

Facility Agreement

Relating to facilities made available to:

SCFIS Limited

Dated: 23 June 2014

Customer information sheet

This information sheet is attached to assist you in completing the steps required by the Bank before it will make Facilities available.

If you have any concerns about what is required please discuss these with your Manager.

This Customer Information Sheet is not part of your agreement with the Bank. It is for convenience only. If there is any inconsistency between this Customer Information Sheet and any other documents which you have received from the Bank, those other documents prevail.

To complete the Facility Agreement:

- SIGN** the attached duplicate Facility Agreement where indicated.
- RETURN** the signed duplicate Facility Agreement and Conditions Precedent documentation to the Bank, by 23 July 2014.

Certain information and documents must also be provided before the Bank will make the Facilities available. The following documents, in a form satisfactory to the Bank, need to be received by it:

- Duly executed copies of each Transaction Document (including duly executed Surety Acknowledgements) and all documentation necessary to register any Securities.
- Director's Certificate in the form attached to the end of this Agreement, duly completed with all attachments.

The following documents are provided with this Agreement:

- Copy of General Conditions booklet.
- Form of Compliance Certificate for financial reporting purposes (refer to the Financial Covenants and Reporting Schedule attached to the Facility Agreement).
- Drawdown Notice(s).
- Tick when completed.

Facility agreement

This Agreement is made on 23 June 2014 between
ANZ Bank New Zealand Limited (the "Bank") and
SCFIS Limited (the "Borrower")

Terms of the Agreement:

1. Summary of Facilities

A summary of facilities (the "Facilities") is as follows:

	NZ\$
New Facilities	
Flexible Credit Facility	\$500,000.00
Term Facility	\$34,500,000.00
Existing Facilities	
Commercial Credit Card Facility	\$30,000.00
BBIR Overdraft Facility	\$200,000.00
Total Limits	\$35,230,000.00

2. Details of Facilities

Details of each Facility are set out in the Facilities Schedule to this Agreement.

3. Security

Securities for the Facilities are set out in the Security Schedule to this Agreement.

4. Markets Transactions

We may, in our sole discretion, from time to time enter into foreign exchange, interest rate or commodities derivative transactions with you. The Securities set out in the Security Schedule to this Agreement also secure your obligations in respect of all such transactions we may enter into with you. Other than as agreed in writing with you, we are not obliged to notify you or anyone else of the value of such transactions or any fluctuations in that value. By accepting and/or acknowledging this Agreement, you and any Sureties acknowledge that the amounts payable in respect of such transactions include not only the amounts payable by you in respect of the transactions but also amounts payable by you as a result of the transactions being closed out (where that is the case).

5. General and Specific Conditions and Amendments

The Bank's General Conditions (Sixth Edition) (the "General Conditions") apply to the Facilities and are enclosed with this Agreement. Any specific conditions and details of any amendments to the General Conditions are contained in the General and Specific Conditions Schedule to this Agreement.

6. Financial Covenants and Reporting Requirements

Financial, operational and reporting covenants apply during the term of the Facilities and are contained in the Financial Covenants and Reporting Schedule to this Agreement.

7. Annual Review

The Facilities are subject to annual review. The next review date will be on 30 September 2014. If the annual review is not carried out on or before the next review date, the Bank may carry out the annual review at any time after the next review date.

8. Conditions Precedent

The Bank's obligation to make any Facilities available is subject to the Bank being satisfied that the Borrower and each Surety (if applicable) has complied with clause 4 of the General Conditions and the additional Conditions Precedent found in the General and specific conditions schedule in this document.

9. Acceptance

The offer contained in this Agreement is available for acceptance until 4:00 pm on 18 July 2014 after which time it shall expire (unless the Bank, in its sole discretion, agrees to extend the period for acceptance beyond this date).

Executed as an agreement

SIGNED on behalf of
ANZ BANK NEW ZEALAND LIMITED by:
Chris Broughton



To be signed by two directors unless the Borrower has only one director, in which case the director's signature must be witnessed.

SIGNED on behalf of **SCFIS Limited** by:

In the presence of:

Director of SCFIS Limited

Witness signature

Print name

Print name

Director of SCFIS Limited

Occupation

Print name

Address

Facilities schedule

The Facilities specified below are only available to the Borrower named before the facility details.

New Facilities

Flexible Credit Facility

Borrower: SCFIS Limited

Purpose: Capital expenditure funding

Facility Limit: \$500,000.00

Termination Date: On demand

Drawdown Arrangements: The Facility may be drawn in tranches, so long as the sum of all tranches outstanding does not exceed the Facility Limit.

Drawdown Request: Each request for a tranche must be received by the Bank before 12:00pm on the Drawdown Date specifying:

- (a) The dollar amount of each tranche (which may not be less than \$50,000 and must be a multiple of \$10,000);
- (b) The Drawdown Date for the tranche; and
- (c) The duration of the Funding Period for that tranche.

Interest Rate: Interest will be calculated on the daily balance of each tranche drawn at a rate equal to the aggregate of the Reference Rate for that tranche and the Margin.

The Reference Rate for each tranche will be quoted by the Bank at the commencement of a Funding Period, and will apply to that tranche throughout the relevant Funding Period.

