

# PREPAYMENTS

## **1. General**

As described in clause 7 of each Encumbrance, the Encumbrancer may prepay all Infrastructure Payments owing or that would become owing under this Encumbrance over the Term, in which case it must pay the aggregate of the amounts determined under paragraphs (1) and (2) below (with the final amount as at a specified date to be calculated by Milldale Infrastructure or its agent and notified to the Encumbrancer):

- (1) the lesser of a. or b. below:
  - a. the aggregate of:
    - i. any unpaid Infrastructure Payments then due and payable (together with any Additional Payments, enforcement costs, arrears or other amounts due and payable under this Encumbrance); and
    - ii. the remaining scheduled Infrastructure Payments for the Term; or
  - b. the aggregate amount payable by the Encumbrancee to prepay its debt and equity finance arrangements associated with this Encumbrance and the break costs relating to any management contract associated with this Encumbrance (described in more detail below); and
- (2) an administration fee to reasonably compensate Milldale Infrastructure for any administrative cost incurred by Milldale Infrastructure in relation to the full early prepayment (described in more detail below).

This means that the Encumbrancer will never need to pay more than any amounts due and payable under the Encumbrance, plus the unpaid scheduled Infrastructure Payments payable under the Encumbrance (and a reasonable administration fee, which is set out below) to prepay its obligations under the Encumbrance in full. The actual amount payable by the Encumbrancer to prepay amounts payable under the Encumbrance in full may be less than this amount.

## **2. Amount payable to prepay finance arrangements**

The amount described in clause 7(a)b of the Final Encumbrance (as set out in 1(b) above) can be calculated as the aggregate of:

- (a) any unpaid Infrastructure Payments then due and payable (together with any Additional Payments, enforcement costs, arrears or other amounts due and payable under this Encumbrance); and

- (b) the net present value of the remaining scheduled Infrastructure Payments for the Term, using a discount rate being the lesser of:
  - a. 5.370%; and
  - b. the aggregate of:
    - i. LGFA Bond Margin, being the margin applicable to Local Government Funding Agency bonds currently issued with a duration remaining that most closely approximates the duration of the Term Facility; and
    - ii. Market Swap Rate, being the swap rate implied by the market 3 month forward BKBM-BID rates for the remaining Term (noting that extrapolation may be required for 3 month forward BKBM-BID rates which would occur more than 20 years into the future).

### **3. Administration fee**

Milldale Infrastructure will charge an administration fee to reasonably compensate Milldale Infrastructure for any administrative cost incurred by Milldale Infrastructure in relation to the full early prepayment of an Encumbrance. The administration fee (as at 23 November 2018) is \$500 (plus GST, if any).

### **4. Partial prepayment**

Partial prepayments of Infrastructure Payments cannot be made and will not be accepted by Milldale Infrastructure.

### **5. Request indicative prepayment figure**

You can [Contact Us](#) to request an indicative prepayment figure.

If you wish to proceed with a Prepayment, we suggest that you [Contact Us](#) close to the date you wish to prepay and request a Prepayment Invoice. This will provide you with the Prepayment Amount calculated on the relevant interest rates at that time.

### **6. Process for Full Prepayment and Removal of the Encumbrance**

Upon the receipt of your request for a Prepayment Invoice, we will prepare a Prepayment Invoice which will provide you with the Prepayment Amount calculated as set out above (note this amount may be different to the indicative prepayment amount). The Encumbrance will be removed once payment has been received in full by the Prepayment Invoice expiry date (noting that the removal of

the Encumbrance cannot be any earlier than when you settle the purchase of your section).

In relation to the process involved to remove the Encumbrance if you wish to prepay the Infrastructure Payments in full and have the Encumbrance removed prior to the transfer of the property on the settlement day, we ask that you [Contact Us](#) at least 5 working days prior to the intended settlement date and request a Prepayment Invoice. We will prepare a Prepayment Invoice and this will provide you with the Prepayment Amount calculated on the relevant interest rates at that time (note this may be different to the indicative prepayment amount set out above).

You can either:

1. pay the Prepayment Amount in full by way of same-day cleared payment before the settlement day and provide confirmation to Milldale Infrastructure once the prepayment has been made; or
2. arrange for your solicitor to undertake to Milldale Infrastructure's solicitor that the Prepayment Amount will be paid in full to Milldale Infrastructure's solicitor by way of same-day cleared payment on the settlement day and they will not be cancelled or reversed. Please note that we expect these undertakings to be in accordance with the New Zealand Law Society Property Transactions and eDealing Guidelines (July 2012) (or as subsequently updated).

Once Milldale Infrastructure receives the full Prepayment Amount or our solicitor receives the undertaking referred to above, we will instruct our solicitor to discharge the encumbrance instrument.

Please note that we will not be able to remove the Encumbrance until we have either confirmed that the payment has been received, or if the payment is being made on the settlement day, received the appropriate solicitor undertaking. If this cannot be confirmed on the day of settlement, the Encumbrance will remain on the title.

We recommend you seek assistance from a professional adviser if you require financial, legal or other expert advice.