

DAIRY LEASE MASTER TERMS

DOCUMENTS COMPRISING OUR AGREEMENT

- 1 These Dairy Lease Master Terms are read together with each Lease Agreement that we enter into with you.
- 2 Together these documents create a binding agreement under which we purchase a Herd and lease that Herd to you.
- 3 References to “this agreement” are to our agreement under these Master Terms, each Lease Agreement and the applicable Terms Letter. Other defined terms used in these documents and rules of interpretation are set out in clause 62.

WE WILL PURCHASE THE HERD

- 4 We will purchase the Cows specified in each Lease Agreement for the Purchase Price detailed in the Lease Agreement on the Commencement Date.
- 5 When we purchase Cows from you we will create a buyer generated invoice.
- 6 We are purchasing the Cows at your request. You are responsible for inspecting and approving all Cows prior to us purchasing them.
- 7 We will own the Cows. You will own all progeny and milk produced by the Cows during the Lease period.

WE WILL LEASE YOU THE HERD

- 8 We lease to you, and you take on lease, the Herd for the term specified in the Lease Agreement from the time we purchase the Herd.

YOU WILL CULL THE COWS ON OUR BEHALF

- 9 We recognise that the Herd will progressively reach the end of its useful milking life over the Lease period.
- 10 You agree to reduce the Herd to zero over the Lease period at approximately the Annual Cull Rate specified in the relevant Lease Agreement. The Cull Payments have been determined on the basis of the Annual Cull Rate and Cull Value specified in the relevant Lease Agreement.

YOUR PAYMENT OBLIGATIONS

- 11 You will pay us for each Herd:
 - 11.1 **Lease Payments:** the Lease Payments as set out in the Lease Payment and Cull Payment Schedule in the relevant Lease Agreement. The Lease Payments are the rent payable for the lease of the Herd.
 - 11.2 **Cull Payments:** the Cull Payments as set out in the Lease Payment and Cull Payment Schedule in the relevant Lease Agreement.
 - (a) The Cull Payments are the amounts we expect to realise from Cull Cows when they are culled. You agree to realise this amount for us by selling the Cull Cows on our behalf.
 - (b) You will pay us the Cull Payments regardless of the amount you realise from selling the Cull Cows on our behalf. If you realise more than the Cull Payments you may keep the additional amount,

and any amount payable on a day that is not a working day, must be paid on the first working day after that date.
- 12 On the Commencement Date (or as otherwise specified) you will also pay us any establishment fee or other fee specified in a Lease Agreement.

- 13 You will provide us on or before the Commencement Date with:
- 13.1 a signed Dairy Order so that the Lease Payments may be paid directly to us by the Dairy Company;
and
 - 13.2 a signed direct debit authority so that the Lease Payments may be deducted directly from your Bank Account.
- 14 We will decide (at our discretion) whether Lease Payments are paid directly to us by the Dairy Company or direct debited from your Bank Account, and will confirm this with you in writing. We will also confirm to you in writing if we change how the Lease Payments will be paid.

