

NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED

Issuer

TRUSTEES EXECUTORS LIMITED

Supervisor

**DEED OF AMENDMENT AND RESTATEMENT TO
MASTER TRUST DEED AND SECOND
SUPPLEMENTAL TRUST DEED**

RUSSELL McVEAGH

DEED dated 6 May 2016

PARTIES

NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED ("Issuer")

TRUSTEES EXECUTORS LIMITED ("Supervisor")

INTRODUCTION

- A. The Issuer and the Supervisor are parties to:
- (a) a master trust deed dated 7 December 2011, as amended on 8 February 2012 ("**Master Trust Deed**") in relation to the Issuer's New Zealand dollar denominated note programme; and
 - (b) a supplemental trust deed dated 15 February 2012 in relation to the issue of Series of Retail Notes ("**Second Supplemental Trust Deed**").
- B. The Issuer and the Supervisor wish to amend and restate the Master Trust Deed on the terms set out in this deed.
- C. The Issuer and the Supervisor wish to amend and restate the Second Supplemental Trust Deed on the terms set out in this deed.
- D. For the purposes of clause 20.2 of the Master Trust Deed, the Issuer and the Supervisor are of the opinion that the amendments contained in this deed are either:
- (a) necessary in order to comply with the Financial Markets Conduct Act 2013 ("**FMC Act**") and the Financial Markets Conduct Regulations 2014; or
 - (b) of a minor or technical nature.
- E. The directors of the Issuer have resolved that the amendments contained in this deed will not be materially prejudicial to the interests of Holders. The Supervisor is of the opinion that the amendments contained in this deed will not be materially prejudicial to the interests of Retail Holders.

COVENANTS

1. INTERPRETATION

1.1 Definitions:

- (a) Words and expressions that are defined in the Master Trust Deed have the same meanings when used in this deed, unless the context otherwise requires.
- (b) In this deed, "**Effective Date**" means the date the Issuer elects in accordance with clause 19(1)(a) of schedule 4 of the FMC Act and notifies to the Supervisor, having given the Supervisor notice of this date at the same time as the Financial Markets Authority and the Registrar of Financial Service Providers were notified in accordance with clause 19(2) of schedule 4 of the FMC Act.

1.2 Interpretation:

- (a) Headings are inserted for convenience only and do not affect the interpretation of this deed.
- (b) Unless the context otherwise requires the singular includes the plural and vice versa and words denoting individuals include other persons and vice versa.
- (c) A reference to any document includes reference to that document as modified, novated, supplemented, varied or replaced from time to time.
- (d) A reference to any party to a document includes its successors and permitted assigns.

2. AMENDMENT AND RESTATEMENT OF THE MASTER TRUST DEED AND SECOND SUPPLEMENTAL TRUST DEED

2.1 Modifications: With effect from the Effective Date:

- (a) the Master Trust Deed shall be amended and restated in the form set out in Appendix 1; and
- (b) the Second Supplemental Trust Deed shall be amended and restated in the form set out in Appendix 2.

2.2 Confirmation:

- (a) Except to the extent modified by this deed, each of the Master Trust Deed and the Second Supplemental Trust Deed continue in full force and effect.
- (b) The provisions of each of the Master Trust Deed and the Second Supplemental Trust Deed as modified by this deed shall be valid and binding obligations of each party hereto.
- (c) From the Effective Date:
 - (i) in relation to the Master Trust Deed, this deed and the Master Trust Deed shall be read and construed as one document; and
 - (ii) in relation to the Second Supplemental Trust Deed, this deed, the Master Trust Deed and the Second Supplemental Trust Deed shall be read and construed as one document.

3. COUNTERPARTS

- 3.1 This deed may be signed in counterpart copies, both of which will together constitute one and the same instrument, and either of the parties may execute this deed by signing any such counterpart.

4. DELIVERY

- 4.1 For the purposes of section 9 of the Property Law Act 2007 and without limiting any other mode of delivery, this deed will be delivered by the Issuer immediately on the earlier of:

- (a) physical delivery of an original of this deed, executed by the Issuer, into the custody of the Supervisor or the Supervisor's solicitors; or
- (b) transmission by the Issuer or its solicitors of a facsimile, photocopied or scanned copy of an original of this deed, executed by the Issuer, to the Supervisor or the Supervisor's solicitors.

5. GOVERNING LAW

- 5.1 This deed shall be governed by, and construed in accordance with, the laws of New Zealand.

EXECUTED AS A DEED


Issuer


**NEW ZEALAND LOCAL GOVERNMENT
FUNDING AGENCY LIMITED**

By:

Michael M. Hunter
Name of Director

Craig H. Stobo
Name of Director


Signature of Director


Signature of Director

Supervisor

SIGNED by TRUSTEES EXECUTORS LIMITED

under its common seal:

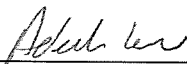
Melanie Lyn Hewitson
Name of Authorised Signatory


Signature of Authorised Signatory

Susan Jane Bingham
Name of Authorised Signatory


Signature of Authorised Signatory

In the presence of:


Name of witness



Signature of witness

Adesh Kaur
Occupation Business Analyst
Auckland

CTS2016-052 (3 of 3)

City/town of residence

APPENDIX 1

Amended and restated Master Trust Deed

NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED

Issuer

TRUSTEES EXECUTORS LIMITED

Supervisor

MASTER TRUST DEED

RUSSELL McVEAGH

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DEED dated 7 December 2011 as supplemented on 8 February 2012 and 15 February 2012 and by the deed of amendment and restatement to which this deed is attached as an appendix.

PARTIES

NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED ("Issuer")

TRUSTEES EXECUTORS LIMITED ("TEL")

INTRODUCTION

- A. The Issuer is a company registered under the Companies Act 1993 and is subject to the requirements of the Local Government Act 2002.
- B. The Issuer proposes to establish a note programme under which the Issuer may from time to time issue notes denominated in New Zealand dollars.
- C. The Supervisor has agreed, at the request of the Issuer, to act as supervisor for the Holders of each Retail Series and, to the limited extent expressly provided in this Deed, for the Holders of each Wholesale Series, on the terms and conditions of this Deed applicable to that Series.
- D. The Issuer's obligations in relation to each series of Notes will be guaranteed by the Guarantors under the Guarantee.

AGREEMENT

1. INTERPRETATION

1.1 Definitions: In this Deed, unless the context otherwise requires:

"Act" means the Local Government Act 2002.

"Agency Agreement" means, in relation to any Series, the agency agreement between the Issuer and the person appointed as registrar, calculation agent and paying agent for that Series.

"Amortisation Date" means, in respect of an Amortising Note, each date (other than the Maturity Date) for the repayment of part of the Principal Amount of that Amortising Note, being the dates recorded as such in the Register in respect of that Amortising Note.

"Amortising Note" means a Note (whether a Fixed Rate Note or Floating Rate Note) the Principal Amount or part of the Principal Amount of which is repayable on the scheduled Amortisation Dates for that Note.

"Approved Issuer Levy" means, in relation to any payment of interest (as defined in section 86F of the Stamp and Cheque Duties Act 1971) under any Note, the levy payable by the Issuer in accordance with section 86J of the Stamp and Cheque Duties Act 1971.

"Auditors" means the auditors for the time being of the Issuer.

"Base Rate" means, in relation to an Interest Period, either:

- (a) **Bill rate:**
- (i) if the Interest Period is 1, 2, 3, 4, 5, or 6 months, the mid rate (rounded upwards, if necessary, to the nearest four decimal places) as displayed at or about 10.45am on the first day of that Interest Period on the Reuters Monitor Screen page BKBM (or its successor page) ("**Reuters Monitor Screen**") for bank bills having a term approximately equal to that Interest Period; or
 - (ii) if the Interest Period is longer than 1 month but shorter than 6 months, and not 2, 3, 4, or 5 months, the rate resulting from straight line interpolation (rounded upwards, if necessary, to the nearest four decimal places) between the mid rates as displayed at or about 10.45am on the first day of that Interest Period on the Reuters Monitor Screen for bank bills having a term:
 - (aa) shorter than, but closest to, that Interest Period; and
 - (bb) longer than, but closest to, that Interest Period; or
 - (iii) (in either case) if there are no such rates displayed for bank bills having the relevant term, then the average (rounded upwards if necessary to the nearest four decimal places) of the rates quoted to the Registrar for the relevant Series by each of the Reference Banks (or such one or more of them as are quoting) as being its buy rate for bank bills at or about that time on that date; or
- (b) **Other specified rate:** any other reference rate as may be specified in the Conditions for a Series.

"**Business Day**" means a day (other than a Saturday or Sunday) on which registered banks are generally open for business in Wellington, Auckland and, in relation to a Series, the other city or cities (if any) specified in applicable Conditions.

"**Class**" means a category of Notes which in the reasonable opinion of the Issuer (in consultation with the Supervisor if in relation to a Retail Series) at any particular time, for any particular purpose, constitutes a separate class of Notes and "**Class of Holders**" means the Holders of those Notes.

"**Companies Act**" means the Companies Act 1993.

"**Conditions**" means, in relation to a Series, the terms and conditions applicable to that Series as recorded in the Register and (as modified by the relevant Supplemental Trust Deed in the case of a Retail Series) this deed.

"**this Deed**" means this deed and, where used or falling to be interpreted in relation to a particular Retail Series, includes the Supplemental Trust Deed for that Series and relates to this deed as modified and supplemented by that Supplemental Trust Deed, and (for the avoidance of doubt) "**this deed**" means this deed alone.

"**Date of Enforcement**" means the date on which a Holder or the Supervisor makes a declaration pursuant to clause 12.1.

"**Default Base Rate**" means:

- (a) in the case of a Floating Rate Note, the relevant Base Rate; and
- (b) in the case of any other Notes, either:

- (i) **Buy rate:**
- (aa) the bid settlement rate (rounded upwards, if necessary, to the nearest four decimal places) as displayed at or about 10.45am on the first day of the relevant period for the purposes of clause 6.7 on the Reuters Monitor Screen for bank bills having a term approximately equal to a period of one month; or
 - (bb) if there are no such rates displayed for bank bills having the relevant term, then the average (rounded upwards if necessary to the nearest four decimal places) of the rates quoted to the Registrar for the relevant Series by each of the Reference Banks (or such one or more of them as are quoting) as being its buy rate for bank bills at or about that time on that date; or
- (ii) **Other specified rate:** any other reference rate as may be specified in the Conditions for a Series.

"**Default Interest**" has the meaning given in clause 6.7.

"**Director**" means a director of the Issuer for the time being and includes an alternate director acting as a director of the Issuer.

"**Dollars**" and "\$" means the lawful currency of New Zealand.

"**Event of Default**" means any of the events specified in clause 12.1 or any event which, with the passing of time or the giving of notice or both, would constitute such an event.

"**Extraordinary Resolution**" has the meaning set out in schedule 1.

"**Financial Statements**" has the same meaning as in section 6 of the Financial Reporting Act 2013 and includes statements of financial position, financial performance, movements in equity and cashflows and the notes relating thereto.

"**Financial Markets Supervisors Act**" means the Financial Markets Supervisors Act 2011.

"**Fixed Rate Note**" means a Note bearing a fixed rate of interest.

"**Floating Rate Note**" means a Note bearing interest at a margin over the Base Rate.

"**FMA**" means the Financial Markets Authority established by the Financial Markets Authority Act 2011.

"**FMC Act**" means the Financial Markets Conduct Act 2013.

"**FMC Regulations**" means the Financial Markets Conduct Regulations 2014.

"**Guarantee**" means the deed of guarantee made by various Local Authorities in respect of the indebtedness of the Issuer.

"**Guarantor**" means a guarantor under the Guarantee.

"**Holder**" means, in relation to a Note at any time, the person whose name is recorded in the Register as the holder of that Note at that time.

"Index" means, in relation to a Note, the index (if any) recorded in the Register in respect of that Note by reference to which the Principal Amount of that Note and/or the amount of interest payable in respect of that Note is to be calculated.

"Index-linked Note" means a Note in respect of which either the Principal Amount of, or the interest payable on, that Note, or both, is to be calculated by reference to an Index.

"Information Memorandum" means:

- (a) in relation to any Retail Series, the product disclosure statement or other disclosure document required by the FMC Act (or such other document required by law which may replace a product disclosure statement or other disclosure document required by the FMC Act); and
- (b) in relation to any Wholesale Series, the information memorandum or other offering document,

prepared by, or on behalf and with the approval of, the Issuer in relation to the relevant Series, together with (in each case) all documents to be distributed with or which form part of the relevant document.

"Interest Payment Date" means:

- (a) in relation to a Floating Rate Note, the last day of each Interest Period for that Floating Rate Note;
- (b) in relation to a Fixed Rate Note, the quarterly, semi-annual or annual dates fixed at the time of issue of that Note for the payment of interest in respect of that Note and recorded as such in the Register; and
- (c) in relation to an Index-linked Note, the dates fixed at the time of issue of that Note for the payment of interest in respect of that Note and recorded as such in the Register.

"Interest Period" means, in relation to a Floating Rate Note, a period determined in accordance with clause 7.1(a) in respect of that Note.

