

Second Deed of Variation to Trust Deed Relating to Bonds

PGG WRIGHTSON FINANCE LIMITED

NEW ZEALAND PERMANENT TRUSTEES LIMITED

PARTIES

PGG WRIGHTSON FINANCE LIMITED at Christchurch (**Company**)

NEW ZEALAND PERMANENT TRUSTEES LIMITED at Wellington (**Trustee**)

BACKGROUND

- A. The Company (under its former name Wrightson Finance Limited) and the Trustee entered into a Trust Deed relating to Bonds dated 21 April 2005, as amended by a Deed of Variation to Trust Deed Relating to Bonds dated 7 July 2010 (**Bond Trust Deed**).
- B. In accordance with clause 2.2 of the Bond Trust Deed, the Company and the Trustee entered into a Deed of Modification and Supplement to Trust Deed Relating to Bonds on 17 November 2008 (**Supplemental Deed**). Further Bonds were constituted under, and issued pursuant to, the Supplemental Deed. The Maturity Date of the Further Bonds is 8 October 2010.
- C. Pursuant to clause 5.1 of Schedule 1 of the Supplemental Deed, the Company has the option to extend the term of the Further Bonds for a period of up to 12 months (to an adjusted Maturity Date of no later than 8 October 2011), subject to the conditions set out at clause 5.2 of Schedule 1 of the Supplemental Deed.
- D. Clause 5.2 of Schedule 1 of the Supplemental Deed provides that the Company's exercise of the Company's Term Extension Option is conditional on (amongst other things) the Company's participation "*...in a Crown scheme or other arrangement that has an analogous effect to the New Zealand deposit guarantee scheme, that is, in the Trustee's sole and reasonable opinion, on such terms and subject to such conditions which are at least as favourable to the Bondholders as the terms and conditions of the New Zealand deposit guarantee scheme...*".
- E. On 25 August 2009 the Crown announced that it would extend the retail deposit guarantee scheme which the Company was an eligible participant in to 31 December 2011 and change some of its terms and conditions. On 13 September 2009 the Crown Retail Deposit Guarantee Scheme Act 2009 came into force, providing legislative authority for the extended retail deposit guarantee scheme.
- F. The extended retail deposit guarantee scheme is not, on terms and subject to conditions which are at least as favourable to the Bondholders as the terms and conditions of the current New Zealand deposit guarantee scheme. Accordingly the Company is not able to exercise the Company's Term Extension Option.
- G. The Company now wishes to amend clause 5.2 of Schedule 1 of the Supplemental Deed to allow it to exercise the Company's Term Extension Option if the Company participates in the extended retail deposit guarantee scheme.
- H. The Company further wishes to add to the Bond Trust Deed a put option relating to the Bonds and a right for the Company to hold Treasury Stock.
- I. The Company wishes to exclude those Bonds, where the address of the holder entered in the Register is outside of New Zealand, from the effect of the above amendments so that the terms of those Bonds will remain unchanged, even if the Company's proposals are implemented. The Company is permitted to do so by the Bond Trust Deed.
- J. Clause 14.1(a)(ii) of the Bond Trust Deed provides that the Company and the Trustee may at any time make any amendment or addition to the Bond Trust Deed if the same is authorised by an Extraordinary Resolution of the Bondholders.

THIS DEED RECORDS

1. DEFINITIONS AND INTERPRETATION

In this Deed, words and expressions defined in the Bond Trust Deed and not otherwise defined below shall, unless the context otherwise requires, have the same meanings where used in this Deed.

2. VARIATION TO BOND TRUST DEED

2.1 Clause 2.12 is deleted and replaced with the following:

2.12 Redemption or purchase and cancellation

- (a) Each Bond which is redeemed in accordance with this Deed is and will be deemed to be cancelled, and neither the Company nor the Trustee will have any further liabilities or obligations in respect of that Bond or the relevant Bondholder.
- (b) The Company may at any time and from time to time purchase any Bond for its own account. Subject to the Conditions attaching to the Bond permitting the holding of the same by the Company as treasury stock, each Bond purchased by the Company or a subsidiary will be cancelled and neither the Company nor the Trustee will have any further liabilities or obligations in respect of that Bond or the relevant Bondholder.
- (c) Where a Bond is held as treasury stock the Company will not be entitled to exercise voting or any other rights in respect of the same.

3. VARIATION TO SUPPLEMENTAL DEED

3.1 The parties agree that with effect from the date of this Deed, Schedule 1 of the Supplemental Deed (and thus the Bond Trust Deed) is varied as follows:

- (a) Condition 1.2 is amended by including a new definition, *Effective Date*, as follows:

Effective Date means the date, on or about [28 July] 2010, on which the Bondholders by Extraordinary Resolution authorised the amendment of the Bond Trust Deed, including these Conditions.
- (b) Condition 1.2 is amended by including a new definition, *Exercise Date*, as follows:

Exercise Date means the date on which the Company sends notice to the Trustee and Bondholders of exercise of the Company's Term Extension Option.
- (c) Condition 1.2 is amended by including a new definition, *Specified Security*, as follows:

Specified Security has the meaning given to that term in the Securities Act (Crown Retail Deposit Guarantee Schemes) Exemption Notice 2010, and includes the Bonds.
- (d) Condition 5.1 is amended by deleting the words "*not less than 20 Business Days prior to Maturity Date*" and replacing them with "*sent not later than 4 Business Days after the Effective Date*".
- (e) Condition 5.2 is deleted and replaced with the following:

5.2 The exercise of the Company's Term Extension Option is conditional upon the Company's participation in the extended Crown retail deposit guarantee scheme established under the Crown Retail Deposit Guarantee Scheme Act 2009.

