

**AGREEMENT BETWEEN**

**DMS PROGROWERS LIMITED**

**AND**

**DMS GROUP LIMITED**

**DATED**

**18 July 2018**

**THIS AGREEMENT** made the 18th day of July 2018.

**BETWEEN:** DMS PROGROWERS LIMITED (with its successors called "Progrowers")

**AND:** DMS GROUP LIMITED (formerly Direct Management Services Limited)  
(with its successors called "Group")

**WHEREAS:**

1. Progrowers carries on the business of packing and coolstorage of Kiwifruit.
2. At the request of Progrowers, Group has agreed to manage this business for the period on the terms and at the remuneration below set forth.

**AGREEMENT**

Progrowers and Group agree that:

1. Group will continue to manage the business until terminated as per Clause 6.
2. The duties of Group shall be:
  - 2.1 In February of each year to submit to Progrowers a detailed budgeted of income and expenditure for the year commencing on 1 February next and a schedule of works proposed to be undertaken and plant and machinery proposed to be purchased or upgraded during such year and if Progrowers approve such schedule then to arrange for such works to be carried out and for such purchases or upgrading to the best of its ability during this year to which the schedule relates.
  - 2.2 To arrange for the purchase of all packing materials required for the business.
  - 2.3 To call tenders and obtain quotations for the supply of goods and services to and the carrying out of works for Progrowers and to evaluate all such tenders and quotations.
  - 2.4 To prepare and finalise contracts with growers for the harvest and grading and packing of their fruit.
  - 2.5 To arrange for the picking for growers crops, their collection from the orchard and transport to Progrowers packhouse and their packing and grading to the quality standards laid down and administered by Zespri Group Ltd.

- 2.6 In the coolstorage of export Kiwifruit to comply in all respects with the terms of any agreement for the cool storage of export Kiwifruit to which Progrowers is a party.
  - 2.7 To use its best endeavours to ensure that Progrowers coolstorage and packaging facilities are employed to their capacity and are obtained in an efficient and competitive manner.
  - 2.8 To use their best endeavours to arrange for the sale of Kiwifruit which is unsuitable for export.
  - 2.9 To use their best endeavours to keep the customers of Progrowers informed as to the operations of the Company and to increase the number of those customers.
  - 2.10 To advise Progrowers on the employment of staff and to supervise and direct the staff employed by Progrowers.
  - 2.11 To provide such administration and accountancy services as shall be necessary for the proper management and administration of Progrowers business and for proper and efficient accounting and reporting to the directors and shareholder of Progrowers.
3. Progrowers will pay Group for its services as follows:
- I. On the 20<sup>th</sup> day of each month following the issue by Group of an invoice for the same it shall reimburse Group for all out of pocket expenses incurred by Group in carrying out its management functions including the costs of promotions, stationery, telephones and postages.
  - II. On 30<sup>th</sup> of June in each year a management fee equal to 6 cents for each tray equivalent of Kiwifruit packed by Progrowers.
  - III. On 30<sup>th</sup> of November in each year a management fee equal to 5 cents per each tray equivalent Kiwifruit cool stored by Progrowers.
  - IV. On 30<sup>th</sup> of November in each year Each "B" Share shall confer the right to a special dividend plus any resident withholding tax and imputation credits shall be equivalent to the average amount of the rebate made in respect of each "A" share of which a rebate is made provided that such dividend shall be reduced by such amount as is necessary to ensure that the aggregate of the dividends paid on the "B" shares (including resident withholding tax and imputation credits) does not exceed the aggregate of the rebates made to the holders of the "A" shares."
  - V. On 31<sup>st</sup> of August in each year a bonus equal to 25% of the super profit made by Progrowers during the year to 31<sup>st</sup> of January just ended.
4. All the payments provided for in Clause 3 of this agreement are exclusive of GST and Progrowers shall add GST to them.



5. For the purpose of calculating the bonus payable to Group:
- I. Progrowers super profit in any year shall be calculated as follows:
    - (a) the total net profit of the Company before tax, before rebates paid to Growers, and before interest on term debt;
    - (b) adjusted so as to exclude any non-operating items such as changes in accounting estimates (as defined in NZ IAS 8) including increases or decreases in asset valuations, and
    - (c) less the Company's normal profit (as defined below).
  - II. The normal profit of Progrowers in any year shall be deemed to be 15% of the average funds employed by Progrowers in any year.
  - III. The average funds employed by Progrowers in any year are the weighted average of the shareholders' funds and term borrowings employed by Progrowers during that year but excluding shareholders' funds generated by profits made during that year which are retained by the Company.
6. The Agreement continues until the first to occur of the following:
- I. It is lawfully terminated pursuant to clause 6A of the Agreement
  - II. Group ceases to hold a majority of the "B" shares in Progrowers.
- 6.A If Group makes substantial default under this Agreement and such default continues for longer than twenty (20) working days after the date of its receipt of notice in writing from Progrowers specifying the default and requiring the default to be remedied, Progrowers shall have the right, by notice in writing to Group and without prejudice to its other rights and remedies, to terminate this agreement. In the event that Group denies the default alleged is sufficiently substantial to enable termination the issue shall be determined in accordance with clause 7 of the Agreement.
7. Should any dispute arise between the parties they shall first negotiate in good faith in an endeavour to resolve the issue. If negotiations are unsuccessful they shall endeavour to settle the dispute by mediation. If that, too, fails they shall refer the dispute to arbitration by a single arbitrator to be appointed, in default of agreement, by the President for the time being of the New Zealand Institute of Arbitration Act 1996 and its amendments. For the purposes of this clause negotiation or mediation shall be deemed to be unsuccessful if the dispute is not settled within 14 days of either party requesting the other in writing that such negotiation or mediation be undertaken.

**IN WITNESS WHEREOF** these presents have been executed the day and year first  
hereinbefore written.

**SIGNED** by the said )  
**DMS Progrowers Limited** )  
in the presence of: )

Minette McInnes Director  
(Witness signature)

Minette McInnes  
(Full name of witness)

Accountant  
(Occupation)

Tauranga  
(Address)

**SIGNED** by the said )  
**DMS Group Limited** )  
in the presence of: )

Minette McInnes Director  
(Witness signature)

Minette McInnes  
(Full name of witness)

Accountant  
(Occupation)

Tauranga  
(Address)