

Management Agreement – Required information for ASX Listing

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Vitalharvest Freehold Trust
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Vitalharvest Freehold Trust

1. Background

- 1.1 The ASX has considered and accepted, on 30 July 2018, the application to admit the Vitalharvest Freehold Trust ARSN 626 537 362 (**Trust**) to the official list of ASX and to quote the Trust's securities, subject to the satisfaction of certain conditions precedent (**ASX Listing Approval**).
- 1.2 Conditions 1.11 and 2.1.15 in the ASX Listing Approval requires the provision of a statement (**GN 26 Disclosure Statement**) setting out certain information relating to the 'Management Agreement' (as that term is defined in the product disclosure statement issued by The Trust Company (RE Services) Limited ACN 003 278 831 as responsible entity of the Trust (**Responsible Entity**) dated 29 June 2018 (**PDS**)).
- 1.3 The Management Agreement is an agreement between the Responsible Entity and goFARM Asset Management Pty Ltd ACN 625 505 455 (**Manager**).
- 1.4 The following table (being the GN 26 Disclosure Statement) sets out the relevant information requested by the ASX.

2. GN 26 Disclosure Statement

Item	Statement	Comments
1.	The procedures for making any amendments to the Management Agreement	The Management Agreement may be amended in writing by the parties. There are no other prescribed procedures for making amendments to the Management Agreement.
2.	Whether security holder approval is required, or will be sought, for any material amendment to the Management Agreement.	Security holder approval is not required under the Management Agreement except as provided for under clause 10.2 (which requires security holder approval to extend the initial term for two further terms of five years) and clause 10.3 (for early termination). However, the Responsible Entity will execute a deed poll providing an undertaking that the Trust will obtain the approval of ordinary security holders for any material changes to the Management Agreement.
3.	The powers and discretions the Manager will have under the Management Agreement (including, in particular, any powers it may have to acquire new assets for, or to dispose of assets of, the entity).	<p>(a) The Manager has a range of duties which broadly include:</p> <ul style="list-style-type: none"> (i) investment and management of the Portfolio (being the investments of the Trust and its sub-trusts) in accordance with the investment strategy as set out in the Management Agreement; (ii) management of the properties including leases and licences and tenants; (iii) administrative functions including those that apply because the trust is listed. <p>(b) For the purposes of its duties, the Manager is given the powers of a natural person to deal with the Portfolio assets but requires the consent of the Responsible Entity to:</p> <ul style="list-style-type: none"> (i) delegate any of its discretionary management powers and any of its duties, responsibilities, functions and powers under this agreement or appoint any other person to perform the

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		<p>Services or do anything that the Manager is authorised to do, under this agreement (noting that consent is given under the terms of the Management Agreement for the Manager to delegate matters such as accounting, valuation of assets, investor relations, information technology, marketing and matters requiring a real estate agent's or similar licence);</p> <p>(ii) borrow money or charge or encumber in any way (other than as arises by lien in the ordinary course of business or by statutory charge) any Portfolio Asset (noting that consent has been provided under the terms of the Management Agreement for borrowings and the grant of security interests as disclosed in the PDS issued for the purposes of the IPO);</p> <p>(iii) permit the acquisition, disposal, transfer or any other dealing of any Portfolio Assets from, to or with (as the case may be) a related party of the Manager (noting that consent has been provided under the terms of the Management Agreement to the use of related bodies corporate engaged in the ordinary course of business and engaged on arms' length terms or terms more favourable to the Responsible Entity and provided notification is given to the Responsible Entity when it proposed to appoint a related party or other division of the Manager);</p> <p>(iv) authorise the payment of any fees and expenses from the Portfolio Assets (other than deductions in respect of brokerage and other charges payable to brokers);</p> <p>(v) enter into derivative contracts in relation to the Trust or recommend, direct or procure the entry into derivatives contracts by the Trust or a special purpose vehicle (noting that consent has been provided to the Manager making recommendations or giving directions for derivative contracts that hedge the exposure of the Trust or a sub-trust to changes in interest rates under the debt facilities in accordance with an interest rate hedging policy as provided to the Responsible Entity); and</p> <p>(vi) perform any broking function in relation to the portfolio or appoint any broker to act on behalf of the Responsible Entity in relation to the portfolio, other than a broker or counterparty appearing on an approved list previously agreed between the Manager and the Responsible Entity (noting that subject to reasonable care and diligence, the Manager may appoint any broker or AFSL Holder to act in relation to the IPO and any other transaction</p>

