

HEARTLAND

HEARTLAND FARM TRANSITION LOAN LOAN AGREEMENT

Heartland Bank Limited offers you a Heartland Farm Transition Loan on the terms set out in this Loan Agreement and Mortgage Memorandum No: 2013/4311 (the **Mortgage Memorandum**).

The terms and conditions that apply to your Heartland Farm Transition Loan and your mortgage

The phrase **this agreement** means all of the rights we have in respect of your Heartland Farm Transition Loan and all of the rights we have in your land as security for the repayment of all the money you owe us, and includes:

- (a) this document named Loan Agreement (this **Loan Agreement**), including the specific information regarding your Heartland Farm Transition Loan as set out in the section headed 'Your Heartland Farm Transition Loan details' starting on page 4 (the **Loan Details**);
- (b) the Mortgage Memorandum;
- (c) any other guarantee or security interest given in connection with your Heartland Farm Transition Loan;
- (d) the form of authority and instruction you give for an electronic mortgage transaction to be registered and all attachments to it; and
- (e) any Law that implies terms and conditions into a loan agreement or a mortgage of land, and which we have not lawfully excluded by agreement.

In particular, this Loan Agreement and the Mortgage Memorandum both set out important terms of the agreement between you and us and are to be read together. The Mortgage Memorandum is deemed to incorporate the provisions of this Loan Agreement and vice versa.

Independent legal advice

It is important to us that you understand your Heartland Farm Transition Loan before we lend to you. For this reason we require you to talk to a lawyer before you agree to borrow from us and become bound by the applicable terms and conditions.

Key information concerning your credit contract

The Credit Contracts and Consumer Finance Act 2003 requires us to disclose certain key information in relation to consumer credit contracts. Whether or not this agreement is a consumer credit contract, the following table explains where key elements concerning your contract can be found. A reference to a clause is to a clause in this Loan Agreement.

Name and address of Credit Provider	Heartland Bank Limited, of 35 Teed Street, Newmarket, Auckland 1023, is the creditor under this agreement.
Initial Unpaid Balance	This is the amount you owe us as at the Disclosure Date. Because the Disclosure Date is before the Settlement Date, the initial unpaid balance is zero.
Subsequent Advances	This is the amount you will owe us as at the end of the Settlement Date, provided that the terms of this agreement have been satisfied. The amount, a description, and timing of each ascertainable advance to be made after the Disclosure Date is set out in the Initial Loan Balance section in the Loan Details.
Total Advances	The Initial Loan Balance also represents the ascertainable total of all Advances as at the Disclosure Date. Additional Advances may be borrowed as described in the Loan Details and clause 1 but these are not ascertainable at the Disclosure Date. All fees, charges, interest and other amounts that are incurred or that accrue under this agreement may be debited to the loan account (and form part of the Unpaid Balance) in accordance with clause 3.5.
Credit Limit	The maximum unpaid balance permitted under this agreement at any time is: <ul style="list-style-type: none"> • the amount of the Facility Limit as specified in the Loan Details; plus • the amount of all interest debited to your loan account or accrued in accordance with this agreement.
Annual Interest Rate	The Annual Interest Rate is set out in the Loan Details. This rate may change in accordance with clause 2.2.
Method of Charging Interest	See clause 2.1. Interest charges are calculated on the Unpaid Balance (which includes all fees, charges, interest and other amounts that are debited to your loan account in accordance with this agreement). Accrued interest charges are debited to your loan account monthly.
Total Interest Charges	The total amount of interest charges payable under this agreement are not ascertainable as at the Disclosure Date. The total interest charges will depend on matters such as whether additional Advances are borrowed, the total amount of all fees, charges, interest and other amounts debited to your loan account, whether any early repayments are made, and whether you default under this agreement.
Credit Fees and Charges	The credit fees and charges (other than interest charges and default charges) that are or may be payable by you are set out in the Fees Schedule. The credit fees and charges that will be accounted for in the Initial Loan Balance on the Settlement Date are also described in the Loan Details. Credit fees and charges may change in accordance with clause 4.2. Credit fees and charges are debited to your loan account on the due date for payment.

Payment Required	The payment required is one payment of the Total Amount Owing on the Final Payment Date, as set out in the Loan Details and clause 3.1.
Full Prepayment	Your right to repay early is set out in clause 3.2. A discharge fee may be payable on repayment as described in the Fees Schedule but, as at the Disclosure Date, no other fees or charges are payable as a direct result of full prepayment.
Security	This agreement is security for all moneys and obligations that you owe us both now and in the future and not just the amounts set out in this agreement. The Security is described in the Loan Details.
Default Interest Charges and Default Fees	See clause 13.1.
Your Right to Cancel	A statement of your right to cancel is set out below.
Continuing Disclosure Statements	We will provide you with regular statements of account as set out in clause 5.2.

YOUR RIGHT TO CANCEL

You have a right for a short time after the terms of this contract have been disclosed to you to cancel the contract.

How to cancel

If you want to cancel this contract you must give written notice to us. You must also return to us any advance and any other property received by you under this contract.

Time limits for cancellation

You must give notice that you intend to cancel within 30 calendar days after you sign and return this contract.

What you may have to pay if you cancel

If you cancel this contract we can charge you interest for the period from the day you received the advance until the day you repay the advance. You may also have incurred other costs with third parties (for instance, legal fees or valuer's fees) that cannot be refunded.

This statement only contains a summary of your rights and obligations in connection with the right to cancel. If there is anything about your rights or obligations that you do not understand, if there is a dispute about your rights, or if you think that we are being unreasonable in any way, you should seek legal advice immediately.

