

Management Agreement

Investore Property Limited

Company

and

Stride Investment Management Limited

Manager

Date 10 June 2016

BELL GULLY

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This **Management Agreement** is made on 10 June 2016

between (1) **Investore Property Limited (Company)**

and (2) **Stride Investment Management Limited (Manager)**

Introduction

- A. The Company holds a portfolio of retail properties and proposes to acquire certain large format retail properties.
- B. The Company wishes to appoint the Manager as the exclusive provider to the Company of ongoing management services (including asset management services) in respect of the Company and its operations, and the Manager wishes to accept that appointment, on the terms and conditions set out in this Agreement.

It is agreed

1. Interpretation

1.1 Definitions

In this Agreement, unless the context requires otherwise:

Accounting Services Fee means the accounting services fee to be paid to the Manager under clause 6.4(f);

Aggregate Percentage Return has the meaning given to that term in clause 6.2(b);

Agreement Date means the date of this Agreement;

Annual Budget has the meaning given to that term in Schedule 1;

Asset Management Fee means the asset management fee to be paid to the Manager under clause 6.3;

Board means the board of directors of the Company;

Board Policies and Charters means the:

- (a) Securities Trading Policy and Guidelines;
- (b) Board Charter;
- (c) Audit and Risk Committee Charter;
- (d) Remuneration and Nomination Committee Charter;
- (e) Code of Ethics;

- (f) Market Disclosure Policy;
- (g) Diversity Policy;
- (h) Health and Safety Board Charter; and
- (i) Terms of Reference for the Directors,

in respect of the Company as at the Agreement Date, as amended from time to time in accordance with clause 4.4(g);

Building Management Fee means the building management fee to be paid to the Manager under clause 6.4(a);

Business Day means a day (other than a Saturday or Sunday) on which registered banks are open for general banking business in Auckland;

Capital Expenditure Fee means the capital expenditure fee to be paid to the Manager under clause 6.4(d);

Carried Forward Return means, in respect of the Quarter in respect of which the Initial Performance Fee is calculated, nil, and in respect of each subsequent Quarter, the return determined in accordance with clause 6.2(c), expressed as a percentage;

Closing Share Price has the meaning given to that term in clause 6.2(e)(i)(B)(I);

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, customers (including Lessees), systems, processes, plans or pricing of a party (or of a Related Company) or a Property of 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 Agreement Date;

Conflicts Policy means the conflicts policy adopted by the Manager and provided to the Company on or prior to the Agreement Date, as amended from time to time by the Manager in accordance with clause 4.17;

Delegated Authorities means such authorities delegated by the Board in writing to the Manager from time to time;

Development Properties means any real property asset owned or leased by the Group which is either:

- (a) under construction; or
- (b) is fully vacant and undergoing refurbishment work,

in each case for which no certificate of practical completion has been issued in respect of such development or refurbishment work;

Disengagement Services means performing the following:

- (a) transferring, relocating or (with the Board's prior written consent) disposing of equipment and tangible property owned by the Group from the Manager's sites to the locations designated by the Company;
- (b) providing reasonable access to premises, staff and information relevant to the Management Services;
- (c) assisting with the transfer of relevant contracts (including sub-contracts and third party software licences) relating exclusively or primarily to the provision of the Management Services to the Group or to a third party designated by the Company as a successor manager;
- (d) migrating relevant software owned by the Group, together with the Group's data, to the relevant Group member or to a third party designated by the Company as a successor manager;
- (e) consultancy services required to assist with the seamless migration of the Management Services to the Group or to a third party designated by the Company as a successor manager; and
- (f) such other services as the Company may reasonably require to ensure an orderly and timely migration of the Management Services from the Manager to the Group or to a third party designated by the Company as a successor manager;

Fee Commencement Date means the date on which shares in the Company are first allotted to investors pursuant to the Offer Document;

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), act 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;

GAAP means generally accepted accounting practice in New Zealand as defined in section 8 of the Financial Reporting Act 2013, including New Zealand equivalents of International Financial Reporting Standards;

Group means the Company and every Subsidiary of the Company and also includes a separate reference to any member of the Group, and to two or more members of the Group;

Initial Performance Fee means the amount, if any, calculated (having regard to clause 6.1) as at 31 March 2017 as a Performance Fee under clause 6.2 for the period between the Performance Fee Commencement Date and the last day of the Performance Fee Commencement Date Quarter;

Investment Policy means the investment objectives, philosophy and strategy described in clause 4.2, as amended from time to time in accordance with that clause;

Laws means:

- (a) any statute, regulation, by law, 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 any tenancy, lease, licence to occupy or other right of occupation in relation to the whole or any part of the Properties;

Leasing Fee means the leasing fee to be paid to the Manager under clause 6.4(c);

Lessees means any tenant, lessee, licensee or occupier under any Lease;

Listing Rules means the listing rules of NZX Limited in relation to the NZX Main Board;

Maintenance Fee means the maintenance fee to be paid to the Manager under clause 6.4(e);

Management Fees means the fees to be paid to the Manager under clause 6;

Management Services has the meaning given to that term in clause 4.3;

Mark means any name, brand or logo (and all versions and derivations thereof) owned by, or associated with, the Company, the Group or the Group's business in the future and, in each case, includes the Group's intellectual property (if any) in those Marks, but excludes the name, brand or logo of the Manager;

Month means a calendar month;

Offer Document means the product disclosure statement expected to be dated on or around 10 June 2016 pursuant to which ordinary shares in the Company are offered to the public for subscription;

Opening Share Price has the meaning given to that term in clause 6.2(e);

Performance Fee means the performance fee to be paid to the Manager under clause 6.2;

Performance Fee Commencement Date means the six month anniversary of the date on which shares in the Company are first allotted to investors pursuant to the Offer Document;

Performance Fee Commencement Date Quarter means the Quarter in which the Performance Fee Commencement Date falls;

Properties means the land together with all buildings and improvements thereon and other properties from time to time owned by the Group (or any of them) or leased by the Group (or any of them) from any other person and **Property** means any one of the Properties;

Quarter means each three-month period ending on the last day in March, June, September and December of each year, except that the Quarter in respect of which the Initial Performance Fee and the Terminal Performance Fee are calculated may be a shorter period;

Related Company has the meaning given to that term in section 2(3) of the Companies Act 1993, provided that, for this purpose, references to "company" in that section extend to any body corporate or legal person wherever incorporated or registered;

Sale Fee means the sale fee to be paid to the Manager under clause 6.4(b);

Shareholder Return has the meaning given to that term in clause 6.2(e);

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

Terminal Performance Fee means the amount, if any, calculated (having regard to clause 6.1) as at the Termination Date as a Performance Fee under clause 6.2 for the period from the first day of the Quarter in which the Termination Date occurs and the Termination Date;

Termination Date means the date any termination of this Agreement takes effect in accordance with the terms of this Agreement, including following the expiry of any applicable notice period;

Tier means \$750,000,000;

Value of Investment Property means the Value of Property less the total value of any Development Properties;

Value of Property means the total value of all real property assets owned or leased by the Group during all or part of the relevant Year, as determined in accordance with GAAP and calculated on a daily basis so as to reflect revaluations, acquisitions and disposals of assets occurring during the Year, with the value attributed to each such asset being the value stated or reflected in the latest full year or half year financial statements of the Company, adjusted for:

- (a) if an asset has been independently valued since the date of those financial statements and prior to the date of calculation the value stated in such independent valuation will, from the date of the valuation, be the value attributed to that asset; and
- (b) if an asset has been acquired during the relevant Year and after the date of those financial statements, and paragraph (a) does not apply, the value attributed to that asset will, from the date of the acquisition, be the historic cost (being either the acquisition cost or the development cost as depreciated in accordance with GAAP) of the asset; and
- (c) if an asset has been agreed to be sold during the relevant Year the value attributed to that asset will, up to the date of disposition, be the price received or receivable for the asset on disposition;

VWAP means volume weighted average price; and

Year means the 12 month period ending on 31 March in each calendar year provided that:

- (a) the first Year is to be the period beginning on the Fee Commencement Date and ending on the next following 31 March; and
- (b) the final Year is to be the period ending on the date of termination of this Agreement and beginning on the immediately preceding 1 April.

1.2 General references

In this Agreement, unless the context otherwise requires:

- (a) a reference to a clause, schedule or annexure is a reference to a clause of, schedule to, or annexure 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 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 Agreement Date);
- (d) references to and expressions used in connection with financial calculations, valuations, accounting or financial reporting functions or their description in this Agreement bear the respective meanings ascribed to like expressions or expressions to similar intent under GAAP;
- (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 the appointment, as the sole and exclusive provider of the Management Services from the Agreement Date on the terms and conditions contained in this Agreement.

2.2 Exclusive appointment

While this Agreement is in force, the Company will not appoint, and will procure that no other member of the Group will appoint, any other person to provide any of the Management Services to be provided by the Manager under this Agreement, or such services as are comparable to the Management Services to be provided under this Agreement, except:

- (a) if the Manager actually or practically refuses or fails to provide any Management Service as and when it is required to do so under this Agreement and, following request in writing by the Company to provide the Management Service, the Manager has not (without good reason) provided that Management Service within a reasonable time frame in the circumstances;
- (b) where the Company is entitled to arrange for the alternative provision of Management Services under clause 9.2(d);

- (c) as a temporary measure, if there is an emergency or event of Force Majeure which prevents the Manager from providing all or some of the Management Services but only to the extent that such Management Services cannot be provided by the Manager;
- (d) where the Company wishes to transition the provision of one or more of the Management Services from the Manager to the Company or to a third party during the notice period where the Agreement has been validly terminated; or
- (e) with the prior written consent of the Manager.

