

Dated

18 NOVEMBER

2016

**DEED OF AMENDMENT AND
RESTATEMENT**

(relating to the Debt Security Trust Deed dated 28
November 2003)

Issuer

WAIRARAPA BUILDING SOCIETY

Guaranteeing Subsidiaries

**WAIRARAPA PROPERTY INVESTMENTS LIMITED
PERRY STREET PROPERTIES LIMITED**

Supervisor

TRUSTEES EXECUTORS LIMITED

DEED dated 18 NOVEMBER 2016

PARTIES

WAIRARAPA BUILDING SOCIETY ("Society")

WAIRARAPA PROPERTY INVESTMENTS LIMITED AND PERRY STREET PROPERTIES LIMITED ("Guaranteeing Subsidiaries")

TRUSTEES EXECUTORS LIMITED ("Supervisor")

INTRODUCTION

- A. The Society, the Guaranteeing Subsidiaries and the Supervisor (the latter as Trustee) are parties to a Debt Security Trust Deed dated 28 November 2003 (as amended and supplemented to date, the "**Original Trust Deed**").
- B. The Financial Markets Conduct Act 2013 (the "**FMC Act**") and the Financial Markets Conduct Regulations 2014 made under it (the "**Regulations**") require the Original Trust Deed to specify certain matters.
- C. Clause 7.14.3 of the Original Trust Deed entitles the Trustee to concur with the Society in making any alteration, modification, variation or addition to the Original Trust Deed if the change is necessary or desirable to comply with the requirements of any statute or if the Securities Act is amended or replaced and as a result thereof the Trustee and the Society consider it necessary or desirable to amend the Original Trust Deed to take account of such amendment or replacement.
- D. The Trustee and the Society are of the opinion that this Deed including the Schedule ("**Trust Deed**") incorporates provisions that comply with the requirements of the FMC Act and the Regulations (by including in the Trust Deed those matters required by the FMC Act and Regulations that are not already contained in the Original Trust Deed) as well as being a consolidation of the amendments made since 28 November 2003 and updating certain references and comply with clause 7.14.3 referred to above.

COVENANTS

1. INTERPRETATION

1.1 Definitions:

- (a) Words and expressions that are defined in the 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 Society elects in accordance with clause 19(1)(a) of schedule 4 of the FMCA 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 in accordance with clause 19(2) of schedule 4 of the FMCA.

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 ORIGINAL TRUST DEED

- 2.1 **Amendment and restatement:** With effect from the Effective Date, the Original Trust Deed shall be amended and restated in the form set out in the Schedule.
- 2.2 **Confirmation:** Except to the extent amended and restated by this Deed, the Trust Deed continues in full force and effect.

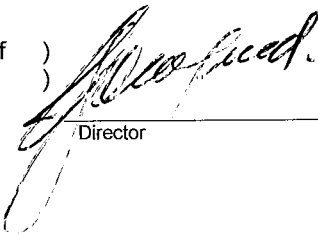
3. COUNTERPARTS

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

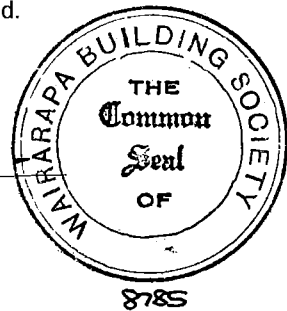
4. GOVERNING LAW

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

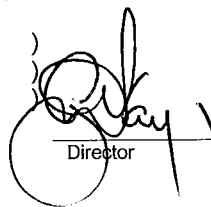
EXECUTED as a DEED for and on behalf of
WAIRARAPA BUILDING SOCIETY


Director


Director



EXECUTED as a DEED for and on behalf
of WAIRARAPA PROPERTY
INVESTMENTS LIMITED


Director


Director



EXECUTED as a DEED for and on behalf of)
PERRY STREET PROPERTIES LIMITED)

Director

Kim W. CABE.

[Print Name] in the presence of

Witness signature

PAUL BYWATER

Full name

57 LAKE FERRY ROAD, MARTINEBOROUGH

Address

CFO.

Occupation

EXECUTED as a DEED for and on behalf of)
TRUSTEES EXECUTORS LIMITED)

Authorised Signatory

Authorised Signatory

Elaine Lois Mosley

Stuart McLaren

[Print Name] in the presence of

Sean Roberts

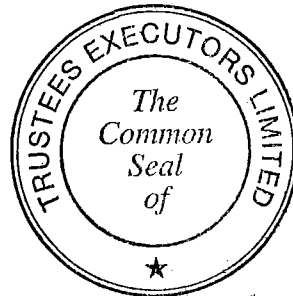
Witness signature

*Client Services Manager
Wellington*

Full name

Address

Occupation



CT52016-164 (1/2)

SCHEDULE
Amended and Restated Trust Deed
(begins on next page)

Dated 28 November 2003 as
amended and restated by deed
dated 2016

Parties

WAIRARAPA BUILDING SOCIETY
(the Society)

WAIRARAPA PROPERTY INVESTMENTS LTD
PERRY STREET PROPERTIES LIMITED
(the Guaranteeing Subsidiaries)

TRUSTEES EXECUTORS LIMITED
Supervisor

DEBT SECURITY TRUST DEED

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DEBT SECURITY TRUST DEED

Dated 28 November 2003 as amended and restated by deed dated
the day of 2016:

PARTIES

- (1) WAIRARAPA BUILDING SOCIETY, a registered building society having its registered office at Masterton (*the Society*)
- (2) WAIRARAPA PROPERTY INVESTMENTS LTD AND PERRY STREET PROPERTIES LIMITED (*the Guaranteeing Subsidiaries*)
- (3) TRUSTEES EXECUTORS LIMITED a company having its registered office at Wellington (*the Supervisor*)

BACKGROUND

- A The Society and the Supervisor (the latter as Trustee) are parties to a Debt Security Trust Deed dated 28 November 2003, as subsequently amended and supplemented to date (the "Trust Deed").
- B The Financial Markets Conduct Act 2013 (the "FMC Act") and the Financial Markets Conduct Regulations 2014 made under it (the "Regulations") require the Trust Deed to specify certain matters.
- C This Trust Deed incorporates provisions that comply with the requirements of the FMC Act and the Regulations (by including in the Trust Deed those matters required by the FMC Act and Regulations that are not already contained in the Trust Deed) as well as being a consolidation of the amendments made since 28 November 2003 and updating certain references.