(f) A new Condition 7 is inserted as follows:

7 PUT OPTION

7.1 Exercise of Put Option

Each Bondholder may, by irrevocable written notice (in or substantially in the form agreed between the Company and Trustee) (a *Put Notice*) sent to and received by the Registrar, by no later than 5.00pm on that Business Day which is 15 Business Days after the Exercise Date, and subject to the satisfaction of the conditions at Conditions 7.2 and 7.3, sell all or any number of the Bonds (each a *Put Bond*) held by that Bondholder up to an amount equivalent to the aggregate principal amount of the Bondholder's holdings in Specified Securities of the Company at the Exercise Date less \$250,000, to the Company (or its nominee) for purchase at the Principal Amount, in accordance with clause 2.12 of the Bond Trust Deed (the *Put Option*).

The maximum aggregate Principal Amount of Bonds that the Bondholder may make subject to the Put Option, may be increased by an amount equal to the Minimum Holding, where the Bondholder wishes to reduce their holding of Specified Securities to \$250,000 but is prevented from doing so because the Principal Amount of the Bonds retained by that Bondholder would be less than the Minimum Holding requirement.

7.2 Condition of Operation of Put Option

The operation of the Put Option will be conditional upon the Company exercising the Company's Term Extension Option.

7.3 Terms of Operation of Put Option

The Put Notice issued by the Bondholder must stipulate the Principal Amount of Put Bonds that they wish to sell to the Company for it to purchase under the Put Option, which:

- (a) must be a multiple of \$1,000;
- (b) where the Bondholder elects to retain Bonds that could otherwise be the subject of the Put Option, then the remaining Bonds must meet the Minimum Holding requirement;
- (c) must not exceed the maximum amount of Bonds the Bondholder may make subject to the Put Option, determined in accordance with Condition 7.1.

7.4 Settlement of Put Bonds

Settlement of the Put Option will be effected by the Company (or its nominee) paying to the Bondholder in respect of each Put Bond on 8 October 2010, the Principal Amount for that Put Bond in cleared and immediately available funds, such payment to constitute good and effective discharge by the Company of all its obligations in this regard. For the avoidance of doubt, Interest on Put Bonds will also be payable by the Company to the Bondholder for the Interest Period ending on 8 October 2010, in accordance with Condition 4.

3. VARIATION TO SUPPLEMENTAL DEED (continued)

7.5 Company as Attorney

The Bondholders each hereby irrevocably appoint the Company as their attorney, for the purpose of signing such forms or other documents (but for the avoidance of doubt, excluding the giving of any Put Notice), and taking all such other steps, as may be necessary or desirable to complete the purchase of the Bonds pursuant to the Put Option in accordance with the terms of this Condition.

(g) A new Condition 8 is inserted as follows:

8 OVERSEAS BONDHOLDERS

8.1 Conditions 5 and 7 will not apply to the Bonds held by Bondholders whose address entered on the Register at the close of business in New Zealand on 9 July 2010, is outside of New Zealand. The Bonds held by those Bondholders will be redeemed on their original Maturity Date of 8 October 2010. For the avoidance of doubt, Interest on these Bonds will also be payable by the Company to the Bondholder for the Interest Period ending on 8 October 2010, in accordance with Condition 4.

(h) A new Condition 9 is inserted as follows:

9 TREASURY STOCK

9.1 Treasury Stock Permitted

Bonds purchased by the Company pursuant to Condition 7 may be held as treasury stock, if the board of directors of the Company resolves that the Bonds concerned will not be cancelled on purchase, and may be sold on market.

9.2 Subsequent Cancellation

A Bond which the Company holds as treasury stock may be cancelled by the board of directors of the Company resolving the same is cancelled and the Bond will be deemed to be cancelled on the making of such a resolution.

4. MISCELLANEOUS

- 4.1 In all other respects the provisions of the Bond Trust Deed and the Supplemental Deed are unchanged and remain in full force and effect.
- 4.2 This Deed may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

EXECUTED as a Deed

Executed by
PGG WRIGHTSON FINANCE LIMITED

in the presence of

Witness signature

Full name

Occupation

Address

Director/Authorised Signatory

Director/Authorised Signatory

Executed by
NEW ZEALAND PERMANENT TRUSTEES LIMITED

in the presence of

Witness signature

Full name

Occupation

Address

Director

Authorised Signatory