YOUR OTHER OBLIGATIONS

- 15 You must:
- 15.1 **Look after the Herd:** farm the Land, and care for the Herd, in accordance with the Animal Welfare Act 1999 and best farming practice in New Zealand.
 - 15.2 **Identification and Performance Data systems:** You authorise us to access your NAIT and MINDA account as an information provider to monitor movements of the Herd only. In accessing your NAIT account we will meet all of the legislative requirements of the National Animal Identification and Tracing Act 2012 regarding the functions and duties we will undertake on your behalf (if any).
 - 15.3 **Use of and access to milk supply data:** use Fonterra Farm Source (or any equivalent system approved by us for the tracking of milk volume and performance) in respect of all milk produced by the Cows. You will provide us with online access to your Fonterra Farm Source account (or equivalent online account) as an information provider to monitor your milk production.
 - 15.4 **Allow access to the Herd:** keep the Herd on the Land, and ensure we (including our assignees and agents) may access the Land and the Herd whenever we reasonably require to confirm the existence, proper identification, condition and/or proper maintenance of the Herd.
 - 15.5 **Farming costs:** meet all costs relating to the farming of the Herd (other than those costs expressly payable by us under this agreement), including being responsible for any transport of the Herd to and from the Land and for removing and disposing of any Cull Cow and any Cow that has died.
 - 15.6 **Maintain minimum cow numbers:** ensure that the number and type of dairy cows and heifers owned by you and subject to a first ranking security interest in favour of us meets our ongoing requirements specified in the Terms Letter (or any other requirement we later agree in writing).
 - 15.7 **Comply with laws:** comply with all applicable laws and any requirement of any governmental or regulatory agency.
 - 15.8 **Keep us up to date:** promptly (and in any event within 5 working days) provide us in writing with all information that we reasonably request in relation to the Cows, the Land and/or your business, including:
 - (a) a report from a veterinarian on the condition of the Herd or on any Cows that may have died or be unwell;
 - (b) a copy of any farm environment plan prepared by you or any third party in relation to the Land;
 - (c) scanning data and/or reports on the in-calf status of the Cows; and/or
 - (d) a copy of your financial statements for the most recent financial year and a copy of your current statement of position.
 - 15.9 **Advise us immediately of adverse changes:** notify us within 24 hours of becoming aware of:

- (a) any event or circumstances that may be materially adverse to the Herd or our interest in the Herd (including any communicable disease that may be in, or in the vicinity of, the Herd);
 - (b) Any complaint or notification made by you or any third party to the Ministry of Primary Industries (MPI), and any notice from MPI to you, relating to the Cows or any other animals you farm; and/or
 - (c) any Event of Default or other breach of this agreement.
- 15.10 **Not act contrary to our ownership of the Herd:** not (and must not try to) sell, assign, transfer, sub-lease or otherwise deal with (whether absolutely or by way of security) the Herd or any of your rights under this agreement except as contemplated in clause 9 or with our prior written consent. You will ensure that no security interest is registered on the Personal Property Security Register in respect of any Cows other than by us.
- 15.11 **Ensure the Landowner is aware of this agreement:** ensure the Landowner is aware we own the Cows and has agreed in writing (in a form acceptable to us):
- (a) that we can access the Land and deal with the Cows as set out in this agreement; and
 - (b) that they will not relocate or otherwise deal with any Cows without:
 - (i) our prior written consent; or
 - (ii) giving us at least 30 days prior written notice.
- 15.12 **Indemnity:** indemnify us on demand against any loss, claim, damage, expense, liability or proceeding suffered or incurred at any time by us as a direct or indirect result of any breach of this agreement, including any funding break costs and any costs in repossessing (or attempting to repossess) any Cows or recovering any amounts owed by you.
- 15.13 **Enforcement costs:** reimburse us for any expenses we incur in enforcing, or seeking to enforce, this agreement against you. You must reimburse us when we ask you to.
- 15.14 **Terms Letter:** comply with any ongoing conditions specified in the Terms Letter.
- 15.15 **Further assurances:** immediately, and at your cost, do anything that we reasonably require to:
- (a) protect our interest in the Herd;
 - (b) assist us in exercising any of our rights under this agreement; and/or
 - (c) make sure that this agreement and any related transaction are effected in accordance with their commercial purposes.

MISSING AND DEAD COWS

- 16 We understand that deaths occur and that Cows may go missing. The Lease Payment calculation includes an annual death and missing cow allowance at the assumed death rate specified in the Lease Agreement.
- 17 You agree that the Cows are at your sole risk. You must pay the Lease Payments and Cull Payments regardless of anything else, including the reason for, or the number of, deaths or missing cows.

PAYMENT REQUIREMENTS

- 18 **Set-off and deductions:** All payments by you under or in relation to this agreement must be made in full and without any set-off or deduction of any kind. If you are required by law to deduct or withhold anything from an amount payable by you to us, you must increase the amount paid to the extent necessary for us to receive and retain the amount we would have received but for the deduction or withholding.
- 19 We may set off any amount we owe you in relation to this agreement against any amount that you owe us, whether under this agreement or not.

