

Management Agreement

Augusta Industrial Fund Limited (AIF)

Augusta Industrial Fund No.1 Limited

Augusta Industrial Fund No.2 Limited

Augusta Funds Management Limited
(Manager)



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MANAGEMENT AGREEMENT

Date: 30 April 2018

PARTIES

Augusta Industrial Fund Limited a duly incorporated company having its registered office at Level 2, 30 Gaunt Street, Wynyard Quarter, Auckland (*AIF*)

Augusta Industrial Fund No. 1 Limited a duly incorporated company having its registered office at Level 2, 30 Gaunt Street, Wynyard Quarter, Auckland

Augusta Industrial Fund No. 2 Limited a duly incorporated company having its registered office at Level 2, 30 Gaunt Street, Wynyard Quarter, Auckland

Augusta Funds Management Limited a duly incorporated company having its registered office at Level 2, 30 Gaunt Street, Wynyard Quarter, Auckland (*the Manager*)

BACKGROUND

A The Manager has established AIF to:

- A.1 initially acquire, own and develop (where appropriate) four commercial/industrial properties, three located in Auckland and one in Wellington;
- A.2 grow an industrial portfolio of commercial/industries properties through further property acquisitions; and
- A.3 provide returns to investors in AIF,

in each case, as further set out, and subject to the terms of the Product Disclosure Statement for the offer of Shares, prepared by AIF and dated on or about the date of this Agreement.

B AIF wishes to appoint the Manager as manager of AIF to provide AIF and members of the Group with ongoing investment management, property management, advisory and general administrative services on the terms detailed in this Agreement, and the Manager wishes to accept that appointment.

THE PARTIES AGREE as follows:

1 DEFINITIONS AND CONSTRUCTION

1.1 Definitions

In this Agreement, unless the context requires otherwise requires:



Acquisition Fee means an amount equal to 1.00% of the aggregate of the purchase price plus any other consideration provided or to be provided for any interest in any real property to be acquired by any member of the Group;

Additional Delegated Authorities means such additional authorities that may be delegated by the Board in writing to the Manager from time to time. For the avoidance of doubt, Additional Delegated Authorities excludes Delegated Authorities;

Agreed Form means, in relation to a document, the form of that document which has been initialled as at the date of this Agreement by AIF and the Manager for identification purposes only, in each case, with such amendments agreed in writing by AIF and the Manager;

Agreement means this agreement and includes the schedules to this agreement, and any amendments made from time to time;

AIF means Augusta Industrial Fund Limited and, where the context requires, includes any member of the Group;

Board means the board of directors, for the time being, of AIF;

Business Day means any day on which registered banks are open for business in both Auckland and Wellington;

Business Records means all documents, agreements, accounting records, correspondence, software, systems, financial models and all other papers and records relating to the business, operations and affairs of AIF and the Properties (or one or more of them as the case may be);

Claim includes a claim, notice, demand, action, proceeding, litigation, investigation, judgment, award, damage, loss, cost, expense or liability however arising, whether present, unascertained, immediate, future or contingent, whether based in contract, tort (including negligence), equity, statute or otherwise;

Commencement Date means the date on which this Agreement becomes unconditional in terms of clause 2;

Confidential Information means all commercial, financial and technical information and know-how (whether in written, documentary or other recorded or tangible form) which is supplied to, communicated to, or derived by the Manager at any time relating to AIF's undertaking, activities, business environment or prospects and which at the time it is supplied to, communicated to or derived by the Manager is not publicly known or available by reason of general publication or public knowledge but does not include:

- (a) information which at the time it is supplied to, communicated to or derived by the Manager was already in the Manager's possession and was not acquired by the Manager in the course of or incidentally to the performance by the Manager of its duties under this Agreement;



- (b) information which has reached the public domain otherwise than as a result of a breach by the Manager, or any person for whom the Manager is responsible, of the Manager's obligations under clause 18; or
- (c) information which has been or subsequently is acquired or developed by the Manager without violating any of its obligations under clause 18 and without the use of any Confidential Information;

Conflicts of Interest Policy means the conflicts of interest policy in Agreed Form;

Constitution means the constitution of AIF;

Delegated Authorities means such authorities delegated by the Board to the Manager in Agreed Form;

Disengagement Services means the services set out in Schedule 4;

Fees means the fees payable by AIF to the Manager in accordance with clause 11;

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

Gross Income means all income payable to any member of the Group pursuant to the Leases (including marketing levies and operating expenses and outgoings) including any amount received pursuant to any loss of rent or business interruption insurance policy for any Property and excluding in each case any receipts of a capital nature, any security deposits and any GST;

Group means AIF and all subsidiaries of AIF, including (as at the date of this Agreement) Augusta Industrial Fund No. 1 Limited and Augusta Industrial Fund No. 2 Limited;

GST means goods and services tax charged under the GST Act;

GST Act means the Goods and Services Tax Act 1985;

including and similar words do not imply any limitation;

Initial Subscribed Equity means the initial subscribed equity in AIF following the issue of Shares being made under the terms of the Product Disclosure Statement (which is anticipated to be \$75,000,000);

Leases means any tenancy, lease, licence to occupy or other right of occupation in relation to the whole or any part of the Properties;

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



Listed bears the meaning assigned to that term in the NZX Main Board/Debt Market Listing Rules (or any rules replacing those rules);

Management Duties means the duties imposed on the Manager and referred to in clause 5.1;

Management Fee means the fee payable by AIF to the Manager pursuant to clause 11.2;

Net Tangible Assets means the total value of all net tangible assets of the Group, calculated in accordance with GAAP and the Group's accounting policies;

NZX means NZX Limited, its successors and assigns and, as the context permits, includes any duly authorised delegate of NZX;

Outgoings means the costs of operating each Property such as maintenance, repairs, cleaning and utility charges, insurance, rates and taxes including those payable by the tenants under their respective leases;

Performance Fee means the performance fee payable by AIF, calculated in accordance with clause 11.7;

Product Disclosure Statement means the initial product disclosure statement for the offer of Shares, prepared by AIF, and dated on or about the date of this Agreement, as described in Background A;

Properties means:

- (a) 862-880 Great South Road, Penrose, Auckland;
- (b) 12 Brick Street, Henderson, Auckland;
- (c) the properties at 17 Toop Street, 25 Toop Street, 109-117 Port Road and 101-103 Port Road in Seaview Wellington which together comprise the industrial property known as "The Hub";
- (d) 20 Paisley Place, Mount Wellington, Auckland; and
- (e) such other property that the Group will acquire from time to time.

and *Property* means any one of the Properties;

Quarter means the three-month period ending on the last day of March, June, September and December in each Year;

