

Specific Security Agreement

This Security Agreement is dated the _____ day of _____ 20____

PARTIES

1. _____ (“the Debtor”)
2. _____ (“the Covenantor”)
3. TSB Bank Limited at New Plymouth _____ (“the Secured Party”)

Operative Clauses

1. In consideration of the Secured Party providing or agreeing to provide financial services to or for the accommodation of the Debtor, or at the request of the Debtor, the Debtor grants a security interest to the Secured Party in all of the Debtor’s present and after acquired personal property listed below as well as the proceeds thereof:

- **Equipment or Consumer Goods including:**

ITEM	YEAR	MAKE	MODEL NO.	SERIAL NO. (IF ANY)	OTHER IDENTIFYING CHARACTERIS

- **Inventory including:**

DESCRIPTION:

- **Livestock including:**

GENERAL DESCRIPTION:	Cows, sheep, deer, ostriches, goats, cattle, horses, shellfish, fish, chickens, pigs or other
(SPECIFIC LIVESTOCK (IF ANY):	birds and creatures

- **Crops including:**

GENERAL DESCRIPTION:	Pip fruit, stone fruit, grapes, wheat, barley, maize, plants and plant products
SPECIFIC CROPS (IF ANY):	

- **Investment Securities including:**

Publicly listed company shares

ISSUER’S NAME	NO. OF SECURITIES	FIN NO. (IF ANY)	SERIAL NO. (IF ANY)	CERTIFICATE NO. (IF ANY)

Non-Publicly listed company shares

ISSUER'S NAME	NO. OF SECURITIES	CERTIFICATE NO. (IF ANY)

• **Dairy Company Shares**

DAIRY COMPANY NAME	
SHAREHOLDER/FARM/SUPPLIER NO.	

• **Accounts Receivable including:**

SPECIFIC ACCOUNTS RECEIVABLE (if any):

• **Intangibles including:**

SPECIFIED INTANGIBLES:

• **Serial Numbered Goods (Motor vehicles/aircraft)**

Motor vehicles

MAKE OR NAME OF MANUFACTURER	MODEL	YEAR	REGISTRATION NO. (IF ANY)	VEHICLE ID. NO. (IF ANY)	CHASSIS NO. (IF ANY)	COLOUR

Aircraft

MAKE OR NAME OF MANUFACTURER	MODEL	YEAR	CLASS OF AIRCRAFT	*REGISTRATION MARK	*NATIONALITY MARK (IF ANY)	*SERIAL NO.

- The charge secures the due and punctual payment of the Secured Moneys and the performance by the Debtor of its obligations under this Security Agreement and under any other written agreements between the Debtor and the Secured Party relating to the Secured Moneys.
- The Debtor further agrees with the Secured Party as set out in the First Schedule hereto.
- The Covenantor guarantees the obligations of the Debtor as set out in the First Schedule hereto.
- The details of the Debtor are contained in the Second Schedule hereto.

Section 92 Priority Limit

For the purposes of section 92 of the Property Law Act 2007, the maximum amount up to which the Secured Moneys will rank in priority to any subsequent security interest, mortgage, charge, or encumbrance is:

\$ _____ plus interest

EXECUTION

SIGNED by

_____ as the Debtor in the presence of:

_____ Signature of Debtor

Witness signature:

Witness full name:

Witness Occupation:

Witness Address:

or where the Debtor is a Company

SIGNED by

_____ Limited

_____ Signature of Director/Authorised Signatory

_____ Signature of Director/Authorised Signatory

in the presence of:

Witness signature:

Witness full name:

Witness Occupation:

Witness Address:

SIGNED by

_____ as the Covenantor in the presence of:

_____ Signature of Covenantor

Witness signature:

Witness full name:

Witness Occupation:

Witness Address:

or where the Covenantor is a Company

SIGNED by

_____ Limited

_____ Signature of Director/Authorised Signatory

_____ Signature of Director/Authorised Signatory

Witness signature:

Witness full name:

Witness Occupation:

Witness Address:

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FIRST SCHEDULE

1. Interpretation

- (a) In this Security Agreement, unless inconsistent with the context:
 - (i) The singular includes the plural and vice versa.
 - (ii) Any term which corresponds to a heading or sub-heading in the First Schedule shall mean and include the information and particulars which are inserted against the heading in such Schedule.
 - (iii) The term "Debtor" includes jointly and severally all Persons executing this Security Agreement (whether as Debtor or Covenantor) and the obligations contained and implied herein and references herein to either or any of them shall refer to and bind all such Persons, trusts, companies or partnerships jointly and severally as principal debtors.
 - (iv) The terms "Debtor" and "Covenantor" extend to and include the executors, administrators and assigns of the Debtor and Covenantor respectively.
 - (v) The term "*Person*" includes a natural person, a company, corporation, statutory body, local authority, trust, partnership, society, association or other group whether or not incorporated.
 - (vi) Terms carry the same meaning as they do in the PPSA.

2. Definitions

- (a) "*Accommodated Person*" means any Person:
 - (i) With whom the Secured Party contracts or makes any arrangement; or
 - (ii) To whom the Secured Party provides any financial service or facility;
for the accommodation of, at the request of, at the direction of or on account of the Debtor.
- (b) "*Collateral*" is the personal property of the Debtor listed in the Operative Clauses.
- (c) "*for the accommodation of the Debtor*" means financial accommodation at the request of, at the direction of or on account of the Debtor, or if there is more than one Debtor, any one of them.