To avoid any doubt, the Board may, at the cost of the Company, at any time, and for any reason, engage consultants or advisors to advise the Board on any matter (which, for the avoidance of doubt, shall not include performing Management Services).

2.3 Application of exceptions

If any member of the Group arranges services under and by virtue of the exceptions in clause 2.2, then the reasonable cost of those services will be deducted from the Management Fees before any further Management Fees are payable to the Manager provided that, for any period, the amount of the deduction shall not in any case exceed the amount of the Management Fees for that period and the Manager shall not be liable to make any payment to the Company in respect of services arranged or procured by it under and by virtue of those exceptions.

2.4 Staff

- (a) The Manager is responsible for ensuring that it has the resources and expertise to meet its obligations under this Agreement, including providing the Management Services.
- (b) The Manager will ensure that all employees involved in the performance of the Management Services have sufficient and appropriate expertise and experience so as to enable the Manager to effectively and efficiently carry out the Management Services in accordance with this Agreement.
- (c) The Manager will ensure that each employee of the Manager engaged by the Manager for the provision of Management Services always acts consistently with, and so as to give effect to, this Agreement.

3. Term

This Agreement will be effective from the Agreement Date and will continue in force until such time as it is terminated in accordance with the provisions of this Agreement.

4. Manager's obligations

4.1 Direction and supervision of the Board

- (a) Subject to any other provision of this Agreement, the business and affairs of the Company are to be managed by the Manager under this Agreement under the direction and supervision of the Board and the Board retains complete discretion to oversee the Manager's management of the same, and to direct the Manager to act in relation to the Group as the Board believes is reasonably necessary. The Manager will act in accordance with all such directions from the Board unless they are

inconsistent with the rights and obligations of the Manager under this Agreement, the Investment Policy or a breach of Law.

- (b) From time to time, the Board may delegate any one or more of its powers, other than a power set out in the Second Schedule to the Companies Act, to the Manager under a Delegated Authority. Any Delegated Authority will take effect when conferred on the Manager and may be revoked by notice in writing by the Board to the Manager at any time.

4.2 Investment Policy

- (a) The Company and the Manager agree that the business and affairs of the Company must be undertaken and managed in accordance with the investment objectives, philosophy and strategy specified in Schedule 2 to this Agreement (the **Investment Policy**), as may be amended from time to time by written agreement of the Board and the Manager.
- (b) From time to time as reasonably determined by the Board, but at least every two years, the parties will carry out a joint review of the Investment Policy, provided that no changes to the Investment Policy will be deemed to occur or arise as a consequence of any such review unless the Manager and the Company agree to any such change.

4.3 Management Services

In consideration for payment of the Management Fees, the Manager will perform the following management services (**Management Services**) for the Company:

- (a) the services set out in Schedule 1; and
- (b) such other services expressly agreed in writing by the parties as being within the scope of the Management Services from time to time,

in accordance with the Investment Policy and any business plans approved by the Board from time to time.

4.4 Duties

The Manager, in performing the Management Services, will:

- (a) provide the Management Services in a skilled and professional manner consistent with a standard of competence which can reasonably be expected from someone of good standing engaged by companies in the property investment sector for services of a magnitude and nature similar to those to be provided by the Manager;
- (b) manage the Group's business in such a way as to seek to maximise the value of the investment of the shareholders in the Company over the medium to long term, provided that, for the avoidance of doubt, the Manager gives no warranties as to the performance, prospects or profitability of the Company and no guarantees that the value of the shareholders' investment will be maintained or increased;
- (c) act at all times in the best interests of the Company and the other members of the Group;
- (d) act in good faith;
- (e) exercise due care in exercising the rights, powers and authorities granted to it under this Agreement;

- (f) act in accordance with the Investment Policy;
- (g) act in accordance with the Board Policies and Charters, as may be amended from time to time by written agreement of the Board and the Manager (the Manager's agreement not to be unreasonably withheld);
- (h) ensure the Manager has sufficient resources, experience and expertise so as to provide the Management Services when and in the way and to the standard required by this Agreement and otherwise to meet its obligations under this Agreement;
- (i) use all reasonable endeavours to comply with, and ensure that each member of the Group complies with:
 - (i) the constitution of each member of the Group;
 - (ii) all Laws;
 - (iii) the Listing Rules (if applicable); and
 - (iv) any rules or requirements of any self-regulatory organisation to which the Company is affiliated,in each case to the extent applicable; and
- (j) keep and maintain records in relation to the Group and the Manager's performance of the Management Services under this Agreement in such a form so as to enable the Manager to provide the Company with access to such records in accordance with clause 4.5.

4.5 Access to Manager's information

The Manager will provide the Company with:

- (a) access to the Manager's documents, records and other information relating to the Company, the Group, the business of the Company or the Group, this Agreement and the Management Services at any time during business hours upon reasonable notice; and
- (b) reasonable assistance for the purposes of enabling the Company and/or its advisers, auditors or agents (other than, in each case, any competitor of the Company) to monitor the Manager's compliance with the terms of this Agreement, including by:
 - (i) allowing any of those persons to inspect such documents, records and other information on the Manager's premises; and
 - (ii) allowing those persons to take accurate and complete copies of such documents, records and other information.

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 4.5(a) for a period of seven years or for such shorter period as (in respect of all or such specified documents, records and other information) the Board decides.

4.6 Authority

The Manager will not:

- (a) have any authority to act or to assume any obligations on behalf of the Company or any other member of the Group; or
- (b) represent by act or omission that it is the agent of the Company or any other member of the Group,

except in accordance with, and subject to the conditions of, this Agreement or any Delegated Authorities.

4.7 Engaging advisers

The Manager may, in accordance with the powers delegated to it by the Board and at the expense of the Company, appoint advisers to act for the Company, or any other member of the Group, in respect of accounting, tax and audit matters, legal matters and other external consulting matters. Where required by the Company, each such adviser appointed by the Manager must agree and acknowledge that:

- (a) it owes a duty of care to, and contractual responsibilities to, the Company or the relevant member of the Group in respect of its advice; and
- (b) all warranties or guarantees given in respect of its advice are given to, or for the benefit of, the Company or the relevant member of the Group.

The Company acknowledges that any such advisers appointed by the Manager will be providing the relevant advice to the Company and that, in the absence of gross negligence or wilful default by the Manager, the Manager will not be responsible for any loss incurred by the Company arising out of or in connection with any advice provided to the Company by an adviser engaged by the Manager under this clause.

4.8 Manager acts as agent of the Company

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

4.9 Costs, disbursements and expenses

- (a) Subject to clause 4.9(c) and clause 4.10, all third party costs properly and reasonably incurred by or on behalf of the Manager in the performance of its obligations under this Agreement in its capacity as manager and agent of the Company, shall be the costs of the Company only. To the extent these costs are paid by the Manager, the Company will reimburse the Manager.
- (b) Subject to clause 4.9(c) and clause 4.10, the third party costs properly and reasonably incurred by or on behalf of the Manager that the Company is to bear in accordance with clause 4.9(a) include, without limitation, the following third party costs to the extent they are properly and reasonably incurred:
 - (i) costs incurred in connection with the establishment, initial public offering and listing of the Company;
 - (ii) legal fees and expenses incurred by the Manager in respect of the Group's business (excluding any legal fees incurred by the Manager in connection with a dispute with the Group under this Agreement);
 - (iii) all costs and expenses incurred in connection with the acquisition, disposal, development, financing, leasing and any other dealing with any Property or other asset of the Group;

- (iv) all fees and expenses relating to advice in respect of the Group or its assets payable to valuers and professional advisers (including accounting and taxation advisers) whether or not they are associates of the Manager (provided that any fees and expenses payable to associates of the Manager that exceed amounts calculated on an arm's length basis or which are not at least as favourable to the Company as could have been obtained elsewhere at the same time as the Manager entered into the relevant agreement, shall not be borne by the Company);
- (v) all taxes, fees or other governmental charges levied against the Company and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Group;
- (vi) all costs of prosecuting or defending any legal action by a third party for or against any member of the Group, the Manager or their affiliates (except to the extent that the person incurring the expense is grossly negligent or to have wilfully defaulted, in which case those expenses paid or reimbursed must be repaid) and provided that any such legal action against the Manager or its affiliates relates to the role of the Manager pursuant to this Agreement;
- (vii) all other expenses of the Group's operations, including costs and fees of trustees, custodians, insurance coverage (including directors and officers and professional indemnity insurance) and insurance of the assets of the Group, and any bank charges;
- (viii) all auditing fees in relation to the Group or any special purpose vehicle established by the Group;
- (ix) all costs associated with raising or attempting to raise new capital, debt or other funding for the Group;
 - (A) the costs of the Company incurred in connection with the listing or quotation of Company securities, including:
 - (B) the costs payable to third parties for establishing and maintaining securities registers;
 - (C) office expenses associated with postage, cheques, transaction advices, accounts, distribution statements, notices, reports and other documents sent to an investor;
 - (D) the costs of dealings with NZX Limited or any other body in respect of the listing or quotation of Company securities;
 - (E) the costs of dealing with investor enquiries and complaints;
 - (F) the costs of investor communications and public relations advisers; and
 - (G) the costs associated with publications and other marketing and promotional costs, including roadshows and presentations, whether in relation to the establishment of the Company or on an ongoing basis;
- (x) the fees payable to any regulatory, industry or other similar body in relation to the Company or any member of the Group;
- (xi) the costs associated with the assigning or maintenance of a credit rating to the Company, the Group or any assets;

- (xii) the costs of convening and holding meetings of holders of securities of the Company and the implementation of any resolutions; and
 - (xiii) the costs associated with the termination, winding up or liquidation of the Company, any member of the Group or the retirement or removal of the Manager (other than fees paid for Disengagement Services under clause 9.4, which, for the avoidance of doubt, will not be payable twice by the Company).
- (c) The Manager will be responsible for:
- (i) all of its normal day-to-day operating expenses, such as the compensation of its staff involved in the performance of the Management Services and, if applicable, the cost of office space, office equipment, communications, utility and other such normal overhead expenses; and
 - (ii) third party costs directly related to the provision of the Management Services, except to the extent that those third party services are typically outside of the usual skills and expertise of an experienced property business manager.