Your Heartland Farm Transition Loan details

The information set out in the table below is correct as at the Disclosure Date. However, interest rates, fees and charges may change after the Disclosure Date in accordance with this agreement.

Disclosure Date:	[●]
Loan reference:	«LoanID»
You:	«BorrowerNamesAkaTI»
Mortgaged Property:	«Security1_SecurityAddress» being all the land and improvements in Computer Register Identifier «Security1_CT»
Your postal address (if different):	«Borrower1_PostalAddress»
Initial Advance:	\$«TotalLoanAmountBorrowed» This is the total of all Advances that will be made to you on the Settlement Date. It does not include any additional Advances available to you under the Facility Limit or any fees that we deduct from the Initial Loan Balance on the Settlement Date.
Settlement Date:	[●] This is the date we will lend you the Initial Advance.
Purpose:	[●] or as otherwise accepted by us in writing (in our sole discretion).
Loan Term:	The period from (and including) the Settlement Date to (but excluding) the earliest of: <ul style="list-style-type: none"> • the date that is 7 years from the Settlement Date; • the Final Payment Date; and • any other date on which the Loan Term is notified to have ended in accordance with this agreement. <p>No Advance may be borrowed except during the Loan Term.</p>
Final Payment Date:	30 June 20[●].
Facility Limit:	\$«AvailableCredit» The amount of each Advance and all fees and charges (other than interest charges) debited to your loan account must not exceed the Facility Limit.
Minimum Advance:	Each Advance under this agreement must be a minimum of: <ul style="list-style-type: none"> • \$100,000 for the Initial Advance (or \$10,000 for a further Advance); • the undrawn balance of the Facility Limit (if the undrawn balance available to you is less than the relevant amount specified above); or • such other amount as we may agree from time to time.
Annual Interest Rate:	«InterestRate»% per annum. The Annual Interest Rate may be varied from time to time in accordance with this agreement, both before and after the Settlement Date.
Default rate of interest:	The variable Annual Interest Rate plus a margin of 5.00% per annum.

<p>Initial Loan Balance:</p> <ul style="list-style-type: none"> • Initial Loan Balance: \$«Total Loan Balance» • Unpaid Arrangement Fee: We will deduct this amount from the Initial Loan Balance on the Settlement Date: \$«ArrangementFee» <p>Initial Advance: We will pay this remaining amount to your solicitor's trust account on your behalf on the Settlement Date: \$«Total to Disburse»</p>	
<p>Security:</p>	<p>You agree that your obligations under this agreement will be secured by a first registered mortgage over the Mortgaged Property.</p> <p>Mortgaged Property details:</p> <ul style="list-style-type: none"> • security «Security1_SecurityAddress» • new security • provided by «Ownernames» <p>The Mortgaged Property listed here is taken as security for all moneys and obligations you owe us under any agreement both now and in the future.</p> <p>No other mortgage may exist or be granted over the Mortgaged Property without our prior written consent.</p>
<p>Insurance:</p>	<p>Type of insurance to be maintained over Mortgaged Property: standard farm sum insured policy.</p>
<p>Final payment required:</p>	<p>We only require you to make one payment of the Total Amount Owing to us, provided that:</p> <ul style="list-style-type: none"> • the Facility Limit is not exceeded; and • no other Immediate Default has occurred. <p>The payment required must be made immediately on the Final Payment Date. A discharge fee (as described in the Fees Schedule) may be payable on the Final Payment Date and will form part of the Total Amount Owing on that date.</p> <p>The amount of the payment required is not ascertainable as at the Disclosure Date.</p> <p>All fees, charges, interest and other amounts that are debited to your loan account in accordance with this agreement form part of the Unpaid Balance on which interest charges are calculated in accordance with clause 2.1 of this Loan Agreement.</p>
<p>Credit fees and charges:</p>	<p>You may be required to pay other credit fees and charges for additional services.</p> <p>The credit fees and charges as at the Disclosure Date are set out in the Fees Schedule.</p>

<p>Special Conditions:</p>	<p>«specialcondition0_text»</p>
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Loan terms

1. Borrowing your Heartland Farm Transition Loan

1.1 Borrowing

Your Heartland Farm Transition Loan will consist of:

- (a) the Initial Advance; and
- (b) any additional Advances you borrow over the term of the loan; and
- (c) all fees, charges, interest and other amounts debited to your loan account in accordance with this agreement (which amounts will form part of the Unpaid Balance on which interest is calculated in accordance with clause 2.1).

1.2 How to access Advances

You must use our standard drawdown notice form to request the drawdown of the Initial Advance and each additional Advance. If there is more than one of you then we may require all of you to sign the drawdown notice form.

When you submit the drawdown notice form, you promise that you are not in default under this agreement.

1.3 Conditions to Advances

We only have to lend to you under this agreement if:

- (a) in relation to the Initial Advance:
 - a. the title to each Mortgaged Property is satisfactory to us;
 - b. we are satisfied with the results of all title searches we have conducted in respect of the Mortgaged Property;
 - c. this agreement is registered against the title to the Mortgaged Property (or we are satisfied that immediately after the Initial Advance is made it will be);
 - d. you have given us or we have seen a copy of an insurance policy and certificate of currency that notes our

interest as mortgagee and is otherwise satisfactory to us;

- e. we have received and found acceptable a certificate from your solicitor confirming that you received independent legal advice prior to entering into this agreement;

- f. the whole Initial Advance will be borrowed in one amount on the Settlement Date; and

- g. any other special conditions we may specify in the Loan Details have been complied with; and

(b) in relation to each Advance:

- a. you are not in default under this agreement;

- b. nothing has occurred that would entitle us to call for repayment of all or any part of the Total Amount Owing;

c. the Advance will not be less than:

- i. \$100,000 for the Initial Advance (or \$10,000 for a further Advance); or

- ii. the undrawn balance available under the Facility Limit (if the undrawn balance is less than the relevant amount specified in paragraph i); or

- iii. such other amount as we may agree from time to time;

- d. the settlement date will be prior to the end of the Loan Term; and

- e. the Advance will be used for the Purpose.