IT IS AGREED as follows:

SECTION 1

1 DEFINITIONS AND CONSTRUCTION

Effective Date: The provisions of this Deed shall have effect as from the Effective Date.

1.1 Interpretation

This Deed shall be construed and take effect as a contract and declaration of trust made in New Zealand.

1.2 Currency

All references to money in this Deed shall, unless the contrary is stated or necessarily implied, be deemed to be references to New Zealand currency.

1.3 Currency Conversion

Subject to any special terms and conditions agreed between the Society and the person to or from whom any such sum is payable, where for the purposes of any provision of this Deed it is necessary to determine the New Zealand currency equivalent of a sum expressed in a non-New Zealand currency such sum shall unless otherwise agreed in writing by the Supervisor either generally or in any particular case be converted to New Zealand currency on such basis as is from time to time acceptable to the Auditors and any Security which is payable in a non-New Zealand currency shall for the purposes of this Deed be treated as being a Security of an amount equal to the New Zealand currency equivalent determined as aforesaid PROVIDED ALWAYS THAT in determining the New Zealand currency equivalent of any asset or liability in a non-New Zealand currency, account may be taken of any contract or arrangement in force for covering the risk of fluctuations between New Zealand currency and the non-New Zealand currency of the asset or liability (as the case may be).

1.4 Defined Terms

In this Deed including the Schedules hereto, unless the context otherwise requires:

Appropriate Rate means a rate per annum equivalent to 2% above the average buying rate for 90 day bank bills published on Reuters page BKBM or a reasonable analogue of it, fixed for each month in which the rate is to apply on the first day of that month;

Approved Mortgage Principal means in respect of a loan to any External Person from a member of the Guaranteeing Group secured by registrable mortgage over Freehold Land where the interest rate under the loan is reviewable upon not more than twenty four months' prior notice from the Reference Date or where the loan matures or is repayable within that same period, the principal or that portion of the principal outstanding the aggregate of which, and any amounts secured by prior Charges over that Freehold Land, does not exceed:

- (a) 90% of the Value of the Freehold Land where it is principally being used for residential accommodation purposes PROVIDED THAT where the aggregate of the principal outstanding and any amounts secured by prior Charges over the Freehold Land exceed 80% of the value of the Freehold Land, the External Person will, at the request of

the Society, arrange Lenders Mortgage Insurance on the total amount of the principal outstanding; or

- (b) 50% of the Value of that Freehold Land where it is used principally for rural purposes other than residential accommodation; or
- (c) 60% of the Value of that Freehold Land where it is used principally for urban commercial purposes;

Audited Statement of Financial Position means a consolidated statement of financial position of the Guaranteeing Group as at the end of the financial year of the Society or as at any other date (as the case shall be or the context shall require) prepared in accordance with NZGAAP, the requirements of the Building Societies Act and the FMC Act which statement of financial position has been duly audited by the Auditors and is accompanied by a duly signed copy of the report of the Auditors and duly signed by the persons required to sign the same by the Building Societies Act;

Auditors means the person or persons for the time being holding the office of auditor of the Society as required by the Building Societies Act;

Building Societies Act means the Building Societies Act 1965 as amended from time to time and where the context so admits includes all regulations made thereunder;

Business Day means a day other than a Saturday or Sunday on which Registered Banks are open for the transaction of general banking business in Masterton;

Certificate and *Security Certificate* means a certificate issued by the Society in respect of a Security in accordance with clause 2.8 of this Deed constituting or evidencing the Securityholder's entitlement to such Security;

Charge means any mortgage, trust, pledge, lien, security interest (including under the Personal Property Securities Act 1999) or other charge or encumbrance (including the charge, lien or retained title of a conditional vendor), deferred purchase, financial lease, option to purchase, sale-and-repurchase or sale-and-leaseback arrangement, except for any of the foregoing imposed by law or the general conditions of sale of a supplier and arising in the ordinary course of business providing there is no default in payment of the moneys thereby secured;

Class in relation to Securities means those Securities where the rights of all holders thereof are the same and which rank equally among themselves in respect of:

- (a) amounts payable as interest or dividends; and
- (b) priority for repayment of Principal and outstanding interest upon a receivership, distribution, winding-up or liquidation; and
- (c) redeemability prior to receivership, winding-up or liquidation; and
- (d) entitlement and priority to any surplus on a receivership, distribution, winding-up or liquidation,

and in relation to Securityholders, the holders of each such separate Class of Securities;

Committed Undrawn Lending Facilities means, as at the relevant date, and if in relation to a period being the maximum of, the undrawn amounts under the Society's current revolving credit facilities (aggregated if more than one) that are able to be drawn down at the option of the borrower;

Companies Act means the Companies Act 1993 as amended from time to time;

Company means any body corporate wherever incorporated or domiciled and where the context so admits shall include an individual;

Deposit Money means at any time and from time to time the Principal and interest payable on the Deposits, and all other money payable in respect of the Deposits to or at the direction of the Supervisor or any Depositor, and all costs, charges and expenses earned or incurred by the Supervisor, under or pursuant to this Deed or the terms of issue of any of the Deposits;

Deposit Takers Regulations means the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010, as amended and in force from time to time, and includes any regulations replacing those regulations;

Depositors means, in the case of Registered Deposits, the several persons whose names are from time to time for the time being entered on the appropriate Register of Securityholders as the holders of the Deposits and includes their personal representatives;

Deposits means all Securities other than Shares issued by the Society and having the benefit (whether conditional or not) of this Deed and which are from time to time outstanding and uncanceled and (where appropriate) includes the Principal represented thereby;

Directors means the directors of the Society and includes alternate Directors duly acting as Directors;

Directors' Certificate means a certificate signed by at least two Directors on behalf of all Directors as to any fact or matter;

