fittings or fixtures and in relation to any other insured liability relating to the Property and to provide all details available to the Manager to assist in making any claim against the insurers;
- (q) compile and maintain all documentary records relating to the Property;
- (r) ensure the Property complies with all applicable Laws (including any requirements of any regulatory authority or the Company's insurers), unless such compliance is the responsibility of the Body Corporate in which case the Manager will ensure, as far as reasonably practicable, that the Body Corporate takes appropriate steps to ensure Property complies with all applicable Laws (including any requirements of any regulatory authority or the Company's insurers);
- (s) undertake all day-to-day matters relating to the operation, maintenance and management of the Property and to comply promptly at all times with all reasonable directions from the Company from time to time given in respect of the Manager's obligations under this Agreement; and
- (t) undertake any other services which the Company may reasonably require the Manager to carry out to ensure the proper management and control of the Property.

Schedule 2: Company Services

The Manager is responsible for providing general administration and management services to, and as required by, the Company. In particular, the Manager will:

- (a) prepare or procure the preparation of:
 - (i) such reports and other information and material as the Board may require in connection with the annual and half-yearly reports and audited annual and unaudited half-yearly accounts of the Company; and
 - (ii) any other report as may be required from time to time by the Board, and the Manager will promptly after request by the Board at any time provide the Company with any information the Board may require in respect of the Company's operations or the performance by the Manager of its duties and obligations under this Agreement;
- (b) keep, or cause to be kept, such business and accounting records in relation to the Company, the Manager and this Agreement as are required by law or otherwise necessary for the proper conduct of the affairs of the Company and the discharge of the Manager's obligations under this Agreement;
- (c) open accounts with such authorised bank as the Company may from time to time appoint as its bankers in the Company's name, into which all moneys coming into the hands of the Manager on behalf of the Company will be paid, and operate such bank accounts, authorise the making of withdrawals from such bank accounts, and sign cheques or authorise the signing of cheques drawn on such bank accounts, in accordance with any authority given by the Board from time to time in relation to such bank accounts;
- (d) as soon as practicable, on receipt of any moneys received on behalf of the Company, pay such moneys into a bank account held in the name of the Company;
- (e) subject to any direction of the Board, hold or arrange the holding of all certificates or other documents of title received in respect of the Company safe and secure on behalf of the Company;
- (f) subject to there being sufficient funds available to the Manager in the Company's bank accounts, meet all liabilities of the Company in relation to this Agreement as and when such liabilities become due and payable, with the exception of the fees and costs payable to the Manager under this Agreement, which may only be paid with the prior approval of the Board;
- (g) use its best endeavours to collect all outstanding moneys owing by debtors of the Company (including any moneys due to the Company under a Lease) and if necessary the Manager will, if required by the Board, commence litigation in the name of the Company which may reasonably be considered necessary for the Company to collect any outstanding debts, subject to any directions which may from time to time be given to the Manager by the Board;
- (h) advise the Board on risk management matters, including reviewing and advising on insurance arrangements;
- (i) procuring and managing legal, accounting and other professional service providers engaged to assist the Company;
- (j) conduct any litigation in respect of which the Company has any interest either as plaintiff, defendant or third party subject to any directions which may from time to time be given to the Manager by the Board;
- (k) arrange for the annual financial statements of the Company to be audited by the Company's

auditor, including the audit of the calculation of the Management Fee and other costs under this Agreement in respect of the accounting period concerned;

- (l) prepare and file all returns and notices required to be filed by the Company under any Laws;
- (m) give to the Company all such assistance as the Company may reasonably require in connection with the preparation and filing of all tax returns (including GST returns) required to be filed by the Company;
- (n) be responsible for financial and treasury management, including:
 - (i) the negotiation and supervision of all financial indebtedness of the Company that may from time to time be incurred or desired to be incurred by the Company;
 - (ii) ensuring compliance with borrowing obligations and related security arrangements;
- (o) at all times keep comprehensive and up to date records of all transactions entered into by the Manager relating to the Services, and retain copies of such records for at least such periods as are required by law or for so long as the Manager provides the Services until they are delivered up to the Company;
- (p) ensure that should the administrative duties be subcontracted, that such subcontractor will undertake to at all times maintain in full force a professional indemnity insurance policy which covers all duties such subcontractor so performs;
- (q) ensure compliance by the Company with all relevant Laws, including the Companies Act 1993, Securities Act 1978, Financial Reporting Act 1993, Privacy Act 1993;
- (r) liaise with the Company's share registrar to ensure that the register of shareholders is adequately maintained; and
- (s) arrange with the share registrar to pay any dividends declared by the Board;
- (t) prepare and circulate notices, agendas and board papers for meetings of the Board;
- (u) attending meetings of the Company, the Board and shareholders, whenever reasonably requested by the Board and reporting to the Board at each meeting of the Board and otherwise when and as reasonably requested, on:
 - (i) the Company's financial performance;
 - (ii) any major maintenance, refurbishment or other work required to be carried out in respect of the Property or any issues or potential issues regarding the Property's compliance with any applicable statutory or regulatory regime;
 - (iii) past or upcoming events, actions or occurrences of a material nature;
 - (iv) any actual or potential threats to or opportunities for the Company, or the Company's business, including any actual or threatened litigation against the Company (including in respect of the Property) or any actual, threatened or proposed regulatory or legislative proposal or action;
 - (v) any matters which the Manager believes should be brought to the Board's attention; and
 - (vi) such other matters as the Board reasonably requires;
- (v) arrange the Company's shareholder meetings and give notices of any such meeting to all

shareholders in accordance with the Constitution, and otherwise undertake all required shareholder communications;

- (w) keep minutes of all proceedings of all Board meetings, Board committee meetings and shareholder meetings;
- (x) prepare an annual budget for the Company and present the budget to the Board for approval (the approved budget being the **Annual Budget**). The Annual Budget must provide details relating to the Property, including details of:
 - (i) income (rental revenue, building operating expense recoveries, other revenue);
 - (ii) expenses (property operating costs, outgoings and other expenses); and
 - (iii) capital expenditure; and
- (y) prepare reports for presentation at each scheduled Board meeting. Each report must include, as a minimum, the following information:
 - (i) comparisons between budgeted, actual year-to-date and year end forecast financial information;
 - (ii) operational successes, challenges, failures and emerging issues;
 - (iii) property market activity;
 - (iv) risks, including identification of all risks, risk status level and management mitigation plans;
 - (v) identification and assessment of financial opportunities external to budget assumptions;
 - (vi) property valuation as carried out pursuant to the relevant regulations and Company policies; and
 - (vii) level of compliance with applicable regulations and legislation.