Margin: The Margin will be 1.25% p.a. The Margin rate is set in terms of criteria determined by the Bank in its sole discretion and may be amended by the Bank at any time during the term of the Facility (with notice in writing).

The Reference Rate is:

Fixed Rate:

In respect of Funding Periods of one, two, three, four, five or six months (other than those referred to in subparagraph (c) below) the rate of interest (expressed as a percentage per annum) that is the average New Zealand Dollar Bank Bill Bid Rate quoted on the Reuters screen 'BKBM' (or such supplemental or other page on the Reuters monitor system for displaying quotations of New Zealand dollar bank bills of exchange) for a period equivalent to the Funding Period at or about 10.45 am on the first day of the relevant Funding Period.

In:

- (a) the event that the rate of interest cannot be determined in accordance with the foregoing;
- (b) respect of Funding Periods other than one, two, three, four, five or six months; and
- (c) Respect of Funding Periods that would otherwise overrun the Termination Date (and as a consequence are shortened to coincide with such Termination Date),

The rate of interest for the applicable Funding Period will be the rate (expressed as a percentage per annum) that is determined by the Bank at the commencement of the relevant Funding Period as being its cost of funding that tranche for that Funding Period (as determined by the Bank in its sole discretion).

Interest Rate on Excesses and Overdue Amounts:	<p>For the purposes of Clause 8 of the General Conditions, the applicable rate of interest will be equal to the sum of BBIR from time to time plus a margin of 15.00% p.a.</p> <p>"BBIR" means the Bank's Business Bank Indicator Rate of interest that applies to the Bank's Commercial and Institutional Banking customers' overdraft facilities (as determined by the Bank in its sole discretion). BBIR is quoted on the Bank's Rate Fees and Charges webpage.</p>
Excess Fee:	<p>If drawings are made to the Borrower's account in excess of the agreed Facility Limit and the Bank decides to pay those drawings, the Bank may charge an excess fee of up to \$50.00 for each day the Borrower's account is in excess.</p>
Funding Periods:	<p>With respect to each tranche the Borrower may select any period of six months or less that is acceptable to the Bank to be the Funding Period.</p> <p>The Bank may charge a fee for Funding Periods other than one, two, three, four, five or six months.</p> <p>If a Funding Period would otherwise overrun the Termination Date, the Funding Period shall be shortened so that it ends on the Termination Date.</p>
Interest Payment Arrangements:	<p>For each tranche, interest is payable at the Interest Rate applicable to that tranche on each Interest Payment Date specified below.</p>
Interest Payment Dates:	<p>Except as otherwise agreed between the parties, the Borrower will pay interest monthly in arrears on the 14th of each month, or the following business day should this date fall on a weekend or public holiday. Interest will accrue up to the 14th of each month and will be debited to the Borrower's current account on the Interest Payment Date or as otherwise agreed between the parties.</p>
Line Fees:	<p>A fee (calculated quarterly) at the rate of 1.00% per annum on the highest Facility Limit recorded for this Facility during the relevant quarter.</p> <p>This fee is payable quarterly in arrears from the date the Facility is made available to the Borrower and will be debited to the Borrower's current account the following business day.</p>
Administration Fee:	<p>An administration fee may be charged by the Bank in respect of any changes requested by the Borrower in relation to any tranche that requires manual intervention by the Bank.</p>
Repayment:	<p>Subject to any other terms of this Facility, all amounts owing under the Facility are due and payable on the Termination Date.</p>
Roll over:	<p>At the conclusion of a Funding Period for a tranche the principal amount of that tranche will, subject to the terms of this Facility, be rolled over for a further Funding Period of the same duration at the relevant Reference Rate unless the Borrower has provided alternative instructions to the Bank no later than 12:00pm on the last day of the Funding Period.</p> <p>If a roll over would result in the Funding Period overrunning the Termination Date, the Funding Period shall be shortened so that it ends on the Termination Date.</p>
Prepayments:	<p>The Borrower may prepay a tranche on the last day of the Funding Period for that tranche without penalty.</p> <p>The Borrower may effect repayment of a tranche prior to the last day of the relevant Funding Period <u>provided</u> the Borrower indemnifies the Bank against any loss or expense which the Bank may sustain or incur as a consequence of any such prepayment. An administration fee may also be charged. The Bank shall provide the Borrower with a certificate setting out any loss or expense sustained by it which, save in the case of manifest error, shall be conclusive for all purposes (including legal proceedings).</p> <p>No partial prepayment of a tranche is permitted.</p>
Redraw:	<p>Any amounts repaid or prepaid may be redrawn.</p>

Term Facility

Borrower:	SCFIS Limited
Purpose:	Amalgamation of Companies in Group
Facility Limit:	\$34,500,000.00
Termination Date:	30 June 2019
Drawdown Arrangements:	The Facility may be drawn in tranches, so long as the sum of all tranches outstanding does not exceed the Facility Limit.
Drawdown Request:	Each request for the drawdown of a tranche must be received by the Bank before 12:00pm on the Drawdown Date specifying: <ul style="list-style-type: none">(a) The dollar amount of the tranche (which may not be less than \$50,000 and must be a multiple of \$10,000);(b) The choice of either fixed rate or floating rate for the tranche;(c) The Drawdown Date for the tranche; and(d) The duration of the initial Funding Period for the tranche (Fixed Rate tranches only).
Interest Rate:	Interest will be calculated on the daily balance of each tranche drawn at a rate equal to the aggregate of the Reference Rate for that tranche and the Margin. The Reference Rate for each tranche will be quoted by the Bank on the commencement of a Funding Period for that tranche, and will apply to that tranche throughout the relevant Funding Period.
Margin:	The Margin will be 1.50% p.a. The Margin rate is set in terms of criteria determined by the Bank in its sole discretion and may be amended by the Bank at any time during the term of the Facility (with notice in writing).