- (d) *“Investigator”* means any Person (whether an officer of the Secured Party or not) appointed under this deed to act as an investigator of the Debtor’s affairs.
- (e) *“Investment Securities”* means any investment securities that are subject to the security granted by the Debtor in this Security Agreement (including, for the avoidance of doubt, any investment securities issued by a co-operative dairy company (as defined in section 34 of the Co-operative Companies Act 1996) to the Debtor at any time):
- (i) Pursuant to the constitution of that dairy company as a result of the amount of milk or milk solids supplied by the Debtor to that dairy company increasing; and/or
 - (ii) Pursuant to the constitution of that dairy company in lieu of rebates under section 31 of the Co-operative Companies Act 1996, or any other securities or subordinated securities to which the Debtor is entitled as a result of the amount of milk or milk solids supplied by the Debtor to the dairy company, and investment securities includes all Rights attributable to, or arising from, any investment securities, all proceeds of any investment securities, all documents of title in relation to any investment securities, and all of the Debtor’s present and future rights in relation to those investment securities, Rights, proceeds and documents of title, and a reference to investment securities includes any one, or more, of them.
- (f) *“Issuer”* means an issuer of any Investment Securities or Rights subject to the security granted by the Debtor in this Security Agreement and, in relation to any Investment Securities or Rights which arise from, or form part of, a unit trust, includes both the unit trust itself and any manager or trustee or other entity performing either or both of those roles in relation to the unit trust.
- (g) *“Livestock”* means any living animal, fish, shellfish, bird or other creature held or used by the Debtor as equipment or inventory, that is or are subject to the security granted by the Debtor in this Security Agreement, and includes all proceeds of any of that Livestock, all bills of lading or other documents of title relating to any of that Livestock or all natural increase (whether resulting from artificial breeding, embryonic transfer, or otherwise) of any of that Livestock, all unborn young of any of that Livestock, all wool growing on any of that Livestock and that wool once shorn, all other produce, including, but not limited to, all dairy products, meat and genetic material, and all of the Debtor’s present and future rights in relation to the above.
- (h) *“Personal Property”* includes chattel paper, documents of title, goods, intangibles, investment securities, money and negotiable instruments.
- (i) *“PPSA”* means the Personal Property Securities Act 1999.(j) *“priority limit”* means the section 92 Priority Limit (if any) set out on page 2 of this Security Agreement.
- (k) *“Rights”* means all:
- (i) Distributions;
 - (ii) Options or rights to take up any securities of any nature; and
 - (iii) All other rights, money or securities (as defined in the Securities Act 1978) of any nature attributable to, or arising from, any Investment Securities, and includes all proceeds of any Rights, all documents of title relating to any Rights and all of the Debtor’s present and future rights in relation to those Rights, proceeds and documents of title, and a reference to “Rights” includes any of them.
- (l) *“Security Agreement”* means the within Agreement together with all schedules attached hereto.
- (m) *“Secured Monies”* means all monies which are now or may hereafter from time to time be owing to the Secured Party by the Debtor solely (and if more than one Person is named as Debtor, then severally by each Person so named), by any Accommodated Person or by the Debtor together with any other Person or Persons and including by way of example and not limitation, all monies owing in respect of:
- (i) Loans, credits, advances or other financial services made or given to or for the accommodation of or at the request of the Debtor or to any one or more of them or to any other Person for the accommodation of the Debtor.
 - (ii) Any bill of exchange, promissory note, draft, order or other negotiable instrument drawn, accepted, endorsed, paid, discounted or held by the Secured Party at the request of the Debtor notwithstanding that such bill of exchange, promissory note, draft, order or other negotiable instrument may not have arrived at maturity.
 - (iii) Any letter of credit or other facility for payment or receipt of monies by or on behalf of the Debtor.
 - (iv) Payment made by the Secured Party for or at the request of the Debtor for goods or services acquired by or provided to the Debtor or any other Person.
 - (v) The financing, shipment or confirming of goods on behalf or at the request of the Debtor.
 - (vi) The Secured Party taking an assignment (whether absolute or by way of charge, of any debt or other obligation of the Debtor).
 - (vii) Any indebtedness arising out of any guarantee, indemnity, bond or other obligation given by or undertaken by the Debtor to the Secured Party or given or undertaken by the Secured Party for or at the request of the Debtor.
 - (viii) All interest, commission, costs and charges payable by the Debtor to the Secured Party or incurred by the Secured Party in relation to this Security Agreement or any indebtedness secured hereunder including all those incurred by the Secured Party in the exercise or attempted exercise of the Secured Party’s rights, powers and remedies hereunder.
 - (ix) Any other indebtedness whatsoever of the Debtor to the Secured Party.
Monies are to be regarded as being included in the term “Secured Monies”:
 - (x) Whether or not the liability for such monies is matured or unmatured, actual or contingent, or liquidated or unliquidated.
 - (xi) Whether or not such monies are also secured by any other security.
 - (xii) Whether or not any agreement or arrangement relating to such monies expressly refers to this Agreement.
 - (xiii) Whether or not the liability for such monies arises by agreement (express or implied), by operation of law or otherwise.
 - (xiv) Whether or not such monies are now owing by any Debtor or Accommodated Person (as the case requires) jointly with or otherwise in combination with any Person who is not a Debtor or Accommodated Person.
- (n) *“Unarranged Interest Rate”* means the interest rate charged by the Secured Party where no formal agreement or arrangement has been made with the Secured Party for the provision of financial accommodation.
- (o) *“Upon Demand”* means upon demand being made by written notice executed by the Secured Party or any representative of the Secured Party and served as provided in this Security Agreement or by law.

3. Payment of the Secured Monies

The Debtor will duly and punctually pay the Secured Monies to the Secured Party at the times and in the manner agreed upon between the Debtor and the Secured Party from time to time or failing agreement, Upon Demand served by the Secured Party in the

manner provided herein. The Debtor will observe, perform, fulfil and keep all of the other covenants and conditions in any agreement between the Debtor and the Secured Party or between the Secured Party and any Accommodated Person.

