

1. PURCHASE OF STOCK

- 1.1 Subject to clause 4, PGW will use all reasonable endeavours to buy the dairy bulls specified in Section B (Stock) on the Farmer's behalf, such purchases to be on PGW's then standard terms for the type of sale, for example private sale or auction (Sale Terms). The Farmer authorises PGW to purchase the stock specified in the Schedule on its behalf.
- 1.2 Title in the stock purchased by PGW for the Farmer (Stock) passes directly to the Farmer in accordance with the Sale Terms for the purchase of the Stock.

2. FARMER'S OBLIGATIONS

- 2.1 The Farmer will:
 - 2.1.1 accept the Stock;
 - 2.1.2 care for the Stock using best animal husbandry practices, including:
 - (a) complying with export standards and/or Quality Assurance standards of any applicable meat processor, as advised by PGW;
 - (b) providing appropriate pasture, water, feed and care at the Farmer's cost and taking all reasonable care to prevent sickness or injury to the Stock; and
 - (c) meeting all requirements of the National Bovine Tuberculosis Pest Management Strategy managed by OSPRI and any other legal requirement; and
 - (d) ensuring that all Stock is tagged with National Animal Identification and Tracing (NAIT) compliant tags and individually numbered tags at all times;
 - 2.1.3 permit PGW or its nominated agent at any time to inspect the Stock to verify the description, condition and farming of the Stock and to undertake tally counts on a periodic basis for external and internal audit purposes;
 - 2.1.4 not remove the Stock from the Property unless necessary (for example, because of flooding or disease) and then only in co-operation with a PGW livestock representative, except in case of emergency, in which case the Farmer will notify PGW immediately of the new location of the Stock; From the date on which any of the Stock are moved, references to "the Property" in this Agreement are also references to the new property, to the extent necessary to ensure that PGW enjoys the same rights and the Farmer is subject to the same obligations in respect of the new property as related to the property described in the First Schedule;
 - 2.1.5 promptly advise PGW if the condition of the Property and/or the Stock is adversely affected;
 - 2.1.6 provide PGW, prior to delivery of the Stock to the Property, with the numbers of the identification eartags to be used in respect of the Stock and ensure that the Stock is numbered with the corresponding eartags;
 - 2.1.7 not knowingly introduce other animals on to the Property of "movement control" TB status and provide evidence of the TB status of any other cattle grazed on the Property;
 - 2.1.8 sell the Stock through PGW, such sale to be on the then standard terms used by PGW for the type of sale, for example private sale or auction;
 - 2.1.9 pay or satisfy, when due, all its obligations relating to the Stock and the payment of money under this Agreement;
 - 2.1.10 comply with all legislation and other governmental requirements affecting its possession and use of the Stock;
 - 2.1.11 promptly notify PGW of any default by the Farmer under this Agreement;
 - 2.1.12 do all other things which PGW requires to enable PGW to exercise any of its rights under this Agreement;
 - 2.1.13 not (except in accordance with this Agreement or with PGW's prior written consent):
 - (a) sell, lease or otherwise dispose of, or part with possession of, or permit the disposal of, any Stock;
 - (b) use the Stock as security for any loans or credit or other arrangements, or register, attempt to register or allow to be registered any financing statement on the Personal Property Securities Register in respect of the Stock;
 - (c) change their name without first notifying PGW of their new name at least 21 days before the change takes effect;
 - (d) relocate their principal place of business off the Property or (if the Farmer is a company) change its registered office; or
 - (e) do, or omit to do, or allow to be done or omitted to be done, anything which could adversely affect any Stock or PGW's security interests;
 - 2.1.14 not make any deduction or withholding from (whether by way of set-off, counterclaim or otherwise), or attach any restrictions or conditions to, any amount payable to PGW;
 - 2.1.15 make the Stock available for collection at a time and place specified by PGW by carrier specified by PGW, to enable PGW to sell the Stock on the Farmer's behalf. The Farmer authorises PGW to sell the Stock on its behalf.
- 2.2 If the Farmer instructs PGW to complete any NAIT functions on its behalf, then the Farmer authorises PGW to act on its behalf and to allow PGW to access and manage its personal information required for NAIT purposes.
- 2.3 The Farmer bears all risk relating to the Stock from the time specified in the Sale Terms for the purchase of the relevant Stock until the time that risk passes to the purchaser of the Stock from the Farmer, as set out in the separate sale terms as referred to in clause 2.1.8. The Farmer will arrange for insurance to be taken out in relation to the Stock, effective from the time risk passes to the Farmer until the time risk in that Stock passes on sale of the Stock by the Farmer.

3. OFFER OF DEFERRED PAYMENT TERMS BY PGW

- 3.1 At the Farmer's request, and subject to execution of this Agreement by PGW, PGW offers the Farmer deferred payment terms (Deferred Payment Terms), for an amount not exceeding the Maximum \$ Value of Stock Purchased, from the date of this Agreement until the Payment Date, for the purpose of purchasing the Stock as set out in this Agreement. Accrued interest will not be taken into account when determining whether the Maximum \$ Value of Stock Purchased has been met.
- 3.2 The Farmer authorises PGW to contact their solicitor, accountant, bank or any other person to verify any of the details provided by the Farmer in this Agreement.