"Interest Rate" means, in relation to a Note, the rate of interest (if any) payable in respect of that Note (which may be a fixed rate or a margin over the Base Rate) specified at the time of issue of that Note and recorded as such in the Register.

"Issue Date" means, in relation to a Note, the date on which that Note is issued, being the date recorded as such in the Register in respect of that Note.

"Issue Notice" means a notice relating to an issue of Notes from the Issuer to the Registrar for the relevant Tranche substantially in the form set out in schedule 2, or such other form of notice as the Issuer and the Registrar for the relevant Series may from time to time agree.

"Issuer Obligations" has the meaning given to it in the FMC Act.

"Local Authority" means a Local Authority as defined in the Act.

"Margin" means, in relation to a Floating Rate Note, the margin specified at the time of issue and recorded as such in the Register in respect of that Floating Rate Note.

"Maturity Date" means, in relation to a Note, the date for the repayment of that Note, being the date recorded as such in the Register in respect of that Note.

"Minimum Principal Amount" means, in relation to a Note, the minimum Principal Amount of that Note, being the amount specified as such in the applicable Conditions.

"Note" means a note (which shall form part of a Retail Series or a Wholesale Series) constituted by, and subject to the terms and conditions set out in, this Deed, and includes an Amortising Note, a Fixed Rate Note, a Floating Rate Note, an Index-linked Note or a Zero Coupon Note.

"NZX Debt Market" means the market operated by NZX on which listed debt securities are traded.

"NZX" means NZX Limited, and includes any person or authority which may in the future assume and perform the functions of NZX Limited.

"NZClear" means the securities clearing and settlement facility known as the NZClear System.

"Principal Amount" means, in relation to a Note, the amount (other than interest) payable on redemption or repayment of that Note, being the amount recorded as such in the Register in respect of that Note, or, as the context may require, in relation to an Amortising Note or an Index-linked Note, the principal amount thereof for the time being outstanding, as reduced in accordance with clause 6.4 or clause 7.3 (as the case may be).

"Record Date" means, in relation to a payment due on a Note, the close of business on the tenth calendar day before the due date for that payment or, if that day is not a Business Day, the preceding Business Day.

"Reference Banks" means ANZ Bank New Zealand Limited, Bank of New Zealand, ASB Bank Limited and Westpac New Zealand Limited.

"Register" means, in relation to a Series, the register of Notes maintained by the Registrar for that Series in accordance with the provisions of this Deed and the Agency Agreement.

"Registrar" means, in respect of any Series, the person named in the relevant Agency Agreement as the registrar, calculation agent and paying agent for that Series, or any successor agent appointed under the relevant Agency Agreement in relation to that Series.

"Retail Series" means a Series of Notes which may, in accordance with the relevant Conditions, be offered or sold:

- (a) to members of the public;
- (b) under a regulated offer; or
- (c) in accordance with clause 19 of schedule 1 to the FMC Act,

and **"Retail Note"** means a Note which is part of a Retail Series and **"Retail Holder"** means a Holder of a Retail Note.

"Reuters Monitor Screen" has the meaning given to it in the definition of Base Rate in this clause 1.1.

"Security Trust Deed" means the deed dated on or about the date of this deed between the Issuer and the Security Trustee entitled "Security Trust Deed".

"Security Trustee" means TEL Security Trustee (LGFA) Limited or any replacement security trustee appointed under the Security Trust Deed.

"Series" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series; and (ii) identical in all respects except for their respective Issue Dates, first Interest Payment Dates and/or issue prices.

"Subsidiary" means, in relation to any person, a subsidiary of that person within the meaning of section 5 of the Companies Act (or any other person which would be a subsidiary of that person if that person and the other person were both registered under the Companies Act).

"Supervisor" means TEL or any replacement supervisor appointed under this deed.

"Supplemental Trust Deed" means a deed supplemental to this deed entered into by the Issuer and the Supervisor pursuant to clause 2.4 constituting and setting out the terms and conditions of a Retail Series.

"Tranche" means Notes of the same Series in respect of which all terms are identical.

"Transaction Documents" means this Deed and the Guarantee.

"Trust Powers" means, in relation to a Series, the trusts, powers, authorities or discretions vested in the Supervisor by this Deed or by law in relation to that Series.

"Wholesale Series" means a Series of Notes which are not permitted, in accordance with the relevant Conditions, to be offered or sold:

- (a) under a regulated offer; or
- (b) in accordance with clause 19 of schedule 1 to the FMC Act,

and **"Wholesale Note"** means a Note which is part of a Wholesale Series and **"Wholesale Holder"** means a Holder of a Wholesale Note.

"Zero Coupon Note" means a Note in respect of which no interest is payable issued or to be issued by the Issuer at a discount to its Principal Amount.

1.2 **References:** Except to the extent that the context otherwise requires, any reference in this Deed to:

an **"authorisation"** includes:

- (a) any consent, authorisation, registration, filing, agreement, notarisation, certificate, permission, licence, approval, authority or exemption from, by or with a governmental agency; or
- (b) in relation to anything which will be proscribed or restricted in whole or part by law if a governmental agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of such period without such intervention or action.

"class" (where it is used in clause 2.2 of Schedule 1) has the meaning given to it in the FMC Act.

a **"clause"** or **"schedule"** is a reference to a clause of, or schedule to, this deed.

the "**dissolution**" of any person includes the bankruptcy, winding up or liquidation of that person, and any equivalent or analogous procedure under the law of any jurisdiction in which that person is incorporated, domiciled or resident or carries on business or has assets.

any "**governmental agency**" includes any government or any governmental, semi-governmental or judicial entity or authority, or legislative body, or any person or body charged with the administration of any law. It also includes any self-regulatory organisation established under statute or any stock exchange.

"**indebtedness**" includes an obligation (whether present or future, actual or contingent, secured or unsecured, as principal or surety or otherwise) for the payment or repayment of money.

a "**law**" includes common or customary law and any constitution, decree, judgment, legislation, order, ordinance, regulation, statute or other legislative measure, in each case of any jurisdiction whatever and "**lawful**" and "**unlawful**" shall be construed accordingly.

"**member of the public**" shall be construed in accordance with the Securities Act 1978.

"**outstanding**" means, in relation to Notes, all Notes other than those which have been:

- (a) redeemed or repaid in full in accordance with the Conditions applicable to those Notes; or
- (b) purchased and cancelled in accordance with the Conditions applicable to those Notes.

"**payment**" includes satisfaction of a monetary obligation.

"**person**" includes an individual, firm, company, corporation or unincorporated body of persons, organisation or trust, and any state, government or governmental agency, in each case whether or not having a separate legal personality.

"**regulated offer**" shall be construed in accordance with the FMC Act.

"**security**" includes any security interest, charge, mortgage, lien, pledge, finance lease, sale and lease-back, deferred purchase arrangement, title retention, or other encumbrance or security arrangement of any nature but does not include any retention of title or security interest in assets purchased in the ordinary course of trading where the purchase price is payable within 90 days of supply of the relevant assets and is not overdue, and "**unsecured**" means not subject to a security.

"**tax**" includes any present or future tax, levy, impost, duty, rate, charge, fee, deduction or withholding of any nature and whatever called (including, for the avoidance of doubt, Approved Issuer Levy), imposed or levied by any governmental agency, together with any interest, penalty, charge, fee or other amount imposed or made on or in respect of any of the foregoing.

"**written**" and "**in writing**" includes all means of reproducing words in a tangible and permanently visible form.

- 1.3 **Cross-references:** In relation to any Series, a cross-reference to any clause of this deed shall, where that clause is amended or substituted by the Supplemental Trust Deed in relation to that Series, be deemed to be a cross-reference to that clause as so amended or substituted.

1.4 **Miscellaneous:**

- (a) The introduction to and headings in this deed are inserted for convenience only and shall be ignored in construing this deed.
- (b) Unless the context otherwise requires words denoting only the singular number shall include the plural and vice versa and words denoting any gender shall include all genders.
- (c) References to any legislation or to any provision of any legislation are deemed to be references to that legislation or provision as from time to time amended, re-enacted or substituted and, unless the context otherwise requires, shall also include any statutory instruments issued under any such legislation or provision.
- (d) References to any document (however described) shall include references to such document as modified, novated, supplemented, varied or replaced from time to time.
- (e) References to any party to this deed or any other document or any Holder shall include its successors or permitted assigns.
- (f) References to a time of day are references to New Zealand time unless otherwise stated.
- (g) Anything which may be done at any time may also be done from time to time.

2. **ISSUE AND FORM OF NOTES**

- 2.1 **Power to issue Notes:** Notes may be issued by the Issuer under this deed at the times, in the amounts, to the persons, on the terms and conditions and at the prices from time to time determined by the Issuer.
- 2.2 **Form of Notes:** Without limitation to clause 2.1, Notes may be issued on terms such that the Principal Amount is a fixed amount or a reducing amount or an amount to be calculated by reference to an Index and/or that interest (if the Note is interest-bearing) will be calculated by reference to a specific interest rate (which may be a fixed rate or a margin over the Base Rate) or by reference to an Index or both.
- 2.3 **Wholesale Notes and Retail Notes:** Notes shall be constituted and issued in Series. Notes shall be issued on the basis that the relevant Series may be offered or sold under a regulated offer or in accordance with clause 19 of schedule 1 to the FMC Act (being Retail Notes) or that the relevant Series is not permitted to be offered or sold under a regulated offer or in accordance with clause 19 of schedule 1 to the FMC Act (being Wholesale Notes), as specified in the applicable Conditions.
- 2.4 **Supplemental Trust Deed:** Each Retail Series shall be subject to the terms and conditions set out in a Supplemental Trust Deed for that Series and (as modified by that Supplemental Trust Deed) this deed. To the extent that the Supplemental Trust Deed for a Retail Series modifies this deed, or in the event of any conflict between the provisions of that Supplemental Trust Deed and those of this deed, that Supplemental Trust Deed shall prevail over this deed in relation to that Series. Notes of a Retail Series are constituted when the Supplemental Trust Deed for that Series has been signed by the Issuer and the Supervisor.

- 2.5 **Creation and issue:** Notes are issued and created by the Registrar entering in the Register the particulars of that Note, substantially as specified in the Issue Notice relating to those Notes under the heading "Details of Notes".
- 2.6 **Provisions applicable to Notes:** The Notes shall be issued and held with the benefit of and subject to the applicable Conditions, all of which are binding upon the Issuer, the Supervisor (in the case of each Retail Series) and the Holders. The Holders shall be deemed to have notice of the applicable Conditions.
- 2.7 **Enforcement of Holders' rights:**
- (a) The Supervisor holds its rights and benefits under this Deed in trust for, and for the benefit of, the Retail Holders and (only to the extent expressly set out in this Deed) the Wholesale Holders. No Retail Holder shall be entitled to enforce any of its rights or remedies under this Deed directly against the Issuer unless the Supervisor fails to enforce such rights or remedies after having become bound to do so in accordance with this Deed.
 - (b) Wholesale Holders may enforce any of their rights or remedies under this Deed directly against the Issuer.
- 2.8 **Form of Notes:** Each Note shall:
- (a) be in uncertificated book entry form; and
 - (b) have a Minimum Principal Amount for holdings of that Note and also may have a minimum multiple of that amount for such holdings, in each case as specified in the relevant Conditions.
- 2.9 **Listing:** The Issuer may seek to have Notes listed and quoted on the NZX Debt Market.

3. STATUS OF NOTES

3.1 Status of Notes:

- (a) The Notes are and will at all times be direct, unsecured and unconditional indebtedness of the Issuer.
- (b) The Notes rank and will at all times rank equally without any preference or priority among themselves and at least equally with all present and future unsecured and unsecured indebtedness of the Issuer (subject to laws affecting creditors' rights generally and equitable principles of general application).

4. TITLE AND TRANSFER

- 4.1 **Certificates:** At the request of a Holder, or otherwise as required by the FMC Act or any other applicable law, the Issuer shall procure the Registrar of the relevant Notes to issue to that Holder a certificate or notice of registration in relation to the Notes held by that Holder, such certificate or notice to be in the form agreed between the Issuer and the Registrar of the relevant Notes. A certificate or notice of registration issued in respect of a Note will not constitute a document of title. Entitlement will be determined solely by entry in the Register and, in the case of the beneficial interest in Notes lodged in NZClear, the records of NZClear.
- 4.2 **Transfer:** Title to a Note may be transferred by:

- (a) a transfer in any commonly used form signed by the transferor and the transferee and produced to the Registrar of the relevant Notes; or
- (b) in the case of Notes which are quoted on the NZX Debt Market, means of the settlement system operated by NZX; or
- (c) any other method of transfer approved by the Issuer and the Registrar of the relevant Notes and delivered to such Registrar.

4.3 **Partial transfers:** A Holder may transfer part only of its interest in a Note. However, no transfer of any part of its interest may be effected if such transfer would result in the transferor or the transferee holding or continuing to hold Notes with an aggregate Principal Amount of less than the applicable Minimum Principal Amount (or minimum multiple thereof).

4.4 **Fees:** The Issuer and each Registrar shall make no service charge to the Holders for:

- (a) the registration of any holding of Notes; or
- (b) the transfer of registered title to any Notes.

The Issuer and each Registrar may, however, require the payment of any taxes and other governmental charges payable as a result of any transfer.