The Reference Rate is:

Floating Rate:

The rate of interest (expressed as a percentage per annum) that is quoted by the Bank daily as its Corporate Indicator Rate on its Rate Fees and Charges webpage (as determined by the Bank in its sole discretion).

Fixed Rate:

In respect of Funding Periods of one, two, three, four, five or six months (other than those referred to in subparagraph (c) below) the rate of interest (expressed as a percentage per annum) that is the average New Zealand Dollar Bank Bill Bid Rate quoted on the Reuters screen 'BKBM' (or such supplemental or other page on the Reuters monitor system for displaying quotations of New Zealand dollar bank bills of exchange) for a period equivalent to the Funding Period at or about 10.45 am on the first day of the relevant Funding Period.

In:

- (a) the event that the rate of interest cannot be determined in accordance with the foregoing;
- (b) respect of Funding Periods other than one, two, three, four, five or six months; and
- (c) Respect of Funding Periods that would otherwise overrun the Termination Date (and as a consequence are shortened to coincide with such Termination Date),

The rate of interest for the applicable Funding Period will be the rate (expressed as a percentage per annum) that is determined by the Bank at the commencement of the relevant Funding Period as being its cost of funding that tranche for that Funding Period (as determined by the Bank in its sole discretion).

Interest Rate on Excesses and Overdue Amounts:

For the purposes of Clause 8 of the General Conditions, the applicable rate of interest will be equal to the sum of BBIR from time to time plus a margin of 15.00% p.a.

"BBIR" means the Bank's Business Bank Indicator Rate of interest that applies to the Bank's Commercial and Institutional Banking customers' overdraft facilities (as determined by the Bank in its sole discretion). BBIR is quoted on the Bank's Rate Fees and Charges webpage.

Excess Fee:

If drawings are made to the Borrower's account in excess of the agreed Facility Limit and the Bank decides to pay those drawings, the Bank may charge an excess fee of up to \$50.00 for each day the Borrower's account is in excess.

Funding Periods (Fixed Rate Only):

With respect to any tranche the Borrower may select any period that is acceptable to the Bank to be the period by reference to which the Fixed Rate applicable to that tranche is determined ("Funding Period").

The Bank may charge a fee for a Funding Period other than three, four, five or six month's duration.

If a Funding Period would otherwise overrun the Termination Date or an agreed repayment date, such Funding Period shall be shortened so that it ends on the Termination Date or agreed repayment date.

Rollover

At the conclusion of a Funding Period for a tranche the principal amount of that tranche will, subject to the terms of this Facility, be rolled over for a further Funding Period of the same duration at the relevant Reference Rate unless the Borrower has provided alternative instructions to the Bank no later than 12:00pm on the last day of the Funding Period.

If a roll over would result in the Funding Period overrunning the Termination Date, the Funding Period shall be shortened so that it ends on the Termination Date.

Tranches with an outstanding principal amount of less than \$50,000 will be transferred under advice to the floating rate at the conclusion of a Funding Period.

The Borrower may at any time transfer the whole or any part of any tranche in excess of \$50,000 from the floating rate option to the fixed rate option, with a Funding Period acceptable to the Bank.

Interest Payment Arrangements:

For each tranche, interest is payable at the Interest Rate applicable to that tranche on each Interest Payment Date specified below.

Interest Payment Dates:

For each tranche, interest is payable and charged on the last day of the Funding Period, except to the extent any Funding Period materially exceeds 3 months in which case interest is payable every 3 months.

Administration Fee:

An administration fee may be charged by the Bank in respect of any changes requested by the Borrower in relation to any tranche that requires manual intervention by the Bank.

Prepayments:

Floating Rate:

The Borrower may prepay the whole or any part of any tranche at any time without penalty.

Fixed Rate:

The Borrower may prepay the whole or any part of any tranche on the last day of any Funding Period for that tranche without penalty.

The Borrower may effect prepayment prior to the last day of a Funding Period provided the Borrower indemnifies the Bank against any loss or expense which the Bank may sustain or incur as a consequence of any such prepayment. An administration fee may also be charged. The Bank shall provide the Borrower with a certificate setting out any loss or expense sustained by it which, save in the case of manifest error, shall be conclusive for all purposes (including legal proceedings).

Repayments:

The repayments set out below are subject to change (by notice in writing) should the applicable interest rate change.