4.10 **Manager's authority to incur costs, disbursements, expenses and other amounts**

- (a) The Manager shall in carrying out its obligations under this Agreement be subject to the direction of the Board (acting reasonably) in respect of the incurring of any cost, disbursement, expense or other amount as agent and on behalf of the Company.
- (b) The Manager shall not incur on behalf of the Company any costs, charges, expenses or liabilities except to the extent:
 - (i) provided for in the Annual Budget or the then applicable business plan approved by the Board;
 - (ii) authorised under any Delegated Authorities; or
 - (iii) otherwise approved in writing by the Board.

4.11 **Staff**

- (a) The Company acknowledges that the Manager:
 - (i) may determine all matters relating to its organisational structure in its sole discretion; and
 - (ii) is free to organise itself and put in place its own arrangements as it determines as necessary to allow it to deliver the Management Services,

provided that it consults with the Board regarding all material matters affecting the Manager's ability to deliver the services required under this Agreement.
- (b) Notwithstanding sub-clause (a) above, the Manager remains responsible for providing access to, or otherwise employing, all staff necessary to perform the Manager's obligations under this Agreement.

4.12 **Manager's responsibility**

Without limiting clause 2.4, the Manager will:

- (a) use all reasonable endeavours to ensure that all employees and permitted sub-contractors engaged in performing Management 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 Group for, the acts and omissions of such employees and any sub-contractors.

4.13 Insurance

The Manager will ensure that it has in place, at all times during the term of this Agreement, such professional indemnity insurance and other insurance, and the extent of coverage for such insurance, as is reasonable for a service provider providing services in the nature of the Management Services and as is consistent with any relevant good industry practice, with a minimum insured sum of \$20,000,000.

4.14 Assets

- (a) The Manager will ensure that all Properties, assets, rights and other property of the Company or other member of the Group are held in the name of the Company or the relevant Group member. Such Properties, assets, rights and other property include:
 - (i) anything which is, or should be, included in the Company's or a Group member's statement of financial position or statement of financial performance;
 - (ii) all consents, warranties, titles, patents, trade marks and design rights; and
 - (iii) all intellectual property purchased by or developed exclusively for and at the expense of the Company or the Group (whether before or after the Agreement Date) or used exclusively for the provision of the Management Services or in the operations and/or management of the Company or the Group's business, transactions or affairs.
- (b)
 - (i) The Manager will as soon as practicable notify the Company if the Manager becomes aware of any infringement or potential infringement of any Mark. The Manager will take all steps as are reasonably necessary to ensure that a Mark is only used consistently with, and for the purposes of, this Agreement.
 - (ii) If this Agreement is terminated, the Manager will, at its own cost and expense:
 - (A) promptly cease to use, and not thereafter use either directly or indirectly in any manner any Mark or any sign, word, brand or symbol which is confusingly similar to it;
 - (B) not do, or omit to do, any act or thing which may cause or tend to cause a third party to believe that the Manager is associated with, or connected with, the Company or the Group;
 - (C) promptly deliver to the Company (or dispose of or otherwise deal with as directed by the Company) any material incorporating a Mark or to which a Mark may have been applied; and
 - (D) ensure that its agents, employees and contractors comply with these provisions.
- (c) The Manager acknowledges that, as between it and the Company, if:

- (i) it has any rights in or to the Group's intellectual property (including a Mark) or the goodwill in the Group's intellectual property (including a Mark), those rights will automatically vest exclusively in the Company (if necessary, for the Group) on termination of this Agreement; and
- (ii) it 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.

4.15 Provision of Management Services by sub-contractors and related parties

- (a) The Manager may perform some or all of the Management Services by and through sub-contractors at the Manager's sole discretion and cost, provided that the Manager must not subcontract the performance of its obligations under this Agreement in respect of the Management Services without the Board's prior written consent (such consent not to be unreasonably withheld).
- (b) No such subcontracts will relieve the Manager from its responsibility to the Company to deliver and perform the Management Services or other obligations of the Manager under this Agreement. It will be the Manager's responsibility to ensure any subcontractors comply with the terms and conditions of this Agreement.
- (c) The Manager is to notify the Board in writing of the appointment or termination of appointment of any subcontractor within ten Business Days of such appointment or termination and, as part of such notification, provide confirmation to the Company that the relevant subcontractor(s) have the necessary competence and skill to perform the sub-contracted tasks.
- (d) The Manager may appoint any associate of the Manager as a sub-contractor to perform Management Services in accordance with this clause 4.15.

4.16 Review of Performance

From time to time as reasonably determined by the Board, but at least every two years, the parties will carry out a joint review of the Manager's performance of its obligations under this Agreement and the delivery of the Management Services by the Manager. The review will be conducted by two independent members of the Board and two members of the board of directors of the Manager or such other persons as the parties may agree. It is agreed that:

- (a) the review will not give rise to any additional rights of termination of this Agreement; and
- (b) no changes to this Agreement, the Management Services or the fees payable under this Agreement will be deemed to occur or arise as a consequence or outcome of any such performance review unless the Manager and the Company agree to any such change in writing or such change is permitted under the terms of this Agreement.

4.17 Conflicts Policy

- (a) The Company acknowledges that the Manager:
 - (i) has been appointed by Stride Property Limited and by Equity Trustees Limited as trustee of the Diversified NZ Property Trust to provide to it management services similar to the Management Services; and
 - (ii) may from time to time be appointed by other parties to perform management services similar to the Management Services for those parties,

- (iii) and has adopted the Conflicts Policy, which sets out the Manager's procedures for managing conflicts that may arise by virtue of its role as manager for different entities.
- (b) The Manager agrees to act in accordance with the Conflicts Policy.
- (c) The Manager:
 - (i) must consult with the Company prior to making any amendment to the Conflicts Policy, other than an amendment that in the opinion of the Manager (i) is made to correct a manifest error, or is of a formal or technical nature, and (ii) the interests of the Company will not be prejudiced by the amendment;
 - (ii) subject to clause 4.17(c)(iii), may not amend the Conflicts Policy without the prior written consent of the Company (which consent is not to be unreasonably withheld or delayed); and
 - (iii) may amend the Conflicts Policy without the prior written consent of the Company if it considers (acting reasonably and in good faith) that the interests of the Company will not be materially prejudiced by the amendment. Any amendments to the Conflicts Policy made by the Manager in accordance with this clause 4.17(c)(iii) are to be promptly notified to the Company in writing.
- (d) Notwithstanding clause 4.17(a), (b) and (c), the Company agrees with the Manager that, in the event that the application of the Conflicts Policy results in an Investment Opportunity (as defined in the Conflicts Policy) being appropriate for consideration under clause 3.4 of the Conflicts Policy by each of the Company and either Diversified NZ Property Trust or Diversified NZ Property Fund Limited (together, **Diversified**), or in any other circumstance the Company could be competing with Diversified in respect of the acquisition of other real property, the Company will not participate in that process under clause 3.4 of the Conflicts Policy or seek to acquire the Investment Opportunity or other real property (each an **LFR Opportunity**), and the Manager will not recommend the LFR Opportunity to the Company for acquisition, until the earlier of:
 - (i) the date on which Diversified notifies the Manager that it does not wish to further pursue the LFR Opportunity; and
 - (ii) the date that the Manager (acting reasonably) determines that Diversified will not proceed with that LFR Opportunity,

(the relevant date being the **Diversified Lapse Date**). From the Diversified Lapse Date the Manager will offer the relevant LFR Opportunity to the Company for consideration for acquisition and, subject to any right that Stride Property Limited (**Stride**) has under the letter agreement dated 10 June 2016 between Stride and the Company entitled *Large Format Retail properties* (including the right or ability to pursue acquisitions or hold Large Format Retail properties as described in clauses 2.1(a), (b) and (c) of that letter agreement), it will not recommend that LFR Opportunity for acquisition to any other person managed by the Manager until the earlier of:

 - (iii) the date on which the Company notifies the Manager that it does not wish to further pursue the LFR Opportunity; and
 - (iv) the date that the Manager (acting reasonably) determines that the Company will not proceed with that LFR Opportunity.

The agreement in this clause 4.17(d) is solely between the Company and the Manager, may be changed at any time by agreement in writing between them and

does not create rights that are enforceable by Diversified or any other person not party to this Agreement other than Stride.

5. Company's obligations

5.1 Access to Company's information

The Company will provide, and the Company will procure that any other member of the Group provides, to the Manager for the purposes of allowing the Manager to meet its obligations under this Agreement:

- (a) access to the entity's documents, records and other information relating to the Group;
- (b) access to the entity's directors; and
- (c) such other reasonable assistance as is necessary.

