

**DEED OR LETTER OF PRIORITY (PPSA) – TWO SECURED PARTIES
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, a Secured Party has received by way of payments made in accordance with the terms of the Document the lesser of:
 - (a) the total amount secured, whether actually or contingently, under that Secured Party's Security Agreement at that time; and
 - (b) its Priority Amount under the Document,

that Secured Party will, if required by a Secured Party whose Security Interest has priority, immediately register a financing change statement or statements recording the subordination its 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, in respect of the Collateral, 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, in respect of the Collateral, 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 the Document prevents a Secured Party from enforcing its Security Agreement in accordance with its terms.

PARAMOUNTCY AS BETWEEN SECURED PARTIES

8. 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 or Security Agreement is not legally enforceable; or
 - (b) a Security Agreement has been released and has not been legally and effectively reinstated against the Debtor,

provided that:

- (i) if a Secured Party's Security Interest is not perfected or not continuously perfected; or
- (ii) if a Secured Party's financing statement in relation to that Secured Party's Security Interest is held to be seriously misleading for the purposes of the PPSA; or
- (iii) if a Secured Party takes, or omits to take, any other steps,

so that a security of a third party has priority over that Secured Party's Security Interest, then nothing in these subordination and priority arrangements 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.

9. 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.

DISCHARGE OF SECURITIES

10. If, at any time, a Secured Party (a "**Selling Secured Party**") (or a receiver appointed by the Selling Secured Party) disposes of any Collateral under the power of sale contained in its Security Agreement or by law, any other Secured Party whose Security Interest has priority (a "**Prior Secured Party**") will provide the Selling Secured Party (or receiver) with a release of its Security Interest over any such Collateral which is being disposed of upon the payment by the Selling Secured Party (or receiver) of the lesser of:
- (a) the total amount outstanding under the Prior Secured Party's Security Agreement at the date on which that payment is to be made; and
 - (b) the Prior Secured Party's Priority Amount.
11. No Secured Party shall be obliged by the Document to provide a release of its Security Interest other than as expressly provided under clause 10.

DIRECTION TO PAY

12. In the event that:
- (a) a liquidator, official assignee, administrator, receiver, or similar person appointed or acting in respect of the Debtor (in each case, acting with the prior consent of the Secured Parties if such consent is required); or
 - (b) a person with a power of sale in respect of any Collateral whose securities have priority to the Secured Parties' Security Interests in respect of the relevant Collateral,
- sells any Collateral, each Secured Party agrees for the benefit of the other that it shall irrevocably and unconditionally authorise and direct that person to pay the proceeds of the realisation of the relevant Collateral in accordance with the provisions of the Document.
13. The proceeds of realisation of any Collateral by a Secured Party or by any of the persons referred to in clause 12 will be applied, subject to any claims having priority at law, in payment of:
- (a) First - money secured by the First Security Agreement up to the First Secured Party Priority Amount;
 - (b) Second - money secured by the Second Security Agreement up to the Second Secured Party Priority Amount;
 - (c) Third - all other money (including interest) secured by the First Security Agreement;
 - (d) Fourth - all other money (including interest) secured by the Second Security Agreement;
- and then in payment to those entitled to any surplus.
14. If:
- (a) a Secured Party (a "**Recovering Secured Party**") receives any amount representing all or part of the proceeds of realisation of any Collateral by any of the persons referred to in clause 12; and
 - (b) the amount received by the Recovering Secured Party exceeds the amount that it would have been entitled to had the relevant amount been distributed in accordance with clause 13 (the amount of such excess being the "**Excess Amount**"),
- then the Recovering Secured Party shall, subject to any claims having priority at law, hold the Excess Amount on trust for the other Secured Party and promptly pay it to the other Secured Party.
15. For the avoidance of doubt, where the proceeds of realisation of any sale are distributed in accordance with clause 13 and applied in accordance with clause 16, such proceeds shall be distributed and applied as though any Security Interests which were required to be released had not been released or discharged.

REDUCTION IN PRIORITY AMOUNT

16. On receipt of an amount by a Secured Party pursuant to clause 13 or clause 14, that Secured Party will apply the amount received in accordance with the terms of the relevant facility and/or Security Agreement, or otherwise:
- (a) First - in payment of any Relevant Costs secured by the relevant Security Agreement; and
 - (b) Second - in payment of any other outstanding amounts that are secured by the relevant Security Interest and form part of its Priority Amount.
17. Upon an amount being applied in accordance with clause 16 (other than an amount which is applied against Relevant Costs), the First Secured Party Primary Amount or the Second Secured Party Primary Amount (as applicable) shall, with effect from the date of the relevant payment, be reduced by an amount equal to that amount (subject always to such amount not being avoided under any law of insolvency).