60 monthly repayments of interest only. The amount of each repayment will be the total of all daily interest charges for the relevant period. The daily interest charge will be calculated on the closing balance of your loan account each day at the applicable interest rate based on a 365 day year.

Followed by one final payment on the last day of the term of the loan of \$34,500,000.00 plus interest on all daily balances from the date on which interest was last debited through to the date on which this payment is made, calculated at the applicable interest rate based on a 365 day year. The first payment of interest is to be made one month after the date of first drawdown.

Redraw:

Any amounts repaid or prepaid may not be redrawn.

Existing Facilities

Commercial Credit Card Facility

Borrower: SCFIS Limited

Purpose: Business Credit Cards

Facility Limit: \$30,000.00

Card Type: ANZ Business Preferred MasterCard

Condition Precedent: You are only entitled to use the facility if we agree with the terms of your commercial credit card application and if you execute all documents required by us.

Issue of the credit card is subject to the Bank's standard terms and conditions applicable to the card.

Commercial Credit Card Facility Not Subject To The Conditions In This Facility Agreement:

The Commercial Credit Card Facility is not subject to any provisions of this Facility Agreement, other than as provided in the separate documentation mentioned above.

BBIR Overdraft Facility

Borrower: SCFIS Limited

Purpose: To assist with working capital requirements.

Facility Limit: \$200,000.00

Termination Date: This is an on demand facility. Should the Bank make demand for repayment (whether immediately or upon such notice as the Bank may give), all money payable by the Borrower under this Facility, including the outstanding balance, interest, unpaid fees and any other unpaid amounts owing to the Bank shall become due and payable.

Interest Rate: Interest shall be calculated on the daily balance at the following rates:

- (a) Up to the amount of the Facility Limit, at a rate equal to the sum of BBIR from time to time less a margin of 1.00% p.a.; and
- (b) On unarranged excesses and overdue amounts, at a rate equal to the sum of BBIR from time to time plus a margin of 15.00% p.a.

"BBIR" means the Bank's Business Bank Indicator Rate of interest that applies to the Bank's Corporate and Institutional Banking customers' Overdraft facilities (as determined by the Bank in its sole discretion). BBIR is quoted on the Bank's Rate Fees and Charges webpage.

BBIR may change from time to time and this will affect the interest rate charged.

Interest rate margins are set in terms of criteria determined by the Bank and may be amended during the term of the Facility.

Excess Fee: If drawings are made to the Borrower's account in excess of the agreed Facility Limit and the Bank decides to pay those drawings, the Bank may charge an excess fee of up to \$50.00 for each day the Borrower's account is in excess.

Interest Payment: Monthly in arrears as at the 1st of each month, accruing daily starting on the first day of utilisation of the overdraft, or as otherwise agreed between the parties.

Line Fees: A fee (calculated quarterly) at the rate of 1.00% per annum on the highest Facility Limit recorded for this Facility during the relevant quarter.

This fee is payable quarterly in arrears from the date the Facility is made available to the Borrower and will be debited to the Borrower's current account the following business day.

Cancellation: Cancellation of the Facility (in whole or in part) may be effected without penalty at any time at the election of the Borrower.

Security schedule

Existing Security schedule

- Registered first ranking Mortgage over the property(ies) known as Opuha Dam, Fairlie by Opuha Water Limited;
- Registered first ranking General Security Agreement over all the present and after acquired property of SCFIS Limited;
(This is to be a/is a security interest over all present and future assets and undertakings (including goodwill) of the Borrower);

General and specific conditions schedule

1. Additional Conditions Precedent (each to be in form and substance satisfactory to the Bank in its sole discretion).

- 1.1 Receipt of an executed copy of the sale and purchase agreement between SCFIS and Kakahu Irrigation Limited (Kakahu) and Totara Valley Irrigation Limited (Totara).
- 1.2 Confirmation from SCFIS Limited's solicitors that they have received an undertaking from Kakahu's solicitors to the effect that:
 - (i) Kakahu's solicitors hold a Release of Security Interest from ASB Bank to release the general security interest that Kakahu has previously granted to ASB Bank upon repayment of all amounts Kakahu owes to ASB Bank (the Settlement Funds);
 - (ii) upon receipt of confirmation of the Settlement Funds being deposited into their trust account Kakahu's solicitors undertake to follow ASB Bank's instructions and forward to SCFIS Limited's solicitors a copy of the Release of Security; and
 - (iii) ASB has undertaken to register a financing change statement on the Personal Property Securities Register in respect of financing statement number FM1992GC93770R4S to record the release and discharge of the security interest.
- 1.3 Receipt of a signed copy of a directors certificate from the Board of each amalgamating company certifying that the amalgamation has been approved in accordance with the Companies Act 1993 and that company's constitution.
- 1.4 Receipt of a signed copy of a directors certificate from two directors of Kakahu and two directors of Totara certifying that the sale of its assets and assignment of its liabilities to SCFIS Limited has been approved in accordance with the Companies Act 1993 and that company's constitution.
- 1.5 The Bank being satisfied with the proposed disclosure of any director self interest in respect of each company subject to the amalgamation or the acquisition of the assets and liabilities of Kakahu Irrigation Limited and Totara Valley Irrigation Limited by SCFIS Limited.