4. Payment of Interest where no other agreement

The Debtor will pay to the Secured Party interest on the Secured Moneys from time to time (whether demand has been made in respect thereof or not) and upon which no interest is payable under any other agreement or arrangement made between the Debtor and the Secured Party (unless there is an express written agreement between the Debtor and the Secured Party and no interest shall be payable in respect thereof) at the Secured Party's current Unarranged Interest Rate calculated with daily rests from the date on which the monies become owing, and all such monies and interest thereon shall, in the absence of express written agreement between the Debtor and the Secured Party to the contrary, be payable Upon Demand.

5. Priority and Security Provisions

- (a) Where a priority limit has been included in this Security Agreement, stating the priority limit does not act as a waiver of the Secured Party's security under this Security Agreement for so much of the Secured Moneys as may exceed the priority limit nor does it act as a representation of the total amount of credit to be provided to or for the accommodation of the Debtor to be secured by this Security Agreement.
- (b) The Security Agreement shall remain in full force and shall be a running and continuing security for the payment for the Secured Moneys and the observance and performance of the covenants, conditions and agreements contained or implied in this Security Agreement or in any deed or instrument collateral to this Security Agreement notwithstanding that any sum or sums may from time to time be in credit and notwithstanding any settlement of account or other matter or thing whatsoever until the Secured Party has signed a release of this Security Agreement or the security interest.
- (c) The remedies in this Security Agreement are in addition to and not in substitution for any remedies provided by law and this Security Agreement is in addition to and not in substitution for any other security or right the Secured Party may now or in the future have and may be enforced against the Debtor or any other Person without first having recourse to any such securities or rights.
- (d) The Secured Party's rights will not be affected at any time by any amendment to this Security Agreement, or (in respect of one party) the invalidity or unenforceability of this Security Agreement against any other party or the release of any other party from this Security Agreement or the failure of any other party to execute or otherwise be bound by this Security Agreement for whatever reason and whether or not known to the Secured Party, or the dissolution, amalgamation, change in status, constitution or control, reconstruction or reorganisation of any party (or the commencement of any steps to effect any of this).

6. Secured Party's right of set off

- (a) At all times (and whether or not the Debtor is bankrupt, or in receivership or liquidation) the Secured Party shall be entitled to set off any monies owing to the Debtor by the Secured Party or property claimed by the Debtor from the Secured Party against any monies owing to the Secured Party or property claimed by the Secured Party from the Debtor and included in the Secured Moneys.
- (b) The Secured Party shall be entitled at any time to appropriate any monies paid to the Secured Party or held to the credit of the Debtor with the Secured Party on any account whatsoever or otherwise coming into the hands of the Secured Party in or towards payment or satisfaction of the Secured Moneys or any part thereof. For the purposes of this clause 6, "monies paid to the Secured Party by or on behalf of the Debtor or held to the credit of the Debtor with the Secured Party" shall include Debenture stock issued to the Debtor and deposits (both secured and unsecured) made by the Debtor or at the request of the Debtor pursuant to any registered Prospectus or otherwise being held by the Secured Party.
- (c) The Secured Moneys shall include all monies owing by the Debtor to the Secured Party as provided by the definition of "Secured Moneys" notwithstanding that they may be expressed to be secured by or chargeable against any other arrangement between the Debtor and the Secured Party and notwithstanding that any agreement or arrangement between the Secured Party and the Debtor may not express any monies therein referred to as being intended to be secured hereby and if and to the extent that any monies which are secured by or chargeable against any other security held by the Secured Party are not included in the Secured Moneys or otherwise secured by this Security Agreement by virtue of the other provisions hereof, they shall be by virtue of this clause deemed to be included in the Secured Moneys and to be secured by the charge created hereunder.

7. Further assurance - provision of information by Debtor

- (a) The Debtor agrees to do all things necessary to ensure that the Secured Party receives the full benefit of the charge created by this Security Agreement.
- (b) Upon request by the Secured Party, the Debtor must forthwith do everything which is necessary to retain the priority of the Secured Party's security under the PPSA.
- (c) Where the PPSA applies, upon request by the Secured Party, the Debtor must forthwith provide all the data required by the Secured Party to register a Financing Statement.

8. What the Debtor must do in relation to the Collateral

- (a) The Debtor must:
 - (i) Keep the Collateral in good condition and protect it from loss or damage;
 - (ii) Comply with all terms contained or implied in any lease or other agreement which may affect the Collateral;
 - (iii) Insure the Collateral for its full replacement value against all risks that are prudent to insure against (including, in relation to interests in real property, natural disaster damage as defined in the Earthquake Commission Act 1993), and all other risks which the Secured Party may require, with an approved insurer, and deliver to the Secured Party, at the times specified by the Secured Party, all details of its insurance required by the Secured Party;
 - (iv) Ensure that each insurance policy relating to the Collateral notes the Secured Party's interest in the Collateral and names the Secured Party as a loss payee under that policy;