4.5 **Selling restrictions:**

- (a) Each Holder shall only offer for sale or sell, directly or indirectly, or transfer any Note in conformity with all applicable laws and regulations in any jurisdiction in which it is offered, sold or delivered.
- (b) Without limitation to the generality of clause 4.5(a), Notes that are expressed in the relevant Conditions to be part of a Wholesale Series shall not be offered or sold by the Issuer or any Wholesale Holder to any investors where the offer to at least one of those investors would require disclosure under the FMC Act.
- (c) No Information Memorandum or any advertisement or other offering material in respect of any Note may be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws and regulations.

4.6 **Purchase of Notes by Issuer:** The Issuer may purchase any Note from any Holder. Any Note purchased by the Issuer may, at the option of the Issuer, be cancelled forthwith upon registration of the transfer in favour of the Issuer. Any such Note which is not cancelled may be subsequently transferred in accordance with this deed.

5. REGISTER

5.1 **Register:** The Issuer shall at all times while Notes are outstanding cause the Registrar for each Series to maintain the Register for that Series in New Zealand, which must record in respect of each Note the information specified in the Issue Notices relating to those Notes under the heading "Details of Notes" plus the following information:

- (a) the name, address and (where known) tax residency of the Holder;
- (b) details of the account to which payments in respect of the Notes are to be made;

- (c) transfers of the Note;
 - (d) details of any resident withholding tax exemption certificates held by the Holder; and
 - (e) any other information required by law.
- 5.2 **Register (for Wholesale Series only):** Where the Register is kept by computer or any device by means of which information is recorded or stored, if any information is submitted to the Registrar by the Issuer for entry in the Register for a Wholesale Series in accordance with this Deed, and it is not the Registrar's practice to record that information with other information entered in the Register (because, for example, there is no field for that information in the Registrar's principal database) the retention of that information by the Registrar in its records shall be deemed to be entry of it in the Register.
- 5.3 **Disclosure and Inspection:** The Issuer shall, in relation to each Series, ensure that, if a Holder so requests, the Registrar of the relevant Notes makes available for inspection, and provides copies of or extracts from, the Register which relates to the Note(s) registered in the name of that Holder and all other information and matters required by the FMC Act and other applicable laws. The Issuer and the Supervisor may at any time during normal office hours upon reasonable notice to the relevant Registrar inspect and take extracts from each Register without payment of any fee.
- 5.4 **Register conclusive:** Except as ordered by a court of competent jurisdiction, the Issuer, the Supervisor and each Registrar are each entitled to recognise the Holder of a Note as the absolute owner of the Note and shall not be bound by any actual or constructive notice of any trust (express, implied or constructive), encumbrance, security or other adverse interest to which any Note may be subject. No recognition of any trust (express, implied or constructive), encumbrance, security or other adverse interest shall be entered on the Register. In the event of any conflict between any certificate or notice of registration issued in respect of a Note and the Register, the Register shall prevail.
- 5.5 **Correction of errors:** Each Registrar may, on such evidence as appears to it to be sufficient, correct errors and remedy omissions in the relevant Register.
- 5.6 **Co-ownership Notes:**
- (a) Where two or more persons are registered as Holders of the same Note(s) by virtue of any application for Notes, memorandum of transfer or other instrument, then, unless the contrary is expressed in the application, memorandum, or other instrument, the persons will be deemed to hold the Note(s) as joint tenants with right of survivorship.
 - (b) If two or more persons apply, whether on application for any Notes or by memorandum of transfer, to be registered as Holders as tenants in common, the Registrar for the relevant Series may, after notifying the persons of its intention to do so, divide the Notes into parcels which represent each such person's share. If the Notes cannot be divided into shares each of which share would comply with the applicable Minimum Principal Amounts (and any minimum multiples thereof), the Registrar of the relevant Notes may refuse to accept the application or memorandum of transfer (as the case may be).
- 5.7 **Acquisition of Notes by operation of law:** When the right to any Note is acquired by any person in any manner other than by way of a transfer under this Deed (whether on the dissolution, death or bankruptcy of the relevant Holder, or under a writ of execution, or otherwise) the Registrar of the relevant Notes, on application by or on behalf of that person and on being satisfied that such person is legally entitled to be registered as the

Holder of that Note, will enter that person's name in the Register as the Holder of that Note accordingly.

5.8 **Notification by Holders:** Any change of name or address of any Holder or any change in any other information required to be inserted in any Register in respect of any Holder shall immediately be notified to the Registrar of the relevant Notes in writing by the Holder, or if a joint holding by all the joint Holders.

5.9 **Compliance with law:** The Issuer shall comply with, and shall use its best endeavours to ensure that each Registrar complies with, all statutory requirements and the requirements of this Deed relating to the keeping of the Register and the details entered in the Register. Without limitation to the generality of the foregoing, the Register in respect of any Retail Series shall be audited in accordance with applicable auditing and assurance standards by the Auditors annually within 4 months of the Issuer's balance date and at such other times as the Supervisor (acting reasonably) may request in writing.

6. PAYMENT OF PRINCIPAL AMOUNT AND INTEREST

6.1 **Determination of Principal Amount:** The Principal Amount of each Note shall be the amount recorded as such in the Register in respect of that Note, which may be the par or face value or the amount calculated by the Registrar for that Note by reference to the formula recorded in the Register in respect of that Note.

6.2 **Principal Amount of Wholesale Notes:** The Issuer shall, on the Maturity Date of each Wholesale Note, unconditionally pay or cause to be paid to, or to the order of, the relevant Holder the Principal Amount of that Wholesale Note in accordance with the Conditions applicable to that Note.

6.3 **Principal Amount of Retail Notes:**

(a) Subject to clause 6.3(b), the Issuer shall, on the Maturity Date of each Retail Note, pay or cause to be paid to, or to the order of, the Supervisor the Principal Amount of that Retail Note in accordance with the Conditions applicable to that Note.

(b) Notwithstanding clause 6.3(a), the Issuer shall, on the Maturity Date of each Retail Note, unless and until otherwise requested by the Supervisor, pay or cause to be paid to, or to the order of, the relevant Holder the Principal Amount of that Retail Note. Such payment shall operate as a payment to the Supervisor in satisfaction (to the extent of the amount paid) of the Issuer's obligations under clause 6.3(a).

6.4 **Principal Amount of Amortising Notes:** The Issuer shall, on each Amortisation Date of each Amortising Note, unconditionally pay, or cause to be paid to, or to the order of, the relevant Holder, the portion of the Principal Amount of that Amortising Note as set out in respect of that Amortisation Date in the Register in respect of that Amortising Note.

6.5 **Interest:** The Issuer shall pay interest on each Interest Payment Date:

(a) on each Floating Rate Note for each Interest Period, at the rate per annum equal to the aggregate of the Base Rate for that Interest Period (as determined by the Registrar for the relevant Series) and the Margin for that Floating Rate Note;

(b) on each Fixed Rate Note, at the Interest Rate for that Fixed Rate Note; and

- (c) on each Index-linked Note, in accordance with the formula or at the Interest Rate (as the case may be) recorded in the Register in respect of that Index-linked Note.
- 6.6 **Non-payment:** Each Note will cease to bear interest from its Maturity Date unless payment of the Principal Amount is improperly withheld or refused. In such event, interest will continue to accrue (after, as well as before, any judgment) up to but excluding the date on which payment in full of the Principal Amount is made.
- 6.7 **Default interest:** If any amount payable in respect of a Note or any other amount due to any person under this Deed is not paid on its due date, interest ("**Default Interest**") shall accrue on the unpaid amount (net of any interim or progress payments made) (after, as well as before, judgment) at the rate determined by the Registrar for the relevant Series to be the aggregate of 2% and the Default Base Rate which on the due date would apply to an interest period of one month, shall be determined at monthly intervals thereafter until the unpaid amount (net of any interim or progress payments) is paid and shall be compounded monthly until paid. For the avoidance of doubt, this clause 6.7 shall not apply in respect of payments suspended in accordance with this Deed.

7. CALCULATION OF INTEREST

7.1 Floating Rate Notes:

- (a) **Interest Periods:** Each Interest Period in relation to a Floating Rate Note shall be a period of one, two, three or six months' duration (as specified by the Issuer at the time of issue of that Note and entered in the Register) and:
- (i) the first Interest Period will commence on (and include) the Issue Date and end on (but exclude) the first Interest Payment Date and each subsequent Interest Period will commence on (and include) the Interest Payment Date of the previous Interest Period and end on (but exclude) the next Interest Payment Date;
 - (ii) if an Interest Period would otherwise end on a day which is not a Business Day, it will be extended to the next Business Day; and
 - (iii) if the final Interest Period would otherwise extend beyond the Maturity Date, it will end on the Maturity Date.
- (b) **Basis for calculation:** Interest shall be calculated on the Principal Amount of the Floating Rate Note, on the basis of the number of days in the relevant Interest Period and a year of 365 days. Interest shall accrue from day to day and shall be paid to the Holder in arrears on the Interest Payment Date for that Interest Period.

- 7.2 **Fixed Rate Notes:** Interest shall be calculated on the Principal Amount of each Fixed Rate Note and shall be payable in arrears in equal quarterly, semi-annual or annual instalments on each Interest Payment Date for that Fixed Rate Note.

7.3 Index-linked Notes:

- (a) In the case of an Index-linked Note for which the Principal Amount is calculated by reference to an Index, the Principal Amount on each Interest Payment Date (for the purposes of calculating the amount of interest payable by the Issuer on that Interest Payment Date) shall be determined in accordance with the formula recorded in the Register in respect of that Index-linked Note.

- (b) If the amount of interest payable on an Index-Linked Note on an Interest Payment Date is a negative amount, no amount by way of interest shall be payable by the Issuer on that Interest Payment Date and the positive equivalent of that amount will be deducted from the Principal Amount of that Index-Linked Note for the balance of the term of that Note. Nothing in this clause obliges the Holder of that Index-Linked Note to make any payment to the Issuer by reason of the interest payable on the relevant Interest Payment Date being a negative amount.
- (c) If a deduction made pursuant to this clause results in the Principal Amount of the Index-Linked Note being equal to or less than zero, the Issuer shall not be required to make any further payments of interest or principal in respect of that Note and that Note shall be cancelled.

8. PAYMENTS

- 8.1 **Payment to Holder:** Payment of the Principal Amount of, and interest (if any) on, a Note (less any amount required to be deducted in accordance with clause 9) shall be made to the person whose name appears in the Register as the Holder of the Note on the Record Date in respect of the relevant payment. If more than one person is so named in the Register, payment will be made to the first person so named.
- 8.2 **Method of payment:** A Holder may, by notice to the Registrar for the relevant Series, request the Registrar to make payments in respect of any Note held by it to a specified bank account and may at any time cancel or amend any notice so given. No such notice, or cancellation or amendment of a notice, will have effect in respect of any payment unless received by the Registrar on or before the Record Date for that payment. In the absence of any such notice, payments in respect of each Note will be made by posting a cheque to the address of the relevant Holder appearing in the Register. Any notice given under this clause will be deemed to be automatically cancelled upon transfer of all or part of a Note. A notice from one of several Holders of the same Notes shall be deemed to be given by all such Holders.
- 8.3 **Business Day:** If any Interest Payment Date or the Maturity Date of a Note is not a Business Day for that Note, the due date for the payment to be made on that date will be the next following Business Day and all other provisions of this Deed and the Agency Agreement will be read and construed accordingly.
- 8.4 **Unclaimed payments:**
 - (a) **Retail Notes:** In respect of any Retail Notes, if any payment made by the Issuer to any Retail Holder of that Retail Note at its address last entered in the Register is returned unclaimed the amount concerned will (unless the Registrar or the Issuer has in the meantime received notice of a change of address to be entered in the Register) be retained by the Registrar for the relevant Retail Series to be held by it for the Retail Holder concerned without any liability to invest or pay interest on that amount. Any money not claimed within a period of six months from the original date of payment must be returned to the Issuer. The Issuer will have no liability in respect of the amount concerned if it remains unclaimed six years after the original date of payment.
 - (b) **Wholesale Notes:** In respect of any Wholesale Notes, if any payment made by the Issuer to any Wholesale Holder at its address last entered in the Register is returned unclaimed the amount concerned must (unless the Registrar or the Issuer has in the meantime received notice of a change of address to be entered in the Register) be returned to the Issuer. The Issuer

will have no liability in respect of the amount concerned if it remains unclaimed six years after the original date of payment.

- 8.5 **Reinstatement:** If any payment made to a Holder by, or on behalf of, the Issuer is subsequently rescinded, avoided or otherwise restored to the Issuer, that payment will be deemed not to have discharged or affected the liability of the Issuer in respect of which that payment was made. In that event the relevant Holder and the Issuer will be restored to the position in which each would have been, and be entitled to exercise all the rights which each would have had, if such payment had not been made.