2. Conditions Subsequent

- 2.1 The Borrower covenants to the Bank that within two working days of the first drawing under the Facilities, it will deliver to the Bank a copy of the Companies office amalgamation certificate.
- 2.2 The Borrower covenants to the Bank that it within five working days of the first drawing under the Facilities, it will deliver to the Bank a copy of the Release of Security and financing change statement detailed in condition precedent 1.2.

Financial covenants and reporting schedule

1. INTERPRETATION

1.1 Definitions

For the purposes of this Schedule:

"Adjusted Current Assets" means, on any date, the aggregate value of trade and sundry debtors, inventory and other current assets, but excluding any cash and equivalents on hand.

"Adjusted Current Liabilities" means, on any date, the aggregate value of trade and sundry creditors, accruals and other current liabilities, but excluding any short term debt and current portion of term debt.

"Annual Statements" means Financial Statements prepared as at the end of the Borrower's financial year.

"Balance Date" means the balance date of the Borrower in terms of section 7 of the Financial Reporting Act 1993.

"Bank Debt" means, on any date, the aggregate of Financial Indebtedness to the Bank as at that date.

"Budget" means the Borrower's forward projections for the following year, broken down on a monthly basis, including a statement of financial performance, a statement of financial position and a cash flow forecast (the statement of financial position to be as at the end of the relevant month, and the cash flow forecast and statement of financial performance to be for the relevant month and for the relevant financial year), as approved by the Bank.

"CFADS" (Cash Flow Available For Debt Servicing) means, in relation to any period, EBITDA for that period:

minus

- i. Net Capital Expenditure for that period; and
- ii. tax paid during that period;

plus

- i. the aggregate changes in Adjusted Current Assets and Adjusted Current Liabilities during that period.

"Debt Service Costs" means, in relation to any period, the aggregate amount of Interest Costs and scheduled principal repayments paid during that period.

"EBIT" means, in relation to any period, the amount of the net operating profit before tax of the Borrower (and before abnormal or extraordinary items) in relation to that period:

minus the aggregate of:

- i. all amounts included in respect of profits relating to unrealised revaluations;
- ii. profits of a capital nature; and
- iii. unrealised gains in respect of any Risk Management Product relating to that period;

plus the aggregate of:

- i. interest costs for that period; and
- ii. losses of a capital nature, to the extent such losses have been charged against such profit in respect of that period; and
- iii. unrealised losses in respect of any Risk Management Product relating to that period.

"EBITDA" means EBIT

plus the aggregate of:

- i. depreciation relating to that period; and
- ii. amortisation relating to that period.

"Effective Equity" means, on any date, the aggregate, as would be shown in Financial Statements if Financial Statements were prepared as at that date, of:

- i. the amount paid up or credited as paid up on the issued share capital of the Borrower (including any non-redeemable preference shares but excluding any redeemable preference shares);

- ii. the amount of reserves including any accumulated surplus of the Borrower;
- iii. the amount of any asset revaluations of the Borrower made after the date of this Agreement and approved by the Bank;
- iv. the amount of any retained earnings of the Borrower determined in accordance with NZ GAAP; and
- v. minus the amount of Intangible Assets as would be shown in Financial Statements if Financial Statements were prepared as at that date.

"Financial Indebtedness" means all obligations of the Borrower (secured or unsecured) in respect of money borrowed, raised or otherwise owing, including non-subordinated shareholders' loans, or under any finance lease, redeemable preference share, letter of credit, Risk Management Product or any financial accommodation whatsoever.

"Financial Statements" means financial statements for the Borrower prepared in accordance with NZ GAAP, such statements to include, for the avoidance of doubt, a statement of financial performance, a statement of financial position and a statement of cashflows of the Borrower.

"Intangible Assets" means the aggregate value of all advances to Related Parties together with all values for items, which in the Bank's opinion are substantially of the nature of goodwill, patents, brand names, trademarks, design rights, prepayments, future tax benefits, underwriting and formation expenses, intellectual property and other similar items, unless the Bank has previously agreed to the contrary in writing.

"Interest Costs" means, in relation to any period, the aggregate of all interest and financing costs that are required to be treated as interest by NZ GAAP for that period and in particular, including all finance charges under finance leases and hire purchase agreements of a financing nature; plus or minus (without double counting) the net amount of any difference payments paid or received in cash during that period under any interest rate hedging agreement.

"Lease Costs" means, in relation to any period, the aggregate of payments that the Borrower is or can be required to make as lessee under one or more operating leases.

"Management Accounts" means management accounts for an entity (including a statement of financial performance, statement of financial position and statement of cashflows) prepared on a monthly and Year to Date basis together with comparisons of those accounts with the Budgets delivered to the Bank in accordance with this Agreement.

"Net Capital Expenditure" means, in relation to any period, any capital expenditure during that period that is not funded by term debt, cash held on deposit, introduced equity approved by the Bank or proceeds of sale of non-current assets.

"Net Rental Income" means the aggregate of rental income from the Secured Land, minus operating costs incurred by the Borrower in relation to leasing the tenanted properties to the extent such costs are not passed on to the tenants.