Effective Date has the same meaning as in Part 2 of Schedule 4 of the FMC Act;

Estimated Quotable Value means the estimated value of the Freehold Land having regard to the value of recent sales of comparable Freehold Land as determined by an independent registered valuer approved by the Directors;

Event of Default has the meaning given to that term in clause 6.1;

External Person means any person other than a member of the Guaranteeing Group;

Extraordinary Resolution means an Extraordinary Resolution of the Securityholders, except where the context expressly indicates that it means an Extraordinary Resolution of any Class of Securityholders, in each case passed in the manner provided in the First Schedule;

FMA means the Financial Markets Authority established pursuant to the FMC Act;

FMC Act means the Financial Markets Conduct Act 2013 and where the context permits, includes all regulations made thereunder;

Freehold Land means any interest in land in New Zealand held in any of the following estates:

- (a) fee simple;
- (b) stratum title under the Unit Titles Act 1972;
- (c) any composite title under which there is a freehold and leasehold interest giving exclusive occupation rights to the property;

(d) any leasehold property where the lease is for a period of longer than 21 years and is capable of being renewed at the option of the lessee for a period or periods which together with the unexpired period of the original term would be for an aggregate period of not less than 10 years beyond the expiry date of the relevant loans from the Society;

and in each case includes all improvements on the land including buildings, plant and equipment necessary for the operation of any building erected on the land;

Government Valuation in relation to Freehold Land means the latest capital value of the fee simple, stratum estate or leasehold interest therein as the case requires appearing in the district valuation roll kept pursuant to the Rating Valuation Act 1998 or any special revaluation made by Quotable Value;

Guaranteeing Group means the Society and the Guaranteeing Subsidiaries (if any), and *Guaranteeing Group Member* means any of them;

Guaranteed Investment Principal means the principal or that portion of the principal outstanding to the Guaranteeing Group under any investment, liability or obligation not included in Liquid Assets for which a Prime Debtor is liable whether as principal debtor, guarantor, endorser or otherwise, including without limitation a registered mortgage to the extent repayment of the principal outstanding is guaranteed by the Housing Corporation of New Zealand or by an insurance company or wholly-owned Subsidiary thereof which is certified by Directors' Certificate to be, to the best of the Directors' knowledge and belief after taking appropriate advice, of a comparable credit-standing to a Prime Debtor;

Guaranteeing Subsidiary means the Guaranteeing Subsidiaries named on page 1 as parties to this Deed and any Subsidiary which shall at any time hereafter become a Guaranteeing Subsidiary in the manner required by clause 4.3.2 but shall not include any Company which has been discharged from its liabilities as a Guaranteeing Subsidiary, and *Guaranteeing Subsidiaries* has a corresponding meaning;

Guarantor means any person (other than a Guaranteeing Subsidiary) which may from time to time guarantee the payment of all or any part of the Money Owing or the performance of all or any of the Society's obligations under this Deed;

in writing and *written* includes words written, printed, typewritten, lithographed or otherwise represented or reproduced in visible form by any other means;

issue in relation to Deposits includes "accept";

Issuer Obligations has the meaning given to it in the FMC Act;

Last Audited Statement of Financial Position means, at any time, the then most recent Audited Statement of Financial Position;

Lenders' Mortgage Insurance means, in respect of a loan to any External Person from a member of the Guaranteeing Group secured by registrable mortgage over Freehold Land, a lenders' mortgage insurance policy provided by an insurer acceptable to the Society whereby the insurer underwrites the obligation of the External Person to repay the loan or otherwise indemnifies the lender against loss through the failure to repay the loan;

Liabilities means term and current liabilities, provisions and other obligations and items excepting deferred tax which in accordance with NZGAAP are regarded as matters to be reflected in a statement of financial position as liabilities and (without limitation) includes:

- (a) Money Owing;
- (b) Moneys which are payable in respect of any shares equally with moneys payable in respect of Shares;
- (c) Contingent liabilities under guarantees, performance bonds, indemnities, securities or otherwise where there could be recourse to the Guaranteeing Group for the liabilities of External Persons, excepting contingent liabilities in respect of disputed claims or which, to the satisfaction of the Auditors, are fully secured by a Charge over assets of an External Person or which are fully guaranteed or indemnified by a Prime Debtor;

Liquid Assets means any of the following assets beneficially owned by or available to the Guaranteeing Group:

- (a) Cash;
- (b) Deposits with any Registered Bank;

- (c) Deposits with any Prime Debtor other than those included in paragraph (b) payable (with or without notice) or realisable in cash (in the event of any dispute in the opinion of the Auditors) within 30 days of Reference Date;
- (d) Public Sector Securities which are listed securities or which are payable (with or without notice) within 30 days of the Reference Date;
- (e) Securities for which any Prime Debtor is liable whether as principal debtor, guarantor, endorser or otherwise, and which are Listed Securities or payable (with or without notice) or realisable in cash (in the event of any dispute in the opinion of the Auditors) within 30 days of the Reference Date;
- (f) For purposes of calculating compliance with Clause 4.1 the amount which may be unconditionally drawn down within 30 days of the Reference Date by the Society under any facility or accommodation with a Prime Debtor which is to the satisfaction of the Auditors unable to be revoked or cancelled by the Prime Debtor within 30 days of the Reference Date except in the event of:
 - (i) the passing of a resolution or the making of an order winding up the Society, the cancellation by the Registrar of Building Societies of the registration of the Society the appointment of a receiver of any assets of the Society or the appointment of a statutory manager under the Corporations (Investigation and Management) Act 1989; or
 - (ii) the Society stopping or suspending payment to its creditors or being in breach of any of the terms or conditions of the facility or accommodation provided by the Prime Debtor; or
 - (iii) the Society entering into any arrangement or composition with its creditors generally.

Listed Securities means any shares, stock, managed investment products, debentures, notes or other investments which are listed for quotation on any recognised stock exchange or whose prices are listed regularly in daily or weekly newspapers, other than amounts included in Liquid Assets, Guaranteed Investment Principal or Secured Indebtedness.