9. TAXES

- 9.1 **Deductions or withholdings:** All sums payable under a Note or under this Deed must be paid:
- (a) free of any restriction or condition;
 - (b) free and clear of, and (except to the extent required by law or as provided in this clause 9) without any deduction or withholding on account of, any taxes; and
 - (c) without deduction or withholding on account of any other amount whether by way of set-off or otherwise (except as provided in clauses 9.2 and 9.3).
- 9.2 **Non-resident Withholding Tax:** If New Zealand's non-resident withholding tax regime applies to a payment of interest (or payment deemed by law to be interest) non-resident withholding tax will be deducted at the rate required by law. Unless otherwise stated in the relevant Information Memorandum, or a Holder requests that non-resident withholding tax be deducted instead, if the Issuer is lawfully able to pay Approved Issuer Levy, or otherwise apply the Approved Issuer Levy regime, in respect of the payment of interest (or deemed interest), the Issuer, or the Registrar for the relevant Series on its behalf, shall pay the Approved Issuer Levy to the appropriate authority, or otherwise apply the regime, in lieu of deducting non-resident withholding tax from that payment at the rate otherwise applicable. Where the Issuer pays the Approved Issuer Levy to the appropriate authority it will not deduct the amount paid from the interest (or deemed interest) payable to the relevant non-tax resident Holder.
- 9.3 **Resident Withholding Tax:** New Zealand resident withholding tax will be deducted from payments of interest (or payments deemed by law to be interest) to Holders to whom the resident withholding tax applies unless an appropriate exemption certificate is produced to the Registrar for the relevant Series on or before the Record Date for the relevant payment.
- 9.4 **No gross-up:** The Issuer will not be required to and will not make any additional payment by way of gross-up or otherwise with respect to the deduction or withholding from any payment made in respect of the Notes under clause 9.2 or 9.3. If, in respect of any Note, the Registrar for the relevant Series or the Issuer becomes liable to make any payment of, or on account of, tax payable by any Holder, then the Registrar for the relevant Series and the Issuer shall be indemnified by the relevant Holder in respect of such liability. Any moneys paid by the Registrar for the relevant Series or the Issuer in respect of such liability may be recovered from the Holder as a debt due to the Registrar for the relevant Series or the Issuer and may be withheld from any further payments to that Holder. Nothing in this clause will prejudice or affect any other right or remedy of the Registrar for the relevant Series or the Issuer.
- 9.5 **Maximum rate:** Deductions of non-resident or resident withholding tax will be made at the maximum rates from time to time applicable unless a Holder provides evidence to

the Issuer or the Registrar for the relevant Series (acceptable to it) that a lesser rate is applicable.

- 9.6 **Tax status:** The Issuer and the Registrar for the relevant Series shall be entitled for the purposes of this clause 9 to rely, without further enquiry, upon any statement made by or on behalf of a Holder in relation to that Holder's tax status or tax residency.

10. REPRESENTATIONS AND WARRANTIES

- 10.1 **Representations and warranties:** The Issuer represents and warrants to the Supervisor and the Holders that:

- (a) **Incorporation:** it is a company duly incorporated and validly existing under the laws of New Zealand;
- (b) **Power:** it has power to enter into and perform its obligations under this Deed and to issue the Notes;
- (c) **Authorisations:** it has all necessary authorisations and has taken all necessary corporate and other action to authorise the execution and performance by it of this Deed and the issue of Notes;
- (d) **Obligations legally binding:** its obligations under this Deed and the Notes (when issued) constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to laws affecting creditors' rights generally and (as to enforceability) to equitable principles of general application); and
- (e) **No violation:** the execution and performance by it of its obligations under this Deed and the Notes do not violate any applicable law or its constitution or any agreement, charge or other instrument to which it is a party or which is binding on it or any material part of its assets.

- 10.2 **Supplemental Trust Deed:** In respect of a Retail Series, the Issuer shall make such further representations and warranties as are set out in the Supplemental Trust Deed for that Series.

- 10.3 **Repetition:**

- (a) The representations and warranties contained in clause 10.1 shall be deemed to be repeated for the benefit of the Supervisor (in respect of Retail Series only) and the Holders on the Issue Date and each Interest Payment Date of each Note.
- (b) In respect of a Retail Series, the representations and warranties contained in clause 10.2 shall be deemed to be repeated for the benefit of the Supervisor and the Holders of that Series on the Issue Date and each Interest Payment Date of each Note forming part of that Series.

11. UNDERTAKINGS

- 11.1 **General undertakings:** The Issuer undertakes to the Holders of each Series and (in respect of Retail Series only) the Supervisor that it will, for so long as any Notes of that Series are outstanding:

- (a) **Agency Agreement:** comply with and perform all material obligations under each Agency Agreement and use all reasonable endeavours to ensure that each Registrar also does so;
 - (b) **Notify Event of Default to Holders:** promptly notify the Supervisor and the Holders of the occurrence of any Event of Default;
 - (c) **Registrar:** maintain a Registrar for each Series of Notes and give notice in accordance with this clause 11 to the relevant Holders of any resignation or removal of the Registrar for that Series and the appointment of any replacement Registrar as soon as reasonably practicable following such event;
 - (d) **Register:** in relation to that Series, use its best endeavours to cause the Registrar for that Series to keep the Register for that Series pursuant to the relevant Agency Agreement;
 - (e) **Authorisations:** in relation to that Series, obtain, effect and promptly renew from time to time all authorisations required under any applicable law to enable it to perform and comply fully with the Conditions for that Series or required on its part for the validity or enforceability of this Deed;
 - (f) **Send Notices:** send copies to the Supervisor of all notices given by it to Holders generally;
 - (g) **Corporate Existence:** maintain its corporate existence and will not amalgamate, merge or consolidate with any person unless the resulting or surviving entity assumes, to the satisfaction of the Supervisor, the obligations of the Issuer under the relevant Notes; and
 - (h) **FMC Act:** where that Series is a Retail Series, comply with the provisions of the FMC Act and the FMC Regulations applicable to the Retail Notes.
- 11.2 **Reports of Directors and Financial Statements:** The Issuer covenants with the Supervisor that, so long as any Retail Notes are outstanding, the Issuer will deliver to the Supervisor:
- (a) not later than four months after the end of each of its financial years and not later than three months after the end of each of its financial half-years a copy of the latest Financial Statements for the preceding financial year or half-year (as the case may be) audited in the case of the latest Financial Statements for a financial year; and
 - (b) not later than the times of delivery of the latest Financial Statements for the Issuer pursuant to clause 11.2(a) above, a report signed by two directors of the Issuer in the form set out in schedule 3, or such other form as the Issuer and the Supervisor may agree, stating the matters referred to therein as at the end of and in respect of such year or half-year (as the case may be).
- 11.3 **Auditors Report:** The Issuer shall, so long as any Retail Notes are outstanding, provide to the Supervisor, at the same time as the audited latest Financial Statements for the Issuer are provided in accordance with clause 11.2(a), a separate report by the Auditors stating:
- (a) whether, in the course of performing their duties as Auditors, they have become aware of any non-payment by the Issuer of any interest on any of the Notes and if so the amount of the interest so unpaid;

- (b) the aggregate Principal Amount of Notes in each Retail Series on issue and outstanding;
- (c) whether the Register for each Retail Series has been maintained in accordance with this deed and, where the report relates to Financial Statements for a financial year, that the Register has been audited in accordance with clause 5.9 and the FMC Act and the FMC Regulations;
- (d) whether in the performance of their duties as Auditors they have become aware of any matter which, in their opinion, is relevant to the exercise or performance of the powers or duties conferred or imposed on the Supervisor by this Deed or, in respect of Retail Notes, the FMC Act, the FMC Regulations, the Financial Markets Supervisors Act, or any other law, and if so giving particulars thereof;
- (e) whether their audit has disclosed any matter, and if so giving particulars thereof calling in their opinion for further investigation by the Supervisor in the interests of the Retail Holders; and
- (f) that they have perused as part of their normal requirements for the completion of their audit the reports of the directors of the Issuer under clause 11.2(b) given since the last report by the Auditors and whether, so far as matters which they have observed in the performance of their duties are concerned, anything has come to their attention which would cause them to believe that any of the statements made in those reports are incorrect.

11.4 **Appointment of Auditor:**

- (a) **Consultation with Supervisor:** For so long as any Notes of a Retail Series are outstanding, the Issuer must:
 - (i) before recommending the appointment or reappointment of a person as an Auditor:
 - (aa) consult with the Supervisor on the appointment or reappointment; and
 - (bb) ensure that any comments of the Supervisor concerning the proposed auditor are brought to the attention of the person or persons appointing or reappointing the Auditor;
 - (ii) notify the Supervisor if the Auditor resigns from appointment, or declines to accept appointment or reappointment, and must pass on to the Supervisor any explanation provided by the Auditor for resigning from appointment or declining to accept appointment or reappointment; and
 - (iii) not attempt to prevent a person who has resigned from appointment as the Auditor, or declined to accept appointment or reappointment as the Auditor, from offering an explanation, or disclosing to the Supervisor the reason, for resigning or declining appointment or reappointment.
- (b) **Specified Engagement:** For so long as any Retail Series is outstanding, the Issuer must, before recommending the appointment or reappointment of a person as the Auditor:

- (i) give the Supervisor an opportunity to be a party to an assurance engagement carried out by an auditor in relation to the Issuer's compliance with this Deed for the purpose of the Supervisor obtaining assurance of matters relevant to the exercise or performance of the powers or duties of the Supervisor; and
 - (ii) consult with the Supervisor on the nature and scope of any such engagement.
- (c) **Terms of Appointment:** For so long as any Retail Series is outstanding, the Issuer must ensure that the following terms are included in the terms of appointment of an auditor in its capacity as Auditor:
- (i) that the Auditor will, at the beginning of the audit, review, or engagement, give the Supervisor an opportunity to meet with the Auditor, without any representative of the Issuer being present, in order to allow the Supervisor an opportunity to raise any issues or concerns relevant to the exercise or performance of the powers or duties of the Supervisor; and
 - (ii) that the Auditor will give the Supervisor an opportunity to meet with the Auditor, without any representative of the Issuer being present, to discuss matters arising in the performance of the audit, review, or engagement and to answer any questions the Supervisor may have concerning the audit, review, or engagement.

11.5 **Other:** For so long as any Notes of a Retail Series are outstanding, the Issuer must:

- (a) **Requested information and reports:** if requested by the Supervisor (or a person authorised by the Supervisor to exercise its powers), within the time and in the manner (which must be reasonable in the circumstances) specified by the Supervisor:
 - (i) make available to the Supervisor (or other authorised person) all documents and records relating to the Issuer; and
 - (ii) provide the Supervisor (or other authorised person) with any other reports or information, required by the Supervisor (or other authorised person).

The reports or information may be about any matter relevant to the performance of the Supervisor's functions and include forward-looking reports;

- (b) **Contravention or possible contravention of Issuer Obligations:** if it has reasonable grounds to believe that it has contravened, may have contravened, or is likely to contravene any of its Issuer Obligations in a material respect, as soon as practicable:
 - (i) deliver to the Supervisor a report of the contravention or possible contravention to the Supervisor; and
 - (ii) advise the Supervisor of the steps (if any) that the Issuer has taken or intends to take in light of the contravention or possible contravention and the date by which the steps were taken or are to be taken; and
- (c) **Serious financial problems:** if it becomes aware of information on the basis of which it could reasonably form the opinion that it is, or is likely to become, insolvent (as defined in the FMC Act), as soon as practicable:

- (i) deliver to the Supervisor a report to the Supervisor containing all information relevant to that matter that is in the possession or under the control of the Issuer and that was obtained in the course of, or in connection with, the performance of its functions as Issuer; and
- (ii) advise the Supervisor of the steps (if any) that the Issuer intends to take in respect of that matter and the date by which the steps are to be taken.

12. DEFAULT

12.1 **Events of Default:** If any of the following occurs, whether or not within the control of the Issuer:

- (a) **Non-payment:** payment of the Principal Amount of the Notes is not made on the due date or within two Business Days after its due date where non-payment on its due date has arisen solely by reason of a technical, computer or similar error outside the control of the Issuer or payment of interest is not made within two Business Days of its due date; or
- (b) **Other breach:** the Issuer commits any breach of, or omits to observe, any of its material undertakings or obligations under this deed (other than those referred to in clause 12.1(a)) and, in respect of any such breach or omission which is capable of being remedied, such breach or omission is not remedied within 30 days after notice of such breach or omission shall have been given to the Issuer; or
- (c) **Dissolution:** an order is made, or an effective resolution is passed, for the liquidation of, or the dissolution without the liquidation of the Issuer, or the Issuer is amalgamated with another company involving that other company's dissolution (except for the purpose of, and followed by, an amalgamation or solvent reconstruction on terms previously approved by an Extraordinary Resolution of all Holders); or
- (d) **Receiver:** a receiver, administrator, liquidator, provisional liquidator is appointed of, or an encumbrancer takes possession of, or exercises its power of sale in respect of, the whole or any material part of the assets of the Issuer; or
- (e) **Statutory management:** a statutory manager is appointed under the Corporations (Investigation and Management) Act 1989 in respect of the Issuer; or
- (f) **Insolvency:** the Issuer is declared or becomes insolvent or is or is deemed under any applicable law to be unable to pay its debts when they fall due; or
- (g) **Invalidity of Guarantee:** any material provision of the Guarantee:
 - (i) ceases to have effect in whole or part, other than by performance or as permitted by its terms; or
 - (ii) becomes wholly or partly void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or the performance of any such provision becoming illegal,

then at any time thereafter, provided that event is continuing unremedied:

(A) **Wholesale Series:** a Wholesale Holder may, without prejudice to any other remedies which that Holder may have:

- (1) where that Event of Default occurs under clause 12.1(a) in relation to a Note held by that Holder; or
- (2) where that Event of Default occurs under any other paragraph of this clause 12.1 and the Holders of the relevant Series resolve by Extraordinary Resolution to do so,

request the Security Trustee to make demand under the Guarantee and/ or declare all (but not some only) of the Notes held by that Holder to be immediately due and payable by notice in writing to the Issuer; and

(B) **Retail Series:** the Supervisor may in its discretion and shall immediately upon being directed to do so by an Extraordinary Resolution request the Security Trustee to make demand under the Guarantee and/ or declare the Notes of each Retail Series to be immediately due and payable by notice in writing to the Issuer.