20 **Default interest:** You must pay interest, calculated daily, on any money that you owe us but do not pay on time. The interest is payable on the amount outstanding from the day the money becomes due until it is paid. The rate of interest is the BKBM, plus 10% per annum.

21 **GST:** Unless otherwise stated all amounts payable by you are expressed on a plus GST (if any) basis. You must pay us any GST payable on any taxable supply under this agreement. In accordance with section 60(1B) of the Goods and Services Tax Act 1985, it is agreed that this section applies to treat the sale of Cull Cows under clause 11 as two separate taxable supplies, being:

21.1 a taxable supply of the Cull Cows by you (as principal) to the purchaser of the Cull Cows; and

21.2 a taxable supply of the Cull Cows from us to you.

EARLY TERMINATION

22 Where there is a material change in your circumstances, you may terminate the Lease early by:

22.1 purchasing the remainder of the Herd for the Net Present Value of the unpaid Lease Payments and Cull Payments; and

22.2 paying us any other amount owing to us under this agreement in relation to the relevant Lease; or

23 We can end the Lease under clause 26.2 because of your default.

EVENTS OF DEFAULT

24 An Event of Default occurs if:

24.1 you fail to pay us any amount under this agreement at the time it is due or otherwise in accordance with this agreement;

24.2 you breach any other term of this agreement in a manner that we consider is material and (if that breach is capable of remedy) do not remedy that breach within 7 days of us giving you notice to do so;

24.3 there is a "default" or an "event of default" (or any similar concept, however defined) in relation to you or any guarantor of you under any security agreement we have agreed with you or your guarantor, or any enforcement (or right to enforce arising) against you or your guarantor of:

(a) any security over assets with an aggregate value of \$10,000 or more; or

(b) any acceleration clause, under which any indebtedness may become immediately due and payable;

24.4 we consider any Cows are at risk (as defined in s109(2) of the Personal Property Securities Act 1999);

24.5 you change your name without telling us your new name at least 15 working days before the change takes effect;

24.6 any undertaking, representation, warranty or statement made to us by you is untrue or was untrue when made;

24.7 you cease, or give notice of your intention to cease, supplying milk to the Dairy Company within the Lease period;

24.8 there is a default under any Sharemilker Agreement you are a party to;

24.9 the Landowner revokes (or attempts to revoke) our rights to access the Land;

24.10 you revoke (or attempt to revoke) the Dairy Order that has been submitted to the Dairy Company

24.11 you revoke (or attempt to revoke) the direct debit authority you provide us to debit your Bank Account and/or you change your Bank Account without our consent;

- 24.12 you don't provide us with any information we require under clauses 14.2 and/or 15.3 and/or do not keep this information up to date; or
- 24.13 you or your guarantor becomes insolvent or bankrupt, or enters into receivership, liquidation, external administration or becomes subject to any scheme of arrangement, formal or informal creditor compromise or analogous process.
- 25 If we consider an Event of Default may have occurred, we may engage consultants or other appropriate third parties to review and advise us on your compliance with this agreement. You will co-operate fully with these people. You must reimburse us in full for the amount paid by us for the review.
- 26 If an Event of Default has occurred, we may:
- 26.1 enter the Land (or any land where we consider the Herd or any Cows may be) without notice and repossess any or all of the Cows; and/or
- 26.2 end the Lease with effect from any date specified by us and require you to, at our option:
- (a) return the Herd to us at the location and by the date nominated by us. If we end the Lease under this clause 26.2(a) you will pay us liquidated damages equal to the amount (if any) by which the market value of the Herd (as determined by us, acting reasonably) is less than the Net Present Value of the unpaid Lease Payments and Cull Payments; or
- (b) purchase the Herd for the sum of the Net Present Value of the unpaid Lease Payments and Cull Payments.
- 27 If we have exercised our rights under cl 25.2 and there are still sums owing to us under this agreement, we may instruct the Dairy Company to pay to us those sums directly to us, in reliance on the Dairy Order.
- 28 Any Event of Default specific to one Lease is deemed to be an Event of Default under each Lease. We may exercise our rights separately in relation to each Lease.
- 29 Our rights under clause 25 are without prejudice to any other right we may have at law or elsewhere.