Subject to the other terms of this agreement, after deducting all fees payable on settlement of the Advance and not otherwise received, we will pay the balance of the Advance by direct credit on the relevant settlement date to the bank account nominated by you. The Initial Advance will be paid to your solicitor's trust account on

your behalf on the Settlement Date, as described in the Loan Details.

You are not permitted to redraw any principal amounts you have repaid.

1.4 Purpose

You must use each Advance for the Purpose.

1.5 Facility Limit

You must not allow the Facility Limit to be exceeded. If it is, then you must pay the excess immediately.

When calculating whether the Facility Limit is exceeded we **include**:

- (a) each Advance under this agreement; and
- (b) all fees and charges debited to your loan account

(even if early repayments have been made in respect of those amounts under clause 3.2)

but we **exclude**:

- (c) any interest charges either debited or accrued on the loan account.

2. Interest charges

2.1 Calculating interest

Interest charges (including default interest charges) are calculated daily on the Unpaid Balance of your Heartland Farm Transition Loan. We calculate interest charges based on the Annual Interest Rate and on a 365-day year, even in a leap year.

The interest charges accrue daily and are debited to your account at the end of each Monthly Cycle in which they accrue.

For the purpose of calculating interest charges in a period, we do not include in that period the day interest charges are debited to your account. However, we do include that day as the first day of the next period for which we calculate interest charges.

2.2 Changing the interest rates

We may change the Annual Interest Rate (or the default rate of interest specified in the Loan Details) at any time. If we do, we will give you

notice before the change takes effect (and in accordance with the mandatory provisions of applicable law) by using any method permitted by Law, including, if we choose, the following method:

- (a) by displaying the notice at all of our premises;
- (b) by publishing the notice in the major daily newspapers in New Zealand; and
- (c) by posting the information on our website.

We will also give you details of the change in your next statement.

We may also change the way an interest rate applies under this agreement by giving you notice before the change takes effect (and in accordance with the mandatory provisions of applicable law). For example, we debit interest to your loan account monthly. We must give you notice before we change from a Monthly Cycle for debiting interest.

3. Payment

3.1 Repaying your Heartland Farm Transition Loan

You must repay your Heartland Farm Transition Loan by paying the Total Amount Owing on the Final Payment Date. A discharge fee (as described in the Fees Schedule) may be payable on the Final Payment Date and will form part of the Total Amount Owing on that date.

You are not required to make any payment to us on your Heartland Farm Transition Loan prior to the Final Payment Date, provided that:

- (a) the Facility Limit is not exceeded; and
- (b) no other Immediate Default has occurred.

You will, however, still be required to pay outgoings on the Mortgaged Property such as rates, taxes, insurance premiums and the cost of maintaining the Mortgaged Property.

We will **not** change the Final Payment Date.

However, nothing in this clause 3.1 affects our rights on default.

3.2 Your right to repay early

You may prepay the whole or any part of the Total Amount Owning at any time either in full or in part. However, if you are repaying in part, the remaining Unpaid Balance immediately after the part repayment must be at least \$10,000.

3.3 How we apply payments

We may credit payments that you make in whatever order we see fit, subject to applicable law.

3.4 Payments generally

Payment is to be made directly to your account as established under clause 5.1 or to us at our address set out in this agreement or such other address as we may tell you from time to time.

We will credit any payment as soon as practicable after it is actually received by us. Payments received by us after 3.00 pm on a Working Day will not be credited until the next Working Day.

All payments must be in New Zealand currency.

Except to the extent you have a right of set-off granted by Law which we cannot exclude by agreement, you must pay all amounts owed under this agreement in full without setting off amounts you believe we owe you and without counterclaim.

3.5 Other amounts you must pay and authority to debit loan account

You agree to pay us:

- (a) all interest charges in accordance with this agreement;
- (b) all applicable fees and charges under this agreement;
- (c) any government charges, duties, taxes, or levies in connection with this agreement; and
- (d) any Enforcement Expenses and other reasonable administrative expenses incurred in connection with a default.

You authorise us to debit each of these amounts to your loan account on its due date for payment. Those amounts will then form part of the Unpaid Balance on which interest

charges are calculated in accordance with clause 2.1.

4. Fees and charges

4.1 Types of fees and charges payable

The types of fees and charges payable are set out in the Fees Schedule.

The information in the first Fees Schedule provided with this agreement is correct as at the Disclosure Date. However, the types of fees and charges may change after the Disclosure Date in accordance with this agreement. The actual amount of any fees or charge is the then-current amount payable at the time you incur the fee. In respect of credit fees, these are set out in the Fees Schedule.

4.2 Changes to credit fees

We may charge new credit fees and change:

- (a) the credit fees;
- (b) the amount of the credit fees; or
- (c) the frequency with which the credit fees must be paid,

by giving you notice before the change takes effect (and in accordance with the mandatory provisions of applicable law).

5. Accounts and Statements

5.1 Establishing your account

On the Settlement Date we will open an account in your name. We debit to the account:

- (a) each amount lent on the date it is advanced; and
- (b) any amount that is payable under this agreement on the date it is due.