12.2 **Distribution of funds in respect of Retail Notes:** All moneys received by the Supervisor in respect of Retail Notes from the Issuer on or after the Date of Enforcement shall (subject to payment of any debts or liabilities having priority to the moneys due to Holders pursuant to those Notes) be held and applied:

- (a) first, subject to any direction made by any court, in payment of all amounts due to the Supervisor under this Deed (including all expenses, losses and liabilities sustained or incurred by the Supervisor under this Deed, all fees payable to the Supervisor under this Deed, and any Default Interest on each such amount);
- (b) secondly, in or towards payment to the Retail Holders, rateably in proportion to the amounts actually or contingently owing to them in respect of the Notes held by them; and
- (c) thirdly, the surplus (if any) of such moneys, in payment to the Issuer or to such other person (including a liquidator of the Issuer) who may be lawfully entitled thereto.

13. APPOINTMENT OF SUPERVISOR

13.1 **Appointment:** The Issuer appoints the Supervisor, and the Supervisor accepts appointment, as supervisor for the Holders on the terms and conditions of this Deed. The Supervisor is responsible for the following functions:

- (a) acting on behalf of the Retail Holders in relation to:
 - (i) the Issuer;
 - (ii) any matter connected with this Deed or the terms of an offer of Retail Notes; and
 - (iii) any contravention or alleged contravention of the Issuer Obligations; and
- (b) supervising the Issuer's performance:
 - (i) of its Issuer Obligations; and

- (ii) in order to ascertain whether the assets of the Issuer and each Guarantor that are or may be available, whether by way of security or otherwise, are sufficient or likely to be sufficient to discharge the Principal Amount, interest and other moneys payable on, or in relation to the Retail Notes as they become due; and
- (c) performing or exercising any other functions, duties, and powers conferred or imposed on the Supervisor by or under the FMC Act, the Financial Markets Supervisors Act and this Deed.

13.2 **Hold in trust:** The Supervisor shall hold in trust for the benefit of the Retail Holders:

- (a) the right to enforce the Issuer's duty to repay, or to pay interest, under the terms of the Retail Notes;
- (b) any charge or security for repayment; and
- (c) the right to enforce any other duties that the Issuer, any Guarantor, and any other person have under:
 - (i) the terms of the Retail Notes; or
 - (ii) the provisions of this Deed or the FMC Act in relation to the Retail Notes.

13.3 **Duties of Supervisor:** The Supervisor:

- (a) must:
 - (i) act honestly in acting as supervisor under this Deed;
 - (ii) in exercising its powers and performing its duties as supervisor, act in the best interests of the Retail Holders;
 - (iii) exercise reasonable diligence in carrying out its functions as supervisor;
- (b) must do all the things it has the power to do to cause any contravention or alleged contravention of the Issuer Obligations in respect of the Retail Notes to be remedied unless it is satisfied that the contravention will not have a material adverse effect on the Retail Holders;
- (c) subject to any court order made under section 210 of the FMC Act, must act in accordance with any direction given by an Extraordinary Resolution of Retail Holders that is not inconsistent with any enactment, rule of law or this Deed in relation to:
 - (i) seeking a remedy to a contravention or alleged contravention of the Issuer Obligations in respect of the Retail Notes; and
 - (ii) any other matter connected with the Supervisor's functions; and
- (d) in exercising its powers and performing its duties as supervisor, must exercise the care, diligence, and skill that a prudent person engaged in the business of acting as a licensed supervisor (as those terms are defined in the FMC Act) would exercise in the same circumstances.

14. SUPERVISOR'S FEES, EXPENSES AND INDEMNITIES

- 14.1 **Fees:** The Issuer shall pay to the Supervisor such fees as may from time to time be agreed between them in writing.
- 14.2 **Expenses:** The Issuer shall pay all expenses (including legal fees on a full indemnity basis and travelling expenses) reasonably incurred by or on behalf of the Supervisor in connection with:
- (a) the preparation, signing and (if applicable) registration of this deed, each Supplemental Trust Deed for a Retail Series and each Information Memorandum;
 - (b) the exercise, or attempted or contemplated exercise, of any Trust Power, including the taking of any expert advice deemed necessary or expedient by the Supervisor;
 - (c) any breach or non-performance, or alleged or suspected breach or non-performance, by the Issuer of any provision of this Deed;
 - (d) the convening and holding, and carrying out of any directions or resolutions, of any meeting of Holders; or
 - (e) the consideration and/or the granting or taking of any waiver, consent or other action requested by the Issuer.
- 14.3 **Indemnity by Issuer:** Without prejudice to the right of indemnity by law given to trustees, the Supervisor shall be indemnified by the Issuer for all expenses, losses and liabilities sustained or incurred in carrying out, or attempting or contemplating carrying out, the Trust Powers or otherwise for any action taken, or omitted to be taken, in accordance with the provisions of this Deed or any law, other than:
- (a) a claim arising out of the fraud, wilful default, gross negligence or wilful breach of trust of or by the Supervisor; and
 - (b) a claim for indemnification that is not permitted by clause 18.1.
- 14.4 **Indemnity by Holders:** The Supervisor is not required to take any action or exercise any Trust Power or comply with any request or direction pursuant to this Deed unless it has first been indemnified, subject to clause 18.1, to its satisfaction against all expenses, losses and liabilities it may sustain or incur by so doing.
- 14.5 **Payments:** The fees, expenses, indemnities and other amounts payable under this Deed to the Supervisor shall be payable by the Issuer at the times agreed (or, in the absence of agreement, on demand) and, if not paid when due, shall carry Default Interest in accordance with clause 6.7 until paid.

15. SUPERVISOR'S POWERS

- 15.1 **General powers:** The powers, authorities and discretions conferred on the Supervisor by this Deed shall be in addition to any powers, authorities and discretions which may from time to time be vested in trustees by law in relation to Retail Notes or (if applicable) Wholesale Notes and to any powers, authorities and discretions which may from time to time be vested in the Supervisor as the Holder of any Note.
- 15.2 **Wholesale issues:** The Supervisor shall have no powers or duties in relation to Wholesale Series except:

- (a) the powers and duties explicitly set out in the Conditions for any Wholesale Notes; and
- (b) the power to compel the Issuer to call a meeting of Holders or any Class of Holders when requested to do so by Holders or by a Class of Holders of more than 10% of the Notes or that Class of Notes.

15.3 **Retail Series:** In relation to each Retail Series the Supervisor shall have the following powers and duties, subject to the terms of the Supplemental Trust Deed in relation to the relevant Series:

- (a) **Monitoring role:** The Supervisor must exercise reasonable diligence to ascertain whether or not the Issuer has breached the Conditions of any Retail Notes but, until it has received notice to the contrary from the Issuer, the Auditors or any Holder, is entitled to assume that no such breach has occurred.
- (b) **Applications to court:** The Supervisor may, at any time, apply to the court for an order:
 - (i) under section 208 of the FMC Act, if the Supervisor is satisfied that:
 - (aa) the Issuer and the Guarantors are unlikely to be able to pay all money owing in respect of one or more Retail Series as and when due;
 - (bb) the Issuer is insolvent (as defined in the FMC Act) or the financial position or management of the Issuer is otherwise inadequate;
 - (cc) there is a significant risk that the interests of Retail Holders will be materially prejudiced for any other reason; or
 - (dd) the provisions of this Deed are no longer adequate to give proper protection to the interests of the Retail Holders; or
 - (ii) under section 210 of the FMC Act and within 20 working days (or, with leave of the court, within any longer period) after the passing of an Extraordinary Resolution of Retail Holders, directing it not to comply with an Extraordinary Resolution of Retail Holders,

and it may support or oppose any application to the court made by or at the instance of the FMA or any Retail Holder (where applicable). Subject to clause 18.1, the Supervisor shall be indemnified by the Issuer against all expenses incurred in relation to any such application or proceedings, provided that the Supervisor must consult with the Issuer prior to making any such application before the Date of Enforcement.

- (c) **Waiver:** Subject to clause 20 (if applicable) and to any direction given by Extraordinary Resolution of the Holders or affected Class of Holders, the Supervisor may at any time by written notice to the Issuer waive, in whole or in part, for a specified period or indefinitely and on such terms and conditions (if any) as it deems expedient, any breach or anticipated breach by the Issuer of any Conditions of any Retail Notes provided the Supervisor is satisfied that such a waiver will not have a material adverse effect on Retail Holders. Any such waiver will bind all Holders of the relevant Retail Notes and, if the Supervisor so requires, must be notified by the Issuer to those Holders as soon as practicable.

- (d) **Material breach:** If any breach of this Deed occurs or any circumstances occur which may result in such a breach which the Supervisor reasonably considers may be materially prejudicial to the interests of any Retail Holders, the Supervisor shall be entitled in its absolute discretion to require the Issuer to report to the Retail Holders the circumstances and the nature of such breach or circumstances and any other information concerning the Issuer which the Supervisor has received in relation to this Deed and which it reasonably considers to be material to those Holders, and invite those Holders to indicate to the Supervisor their preferences as to any exercise or non-exercise of the Trust Powers under this Deed. If the Issuer fails to give that report the Supervisor shall be entitled to do so itself.
- (e) **Represent Holders:** The Supervisor may, either of its own volition or pursuant to any directions or in accordance with any policy given or indicated by any meeting of Retail Holders, represent and act on behalf of those Holders in any matter concerning them generally.
- (f) **Power to engage expert:** The Supervisor may engage an expert (for example, an auditor, investigating accountant, valuer or actuary) if the Supervisor considers, on reasonable grounds, that it requires the assistance of the expert to assist the Supervisor to:
- (i) determine the financial position of the Issuer; or
 - (ii) review the business, operation, management systems or the governance of the Issuer.

Where the Supervisor engages an expert pursuant to this clause 15.3(f), the Issuer shall provide reasonable assistance to the expert to allow the expert to provide the assistance and (without limiting clause 14) the fees and expenses of the expert, which must be reasonable in the circumstances, shall be paid by the Issuer.

16. EXERCISE OF SUPERVISOR'S POWERS

- 16.1 **Discretion:** Except as otherwise expressly provided in this Deed, the Supervisor:
- (a) has absolute discretion as to the exercise of the Trust Powers and as to the conduct of any action, proceeding or claim (provided it has acted in accordance with sections 112 and 113 of the FMC Act); and
 - (b) may refrain from exercising any Trust Power until directed by Extraordinary Resolution of the Holders or affected Class of Holders to do so.
- 16.2 **Reliance:** The Supervisor shall be entitled without liability for loss, to obtain, accept and act on, or to decline and elect not to act on:
- (a) any communication or document (including any fax or email) reasonably believed by it to be genuine and correct;
 - (b) any resolution which the Supervisor believes to have been properly passed at any meeting of the Holders or any Class of Holders;
 - (c) advice and statements of lawyers, accountants and other experts reasonably selected by it or the Issuer;

- (d) a certificate signed by or on behalf of the Issuer as to any matters of fact which might reasonably be expected to be within the knowledge of the Issuer or that any particular transaction, step or thing is expedient or commercially desirable and not detrimental to the interests of the Holders or any Class of Holders, as sufficient evidence of such fact or the expediency or desirability of such transaction, step or thing; and
 - (e) the statements contained in any certificate or certificates or in any report or reports given pursuant to the provisions of this Deed, as conclusive evidence of the facts stated therein.
- 16.3 **Delegation:** The Supervisor, whenever it thinks it expedient in the interests of the Holders to do so, may:
- (a) where permitted to do so by the FMC Act or as permitted by, and then subject to, conditions imposed under the Financial Markets Supervisors Act, delegate at any time to any person any of the Trust Powers which cannot conveniently be exercised by it or through its employees, upon such terms and conditions it thinks fit; and
 - (b) authorise any person as it thinks fit to act as its representative at any meeting.
- 16.4 **Supervisor's consent:** Any consent given by the Supervisor for the purposes of this Deed may be given on such terms and conditions (if any) as the Supervisor thinks fit.
- 16.5 **Subscribers' money:** The Supervisor shall not be responsible for monitoring the application by the Issuer of the money paid by purchasers of the Notes.
- 16.6 **Safe custody:** The Supervisor may hold or place this Deed and any other documents with any bank or any person whose business includes the undertaking of safe custody of documents or with any lawyer or firm of lawyers (in each case reasonably considered by the Supervisor to be of good repute) and the Supervisor is not responsible for or required to insure against any loss incurred in connection with that deposit.
- 16.7 **Fiduciary relationship:** The Supervisor and any of its related companies and officers may (without having to account to the Issuer or any Holder) engage in any kind of business with the Issuer and its Subsidiaries and may accept fees or other consideration for services without having to account to the Holders.
- 16.8 **Confidentiality:** Unless ordered to do so by law, court order or the Conditions, the Supervisor shall not be required to disclose to any Holder any confidential financial or other information made available to the Supervisor by the Issuer.