Related Parties has the meaning set out in section 6 of the Financial Markets Conduct Act 2013; and *Related Party* means any one of the Related Parties;



Rent means all income derived from a Property (excluding GST) including rent, turnover rent, premiums, licence fees, fees for naming or signage rights, Outgoings and any expense recovery derived from the use or occupation of the Property including the car parks whether paid or calculated or payable (but excluding any management fee paid by tenants as operating expense under those leases);

Share means an ordinary share in AIF;

Special Resolution means a resolution approved by a majority of 75% of the votes of those holders of Shares entitled to vote and voting on the question;

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

Termination Fee means an amount equal to 30% of the aggregate of the Fees for the immediately preceding five years before the Termination Date;

Total Assets means the total average value of all tangible assets of the Group during all or part of the relevant Quarter, calculated by taking the aggregate value of all tangible assets of the Group at the end of each month in the Quarter and dividing that value by 3, with the value of all tangible assets in the Group calculated in accordance with GAAP and the Group's accounting policies;

Transaction Fees means any applicable transaction fees payable by AIF, calculated in accordance with clause 11.13; and

Year means the twelve month period ending on 31 March in each calendar year provided that the first Year is to be the period beginning on the Commencement Date and ending on the following 31 March.

1.2 Interpretation

In this Agreement, unless the context otherwise requires:

- (a) headings are inserted for convenience only and shall be ignored in construing this Agreement;
- (b) the singular includes the plural and vice versa;
- (c) references to a person include an individual, body corporate, an association of persons (whether corporate or not), a trust and a state and agency of a state (in each case, whether or not having separate legal personality and whether incorporated or existing in New Zealand or elsewhere);
- (d) reference to any document includes reference to that document (and, where applicable, any of its provisions) as amended, novated, supplemented or replaced from time to time;



- (e) references to sections, clauses and schedules are references to sections, clauses and schedules in this Agreement unless otherwise stated;
- (f) references to monetary amounts, money or money's worth are to New Zealand dollars unless otherwise stated; and
- (g) reference to *month* or *monthly* shall mean, respectively, calendar month or calendar monthly.

2 **CONDITION**

This Agreement is conditional upon:

- (a) an issue of Shares being made by AIF under the terms of the Product Disclosure Statement; and
 - (b) the acquisition and settlement of the Properties by the Group,
- by 15 June 2018 or such other date agreed between the parties.

3 **APPOINTMENT**

3.1 **Appointment**

AIF appoints the Manager as the sole and exclusive manager of the Group in accordance with the terms and conditions of this Agreement.

3.2 **No other appointments by AIF**

- (a) During the term of this Agreement, AIF will not itself provide nor appoint any other person to provide any of the services to be provided by the Manager under this Agreement and will procure that no other member of the Group does so.
- (b) For the avoidance of doubt, nothing in this Agreement restricts the ability of the Board or AIF to seek independent advice or appoint its own advisors from time to time.

3.3 **Acceptance**

The Manager accepts the appointment and agrees to carry out the duties on its part set out in this Agreement.

3.4 **Sub-contractors**

The Manager may act by and through any of its employees (including any employee of a Related Party of the Manager) or sub-contractors at its sole discretion. No such subcontracts will relieve the Manager from its responsibility to deliver and perform the duties under this Agreement. It will be the Manager's responsibility to ensure any subcontractors comply with the terms and conditions of this Agreement.



4 **TERM**

Subject to clause 8, the term of the appointment of the Manager is until AIF is wound up in accordance with the Constitution and the Companies Act 1993.

5 **MANAGEMENT DUTIES**

5.1 **Duties of Manager**

The Manager will perform and owes the following management duties to AIF:

- (a) investment management duties, as set out in Schedule 1;
- (b) property management duties, as set out in Schedule 2;
- (c) administration management duties, as set out in Schedule 3; and
- (d) such other duties as the Board may reasonably require from time to time.

5.2 **Discharge of Management Duties**

In the discharge of the Management Duties, the Manager will perform the Management Duties:

- (a) diligently, expeditiously, in good faith and to a high standard, acting at all times in the best interests of the Group;
- (b) with the degree of skill and due care expected of a professional property manager operating in the property management industry in exercising the rights, power and authorities granted to it, and in performing its obligations, under this Agreement; and
- (c) in accordance and compliance with:
 - (i) all applicable legal requirements;
 - (ii) any regulatory provisions that apply to either the Manager or the Group;
 - (iii) the Conflicts of Interest Policy;
 - (iv) any rules or requirements of any self-regulatory organisation to which the Manager is affiliated; and
 - (v) the reasonable requirements and directions of the Board as advised from time to time.

**5.3 Records**

During the term of this Agreement, the Manager must at all times keep comprehensive and up to date records of all transactions entered into by the Manager on behalf of, or in relation to, the Group.

5.4 Procedures

During the term of this Agreement, the Manager must have and maintain procedures and standards, and terms and conditions of employment which require its officers and employees to conduct themselves in accordance with all applicable laws and regulations.

5.5 Manager's warranties

The Manager represents and warrants that:

- (a) it has the necessary expertise, experience and facilities required to properly carry out the duties and responsibilities specified in Schedules 1 to 3; and
- (b) its obligations under this Agreement are valid and binding and enforceable in accordance with their terms against the Manager.

5.6 Authority

Subject to the Constitution and the Companies Act 1993, AIF grants the Company full powers of management and authority over the affairs of the Group and will have the exclusive right to negotiate and enter into all contracts in relation to the Properties and the Group. In particular (but without limitation), the Manager will have full power to act in accordance with the Delegated Authorities and any Additional Delegated Authorities in relation to the Group and the Properties.

5.7 Conflicts of Interest

Each party agrees to comply with the obligations on their part contained or referred to in the Conflicts of Interest Policy.

6 INSURANCE**6.1 Manager to maintain insurance**

The Manager must effect and maintain appropriate professional indemnity insurance (taking account of the scope and nature of the Manager's Management Duties under this Agreement) with a minimum insured sum of \$20,000,000, in connection with the Management Duties to be carried out by the Manager covering all persons employed by the Manager in relation to the Management Duties.

6.2 Terms of policies

The policy of insurance referred to in clause 6.1 must be with an insurer and on terms acceptable to AIF.

6.3 Inspection of policies

The insurance policy to be taken out and maintained by the Manager under this clause 6 must be taken out and the premiums paid before the Manager commences



the Management Duties and the Manager must provide evidence of the currency of the policies and payment of premiums whenever reasonably requested by AIF.

6.4 **Notification**

The Manager must promptly inform AIF of any event of which it has knowledge in respect of which AIF or any third party may be entitled to make a claim on an insurance policy.