"Non-Current Subordinated Debt" means, on any date, the aggregate value of all advances and other financial accommodation provided to the Borrower by shareholders of the Borrower as at that date which represent non-current liabilities of the Borrower and which the Bank and the shareholders have agreed in writing are satisfactorily subordinated in point of payment to any advances and other financial accommodation provided to the Borrower by the Bank.

"NZ GAAP" means generally accepted accounting practices as defined in section 3 of the Financial Reporting Act 1993.

"PPSA" means the Personal Property Securities Act 1999.

"Related Party" means any Subsidiary, any company which is related (as defined by section 2(3) or 2(4) of the Companies Act 1993) to the Borrower or any Subsidiary, any shareholder of the Borrower, any director of the Borrower and, in relation to any such shareholder or director, any relative of that person as defined in section 2(1) of Companies Act 1993.

"Risk Management Product" means any interest rate and currency exchange agreement, forward rate agreement, option transaction in respect of any interest rate or currency, financial instrument, futures transaction in respect of any interest rate or currency, option transaction in respect of any interest rate or currency exchange agreement or synthetic agreement for any forward exchange and/or foreign exchange transaction, securities repurchase or securities lending transaction, or any transaction, agreement or instrument substantially similar to the foregoing.

"Secured Land" means land (and any part of the land) secured to the Bank and includes the Borrower's interest in the land and every building, fixture and other improvement on or to it.

"Security" includes a guarantee or indemnity, a security interest, any interest in land of a security nature, any mortgage, charge, lien or pledge and any other arrangement having a similar commercial effect as a grant of security (including any preferential, trust, title retention or set-off arrangement).

"Shareholders' Investment" means, on any date, the aggregate, as would be shown in Financial Statements if Financial Statements were prepared as at that date, of:

- Effective Equity; and
- Non-Current Subordinated Debt.

"Stock and Debtors" means, on any date, the aggregate of:

- i. all Trade Debts as at that date (excluding any debts which have been outstanding for over 90 days from the date they were invoiced and any debts owed to the Borrower by any Related Party); and
- ii. the value of Stock in Trade held by the Borrower as at that date.

"Stock in Trade" means, on any date, the aggregate value of stock held by the Borrower for the purposes of its business on that date, excluding all obsolete stock, stock that is over 6 months old and all stock that is subject to any Security to a third party that has priority to the Bank.

"Subsidiary" means any company or entity that is:

- i. a subsidiary (as defined in section 5 of the Companies Act 1993) of the Borrower;
- ii. considered, in accordance with NZ GAAP, to be a subsidiary or an "in substance subsidiary" of the Borrower; or
- iii. controlled by the Borrower.

"Total Liabilities" means, on any date, the aggregate value of all liabilities of the Borrower (excluding contingent liabilities, but including liabilities in respect of convertible notes and bonds, redeemable preference shares and zero coupon bonds) as would be shown in Financial Statements if Financial Statements were prepared as at that date.

"Total Tangible Assets" means, on any date, the aggregate value of all assets of the Borrower (other than Intangible Assets) as would be shown in Financial Statements if Financial Statements were prepared as at that date (excluding any deferred tax, goodwill and the amount of any revaluations after the date of this Agreement not approved by the Bank).

"Total Working Capital Indebtedness" means, on any date, the aggregate of all Financial Indebtedness as at that date in respect of money borrowed or raised, other than money borrowed under a term facility solely for the purpose of purchasing specific assets.

"Trade Debts" means, on any date, the aggregate of all debts owed to the Borrower on that date on arms length commercial terms arising in the normal course of the Borrower's business.

"Year to Date" means, on any date, the time period elapsed since the Balance Date to that date.

1.2 Construction

Unless the context requires otherwise:

Currency: a reference to any monetary amount is to New Zealand currency;

Documents: a reference to any document includes a reference to that document as amended or replaced from time to time;

Headings: headings appear as a matter of convenience and do not affect the construction of this schedule;

Parties: a reference to a party to this Agreement or any other document includes that party's personal representatives / successors and permitted assigns;

Person: a reference to a person includes natural persons, corporations, firms and other legal entities;

PPSA: the expressions 'inventory', 'personal property', 'purchase money security interest' and 'security interest' have the respective meanings given to them under or in the context of the PPSA;

Singular, Plural and Gender: the singular includes the plural and vice versa, and words importing one gender include each other gender;

Statutes and Regulations: a reference to an enactment or any regulations is a reference to that enactment or those regulations as amended, or to any enactment or regulations substituted for that enactment or those regulations;

Writing: a reference to "written" or "in writing" includes all modes of presenting or reproducing words, figures and symbols in a tangible and permanently visible form.

2. FINANCIAL COVENANTS

2.1 The Borrower covenants to the Bank that it will ensure that at all times:

2.1.1 Adjusted Debt Service Cover

The ratio which the aggregate of EBITDA minus Net Capital Expenditure bears to Debt Service Costs is not less than 1.00:1, as calculated by the Bank for the relevant Year to Date against the Annual accounts delivered to the bank in accordance with this agreement.