We make debits and credits to the account to accurately reflect both your and our legal obligations. This means in certain circumstances that we may also make adjustments to the account if, for example, there has been an error.

5.2 Statements

We will send you six monthly statements for your Heartland Farm Transition Loan.

If the Law permits and you agree, we may give you statements electronically instead of giving them to you in hard copy (for example, by making them available on a website for you to view and download).

Farm maintenance obligations

6. Farm visits

We will visit the Mortgaged Property from time to time (at least once each year) on giving you at least one week's notice, in order to inspect the business operations and financial condition of the farm at the Mortgaged Property (provided that nothing in this clause 6 limits our rights under clauses 7 or 13).

7. Remedial Work

If, after any farm visit, we determine that any Remedial Work is reasonably required, we will give you written notice advising you of the required Remedial Work. We will use reasonable endeavours not to give such notices with unnecessary frequency. The notice will specify the date on which we will re-visit the

Mortgaged Property to confirm that you have completed the Remedial Work, which will be a reasonable period from the date of the notice (taking into account matters such as the nature of the required Remedial Work and the remaining Loan Term).

If we disagree on whether any Remedial Work is reasonably required then we will refer the matter to an independent arbitrator that we can both agree on. If we can't agree, then the arbitrator will be a person appointed by the president of the Law Society for the district in which the Mortgaged Property is situated. The arbitrator will act in accordance with the Arbitration Act 1996.

Security terms

8. The security

You mortgage to us all of your right, title and interest in the Mortgaged Property.

This agreement remains in force and is effective as a security, until we formally release it.

We may exercise our rights under this agreement:

- (a) in any order we wish; and
- (b) separately or together,

or alternatively not exercise our rights.

As a separate matter, you also assign to us by way of security, all of your entitlements to receive any money arising out of the ownership of the Mortgaged Property. This assignment includes your entitlement to any insurance proceeds.

9. Amount secured

This agreement is security for all amounts and for all obligations you now owe, or may in future owe, to us.

10. Your obligations

10.1 Covenant to pay and comply

You must:

- (a) pay each amount required at the times and in the manner provided by this agreement; and
- (b) comply with all of the other obligations contained in this agreement.

10.2 Repair and maintain the Mortgaged Property

You will keep the Mortgaged Property in good repair and condition. This means that you will carry out all reasonable repairs and maintenance required from time to time so as not to detrimentally affect the value of the Mortgaged Property.

If we disagree on what constitutes reasonable repairs and maintenance then we will refer the matter to an independent arbitrator that we can both agree on. If between us, we can't agree

then the arbitrator will be a person appointed by the president of the Law Society for the district in which the Mortgaged Property is situated. The arbitrator will act in accordance with the Arbitration Act 1996.

You must comply with all consents, conditions or approvals from any relevant authority in relation to the Mortgaged Property.

10.3 Not devalue the Mortgaged Property or the farm operation

You must not without our written consent do any of the following if they are likely to reduce the value of the Mortgaged Property in a material respect:

- (a) alter, remove or dismantle any buildings or structures on the Mortgaged Property;
- (b) commence any construction of any building or structure intended to be part of the Mortgaged Property;
- (c) subdivide any part of the Mortgaged Property;
- (d) fail to maintain or renew, or allow to lapse, any rights or interests in water (or any other rights or interests in, or derived from, the Mortgaged Property); or
- (e) change the use or uses of the Mortgaged Property,

or do or fail to do something within your reasonable control in relation to the farm operations at the Mortgaged Property that adversely affects your ability to meet your obligations under this agreement.

10.4 Pay rates, taxes and other charges

All rates, taxes and other charges in respect of the Mortgaged Property must be paid by you when they are due for payment.

Please note that if you make any rate deferral agreement with the local authority, this will be a default under this agreement.

10.5 Comply with Law

You will comply with all the requirements of the Law in respect of the Mortgaged Property, in

particular any Law relating to your use of the Mortgaged Property (including, without limitation, the Resource Management Act 1991 and the Biosecurity Act 1993).

10.6 Not give another mortgage

You will not, without first obtaining our written consent give another mortgage over the Mortgaged Property, charge it, or offer it as security for any obligations.

10.7 Ownership and other interests

You must be and remain the sole legal and (except in the case of a family trust) beneficial owner of the Mortgaged Property, and you must not give any rights or interests in the Mortgaged Property to another person without first obtaining our written consent. For example, you must not lease, or create any interest in, the Mortgaged Property or any part of it to another person.

10.8 Maintain insurance

You must keep the Mortgaged Property insured under a standard farm sum insured policy. You must ensure that our interest as mortgagee is noted in the insurance policy.

You must pay all premiums and do all things required to keep the insurance in full force and effect.

If you make a claim under the insurance in respect of any building or improvement, we have the right to decide how that claim is to be made.

You will hold any money you receive from an insurance claim or under the insurance policy on trust for us and we may direct you as to how the insurance money is used.

If we ask you must give us all documents relating to your insurance policy and any claims or payments made under it.

10.9 Things you must tell us

You must tell us as soon as practicable if:

- (a) you enter into an agreement to sell the Mortgaged Property;
- (b) your address or other contact details change;
- (c) a legal action or a dispute arises in respect of the Mortgaged Property;
- (d) the building or improvements on the Mortgaged Property are damaged or destroyed; or
- (e) you make, or intend to make, an insurance claim in respect of the Mortgaged Property.

11. Selling the Mortgaged Property

You have the right by Law to sell the Mortgaged Property and prepay the Total Amount Owing in full at any time without our consent. However, if you sell the Mortgaged Property you must prepay the Total Amount Owing in full immediately on settlement.