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		<p style="text-align: right;">of the Trust or sub-trust subject to reasonable monitoring of capacity or performance).</p> <p>(c) The Manager requires approval from the Responsible Entity with respect to recommendations or proposals by the Manager:</p> <ul style="list-style-type: none"> (i) as to investment of surplus cash; (ii) relevant to the management and performance of the Portfolio including for the acquisition and divestment of assets and the grant of leases or licences and the exercise of powers and discretions under leases and licences; and (iii) with respect to an annual budgets (under which the Manager can authorise expenditure within the approved budget); <p>(d) The Manager is required to assist in the preparation of disclosure documents, marketing or advertising, financial statements, disclosure documents, ASX announcements and other investor communications for approval by the Responsible Entity.</p> <p>(e) The Manager is required to prepare a continuous disclosure policy, distributions policy and cause them to be reviewed as required by the Management Agreement. These policies must be approved by the board of the Responsible Entity.</p> <p>(f) Following termination of the Management Agreement the Manager may deal with the assets for up to 90 Business Days in order to vest control of the assets in the Responsible Entity or as the Responsible Entity directs in writing and during that the consent of the Responsible Entity is required for the Manager to enter transactions to settle or otherwise extinguish or offset obligations incurred by or on behalf of the Responsible Entity or the Manager in relation to the portfolio before that date.</p>
4.	<p>The powers and discretions retained by the entity under the agreement (including, in particular, whether the board of the entity is required to approve any acquisition or disposal of assets proposed by the manager).</p>	<p>The powers and discretions retained by the Responsible Entity under the Management Agreement have been included with the response to Item 3.</p> <p>Additionally, the Responsible Entity may terminate the Management Agreement at any time by written notice to the Manager if:</p> <ul style="list-style-type: none"> (a) a receiver, receiver and manager, administrator or similar person is appointed to the Manager; (b) the Manager: <ul style="list-style-type: none"> (i) goes into liquidation (other than for the purposes of a reconstruction or amalgamation on terms previously approved in writing by the Responsible Entity)

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		<p>(ii) ceases to carry on business in relation to its activities as an investment manager; or</p> <p>(iii) breaches any provision of the Management Agreement, or fails to observe or perform any representation, warranty or undertaking given by the Manager under the Management Agreement and the Manager fails to correct such breach or failure within 20 business days of receiving notice in writing from the Responsible Entity specifying such breach or failure; or</p> <p>(c) required by the ASX Listing Rules; or</p> <p>(d) the relevant law requires the Management Agreement be terminated.</p> <p>The Responsible Entity may also terminate the Management Agreement after the Initial Term and for the period of any Five Year Extension where Unitholders pass a resolution approving the termination where the Manager has had a reasonable opportunity to state its case in materials sent to Unitholders and the Manager is given not less than 90 days' notice or other period the parties agree.</p>
5.	<p>If the Manager is permitted to provide management services to someone else of a similar kind to those being provided to the entity, what processes will the Manager have in place to protect the confidentiality of information related to the entity and its assets under management and to manage any potential conflicts that may arise between the interests of its various clients.</p>	<p>The terms of the Management Agreement permit the Manager to act in the same or similar capacity in relation to any other person, body corporate or managed investment scheme, however in acquiring assets from the Trust or a sub-trust or disposing of assets to the Manager or an associate or client of the Manager, the acquisition or disposal must be on arms' length commercial terms and profits may only be received and retained provided they are not derived in circumstances that are detrimental or prejudicial to the Responsible Entity, the Trust or a sub-trust.</p> <p>The Manager must confirm to the Responsible Entity that it has adequate conflicts of interest policies.</p> <p>The Management Agreement also provides that subject to relevant law and ASIC policy conditions, the Responsible Entity consents to the Manager acting in the acquisition and disposal of assets on behalf of other persons and authorises the Manager to deal with all or part of the portfolio and any other funds managed by the Manager as an undivided whole subject to the Manager maintaining (or causing the custodian to maintain) systems and records that distinguish the portfolio from the property of any other person.</p> <p>Except as required by law, a listing rule or regulator or as necessary for the performance of obligations under the Management Agreement, the Management Agreement prohibits the parties from directly or indirectly disclosing to any other person or using or permitting to be disclosed or used for any purpose other than a purpose contemplated by the Management Agreement or as a consequence of any direction given pursuant to the Management Agreement, disclosure of any of the information that may be acquired by either party</p>

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		under or for the purposes of the Management Agreement and requires that each party keep all such information confidential.
6.	If the Manager is empowered to engage a related party to provide ancillary services (for example, to provide brokerage or advisory services in relation to any acquisition or disposal of assets), what processes will be in place to ensure that this power is properly exercised and that any fees charged to the entity for the provision of those ancillary services are appropriate and reasonable.	<p>At present the Manager does not intend to engage related parties to provide ancillary services to the Trust. If the Manager were to engage a related party it would only do so in the ordinary course of business and on arm's length terms in accordance with the Management Agreement.</p> <p>Under the Management Agreement the Manager is also required to account to the Responsible Entity on request for any monetary benefits, fees or commissions received by the Manager or any related body corporate of the Manager in relation to the investment of the assets of the Trust (other than soft dollar benefits and Fees as provided to be paid under the terms of the Management Agreement).</p>
7.	What processes will be in place to manage the potential conflicts if the Manager proposes to the entity that it acquire assets from or dispose of assets to, the Manager or an associate of the Manager.	<p>As noted above in response to Item 3 (paragraph (b)(ii), pursuant to the Management Agreement the Manager must not without the prior written consent of the Responsible Entity permit the acquisition, disposal, transfer or any other dealing of any part of the portfolio of the Trust from, to or with (as the case may be) a related party of the Manager.</p> <p>Any consent provided by the Responsibility Entity would only be provided after considering the Responsible Entity's duties under the <i>Corporations Act 2001</i> (Cth) and the best interests of unitholders in the Trust.</p> <p>Furthermore under the Management Agreement the Manager may invest in or deal with the Manager's related bodies corporate or other divisions of the Manager engaged in separate business activities which are entitled to charge fees, brokerage and commissions if and only if they are in the ordinary course of business and either on arm's length terms or on terms that are more favourable to the Responsible Entity than arm's length terms. The Manager must first notify the Responsible Entity when it proposes to invest in or deal with the Manager's related bodies corporate.</p>