7 **DUTIES OF AIF**

7.1 **Duties of AIF**

AIF shall (and will ensure that other members of the Group also):

- (a) *Access:* allow the Manager and the Manager's employees and permitted subcontractors and invitees access to the Properties to enable the Manager to perform its obligations under this Agreement;
- (b) *Payment:* pay the Manager the Fees in accordance with clause 11;
- (c) *Powers:* delegate to the Manager the powers, duties and discretions that the Board is competent at law to delegate to the Manager and may be necessary for the proper performance of the Manager's duties under this Agreement in accordance with the Delegated Authorities;
- (d) *Assistance:* provide any other reasonable assistance as may be necessary or desirable to allow the Manager to perform its obligations under this Agreement; and
- (e) *Responses by Board:* ensure that the Board acts in a prompt and decisive manner in responding to any recommendations or requests of the Manager.

7.2 **AIF warranties**

AIF represents and warrants that its obligations under this Agreement are valid and binding and enforceable in accordance with their terms against AIF.

7.3 **Transactions with Related Parties**

AIF shall not enter into a transaction with a Related Party unless entry into that transaction has been approved by an ordinary resolution of the shareholders of AIF in accordance with, and subject to, the terms of the Constitution, provided that AIF may enter into the following transactions without shareholder approval:

- (f) any underwriting agreement with Augusta Capital Limited or any of AIF's Related Parties provided the underwriting fee does not exceed 3% of the equity that is being underwritten by Augusta Capital Limited or AIF's Related Parties; or



- (a) any acquisition by the Group of any property owned by AIF's Related Parties, provided that the purchase price payable by the Group cannot exceed the amount determined by an independent valuer not more than four months prior to the date of the acquisition.

7.4 **Voting Restrictions**

No vote, in favour of any shareholder resolution required pursuant to clause 7.3, shall be cast on any securities held by a person who is a party, beneficiary or a Related Party of a party to the transactions the subject of the resolution.

8 **TERMINATION**

8.1 **Immediate Termination by the Manager**

The Manager will be entitled to terminate this Agreement with immediate effect by notice in writing to AIF:

- (a) if AIF becomes insolvent, makes or attempts to make any composition, assignment, or other arrangement with, or for the benefit of, its creditors or any class thereof, goes, or is put into liquidation (other than a voluntary liquidation), has a receiver or manager appointed in respect of its assets or is wound up or dissolved; or
- (b) in the circumstances referred to in clause 14.

8.2 **Immediate Termination by AIF**

AIF will be entitled to terminate this Agreement with immediate effect by notice in writing to the Manager:

- (a) if the Manager becomes insolvent, makes or attempts to make any composition, assignment, or other arrangement with, or for the benefit of, its creditors or any class thereof, goes, or is put into liquidation (other than a voluntary liquidation), has a receiver or manager appointed in respect of its assets or is wound up or dissolved or AIF reasonably considers that any of these events is about to occur and notifies the Manager accordingly;
- (b) if the Manager has failed, neglected or refused to carry out or perform any material function or action required to be carried out or performed by the Manager pursuant to the terms of this Agreement (*Non-Performance*), and:
 - (i) AIF has given the Manager notice (including details) of its Non-Performance (the *AIF Notice*);
 - (ii) the Manager has failed to cure a material breach of this Agreement arising from the Non-Performance set out in the AIF Notice within 30 Business Days, or such longer period specified by AIF, of the Manager's receipt of the AIF Notice; and



- (iii) AIF may only exercise the right of termination pursuant to this clause 8.2(b) if the termination has previously been approved by a Special Resolution of shareholders of AIF (excluding the Manager and any of its Related Parties) at a properly called quorate meeting of AIF; and

- (c) in the circumstances referred to in clause 14.

8.3 **Termination by the Manager on notice**

In addition to its termination rights contained in clause 8.1 the Manager may terminate this Agreement upon twelve months written notice to AIF.

8.4 **Termination by AIF on notice**

AIF may terminate this Agreement upon six months written notice to the Manager if the termination has, prior to the expiry of the notice period under this clause, been approved by a Special Resolution of shareholders of AIF (excluding the Manager and any of its Related Parties) at a properly called meeting of AIF.

9 **CONSEQUENCES OF TERMINATION**

9.1 **General**

Any termination of this Agreement shall be without prejudice to the rights of either party against the other in respect of any antecedent breach of any of the provisions contained or implied in this Agreement.

9.2 **Manager's obligations**

Upon termination of this Agreement by either party, the Manager shall, providing all sums due and payable from AIF to the Manager under this Agreement have been paid in full:

- (a) deliver to AIF, within 30 Business Days of termination all Business Records; and
- (b) furnish all other information and take all such reasonable actions to effect an orderly termination of the Manager's duties hereunder.

9.3 **AIF's obligations**

Upon termination of this Agreement, AIF will:

- (a) assume any remaining obligations under any contract which the Manager has entered into provided such contract is authorised under the terms of this Agreement or has otherwise been approved by AIF;
- (b) remove any reference to "Augusta" or the name of the Manager's successors in its company name;
- (c) indemnify and keep the Manager indemnified in respect of any further liability under any such contract, save for liability for breach of any such contract



caused by the Manager's act or default prior to the date of termination of this Agreement.

In the event that any fees and costs due and payable to the Manager under this Agreement, remain unpaid at the date of termination of this Agreement as the result of a bona fide dispute, then AIF must pay those monies to a solicitor appointed by agreement of the parties or failing such agreement to a solicitor appointed by the President for the time being of the Auckland District Law Society on the application of either party and that solicitor shall hold such monies on trust for the parties, pending settlement of the dispute.

9.4 **Payment obligations**

From the date of termination, no further Fees shall be payable to the Manager, save such Fees as are due and payable up to the date of such termination and any Fees paid for Disengagement Services under clause 10). Such Fees (excluding Fees for Disengagement Services) will be paid 7 Business Days after termination becomes effective.

10 **DISENGAGEMENT SERVICES**

10.1 **Disengagement services**

If requested by AIF in writing following the service of a termination notice under clause 8.3 or 8.4, the Manager will provide Disengagement Services to AIF to the same standards as those required for the provision of Management Duties for a period until AIF is satisfied (acting reasonably) that the Management Duties have been fully transitioned to the person to assume responsibility for those duties, providing that such period will not exceed six months following receipt of AIF's written request to perform such management duties (*Disengagement Period*).

10.2 **Management duties**

In addition to the Disengagement Services, during the Disengagement Period the Manager will continue to perform such Management Duties as are requested by AIF and AIF will continue to pay the Fees, costs and expenses for such Management Duties during the Disengagement Period. 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.