5.2 Accounts

- (a) Subject to sub-clause (b) below, the Company will ensure that at all times there are sufficient monies in its bank accounts to enable the Manager to pay the Company's expenditure.
- (b) The Manager is to use reasonable endeavours to ensure the Company is able to comply with sub-clause (a) above and will notify the Board immediately it considers the Company may be unable to meet its budgeted expenditure.
- (c) The Company grants the Manager the authority to draw on the Company's bank accounts for the purpose of making payments on behalf of the Company to cover properly incurred costs, disbursements and expenses, including the payment of Management Fees.
- (d) The Company and the Manager will ensure that all of the Company's income and expenditure (whether relating to the Properties or otherwise) is paid into and from the Company's bank accounts.

5.3 Board appointment rights

- (a) Subject to the Listing Rules and the requirements of any waiver of the Listing Rules granted by NZX from time to time (if applicable), for such time as the Manager is acting as manager pursuant to this Agreement, the Manager will be entitled, by notice in writing to the Company, to appoint up to 50% of the total number of directors (inclusive of the directors appointed by the Manager) to the Board (and to substitute or remove such directors by notice in writing to the Company). The Company will procure that its constitution expressly provides such right of appointment of Directors and confers appropriate rights on the Manager to protect such rights of appointment and the Company will use its best endeavours to obtain all necessary consents and waivers to maintain and give effect to the rights of the Manager under this clause 5.3(a).
- (b) The Company will, to the extent necessary, take all reasonable steps to maintain the currency of a waiver or ruling by NZX which will entitle the Manager to exercise its rights in accordance with clause 5.3(a). The Company will consult with the Manager regarding any communications with NZX regarding such waiver or the related provisions of the Listing Rules.

6. Management Fees

6.1 Accrual of Performance Fee

The Performance Fee will accrue and be payable from and including the Performance Fee Commencement Date to and including the Termination Date. If:

- (a) in the case of the calculation of the Initial Performance Fee, the Performance Fee Commencement Date occurs on a date that is not the same date as the start of a Quarter; or
- (b) in the case of the calculation of the Terminal Performance Fee, the Termination Date occurs on a date that is not the same date as the end of a Quarter,

then the percentages against which the Aggregate Percentage Return is to be measured and the Carried Forward Return is to be determined will be adjusted on a pro rata basis.

6.2 Performance Fee

(a) Requirement to provide calculations

Forthwith after the end of each Quarter, the Manager will calculate and determine for that Quarter:

- (i) the Shareholder Return;
- (ii) the Carried Forward Return;
- (iii) the Aggregate Percentage Return; and
- (iv) the Performance Fee (if any),

and will, if requested by the Board, promptly provide each of those determinations and determinations, and any reasonable supporting material used in their calculation, to the Company. This clause also applies, amended as necessary, in connection with the calculation of the Initial Performance Fee and the Terminal Performance Fee.

(b) Calculation of Aggregate Percentage Return

- (i) The **Aggregate Percentage Return** for a Quarter is the aggregate of:
 - (A) the Shareholder Return for that Quarter; and
 - (B) the Carried Forward Return from the previous Quarter, adjusted pursuant to clause 6.2(b)(ii) below,

in each case expressed as a percentage.

- (ii) For the purposes of clause 6.2(b)(i)(B) above, in respect of the eighth and each subsequent Quarter following (and excluding) the Performance Fee Commencement Date Quarter (the **Performance Fee Calculation Quarter**), the Carried Forward Return from the previous Quarter is to be adjusted as follows:
 - (A) if the Shareholder Return for the eighth Quarter preceding (and excluding) the Performance Fee Calculation Quarter (the **Expired**

Quarter) was less than 2.5%, the Carried Forward Return for the Performance Fee Calculation Quarter is to be adjusted by the amount of the difference between 2.5% and that Shareholder Return (expressed as a positive percentage, so that the Carried Forward Return is increased by the amount of the difference);

- (B) if the Shareholder Return for the Expired Quarter was equal to or greater than 2.5%, but not more than 3.75%, no adjustment is to be made to the Carried Forward Return for the Performance Fee Calculation Quarter; and
 - (C) if the Shareholder Return for the Expired Quarter was greater than 3.75%, the Carried Forward Return for the Performance Fee Calculation Quarter is to be adjusted by the amount of the difference between 3.75% and that Shareholder Return (expressed as a negative percentage, so that the Carried Forward Return is decreased by the amount of the difference).
- (iii) The parties agree and record that the arrangements in this clause 6.2(b) are intended to operate such that Shareholder Return for a Quarter will cease to be taken into account when calculating the Performance Fee for a subsequent Quarter after the expiry of two years from the last day of that Quarter. To the extent that any provision of this clause 6.2 is inconsistent with the intention stated in this clause 6.2(b)(iii), each of the parties is to take all actions necessary or desirable to amend this Agreement to remove such inconsistency or conflict with the intention.
- (c) **Calculation of Performance Fee**

Subject to clause 6.2(f), the Performance Fee for a Quarter is to be calculated as follows:

- (i) if the Aggregate Percentage Return for the Quarter is less than 2.5%:
 - (A) no Performance Fee will be payable for that Quarter; and
 - (B) the Carried Forward Return for that Quarter will be the difference between 2.5% and the Aggregate Percentage Return for the Quarter (expressed as a negative percentage);
- (ii) if the Aggregate Percentage Return for the Quarter is equal to or greater than 2.5%, but is equal to or less than 3.75%:
 - (A) a Performance Fee is payable equal to 10% of the amount by which the Aggregate Percentage Return for that Quarter exceeds 2.5% (expressed as a percentage), multiplied by the weighted average number of shares in the Company on issue during the Quarter, multiplied by the Opening Share Price; and
 - (B) the amount of the Carried Forward Return for that Quarter will be nil; and
- (iii) if the Aggregate Percentage Return for the Quarter is greater than 3.75%:
 - (A) a Performance Fee is payable equal to 10% of 1.25%, multiplied by the weighted average number of shares in the Company on issue during the Quarter, multiplied by the Opening Share Price; and

- (B) the amount of the Carried Forward Return for that Quarter will be the difference between the Aggregate Percentage Return for the Quarter and 3.75% (expressed as a positive percentage).

(d) **Rounding**

For the purposes of clauses 6.2(a) to 6.2(c):

- (i) except where clause 6.2(d)(ii) applies, returns and amounts will be calculated to as many decimal places as the computation system used for the purpose permits but, in any event, to at least four decimal places; and
- (ii) in respect of an amount to be paid as a Performance Fee, the amount will be rounded using Swedish rounding.

(e) **Calculation of the Shareholder Return**

- (i) The **Shareholder Return** for a Quarter is the percentage change in the price of a Share on the NZX Main Board over that Quarter, taking any dividends into account, calculated on the basis of the percentage change between:

- (A) the opening price of a Share for a Quarter, being the Closing Share Price for the previous Quarter, or in the case of the calculation of the Initial Performance Fee (if any), the higher of:

- a) the VWAP of the Shares traded on the NZX Main Board during normal market trading hours on the last five trading days before the Performance Fee Commencement Date (or, if there are no trades on any one of those days, then the VWAP of trades during normal market trading hours on the last five trading days before the Performance Fee Commencement Date on which trades occurred); and
- b) the price at which Shares were allotted to investors pursuant to the Offer Document,

(the **Opening Share Price**); and

- (B) the aggregate of:

- a) the closing price of a Share for a Quarter, being the VWAP of the Shares traded on the NZX Main Board during normal market trading hours on the last five trading days of the Quarter (or, if there are no trades on any one of those days, then the VWAP of trades during normal market trading hours on the last five trading days of that Quarter on which trades occurred) (the **Closing Share Price**); and
- b) in respect of any Quarter in which the Ex Date for a dividend falls, the amount of that dividend per Share. In this clause (II), **Ex Date** has the meaning given to that term in the Listing Rules.

- (ii) Adjustments will be made by the Manager to the calculation of the Opening Share Price to take into account the effect of rights issues and other changes in capital structure that occur in the relevant Quarter. The Manager will ensure that the method of calculation that it uses is approved by a suitably qualified independent accountant as being fair and reasonable in the circumstances.

(f) **Performance Fee cap**

- (i) This clause 6.2(f) applies notwithstanding clause 6.2(c) above.
- (ii) If, in respect of a Quarter, the aggregate of:
 - (A) the Performance Fee calculated for that Quarter pursuant to clause 6.2(c) (as may be increased pursuant to clause 6.2(f)(v) below); and
 - (B) the aggregate amount paid on account of the Performance Fee to the Manager for each of the three preceding Quarters (or, if there have been fewer than three preceding Quarters, the total number of preceding Quarters) (**Preceding Quarters**),

is greater than 0.20% of the Value of Property as at the last day of that Quarter (as may be adjusted pursuant to clause 6.2(f)(iii) below) (the **Rolling Annual Cap**), the amount payable on account of the Performance Fee for that Quarter is to be reduced to the amount of the Rolling Annual Cap less the aggregate amount paid to the Manager on account of the Performance Fee for the Preceding Quarters.