3. OPERATIONAL COVENANTS

The Borrower covenants to the Bank that:

3.1 As from the date of the Agreement, it may only exceed the amount of capital expenditure projected in the relevant Budget delivered to the Bank in accordance with this Agreement, if it is in compliance, and will continue to be in compliance, with all its other covenants and undertakings given to the Bank, unless the Bank has given its prior written consent to such excess.

3.2 Undertaking from Directors that when the water levy charges are set for shareholders the amount will be sufficient to cover debt servicing.

4. REPORTING COVENANTS

4.1 The Borrower covenants to the Bank that it will within 5 months of the last day of each of its financial years deliver to the Bank: (a) its Annual Statements duly audited, signed by two directors, or if there is only one director, that director as correct; and (b) an accompanying Director's compliance certificate substantially in the form set out at the end of this Schedule.

4.2 The Borrower covenants to the Bank that it will within 60 days of the end of each half year deliver to the Bank (a) half yearly Management Accounts signed by a director as correct and (b) an accompanying Director's compliance certificate substantially in the form set out at the end of this Schedule.

4.3 At least 30 days prior to the commencement of each financial year, the Borrower covenants to the Bank that it will deliver to the Bank an annual Budget for that financial year.

4.4 The Borrower covenants to the Bank that it will provide the Bank on a continuing basis with notice in writing of all purchase money security interests (PMSIs) in its goods, or goods in which it has rights, arising by virtue of the normal trade terms of the supplier of those goods where the total amount secured by any such PMSIs held by any one supplier exceeds 15.00% of the Borrower's Total Tangible Assets.

5. PROVISION OF ELECTRONIC FINANCIAL INFORMATION

5.1 The Borrower may deliver all of the information required by clause 4 in PDF format attached to an email addressed to the Borrower's relationship manager at the Bank.

Form of director's compliance certificate

To: ANZ Bank New Zealand Limited

This certificate is given to you pursuant to the Financial Covenants and Reporting Schedule ("**Schedule**") to the Agreement between SCFIS Limited ("**Borrower**") and ANZ Bank New Zealand Limited ("**Bank**") dated 23 June 2014 ("**Agreement**").

Terms defined in the Schedule have the same meanings when used in this certificate.

I, _____, being a director of the Borrower, certify to you that, as at the close of business of the last day of _____, to the best of my knowledge and belief having made due enquiry, the Borrower has complied with, and is forecast to continue to comply with, all of its obligations under the Agreement.

Set out below is the basis on which I have calculated compliance with the financial covenants in clause 2.1 of the Schedule.

Adjusted Debt Service Cover

EBITDA = \$

Net Capital Expenditure (NCE) = \$

Debt Service Costs = \$

EBITDA minus NCE = **x**

Debt Service Costs

Covenant requires $x \geq 1.00:1$	Covenant met/breached
-----------------------------------	-----------------------

Signature of Director

Date

Form of Director's certificate

To: ANZ Bank New Zealand Limited

I, _____, a director of SCFIS Limited (the **Company**), certify as follows:

1. Authority

1.1 I am a director of the Company and have been duly authorised by the Company to sign this certificate.

2. Incorporation

2.1 The Company is registered under the Companies Act 1993 (the **Act**).

2.2 I certify that the Bank has been provided with complete and up to date copies of the certificate of incorporation and constitution of the Company. If not, these are attached to this certificate, marked "A" and "B".

3. Board's Resolutions

3.1 The board of directors of the Company (Board) has passed all necessary resolutions (Resolutions):

- a. approving the transactions (Transactions) contemplated by the documents listed in the schedule (Documents), and the Documents themselves;
- b. authorising execution of the Documents in the manner in which they have been executed; and
- c. authorising the authorised representatives referred to in paragraph 14, on behalf of the Company, to give any notices and other documents, and to take any other action required under or in connection with the Documents.

3.2 The Resolutions were passed at a meeting of the Board which was properly convened and in respect of which all quorum requirements were duly observed.

-OR- *(Delete whichever version of 3.2 that does not apply.)**

3.2 The Resolutions are resolutions in writing signed by all of the Company's directors entitled to receive notice of a meeting of the Company's board of directors.

3.3 The Resolutions remain in full force and effect.

5. Corporate Benefit

5.1 In approving the Documents and the Transactions, the Board, after taking into account all relevant factors, resolved that:

- a. the Company's entry into the Documents and performance of its obligations thereunder is in the best interests of the Company and that the Company has received, is receiving, or will receive fair value under the Documents and the obligations assumed by it thereunder.

-OR- *(Delete whichever version of 5.1(a) that does not apply.)**

- a. the Company's entry into the Documents and performance of its obligations thereunder is in the best interests of the Company's holding company and noted (in any case where the Company is not a wholly owned subsidiary of the Company's holding company) that prior agreement to the Company's entry into and performance of the Documents has been obtained from all the Company's shareholders (other than the Company's holding company).

-OR- *(Delete whichever version of 5.1 that does not apply.)**

5.1 The directors of the Company have been unable to determine whether the Company's entry into and performance of the Documents is in the best interests of the Company. As a consequence and after full disclosure of all the relevant factors, unanimous shareholder ratification of the board resolution has been sought and obtained.

6. Financial Assistance

6.1 The purpose and creation of the Documents does not consist of or include any provision for the Company to provide direct or indirect financial assistance in connection with the purchase of a share issued or to be issued by the Company or the Company's holding company.