Default

12. Default

You are in default under this agreement if at any time:

- (a) you do not pay us an amount when it is due and payable;
- (b) you do something you have agreed not to do, or do not do something you have agreed to do, under this agreement;
- (c) without limiting the foregoing, you fail to complete any required Remedial Work within the period specified in the notice given under clause 7 (a **Remedial Work Default**);
- (d) any representation, warranty or statement by you in or in connection with this agreement is not true, accurate and complied with when made or deemed to have been made;
- (e) you die, become insolvent, commit an act of bankruptcy, or have a receiver, administrator or similar officer appointed in respect of you or any of your assets or are unable to pay your indebtedness as it falls due;
- (f) you default under any other secured lending arrangement (resulting in enforcement action being taken);
- (g) you give, or have given, us incorrect or misleading or deceptive information in connection with this agreement; or
- (h) you act fraudulently in connection with this agreement.

13. Our rights if you default

13.1 Default interest and charges

If you do not pay us an amount when it is due and payable we will be able to charge the default rate of interest (as specified in the Loan Details) on the due but unpaid amount from the date of default until the date the default is remedied.

The default rate of interest applies at all times until the default has been remedied.

We may change the default rate of interest at any time in accordance with clause 2.2.

We will also charge you our reasonable administration expenses and any Enforcement Expenses incurred in connection with the default.

13.2 Notice of default

If you are in default under this agreement, we will give you written notice advising you of the default.

You will not be given any further opportunity to remedy a Remedial Work Default (or any default that in our opinion is not capable of remedy (including, for the avoidance of doubt, any default that results from you acting fraudulently in connection with this agreement)).

In all other cases, the notice will specify the time you have to remedy the default, which will be no less than 3 (and no more than 6) calendar months.

13.3 Waiver of default

At any time while a default continues unremedied, we may (but we are not obliged to) agree to waive the default. We may, as a condition precedent to waiving the default, offer you alternative terms and conditions in respect of all or part of the Total Amount Owing at the time of the default. These alternative terms will reflect our increased risk as a result of waiving the default. If you accept the alternative terms, the default will cease to be a default.

13.4 Our powers if an Immediate Default is not remedied or waived

An **Immediate Default** means:

- (a) a default that in our opinion is not capable of remedy (including, for the avoidance of doubt, any default that results from you acting fraudulently in connection with this agreement);
- (b) a Remedial Work Default; or
- (c) a default that has not been remedied within a period specified for that purpose under clause 13.2.

If we do not agree to waive an Immediate Default in accordance with this agreement, we may (but are not obliged to) do all or any of the following at any time:

- (d) do whatever is necessary or pay any amount we reasonably believe is necessary to rectify the event that gave rise to the default;
- (a) call up the Total Amount Owing and it will be immediately due for payment;
- (b) sell the Mortgaged Property in any manner we reasonably believe is appropriate, including by public auction, private treaty, tender or in any combination of those processes;
- (c) buy the Mortgaged Property, or any part of it, in any manner permitted by Law;
- (d) appoint a receiver of the Mortgaged Property;
- (e) do anything a mortgagee may otherwise do at Law; and/or
- (f) exercise all incidental rights and powers to give effect to our rights under this agreement.

In the event that we do not exercise the powers described in this clause in the event of an Immediate Default, you must co-operate in good faith with us to identify how the Immediate Default may be remedied.

If we exercise any of our rights on default then in addition to any other rights we may have by Law:

- (g) any Enforcement Expenses that we incur will be added to the Unpaid Balance and will accrue interest as if it were part of the Unpaid Balance;
- (h) we will not be responsible for the acts of any purchaser nor will we be obliged to enforce any remedy against any other person; and
- (i) we may give effective receipts and such assurances, and do all such other things as we may consider appropriate in the exercise of our rights and powers.

14. The role and powers of a receiver

If we appoint a receiver, they will be your agent and not ours. You will be solely responsible for the actions of the receiver, even if they are negligent.

We may remove any receiver and appoint another in their place.

The receiver will be entitled to remuneration at a rate to be agreed between them and us. If there is no such agreement, then, by way of a commission, at a rate of no more than 6% of the total of all money received by them.

The receiver may demand, recover (by any lawful means) and issue receipts for the income of the Mortgaged Property or any part of it and may exercise any of the powers conferred on a receiver by Law.

No person paying money to a receiver:

- (a) will be responsible for any loss, mis-application or non-application of the money nor be obliged to see how it may be applied; and
- (b) need be concerned with whether a default has occurred, nor whether we have, or the receiver has, prior to the exercise of our or the receiver's rights and powers complied with any requirements, either at Law or under this agreement.

The receiver, without limiting the powers conferred on a receiver by Law, can do anything we can do under this agreement. They may repair, maintain and insure any buildings or improvements on the Mortgaged Property, engage a manager for the Mortgaged Property and pay all management expenses and do anything that they consider proper in order to continue to receive the income of the Mortgaged Property.

The receiver will apply any money received against the Total Amount Owing (and any amount owing by you under any other agreement with us). They will apply the money in the same order, as we would.

We do not enter into possession of the Mortgaged Property simply by appointing a receiver.

GENERAL TERMS

15. Agency

You irrevocably appoint us to be your agent to do all such things (subject to the mandatory provisions of applicable law) as we consider necessary to give effect to this agreement and to protect our rights under it.

16. Valuations

Any valuer we approve is an independent contractor and not our agent or employee. We are not responsible for the acts or omissions of the valuer.