- (iii) In assessing under clause 6.2(f)(ii) whether the Performance Fee for:
 - (A) the Performance Fee Commencement Date Quarter and the three subsequent Quarters; and
 - (B) the Quarter in which the Termination Date occurs and the three Preceding Quarters,

exceeds the Rolling Annual Cap, the percentage used to calculate the Rolling Annual Cap will be adjusted so that the Rolling Annual Cap is calculated on the basis of 0.05% of the Value of Property at the end of each of the Quarters in respect of which the determination is being made, with the percentage of 0.05% being adjusted on a pro rata basis for:

- (C) the Performance Fee Commencement Date Quarter, if the Performance Fee Commencement Date occurs on a date that is not the same date as the start of a Quarter; and
 - (D) the Quarter in which the Termination Date occurs, if the Termination Date occurs on a date that is not the same date as the end of a Quarter.
- (iv) The **Carried Forward Cap Amount** for a Quarter is the amount (if any) by which the amount of the Performance Fee for that Quarter is reduced pursuant to clause 6.2(f)(ii) above, expressed as a dollar amount.
- (v) The Performance Fee calculated for a Quarter pursuant to clause 6.2(c) is to be increased by the Carried Forward Cap Amount from the previous Quarter, as adjusted pursuant to clause 6.2(f)(vi) below.
- (vi) For the purposes of clause 6.2(f)(v) above, in respect of the eighth and each subsequent Quarter following (but excluding) the Performance Fee Commencement Date Quarter (in each case, the **Performance Fee Calculation Quarter**), the Carried Forward Cap Amount from the previous Quarter is to be adjusted so that it is the higher of:
 - (A) that Carried Forward Cap Amount less the Carried Forward Cap Amount for the eighth Quarter preceding (but excluding) the Performance Fee Calculation Quarter; and

(B) nil.

- (vii) If, due to a reduction in the Value of Property in a Quarter, the aggregate amount paid on account of the Performance Fee for each of the Preceding Quarters exceeds the Rolling Annual Cap calculated for the relevant Quarter, then for the avoidance of doubt the Manager is not liable to refund the amount paid to it on account of the Performance Fee in excess of the Rolling Annual Cap in respect of the Preceding Quarters.

(g) **Illustrative Performance Fee example**

An illustrative example of the calculation of the Performance Fee using hypothetical figures is set out in Schedule 3. In the event of any conflict, the illustrative example set out in Schedule 3 is subject in all respects to the provisions of clause 6.2.

6.3 **Asset Management Fee**

The Asset Management Fee will be payable from and including the Fee Commencement Date to and including the Termination Date and will be an amount equal to:

- (a) 0.55% of the Value of Investment Property, to the extent that the Value of the Investment Property is less than or equal to the Tier; plus
- (b) 0.45% of the Value of Investment Property, to the extent that the Value of the Investment Property exceeds the Tier,

(plus GST if any) per Year.

6.4 **Additional Management Fees**

The Company will pay to the Manager the following fees in addition to the Asset Management Fee, each of which will be payable from and including the Fee Commencement Date to and including the Termination Date:

(a) **Building Management Fee**

The Company will pay to the Manager a Building Management Fee of \$10,000 (plus GST) per Year in respect of each Property held by the Company during all or part of the relevant Year, as calculated on a daily basis so as to reflect acquisitions and disposals of assets occurring during the Year.

(b) **Sale Fee**

If completion occurs under an agreement or other arrangement for the sale or other disposition of any Property (other than an agreement or other arrangement for the sale or other disposition of any Property that was executed or entered into by the Company prior to the Fee Commencement Date), the Company will pay to the Manager a Sale Fee equal to 0.50% of the price for such sale or other disposition (plus GST).

(c) **Leasing Fee for new and renewed leasing**

Where a new Lease is arranged by the Manager and entered into, or a right of renewal under an existing Lease is exercised, in respect of all or any part of any Property for a term of at least one year, the Company will pay to the Manager a Leasing Fee of 8.0% of the annual gross rent payable under the lease (plus GST). No Leasing Fee is payable in respect of:

- (i) an agreement or other arrangement for a new or renewed Lease that was executed or entered into by the Company prior to the Fee Commencement Date; or
 - (ii) a new Lease that has not been arranged by the Manager.
- (d) **Capital Expenditure Fee**

If any development, project or other work of a capital nature is required to be carried out in respect of all or any part of any Property, the Manager will arrange for that work to be carried out, and oversee it, on behalf of the Company in consideration for the payment by the Company of a Capital Expenditure Fee equal to 4.0% of the cost of that project work to the Company excluding this Capital Expenditure Fee (plus GST).
- (e) **Maintenance Fee**

If any repair and maintenance work is required to be carried out in respect of all or any part of any Property (other than repair and maintenance work carried out by Lessees), the Manager will arrange for that work to be carried out, and oversee it, on behalf of the Company in consideration for the payment by the Company of a Maintenance Fee equal to 4.0% of the cost of that work to the Company excluding this Maintenance Fee (plus GST).
- (f) **Accounting Services Fee**

The Company will pay the Manager an Accounting Services Fee of \$250,000 (plus GST if any) per Year. The amount of the Accounting Services Fee is to be reviewed annually by the Board and, following such review, may be amended by agreement between the Company and the Manager, provided that the amount of the Accounting Services Fee is to remain no less than \$250,000 (plus GST if any) per Year.

6.5 Manner of payment

- (a) **Performance Fee**

The Performance Fee will, following the Performance Fee Commencement Date, be calculated for each Quarter in accordance with clause 6.2 and each such calculation will, unless the Board agrees otherwise, be verified by the Company's auditors. Following verification of the calculation by the Company's auditors, the Performance Fee will be put to the independent directors on the Board for approval to be paid to the Manager by the 20th day of the month following the receipt of such verification or, if the parties agree to a different checking and authorisation process, the completion of such process.
- (b) **Asset Management Fee, Building Management Fee and Accounting Services Fee**
 - (i) Subject to clause (ii), the Asset Management Fee, the Building Management Fee and the Accounting Services Fee are to be paid by the Company monthly, in advance, on the first day of each Month to which the payment relates. Where the first day of a Month is not a Business Day, the Asset Management Fee, Building Management Fee and Accounting Services Fee are to be paid by the Company on the first Business Day after the first day of the relevant Month. At the beginning of each Year the Manager will render a perpetual invoice to the Company for the monthly Asset Management Fee, Building Management Fee and Accounting Services Fee expected to be payable for each Month of the upcoming Year.

- (ii) The Asset Management Fee, Building Management Fee and Accounting Services Fee for the period from the Fee Commencement Date until the end of the Month in which the Fee Commencement Date falls shall be payable by the Company on the Fee Commencement Date.
- (c) **Sale Fee and Leasing Fee**
 - (i) If completion occurs under an agreement or other arrangement for the sale or other disposition of any Property, the Manager is to render an invoice to the Company for the amount of the Sale Fee payable in respect of such sale or other disposition.
 - (ii) If a Lease is duly executed by all relevant parties, the Manager is to render an invoice to the Company for the amount of the Leasing Fee payable in respect of that Lease.
 - (iii) Each invoice rendered under clauses 6.5(c)(i) and 6.5(c)(ii) 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.
- (d) **Capital Expenditure Fee and Maintenance Fee**
 - (i) Capital Expenditure Fees and Maintenance Fees are to be paid on a monthly basis with the Manager to render an invoice to the Company each Month for the amount of the Capital Expenditure Fee and Maintenance Fee for that Month.
 - (ii) Each invoice rendered under clause (i) is to be paid by the Company on or before the 20th of the Month following the Month in which the Company receives a correctly rendered invoice from the Manager.

6.6 Adjustments

If, for any reason, the total amount paid under clause 6.5(b) on account of the Asset Management Fee or Building Management Fee for a Year is more or less than the actual amount of the Asset Management Fee or Building Management Fee for that Year, as calculated in accordance with clause 6.3 or 6.4(a), 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.

6.7 Review of methodology or basis of calculation

At any time, but not more than once every two calendar years, either party may by three months' notice in writing to the other, request a meeting of the parties to consider the amendments, if any, that may be desirable to the methodology or basis of calculation of the Management Fees. Within 20 Business Days of receipt of such a notice, the parties will make a senior officer or director available to meet with the representative appointed by the other party to review the Management Fees and the representatives will so meet. It is agreed that:

- (a) the review will be confidential to the parties;
- (b) the review will not give rise to any additional rights of termination of this Agreement; and
- (c) no changes to this Agreement or the Management Fees (or the methodology or basis of calculation of Management Fees) payable under this Agreement will be deemed to

occur or arise as a consequence or outcome of any such performance review unless the Manager and the Company agree to any such change in writing.

6.8 Cost recovery

(a) Cost recovery

- (i) For the period from the Agreement Date to the Fee Commencement Date (the **Cost Recovery Period**), the Manager's normal day-to-day operating costs and expenses, to the extent they are applicable to Management Services carried out for the Company pursuant to this Agreement, are to be reimbursed by the Company to the Manager in accordance with this clause 6.8.
- (ii) The Manager's normal day-to-day operating costs and expenses include:
 - (A) the cost (inclusive of all PAYE, accident compensation levies and other deductions) of:
 - a) all salaries;
 - b) all annual leave entitlements;
 - c) all sick leave entitlements;
 - d) all superannuation entitlements;
 - e) the proportionate share of any long service leave entitlements or redundancy compensation or entitlements which accrue to an employee in respect of the Cost Recovery Period; and
 - f) any other remuneration costs or employment-related benefits,

paid or to be paid by the Manager to each employee (or, if such employee carries out work in the course of his or her employment that is not applicable to Management Services carried out for the Company, the proportionate share of such employee's applicable costs, such proportionate share determined by the Manager in its sole discretion, acting reasonably); and
 - (B) overhead expenses such as the cost of office space, office equipment, communications and utility (or the proportionate share of such expenses that are applicable to Management Services carried out for the Company, such proportionate share determined by the Manager in its sole discretion, acting reasonably).

(b) Payment

- (i) Amounts under this clause 6.8 are to be paid on a monthly basis with the Manager to render an invoice to the Company each Month for the amounts incurred under this clause 6.8 for that Month.
- (ii) Each invoice rendered under clause (i) is to be paid by the Company on or before the 20th of the Month following the Month in which the Company receives a correctly rendered invoice from the Manager.