PERSONAL PROPERTIES SECURITIES ACT 1999

- 30 You acknowledge that this agreement creates a security interest in the Herd. To the extent permitted by law you waive your right to receive a copy of the verification statement confirming registration of a financing statement or a financing change statement relating to our interest in the Herd.
- 31 To the extent permitted by law you agree that nothing in sections 114(1)(a), 120(1), 122, 133 and 134 of the Personal Properties Securities Act 1999 shall apply to this agreement. You waive your rights to object under section 121 and to redeem under section 132 of that Act.

WARRANTIES AND UNDERTAKINGS

- 32 We do not make any express or implied warranty or representation to you, other than those expressly set out in this agreement or those which cannot be excluded at law.
- 33 You warrant and undertake to us that:
- 33.1 each Lease Agreement and any information in the Terms Letter about you, any guarantor of you, the Cows or the Land is accurate and not misleading,
- 33.2 the Cows are on the Land at all times during the Lease Term and are healthy on the Commencement Date,
- 33.3 we will get full legal and beneficial title to the Cows, free of any security interest, on payment of the Purchase Price,
- and we are not responsible for verifying these or any other matters relating to the Cows.

OUR LIABILITY

- 34 **No reliance:** You enter into the transactions under this agreement in reliance on your own judgement (including business, livestock, financial and taxation advice), and not in reliance on any representation or advice from us.
- 35 **FTA:** You confirm that you are entering into this agreement in trade, that you have been independently advised and that it is fair and reasonable in the circumstances that sections 9, 12A, 13 and 14(1) of the Fair Trading Act 1981 do not apply. To the maximum extent permitted by law that Act does not apply.
- 36 **Limitation of liability:** We will pay you for any direct physical damage we cause you directly as a result of any breach of this agreement by us. All other liability to you in relation to this agreement (whether in contract, tort (including negligence), equity or otherwise) is excluded, including liability for any indirect or consequential loss or liability for any economic loss including loss of profits, savings, opportunity or goodwill. If for any reason we cannot rely on any of these limitations and exclusions of liability, our liability is limited to \$10,000.

POWER OF ATTORNEY

- 37 **You appoint us as your attorney:** You irrevocably appoint us (and each of our directors and agents) as your attorney to do anything the attorney thinks fit in relation to performing your obligations under this agreement. You must ratify anything done by the attorney in good faith.
- 38 **When we may exercise our powers:** The attorney may not exercise the attorney's powers prior to an Event of Default occurring without first using reasonable endeavours to notify you of the proposed exercise.

TRUSTEE LIABILITY

- 39 Unless set out in the relevant Terms Letter, you enter into each Lease Agreement in your personal capacity as well as in your capacity as trustee of any trust of which you have been appointed trustee (including any undisclosed trust).
- 40 Your liability under this agreement is personal and unlimited unless you are named as a Limited Liability Trustee in a Lease Agreement.
- 41 If you are named as a Limited Liability Trustee your liability will be limited to the assets of the trust under which you have entered into this agreement as a trustee and that are (or but for your default would be) available to meet your liability under this agreement.

DISPUTE RESOLUTION

- 42 **Negotiation:** If any dispute or difference arises between you and us we will each endeavour to resolve it in good faith.
- 43 **Mediation:** If the matter is not resolved within 10 working days of it being notified in writing, then either of us may refer it to mediation. The mediation will be conducted in accordance with the Resolution Institute's standard mediation agreement. If we cannot agree a mediator with you, the mediator (and the mediator's fee) will be determined by the Chair of the Resolution Institute (or his or her nominee).
- 44 **Urgent relief:** Nothing in these dispute resolution clauses prevent:
- 44.1 you or us seeking urgent interlocutory relief from the courts; or
 - 44.2 us exercising any of our security or rights of ownership (subject to applicable laws).