11 **FEES**

11.1 **Fees**

In consideration for the provision of services and the performance of the Manager of its obligations under this Agreement, AIF will pay to the Manager:

- (a) the Management Fee calculated in accordance with clause 11.2;
- (b) any applicable Performance Fee calculated in accordance with clauses 11.7;
- (c) any applicable Property Management Fee calculated in accordance with clauses 11.12; and



- (d) any applicable Transaction Fees calculated in accordance with clause 11.13; and
- (e) any project and development management fees approved by the Board as anticipated by clause 11.15.

11.2 Calculation of the Management Fee

The Management Fee in respect of any Quarter shall equal 'A', as calculated in accordance with the following formula:

$$A = (0.005*B) + (0.004*C) \text{ plus GST}$$

Where:

$$B = \text{the amount of Total Assets to the extent that Total Assets is less than or equal to \$500,000,000}$$

$$C = \text{the amount of Total Assets in excess of \$500,000,000}$$

11.3 Payment of Management Fee

The Manager shall receive, and AIF will ensure that the Manager is paid the Management Fee quarterly in arrears (in respect of the quarters ending 31 March, 30 June, 30 September and 31 December) by the 5th Business Day of the month following the relevant Quarter. To the extent that the term of this Agreement commences or terminates part way through a Quarter, payment in respect of that Quarter shall be pro-rated accordingly.

11.4 Definitions for Calculation of the Performance Fee

For the purposes of calculating the Performance Fee the following definitions shall apply:

- (a) *Carrying Account* means the account into which all performance fees are paid and within which all adjustments for Deficits, Surpluses and the Performance Fee Cap are made as set out in clause 11.9;
- (b) *Company Index* means an index calculated using the same methodology as the S&P/NZX All Real Estate Index except that:
 - (i) the opening price of a Share for a Quarter will be the closing price for the previous Quarter (or in the case of the first Performance Fee payment, the opening price of a Share will be the volume weighted average price (VWAP) of shares traded on the NZX during normal market trading hours on the last five trading days prior to the Effective Date (or, if there are no trades on those days, then the VWAP of trades during normal market trading hours on the last five trading days prior to the Effective Date on which trades occurred)) (the *Opening Share Price*); and



- (ii) the closing price of a Share for a Quarter will be the VWAP of the Shares traded on the NZX 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);
 - (iii) the only constituent member of the Company Index will be the Company; and
 - (iv) adjustments will be made by the Manager to the calculation of the Opening Share Price to eliminate 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 and consistent with the methodology (if any) that would be used to adjust the S&P/NZX All Real Estate Index in those circumstances.
- (c) *Deficit* is as set out in clause 11.6;
- (d) *Effective Date* is the commencement of the Quarter which falls at least three months after the date on which AIF is Listed by NZX;
- (e) *Initial Amount* is as set out in clause 11.6;
- (f) *Performance Fee Cap* means 15% of the Shareholder Return per annum;
- (g) *Performance Fee* is an amount determined in accordance with clause 11.7;
- (h) *Relevant Period* means:
 - (i) when AIF is not Listed by NZX, the 12 month period ending on 31 March in each calendar year; and
 - (ii) when AIF is Listed by NZX, the three-month period ending on the last day of March, June, September and December in each Year;
- (i) *Shareholder Return* means:
 - (i) when AIF is not Listed by NZX, the percentage return per Share calculated by aggregating the gross distributions paid in respect of a Share during the Relevant Period (expressed as a percentage per Share) and the percentage change in Net Tangible Assets over the Relevant Period; and



- (ii) when AIF is listed by NZX, the percentage change in the Company Index over the Relevant Period; and

- (j) *Surplus* is as set out in clause 11.6.

11.5 Requirement to provide calculations

The Manager will calculate and determine:

- (a) the Shareholder Return;
- (b) any Initial Amount;
- (c) any Deficit;
- (d) any Surplus; and
- (e) any Performance Fee,

at the end of each Relevant Period.

11.6 Calculation of the Initial Amount, Deficit or Surplus

The "Initial Amount" for a Relevant Period is 10% of the Shareholder Return for that Relevant Period, provided that if Shareholder Return for that Relevant Period is lower than 10% on a per annum basis, there will be no Initial Amount for the Relevant Period and the amount so calculated will be the "Deficit". If the Performance Fee for a Relevant Period would exceed the Performance Fee Cap but for clause 11.7(a), the excess amount calculated will be the "Surplus".

11.7 Calculation of the Performance Fee

The Performance Fee for a Relevant Period is calculated as follows:

- (a) the Performance Fee for a Relevant Period will not exceed the Performance Fee Cap;
- (b) if, after taking account of an Initial Amount, a Surplus or a Deficit, the Carrying Account has a debit balance, or a zero balance, no Performance Fee will be payable for that Relevant Period;
- (c) if the Shareholder Return for the Relevant Period is less than 10% on a per annum basis, no Performance Fee will be payable for that Relevant Period; and
- (d) if, after taking account of an Initial Amount, a Surplus or a Deficit, the Carrying Account has a credit balance then, subject to clause 11.7(a) above, the Performance Fee payable for that Relevant Period will be an amount equal to the credit balance.

**11.8 Rounding**

For the purposes of clauses 11.5 to 11.7:

- (a) except where clause 11.8(b) 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
- (b) in respect of an amount to be paid as a Performance Fee, the amount will be rounded using Swedish rounding.

11.9 Operation of the Carrying Account

- (a) The Company will maintain and operate the Carrying Account as if it were a current or running account. The Carrying Account records notional sums of money: neither party is liable to pay money to the other by reference, from time to time, to the balance of the Carrying Account. The Manager may refer to the Carrying Account from time to time during the Company's normal business hours and upon reasonable notice.
- (b) Each amount paid as a Performance Fee will be debited to the Carrying Account with effect on the last day of the Relevant Period to which it relates.
- (c) Each Initial Amount, Deficit and Surplus will be credited to the Carrying Account with effect on the last day of the Relevant Period to which it relates.

11.10 Payment of Performance Fee

- (a) Any Performance Fee will accrue at the end of each Relevant Period and will only be payable to the Manager when (and if) AIF is Listed by NZX. For the avoidance of doubt, any accrued Performance Fee is not payable to the Manager unless and until AIF is Listed by NZX.
- (b) Subject to clause 11.10(a), the accrued Performance Fee (if any) will be paid to the Manager in:
 - (i) cash; or
 - (ii) Shares if agreed by AIF and the Manager in writing.

11.11 Audit of Performance Fee

Any calculation of whether a Performance Fee is payable to the Manager will be reviewed by AIF's auditors and the Manager shall arrange for those calculations to be audited by AIF's auditors in a timely manner. The Manager will, if requested by the Board, promptly provide to AIF each of the determinations calculated in accordance with clause 11.5, with any reasonable supporting evidence.