(c) Intention

- (i) The parties agree that the arrangements in this clause 6.8 are intended to operate on a cost recovery basis such that the Manager:
 - (A) will recover from the Company all costs and expenses incurred by it in providing resources and services to the Company during the Cost Recovery Period under and in accordance with the terms of this Agreement; but
 - (B) shall not, and nor shall any of its related parties, make an overall profit in connection with the provision by it of resources and services during the Cost Recovery Period under and in accordance with the terms of this Agreement.
- (ii) To the extent that any provision of this Agreement is inconsistent with the intention stated in clause 6.8(c)(i), each of the parties is to take all actions necessary or desirable to amend this Agreement to remove such inconsistency or conflict with the intention.

7. Confidentiality

7.1 Restricted disclosure and use

Except to the extent set out in this clause 7 or otherwise expressly permitted in this Agreement or required by law or regulation, 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 personnel, advisors or financiers permitted under paragraphs (c) and (d) without first obtaining the written consent of the other party;
- (c) may disclose Confidential Information to its personnel 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 the personnel have first been made aware of their obligations to keep such information confidential and of the obligations in this clause 7, and it ensures that such personnel comply with those obligations;
- (d) may only disclose Confidential Information to:
 - (i) its professional advisers if such disclosure is necessary for the purposes of receiving professional advice in relation to this Agreement; and
 - (ii) its financiers if such disclosure is necessary for the purposes of a bona fide funding arrangement,

and those professional advisers and financiers 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.

7.2 Continuing obligations

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

7.3 Return of information

- (a) Following termination of this Agreement, each party will promptly 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.
- (b) The obligation under clause 7.3(a) does not apply to any Confidential Information which is not readily accessible to due to the party's standard data storage procedures, provided that the party does not access or restore that Confidential Information without the prior written consent of the other party.

8. Ownership of information

8.1 Ownership

The Manager acknowledges that all records, documents and information held by the Manager or prepared by or on behalf of the Manager exclusively for the purposes of, or in connection with, the provision of the Management Services under this Agreement are the property of the Company or another Group member, 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.

8.2 Access

If, following return by the Manager of any such records, documents and information, the Manager requires access to such records, documents and information 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 or other statutory related matters arising as a consequence of the provision of the Management Services, the Company will, and the Company will procure that any other member of the Group will, following receipt of a written request from the Manager to that effect, permit the Manager such access to such 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 or relevant Group member may be subject and, for the avoidance of doubt, the obligations in clause 7 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 or any member of the Group to the exclusion of the remainder of clause 8.2 above; and
- (b) if the Company determines in good faith that the Company or any member of the Group 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 or any member of the Group, 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 determines, in good faith, are appropriate to ensure that the right to claim privilege cannot be jeopardised by such access.

9. Termination

9.1 Termination for convenience

The Manager may terminate this Agreement at any time by giving the Company 12 months' written notice (or as otherwise agreed between the parties in writing), and the Company will, on the Termination Date, pay to the Manager an amount equal to any accrued and unpaid fees and costs.

9.2 Termination on default

(a) Default by either party

Notwithstanding any other provision in 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:

- (i) 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) or voluntary administration;
- (ii) a receiver, receiver and manager or administrator is appointed in respect of all or substantially all of the assets of the Defaulting Party;
- (iii) an application is made to the Court or a meeting is called for any of those purposes in (i) and (ii) 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);
- (iv) the Defaulting Party is unable to pay its debts as they become due;
- (v) 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 is not to be unreasonably withheld);
- (vi) a statutory manager of the Defaulting Party is appointed under the Corporations (Investigation and Management) Act 1969; or
- (vii) the Defaulting Party commits a material breach of a material provision of this Agreement (which, in the case of the Manager, must be a breach specified in clause 9.2(b)) and (if the breach is capable of remedy) fails to remedy the breach within 20 Business Days (or where the breach is remediable in a longer period, such longer period as the Non-Defaulting Party agrees, acting reasonably) after receipt of written notice from the Non-Defaulting Party requiring it to remedy the breach,

provided that the Company may only exercise the right of termination under this clause 9.2(a) if the termination has been approved by special resolution of shareholders of the Company other than the Manager or Associated Persons (as such term is defined in the Listing Rules) of the Manager, at a properly called, quorate meeting of the Company. The Manager will not, and will use its reasonable endeavours to procure that its Associated Persons do not, vote on any such special resolution.

(b) Material breach by the Manager

- (i) Without limiting clause 9.2(a)(vii), the Manager will be deemed to have committed a material breach of a material provision of this Agreement if:
 - (A) it commits a breach or a series of related breaches of this Agreement which, in aggregate, have a material and adverse effect on the Company's financial performance, business or assets; and
 - (B) the Board provides a certificate to the Manager signed by two directors:
 - a) specifying the nature and characteristics of each of the breaches in reasonable detail;
 - b) describing the effect on the Company's financial performance, business or assets; and
 - c) certifying that the breaches have had, in aggregate, a material and adverse effect on the Company's financial performance, business or assets; and
 - (C) the Manager has not:
 - a) remedied those breaches, or such of those breaches so that the remaining breaches cease to have a material and adverse effect on the Company's financial performance, business or assets, or compensated the Company for those breaches, to the satisfaction of the Board acting reasonably; or
 - b) if the breaches cannot be remedied, compensated the Company for any such breaches (to the satisfaction of the Board acting reasonably) and taken steps to ensure that the breaches do not happen again (to the satisfaction of the Board acting reasonably),

in each case within 40 Business Days of receiving the certificate (or where the breach is remediable in a longer period, such longer period as the Company agrees, acting reasonably).
- (ii) The Manager will also be deemed to have committed a material breach of a material provision of this Agreement if the Manager commits any act of fraud in connection with this Agreement which has a material and adverse effect on the Company's financial performance, business or assets which is not able to be compensated or remedied by a payment by the Manager.

(c) No fees payable on termination by the Company

If this Agreement is terminated by the Company under clause 9.2(a) or 9.2(b) no fees or costs will be payable by the Company to the Manager other than any accrued and unpaid fees and costs up to the Termination Date.

(d) Alternative provision of Management Services

If the Manager has committed a material breach of a material provision of this Agreement within the meaning of clause 9.2(b), the Company may arrange for some or all of the Management Services to be provided by an alternative manager until the Manager has remedied the material breach to the Company's reasonable satisfaction or, if the breach is not capable of remedy, taken steps to ensure it does not happen again to the Company's reasonable satisfaction. If an alternative manager is

appointed under this clause 9.2(d), the fees payable to such alternative manager may be deducted from fees payable to the Manager under clause 6.

9.3 Obligations on termination

On the Termination Date:

(a) **Company property**

the Manager will deliver, or cause to be delivered, to the Company all property of the Company or of any other member of the Group, including all certificates, accounting records, correspondence, and all other records relating to the affairs of the Company or of any other member of the Group in the possession or under the control of the Manager or any sub-contractor of the Manager;

(b) **Authorities**

the Manager will deliver to the Company all forms of proxy, letters of authority, mandates or powers of attorney which may have been issued to it by the Company or by any other member of the Group;

(c) **No authority**

the Manager will not hold itself out as having authority to negotiate, contract or take any other action on behalf of, or as agent for, the Company or any other member of the Group; and

(d) **Resignation**

if so requested by the Company, the Manager will obtain the resignation as a director of any Group member of any person nominated by the Manager as a director of such Group member.

9.4 Disengagement

- (a) The Manager will provide Disengagement Services to the Company if so requested by the Company in writing following the service of a termination notice under this clause 9 or under clause 11.2. The Disengagement Services will be provided in a timely manner and to the standards required for the provision of Management Services under this Agreement including without limitation clause 4.4(a) for a period until the Company is satisfied (acting reasonably) that the Management Services have been fully transitioned to the person to assume responsibility for those services, provided that the period will not exceed six months following receipt of the Company's written request (the **Disengagement Period**).
- (b) In addition to the Disengagement Services, during the Disengagement Period the Manager will continue to supply such Management Services as are requested by the Company.
- (c) The Company will continue to pay the Management Fees for the Disengagement Period.
- (d) During the Disengagement Period this Agreement will remain in force and, if purportedly terminated earlier, will only terminate at the end of the Disengagement Period.

10. Indemnities

10.1 Manager

The Manager will indemnify and hold the Company or any member of the Group or their directors indemnified from and against any losses, liabilities, costs, claims, demands and expenses whatsoever suffered which are made against or incurred by the Company or any other member of the Group or any member of the Group or their directors as a result of:

- (a) material unauthorised acts of the Manager, fraud, dishonesty, gross negligence, wilful default or wilful breach of the terms of this Agreement by the Manager; or
- (b) any claim made or threatened against the Company or any member of the Group by any employee or sub-contractor engaged, or formerly engaged, by the Manager in providing Management Services,

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

10.2 Company

- (a) In carrying out its obligations under this Agreement, the Manager acts as agent for the Company and the other members of the Group to the extent of authorities and powers conferred under this Agreement and the Company will indemnify and hold the Manager and its directors indemnified from and against any losses, liabilities, costs, claims, demands and expenses whatsoever suffered which are made against 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, other than in the case of 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 pursuant to this Agreement, the Manager is to notify the Company in writing as soon as practicable after the Manager becomes aware of such matters, 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, proceedings, claims or demands brought or threatened against it in respect of which the Manager is, or may be, entitled to indemnification pursuant to this indemnity, without first consulting with and discussing such action with the Company or where it would be unreasonable to do so.