Each valuation obtained is for our use and benefit only. Even if we give you a copy, you may not rely on it or take any action against us based on it. If you wish to rely on it you will need to arrange this with the valuer.

If there is a dispute between you and us about the value of the Mortgaged Property then either you or we may, in accordance with any Law relating to arbitration, refer the matter to an arbitrator who will be a qualified valuer, independent of us.

You will select the arbitrator from two such valuers nominated by the President of the Law Society of the district in which the Mortgaged Property is located.

If for any reason the President does not nominate two eligible valuers then you may request the President of any other Law Society in New Zealand to nominate two eligible valuers from which you will select the arbitrator.

The valuer selected by you will be the arbitrator to determine a valuation of the Mortgaged Property. Unless otherwise agreed, you and us will be bound by the rules, including any optional additional rules, generally applying by Law to arbitrations.

Nothing set out above limits our rights in the event of a default under this agreement.

17. Amendments, waivers and consents

17.1 General

Except as otherwise set out in this clause 17, this agreement cannot be amended except by a written agreement signed by both you and us.

We do not waive any of our rights under this agreement except if it is in writing signed by us.

No one has any authority to waive our rights except in accordance with this clause. If we give you a waiver in respect of one event, the waiver does not apply to a future event.

When we are asked to give our consent to any matter, we must act reasonably when considering the request.

17.2 Changes required by Law

If there is any change to a Law that requires us to conduct our business of providing Heartland Farm Transition Loans differently from that contemplated under this agreement, then we can make such changes to this agreement as are required to comply with that Law.

We will give you notice of the changes as are required by Law.

18. Representations

You continuously represent and warrant to us that:

- (a) you have the power, authority and capacity to enter into and perform your obligations under this agreement; and
- (b) your obligations under this agreement are legal, valid, binding and enforceable in accordance with their respective terms.

19. Trustee liability

19.1 Liability

We will have no recourse to the assets of any trustee identified in this agreement as a limited liability trustee, which assets are not assets of the trust, except in respect of any loss incurred by us:

- (a) by reason of a breach of trust by that trustee; or
- (b) by reason of any lack of capacity, power or authority of that trustee to enter into this agreement or any Relevant Document; or

- (c) resulting from the negligence, wilful default or dishonesty of that trustee; or
- (d) resulting from a breach on that trustee's part of the statements or undertakings made by it in clause 19.2 below.

Each trustee entering into this agreement as a trustee, other than any trustee identified in this agreement as a limited liability trustee, will have full personal liability, so that we may have recourse to that trustee's personal assets as well as to the assets of the trust.

Each trustee is to remain liable under this agreement after it ceases to be a trustee of the trust until released in writing by us.

19.2 Undertakings

Each trustee continuously warrants and undertakes that:

- (a) the trust is properly constituted under a trust deed;
- (b) the persons entering into this Agreement as trustees are all the current and validly appointed trustees of the trust as at the date of this agreement and no such trustee has resigned, nor has any action been taken or event occurred to remove any such trustee or appoint any new trustee of the trust;
- (c) the trustee has the power and capacity to execute, enter into and perform the trustee's obligations under this agreement and to grant the Security, and does so for the benefit of and for the proper purposes of the trust, and this agreement is legal, valid, binding and enforceable on and against the trustee in the trustee's capacity as trustee in accordance with its terms;
- (d) in order to execute, enter into and perform the trustee's obligations under this agreement:
 - a. the trustees of the trust have passed any necessary resolutions, and those resolutions remain (and will remain) in full force and effect;
 - b. all necessary consents and approvals required, by law or otherwise, have been (and will be) obtained; and

- c. no trustee of the trust is (or will be) in breach of the trust deed of the trust, any law or other obligation; and
- (e) the trustee will not, without our prior written consent, permit:
 - a. the trust deed of the trust to be varied in any way that affects the warranties and undertakings given in this clause;
 - b. any of the assets subject to the trust to be disposed of, transferred, distributed, loaned or advanced other than for the purposes of the trust;
 - c. the capital of the trust to be distributed to the beneficiaries of the trust;
 - d. the trust to be terminated or dissolved, or any action to be taken to terminate or dissolve the trust; nor
 - e. a trustee of the trust to resign or be removed, or a new trustee of the trust to be appointed, without immediate notification to us.

The above warranties and undertakings are to survive termination of this agreement and payment of the Total Amount Owning.

20. Partnerships

20.1 Liability

Where you enter into this agreement as a partner of a partnership, each partner is to remain liable under this agreement after it ceases to be partner of the partnership until released in writing by us.

20.2 Undertakings

Each partner continuously warrants and undertakes that:

- (a) the partnership is properly constituted under a partnership agreement or deed;
- (b) the persons entering into this agreement as partners are all the current and validly appointed partners of the partnership as at the date of this agreement and no such partner has

- resigned, nor has any action been taken or event occurred to remove any such partner or appoint any new partner of the partnership; and
- (c) the partner has the power and capacity to execute, enter into and perform the partner's obligations under this agreement and to grant the Security and in each case does so for the benefit of and for the proper purposes of the partnership, and this agreement is legal, valid, binding and enforceable on and against the partner in the partner's capacity as partner in accordance with its terms;
- (d) in order to execute, enter into and perform the partner's obligations under this agreement:
- a. the partners of the partnership have passed any necessary resolutions, and those resolutions remain (and will remain) in full force and effect;
 - b. all necessary consents and approvals required, by law or otherwise, have been (and will be) obtained;
 - c. no partner of the partnership is (or will be) in breach of the partnership agreement or deed of the partnership, any law or other obligation;
- (e) the partner will not, without our prior written consent, permit:
- a. the partnership agreement or deed of the partnership to be varied in any way that affects the warranties and undertakings given in this clause;
 - b. any of the assets of the partnership to be disposed of, transferred, distributed, loaned or advanced other than for the purposes of the partnership;
 - c. the partnership to be terminated or dissolved, or any action to be taken to terminate or dissolve the partnership; nor
 - d. a partner of the partnership to resign or be removed, or a new partner of the partnership to be

appointed, without immediate notification to us.