- (v) Deliver to the Secured Party all details of its insurance required by the Secured Party. The Secured Party shall be entitled to request from the insurer of the Debtor details of all such insurance and the Debtor does hereby irrevocably authorise each such insurer to provide a Certificate of Currency confirming details of such insurance upon request being made by the Secured Party;
- (vi) Pay all proceeds of any Collateral to its account or accounts with the Secured Party;
- (vii) Allow the Secured Party and any Person on behalf of the Secured Party to inspect the Collateral at any reasonable time;
- (viii) If the Secured Party requests, do all things which the Secured Party thinks desirable to:
 - (aa) Ensure that the Collateral is subject to an effective security interest and/or charge (as applicable) having the priority required by the Secured Party (including, but not limited to, providing serial numbers and other details of any Collateral, and delivering any Collateral to the Secured Party where possession of that Collateral by a third party may have the result that the interest of that third party in that Collateral would defeat the Secured Party); and/or
 - (bb) Assist the Secured Party in exercising any of its rights or powers under this Security Agreement, whether on enforcement of the security interest or charge (including, but not limited to the sale of any of the Collateral) or otherwise, and, without limiting any of the above, the Debtor will, if required by the Secured Party, immediately execute in favour of the Secured Party any further security, in a form which is commonly used by the Secured Party at that time, over any of the Debtor's interests in any Other Property as the Secured Party may require. The Debtor acknowledges and agrees that that security will be in addition to any other security granted by the Debtor in favour of the Secured Party, and will not in any way affect, or limit, the security interest and charge granted by the Debtor in the operative clause; and
- (ix) Deliver to the Secured Party written notice of the present location of any Collateral, when asked to do so by the Secured Party.
- (b) The Debtor must retain ownership and possession or control of the Collateral except that, unless otherwise required in writing by the Secured Party, the Debtor may, in the ordinary course of business of the Debtor, without the consent of the Secured Party, sell at not less than fair market value or purchase, or lease (whether as lessor or lessee) inventory and collect accounts receivable which are the proceeds of inventory. Nothing in this clause 8(b) shall, however, restrain the Debtor from disposing of Collateral at not less than fair market value in the ordinary course of business of the Debtor or in the unexceptional course of the Debtor's non-business activities.

9. What the Debtor must do in relation to Investment Securities which are Collateral

- (a) The Debtor must, in relation to Investment Securities which are Collateral, promptly deposit with the Secured Party:
 - (i) Any documents of title to the Investment Securities and any Rights;
 - (ii) Any Transfer in relation to the Investment Securities and any Rights, if required by the Secured Party; and
 - (iii) Any certificates or documents of title issued by an Issuer in substitution for, or replacement of, any of the certificates or documents of title referred to in sub-clauses 9(a)(i) and 9(a)(ii).
- (b) If an Issuer, while listed on any stock exchange, is party to or converts to an electronic transfer and registration system which results in a system of scripless trading of its Investment Securities, the Debtor will:
 - (i) Enter into an agreement with the Secured Party and a broker/dealer of those Investment Securities nominated by the Secured Party in a form required by the Secured Party; and
 - (ii) Give notices and directions as the Secured Party may require to the manager of the registry of securities for that Issuer.
- (c) If any call or other amount ("call") becomes payable in relation to any Investment Securities or any Rights while the Debtor is the holder of those Investment Securities or Rights, the Debtor will pay that call to the relevant Issuer on or before the due date for payment and promptly confirm to the Secured Party that the payment has been made.
- (d) If any call becomes payable in relation to any Investment Securities or any Rights while the Secured Party or its nominee is the holder of those Investment Securities or Rights, the Debtor will pay an amount equal to that call to the Secured Party or to the relevant Issuer (and, if the Debtor pays the call to the Secured Party, the Secured Party will pay the call to the relevant Issuer).
- (e) If any Right to acquire any Investment Securities ("entitlement") becomes exercisable, the holder of the relevant Investment Securities will promptly provide full details of that entitlement to the Secured Party or the Debtor (whomever is not the holder of the Investment Securities, as the case may be) and the Debtor will advise the Secured Party whether or not it intends to exercise all or any part of that entitlement.
- (f) Until a Default occurs:
 - (i) The Debtor may exercise all voting rights in relation to any Investment Securities and any Rights it holds; and
 - (ii) If the Secured Party or its nominee is the holder of all or any of the Investment Securities and any Rights, the Secured Party will, if requested by the Debtor and at the Debtor's expense, appoint, or cause the nominee to appoint, a proxy nominated by the Debtor, to enable the Debtor to vote at meetings of the relevant Issuer, provided that, in each case, the Debtor will not cast, or refrain from casting, a vote in a manner which could reasonably be expected to affect adversely the security interest or charge under this Security Agreement.
- (g) All distributions in relation to any Investment Securities and Rights are to be applied in any manner required by the Secured Party, in its sole discretion, including, if required, in or towards payment of the Secured Moneys.
- (h) If an offer is made for Investment Securities in an Issuer including any Investment Securities which, if successful, would result in the offeror holding or controlling not less than 50% of the voting Investment Securities in that Issuer:
 - (i) The holder of the relevant Investment Securities at that time will notify the other party to this Security Agreement of the terms of the offer; and
 - (ii) The Secured Party may accept, or if the Debtor is the holder of the relevant Investment Securities, require the Debtor to accept, that offer in which case the Debtor will do so by the latest date for acceptance, if, in the Secured Party's opinion, non-acceptance of that offer could reasonably be expected to adversely affect the security interest or charge under this Security Agreement, and, in any case, the proceeds of sale of the relevant Investment Securities will be applied in or towards repayment of the Secured Moneys.
- (i) If the Issuer of any Investment Securities is a co-operative dairy company (as defined in section 34 of the Co-operative Companies Act 1996), the Debtor will in relation to those Investment Securities:
 - (i) Ensure that the Debtor continues to be a supplying shareholder (within the meaning of that section 34) of, and in accordance with the constitution of, that Issuer;

- (ii) Immediately notify the Secured Party if:
 - (aa) The amount or estimated amount of milk or milk solids supplied, or to be supplied, by the Debtor to that Issuer is, or is expected to be, less than any minimum amount specified in the constitution of that Issuer as an amount of milk or milk solids which a Person is required to supply to that Issuer either for:
 - (1) That Person to be a supplying shareholder of that Issuer; or
 - (2) The Issuer to allot shares to that Person;
 - (bb) That Issuer rejects any milk or milk solids offered for supply to that Issuer by the Debtor; or
 - (cc) That Issuer advises the Debtor that the Issuer will not accept milk or milk solids supplied by the Debtor in future; and
- (iii) Not agree with that Issuer a surrender price for any Investment Securities which is less than the nominal value of those Investment Securities under the constitution of that Issuer.