**11.12 Property Management Fees**

- (a) The Manager shall be entitled to a property management fee in respect of any Property equal to 1.50% of Gross Income for that Property, payable by instalments each month in advance.
- (b) The Manager shall only be entitled to a property management fee of \$50,000 per annum for three years commencing from the Commencement Date, unless a greater amount is recoverable from the tenants under the terms of the respective Lease, in respect of the following properties:
 - (i) 862-880 Great South Road, Penrose, Auckland;
 - (ii) 12 Brick Street, Henderson, Auckland; and
 - (iii) the properties at 17 Toop Street, 25 Toop Street, 109-117 Port Road and 101-103 Port Road in Seaview Wellington which together comprise the industrial property known as "The Hub".

11.13 Transaction Fees

- (a) Upon a sale of a Property or any part of a Property (or a subsidiary holding a Property), the Manager will be entitled to a fee equal to 1% of the gross sale price for the Property or the part of the Property (or subsidiary holding the Property), plus GST;
- (b) Upon completion of every acquisition of a Property by any member of the Group, the Manager shall be entitled to an Acquisition Fee, provided that the Manager shall not be entitled to an Acquisition Fee upon completion of the acquisitions of the following properties:
 - (i) 862-880 Great South Road, Penrose, Auckland;
 - (ii) 12 Brick Street, Henderson, Auckland;
 - (iii) the properties at 17 Toop Street, 25 Toop Street, 109-117 Port Road and 101-103 Port Road in Seaview Wellington which together comprise the industrial property known as "The Hub"; and
 - (iv) 20 Paisley Place, Mount Wellington, Auckland;
- (c) In the event of the Manager negotiating a new lease, a lease extension or exercise of any renewal right, the Manager shall be entitled to a facilitation fee of
 - (i) 5% of Rent; plus



- (ii) (if applicable) 1.5% of Rent for each Year that the negotiated extension or renewal exceeds the date that is six years from the contracted expiry of the lease (including any renewal),

provided that, in respect of any one renewal or extension, the fee payable under this clause may not exceed 15% plus GST of Rent, plus GST.

11.14 Payment of Transaction Fees

The Manager shall be entitled to payment of any applicable Transaction Fees upon:

- (a) in the case of any fee calculated in accordance with clause 11.13(a) or 11.13(b), completion of the sale and purchase of the relevant Property or part thereof; and
- (b) in the case of any fee calculated in accordance with clause 11.13(c), execution by AIF and the relevant tenant of the binding lease arrangement.

11.15 Project and development management fees

In respect of any refurbishment, rebranding, extension, redevelopment or other work of a capital nature of all or part of the Properties where the total cost of works exceed \$50,000, the Manager shall be entitled to a fee equal to 3.5% of the total costs of the relevant development.

11.16 Termination Fee

If this Agreement is terminated by AIF pursuant to clause 8.4, then AIF shall pay to the Manager the Termination Fee, provided that termination of this Agreement shall be subject to approval by Special Resolution of the shareholders of AIF pursuant to clause 8.4.

12 COSTS

12.1 Manager to bear own costs

The Manager shall pay and discharge all costs, charges, expenses and liabilities associated or incurred by the Manager:

- (a) in connection with the day to day management, administration and operations of the Manager and the performance by the Manager of its obligations under this Agreement; and
- (b) otherwise arising from the provision of services in accordance with this Agreement.

12.2 Costs to be borne by AIF

- (a) AIF shall pay and discharge, and shall reimburse the Manager in respect of, all costs, charges, expenses and liabilities associated with, or incurred by or on behalf of AIF in connection with the Properties or the operation of AIF.



- (b) For the avoidance of doubt, and without limiting the generality of clause 12.2(a), none of the fees or expenses set out in Schedule 5 (ongoing fees and expenses) shall be met by the Manager and each shall be met by AIF in accordance with clause 12.2(a)

12.3 **Disagreement on costs**

To the extent that any disagreement or uncertainty arises in relation to which party should bear certain costs, the matter will be determined by the Manager and AIF in good faith and otherwise in accordance with clause 21.

13 **REVIEW OF PERFORMANCE**

13.1 **Review of performance**

On an annual basis, the parties will meet to carry out a joint review of the Manager's performance of its obligations under this Agreement, the delivery of Management Duties, general performance by the Manager, the Conflicts of Interest Policy and any matters arising from it and any other matter that either of the parties wish to include as part of that review. It is agreed that:

- (a) the review will not give rise to any additional rights of termination of the Manager under this Agreement; and
- (b) no changes to this Agreement, the Management Duties or the Fees will be deemed to occur or arise as a consequence of any such performance review unless the Manager and AIF agree to any such change in writing.

14 **FORCE MAJEURE**

14.1 **Force Majeure events**

Notwithstanding any other provision of this Agreement, non-performance by a party of any of its obligations under this Agreement including any failure, interruption or delay in fulfilling their duties under this Agreement, will be excused, without liability for non-performance, during the time and to the extent that performance is prevented, wholly or substantially, by "Force Majeure", meaning any event or circumstance beyond that party's reasonable control.

14.2 **Actions on the occurrence of Force Majeure**

The party claiming the benefit of this clause will:

- (a) as soon as that party becomes aware of the Force Majeure, promptly give written notice to the other party specifying the cause and extent of its inability to perform any of its obligations under this Agreement and the likely duration of such non-performance;
- (b) use its best endeavours to minimise the effects of the events referred to in this clause; and



- (c) resume any obligation affected by the Force Majeure as soon as reasonably possible after the termination or abatement of the Force Majeure.

14.3 Termination on Force Majeure

If circumstances of the type described in clause 14.1 above prevail for a continuous period of more than 60 Business Days:

- (a) the Manager shall be entitled to terminate this Agreement in accordance with clause 8.1(b); and
- (b) AIF shall be entitled to terminate this Agreement in accordance with clause 8.2(c),

with 6 months written notice to the other party of its intention to terminate.

15 BOARD MAY ACT IN EMERGENCY

Notwithstanding any other provision of this Agreement, in the event of any emergency where the safety of the Properties or their occupants or the supply of essential services is at risk or any other matter arises that requires the urgent attention of the Manager (*Emergency*) and the Board reasonably considers that:

- (a) the Manager is not acting in a sufficiently prompt manner to respond to the Emergency;
- (b) the Manager is unavailable to respond to the Emergency at the relevant time; or
- (c) there is insufficient time for the Manager to act in response to the Emergency,

the Board may act in response to the Emergency in the manner it considers appropriate and AIF will not be in breach of its obligation not to provide any of the services itself, to be provided by the Manager under this Agreement or its appointment of the Manager as the sole and exclusive manager of the Group.