The above warranties and undertakings are to survive termination of this agreement and payment of the Total Amount Owning.

21. Limited Partnerships

21.1 Liability

Where you enter into this agreement as the general partner of a limited partnership, each general partner is to remain liable under this agreement after it ceases to be a general partner of the limited partnership until released in writing by us.

21.2 Undertakings

Each general partner continuously warrants and undertakes that:

- (a) the limited partnership is properly constituted under a limited partnership agreement;
- (b) the persons entering into this agreement as general partners are all the current and validly appointed general partners of the limited partnership as at the date of this agreement and no such general partner has resigned, nor has any action been taken or event occurred to remove any such general partner or appoint any new general partner to the limited partnership;
- (c) the general partner has the power and capacity to execute, enter into and perform the limited partnership's obligations under this agreement and to grant the Security and does so for the benefit of and for the proper purposes of the limited partnership, and this agreement is legal, valid, binding and enforceable on and against the general partner in the general partner's capacity as general partner in accordance with its terms;
- (d) in order to execute, enter into and perform the general partner's obligations under this agreement:
 - a. the general partners of the limited partnership have passed any necessary resolutions, and those resolutions remain (and will remain) in full force and effect;

Initial Here: _____

- b. all necessary consents and approvals required, by law or otherwise, have been (and will be) obtained;
 - c. no general partner of the limited partnership is (or will be) in breach of the limited partnership agreement of the limited partnership, any law or other obligation;
- (e) the general partner will not, without our prior written consent, permit:
- a. the limited partnership agreement of the limited partnership to be varied in any way that affects the warranties and undertakings given in this clause;
 - b. any of the assets subject to the Limited Partnership to be disposed of, transferred, distributed, loaned or advanced other than for the purposes of the Limited Partnership;
 - c. the Limited Partnership to be terminated or dissolved, or any action to be taken to terminate or dissolve the Limited Partnership; nor
 - d. a general partner of the limited partnership to resign or be removed, or a new general partner of the limited partnership to be appointed, without immediate notification to us.

The above warranties and undertakings are to survive termination of this agreement and payment of the Total Amount Owning.

22. Notices

You may give us notice in writing, or in any other form approved by us, at the address stated in this agreement or to the last address we notify to you.

A notice making demand for payment of the Total Amount Owning may be combined with a notice that the Loan Term has ended.

We may give you notice of any thing by:

- (a) giving it to you personally;

- (b) leaving it at your address last known to us;
- (c) sending it to your address last known to us; or
- (d) giving it in any other way permitted by Law.

If we send you a notice by post, you will be deemed to receive the notice on the third Working Day after we post it. Otherwise, you will receive it when we give it to, or leave it for, you.

If you have provided us in writing with an electronic address to receive information or any notices in respect of this agreement from us by electronic communication (including email and the internet), we may from time to time provide information and notices to you electronically to the electronic address you have supplied to us with your written consent.

23. Assignment

We may assign, transfer or otherwise deal with our rights and interests under this agreement without your consent. We may also disclose any information, including documents, we hold about you to any party to facilitate this right.

You may not assign your rights under this agreement.

24. Law of New Zealand

The Laws of New Zealand apply to this agreement. You and we submit to the non-exclusive jurisdiction of the courts of New Zealand.

25. Certificates

A certificate given by us about a fact or matter under this agreement is sufficient evidence of the fact or matter.

26. Your responsibility

By entering into this agreement, you agree that you have done so after receiving independent legal advice.

You agree that you have not relied on any representation from us, our employees or our agents in relation to any matters.

27. Goods and service tax

If you have told us you are not registered, and you are not liable to register, for goods and services tax, then if this changes you must tell us. You must also tell us your registration number.

28. Invalidity

If this agreement or any part of it is found to be invalid, void, illegal or unenforceable, then the remaining parts of this agreement will continue in force.

29. Dictionary

Some words and phrases in this agreement have the following meaning given to them.

You will be deemed to **act fraudulently** if you intend to deceive us by knowingly:

- (a) making a false representation verbally, in writing or by your conduct; or
- (b) failing to disclose a material matter when you are under a duty to disclose it to us.

Advance means an amount borrowed under, and in accordance with, this agreement.

Annual Interest Rate means the annual interest rate set out in the Loan Details as varied under this agreement from time to time.

Disclosure Date means the disclosure date specified in the Loan Details. If this agreement is a consumer credit contract, this date is also the effective date for the purposes of initial disclosure as required under the Credit Contracts and Consumer Finance Act 2003.

Enforcement Expenses includes any internal costs we may bear and expenses incurred by us (including those as between solicitor and client) in:

- (a) repairing, preserving or maintaining the Mortgaged Property (including insurance, rates and taxes payable in respect of the Mortgaged Property);
- (b) completing any required Remedial Work following a Remedial Work Default;
- (c) otherwise dealing with, and/or rectifying, a default under this agreement;
- (d) taking possession of, and/or selling, the Mortgaged Property;

- (e) taking proceedings in court or otherwise to recover amounts due under this agreement or any other agreement with us; and/or
- (f) appointing an agent or receiver, including any amounts due to them by way of remuneration and as reimbursement of expenses incurred by them in exercise of their powers.

