

**DEED OR LETTER OF SUBORDINATION AND PRIORITY (Two Secured Parties PPSA AND NON-PPSA -
First Secured Party Amount Comprising One Part) - SCHEDULE**

SUBORDINATION

1. The Second Secured Party's security interest in the Collateral is subordinated to the First Secured Party's security interest in the Collateral 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 Secured Party Securities at that time; and
 - (b) the First Secured Party Priority Amount,

and if required by the Second Secured Party, the First Secured Party will immediately register a financing change statement or statements recording the subordination of that First Secured Party's security interest for the purposes of section 70 of the PPSA.

EXTENT OF PRIORITIES BETWEEN SECURED PARTIES

Priority amounts

4. The First Secured Party Securities, and all moneys from time to time secured under them, will have first priority over the Second Secured Party Securities for an amount not exceeding the First Secured Party Priority Amount.
5. The Second Secured Party Securities, and all moneys from time to time secured under them, will have second priority for an amount not exceeding the Second Secured Party Priority Amount.
6. Subject to clauses 4 and 5, the First Secured Party Securities will, in respect of the Collateral and Other Property, have priority over the Second Secured Party Securities for the balance (if any), of the moneys from time to time, secured by, and outstanding under, the First Secured Party Securities.
7. Nothing in this Document prevents a Secured Party from enforcing any Security 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 security in the Other Property; and
 - (b) will ensure that the warranting party's security interest in the Collateral and security in the Other Property is continuously perfected.

PARAMOUNTCY AS BETWEEN SECURED PARTIES

9. These subordination and priority arrangements will have effect despite anything (including, but not limited to, in the case of Other Property, any application of the rule in *Clayton's Case* (1816) 1 Mer. 529 or the rule in *Hopkinson v Rolt* (1861) 9 H.L. Cas. 514) that might alter or affect the priorities provided by these arrangements, except to the extent that:
 - (a) a security interest or Security is not enforceable; or
 - (b) a Security has been released unless, but 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 a Security of that Secured Party; or

- (ii) if a Secured Party's financing statement in relation to that Secured Party's security interest in the Collateral is held to be seriously misleading,

nothing in these subordination and priority arrangements will oblige the other Secured Party to do or suffer anything in relation to the affected Collateral or Other Property 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 any Security, 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.

PRIORITY INSTRUMENT

11. If required by the First Secured Party, the Second Secured Party will immediately sign, and consent to the registration in the relevant register of, a priority instrument under which the First Secured Party is granted priority over the Second Secured Party in any Other Property where registration of a priority instrument is provided for.

LOWER PRIORITY OVER THIRD PARTY IN RESPECT OF OTHER PROPERTY

12. If, in respect of any one or more of a Secured Party's Securities over any Other Property:
- (a) the amount shown in that Security for the purposes of section 80A(2) of the Property Law Act 1952 or recoverable in priority to any subsequent mortgage for the purposes of section 92 of the Property Law Act 2007 (as applicable) in respect of that Other Property is less than the First Secured Party Amount or the Second Secured Party Amount (as the case may be); or
 - (b) that Security does not specify any amount for the purposes of section 80A(2) of the Property Law Act 1952 or section 92 of the Property Law Act 2007 (as applicable) in respect of that Other Property,

and the amount by which that Secured Party is entitled under any law to be paid in priority to any third party in respect of that Other Property ("Other Party Priority Amount") is less than the First Secured Party Amount or the Second Secured Party Amount (as the case may be), then notwithstanding any other provision of this Document the priority of that Secured Party over the other Secured Party in respect of that Other Property shall be limited to the Other Party Priority Amount.

DISCHARGE OF ANY FIRST SECURED PARTY SECURITY OVER LAND

15. If, at any time, the Second Secured Party disposes of any land under the power of sale contained in a Second Secured Party Security or by law, the First Secured Party will provide the Second Secured Party with a registrable discharge of the First Secured Party Security in respect of that land (but not any other property) upon payment by the Second Secured Party of the least of:
- (a) the total amount outstanding under the First Secured Party Securities at the date on which that payment is to be made;
 - (b) the proceeds (net of reasonable expenses incurred in, and incidental to, that disposal) of that land; and
 - (c) the First Secured Party Priority Amount.

DIRECTION TO PAY

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

TRANSFER OR ASSIGNMENT

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

GOVERNING LAW AND JURISDICTION

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

INTERPRETATION

19. In addition to the definitions set out in the document ("**Document**") which incorporates this schedule of terms:

Enforcement Date	<p>The earlier of:</p> <p>(a) the date on which a Secured Party enforces (including, but not limited to, appointing a receiver) that Secured Party's rights under a Security of that Secured Party; and</p> <p>(b) the expiry date of a notice issued in respect of a Secured Party's Security under section 118, 119 or 128 of the Property Law Act 2007, pursuant to which a Secured Party enters into possession, or exercises that Secured Party's power of sale, of any property.</p>
First Secured Party Priority Amount	<p>The aggregate of:</p> <p>(a) the First 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 First Secured Party immediately before the Enforcement Date, on the lesser from time to time of:</p> <p>(i) the First Secured Party Amount; and</p> <p>(ii) the balance secured by, and outstanding under, the First Secured Party Securities;</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 First Secured Party, or by any receiver appointed by the First Secured Party, in protecting any Collateral or Other Property, or exercising any powers or rights under the First Secured Party Securities, but in each case only to the extent that they relate to Collateral or Other Property subject to both of the First Secured Party Securities and the Second Secured Party Securities;</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 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).</p>
PPSA	The Personal Property Securities Act 1999.

Second Secured Party Priority Amount	<p>The aggregate of:</p> <ul style="list-style-type: none"> (a) the Second 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 Second Secured Party immediately before the Enforcement Date, on the lesser from time to time of: <ul style="list-style-type: none"> (i) the Second Secured Party Amount; and (ii) the balance secured by, and outstanding under, the Second Secured Party Securities; (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 Other Property, or exercising any powers or rights under the Second Secured Party Securities, but in each case only to the extent that they relate to Collateral or Other Property subject to both of the First Secured Party Securities and the Second Secured Party Securities; (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 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).
Secured Parties	The First Secured Party and the Second Secured Party, and " Secured Party " includes either of them.
Securities	First Secured Party Securities and the Second Secured Party Securities, and " Security " includes any of them.
"at risk" "default" "financing change statement" "financing statement" "perfection" "personal property" "possession" "proceeds" "security interest" "seriously misleading"	Each have the respective meanings given to them under the PPSA.
at any time	Includes from time to time.
land	Includes any interest in land.
law	Includes any common law, equity and any statute.
person	Includes that person's successors, permitted assigns, executors, and administrators (as applicable).
receiver	Includes a receiver and manager, and a receiver of any income from any land.