16 INDEMNITIES

16.1 Subject to clause 16.4, the Manager will indemnify and hold each member of the Group or their directors indemnified from and against any losses, liabilities, costs, claims, demands and expenses whatsoever which are made against or incurred by any member of the Group or their directors as a result of:

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



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

- 16.2 If any claims or demands are brought or threatened to be brought against AIF in respect of which indemnification may be sought from the Manager pursuant to this Agreement, AIF is to notify the Manager in writing as soon as practicable after AIF becomes aware of such matters, and will fully consult with the Manager on the steps to be taken, if any, in defending any such action, proceeding, claim or demand.
- 16.3 AIF 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 AIF is, or may be, entitled to indemnification pursuant to this indemnity, without first consulting with and discussing such action with the Manager or where it would be unreasonable to do so.
- 16.4 The Manager shall not incur any liability, or be responsible under any indemnity, to AIF 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 any member of the Group; or
 - (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 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.
- 16.5 To the full extent permitted by law, AIF agrees that the Manager will not be liable for:



- (a) any loss in value of AIF or reduction in AIF's share price; or
- (b) any reduction in the amount of the dividend paid by AIF,

as a result of any matters outside the control of the Manager, unless such loss is a direct result of the Manager materially breaching its obligations under this Agreement.

- 16.6 In carrying out its obligations under this Agreement, the Manager acts as agent for each member of the Group to the extent of authorities and powers conferred under this Agreement and AIF will indemnify and hold the Manager and its directors and employees 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 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 contractors.
- 16.7 If any claims or demands are brought or threatened to be brought against the Manager in respect of which indemnification may be sought from AIF pursuant to this Agreement, the Manager is to notify AIF in writing as soon as practicable after the Manager becomes aware of such matters, and will fully consult with AIF on the steps to be taken, if any, in defending any such action, proceeding, claim or demand.
- 16.8 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 AIF or where it would be unreasonable to do so.
- 16.9 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 other party (regardless of whether or not covered by any indemnity).

17 INTELLECTUAL PROPERTY

- 17.1 The Manager acknowledges and agrees that all intellectual property owned by AIF or a member of the Group shall remain at all times the absolute property of that party.
- 17.2 AIF acknowledges and agrees that all intellectual property owned by the Manager or a Related Party of the Manager and any intellectual property developed by the



Manager in the course of providing the Management Duties under this Agreement shall be the absolute property of the Manager.

18 CONFIDENTIALITY

18.1 The Manager must:

- (a) hold and keep confidential all Confidential Information;
- (b) not disclose or make available any Confidential Information in any manner detrimental to the Group or to any person except:
 - (i) to directors, officers, employees, agents and professional advisors of the Manager, whom are subject to equivalent or similar duties of confidentiality in respect of the Confidential Information to the Manager;
 - (ii) with the prior consent of AIF;
 - (iii) as is necessary in the course of complying with any applicable law or the rules of any relevant stock exchange.

18.2 The obligations created by this clause 18 shall remain in full force and effect after termination of this Agreement.

19 NOTICES

19.1 A notice required or permitted to be given by one party to another under this Agreement shall be in writing, addressed to the other party.

19.2 Any notice given to a party in accordance with clause 19.1 shall be treated as having been given and received:

- (a) if hand delivered, to a party's address, on the day of delivery if a Business Day, otherwise on the next following Business Day;
- (b) if sent by mail on a Business Day, on the third Business Day after posting correctly addressed and stamped otherwise on the second Business Day after posting;
- (c) if transmitted by email to a party's designated email address and no automated notice of non-delivery is received, on the day of transmission if a Business Day, otherwise on the next following Business Day; and
- (d) if transmitted by facsimile to a party's address and a correct and complete transmission report is received, on the day of transmission if a Business Day, otherwise on the next following Business Day.



20 ASSIGNMENT

No party may assign the benefit of this Agreement without the other's prior written consent (such consent not to be unreasonably withheld or delayed).

21 DISPUTE RESOLUTION

21.1 If either party has any dispute with the other out of or in connection with this Agreement including any dispute as to its existence or validity (*Dispute*):

- (a) that party will promptly give full written particulars of the dispute to the other party; and
- (b) the parties will promptly meet together and in good faith try and resolve the dispute.

21.2 If the dispute is not resolved within 20 Business Days of written particulars being given to (or any longer period agreed in writing by parties) the dispute shall be referred to the mediation of a single mediator. The referral to mediation shall be commenced by a party serving written notice on the other party stating the subject matter and details of the Dispute and requiring the Dispute to be referred to a mediator to be appointed by the parties. Failing agreement within 10 Business Days after, and exclusive of, the date of service of the written notice, the mediator shall be appointed at the request of a party by the chairperson or any other office holder for the time being of the New Zealand chapter of LEADR, or the nominee of such chairperson or such office holder. The guidelines which shall govern the mediation shall be set by the parties. Failing agreement within 10 Business Days after the appointment of the mediator, a party may request the mediator to set the guidelines (whether or not in conjunction with such party) which shall govern the mediation proceedings.

21.3 Subject to any right any party may have to apply to a court for any interim or preliminary relief in respect of the Dispute, completion or termination of the mediation shall be a condition precedent to the arbitration of the Dispute or any part of it.

21.4 If the parties are unable to resolve the Dispute by mediation the Dispute shall be referred to the arbitration of a single arbitrator. The arbitration shall be commenced by a party serving written notice on the other party stating the subject matter and details of the Dispute and requiring the Dispute to be referred to arbitration. The arbitrator shall be appointed by the parties, or failing agreement within 10 Business Days after, and exclusive of, the date of service of the written notice, shall be appointed at the request of a party by the president or vice president for the time being of the New Zealand Law Society or the nominee of such president or vice president. The arbitration shall be conducted as soon as possible at Auckland in accordance with the provisions of the Arbitration Act 1996 (excluding clauses 4 and 5 of the Second Schedule).



- 21.5 The award of the arbitrator shall be an award with reasons, which reasons shall form part of the award. The award of the arbitrator shall be final and binding on the parties and, to the extent that it is lawful to do so, the parties waive any right of appeal or review.
- 21.6 The parties shall bear their own costs and an equal share of the expenses of the mediation. The parties shall also bear their own costs and an equal share of the costs of the award in relation to any arbitration, unless the arbitrator determines that a party shall bear some proportion of, or all of, the costs of any other party.
- 21.7 The parties must continue to comply with their obligations under this Agreement during the dispute resolution process but disputed payments may be withheld to the extent of the dispute.
- 21.8 Nothing in this clause 21 shall limit the right of the Manager or AIF to terminate this Agreement in the circumstances set out in clause 8.