17. REPLACEMENT OF SUPERVISOR

- 17.1 **Resignation or removal of Supervisor:** Subject to, in the case of resignation or removal under paragraphs (b), (c) or (d) below, clause 17.2:
- (a) the FMA or the Issuer may remove the Supervisor from office under Part 2 of the Financial Markets Supervisors Act;
 - (b) the Holders may remove the Supervisor from office by Extraordinary Resolution;
 - (c) the Supervisor may resign at any time by giving not less than 90 days' written notice to the Issuer; or

- (d) the Issuer may remove the Supervisor from office by giving not less than 90 days' written notice to the Supervisor.

17.2 **Requirements for resignation and removal:** The Supervisor may not:

- (a) be removed or resign under clause 17.1(b), (c), or (d) unless:
 - (i) all functions and duties of its position have been performed;
 - (ii) another licensed supervisor (as defined in the FMC Act) has been appointed, and accepted the appointment, in its place; or
 - (iii) the court consents; or
- (b) be removed by the Issuer under clause 17.1(d) without the FMA's consent.

17.3 **Appointment of new Supervisor:** If any of the circumstances in clause 17.1 occur, the Issuer will, subject to clauses 17.2(a)(i) and 17.2(a)(iii) and 17.2(b) (where applicable), have the right to appoint a successor Supervisor, which must be a person who is licensed to act as a supervisor under the Financial Markets Supervisors Act. If a successor Supervisor has not been appointed by the Issuer or has not accepted an appointment within 30 days after any such notice, the retiring Supervisor may, on behalf of the Issuer, appoint a successor Supervisor. The appointment of any successor Supervisor under this clause 17.3 will be subject to prior approval by an Extraordinary Resolution of Retail Holders.

17.4 **Successor Supervisor:** Upon the acceptance of any appointment under this clause 17 by a successor Supervisor:

- (a) the successor Supervisor will succeed to, and become vested with, all the rights, powers and obligations of the retiring Supervisor under this Deed and, as from that time, the retiring Supervisor shall be discharged from its rights, powers and obligations; and
- (b) the retiring Supervisor must transfer to the successor Supervisor all moneys, investments, property and books held by the Supervisor under this Deed.

17.5 **Notice:** The Issuer shall notify all Holders of the appointment of any new supervisor as soon as reasonably practicable following such appointment.

18. LIABILITY OF SUPERVISOR

18.1 **No exemption:** No provision of this Deed shall have the effect of exempting the Supervisor from, or indemnifying the Supervisor against:

- (a) liability for wilful breach of trust where the Supervisor fails to show the degree of care and diligence required of the Supervisor having regard to the Trust Powers and the provisions of this Deed; and
- (b) in relation to a Retail Series, liability where the Supervisor fails to comply with the duties set out in clauses 13.3.

18.2 **No assumption of duty of care:** Notwithstanding any other provision of this Deed other than clause 18.1, the Supervisor does not assume any duty of care to the Issuer, any creditors of the Issuer, the Wholesale Holders (subject to clause 15.2) or any other person other than the Retail Holders (subject to and in accordance with this Deed) in exercising the Trust Powers, and shall not be liable to any person (including the Issuer

and any Holders) in any way except for wilful default, gross negligence or wilful breach of trust where the Supervisor has failed to show the reasonable degree of care and diligence required of it having regard to the provisions of this Deed.

19. BENEFIT OF DEED

19.1 The Issuer acknowledges, in relation to each Series and the Holders of the Notes of that Series, that this Deed (including, for the avoidance of doubt, the Supplemental Trust Deed for each Retail Series) is made for the benefit of, and subject to clause 2.7 is intended to be enforceable by, any person who is from time to time a Holder of the Notes of that Series, the Registrar for that Series, and the Supervisor.

20. AMENDMENTS

20.1 Amendments affecting Retail Holders:

- (a) **Right to amend:** In the case of an amendment affecting Retail Holders, the provisions of this Deed may not be amended or replaced unless the amendment or replacement is made in writing signed by the Issuer and the Supervisor and is made:
- (i) with the consent of the Supervisor; or
 - (ii) (despite anything to the contrary in this Deed or in any enactment, rule of law, or agreement, including anything relating to the consent of any person to the making of amendments to this Deed) under section 109 of the FMC Act, sections 22(7) or 37(6) of the Financial Markets Supervisors Act or any other power to amend or replace this Deed under an enactment.
- (b) **Supervisor consent:** Subject to section 112(2)(b) of the FMC Act, the Supervisor must not consent to an amendment to, or a replacement of, this Deed unless:
- (i) either:
 - (aa) the amendment or replacement is approved by, or is contingent on approval by, the Retail Holders; or
 - (bb) the Supervisor is satisfied that the amendment or replacement does not have a material adverse effect on the Retail Holders; and
 - (ii) the Supervisor certifies to that effect and certifies, or obtains a certificate from a lawyer, that this Deed, as amended or replaced, will comply with sections 104 to 106 of the FMC Act on the basis set out in the certificate.
- (c) **Holder consent:** The approval of the Retail Holders for the purposes of clause 20.1(b)(i)(aa) must be the approval of an Extraordinary Resolution of:
- (i) the Retail Holders; or
 - (ii) each Class of Retail Holders of the Notes that is or may be adversely affected by the amendment or replacement.

20.2 Amendments affecting Wholesale Holders:

- (a) **Limited right to amend:** In the case of an amendment affecting (in the opinion of the Issuer) Wholesale Holders, except as provided in clause 20.2(b)(i) and (c) the Issuer may not cancel, vary or amend any provision of this deed or of any Conditions of a Wholesale Series while any Wholesale Notes in that Wholesale Series are outstanding. Any amendment to this deed or any Conditions must be in writing signed by the Issuer and the Supervisor.
- (b) **Amendment without consent:**
- (i) The provisions of this deed and any Conditions of a Wholesale Series may be amended without the consent of the relevant Wholesale Holders where such amendment (in the opinion of the Issuer):
- (aa) is of a minor or technical nature;
- (bb) is to correct a manifest error; or
- (cc) is to comply with the requirements or a modification of the requirements of any applicable law,
- and, in any such case, the directors of the Issuer have resolved that such amendment will not be materially prejudicial to the interests of Wholesale Holders.
- (ii) Notice of any such amendment shall be provided to the Wholesale Holders within 30 days of the amendment being made.
- (c) **Amendment approved by Extraordinary Resolution:** Without limiting clause 20.2(b)(i) but subject to clause 20.3, the provisions of this deed and any Conditions of a Wholesale Series may be amended if the amendment has been approved by an Extraordinary Resolution of Wholesale Holders or the relevant Class of Holders and notified in accordance with this Deed.

20.3 **Notice:** Notice of any proposed amendment or replacement made in accordance with clause 20.1(b)(i)(aa) or 20.2(c) shall be given by the Issuer to each Holder of each affected Class of Holders not less than 14 days before the date on which it is intended that such amendment or replacement take effect, but the non-receipt of notice by any such Holder shall not affect the validity of any such amendment or replacement.

21. NOTICES

21.1 **Writing:** Each notice or other communication to be given or made under this Deed to any person must:

- (a) **Writing:** be given or made in writing by email or letter and be signed by the sender or an authorised officer of the sender;
- (b) **Address:** be given or made to the recipient at the address or email address, and marked for the attention of the person (if any), from time to time designated by the recipient to the other for the purposes of this Deed or the Notes;
- (c) **Deemed delivery:** not be effective until received by the recipient, and any such notice or communication shall be deemed to be received:

- (i) (if given or made by letter) when left at the address of the recipient or 5 working days after being put in the post (by airmail if to another country), postage prepaid, and addressed to the recipient at that address; or
- (ii) (if given or made by email) when dispatched in tangible, readable form by the sender to the email address advised by the recipient from time to time,

provided that any notice or communication received or deemed received after 5pm on a working day in the place to which it is sent, or on a day which is not a working day in that place, shall be deemed not to have been received until the next working day in that place.

21.2 **Initial address and numbers:** The initial address, email address and person (if any) designated for the purposes of this Deed, are set out below:

(a) **The Issuer:**

City Chambers
Level 8, 142 Featherston Street
PO Box 5704, Wellington, 6145

Email: lgfa@lgfa.co.nz
Attention: Chief Executive

(b) **The Supervisor:**

Trustees Executors Limited
Level 5, Maritime Tower
10 Customhouse Quay
PO Box 3222
Wellington 6140

Phone No: 04 495 0999
Email: Reporting@trustees.co.nz
Attention: Business Manager, Corporate Trust

(c) **The Holders:**

The address of each Holder last entered in the Register.

21.3 **Joint Holders:** In the case of joint holders of Notes a notice given to the Holder whose name stands first in the Register in respect of such holding shall be sufficient notice to all the joint holders.

22. RELEASE

22.1 Upon being indemnified to its satisfaction pursuant to clause 14.3 and upon proof being given to the reasonable satisfaction of the Supervisor that all sums owing or outstanding in respect of the Notes or otherwise under this Deed have been paid or satisfied or that provision for such payment or satisfaction has been made in accordance with the provisions of this Deed and upon payment or retention of all costs, charges and expenses incurred by, or payable to, the Supervisor in relation to this Deed and the remuneration of the Supervisor and all other money payable hereunder the Supervisor shall, at the request and cost of the Issuer, execute a deed of release of this Deed and shall thereupon retire.

23. MISCELLANEOUS

- 23.1 **Registration of deed:** If the Issuer proposes to issue a Retail Series, it shall immediately, at its own cost, register this deed and the Supplemental Trust Deed in respect of that Series as required by the FMC Act and shall pay all costs and expenses incidental to doing so.
- 23.2 **Waivers and remedies:** Time shall be of the essence of this Deed but no delay in acting, or failure to act, by a Holder is a waiver of any of that Holder's rights. The rights provided in this Deed do not exclude any rights provided by law.
- 23.3 **Partial invalidity:** An invalid provision in this Deed shall not affect the enforceability of the remaining provisions of this Deed.
- 23.4 **Meetings of Holders:** Meetings of Holders of Notes or a Class of Holders of Notes may be convened and held in accordance with the provisions of schedule 1.
- 23.5 **Resolutions of Holders:** Any matter relating to this Deed or the Notes may be agreed or approved by any of the Holders for the time being or relevant Class of Holders by signing (in any number of counterparts) a memorandum in writing, recording the matter so agreed or approved.
- 23.6 **Further issues:** Subject to any agreement to the contrary contained in any dealer or subscription agreement relating to the issue of any Notes, the Issuer may from time to time, without the consent of the Holders, issue notes or other debt obligations on such other terms and conditions as the Issuer may think fit.
- 23.7 **Documents:** Copies of this deed, each Supplemental Trust Deed (in the case of a Retail Series) and the Information Memorandum relating to Notes held by the relevant Holder, the Agency Agreement in relation to the relevant Series and any other Transaction Document in relation to the relevant Series will be made available by the Issuer for inspection during usual business hours by any Holder at the registered office of the Issuer. Each Holder will be deemed to have notice of the provisions of this Deed and each other Transaction Document in relation to the relevant Series.
- 23.8 **No liability:** No Registrar will be liable for any breach by the Issuer of any representation, obligation, undertaking, including the non-payment of any money due, nor will any Registrar be liable for any negligent act, error or omission on the part of the Issuer, nor for acting in accordance with any instruction or direction of the Issuer or with the consent or approval of the Issuer.
- 23.9 **Survival:** The indemnities given in this Deed will survive the repayment of all the Notes and the termination of this Deed.
- 23.10 **Counterparts:** This deed may be signed in any number of counterparts, all of which together constitute one and the same instrument, and any of the parties may execute this deed by signing any such counterpart.

24. NO CROWN GUARANTEE

- 24.1 The parties acknowledge that the obligations and liabilities of the Issuer under the Notes and this Deed are not guaranteed by the Crown.

25. GOVERNING LAW

- 25.1 This deed shall be construed and take effect as a contract and declaration of trust made in New Zealand and shall be governed by New Zealand law.

SIGNATURES

[Original execution blocks intentionally deleted]

SCHEDULE 1
MEETINGS OF HOLDERS

1. DEFINITIONS

1.1 In these provisions:

"**Appointed Time**" means the day and time at which any meeting of Holders or the taking of a poll of Holders (not at a meeting of Holders) is due to be held.

"**Class of Notes**" means each category of Notes which in the reasonable opinion of the Issuer at any particular time, for any particular purpose, constitutes a separate class of Notes.

"**Deed**" means the Deed made by the Issuer to which this schedule is attached and "**Supplemental Trust Deed**" has the meaning given in the Deed.

"**Extraordinary Resolution**" means a resolution approved by Holders holding Notes with a combined Principal Amount of no less than three fourths of the Principal Amount of the Notes held by those persons who are entitled to vote and who vote on the question.