Majority of Holders means holders of Securities which in aggregate constitute an entitlement to Money Owing exceeding 50% of the total

amount of Money Owing ascertained by such means as the Supervisor shall in its discretion determine;

Money Owing means the aggregate of:

- (a) the Share Money, the Deposit Money; and
- (b) any other money for the time being owing or payable to or at the direction of the Supervisor or any Securityholder pursuant to this Deed or the terms of issue of any of the Securities;

month means calendar month;

Non-Guaranteeing Subsidiary means any Wholly Owned Subsidiary which the Supervisor has agreed may remain outside or cease to be a member of the Guaranteeing Group;

NZGAAP means *generally accepted accounting practice* as defined in section 8 of the Financial Reporting Act 2013 and if the context requires in relation to an entity such as the Issuer;

Person includes a firm, company and a local or public authority, and also includes an unincorporated body of persons, and words importing persons or individuals include Companies;

Prime Debtor means a Registered Bank, any wholly-owned subsidiary of any Registered Bank which subsidiary is itself a financial institution, a government, any person incorporated by statute and which is directly controlled or capable without further legislative act or decree of being controlled by a government, any corporation the shares in which are owned by a government and which if such corporation were a company within the meaning of the Companies Act 1993 would be a subsidiary of such government, issuers of securities that have a short term rating by Standard & Poors, or such other rating agency as determined by the Society, of A1 or better, and any local authority within the meaning of the Local Government Act 2002.

Principal means in relation to Securities, the sum (other than interest) payable by the Society on redemption of the relevant Security but inclusive of any premium (if any) payable in accordance with the conditions of issue thereof;

Prior Amount means any amount from time to time lent or advanced to the Guaranteeing Group by any other person and which ranks in point of priority

for payment ahead of the securities covered by this Deed remains outstanding, or a specified portion thereof as the case may require, and includes the principal moneys represented thereby;

Product Disclosure Statement means the product disclosure statement, or other disclosure document required by the FMC Act, relating to Securities issued under the Trust Deed, as amended, supplemented or replaced from time to time;

Public Sector Securities means and includes New Zealand government stock issued and registered in New Zealand (including treasury bills) and any other securities issued by any local or other public authority to which the Local Government Act 2002 applies or any other security for which the New Zealand Government or any such local or public authority is liable whether as principal debtor, guarantor, endorser or otherwise;

Reference Date means the date at which a calculation is being made for the purposes of this Deed of the financial covenants set out in clause 4.1;

Reference Statement of Financial Position means a consolidated statement of financial position of the Guaranteeing Group prepared as at the Reference Date to which it relates on the same accounting, valuation and other principles and practices (consistently applied) used in the Last Audited Statement of Financial Position provided that:

- (a) If the Directors during the course of any financial year or half year decide to change the principles and practices on which the next Audited Statement of Financial Position shall be prepared, such changes shall to the extent the application thereof is approved by the Auditors apply to any Reference Statement of Financial Position prepared after such approval and before such next Audited Statement of Financial Position;
- (b) In the event of disagreement between the Society and the Auditors as to the accounting, valuation or other principles and practices upon which any accounts are to be prepared or calculations are to be made which are material to the application of the definitions of this Deed and the covenants in clause 4.1 the determination of the Auditors shall prevail in the preparation of such accounts and the making of such calculations;

Register means each Register of Securityholders kept pursuant to clause 2.12 of this Deed;

Registered Address in respect of a Securityholder means his or her address for the time being recorded in the Register;

Registered Bank has the same meaning as in section 2(1) of the Reserve Bank of New Zealand Act 1989;

Registered Securities means all Securities which are held by persons whose names are entered on the Register, and *Registered Shares* and *Registered Deposits* have corresponding meanings;

Related Company means any Company (other than a member of the Guaranteeing Group) which is for the time being a subsidiary of the Society or a Company which qualifies as an associated company of any Guaranteeing Group Member in accordance with standards from time to time prescribed in accordance with the provisions of the Financial Reporting Act 1993. In this definition *subsidiary* shall have the meaning contained in section 5 of the Companies Act;

Related Party has the same meaning as set out in the Deposit Takers Regulations;

Relevant Requirements means the requirements of the FMC Act, any other relevant act or law, any requirement of the Supervisor pursuant to this Deed including any report or agreement provided to the Supervisor in a form agreed between the Supervisor and the Issuer in relation to this Deed from time to time and any legally binding guideline, ruling, notice, framework or methodology, or approval given by the FMA or the Registrar of Financial Service Providers;

Reserves means the reserves of the Society as at the Reference Date which are or which would be disclosed by a Reference Statement of Financial Position;

Rules means the rules of the Society which have been registered by the Registrar of Building Societies pursuant to section 14 of the Building Societies Act;

Secured Indebtedness means, to the extent not already included in Liquid Assets, Guaranteed Investment Principal or Approved Mortgage Principal and such that the total amount owing (excluding any amount owing by Masterton Trust Lands Trust), to the Guaranteeing Group and any holder of a Charge having priority to the Charge of any member of the Guaranteeing Group secured over or outstanding in relation to the relevant assets does

not exceed 85% of their Value at Reference Date, the principal outstanding to the Guaranteeing Group under any Charge.