22 BENEFITS FOR THE GROUP

- 22.1 Notwithstanding any other clause of this Agreement, the Manager acknowledges that any provision of this Agreement that is intended to confer any right or benefit on AIF is intended to confer that right or benefit on AIF and any member of the Group and is to be read as extending to, and creating obligations on the part of the Manager that are enforceable at the suit of AIF and any other member of the Group whether by way of defence or otherwise pursuant to the provisions of the Contract and Commercial Law Act 2017.
- 22.2 Despite clause 22.1, this Agreement may be amended by the parties without the need to obtain the consent of any members of the Group other than AIF.

23 GENERAL

23.1 No partnership

Nothing in this Agreement or in the relationship between the parties shall be construed as, in any sense, creating a partnership or joint venture between any member of the Group and the Manager or subjecting either party to the creditors of the other party.

23.2 No conflict of interest

For the avoidance of doubt, nothing in this agreement limits the Manager's ability to manage or participate in any other funds, syndications or other similar arrangements.

23.3 No waiver

Any delay, failure or forbearance by a party to exercise (in whole or in part) any right, power or remedy under, on in connection with, this Agreement shall not operate as a waiver of such right, power or remedy. No party will be deemed to have waived any right under this Agreement unless such waiver is in writing and signed by that party. The waiver of any breach shall not be, or be deemed to be, a waiver of any other or subsequent breach.

**23.4 Counterparts**

This Agreement may be signed in any number of counterparts which shall constitute one agreement binding the parties notwithstanding that the parties are not signatories to the original or same counterpart.

23.5 Variations

This Agreement may only be amended in writing signed by both parties.

23.6 Further assurances

Each party will take all steps, execute all documents and do everything as may be reasonably required by the other party to carry out and give effect to the terms and intentions of this Agreement according to its true intent.


23.7 Severability

If at any time any provision of this Agreement is held by a court of competent jurisdiction to be unreasonable, illegal, invalid or unenforceable for any reason whatsoever, that unreasonableness, illegality or unenforceability shall not affect the ability of AIF or the Manager to enforce any other provision of this Agreement and such provision shall be modified only to the extent necessary to give effect to the ruling of the court.



SIGNED


Augusta Industrial Fund Limited by:



MARK FRANCIS

Name:


Augusta Industrial Fund No.1 Limited
by:



MARK FRANCIS

Name:

Augusta Industrial Fund No.2 Limited
by:




MARK FRANCIS

Name:

Augusta Funds Management Limited
by:



Name:



Name:



SCHEDULE 1: INVESTMENT MANAGEMENT DUTIES

The Manager's investment management duties shall cover the following:

- 1 Maximise the value of AIF's shareholders' investment in AIF through acquisition, development and sale of the Properties, as approved by the Board;
- 2 Identify properties to be acquired by any member of the Group to maximise the value of AIF;
- 3 To:
 - (a) prepare individual development and divestment proposals in respect of the Properties for approval by the Board;
 - (b) make recommendations in respect of such proposals;
- 4 Project manage the development and divestment of Properties as approved by the Board;
- 5 To:
 - (a) prepare finance proposals in respect of AIF's funding arrangements for approval by the Board;
 - (b) make recommendations in respect of such proposals;
- 6 Otherwise arrange, oversee and monitor AIF's funding and banking facilities and manage the financial affairs of AIF in line with the overall strategies as determined by the Board;
- 7 Manage relationships between AIF and all parties in accordance with the Board's direction with whom it is necessary to associate for all the ongoing activities of AIF including;
 - (a) lessees;
 - (b) real estate agents;
 - (c) registered valuers;
 - (d) quantity surveyors;
 - (e) property consultants;
 - (f) lawyers;
 - (g) accountants;
 - (h) public relations consultants;



- (i) investors;
 - (j) insurance brokers;
 - (k) builders;
 - (l) architects;
 - (m) planners;
 - (n) engineers; and
 - (o) central and local government;
- 8 Attend meetings of AIF, the Board and its shareholders, whenever reasonably requested by AIF;
- 9 As required by the Board, provide its recommendation on the payment of dividends and distributions to shareholders; and
- 10 Provide employees, as reasonably required by AIF, to assist AIF and other Group entities.



SCHEDULE 2: PROPERTY MANAGEMENT DUTIES

Property Management Duties

The Manager's property management duties shall cover the following:

- 1 Take all reasonable steps to ensure payment by the due date of all amounts due to, or by AIF (including, without limitation, all rates, fees, taxes (including income tax and GST payable by AIF to the Inland Revenue Department) and any Fees payable under clause 11), subject to AIF having sufficient funds;
- 2 Ensure the collection of rents and other monies, payable to AIF by the various Lessees and licensees of the Properties whether payable in terms of a Lease, periodic tenancy or casual letting;
- 3 Enforce compliance by the Lessees with each and every term and condition of their Leases;
- 4 Enforce adherence by the Lessees to any building rules and regulations imposed by any statutory authority;
- 5 Initiate and negotiate rent reviews required under the terms of the Lease and where necessary, obtain rental valuations from registered valuers;
- 6 Process any sub-lettings and assignment of Leases to ensure that the parties meet all of their obligations;
- 7 Review Lessee's applications to alter any tenancy fitouts;
- 8 Ensure AIF's compliance with applicable laws relating to the Properties (including, but not limited to, laws relating to health and safety);
- 9 Regularly review any arrears of rent, fees, outgoings and other charges and take such reasonable actions as are necessary to recover such monies with the minimum of delay;
- 10 Ensure that any Leases, renewals of Leases, or variations of Leases are completed and documented;
- 11 Regularly inspect and report on the Properties;
- 12 Except where such obligations are imposed on Lessees, arrange all contracts required for the routine maintenance and service of the Properties;
- 13 Assess the need or desirability for any repairs to or maintenance of the Properties;
- 14 Supervise repairs and maintenance contracts to ensure the work carried out under the contracts is completed to the performance standards required;
- 15 In the event of any emergency when the safety of the Properties or their occupants; or the supply of essential services is at risk, take whatever measures are reasonably



required in order to eliminate the risk, without reference to AIF, providing that a full report is forwarded to AIF at the earliest opportunity following completion of such measures;