"**Proxy Closing Time**" means 48 hours before the Appointed Time of the relevant meeting of Holders or taking of a poll of Holders.

"**regulation**" means a clause of this schedule.

"**Representative**" means:

- (a) in the case of an individual Holder, a person appointed by an instrument of proxy or by power of attorney or, in the event of the death of a Holder, the personal representative of that Holder; and
- (b) in the case of a Holder which is a corporation or corporation sole either:
 - (i) a person appointed by an instrument of proxy or by power of attorney; or
 - (ii) a person authorised by the directors of the corporation, or in the case of a corporation sole, a person authorised pursuant to its constitution.

"**Working Day**" has the meaning given to it in the Interpretation Act 1999.

2. CONVENING

2.1 **Meeting required by law:** The Issuer shall, whenever required to do so pursuant to the Companies Act 1993 or the FMC Act or any other applicable law, convene a meeting of the Holders.

2.2 **By Holders:** The Issuer shall, at the request in writing of Holders holding not less than 5% of the aggregate Principal Amount of the Notes in a class, convene a meeting of the Holders. The request must state the nature of the business proposed to be dealt with at the meeting concerned.

- 2.3 **By Issuer:** The Issuer may at any time of its own volition convene a meeting of the Holders.
- 2.4 **By Supervisor:** In relation to any Retail Series, the Issuer shall, at the request in writing of the Supervisor, convene a meeting of Retail Holders.
- 2.5 **Place of meeting:** Each meeting will be held in the city or town in which the registered office of the Issuer is situated at a place designated in the relevant notice of meeting.
- 2.6 **Regulations:** Meetings of Holders shall be convened and held in accordance with the provisions of this schedule.
- 2.7 **FMC Regulations:** Regulation 78 and Schedule 11 of the FMC Regulations (other than clauses 2 and 5 of that Schedule) do not apply to this Deed.

3. CLASSES OF NOTES

- 3.1 If, at any time, in the opinion of the Issuer, a matter is required to be determined by the Holders of a Class of Notes, a meeting may be called in respect of Holders of that Class of Notes, in which case the provisions of this schedule shall, with all necessary modifications, apply and be construed as if references to Notes were references to the relevant Class of Notes and references to Holders were references to the Holders of that Class of Notes.

4. NOTICE OF MEETINGS

- 4.1 **Persons to be notified:** The Issuer must ensure that written notice of the time and place of a meeting of Holders is sent to the following persons at least 15 Working Days before the meeting:
- (a) every Holder entitled to receive notice of the meeting;
 - (b) the Supervisor; and
 - (c) every Director and an Auditor of the Issuer.
- 4.2 **Contents of notice:** The notice must state:
- (a) the nature of the business to be transacted at the meeting in sufficient detail to enable a Holder to form a reasoned judgment in relation to it;
 - (b) the text of any Extraordinary Resolution to be submitted to the meeting; and
 - (c) the right of a Holder to appoint a proxy.
- 4.3 **Extraordinary Resolutions:** If an Extraordinary Resolution is to be submitted to the meeting:
- (a) a draft of the proposed notice of the meeting must be given to the Supervisor at least 10 Working Days before the notice is given under regulation 4.1 (or any lesser period approved by the Supervisor); and
 - (b) the notice of the meeting must be accompanied by a document containing the Supervisor's comments on the proposed Extraordinary Resolution (but only if the Supervisor has provided those comments in writing to the Issuer at least 5 Working Days before the notice is given under regulation 4.1).

- 4.4 **Irregularity in notice:** An irregularity in a notice of a meeting is waived if:
- (a) all the Holders entitled to attend and vote at the meeting attend the meeting without protest as to the irregularity, or if all such Holders agree to the waiver; or
 - (b) the Supervisor indicates at the meeting that the Supervisor is satisfied that the irregularity has not resulted in and is unlikely to result in any material prejudice to the Holders.
- 4.5 **Accidental omission:** The accidental omission to give notice of a meeting to, or the failure to receive notice of a meeting by, a Holder does not invalidate the proceedings at that meeting.
- 4.6 **Adjourned meeting:** If a meeting of Holders is adjourned for less than 30 days, it is not necessary to give notice of the time and place of the adjourned meeting other than by announcement at the meeting that is adjourned.

5. QUORUM

- 5.1 **Quorum required:** No business may be transacted at a meeting of Holders if a quorum is not present.
- 5.2 **Quorum for Extraordinary Resolution:** A quorum for a meeting of Holders at which an Extraordinary Resolution is to be submitted is present if Holders or their proxies are present who hold Notes with a combined Principal Amount of no less than 25% of the Principal Amount of the Notes held by those persons who are entitled to vote on the business to be transacted by the meeting.
- 5.3 **Quorum for other business:** A quorum for any other business at a meeting of Holders is present if two or more Holders (present in person or by Representative) of at least 10% in Principal Amount of the Notes are present.
- 5.4 **Quorum not present:** Despite regulation 5.1, if a quorum is not present within 30 minutes after the time appointed for the meeting:
- (a) in the case of a meeting called under section 120(1)(b) of the FMC Act, the meeting is dissolved; and
 - (b) in the case of any other meeting, the meeting is adjourned to the day that is 10 Working Days after the date appointed for the meeting at the same time and place, or to such other date, time, and place as the Supervisor may appoint, and if, at the adjourned meeting, a quorum is not present within 30 minutes after the time appointed for the meeting, the Holders or their proxies present are a quorum.
- 5.5 **Audio, visual or electronic communication:** To avoid doubt, a Holder participating in a meeting by means of audio, audio and visual, or electronic communication is present at the meeting and part of the quorum.
- ### 5A. QUORUM FOR WHOLESALE HOLDERS
- 5A.1 Notwithstanding regulation 5.4(b), in the case of a meeting of Holders of Wholesale Notes which has been convened at the request of Holders, if a quorum is not present within 30 minutes after the time appointed for the meeting, the meeting is dissolved.

6. CHAIRMAN

6.1 **Wholesale Series:** At a meeting of Wholesale Holders a person appointed, by a resolution of Holders, from the Holders or any Representatives present will preside as chairman at a meeting.

6.2 **Retail Series:** A person nominated by the Supervisor shall preside at every meeting of Retail Holders. If no such person is nominated or if at any meeting the person nominated is not present within 15 minutes after the time appointed for holding the meeting, the Holders or Representatives present shall appoint a person to be chairman.

7. RIGHT TO ATTEND AND SPEAK

7.1 Any director, officer or solicitor of the Issuer, or any person appropriately authorised by the Issuer (or, in relation to any Retail Series, any director, officer or solicitor of the Supervisor, or any person appropriately authorised by the Supervisor), may attend any meeting and all such persons will have the right to speak at the meeting.

8. ADJOURNMENT

8.1 **Chairman may adjourn:** The chairman may, with the consent of any meeting at which a quorum is present, and will, if so directed by the meeting, adjourn the meeting from time to time and from place to place.

8.2 **Business at adjourned meeting:** No business will be transacted at any adjourned meeting except business which might have been lawfully transacted at the meeting from which the adjournment took place.

9. ONLY PERSONS ON REGISTER RECOGNISED BY COMPANY

9.1 The persons named as Holders in the Register will be recognised and treated as the legal owners of the Notes whether those persons are or are not in fact the owners of those Notes.

10. AUTHORITY TO VOTE

10.1 **Voting:** An individual Holder may vote personally or by his Representative and a Holder which is a corporation may vote by its Representative. A Holder may appoint more than one Representative, each such Representative being authorised to act on behalf of the Holder in respect of a specified Principal Amount of Notes.

10.2 **Entitlement:** The persons named in the Register as Holders at the Proxy Closing Time will be exclusively entitled to vote in person or by Representative in respect of the Notes recorded as owned by them.

11. PROXIES

11.1 **In writing:** The instrument appointing a proxy must be in writing signed by the appointer or his attorney or, if the appointer is a corporation, either by an authorised officer or attorney or by any director, general manager, investment manager or other person who appears to have authority to appoint a proxy on behalf of the corporation.

11.2 **Proxy need not be Holder:** A person appointed to act as a proxy need not be a Holder. A holder of a proxy will have the right to speak at the meeting.

- 11.3 **Deposit of proxy:** The instrument appointing a proxy, and, if applicable, the power of attorney or other authority under which it is signed or a copy of such power or authority certified by a solicitor or in any other manner approved by the Issuer, must be deposited at the place appointed by the Issuer in the notice convening the meeting (or, if no such place is appointed, then at the registered office of the Issuer) not later than the Proxy Closing Time. An instrument of proxy which is not so deposited will not be treated as valid unless the Issuer, in its absolute discretion, elects to accept any instrument of proxy notwithstanding that that instrument, or any power of attorney or other authority, is received or produced at a place other than that specified above or out of time.
- 11.4 **Form of proxy:** An instrument of proxy may be in any usual or common form or in any other form approved by the Issuer and may make provision for directions to be given by the grantor to vote in favour of or against any proposed resolution.
- 11.5 **Proxy valid for meeting:** An instrument of proxy, whether in a usual or common form or not, will, unless the contrary is stated thereon, not need to be witnessed and will be valid for the meeting to which it relates and for any adjournment of that meeting. Notwithstanding any provisions contained in an instrument of proxy, no instrument of proxy will be valid after the expiration of 12 months from the date of its execution notwithstanding any provision to the contrary in the instrument, but this provision will not be construed to apply to the appointment of an attorney or Representative otherwise than by an instrument of proxy.
- 11.6 **Proxy in favour of chairman:** An instrument of proxy in favour of:
- (a) the chairman of the Issuer; or
 - (b) the chairman of the meeting,
- (however expressed) will be valid and effectual as though it were in favour of a named person and will, in the case of paragraph (a) above, constitute the person holding the office of the chairman of the Issuer or, in the case of paragraph (b) above, the person who chairs the meeting for which the proxy is used (whether on adjournment or not) the lawful proxy of the appointer.

12. HOLDER MAY APPOINT ATTORNEY

- 12.1 Any Holder may by power of attorney appoint an attorney (who need not be a Holder) to vote and act on his behalf at any meeting. An attorney will be entitled to produce evidence of his appointment at any time before the Appointed Time. An attorney who is so empowered may exercise the Holder's right to appoint a proxy.

13. CORPORATE REPRESENTATIVES

- 13.1 **Authority:** A Representative of a Holder which is a corporation or a corporation sole will, until his authority is revoked, be entitled to exercise the same powers on behalf of the corporation as that corporation could exercise if it were an individual Holder and will be entitled to produce evidence of his authority to act at any time before the Appointed Time of, or at, the meeting or adjourned meeting or for the taking of a poll at which the Representative proposes to vote.
- 13.2 **Right to act:** A Representative will have the right to demand or join in demanding a poll and will (except and to the extent to which the Representative is specially directed to vote for or against any proposal) have power generally to act at the meeting for the Holder concerned.

14. VOTING PROCEDURE AND POLLS

14.1 **Show of hands:** A resolution put to the vote of a meeting will be decided on a show of hands unless a poll is demanded (before or on the declaration of the result of the show of hands) by:

- (a) the chairman; or
- (b) the Issuer or any representative of the Issuer; or
- (c) one or more Holders holding or representing not less than 5% in aggregate Principal Amount of the Notes.

A declaration by the chairman that a resolution has been carried by the requisite majority or lost will be conclusive evidence of that fact unless a poll is demanded.

14.2 **Number of votes:** On a show of hands each person present at the meeting and entitled to vote (whether personally or as a Representative) will have one vote only. On a poll every Holder who is present in person or by a Representative will have one vote for every \$1 of Principal Amount of the Notes of which he is the Holder, provided that where a Holder holds Zero Coupon Notes, for the purposes of calculating that Holder's voting entitlement in this clause, the Principal Amount of those Zero Coupon Notes is to be construed as a reference to the net present value of those Zero Coupon Notes (as calculated by the Registrar for the relevant Series by adjusting, on a straight line basis, the Principal Amount of the relevant Note by a proportion of any discount to that Principal Amount applicable to such Note on its Issue Date) as at the date of the meeting. On a poll votes may be given either personally or by Representative and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

14.3 **Poll:** If a poll is demanded it will be taken in the manner directed by the chairman and the result of the poll will be deemed to be the resolution of the meeting at which the poll was demanded.

14.4 **Chairman has casting vote:** In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands took place or at which the poll is demanded will be entitled to a casting vote in addition to the votes (if any) to which the chairman may be entitled as a Holder or on behalf of Holders.

14.5 **Election of chairman:** A poll demanded on the election of a chairman or on a question of adjournment will be taken immediately. A poll demanded on any other question will be taken either immediately or at a time within 30 days from the date of the meeting and in a place appointed by the chairman. The result of the poll will be deemed to be the resolution of the meeting at which the poll was demanded. No notice need be given of a poll not taken immediately.

14.6 **No disturbance:** The demand for a poll will not prevent the continuance of a meeting for the transaction of business other than the question in relation to which the poll has been demanded.

14.7 **Joint Holders:** In the case of joint Holders the vote of the senior who tenders a vote whether in person or by Representative will be accepted to the exclusion of the vote of the other joint Holders and for this purpose seniority will be determined by the order in which the names stand in the Register in respect of the joint holding.