10.3 Reliance of Manager

The Manager shall not incur any liability, or be responsible under any indemnity, to the Company in respect of:

- (a) any action taken or thing suffered by the Manager in reasonable reliance upon any notice, resolution, direction, consent, certificate, receipt, affidavit, statement, certificate of stock, plan of reorganisation or other paper or documents reasonably believed by

the Manager (as the case may be) to be genuine and to have been passed or signed by the proper parties;

- (b) any failure to perform or do any act or thing which, by reason of any Law or any decree, order or judgment of any competent court, the Manager is hindered, prevented or forbidden from so doing or performing;
- (c) any payments made by the Manager in good faith notwithstanding that it may be determined by any court or similar body that any such payment need not have been made;
- (d) any action taken or not taken by the Manager in accordance with a request or direction of the Board or the Company;
- (e) actions taken or not taken by the Manager on the opinion or advice of or a certificate obtained from any lawyer, accountant, surveyor, broker, auctioneer, banker or other expert in New Zealand or elsewhere in their field of expertise (which may not be a Related Company of the Manager) and the Manager shall not be responsible for any loss occasioned by so acting so long as the Manager has no reason to believe that the opinion or advice is not authentic and the Manager has not acted fraudulently, dishonestly, negligently, in wilful default or in wilful breach of the terms of this Agreement.

10.4 Mitigation

Each party will take reasonable steps to mitigate any claim, liabilities, costs, expenses, 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).

11. Force Majeure

11.1 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 11 have no liability in respect of the performance of such of its obligations as are prevented by the Force Majeure events during the continuation of such events, and for such time after they cease as is necessary for that party, using all reasonable endeavours, to recommence its affected operations in order for it to perform its obligations.

11.2 Long term failure

If either party is prevented from performance of all or substantially all of its obligations 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 that rights and liabilities which accrued prior to such termination will continue to subsist.

11.3 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 Management Services to the Company and the Group is crucially important to the proper operation of the Company and the Group's business and the Manager is committed to, and will make available such resources as are necessary for, such proper operation.

12. Dispute Resolution

12.1 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 12.

12.2 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 the Chairperson of the Board and the Manager will direct the Chairperson of the Manager's board of directors (or, where that Chairperson is also a member of the Board, another independent director of the Manager) to use his or her reasonable endeavours to resolve the dispute within 10 Business Days (or such other time as the parties agree) from the date the dispute is referred to him or her; and
- (b) if the dispute is not resolved under clause 12.2(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.

12.3 Manager to continue providing services

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

13. Notices

13.1 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:
 Stride Investment Management Limited
 Level 12, 34 Shortland Street, Auckland 1010
 Facsimile: +64 9 913 2810
 Email: Philip.Littlewood@strideproperty.co.nz

Attention: Philip Littlewood, General Manager, Investment Management

Company:
 Investore Property Limited
 Level 12, 34 Shortland Street, Auckland 1010
 Facsimile: +64 9 913 2810
 Email: Philip.Littlewood@strideproperty.co.nz

Attention: Philip Littlewood, General Manager, Investment Management

13.2 Notice effective

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

(a) Facsimile and email

in the case of a facsimile or email, on the Business Day on which it is sent or, if sent after 5pm (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) Personal delivery

in the case of personal delivery, when delivered; and

(c) Post

in the case of a letter, on the third Business Day after posting by fastpost or by airmail.

14. General

14.1 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.

14.2 Assignment

- (a) 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 sub-contracting in accordance with this Agreement or through an assignment of the benefit of this Agreement by way of security as part of a bona fide funding arrangement), except with the prior written consent of the other party, provided that:
 - (i) the Company will not unreasonably withhold or delay its consent to an assignment by the Manager to a Related Company; and
 - (ii) the Company will not unreasonably withhold or delay its consent to an assignment by the Manager where the Manager proves to the reasonable satisfaction of the Company that the proposed assignee is respectable, responsible and has the financial resources and technical background to meet the Manager's commitments under this Agreement.

- (b) A disposal of all or substantially all of the assets of the Group in a transaction or series of transactions is deemed to be an assignment, transfer or other disposition for the purposes of this clause 14.2.

14.3 Amendment

This Agreement may be amended at any time if both parties agree to do so in writing.

14.4 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.

14.5 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.

14.6 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.

14.7 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.

Investore Property Limited by:

Director / Authorised signatory

KATHRYN HEALY

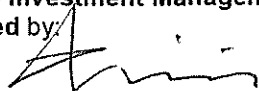
Print Name

Director / Authorised signatory

Tim Storey

Print Name

Stride Investment Management
Limited by

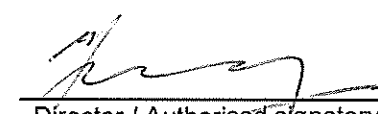


Director / Authorised signatory

Tim Storey

Print Name

Director / Authorised signatory


David van Schaardenburg

Print Name

Schedule 1: Management Services

Part A: Property Services

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

- (a) ensure, as far as is reasonably possible, that each Property is fully tenanted at all times;
- (b) promptly collect from each Lessee all rent, outgoings and any other amounts payable by the Lessee under the relevant Lease (including any arrears);
- (c) ensure, as far as is reasonably possible, that each Lessee complies with its obligations under their Lease;
- (d) deal with all day-to-day complaints and requests from Lessees and promptly notify the Company of the service upon the Manager of any notice, requisition, legal document or process setting out or claiming any actual or alleged liability on the part of the Group;
- (e) 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 Group 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 any Property;
- (f) ensure the Group complies with all of its obligations under the Property Law Act 2007;
- (g) implement, arrange, control, supervise and maintain the security systems and arrangements for each Property and keep each Property secure at all times as reasonably necessary and appropriate;
- (h) advise the Group how to minimise operating expenses and prepare an annual operating budget for each Property;
- (i) arrange, negotiate, document and supervise each Lease and any consent to assignment or subletting and any renewals or termination of any Lease, and in doing so the Manager will ensure that those documents do not restrict the Group's ability to meet its obligations under the Health and Safety at Work Act 2015;
- (j) arrange rental reviews under each Lease and under each review endeavour to achieve the best rent reasonably obtainable;
- (k) arrange, at the expense of the Company, valuations of each 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;
- (l) arrange quotations and negotiate contracts for, and supervise:
 - (i) the cleaning, routine servicing, repair and maintenance of each Property (including servicing of the lifts, air conditioning and fire equipment), the plant, equipment, fittings and fixtures of it and the carparks and landscaped areas of it; and
 - (ii) any service contracts for any Property that may be entered into by the Group.

For the purposes of this paragraph, the Manager may undertake repairs and maintenance of each Property within expenditure and budget limits previously approved in writing by the Company;

- (m) conduct inspections of each Property at intervals of not more than 12 months;
- (n) co-operate with the local authority, fire authorities and civil defence in relation to the arrangement and supervision of evacuation and emergency procedures for each Property;
- (o) oversee compliance, through independent consultants where necessary, with the Resource Management Act 1991, the Building Act 2004, the Health and 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 any Property from time to time, and in particular ensuring that:
 - (i) any incidents relating to matters covered by those laws (such as health and safety incidents) are included in reports to the Board; and
 - (ii) all prospective contractors or other persons providing services to the Group (including pursuant to paragraph (i) above) are appropriately qualified and that the terms of any contract with those service providers adequately addresses health and safety matters in a manner consistent with the procedures approved by the Board;
- (p) supervise the carrying out of any alterations to any Property by a Lessee, provided such alterations have been approved by the Company;
- (q) receive all notices and other communications from Lessees and any local authority or other regulatory authority in respect of any Property, and to either deal with or make recommendations to the Company in respect of all of these communications;
- (r) advise the Company on, and arrange for, insurance cover appropriate for each Property and the plant, equipment, fittings and fixtures on it;
- (s) liaise with the Company, and if required by the Company, the Group's insurers in relation to any loss or damage to any Property or the plant, equipment, fittings or fixtures and in relation to any other insured liability relating to any Property and to provide all details available to the Manager to assist in making any claim against the insurers;
- (t) compile and maintain all documentary records relating to any Property including all Lease documentation;
- (u) ensure each Property complies with all applicable Laws (including any requirements of any regulatory authority or the Group's insurers);
- (v) translate the Company's investment policies into strategies, engage with the Board and seek the Board's endorsement of those strategies and implement those strategies;
- (w) develop an optimal capital structure for the Group for Board endorsement and implement, manage and periodically review the Group's capital structure and develop and implement policies and procedures governing controls on management of capital structure;
- (x) identify:
 - (i) portfolio investment, divestment, development and refurbishment opportunities, carry out feasibility studies of the above opportunities, prepare and submit proposals regarding feasible opportunities to the Board for formal approval, manage the implementation of the proposal (if approved) including, where necessary, engaging outside advisors and agents, and ensuring compliance with corporate governance, and manage the transition of properties acquired into or disposed from the portfolio;

- (ii) opportunities where the Manager considers that a use of a Property for a purpose other than as a Large Format Retail asset is likely to enhance the value of the Property, and notify the Company of those opportunities;
- (y) undertake all day-to-day matters relating to the operation, maintenance and management of each 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
- (z) undertake any other services which the Company may reasonably require the Manager to carry out to ensure the proper management and control of each Property.