SALE OR ASSIGNMENT

- 45 We may assign, sell, grant (or permit) a security interest in, transfer or otherwise deal with our interest in some or all of the Herd, this agreement, any related document, and/or any right under or in respect of any of them, without getting your consent or the consent of any guarantor of your obligations. We may do this at any time and without notice. You may not assign or deal with your interest in this agreement, or a right under it, without our written consent.

- 46 You agree that any assignee or transferee will have all the rights available to us under this agreement (and any related document) as if it were named as us.
- 47 This agreement is for the benefit of, and enforceable by, any assignee or transferee of our interest in accordance with the Contract and Commercial Law Act 2017.

NOTICES

- 48 All notices between you and us in connection with this agreement must be in writing and sent by mail, hand delivery or email to the following address (or any replacement contact details we or you notify in writing):

For us: The Village Exchange
 5 Havelock Road
 PO Box 8050
 Havelock North 4157
 Email: notices@stockco.co.nz

For you: The contact details specified in the Lease Agreement.

OTHER PROVISIONS

- 49 **Privacy:** You authorise us to use your personal information provided to us in accordance with our privacy policy (as updated from time to time) which can be found on our website <https://stockco.co.nz>.
- 50 **Other financiers and security holders:** We may at any time discuss your situation with any financier to you, any guarantor of any of your obligations to us and/or with any person that has a security interest in any assets that you or any guarantor of you has granted us a security interest in. You agree those people may disclose any information they hold about you to us.
- 51 **Joint and several liability:** If you are more than one person, each person is bound individually by this agreement; and each person is also bound jointly with any one or more of the others.
- 52 **Evidence:** A certificate signed by us in relation to anything concerning the performance of this agreement is conclusive of what it states, except in the case of an obvious error. You must not object to the admission of such a certificate in any proceedings.
- 53 **Entire agreement:** This agreement and any guarantee or security agreement between us contain everything you have agreed on in relation to the matters they deal with. You cannot rely on an earlier agreement, or on anything else said or done by us (or by an officer, agent or employee of us) before these Master Terms or any Lease Agreement was entered into.
- 54 **Variation:** This agreement can only be varied by you and us entering into a written variation to the relevant Lease Agreement.
- 55 **Waiver:** If we fail to do, or delay in doing, something we are entitled to do under this agreement, that is not a waiver of our right to do it, unless we give you a written waiver. If we give a written waiver, that does not affect compliance with that or any other obligation, or our right to a remedy for non-compliance, in relation to any other occasion.
- 56 **Commissions:** You agree we may pay commission or fees to, or receive them from, any agent, broker or other person who introduces you to us or us to you.
- 57 **Execution of separate documents:** Each document comprising this agreement is properly executed if each party properly executes a document that is identical to it and provides that document to the other party (including by email, facsimile or similar copies). Those documents taken together constitute the agreement.
- 58 **Blanks and corrections:** You authorise us to complete in good faith any blank spaces in this agreement and any document or instrument relating to it (including any direct debit authority or Dairy Order), including inserting the date of any agreement or instrument; the Commencement Date; and any identification details of the Cows. You also authorise us to correct any manifest errors in the Lease Agreement.

- 59 **Other rights not affected:** The rights created under this agreement are not intended to affect any rights that you or we may have apart from this agreement.
- 60 **Severability:** If any part of this agreement is illegal, unenforceable or invalid, that part is to be treated as removed from this agreement or modified to the minimum extent required for that part to be legal, enforceable and valid. The rest of this agreement is not affected.
- 61 **Governing law:** This agreement is governed by New Zealand law.

DEFINITIONS AND INTERPRETATION

- 62 **Definitions:** In this agreement unless the context otherwise requires:

Bank Account means your bank account where you receive payment from the Dairy Company.