4. PROVISION OF DEFERRED PAYMENT TERMS

- 4.1 Notwithstanding any other provision in this Agreement, PGW will not be required to purchase any stock for the Farmer pursuant to this Agreement, or to provide Deferred Payment Terms in respect of that stock, if any of the enforcement events described in clause 7 has occurred or PGW believes, in its sole discretion, may occur, or if for any other reason PGW determines not to purchase the, or any, stock and provide Deferred Payment Terms to the farmer.

5. GRANT OF SECURITY AND PERSONAL PROPERTY SECURITIES ACT 1999 (PPSA)

- 5.1 To secure the Farmer's due payment of the purchase price for the Stock and all interest and other amounts payable under this Agreement (Outstanding Moneys) together with their performance of their obligations under this Agreement, the Farmer grants PGW a first ranking specific security interest in the Stock and any progeny of the Stock, together with any proceeds of the sale of the Stock and any progeny.
- 5.2 The Farmer agrees to promptly execute and deliver to PGW all assignments, transfers and other agreements and documents and do anything else which PGW may deem appropriate to ensure that PGW's security interest over the Stock is enforceable, perfected and otherwise effective, or give any notification in connection with the security interest to obtain the priority required by PGW and enable PGW to exercise its related rights, or register (and renew registration of) a financing statement in respect of its security interests.
- 5.3 The Farmer:
 - 5.3.1 to the extent that Part 9 of the PPSA applies, agrees that the provisions of sections 114(1)(a), 120(1), 122, 133 and 134 of the PPSA which are for the Farmer's benefit, or place obligations on PGW in the Farmer's favour, will not apply; and where PGW has rights in addition to those in Part 9 of the PPSA, those rights will continue to apply. Further, the Farmer waives its rights under sections 116, 120(2), 121, 125, 126, 127, 129 and 131 of the PPSA, and its rights to receive a copy of a verification statement under section 148 of the PPSA in respect of any financing statement or financing change statement registered by PGW; and
 - 5.3.2 agrees that, in addition to PGW's rights under clauses 6.7 and 7, PGW may appoint a receiver in relation to the Stock, and progeny and proceeds, and, 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 as if the receiver had absolute ownership of the Stock.
- 5.4 Each notice to be given under the PPSA by one party to another under this Agreement must be given in accordance with sections 185 to 189 of the PPSA.

6. PAYMENTS

- 6.1 The Farmer will pay interest on the purchase price for the Stock, at the Interest Rate, from the date PGW pays for the relevant Stock until the Payment Date. Interest will be invoiced for the period until the Payment Date on the purchase of the Stock and payable in full, without any deduction for early payment, by the Payment Date.
- 6.2 The Farmer remains liable to pay for the Stock in full, including where the Stock has died, or is sold for a lesser price than the price for which it was purchased for the Farmer.
- 6.3 The Farmer will apply the proceeds of any sale of all or any of the Stock in repayment of the Outstanding Moneys within 14 days of the sale of the relevant Stock.
- 6.4 The Farmer will pay all Outstanding Moneys on or before the Payment Date.
- 6.5 If the Farmer fails to make any payment when due, including any amount declared due and payable by PGW under clause 7, the Farmer will pay interest at the Default Interest Rate on the amount due and unpaid from the date that payment was due, until the date is made, whether before or after judgment. Interest will accrue daily;
- 6.6 All moneys paid by the Farmer to PGW in respect of the Stock will be applied first in payment of interest at the Interest Rate, secondly in payment of interest at the Default Interest Rate (if applicable), thirdly in reimbursement to PGW of all costs and expenses incurred or suffered by PGW in accordance with this Agreement and fourthly in reduction of the balance of the Outstanding Moneys.
- 6.7 The Farmer irrevocably appoints PGW as their agent to do (at the Farmer's expense) any act which ought to be done by the Farmer or which PGW considers necessary to protect the Stock, PGW's security interests in the Stock or PGW's rights under this Agreement, and the Farmer ratifies anything which PGW does as their agent under this clause. PGW's rights include but are not limited to entering the Property and inspecting or removing the Stock at any time. PGW's rights under this Agreement are without prejudice, and in addition, to any other rights it may have at any time. The Farmer will reimburse PGW for all costs incurred by PGW in accordance with this clause, in addition to charging interest at the Default Interest Rate where applicable.
- 6.8 The Farmer acknowledges that PGW can, at any time and without any notice, set-off any amounts PGW owes to the Farmer whether under this Agreement or under any other Agreement against any of the Farmer's present and future indebtedness and obligations to PGW.