Securities means all debt securities as defined in the FMC Act issued or offered by the Society (including any security in respect of which any exemption under the Securities Act permitted the Society to comply with that Act as if the security were a debt security) pursuant to this Deed which are outstanding, and *Security* has a corresponding meaning;

Securities Act means the Securities Act 1978 and where the context so admits includes all regulations made thereunder;

Securityholders means Shareholders and Depositors;

Senior Creditor means any person that lends or advances any Prior Amount to the Guaranteeing Group;

Share Certificate means a Certificate issued by the Society in respect of Shares;

Share Money means at any time and from time to time the Principal and interest whether or not called dividends payable on the Shares and all other money payable in respect of the Shares to or at the direction of the Supervisor or to any Shareholder under or pursuant to this Deed or the terms of issue of any of the Shares and whether payable by the Society and/or by any Guaranteeing Subsidiary and in any case whether as a principal debtor or as a Guarantor;

Shareholders means in the case of Registered Shares, the several persons whose names are for the time being entered on the appropriate Register of Securityholders as the holders of the Shares and includes their personal representatives;

Shareholders Funds means the aggregate of:

- (a) shares issued by the Society that are redeemable only at the directors' discretion, e.g. capital shares; and
- (b) The Reserves;

Shares means all shares issued by the Society on or after 28 November 2003 pursuant to section 11 of the Building Societies Act and the Rules and which are redeemable by the holder which are from time to time outstanding

and uncanceled, or a specified portion thereof as the case may require, and (where appropriate) includes the Principal represented thereby;

Single Group means a person, a group of companies or a partnership or any other commercial association of persons which for trading, consolidation of accounts, raising of credit, trust deed or other commercial purposes acts or should reasonably be considered or credit-rated as one financial entity or group, as determined by the Directors and approved by the Auditors;

Standby Facilities means the aggregate amount of moneys available for utilisation by the Guaranteeing Group under financial facilities provided to the Guaranteeing Group by Registered Banks, that are not being utilised by the Guaranteeing Group at the Reference Date;

Subsidiary means a Company which is for the time being a subsidiary of the Society or of a Guaranteeing Subsidiary, within the definition contained in Section 5 of the Companies Act as if the Society was a Company;

Supervisor means the supervisor or supervisors for the time being under this Deed;

Total Approved Mortgage Principal means the total on a consolidated basis of the Values of all Approved Mortgage Principal owing to the Guaranteeing Group as would be disclosed in a Reference Statement of Financial Position if one was prepared as at the Reference Date;

Total Guaranteed Investment Principal means the total on a consolidated basis of the Value of all Guaranteed Investment Principal owing to the Guaranteeing Group as would be disclosed in a Reference Statement of Financial Position if one was prepared as at the Reference Date;

Total Liabilities means the aggregate on a consolidated basis of the amounts of all Liabilities of the Society and the Guaranteeing Subsidiaries as would be disclosed in a Reference Statement of Financial Position if one was prepared as at the Reference Date;

Total Liquid Assets means the total on a consolidated basis of the Values of all Liquid Assets of the Guaranteeing Group as would be disclosed in a Reference Statement of Financial Position if one was prepared as at the Reference Date;

Total Listed Securities means the total on a consolidated basis of the Values of Listed Securities of the Guaranteeing Group as would be disclosed in a

Reference Statement of Financial Position if one was prepared as at the Reference Date;

Total Other Liabilities means Total Liabilities less the aggregate of the Money Owing;

Total Other Tangible Assets means the total on a consolidated basis of Values of all Other Tangible Assets of the Guaranteeing Group as would be disclosed in a Reference Statement of Financial Position if one was prepared as at Reference Date;

Total Secured Indebtedness means the total on a consolidated basis of the Value of all Secured Indebtedness owing to the Guaranteeing Group as would be reflected in a Reference Statement of Financial Position if one was prepared as at the Reference Date;

Total Secured Liabilities means the total on a consolidated basis of the amount of all Secured Liabilities of the Guaranteeing Group as would be disclosed in a Reference Statement of Financial Position if one was prepared as at the Reference Date;

Total Tangible Assets means an amount equal to the aggregate on a consolidated basis of the book values of the tangible assets of the Guaranteeing Group Members as at the Reference Date which are or which would be disclosed by a Reference Statement of Financial Position if one were then prepared after:

- (a) making such adjustments as are appropriate to make in respect of receivables, provision for bad debts and income yet to mature, except those already taken into account in the determination of book value; and
- (b) taking account of any Subsidiary which any two Directors on behalf of the Directors certify in writing to the Supervisor (with supporting detail to the reasonable satisfaction of the Supervisor) will become a Guaranteeing Subsidiary within a period of three months after the Reference Date as if that Subsidiary had been a Guaranteeing Subsidiary at the Reference Date.

Total Unlisted Securities means the total on a consolidated basis of the Values of all Unlisted Securities of the Guaranteeing Group as would be disclosed in a Reference Statement of Financial Position if one were prepared at the Reference Date;

Total Unsecured Indebtedness means the total on a consolidated basis of the Value of all Unsecured Indebtedness owing to the Guaranteeing Group as would be disclosed in a Reference Statement of Financial Position if one was prepared as at the Reference Date;

the Trust Deed and this Deed means this trust deed (including the Schedules hereto) as originally executed and as it may from time to time be supplemented, modified or novated in accordance with the provisions of this Deed, and when the context so admits includes any deed which is or is expressed to be supplemental to or collateral with this Deed;

Unlisted Securities means shares of any kind, managed investment products, stock or debentures, other than amounts included in Liquid Assets, Guaranteed Investment Principal, Secured Indebtedness or Listed Securities.

Unsecured Indebtedness means any actual indebtedness of an External Person to any member of the Guaranteeing Group whether payable or not, which is not included in Liquid Assets, Guaranteed Investment Principal, Approved Mortgage Principal, Secured Indebtedness, Listed Securities or Unlisted Securities.

Value means:

- (a) in respect of Freehold Land the higher of the Government Valuation or the Estimated Quotable Value;
- (b) in respect of securities (as defined in the FMC Act), the current value determined by an independent suitably qualified person acceptable to the Auditors;
- (c) in relation to Guaranteed Investment Principal, Approved Mortgage Principal, Secured Indebtedness and Unsecured Indebtedness, the book values thereof less a proper provision for income yet to mature and for bad and doubtful debts where such a provision is appropriate;
- (d) in respect of all other assets, the current value determined by the Directors after taking appropriate advice from an independent person who is recognised as having appropriate qualifications and the ability to value that asset;

Wholly Owned Subsidiary means a Subsidiary all the shares in which are beneficially owned by the Guaranteeing Group;

Working Day has the same meaning as in the Interpretation Act 1999.