10. The Secured Party's Rights

- (a) The Secured Party may do all things which it thinks desirable to:
 - (i) Remedy any Default by the Debtor;
 - (ii) Otherwise protect the Collateral or the security interest or charge under this Security Agreement (including, but not limited to, and without affecting any obligation of the Debtor under this Security Agreement, lodging any caveat in relation to any interest in real property charged by the Debtor under this Security Agreement).
- (b) When the Collateral includes Investment Securities the Secured Party may:
 - (i) Notify an Issuer of the security interest under this Security Agreement;
 - (ii) Retain and hold all documents of title and Transfers deposited with the Secured Party until the Secured Party has signed a release of this Security Agreement.
- (c) The Secured Party may (without notifying the Debtor):
 - (i) Appropriate all amounts received in relation to the Secured Moneys in any manner it determines, including in any manner required to preserve any purchase money security interest;
 - (ii) Combine or consolidate all or any of the Debtor's accounts with the Secured Party and/or set-off and apply in or towards satisfaction of the Secured Moneys or against any other liability of the Debtor or of any Accommodated Person to the Secured Party any one or more credit balances or deposits of the Debtor held by the Secured Party and any other liabilities of the Secured Party to the Debtor and, for any of these purposes, the Secured Party may break any term deposit. To the extent (if any) necessary to give effect to the Secured Party's rights in this clause, so far as concerns any liability of any Accommodated Person to the Secured Party, the Debtor guarantees to the Secured Party, to the extent of any credit balances or deposits, all the obligations of each Accommodated Person to the Secured Party; or
 - (iii) If any amount owing by the Debtor is not able to be quantified or is contingently due, retain and withhold payment of that amount until it is able to be quantified or is due.
- (d) The Secured Party's rights and powers under this Security Agreement are without prejudice, and in addition, to any other rights or powers to which the Secured Party is entitled, whether under this Security Agreement, or by law, or otherwise.
- (e) No delay in acting, or failure to act, by the Secured Party is a waiver of any of the Secured Party's rights, and the Secured Party will not be liable to any Person for any delay or failure.
- (f) The Secured Party's right to payment of any of the Secured Moneys (including under any negotiable instrument or other agreement) will not merge in the Debtor's obligation to pay the Secured Moneys under this Security Agreement. The Secured Party will have no duty to marshal in favour of the Debtor or any other Person.
- (g) Nothing in this Security Agreement will be construed as:
 - (i) An agreement to subordinate the security interest or the charge under this Security Agreement in favour of any Person;
 - (ii) A consent by the Secured Party to any security interest attaching to or any charge being created in, any Collateral; or
 - (iii) A consent by the Secured Party to any property that is not Personal Property becoming an accession to any Personal Property.
- (h) This Security Agreement will be assignable by the Secured Party free from any right of set-off or equities between the Debtor and the Secured Party.

11. Gross-up

- (a) If:
 - (i) The Debtor is required by law to make any deduction or withholding from any amount paid or payable by the Debtor to the Secured Party; or
 - (ii) The Secured Party is required by law to make any payment on or in relation to any amount received or receivable by the Secured Party in relation to the Secured Moneys, whether on account of tax (other than tax on overall net income of the Secured Party) or otherwise, then, except to the extent otherwise provided in any other agreement:
 - (iii) The Debtor will ensure that that deduction or withholding does not exceed the legal minimum and will pay the amount required to be so deducted, withheld or paid to the relevant authority before the date on which penalties attach;
 - (iv) The amount payable by the Debtor in relation to which that deduction, withholding or payment is required to be made will be increased to the extent necessary to ensure that after that deduction, withholding or payment is made the Secured Party receives and retains (free from any liability in relation to any deduction, withholding or payment) a net amount equal to the amount which the Secured Party would have received and so retained had no deduction, withholding or payment been made; and
 - (v) The Debtor will promptly deliver to the Secured Party the receipt issued by the applicable authority evidencing that the deduction or withholding has been made.

12. Currency Indemnity

- (a) If any of the Secured Moneys is received by the Secured Party (whether as a result of obtaining or enforcing an order or judgment, the dissolution of any Person or otherwise) in a currency ("first currency") other than the currency ("second currency") in which it is denominated at the relevant time, or as provided in any other agreement, the amount received will only satisfy the Debtor's obligation to pay the Secured Moneys to the extent of the amount in the second currency which the Secured Party is able, in

accordance with reasonable practice, to purchase with the amount received in the first currency on the date of that receipt (or, if it is not practicable to make that purchase on that date, on the first date upon which it is practicable to do so).

- (b) The Debtor indemnifies the Secured Party against any loss sustained by the Secured Party as a result of the amount purchased by the Secured Party in the second currency pursuant to this clause being less than the amount due, and against all costs and expenses incurred by the Secured Party in purchasing the second currency.