- 16 Notify AIF of any damage or circumstances likely to require expenditure on the Properties or any other matter or thing which may or is likely to endanger the Properties;
- 17 Prior to expiry or sooner determination of any Lease or licence prepare a schedule of dilapidations including a description of the maintenance, repairs and reinstatement works required to be carried out by the Lessee in its tenancy in accordance with the terms and conditions of the Lease or licence. The Manager shall serve the schedule of dilapidations on the Lessee and ensure that the Lessee complies with its obligations at its cost;
- 18 Regularly review security measures in the Properties and report on any additional measures required;
- 19 Obtain advice and assistance of appropriate consultants as deemed necessary in order to properly carry out the above duties and responsibilities;
- 20 Ensure compliance with all statutes, ordinances, regulations, by-laws or other lawful requirements imposed on AIF and affecting or relating to the Properties or the use or occupation of the Properties;
- 21 Review resource management notifications and reviews and report to AIF as to suggested steps to protect AIF's interests including the initiation of objection procedures;
- 22 Review any relevant schemes and district plans and any changes or proposed changes to those schemes and district plans;
- 23 Review government valuations and statutory assessments of the Properties and report to AIF on the appropriateness of such assessments. Where necessary the Manager will conduct negotiations with the relevant authorities and initiate objection procedures;
- 24 Receive all communications, complaints and representations from Lessees, local authorities and other bodies in connection with the Properties and Lessees and deal with the same as promptly as possible;
- 25 Effect and keep current during the term of this Agreement a comprehensive insurance cover in respect of the Properties including but not limited to earthquake and fire, public liability, and loss of profits and/or rents;
- 26 Monitor the Lessees as to any insurances required to be effected by them under the terms of the Leases and ensure that the premiums are paid;



- 27 Strive to meet, and where appropriate exceed, the requirements of relevant environmental legislation and government policies and initiatives regarding the environment; and
- 28 Strive for the best practicable options in environmental management, including adopting practices that will enhance efficient use of resources and social responsibility.



SCHEDULE 3: ADMINISTRATIVE MANAGEMENT DUTIES

Administrative Management Duties

The Manager's administrative management duties shall cover the following:

- 1 Ensure compliance by the Group with any relevant statutory enactment, regulation, by-law or notice;
- 2 Provide company secretarial services to AIF, including keeping and maintaining all statutory records for AIF, including AIF's share register and board materials;
- 3 Keep all usual business, tax and accounting records for AIF in a good and efficient manner according to generally accepted good business practice;
- 4 Ensure that all documents and information held by the Manager are made accessible to AIF on request;
- 5 Arrange to pay any dividends or distributions declared by the Board to the shareholders of AIF;
- 6 Ensure compliance with any securities given by AIF for borrowings and make payments of all amounts properly payable under such borrowings;
- 7 Attend to any correspondence required to be entered into by the Group in relation to matters relating to the discharge of the Manager's duties set out in this Agreement;
- 8 Arrange for the preparation of the annual financial statements of AIF and for those financial statements to be audited by AIF's auditors in a timely manner including the audit of the calculation of the Fees and other costs under this Agreement;
- 9 Prepare the annual reports of AIF for AIF shareholders;
- 10 Arrange shareholder/Board meetings of AIF and give notices of any such meeting to all shareholders/Board members in accordance with the constitution of AIF;
- 11 Prepare or procure the preparation of:
 - (a) such reports and other information and material as the Board may reasonably require in connection with the annual and interim reports and audited annual accounts of the Group; and
 - (b) any other report as may be required from time to time by the Board. The Manager will promptly after request by the Board at any time provide AIF 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.
- 12 Keep minutes of all proceedings of all shareholder meetings of AIF, meetings of the Board and meetings of any committees of the Board;



- 13 Prepare and file by due date all tax returns required to be filed by AIF under any applicable statutory enactment, regulation, by-law or notice;
- 14 On the liquidation of AIF and its subsidiaries prepare final accounts and tax returns and arrange for final distributions to be made to members of AIF and its subsidiaries (if any); and
- 15 Arrange for annual valuations of the Properties.



SCHEDULE 4: DISENGAGEMENT SERVICES

Disengagement Services

The Manager's disengagement services shall cover the following:

- 1 Transferring, relocating or (within 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 AIF;
- 2 Providing reasonable access to premises, staff and information relevant to the performance of Management Duties;
- 3 Assisting with the transfer of relevant contracts (including sub-contracts) relating exclusively or primarily to the provision of the Management Duties to the Group or to a third party designated by AIF as a successor manager;
- 4 Consultancy services required to assist with the seamless migration of the Management Duties to the Group or to a third party designated by AIF as a successor manager; and
- 5 Such other services as AIF may reasonably require to ensure an orderly and timely migration of the Management Duties from the Manager to AIF or to a third party designated by AIF as a successor manager.



SCHEDULE 5: ONGOING FEES AND EXPENSES

Management Fee	As calculated in accordance with clause 11.2 of this Agreement
Performance Fee	As calculated in accordance with clause 11.7 of this Agreement
Transaction Fees	As calculated in accordance with clause 11.11 of this Agreement
Project and development management fees	As anticipated by clause 11.15 of this Agreement
Director fees	Such director fees as are approved by the Board from time to time.
Audit of financial statements	The fees of AIF's auditors for any audit or review of AIF's financial statements.
Annual valuation fees	The fees charged by any valuer to provide a valuation of a Property.
Legal fees	Legal fees arising in relation to attendances on management of the Properties and AIF, including documenting rent reviews, new leases, construction contracts and attendances in relation to any sale of a property or subsidiary (charged on the basis of time spent).
Interest charges/principal payments	Annual interest charges and/or principal payments payable to Bank of New Zealand under AIF's banking arrangements.
Outgoings, property maintenance expenses, fees and costs	Expenses, fees and costs associated with repairs, maintenance or improvement of the Properties.
Expenses on a sale of the property or subsidiary	<ul style="list-style-type: none"> • Real estate commission on the sale of a property. • Legal fees will arise in relation to attendances on the sale of a property and repayment of the bank loan (charged on the basis of time spent). • An early repayment fee may be payable to the bank in the event that principal is repaid prior to expiration of the term of any loan facility of AIF.
Other possible fees and expenses	<ul style="list-style-type: none"> • Legal fees for any future leasing, renewals of lease, assignments, rent reviews, refinancing, syndicate meetings



	<p>and incidental to management of the property will be charged on the basis of time spent.</p> <ul style="list-style-type: none"> • Leasing fees (whether for a new lease or a renewed lease) by external agencies involved in any such negotiations. • Incentive or re-letting costs agreed with any replacement tenant, • Development & project management fees. • Fees payable to consultants. • Local authority consent and development contributions. • Fees and expenses in relation to advice on the tax position of AIF. • Fees and expenses for shareholder and Board meetings. • Fees and costs associated with regulatory compliance (such as health and safety or any levies payable by AIF or the Manager) in connection with its role as manager of AIF. • All other fees and expenses reasonably required in relation to the management and development of the Properties or which are necessary or desirable for the Manager to discharge its duties and/or comply with its obligations under this Agreement. • Out of pocket expenses and disbursements.
Fees and expense for raising capital	<ul style="list-style-type: none"> • All fees and expenses detailed in any product disclosure statement or offering document prepared by AIF. • Any fees and expenses approved by the Board in connection with any capital raising.