1.5 Construction

In the construction of this Deed:

- 1.5.1 *Headings*: The headings appear as a matter of convenience and shall not affect the construction of this Deed;
- 1.5.2 *References to Parts, Clauses, Schedules etc*: In the absence of an express indication to the contrary, references to Parts, Sections, clauses, subclauses, paragraphs and Schedules are to Parts, Sections, clauses, subclauses and paragraphs of, and schedules to, this Deed;
- 1.5.3 *References to legislation*: References to any statute, statutory regulations or other statutory instrument shall be deemed to be references to the statute, statutory regulations or instrument as from time to time amended or re-enacted or, as the context permits, provisions substituted therefor for the time being in force;
- 1.5.4 *Plural, singular and gender references*: The singular includes the plural and vice versa and words importing any gender include the other genders;
- 1.5.5 *References to time*: Anything which may be done at any time may also be done from time to time;
- 1.5.6 *Schedules*: The Schedules to this Deed and the provisions and conditions therein shall have the same force and effect as if set out in the body of this Deed;
- 1.5.7 *Joint and several*: All covenants by the Guaranteeing Group shall be joint and several;
- 1.5.8 *Non-Business Day*: Anything which is required by this Deed to be done on, or as of, a day which is not a Business Day is to be done on, or as of, the next Business Day.

1.6 Consents

Any consent or approval required to be obtained under this Deed from a party to this Deed shall not be unreasonably or arbitrarily refused or withheld.

1.7 Related Companies Not Liable Under this Deed

No Related Company of the Society (other than the Guaranteeing Group Members) shall be (except pursuant to any statutory law to that effect) in any way responsible for or guarantee repayment of the Securities or payment of any interest or other moneys relating thereto.

SECTION 2

2 CONSTITUTION AND ISSUE OF SECURITIES: CERTIFICATES, REGISTERS AND RELATED PROVISIONS

2.1 Power and Terms of Issue of Securities

2.1.1 *Terms of Issue of Securities*

Securities may be issued either at par or at a premium or at a discount, and bearing such respective rates of interest (whether fixed variable or determined by a stated method) or without interest, and payable or redeemable at such respective times or periods or on demand with payment of such premiums or allowances (whether fixed variable or determined by a stated method) or on conversion into shares or other securities of the Society and whether securing or evidencing or constituting obligations of any Guaranteeing Group Member(s) for borrowed money or negotiable securities or other obligations of any Guaranteeing Group Member(s), and under whatever name or form, and in such currency, and on such other terms and conditions (not being inconsistent with the provisions of this Deed or the Rules) in all cases as the Society may from time to time determine.

2.1.2 *Conversion*

Subject to the provisions of this Deed and the Rules, the Society may at any time and from time to time convert any of its debts or other obligations for the payment of money into Securities constituted by this Deed upon such terms and conditions as may be agreed between the Society and the relevant creditor, such conversion to be evidenced by the issue of such Certificate (if any) and the making of such entries or notations on the Register as may be appropriate in the circumstances.

2.1.3 *Brokerage*

The Society may pay a commission, procuration fee or brokerage to any person firm or corporation for subscribing or underwriting the subscription of, or procuring subscriptions for, the Securities.

2.1.4 *No Restriction*

The use in this Deed of the words '*Security*', '*Shares*' and '*Deposits*' shall not restrict the use of other names of such securities for marketing purposes. The Society is permitted to use any description to name any Security, and is permitted to use several different names for Securities of the same type.

2.2 Subordination and Status of Securities

Status and Subordination

2.2.1 The Securities are the unsecured, subordinated obligations of the Society. The Securities shall rank amongst themselves in the following order of priority:

2.2.1.1 *Deposits:* All Deposits shall rank as to payment of the Principal and interest in respect thereof behind Senior Creditors and ahead of the Shares. Inter se the Deposits shall rank *pari passu* as unsecured obligations of the Guaranteeing Group, notwithstanding that they have been accepted or offered or allotted at different times or at a premium or at a discount or carry interest at different rates or carry no interest and mature or are repayable at different times or on demand;

2.2.1.2 *Shares:* The Shares shall rank as to payment of the Principal and interest in respect thereof behind Senior Creditors, the Deposits and all other liabilities of the Society, irrespective of division into classes known as "saver shares" and "senior shares" but, in accordance with the Rules:

- (a) saver shares will not participate in any distribution other than to the extent of outstanding Principal and interest;
- (b) senior shares will participate with capital shares in any surplus of the society on a dissolution or winding up after provision for payment in full of Principal and interest on all Securities".

2.2.1.3 *Capital Shares:* For the avoidance of doubt, and in accordance with the Rules, capital shares of the Society (which are not Shares as defined in this Deed) rank behind all Securities issued with the benefit of the Deed, as to any repayment of their subscription price and any unpaid dividend, on any insolvency or dissolution or winding up in respect of which there is a shortfall of amounts needed to meet liabilities to Securityholders under this Deed.

2.2.2 In any distribution of assets by the Society following the occurrence of an Event of Default, including upon liquidation of the Society, the rights of the Supervisor and the Securityholders to the Principal of, and interest on, the Securities and each other amount owing by the

Society in respect of the Securities or under this Deed are to be subordinated to all moneys payable by the Society to Senior Creditors, so that in any such distribution no payment will be made on account of the Principal of, or interest on, the Securities or other amounts owing by the Society in respect of the Securities or under this Deed to the Supervisor or the Securityholders until the Senior Creditors have been paid in full. The Supervisor agrees, and, by purchasing a Security each Securityholder will be deemed to agree, that:

2.2.2.1 in accordance with section 313(3) of the Companies Act 1993, he or she is accepting a lower priority in respect of the debt represented by such Security than that which it would otherwise have under section 313; and

2.2.2.2 nothing in sections 310 or 313 of the Companies Act 1993 will prevent this Deed from having effect in accordance with its terms.

Subordinated Contingent Debt

2.2.3 On the liquidation of the Society, neither the Supervisor nor any Securityholder is entitled to prove for the Principal of and/or interest on any Security and/or any other amount owing by the Society in respect of the Securities or under this Deed except as a debt which is subject to, and contingent upon, prior payment of the Senior Creditors in full, subject to the proviso to clause 2.2.2.