13. Representations and Warranties

- (a) The Debtor represents and warrants (at the date of this Security Agreement and on the first day of each month during the term of this Security Agreement by reference to the facts and circumstances existing on that date) that:
- (i) The Debtor has the power, and has taken all necessary action to authorise the Debtor, to enter into, and comply with its obligations under, this Security Agreement;
 - (ii) The Debtor has the power and authority to own the Debtor's assets and to conduct the Debtor's business as presently conducted;
 - (iii) This Security Agreement constitutes legal, valid and binding obligations of the Debtor;
 - (iv) Neither the execution and delivery of this Security Agreement nor the performance or observance by it of its obligations under this Security Agreement violates, conflicts with, or results in a breach of, any terms, conditions or provisions of, or constitutes a default under, any law or court order by which it is bound, or any agreement to which it is a party;
 - (v) All consents required in terms of any applicable law, security or agreement to the granting of this Security Agreement have been obtained;
 - (vi) It is not party to any litigation or arbitration, nor subject to any administrative proceeding or investigation, the outcome of which might have a material adverse effect on its business, nor is any litigation, arbitration or administrative proceeding or investigation threatened; and
 - (vii) All financial information given, or to be given, to the Secured Party does, and will, fairly and accurately represent its financial position or, as the case may be, the financial position of any subsidiary, at the date as of which the financial information is given.

14. Enforcement provisions

- (a) *Monies immediately payable*

If an Event of Default occurs, all of the Secured Moneys will become immediately payable whether or not they are then required to be so repaid by any document, and the Secured Party may exercise its powers of possession and sale of the Collateral.

Events of Default

- (i) The following are Events of Default:
- (aa) Failure by the Debtor to perform or comply with any of its obligations, whether as to payment or otherwise, under this Security Agreement or under any other agreement or arrangement with the Secured Party;
 - (bb) Any indebtedness, present or future, actual or contingent, secured or unsecured as principal or surety in relation to money borrowed, raised or otherwise owing, or any financial accommodation whatsoever of the Debtor not being paid when due or becoming due prior to its stated due date by reason of a default, however described.
 - (cc) Execution, attachment or other legal process is claimed or issued against any of the assets of the Debtor;
 - (dd) Judgment is obtained against the Debtor;
 - (ee) Any lien is lawfully claimed over the Collateral;
 - (ff) If any insurance policy in respect of the Collateral is cancelled by the Debtor (without the Secured Party's prior written consent) or by the insurer;
 - (gg) Where the Debtor is an individual, the Debtor commits any act of bankruptcy or enters into an arrangement for the benefit of his or her creditors;
 - (hh) Any representation made or any information provided by or on behalf of the Debtor to the Secured Party proving to be untrue in any material respect;
 - (ii) There is a failure to comply with any obligation under any security held by the Secured Party in connection with this Security Agreement or any security becomes enforceable over any asset of the Debtor or there is a default under any security;
 - (jj) Any guarantor of the Debtor's liability to the Secured Party for any part of the Secured Moneys giving notice determining or reducing that guarantor's liability;
 - (kk) Any Person who has granted a security in support of the Debtor's obligations to the Secured Party breaching the terms of the agreement under which that security is granted;
 - (ll) The validity of any intangible property charged hereby that is a registered patent, trademark or design is disputed or becomes subject to any dispute;
 - (mm) Any land forming part of the property charged hereby being taken under any law, or the value of the land is, in the Secured Party's opinion, materially reduced as a result of any change to any rules or designation in any plan, or the activity carried out on or in relation to that land is no longer a permitted activity under the Resource Management Act 1991 or would not be able to be carried out but for any current resource consent or existing use right (as those expressions are used in that Act);
 - (nn) Any local authority or governmental agency taking any action under, or there is any claim or requirement of expenditure or alteration of activity pursuant to, the provisions of the Resource Management Act 1991 or any other enactment relating to the use of land or the environment against the Debtor;
 - (oo) Any other event (or series of events) occurs which, in the opinion of the Secured Party, may have a material adverse effect on the Debtor, or on the ability or willingness of the Debtor to comply with the Debtor's obligations to the Secured Party;
 - (pp) Any of the above specified Events of Default occurring in relation to an Accommodated Person.
 - (qq) Where the Debtor is a company, or where this Security Agreement has been entered into for business purposes:
 - (1) An application being made for liquidation of the Debtor or the Debtor resolving to go into liquidation;
 - (2) Appointment by the Secured Party of a receiver over the Debtor's assets, or any of them, or the Secured Party being requested by the Debtor or any other Person to appoint a receiver in respect of any of the Debtor's assets;

- (3) Any other Person entitled to appoint a receiver over any of the Debtor's assets taking steps to do so, or being requested by the Debtor to do so;
- (4) The Debtor being placed in statutory management pursuant to the Corporations (Investigation and Management) Act 1989 or the Reserve Bank of New Zealand Act 1989 or any inspector, investigator or statutory manager being appointed to investigate the affairs of the Debtor;
- (5) If the Debtor ceases to satisfy the solvency test set out in Section 4 of the Companies Act 1993 (whether or not that Act then applies to the Debtor);
- (6) If any licence, permit or authorisation that is necessary for the lawful carrying on of any material part of the Debtor's business is cancelled, or lapses, or is threatened to be cancelled, in a manner that may in the Secured Party's opinion materially affect the position of the Debtor;
- (7) If the Debtor ceases, or threatens to cease, to carry on any part of its business or ceases to pay its creditors;
- (8) If the Debtor agrees to sell or otherwise dispose of any material part of its assets or business without the prior written consent of the Secured Party, whether by a single transaction or by a series of transactions, or enters into a major transaction as defined in Section 129 of the Companies Act 1993 (whether or not that Act applies to the Debtor at that time) without the prior written consent of the Secured Party;
- (9) If the Debtor enters into any agreement or composition with its creditors without the prior written consent of the Secured Party;
- (10) If the Debtor enters into an amalgamation to which the Secured Party has not previously agreed;
- (11) If shares in the Debtor are transferred, without the prior written agreement of the Secured Party, to such an extent as might in the Secured Party's opinion mean that the effective control of the Debtor changes;
- (12) If the Debtor makes any distribution at any time when payment by the Debtor of any of the Secured Moneys is overdue.