Part B: 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 interim reports and audited annual accounts of the Group; 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 Group'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 Group, the Manager and this Agreement as are required by law or otherwise necessary for the proper conduct of the affairs of the Group 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 Group will be paid, and operate such bank accounts, authorise the making of withdrawals from such bank accounts (including electronic payments), 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 Group, 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 Group safe and secure on behalf of the Group;
- (f) subject to there being sufficient funds available to the Manager in the Company's bank accounts, meet all liabilities of the Group incurred in connection with the performance of this Agreement as and when such liabilities become due and payable;
- (g) use its best endeavours to collect all outstanding moneys owing by debtors of the Group (including any moneys due to the Group by Lessees) and if necessary the Manager will, if required by the Board, commence litigation in the name of the Group which may reasonably be considered necessary for the Group 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 Group;
- (j) conduct any litigation in respect of which the Group 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 Group to be audited by the Group'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 all reports and announcements required by the Listing Rules, and otherwise assist the Company to comply with the Listing Rules (if applicable);

- (m) prepare and file all returns and notices required to be filed by the Group under any Laws;
- (n) give to the Group 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 Group;
- (o) implement the Company's financial and treasury management policies adopted by the Board, including:
 - (i) the negotiation and supervision of all financial indebtedness of the Group that may from time to time be incurred or desired to be incurred by the Group;
 - (ii) ensuring compliance with borrowing obligations and related security arrangements;
- (p) at all times keep comprehensive and up to date records of all transactions entered into by the Manager relating to the Management 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 Management Services until they are delivered up to the Company;
- (q) 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;
- (r) ensure compliance by the Group with all relevant Laws, including the Companies Act 1993, the Financial Markets Conduct Act 2013, the Financial Reporting Act 2013 and the Privacy Act 1993;
- (s) liaise with the Group's share registrar to ensure that the register of shareholders is adequately maintained; and
- (t) arrange with the share registrar to pay any dividends or interim dividends declared by the Board;
- (u) prepare and circulate notices, agendas and board papers for meetings of the Board;
- (v) attending meetings of the Group, 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 Group's financial performance;
 - (ii) any major maintenance, refurbishment or other work required to be carried out in respect of any Property or any issues or potential issues regarding any 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 Group, or the Group's business, including any actual or threatened litigation against the Group (including in respect of any 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;
- (w) arrange the Group's shareholder meetings and give notices of any such meeting to all shareholders in accordance with the relevant constitution, and otherwise undertake all required

shareholder communications;

- (x) keep minutes of all proceedings of all Board meetings, Board committee meetings and shareholder meetings;
- (y) otherwise assist each member of the Group to comply with its constitution and the Board Policies and Charters;
- (z) prepare an annual budget for the Group and present the budget to the Board for approval (the approved budget being the **Annual Budget**). The Annual Budget must provide details relating to each 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
- (aa) 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, year end forecast financial information and any prospective financial information issued by the Company (for the duration of the period covered by that prospective 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 Group policies; and
 - (vii) level of compliance with applicable regulations and legislation.

Schedule 2: Investment Policy

Investment Objectives

The Company's investment objective is to provide stable, secure returns to its shareholders. The Company will deliver a stable income stream through investment in Large Format Retail (LFR) property, providing high quality tenants with long lease terms and low maintenance costs. Returns will be enhanced through the use of debt sourced from bank and public markets.

LFR real estate is defined as:

- Properties have a single tenant or limited number of tenants and generally no more than 15 specialty tenants. The anchor tenant or tenants will occupy more than 50% of the net lettable area of the property and provide more than 50% of the rental income, which ensures the majority of income is contracted with nationally recognised retail companies.
- Building improvements are typically large, free-standing, rectangular, generally single-floor structures built on a concrete slab. Building improvements are straightforward with limited indoor common areas and public amenity thus minimising maintenance and capital expenditure requirements.
- The properties are well serviced by car parking facilities, with most customers expected to access the property by car.
- Anchor tenants' net lettable area is typically in excess of 2,000 sqm. Specialty tenants are typically in excess of 150 sqm, although in some limited cases may be 60 sqm or less.
- Uses include, but are not limited to, grocery, bulky goods retailing, factory outlets, general merchandise and convenience retailing.
- Most leases are structured as net leases, where the tenant is responsible for the property's operating expenses (rates, utilities and insurance), and the landlord is responsible for the maintenance of the building structure, building services and grounds maintenance.
- It includes property or land that is able to be converted into LFR real estate through asset management activities, such as change of use, leasing, development and redevelopment initiatives.
- It includes property or land that is located adjacent or adjoining to existing assets, that provides the opportunity for future redevelopment and improved returns to existing LFR assets.

Investment philosophy

The Company's investment philosophy is that LFR assets have a specific, differentiating set of attributes that can provide a reliable leveraged income return to shareholders. These attributes are:

- quality tenants, including significant national retailers, offering rental income stability;
- long weighted average lease terms; and
- buildings requiring low maintenance and capital expenditure requirements over the building life.

These attributes provide high quality income with low variability and unrecoverable costs, resulting in high income pass through to shareholders. This differentiating set of attributes supports higher

debt levels than is currently used by NZX listed real estate entities. Debt management and interest rate risk hedging strategies can be used to deliver leveraged enhanced returns while mitigating the risks associated with debt.

Investment Strategy

The Company's investment objective is to provide stable, secure return to its shareholders through investment in LFR property assets.

The Company's investment strategy is to:

- Invest in quality LFR properties that maximise distributions and total returns to shareholders over the medium to long term.
- Actively manage the properties to increase their values and income growth prospects.
- Grow rental income by attracting and retaining quality retail tenants on long leases with increases resulting from a combination of structured, market and turnover based rental reviews, targeting New Zealand properties that are well located within established markets.
- Source investment opportunities through the Manager's investment pipeline and market coverage to acquire additional LFR property in accordance with the Company's definition of LFR property and to enhance Company shareholder returns by optimising the Company's capital structure with a loan to value ratio (**LVR**) of not more than 50% (or such lower LVR set by the Board with the agreement of the Manager).
 - Investment opportunities will include off-market transactions which have the benefit of lowering the transaction costs and accessing assets not available to the general market.
 - All acquisitions and disposals of any real property asset by the Company require the recommendation of the Manager.
 - The source of funds for future acquisitions of LFR property will be debt and/or equity in a manner consistent with the Company's capital management strategy as set out below.
- Regularly review and rebalance the portfolio to ensure that progress and performance are consistent with the Company's investment objective.
- Actively manage the portfolio's weighted average lease term (WALT) to offset the natural expiry of time.
- Source opportunities to redevelop and/or expand properties to meet current and prospective tenant requirements.

Capital Management

Debt management and interest rate risk hedging strategies will be used to deliver leveraged enhanced returns while mitigating the risks associated with debt capital.

The Company is to have a LVR of not more than 50% (or such lower LVR set by the Board with the agreement of the Manager). LVR is calculated as the ratio of bank debt owing by the Company to the aggregate value of the properties owned by the Company.

The Company may raise debt or equity to fund current or future commitments. Debt and equity arrangements are to be arranged by, and require the recommendation of, the Manager.

Hedging Policy

This policy manages the risk of volatility in the Company's distributable profit resulting from changes in interest rates. Due to the long-term nature of the Company's assets and the preference to manage the risk of changes to interest rates, the Company will maintain a minimum long term fixed rate or hedged debt as a proportion of total debt. In addition, interest rate repricing risk will be spread over a range of maturities.

The Company's debt/borrowings will be maintained within the following fixed/floating interest rate risk control limits:

Fixed Rate Maturity Risk Control Limit		
Period	Minimum Cover	Maximum Cover
0 to 1 years	70%	100%
1 to 3 years	55%	100%
3 to 5 years	20%	80%
5 to 10 years	0%	60%

Schedule 3: Illustrative Performance Fee example

Illustrative Performance Fee worked example per Quarter				
Scenario		A	B	C
Reference	Description	<2.5%	>2.5% and <3.75%	>3.75%
Assumptions				
(1)	Shareholder Return for Quarter	2.00%	2.75%	4.00%
(2)	<i>Carried Forward Return (from previous Quarter)</i>	0.15%	0.15%	0.15%
(3)	Lower Shareholder Return threshold	2.50%	2.50%	2.50%
(4)	Upper Shareholder Return limit	3.75%	3.75%	3.75%
(5)	Performance Fee on assessable return	10.00%	10.00%	10.00%
(6)	Rolling Annual Cap (as % of Value of Property)	0.20%	0.20%	0.20%
(7)	<i>Performance Fee paid (preceding 3 Quarters, as % of Value of Property)</i>	0.14%	0.14%	0.14%
(6) - (7) = (8)	Available Rolling Annual Cap (% for the Quarter, as % of Value of Property)	0.06%	0.06%	0.06%
(9)	Market capitalisation (at Quarter start) (\$000s)	\$400,000	\$400,000	\$400,000
(10)	Value of Property (at Quarter end) (\$000s)	\$640,000	\$640,000	\$640,000
Calculation				
(1) + (2) = (11)	Aggregate Percentage Return ("APR")	2.15%	2.90%	4.15%
(11) over (3) or under (4) = (12)	Carried Forward Return ("CFR")	(0.35)%	-	0.40%
(11)-(12)-(3)=(13)	Assessable return for Performance Fee	-	0.40%	1.25%
(5)x(13)x(9)=(14)	Performance Fee gross (\$000s)	-	\$160	\$500
Lower of \$Nil or (14)-[(8)x(10)]= (15)	Carried forward Rolling Annual Cap (\$000s)	-	-	\$(116)
(14) + (15) = (16)	Performance Fee (\$000s)	-	\$160	\$384
(16)/(10)	Performance Fee as % of Value of Property	-	0.03%	0.06%

Note: Illustrative assumptions denoted by italic font.