

DEED OR LETTER OF SUBORDINATION AND PRIORITY (PPSA) - SCHEDULE

SUBORDINATION

1. The Second Security Interest is subordinated to the First Security Interest for the purposes of section 70 of the PPSA .
2. If required by the First Secured Party, the Second Secured Party will immediately register a financing change statement or statements in relation to that subordination.
3. If at any time after an Enforcement Date, the First Secured Party has received the lesser of:
 - (a) the total amount secured, whether actually or contingently, under the First Security Agreement at that time; and
 - (b) the First Secured Party Priority Amount,if required by the Second Secured Party, the First Secured Party will immediately register a financing change statement or statements recording the subordination of the First Security Interest for the purposes of section 70 of the PPSA.

EXTENT OF PRIORITIES AS BETWEEN SECURED PARTIES

Priority Amounts

4. The First Security Interest, and all moneys from time to time secured under it, will have first priority over the Second Security Interest for an amount not exceeding the First Secured Party Priority Amount.
5. The Second Security Interest, and all moneys from time to time secured under it, will have second priority for an amount not exceeding the Second Secured Party Priority Amount.
6. Subject to clauses 4 and 5, the First Security Interest will have priority over the Second Security Interest for the balance (if any), of the moneys from time to time, secured by, and outstanding under, the First Security Interest.
7. Nothing in this Document prevents a Secured Party from enforcing its Security Agreement in accordance with its terms.

PERFECTION

Registration

8. Each Secured Party ("warranting party"):
 - (a) represents and warrants to the other Secured Party that the warranting party has perfected the warranting party's Security Interest in the Collateral; and
 - (b) will ensure that the warranting party's Security Interest is continuously perfected.

PARAMOUNTCY AS BETWEEN SECURED PARTIES

9. The Document will have effect regardless of anything which might alter or affect the priorities provided by the Document, except to the extent that:
 - (a) a Security Interest is not enforceable; or a Security Agreement has been released unless, but then only to the extent that, it is capable of, and is, legally and effectively reinstated against the Debtor, provided that:
 - (i) if the representation and warranty given by a Secured Party in clause 8(a) is at any time incorrect, or a Secured Party breaches clause 8(b), and that incorrect representation and warranty, or that breach, would result in a security of a third party having priority over that Secured Party's Security Interest; or
 - (ii) if a Secured Party's financing statement in relation to that Secured Party's Security Interest is held to be seriously misleading,nothing in the Document will oblige the other Secured Party to do or suffer anything in relation to the affected Collateral inconsistent with that other Secured Party's priority position outside of these arrangements where that priority position is or would be more favourable to that other Secured Party than under these arrangements.
10. Any provision in a Security Agreement, or any other agreement or arrangement entered into before the date of the Document, which is inconsistent with these subordination and priority arrangements, will be superseded or varied to the extent necessary to give full effect to these arrangements.

DIRECTION TO PAY

11. Each Secured Party irrevocably and unconditionally authorises and directs a liquidator, official assignee, administrator, receiver, or similar person appointed or acting in relation to the Debtor to pay the proceeds of the realisation of any Collateral in accordance with the provisions of the Document.

TRANSFER OR ASSIGNMENT

12. Neither Secured Party will transfer or assign any interest or right in or to that Secured Party's Security Agreement to any person unless that person has agreed to be bound by the Document.

GOVERNING LAW AND JURISDICTION

13. New Zealand law governs the Document, and the Secured Parties submit to the non-exclusive jurisdiction of the courts of New Zealand.

INTERPRETATION

14. In addition to the definitions set out in the document ("**Document**") which incorporates this schedule, these definitions and references apply:

Enforcement Date	The earlier of: (a) the date on which a Secured Party enforces (including, but not limited to, appointing a receiver) that Secured Party's Security Interest; and (b) the expiry date of a notice issued in respect of a Secured Party's Security Interest under section 128 of the Property Law Act 2007 pursuant to which a Secured Party exercises that Secured Party's power of sale of any property.
First Secured Party Priority Amount	The aggregate of: (a) the First Secured Party Amount; (b) interest, for the Interest Period commencing on the Enforcement Date, calculated on a daily basis at the highest rate payable by the Debtor to the First Secured Party immediately before the Enforcement Date, on the lesser from time to time of: (i) the First Secured Party Amount; and (ii) the balance secured by, and outstanding under, the First Security Agreement; (c) the amount of all fees, bank charges, taxes and reasonable expenses (including legal expenses, remuneration of a receiver, and goods and services and similar taxes on those amounts) incurred by the First Secured Party, or by any receiver appointed by the First Secured Party, in protecting any Collateral, or exercising any powers or rights under the First Security Agreement, but only to the extent that they relate to Collateral; (d) the amount of any preferential payments required by law to be paid; and (e) interest calculated on a daily basis at the greater of a rate equivalent to the cost of funds of the First Secured Party or the relevant receiver (as the case may be) and the highest rate payable by the Debtor to the First Secured Party immediately before the Enforcement Date on the amounts in (c) and (d) above from the date of payment of the relevant amounts until the date of reimbursement of those amounts to the First Secured Party or the relevant receiver (as the case may be).
First Security Interest	The security interest in the Collateral created by the First Security Agreement.

Second Secured Party Priority Amount	<p>The aggregate of:</p> <p>(a) the Second Secured Party Amount;</p> <p>(b) interest, for the Interest Period commencing on the Enforcement Date, calculated on a daily basis at the highest rate payable by the Debtor to the Second Secured Party immediately before the Enforcement Date, on the lesser from time to time of:</p> <p>(i) the Second Secured Party Amount; and</p> <p>(ii) the balance secured by, and outstanding under, the Second Security Agreement;</p> <p>(c) the amount of all fees, bank charges, taxes and reasonable expenses (including legal expenses, remuneration of a receiver, and goods and services and similar taxes on those amounts) incurred by the Second Secured Party, or by any receiver appointed by the Second Secured Party, in protecting any Collateral, or exercising any powers or rights under the Second Security Agreement, but only to the extent that they relate to Collateral;</p> <p>(d) the amount of any preferential payments required by law to be paid; and</p> <p>(e) interest calculated on a daily basis at the greater of a rate equivalent to the cost of funds of the Second Secured Party or the relevant receiver (as the case may be) and the highest rate payable by the Debtor to the Second Secured Party immediately before the Enforcement Date on the amounts in (c) and (d) above from the date of payment of the relevant amounts until the date of reimbursement of those amounts to the Second Secured Party or the relevant receiver (as the case may be).</p>
PPSA	The Personal Property Securities Act 1999.
Second Security Interest	The security interest in the Collateral created by the Second Security Agreement.
Secured Parties	The First Secured Party and the Second Secured Party, and " Secured Party " means either of them.
Security Agreements	The First Security Agreement and the Second Security Agreement, and " Security Agreement " means either of them.
Security Interests	The First Security Interest and the Second Security Interest, and " Security Interest " means either of them.
<p>"at risk"</p> <p>"default"</p> <p>"financing change statement"</p> <p>"financing statement"</p> <p>"perfection"</p> <p>"possession"</p> <p>"proceeds"</p> <p>"security interest"</p> <p>"seriously misleading"</p>	Each have the respective meanings given to them under the PPSA.
at any time	Includes from time to time.
law	Includes common law, equity and any statute.
person	Includes that person's successors, permitted assigns, executors and administrators (as applicable).
receiver	Includes a receiver and a manager.