(rr) Any of the above-specified Events of Default occurring in relation to an Accommodated Person;

(b) *The Secured Party's powers in Event of Default or potential Event of Default*

If an Event of Default or potential Event of Default occurs, the Secured Party may do any one or more of the following:

- (i) Take possession of the Collateral;
- (ii) Subject to section 114(1)(b) and (c) and section 114(2) of the PPSA, sell such of the Collateral as is Personal Property;
- (iii) (Whether or not a Receiver has been appointed) exercise any of the powers of a Receiver, or any of the powers a Person would have if appointed as a Receiver under this Security Agreement;
- (iv) Enforce any other document against the Debtor or any other Person;
- (v) Pay any expenses incurred in the exercise of its powers hereunder out of the revenue from, or proceeds of realisation of, the Collateral;
- (vi) Where any of the Collateral includes Investment Securities:
 - (aa) Cause itself to be registered as the holder of any Investment Securities, or as the Person entitled to any Rights, in order to hold those Investment Securities or Rights as the Secured Party under this Security Agreement
 - (bb) Complete and present any transfer or change of ownership form to the relevant Issuer for registration; and
 - (cc) Complete in favour of any Person (including the Secured Party itself) who is purchasing the Investment Securities under the powers given to the Secured Party by this Security Agreement or by law, any transfer or change of ownership form or any other document signed by or on behalf of the Debtor.
- (vii) Take any other steps lawfully able to be taken by the Secured Party under this Agreement or otherwise.

15. Receiver

- (a) The Secured Party may (whether or not it has exercised any other power) appoint any Person or Persons (who may then be, or may previously have been, an Investigator) to be a Receiver of all or any of the Collateral:
 - (i) After a Default occurs; or
 - (ii) If the Debtor requests.
- (b) The Secured Party may remove any Receiver and may appoint a new Receiver in place of any Receiver who has been removed, retired or died.
- (c) In addition to, and without affecting, any other powers and authorities conferred on a Receiver (whether under the Receiverships Act 1993 or at law or otherwise), a Receiver has the power to do all things in relation to the Collateral and the Debtor's business as if the Receiver had absolute ownership of the Collateral and carried on the Debtor's business for the Receiver's own benefit.
- (d) All amounts received by the Secured Party or any Receiver, whether in the exercise of that Person's powers or otherwise, in relation to any Personal Property will be applied in accordance with the provisions of the PPSA.

16. Protection of Secured Party or Receiver

- (a) If the Secured Party or a Receiver sells any Collateral (whether pursuant to this Security Agreement or otherwise), the Secured Party or Receiver will be accountable only for any purchase money which that Person actually receives.
- (b) The Secured Party or a Receiver will not be liable for any loss, nor to account, as mortgagee in possession and may give up possession of any Collateral. Neither the Secured Party nor a Receiver will be liable for any losses which may occur in relation to, or as a result of, the exercise, purported exercise or non-exercise of any of their rights, powers or remedies.
- (c) The Secured Party and a Receiver will each be indemnified out of revenue from, or proceeds of sale of, the Collateral against losses, expenses and liabilities resulting from the exercise of any rights or powers (including, but not limited to, losses, expenses and liabilities resulting from a mistake or error of judgment).
- (d) No Person dealing with the Secured Party or any Receiver, or with any Person acting on behalf of any of them, will:
 - (i) Enquire whether any power which the Secured Party, Receiver, or Person acting on their behalf, as the case may be, is purporting to exercise have become exercisable (whether by a Default occurring, the proper appointment of a Receiver, or otherwise), or otherwise as to any matter in connection with the exercise of any of that power; or
 - (ii) See to the application of any amount paid to the Secured Party, Receiver, or Person acting on their behalf, as the case may be.

17. Investigator

- (a) The Secured Party may (whether or not an Event of Default has occurred), appoint an Investigator. The Secured Party may remove any Investigator and may appoint a new Investigator in place of an Investigator who has been removed, retired or died, or in addition to an Investigator already appointed. If the Secured Party appoints more than one Person as an Investigator, the appointment may, at the discretion of the Secured Party, be either joint or joint and several. The Secured Party will determine the remuneration for any Investigator, which will be paid by the Debtor.
- (b) Every Investigator will be the agent of the Debtor, and the Debtor alone will be responsible for the Investigator's acts and defaults.
- (c) Every Investigator will have power to investigate the Debtor's affairs in such a manner as the Investigator thinks fit (including, but not limited to, entering any premises owned or occupied by the Debtor, making enquiries of any director, officer, employee, professional advisor or business associate of the Debtor and inspecting and taking copies of, or extracts from, any document relating to the Debtor's affairs), and the Debtor will do everything requested by the Investigator to enable the Investigator to exercise these powers.
- (d) The Debtor authorises the Secured Party to require the Investigator to provide to the Secured Party any reports and information requested by the Secured Party.

18. Indemnity

The Debtor will indemnify (and will pay Upon Demand all amounts payable in relation to that indemnity) the Secured Party and any Receiver:

- (a) For all costs, losses and expenses incurred by the Secured Party or the Receiver in relation to this Security Agreement and in exercising any right or recovering the Secured Moneys; and
- (b) Against any claim by any Person relating to the Collateral, or the exercise by the Secured Party or the Receiver of any right or power under this Security Agreement.

19. Notices

Notices to be given by either party to this Security Agreement to the other may be given in accordance with sections 185 to 189 of the PPSA.