COUNTERPARTS

18. The Document may be executed in any number of counterparts each of which will be deemed an original and together will constitute a single document. Any party may enter into the Document by signing any counterpart and may rely on a facsimile copy of a counterpart signed by any other party. No party will be bound by the Document until all parties have duly executed and delivered the Document.

TRANSFER OR ASSIGNMENT

19. 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

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

DELIVERY

21. For the purposes of Section 9 of the Property Law Act 2007, and without limiting any other mode of delivery, the Document will be delivered by each of the parties hereto (each a "**Delivering Party**") immediately on the earlier of:
- (a) physical delivery of an original of the Document executed by the relevant Delivering Party into the custody of the other party or other party's solicitors; or
 - (b) transmission by the relevant Delivering Party or its solicitors (or any other persons authorised in writing by the relevant Delivering Party) of a facsimile, photocopied or scanned copy of an original of the Document, executed by the relevant Delivering Party, to the other party or other party's solicitors.

INTERPRETATION

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

First Distribution Date	The first date on which the proceeds of realisation of any Collateral are distributed in accordance with the terms of the Document.
First Secured Party Primary Amount	<p>At any time, the aggregate of:</p> <ul style="list-style-type: none">(a) the First Secured Party Amount; and(b) an amount equivalent to the notional amount of interest, calculated at the highest rate payable by the Debtor to the First Secured Party immediately before the First Distribution Date, which would accrue over a period equal to the Interest Period on the lesser of:<ul style="list-style-type: none">(i) the First Secured Party Amount; and(ii) the highest balance secured by, and outstanding under, the First Security Agreement at any time over the Interest Period ending on the First Distribution Date, <p>as such amount has been reduced in accordance with clause 17.</p>

<p>First Secured Party Priority Amount</p>	<p>On any date ("Relevant Date"), the aggregate of:</p> <ul style="list-style-type: none"> (a) the First Secured Party Primary Amount as at that date; (b) 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, and any amounts paid or advanced by the First Secured Party for a purpose specified in section 87(1) of the Property Law Act 2007, but only to the extent that they relate to Collateral; (c) the amount of any preferential payments required by law to be paid; and (d) the amount of interest, calculated on a daily basis at the highest rate payable by the Debtor to the First Secured Party on any amount secured by, and outstanding under, the First Security Agreement immediately before the Relevant Date on each amount in paragraphs (b) and (c) above from the date of payment of the relevant amount until the date of reimbursement of that amount to the First Secured Party or the relevant receiver (as the case may be).
<p>First Security Interest</p>	<p>The security interest in the Collateral created by the First Security Agreement.</p>
<p>PPSA</p>	<p>The Personal Property Securities Act 1999.</p>
<p>Priority Amount</p>	<p>In relation to:</p> <ul style="list-style-type: none"> (a) the First Secured Party, means the First Secured Party Priority Amount; and (b) the Second Secured Party, means the Second Secured Party Priority Amount.
<p>Relevant Costs</p>	<p>In relation to:</p> <ul style="list-style-type: none"> (a) the First Secured Party, means the amounts referred to in paragraphs (b), (c) and (d) of the definition of First Secured Party Priority Amount; and (b) the Second Secured Party, means the amounts referred to in paragraphs (b), (c) and (d) of the definition of Second Secured Party Priority Amount.
<p>Second Secured Party Primary Amount</p>	<p>At any time, the aggregate of:</p> <ul style="list-style-type: none"> (a) the Second Secured Party Amount; and (b) an amount equivalent to the notional amount of interest, calculated at the highest rate payable by the Debtor to the Second Secured Party immediately before the First Distribution Date, which would accrue over the Interest Period on the lesser of: <ul style="list-style-type: none"> (i) the Second Secured Party Amount; and (ii) the highest balance secured by, and outstanding under, the Second Security Agreement at any time over the Interest Period ending on the First Distribution Date, <p>as such amount has been reduced in accordance with clause 17.</p>

Second Secured Party Priority Amount	<p>On any date ("Relevant Date"), the aggregate of:</p> <p>(a) the Second Secured Party Primary Amount as at that date;</p> <p>(b) 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, and any amounts paid or advanced by the Second Secured Party for a purpose specified in section 87(1) of the Property Law Act 2007, but only to the extent that they relate to Collateral;</p> <p>(c) the amount of any preferential payments required by law to be paid; and</p> <p>(d) the amount of interest calculated on a daily basis at the highest rate payable by the Debtor to the Second Secured Party on any amount secured by, and outstanding under, the Second Security Agreement immediately before the Relevant Date on each amount in paragraphs (b) and (c) above from the date of payment of the relevant amount until the date of reimbursement that amount to the Second Secured Party or the relevant receiver (as the case may be).</p>
Second Security Interest	The security interest in the Collateral created by the Second Security Agreement.
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.
Secured Parties	The First Secured Party and the Second Secured Party, and " Secured Party " means either of them.
<p>"financing change statement"</p> <p>"financing statement"</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.