7. ENFORCEMENT

- 7.1 If:
 - 7.1.1 the Farmer breaches any term of this Agreement, which includes failing to make any payment when due or failing to comply with any of their obligations or restrictions;
 - 7.1.2 the Outstanding Moneys, excluding interest and costs and expenses incurred by PGW in accordance with this Agreement, exceed the Maximum \$ Value of Stock Purchased;
 - 7.1.3 the Farmer fails to pay on its due date any amount payable by the Farmer to any other company in the PGG Wrightson group of companies;
 - 7.1.4 any representation made, or information provided, by the Farmer to PGW is untrue in any material respect;
 - 7.1.5 PGW, acting reasonably, believes that the Stock is at risk;
 - 7.1.6 PGW, acting reasonably, believes that the Farmer may not be able to pay the Outstanding Moneys when they fall due, or may be insolvent; or
 - 7.1.7 the Farmer goes into liquidation or bankruptcy, or a receiver or administrator is appointed in respect of the Farmer, then PGW may, by notice in writing to the Farmer, declare all amounts owing, or to become owing, under this Agreement as immediately due and payable and PGW will be entitled to remove the Stock from the Property or any other property it is on and sell the Stock either by auction or private agreement, and the Farmer agrees to cooperate fully with the identification, rounding up and removal of the Stock and comply with all legal obligations owed by a vendor in respect of the sale of such stock.

8. INDEMNITY

- 8.1 The Farmer will indemnify PGW against:
 - 8.1.1 any cost, loss, liability or expense whatsoever incurred by PGW in relation to this Agreement, and in exercising any of its rights or recovering any amounts owed by the Farmer to PGW; and
 - 8.1.2 any claim by any person relating to the Stock, or PGW's exercise of any right under this Agreement.
- This indemnity extends to fees for compliance with a demand which is given under section 162 of the PPSA.

9. GUARANTEE - LIMITED LIABILITY COMPANIES AND TRUSTS

- 9.1 In consideration of PGW entering into this Agreement at the request of the Farmer and the Guarantor(s), the Guarantor(s) guarantee the due and punctual performance of all of the Farmer's obligations under this Agreement. The Guarantor(s) is liable as principal debtor for the Farmer's liability to PGW. PGW recommends that the Guarantor(s) obtain independent legal advice prior to signing this Agreement as Guarantor(s).

10. MISCELLANEOUS

- 10.1 The Farmer has received a full and complete copy of this Agreement. The Agreement and any other sale notes or contracts referred to in it will be the legally binding terms governing the purchase and sale of the Stock and the provision of Deferred Payment Terms.
- 10.2 PGW may, at its sole discretion, terminate this Agreement at any time, whether prior to or after delivery of the Stock by notice to the Farmer. No compensation for termination or other costs will be payable by PGW to the Farmer and all Outstanding Moneys will become repayable immediately.
- 10.3 PGW's statement as to any amount or fact which might reasonably be expected to be within its knowledge will be prima facie evidence of that amount or fact.
- 10.4 Any indulgence PGW grants, or concession it makes to the Farmer, is not a waiver of any of its rights under this Agreement, and the Farmer will not be released from any of their obligations under this Agreement until PGW expressly grants such a release to the Farmer in writing.
- 10.5 The Farmer authorises PGW to obtain and disclose information about this Agreement, the Farmer's credit history and any default to or from any person to whom PGW thinks fit to make or receive disclosure. The Farmer agrees that PGW may use any information provided in, or in connection with, this Agreement to assist PGW to carry out its usual business activities.
- 10.6 The Farmer acknowledges that PGW may, at any time, assign its rights, title and interest in the Stock or the Outstanding Moneys under this Agreement, or in this Agreement without affecting the Farmer's liability.
- 10.7 At PGW's request, the Farmer must, at their own cost, promptly execute and deliver to PGW all documents, and do anything that PGW deems appropriate, to secure to PGW the full benefit of its intended rights under this Agreement.
- 10.8 The Farmer will not assign its right, title and/or interest in this Agreement.
- 10.9 The Farmer acknowledges that the provision of credit to the Farmer under this Agreement is for business purposes and that the provisions of the Credit Contracts and Consumer Finance Act 2003 do not apply.
- 10.10 Nothing in this Agreement constitutes any partnership, joint venture or agency relationship between the parties.
- 10.11 The Farmer acknowledges that it has entered into this Agreement solely in reliance on its own judgement and investigations.
- 10.12 PGW excludes all liability for any losses or claims that the Farmer may incur in connection with this Agreement. PGW gives no warranties in respect of the Stock, the purchase or sale of the Stock or any other aspect of the subject matter of this Agreement, except to the minimum extent required by law.
- 10.13 Subject to clause 10.5, both parties will keep this Agreement and any information they obtain about the other party in the course of this Agreement that is of a nature that would reasonably be regarded as confidential, and not disclose that information to any third party.
- 10.14 Every dispute that arises out of or in connection with this Agreement will be discussed in the spirit of goodwill with genuine attempts at resolution.
- 10.15 If the Farmer comprises more than one person, then each such person is jointly and severally liable for all the obligations arising in this Agreement.
- 10.16 The terms of this Agreement may only be varied in writing signed by both parties.
- 10.17 This Agreement will be governed by the laws of New Zealand.