No Subordination of Supervisor's Entitlement

2.2.4 Nothing in this Deed:

2.2.4.1 subordinates or otherwise affects or prejudices, or defers in priority of payment or rights to receive or enforce, the payment of the costs, charges, expenses, liabilities, indemnified amounts, remuneration or other moneys payable to, or entitlement of, the Supervisor as provided for, or referred to, in this Deed, or the rights and remedies of the Supervisor in relation to this Deed, all of which will be payable to the Supervisor at the time and in the manner provided by this Deed; or

2.2.4.2 imposes upon the Supervisor, or requires the Supervisor to acknowledge, any personal liability to pay any amount which has not first been received by the Supervisor in its capacity as Supervisor under this Deed, and any such

liability will cease in respect of any amounts received and disbursed by the Supervisor in good faith and the reasonable belief that the disbursement is authorised under this Deed.

No Set-off

2.2.5 No Securityholder may set-off (including under and in accordance with section 310 of the Companies Act 1993), against any amounts due in respect of any Security held by that Securityholder, any amount held by that Securityholder to the credit of the Society, whether in an account, in cash or otherwise, nor any advances to, or debts of, the Society, nor any other amount owing by the Securityholder to the Society on any account whatsoever, nor may any Securityholder effect any reduction of the amount due to that Securityholder in relation to a Security by merger of accounts or lien or the exercise of any right, in all such cases, the effect of which set-off, merger, lien or exercise of such right is or may be to reduce the amount due in relation to that Security in breach of this Deed. To the extent that any set-off, merger, lien, or other right is required by law to be exercised, that exercise will be subject to clause 2.2.6.

Trust

2.2.6 Any payment, whether voluntary or in any other circumstances, received from or on account of the Society (including by way of credit, set-off or otherwise) or from the liquidator or any receiver, manager or statutory manager of the Society in breach of this clause 2.2 is to be held by the Supervisor or the relevant Securityholder in trust for and to the order of the Senior Creditors. The trust hereby created will, subject to clause 2.2.17, be for a term expiring on the earlier of the date on which all Senior Creditors have been paid in full or the date on which the liquidator determines that the Society has no further assets with which to satisfy the claims of the creditors. Neither the Supervisor nor any Securityholder has any obligation under this clause in respect of any payment received by anyone other than itself.

Performance of Trusts

2.2.7 Any trust constituted under and in accordance with clause 2.2.6 may be performed by a Securityholder or the Supervisor by paying or repaying the amount so received or recovered, or so much of any such amount as is necessary to ensure that all of the Senior Creditors are fully paid or repaid, on trust to the liquidator or other person charged with or responsible for the making of distributions on the behalf of the Society or, where there is no such person, the

Society, for distribution to the appropriate Senior Creditors. A receipt issued by the liquidator or such other person or the Society, will be a good discharge to the Securityholder or the Supervisor for the performance by it of the trust constituted under and in accordance with clause 2.2.6. Any amount which becomes subject to the trust constituted under and in accordance with clause 2.2.6 and which is paid or repaid by any Securityholder or the Supervisor, as the case may be, in accordance with this clause will thereafter be treated as between the Society and the Supervisor or the Securityholder as if it had never been received or recovered in the first place.

Contracts (Privity) Act 1982

2.2.8 For the purposes of the Contracts (Privity) Act 1982, this clause 2.2 (other than clause 2.2.4) is intended to confer a benefit upon the Senior Creditors and to be enforceable by the Senior Creditors directly. For the purposes of section 6 of the Contracts (Privity) Act 1982, it is agreed that any amendments made to this Deed in accordance with clause 7.14 shall be binding upon the Senior Creditors whether or not they have consented to such amendment.

No Enforcement by Supervisor or Securityholders

2.2.9 Subject to clause 2.2.4:

2.2.9.1 Notwithstanding clause 2.2.7, but subject to clause 2.2.5, after the commencement of liquidation any amount (other than a payment by the Supervisor in accordance with clause 2.2.13.3) which a Securityholder receives on account of his or her Securities must be paid to the Society to be held by it upon trust to be applied in the manner set out in clause 2.2.13 and thereafter in or towards the discharge of the indebtedness of the Society to Senior Creditors according to their respective rights and interests as set out in clause 2.2.13 and, pending payment of any such amount to the Society, that amount received by the Securityholder will be held by the Securityholder on trust to pay that amount to the Society to be held on the trust constituted under this clause.

2.2.9.2 If, whether before or after the commencement of liquidation and notwithstanding clauses 2.2.5 and 2.2.9.1, a Securityholder is or becomes entitled to exercise or exercises any right of set-off, counterclaim or other such remedy in respect of any amount owing by the

Securityholder to the Society, the Securityholder must pay to the Society an amount equal to the amount in respect of which such right is exercised, such amount to be held by the Society upon the trust set out in clause 2.2.9.1 and, pending payment of any such amount to the Society, the Securityholder must hold that amount on trust to pay that amount to the Society to be held on the trust constituted or to be constituted under this clause.

2.2.9.3 No amount which will be subject to clause 2.2.9.2 may be paid by a liquidator to a Securityholder or to the Supervisor for the benefit of any Securityholder unless and until all indebtedness to Senior Creditors has been fully paid or repaid in accordance with the provisions of this Deed.

Enforcement by Supervisor in Liquidation

2.2.10 Subject to this clause 2.2, only the Supervisor may enforce the provisions of the Securities or this Deed and no Securityholder is entitled to proceed directly against the Society unless the Supervisor, having become bound to so proceed, fails to do so within a reasonable time and such failure is continuing.

2.2.11 No Securityholder may claim or prove in liquidation for any amount owing to him or her under any Security or this Deed to the extent that the Supervisor has claimed or proved for, or determines to claim or prove for, such amount in such liquidation on behalf of such Securityholder, and any claim or proof made contrary to this clause must be withdrawn by such Securityholder.

2.2.12 No Securityholder may proceed against the Society or the Supervisor for the enforcement or performance of any provision of this Deed that is solely for the benefit of the Supervisor.