BKBM means the Bank Bill Reference Rate (Bid) (rounded upwards, if necessary, to the nearest four decimal places) administered by the New Zealand Financial Markets Association (or any other person which takes over the administration of that rate) for the relevant period and displayed on page BKBM of the Thomson Reuters Screen or Bloomberg equivalent (or its or their respective successor page). If the BKBM is less than zero, BKBM will be deemed to be zero. If the BKBM cannot be determined for any reason, BKBM shall be determined by us acting reasonably.

Commencement Date means the Commencement Date specified in the relevant Lease Agreement or any other date that we agree with you in writing.

Cows means, as the context requires, any cow, group of cows or all of the cows that make up the Herd from time to time.

Cull Cow means any Cow which is no longer wanted for milk production and is sold.

Cull Payments means the Cull Payments set out in a Lease Payment and Cull Payment Schedule forming part of a Lease Agreement.

Cull Value is set with reference to the 10 year rolling average price for an average weight Cull Cow.

Dairy Company means any of Fonterra Co-operative Group Limited, Synlait Limited or Open Country Dairy Limited (or any of these companies' respective affiliates), or any other milk processor(s) as may be agreed in writing between you and us.

Dairy Order means an authority to order payment lodged with the Dairy Company in the form we provide to you.

Event of Default has the meaning given in clause 24.

Herd means the Cows specified in a Lease Agreement.

Land means the place where the relevant Lease Agreement states the Cows will be farmed or any other location we agree in writing.

Landowner means the person or entity that owns the Land and, if applicable, the lessee or any other person who may prevent us from accessing the Land.

Lease means a lease of Cows under this agreement.

Lease Agreement means a Lease Agreement (including a Lease Payment and Cull Payment Schedule) we agree with you and which incorporates these Master Terms.

Lease Payment and Cull Payment Schedule means a Lease Payment and Cull Payment Schedule that forms part of a Lease Agreement.

Lease Payments means the Lease Payments set out in a Lease Payment and Cull Payment Schedule forming part of a Lease Agreement.

Master Terms means these Dairy Lease Master Terms.

MINDA means means the herd management system operated by the Livestock Improvement Corporation Limited.

NAIT system means the National Animal Identification & Tracing system operated by NAIT Limited under the National Animal Identification and Tracing Act 2002 or any alternative system approved under the Biosecurity (Animal Identification Systems) Amendment Regulations 2013.

Net Present Value means the net present value at a particular date, as calculated by us using a discount rate of 5%. If the relevant Lease Payment and Cull Payment Schedule provides the option of paying a minimum amount and rolling over the balance for 12 months, we will calculate the net present value on the basis of that option.

Sharemilker Agreement means the sharemilker agreement in place between you and the Landowner in respect of the Land.

Terms Letter means the terms letter (or where we send more than one terms letter, the final terms letter) that we send to you as part of the process of agreeing a Lease Agreement.

this agreement means our agreement under these Master Terms and each Lease Agreement.

us or we means StockCo Capital Ltd and its successors, transferees and assigns.

working days means any day other than a Saturday, Sunday or statutory holiday in Hawke's Bay.

you means the person or persons described as the "Farmer" in the Lease Agreement.

63 Principles of interpretation: In this agreement:

- 63.1 unless the context otherwise requires, capitalised terms in these Master Terms that are defined in the Lease Agreement will have the same definition in these Master Terms as in the Lease Agreement (and vice versa).
- 63.2 if there is any inconsistency between a Terms Letter, these Master Terms and a Lease Agreement, then the Lease Agreement will prevail over the Master Terms and the Terms Letter and the Master Terms will prevail over the Terms Letter.
- 63.3 we may exercise any discretion we have under this agreement at our sole and absolute discretion.
- 63.4 any reference to these Master Terms, any Lease Agreement or any other document we have agreed with you means that document as may be amended from time to time.
- 63.5 any rule of construction that a document is to be construed against the drafting party shall not apply.