-OR- *(Delete whichever version of 6.1 that does not apply.)**

- 6.1 The purpose and creation of the Documents does consist of or include provision for the Company to provide direct or indirect financial assistance in connection with the purchase of a share issued or to be issued by the Company or the Company's holding company. As a consequence:
- a. (following making full disclosure of all relevant matters) written agreement has been made between all of the Company's entitled persons pursuant to section 107(1)(e) of the Act that the financial assistance for which purpose the Documents have been created (the **financial assistance**) may be given otherwise than in accordance with section 76 to 80 of the Act;
 - b. the Company's board of directors has determined that it is satisfied on reasonable grounds that the Company will, immediately after the giving of the financial assistance, satisfy the solvency test (as that term is defined in section 4 of the Act);
 - c. each of the directors of the Company has signed a certificate stating that in their opinion the Company will, after the financial assistance is given, satisfy the solvency test (together with the grounds for that opinion).

7. Major Transaction

- 7.1 After making due enquiry and considering all relevant factors, it has been determined that the Transactions do not constitute a "Major Transaction" for the purposes of section 129 of the Act.

~~-OR-~~ (Delete whichever version of 7.1 that does not apply. In addition, 7.2 to 7.4 below are to be selected only if the Transactions do or may constitute "Major Transactions".)*

- 7.1 It has been determined that the Transactions are a "Major Transaction" for the purposes of section 129 of the Act. Accordingly, the shareholders of the Company have by special resolution:

- a. approved the Transactions;
- b. resolved the following resolution:

"That subject to and conditional upon the other transactions, amalgamations and rearrangements set out in the Merger Proposal being approved by all relevant entities, the shareholders approve the following as a major transaction as required by section 129 of the Companies Act 1993:

- (i) the Board arranging bank finance of up to \$43,000,000 to enable the Company to refinance existing debt of the various merging entities as part of the proposed merger and for any such other purpose as the Board may determine (including working capital and capital expenditure purposes); and
- (ii) that such approval extends to the Board approving the terms and conditions of the finance and the security to be granted to the bank (including the Company granting a general security agreement in favour of the relevant bank); and

- 7.2 The special resolutions were passed either at a meeting of shareholders which was properly convened and in respect of which all quorum requirements were duly observed or are resolutions in writing signed by all of the Company's shareholders.

- 7.4 The special resolutions remain in full force and effect.

8. Due Execution

- 8.1 The Documents have been properly executed by the Company.

9. Principal

- 9.1 The Company has entered into the Documents as principal and has not entered into any Document in the capacity of an agent or as the trustee of any trust or settlement.

10. Authorisations

- 10.1 All authorisations required for the Documents have been obtained on an unconditional and unqualified basis and remain in full force and effect.

- 10.2 The execution and delivery of the Documents by the Company will not:

- a. violate or contravene any law to which the Company is subject; or
- b. conflict with or result in any breach of any agreement, obligation or duty (contractual or otherwise) to which the Company is party or to which it or any of its assets is bound.

11. Solvency

- 11.1 After making due enquiry, the Board is of the view that the Company:
 - a. is solvent and is able to pay its due debts;
 - b. will be solvent and able to pay its due debts when it enters into the Transactions;
 - c. will not become insolvent or unable to pay its due debts as a result of entering into the Transactions; and
 - d. is not engaged, or about to engage, in a business or transaction for which the remaining assets of the Company are unreasonably small, given the nature of the business or transaction.
- 11.2 I am not aware of any liquidation proceedings that have been commenced by any person, or which are intended or anticipated by the Company.

12. Value

- 12.1 Having taken into account all relevant factors (including, in the case of a guarantee or an indemnity, all rights of contribution and subrogation to which the Company would be entitled if called upon to perform its obligations and the solvency of the guaranteed and guaranteeing parties), the Board is of the view that the value of the consideration or benefit received or to be received by the Company under the Transactions is not less than the value of the consideration provided or to be provided by the Company.

13. Proper Purpose

- 13.1 To the best of my knowledge and belief after making due enquiry of each other director of the Company, each of the directors have exercised their powers in relation to approving the Documents and the Transactions for a "proper purpose" in accordance with s.133 of the Act.

14. Authorised Representatives

- 14.1 The Authorised Persons named in the Account Opening Authority (as amended from time to time) have been authorised to give any notices and other communications, and to take any other action required, under or in connection with the Documents on behalf of the Company and there has been no change to that list of authorised persons since the date of the Account Opening Authority.

-OR- *(Delete whichever version of 14.1 that does not apply.)**

- 14.1 The following are true signatures of the persons who have been authorised to give any notices and other communications, and to take any other action required, under or in connection with the Documents on behalf of the Company:

Name	Position	Signature

Schedule of Documents

Facility Agreement dated 23rd June 2014.

These statements are true and correct as at the date of this certificate and were true and correct on the date the Company executed the Documents and entered into the transactions contemplated by the Documents.

*Where alternatives are indicated, please delete that which is not applicable.

SIGNED on behalf of **SCFIS Limited** by:

Director of SCFIS Limited

Print name