14.8 **Disqualification:** A vote given in accordance with the terms of an instrument of proxy or power of attorney or other authority will be valid notwithstanding the previous death, insanity or (in the case of a corporation) liquidation of the principal or revocation of the

proxy or power of attorney or authority or the transfer of the Notes in respect of which the vote is given, provided that no written notice of such death, insanity, liquidation, revocation or transfer is received by the Issuer at its registered office before the commencement of the meeting or adjourned meeting at which the proxy, attorney or authority is used.

15. EXTRAORDINARY RESOLUTIONS

15.1 **Powers:** A meeting of Holders will, in addition to all other powers which by this Deed are specified as exercisable by Extraordinary Resolution, have the following powers exercisable by Extraordinary Resolution namely power to:

- (a) sanction either unconditionally or upon any conditions the release of the Issuer from the payment of all or any part of the moneys payable pursuant to this Deed or the Notes;
- (b) sanction any request from the Issuer for the exchange of the Notes for, or the conversion of the Notes into, shares, stock, debentures, debenture stock or other obligations or securities of the Issuer or any other company formed or to be formed;
- (c) postpone or, with the concurrence of the Issuer, to accelerate the day when the Principal Amount of any Notes becomes payable and to suspend or postpone for a time the payment of interest on any Notes;
- (d) sanction any alteration, release, modification, waiver, variation, or compromise or any arrangement relating to the rights of the Holders against the Issuer or its assets however those rights arise;
- (e) assent to any amendment to the terms of this Deed or the relevant Supplemental Trust Deed proposed or agreed to by the Issuer (and, where required, the Supervisor) and to authorise the Issuer and the Supervisor to execute any Supplemental Trust Deed embodying any such amendment;
- (f) give any sanction, assent, release or waiver of any breach or default by the Issuer or the Supervisor under any of the provisions of this Deed or the relevant Supplemental Trust Deed;
- (g) sanction any scheme for the reconstruction of the Issuer or for the amalgamation of the Issuer with any other corporation where such sanction is necessary;
- (h) authorise or direct the Issuer to execute any supplemental deed or other document embodying such sanction, authority or approval, assent, release, waiver, direction or request.

15.2 **Binding on Holders:** An Extraordinary Resolution passed at a meeting of Holders properly convened and held will be binding upon all the Holders whether or not present or entitled to be present at the meeting and the Holders will be bound to give effect to that resolution. The passing of any such resolution will, as between the Issuer and the Holders, be conclusive evidence that the circumstances justify the passing thereof the intention being that the meeting is entitled to determine without appeal whether or not the circumstances justify the passing of any such resolution. Notwithstanding the foregoing a resolution which affects a particular Holder or Holders holding a Class of Notes only (as opposed to the rights of the Holders generally) will not be binding on such Holder or Holders unless the Holder or Holders agree to be bound by the terms of such resolution or unless the Holders of that Class have so agreed by virtue of an

Extraordinary Resolution of the Holders of that Class of Notes. Whenever there are Notes outstanding which do not form a single Class then the provisions of this schedule shall have effect subject to the following:

- (a) a resolution which affects one Class only of Notes is deemed to have been duly passed if passed at a properly convened and held meeting of the Holders of that Class (or pursuant to regulation 17);
- (b) a resolution which affects more than one Class of Notes, but does not give rise to a conflict of interest between the Holders of any of the Classes so affected is deemed to have been duly passed if passed at a single properly convened and held meeting of the Holders of all Classes so affected (or pursuant to regulation 17);
- (c) a resolution which affects more than one Class of Notes and gives or may give rise to a conflict of interest between the Holders of any of the Classes so affected is deemed to have been duly passed if passed at separate properly convened and held meetings of the Holders of each Class so affected (or pursuant to regulation 17); and
- (d) in respect of each meeting referred to in paragraphs (a), (b) and (c) of this regulation 15.2, the provisions of this schedule apply with the necessary modifications as though references in them to Notes and Holders were references to the relevant Class or Classes and to the Holders of the Notes comprised in such Class or Classes, respectively.

15.3 **Reliance on advice:** The Issuer and the Supervisor may rely on, and the Holders and the Registrar for the relevant Series shall be bound by, a legal opinion from a leading law firm in New Zealand to the effect that a resolution affects one Class only or, if it affects more than one Class of Notes, does not give rise to a conflict of interest, for the purposes of determining the meeting or meetings which need to be held for the purposes of regulation 15.2.

16. MINUTES TO BE KEPT

16.1 Minutes of all resolutions and proceedings at every meeting will be made by the Issuer or, if the Issuer is not present at the meeting, by a person appointed by the chairman of the meeting. Minutes must be entered in books from time to time provided for that purpose by the Issuer. Any such minutes, if signed or apparently signed by the chairman of the meeting at which a resolution was passed or proceedings had or by the chairman of the next meeting of Holders, will be prima facie evidence of the matters recorded in those minutes. Until the contrary is proved every meeting in respect of which minutes have been made will be deemed to have been properly held and convened and all resolutions passed or proceedings had at that meeting to have been properly passed and had.

17. RESOLUTIONS IN WRITING

17.1 **Extraordinary Resolution:** Anything that may be done by Holders by a resolution or Extraordinary Resolution passed at a meeting of Holders may be done by a resolution in writing signed by not less than 75% of the Holders having the right to vote on that resolution, holding in aggregate the Notes conferring the right to cast not less than 75% of the votes which could be cast on that resolution if a poll were demanded.

17.2 **Counterparts:** Any such resolution may consist of several documents in similar form, each signed by one or more Holders.

17.3 **Execution:** Any such resolution may be signed by a Holder, or an agent or attorney of the Holder duly authorised in writing, or if the Holder is a company, by a director, or by an authorised signatory or attorney so authorised by the company.

18. TREASURY STOCK

18.1 Where the Issuer is the Holder of any Note it may not exercise any voting rights in respect of such Note.

SCHEDULE 2
FORM OF ISSUE NOTICE

{Letterhead of New Zealand Local Government Funding Agency Limited}

To: {Name of Registrar}

Attention: { }

Telephone: { }

Facsimile: { }

Re: Trust Deed dated [•] 2011 ("Deed")

Terms defined in the Deed have the same meaning in this Issue Notice.

We confirm our instructions to you as Registrar to undertake the duties set out in the Agency Agreement in respect of the issue of the Notes described below:

Details of Notes:

Series Reference:

Issue Date:

Maturity Date:

Amortisation Dates:* *[specify Amortisation Dates and portion of the Principal Amount of each Amortising Note to be repaid on each Amortisation Date]*

Type of Note: *[Fixed Rate, Floating Rate, Index-linked (principal and/or interest), Zero Coupon]*

Principal Amount: *[Principal Amount or formula for calculation on Maturity Date and/or Interest Payment Dates]*

Minimum denomination and multiples:

Interest Rate:* *[fixed rate or margin over Base Rate]*

Margin:*

Interest Payment Dates:*

Interest Periods:*

Index:*

* *if applicable*

[Zero Coupon Notes only]

Additional term - Zero Coupon Note

If an Event of Default occurs and a request has been made to the Security Trustee pursuant to clause 12.1(A) of the Deed, the amount that is payable by the Issuer where a Zero Coupon Note has been declared immediately due and payable is the net present value, as at the date of declaration, of the Principal Amount of the Zero Coupon Note determined by the Registrar by discounting the Principal Amount at the discount rate used to determine the issue price for that Zero Coupon Note at its Issue Date.

Details for first registered Holder

Name¹ New Zealand Central Securities Depository Limited
 o/a NZClear System

 For credit of [NZClear Account details of organisation undertaking
 initial settlement]

Settlement Details²

NZClear Mnemonic	Principal Amount	Purchase Price	Yield
------------------	------------------	----------------	-------

Payment Details

{Issuer's NZClear Mnemonic/Arranging bank's NZClear Mnemonic/Issuer's bank account number.}

Yours sincerely
 New Zealand Local Government Funding Agency Limited

By:

.....
 Authorised Officer

ACKNOWLEDGEMENT

We confirm the registration of the Notes as described herein (and confirm that the settlement proceeds of \${ } have been transferred to bank account { } Or {NZClear Mnemonic}).³

Yours sincerely

{ }

By:

.....
 Authorised Officer

¹ If the securities are not to be held in the NZClear System then the details of the actual investor are to be provided.

² If the Reserve Bank Registry is undertaking initial settlement, these details will be required.

³ Settlement details will only be provided if the Reserve Bank Registry is undertaking initial settlement.

SCHEDULE 3

FORM OF DIRECTORS' REPORTING CERTIFICATE

1. This report is given by the undersigned Directors of New Zealand Local Government Funding Agency Limited ("**Issuer**") pursuant to clause 11.2(b) of the Master Trust Deed dated [•] 2011 between the Issuer and Trustees Executors Limited, as Supervisor ("**Trust Deed**").
2. Unless the context otherwise requires, terms defined in the Trust Deed have the same meaning herein.
3. We, the undersigned, hereby state that as at last day of the financial {year}{half year} ending on { }, to the best of our knowledge and belief having made all due inquiries, and, during the immediate preceding financial {year}{half year}:
 - (a) {Here state any matter, or state if there is no matter, which has arisen relating to the Issuer which would materially and adversely affect the ability of the Issuer to perform its obligations under the Trust Deed and the Retail Notes or which adversely affects the Retail Holders};
 - (b) the Issuer has observed and complied with all provisions expressed to be binding upon it under the Trust Deed and any relevant Supplemental Trust Deed in respect of Retail Notes;

[If the Issuer has not so complied and observed the provisions of the Trust Deed or any Supplemental Trust Deed set out the particulars of the contravention and proposals to remedy the same]
 - (c) each Register in respect of a Retail Series {has been audited by the Auditors and} has been duly maintained in accordance with the Trust Deed;

[if any Register in respect of a Retail Series has not been duly maintained set out the particulars of the failure to maintain]
 - (d) all interest due on the Retail Notes has been paid; and
 - (e) no Event of Default has occurred.
4. The aggregate Principal Amount of the Retail Notes outstanding, and the amount of any unpaid interest relating to the outstanding Retail Notes at the end of the financial {year}{half year} is \${ }

This report is given on the day of [insert date].

Director

Director

APPENDIX 2

Amended and restated Second Supplemental Trust Deed

NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED

Issuer

TRUSTEES EXECUTORS LIMITED

Supervisor

SUPPLEMENTAL TRUST DEED (NO. 2)

RUSSELL McVEAGH

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DEED dated 15 February 2012 as modified by the deed of amendment and restatement to which this deed is attached as an appendix.

PARTIES

NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED ("Issuer")

TRUSTEES EXECUTORS LIMITED ("Supervisor")

INTRODUCTION

This deed is a supplemental trust deed entered into pursuant to clause 2.4 of the Master Trust Deed in respect of the Notes described in this Supplemental Deed.

COVENANTS

1. INTERPRETATION

1.1 **Master Trust Deed:** The terms of the Master Trust Deed (including the definitions, the rules of construction and the miscellaneous provisions of clauses 1.1, 1.2 and 1.4 respectively of the Master Trust Deed) shall apply in this Supplemental Deed and to each Series issued under this Supplemental Deed, except to the extent modified in this Supplemental Deed.

1.2 **Additional or modified defined terms:** In this Supplemental Deed, unless the context otherwise requires:

"Master Trust Deed" means the master trust deed dated 7 December 2011 (as supplemented from time to time) and made between the Issuer and the Supervisor.

"Operating Rules and Guidelines" means the securities tenders operating rules and guidelines dated 13 February 2012 (as amended from time to time) published by the Issuer.

"Series Notice" means, in relation to each Series, each document published by the Issuer in connection with a tender for a Tranche of the Series containing the key features of the tender, the Tranche and the Series (such as the opening date, closing date, Issue Date, Maturity Date, Interest Rate and Interest Payment Dates).

"this Supplemental Deed" means this deed and, for the avoidance of doubt, includes the terms of the Master Trust Deed as applied herein in accordance with, and subject to, clause 1.1.

2. FORM OF NOTES

2.1 **Agency Agreement:** The Agency Agreement in relation to each Series issued under this Supplemental Deed is the registrar and paying agency agreement dated 7 December 2011 (as amended and restated from time to time) between the Issuer and Computershare Investor Services Limited as Registrar.

2.2 **Retail Notes:** The Notes of each Series issued under this Supplemental Deed are Retail Notes.

2.3 General Conditions:

- (a) Over time the Issuer may offer by tender Series with different terms. The terms of each Series will be specified in the Series Notices for the Series.
- (b) Investors may participate in any tender only in accordance with the Operating Rules and Guidelines.

3. MISCELLANEOUS

- 3.1 **Counterparts:** This deed may be signed in any number of counterparts, all of which together constitute one and the same instrument, and any of the parties may execute this deed by signing any such counterpart.
- 3.2 **Governing law:** This deed shall be governed by and construed in accordance with New Zealand law.
- 3.3 **Submission to jurisdiction:** The Issuer submits to the non-exclusive jurisdiction of the New Zealand courts for the purpose of any legal proceedings arising out of this deed.

SIGNATURES

[Original execution blocks intentionally deleted]