Facility Limit has the meaning given to that term in the Loan Details.

Fees Schedule means a schedule of the fees and charges that are or may be payable by you. We will give you a fees schedule when we first give you a copy of this agreement and will send you updated Fees Schedules when fees change in accordance with this agreement.

Final Payment Date has the meaning given to that term in the Loan Details.

Heartland means Heartland Bank Limited.

Heartland Farm Transition Loan means the loan made available to you in accordance with this agreement.

Immediate Default has the meaning given to that expression in clause 13.2.

Initial Advance means the amount identified as such in the Loan Details.

Initial Loan Balance means the total amount identified as such in the Loan Details.

Law means common law, principles of equity, statutes and any subsidiary legislation of any government or local authority.

Loan Agreement has the meaning given to that term on the front page of this document.

Loan Details has the meaning given to that term on the front page of this Loan Agreement.

Loan Term has the meaning given to that term in the Loan Details.

Monthly Cycle means the period of one month, commencing from the date on which the loan is first advanced. For example if the Initial Advance is made on the 15th day of a calendar month, the first Monthly Cycle ends on the 15th day of the following month. If there is no corresponding day in a month, for example in

February, then that Monthly Cycle ends on the last day of the month.

Mortgage Memorandum has the meaning given to that term on the front page of this Loan Agreement.

Mortgaged Property means the Mortgaged Property described in the Loan Details, and includes the land, buildings and all improvements secured by the Security.

Purpose has the meaning given to that term in the Loan Details.

Remedial Work means any maintenance, repairs or other work or action that we determine are reasonably required to be undertaken in order to preserve the value of the Mortgaged Property or the business operations or financial condition of the farm at the Mortgaged Property.

Remedial Work Default has the meaning given to that expression in clause 12.

Security means each security interest described in this agreement.

Settlement Date means the date we lend you the Initial Advance.

Total Amount Owing means, on any day, the Unpaid Balance of your account plus all amounts of interest charges, fees and charges that have accrued under the agreement but that have not yet been debited to your account at that time.

Unpaid Balance means, on any day, the difference between all amounts debited and credited to your account.

We, our, or us means Heartland Bank Limited, and includes our successors, permitted substitutes and assigns.

Working Day has the meaning set out in the Credit Contracts and Consumer Finance Act 2003.

You or your means each person who enters into this agreement (jointly and severally), and includes your executors, successors, permitted substitutes and assigns.

30. Interpretation guide

Under this agreement:

- (a) a reference to the singular includes the plural;
- (b) a reference to a document includes any variation or replacement of it;
- (c) a reference to a clause is to a clause of this Loan Agreement (unless otherwise specified);
- (d) headings in this agreement are for ease of reference only and not to assist interpretation;
- (e) use of examples is illustrative of the context only and does not limit the natural meaning of the terms of this agreement;
- (f) any reference to a Law includes regulations and other instruments made under it, and any consolidation, amendments, re-enactment or replacement of it; and
- (g) anything required to be done under this agreement on a day that is not a Working Day must instead be done on the next Working Day (unless that next Working Day falls in the following calendar month, in which case it must be done on the previous Working Day).

Signed on behalf of Heartland Bank Limited

[•]:

Date: 28/06/2017

Acceptance of our offer

You may accept this offer by signing a copy of this Loan Agreement and returning it to us.

If you do not sign and return it within 30 days of the Disclosure Date then we have no obligation under this agreement to lend any amount to you.

By signing this Loan Agreement you:

- accept the offer, agree to give us a mortgage over the Mortgaged Property and covenant and agree with us so as to incorporate in this Loan Agreement the provisions of the Mortgage Memorandum (and vice versa);
- declare all the information you have given is accurate and not misleading or deceptive.
- acknowledge that we are relying on the information you have given us;
- declare that you are not entering this agreement as a limited liability trustee, and accept personal responsibility for the obligations under this agreement, unless you have told us otherwise and this has been recorded in this Loan Agreement;
- acknowledge that the Security to be given secures all amounts that may become owing under this agreement, or any other arrangement you have with us;
- understand that if you default under this agreement the Mortgaged Property will be at risk;
- acknowledge you received a copy of this Loan Agreement and the Mortgage Memorandum before you signed; and
- acknowledge that you obtained independent legal advice and that we recommended you obtain independent financial advice.

Signing by Borrower(s)

[IF THE COMPANY HAS TWO OR MORE DIRECTORS]

SIGNED BY [•] LIMITED by:

Signature of Director

Signature of Director

Name

Name

[IF THE COMPANY HAS ONLY ONE DIRECTOR]

SIGNED BY [●] LIMITED by its sole director in the presence of:

Signature of Director

Name

Signature of witness

Name

Occupation or description

City or town of residence

[IF AN INDIVIDUAL]

SIGNED BY [●] in the presence of:

Signature of Individual

Signature of witness

Name

Occupation or description

City or town of residence

[IF A TRUST]

SIGNED by all of the trustees of [•] **TRUST**
in the presence of:

Signature of trustee

Name

Signature of trustee

Name

Signature of witness

Name

Occupation or description

City or town of residence

[IF A PARTNERSHIP]

SIGNED by all of the partners of [•]
PARTNERSHIP
in the presence of:

Signature of partner

Name

Signature of partner

Name

Signature of witness

Name

Occupation or description

City or town of residence

[IF A LIMITED PARTNERSHIP]

SIGNED on behalf of [●] **LIMITED PARTNERSHIP**

by its general partner [●] in the presence of:

Signature of general partner

Name

Signature of witness

Name

Occupation or description

City or town of residence