20. Power of Attorney

In consideration of the financial accommodation provided to the Debtor by the Secured Party and in addition to any other provision herein expressed or implied the Debtor hereby irrevocably appoints the Secured Party and any director or manager of the Secured Party or agent of such director or manager individually the attorney of the Debtor, for the Debtor, in the Debtor's name and on the Debtor's behalf to enter, execute, sign and do all such acts, deeds, matters and things whatsoever which the Debtor by virtue of this Security Agreement expressly or impliedly covenants to do or for which the Debtor is liable under this Security Agreement and which the Debtor for any reason refuses or fails to do and the Debtor hereby irrevocably undertakes and agrees to pay to the Secured Party Upon Demand any monies at any time expended by the Secured Party for any of the purposes aforesaid (including all legal costs computed as between solicitor and own client) together with interest thereon computed from date upon which such monies shall have been paid by the Secured Party until the date of payment thereof by the Debtor and all such monies (including interest thereon as aforesaid shall be included in the Secured Moneys and the Debtor ratifies anything done by an attorney under this clause.

21. Costs

The Debtor must forthwith pay the Secured Party (on a Solicitor and own client basis) all legal fees and disbursements incurred in relation to this Security Agreement, including those in relation to any default and exercise or attempted exercise of any of the Secured Party's remedies, and including any application for variation or waiver.

22. Debtor not to further encumber

The Debtor will not further charge or otherwise encumber the Collateral or any part thereof without the prior written consent of the Secured Party.

23. Secured Party's right to assign

It is agreed that:

- (a) The Secured Party shall be entitled at any time to assign its rights or interest under the within Security Agreement to any other party without the consent of the Debtor being required to be obtained.
- (b) The benefit of any of the covenants, terms or conditions herein contained whether expressed or implied, given by the Debtor and/or the Covenantor (if any) shall extend to and include any Assignee or Transferee from the Secured Party, whether for value or otherwise and howsoever arising.

24. Release, Reinstatement and Debtor's Redemption

(a) The Secured Party will not be obliged to sign a release of this Security Agreement or the security interest, or to release any Collateral from this Security Agreement, unless the Secured Party is satisfied that:

- (i) It has received all of the Secured Moneys; and
- (ii) No payment received, or to be received, by the Secured Party may be avoided, or required to be repaid by the Secured Party, whether under any law relating to insolvency or otherwise.

(b) If any payment received or recovered by the Secured Party, a Receiver, or any other Person on behalf of the Secured Party is or may be avoided, whether by law or otherwise, then (notwithstanding that the Secured Party may have signed a release pursuant to clause 24(a)):

- (i) The payment will be deemed not to have affected or discharged the liability of the Debtor under this Security Agreement or any other security given by the Debtor in favour of the Secured Party and the Secured Party and the Debtor will, to the maximum extent permitted by law, be restored to the position in which each would have been if that payment had not been received or recovered; and

- (ii) The Secured Party will be entitled to exercise all rights which the Secured Party would have been entitled to exercise if that payment had not been received or recovered.
- (c) The Debtor may (unless the Debtor has otherwise agreed in writing) redeem the Collateral by tendering to the Secured Party, in cleared funds, an amount certified by the Secured Party as being equal to the Secured Moneys as at the date the amount is tendered, after the occurrence of a Default, but before the Secured Party:
 - (i) Sells any Collateral; or
 - (ii) Is deemed to have taken any Collateral in satisfaction of the Debtor's obligations.

25. Contracting out of PPSA Rights

- (a) The Debtor:
 - (i) Agrees that if, at any relevant time, the Secured Party does not at that time have priority over all other secured parties in relation to any Collateral, then the Debtor and the Secured Party will, for purposes of section 109(1) of the PPSA, be deemed, in accordance with the entitlement to do so under section 107(1) of the PPSA, to have contracted out of that section but specifically on the basis that, as between them and for purposes of this Security Agreement and the operation and application of the PPSA, that section 109(1) is, reinstated and contracted back into;
 - (ii) Agrees that nothing in sections 114(1)(a), 133 and 134 of the PPSA will apply to this Security Agreement, or the security under this Security Agreement; and
 - (iii) Waives the Debtor's right to do any of the following:
 - (aa) Object to the Secured Party's proposal to retain any Collateral under section 121 of the PPSA;
 - (bb) Not have Goods damaged when the Secured Party removes an accession under section 125 of the PPSA;
 - (cc) Receive notice of the removal of an accession under section 129 of the PPSA;
 - (dd) Apply to the Court for an order concerning the removal of an accession under section 131 of the PPSA;
 - (ee) (Without affecting clause 24(c) of this Security Agreement) redeem any Collateral under section 132 of the PPSA; or
 - (ff) To receive a copy of the verification statement confirming registration of a financing statement or a financing change statement relating to the security interest created by this Security Agreement.

SECOND SCHEDULE

Details of Debtor ("Debtor")

ORGANISATION:	
Organisation Name:	
Organisation Type:	
Incorporation No:	
Email Address:	
Fax:	
Contact Telephone:	
Contact Address:	
Suburb:	
City/Town:	
Country:	

PERSON ACTING ON BEHALF OF:	
First Name:	
Middle Names:	
Last Name:	
Email Address:	
Fax:	
Contact Telephone:	
Contact Address:	
Suburb:	
City/Town:	
Country:	

PERSON:	
First Name:	
Middle Names:	
Last Name:	
Date of Birth:	
Email Address:	
Fax:	
Contact Telephone:	
Contact Address:	
Suburb:	
City/Town:	
Country:	

PERSON:	
First Name:	
Middle Names:	
Last Name:	
Date of Birth:	
Email Address:	
Fax:	
Contact Telephone:	
Contact Address:	
Suburb:	
City/Town:	
Country:	

PERSON:	
First Name:	
Middle Names:	
Last Name:	
Date of Birth:	
Email Address:	
Fax:	
Contact Telephone:	
Contact Address:	
Suburb:	
City/Town:	
Country:	

NB: For more Debtors add further sheet with details.