Distribution on Liquidation

2.2.13 Any amount received by the Supervisor from the Society under or in respect of this Deed or the Securities in, upon or following the commencement of liquidation and not paid to the liquidator must be applied, and pending such application must be held by the Supervisor upon trust to be applied, subject to any direction made by any Court and except as otherwise required by law:

2.2.13.1 first, in payment or retention of all costs, charges, expenses and liabilities incurred and payments made by or on behalf of the Supervisor and of all remuneration,

indemnified amounts and other moneys payable to the Supervisor as provided or referred to in this Deed;

2.2.13.2 secondly, in payment to the Society to be held by it upon trust to apply the same in or towards the discharge of the indebtedness of the Society to Senior Creditors according to their respective rights and interests and, pending payment of those amounts to the Society, any such amount received by the Supervisor must be held by it on trust to pay the same to the Society to be held on the trust constituted or to be constituted under this clause;

2.2.13.3 thirdly, subject to the indebtedness of the Society to Senior Creditors having been paid or satisfied or provided for in full (for which purpose the Supervisor may rely upon any written advice from the liquidator) in or towards payment to each Securityholder in the manner set out in clause 2.2.1 (namely (a) in or towards payment to the Depositors *pari passu* in proportion to the Deposit Money owing to them respectively in respect of the Deposits held by them; and (b) following payment in full to the Depositors, in or towards payment to the Shareholders *pari passu* in proportion to the Share Money standing to the credit respectively in respect of the Shares held by them; and

2.2.13.4 fourthly, the residue, if any, to the Society.

Payment of Principal Before Interest

2.2.14 If the Supervisor is of the opinion that in the interests of Securityholders it is expedient to do so payment may be made on account of Principal before interest or the whole of the interest has been paid but such alteration in the order of payment shall not prejudice the right of such Securityholders to receive the whole amount to which they would have been entitled if the ordinary order of payment had been observed or any less amount which the sum ultimately realised from the exercise of the Supervisor's powers or discharge of any court order would be sufficient to pay.

Notice of Distribution

2.2.15 The Supervisor may give not less than fourteen (14) days' notice to Securityholders of the day, place and time fixed for any payment to them under the provisions of clause 2.2.13 and after the day so fixed the Securityholder shall be entitled to interest on the balance only (if any) of the Principal owing on the Securities held by them after

deducting the amount (if any) payable in respect thereof on the day so fixed.

Payments to Liquidator

2.2.16 At any time after the commencement of liquidation, the Supervisor and any Securityholder may satisfy its obligations under clause 2.2.9 and, in the case of the Supervisor on behalf of any Securityholder, under clauses 2.2.9.1 or 2.2.9.2 by paying any amounts referred to in any such clause to the liquidator with instructions to the liquidator to effect such application as is required by those clauses, and any such payment will be a complete discharge of any such obligations. Any amount paid or repaid by a Securityholder, or by the Supervisor on behalf of any Securityholder in accordance with clauses 2.2.9.1 or 2.2.9.2 or this clause will thereafter be treated as between the Society (and the liquidator), the Supervisor and the Securityholder as if it had not been received or recovered by the Securityholder or the Supervisor, as the case may be, in the first place.

Termination of Trusts

2.2.17 The trusts contained in this Deed in favour of the Senior Creditors terminate on the date which is 80 years after the date of execution of this Deed, except to the extent that any interests under such trusts have vested at that date and without affecting the contractual rights and obligations of the Society and the Supervisor under this Deed, and any amounts which would, but for this clause, have been held on trust for the Senior Creditors will be held on trust for the Society absolutely.

Permitted Payments and Receipts

2.2.18 Unless there is an Event of Default pursuant to clause 6, the Society is entitled to pay, and the Securityholder or the Supervisor or any other person on behalf of a Securityholder is entitled to receive payment from or on behalf of the Society of, any amount payable in respect of the Principal of, or interest, on the Securities and the Supervisor is entitled to pay any amounts to or for the benefit of the Securityholders or any other person on behalf of any Securityholders. The payment and receipt prior to any Event of Default of any such amount will not constitute a breach of, or be subject to, clauses 2.2.1 to 2.2.9 and such payment is to be received free of any obligation on the recipient of that payment to refund or return the same, or to hold the same in trust, in accordance with this Deed.

2.3 **Validity of Securities**

No person entitled to hold any Security Certificate shall be concerned or obliged to enquire whether any Security purporting to be evidenced by it has been issued in contravention of any provision of this Deed and/or the Rules. Each Security issued by the Society for proper consideration the Security Certificate for which indicates, or the entry on the appropriate Register for which indicates, or in respect of which other evidence indicates, that it has been issued or was intended to be issued pursuant to the provisions of this Deed and/or the Rules shall be validly issued and constituted by this Deed and/or the Rules and entitled to the benefit of the provisions of this Deed and/or the Rules notwithstanding that the issue of that Security or any related Security was in breach of any provision of this Deed but without prejudice nevertheless to the Supervisor's rights under or pursuant to this Deed against the Guaranteeing Group in relation to such breach.

2.4 **Paramountcy of Depositors' Interests**

In the execution or purported execution of the trusts hereof or of any powers authorities or discretions vested in it pursuant to this Deed the Supervisor shall in the event of the liquidation of the Society regard the interests of the Depositors as paramount to the interests of the Shareholders and the Supervisor shall act accordingly.

2.5 **Exclusion of Equities**

2.5.1 *Securityholders' Entitlement*

Securities may be issued to such persons as the Society shall determine and the Securityholders are to be regarded as the beneficial owners of the Registered Securities registered in their names respectively and are to be regarded as exclusively entitled thereto and all persons and the Society may act accordingly. The Society shall not be bound to enter in the Register notice of any trust or, except as provided in the Security Certificate conditions or as ordered by a Court of competent jurisdiction, to recognise any trust or equity affecting the ownership of any Security or the money thereby represented.

2.5.2 *Exclusion of Equities*

Every Securityholder will be recognised by the Society as entitled to his or her Security and to the Principal and interest payable thereon free from any equity set-off or cross claim between the Society and any prior holder thereof.

2.6 **Securityholders' Right to Sue**

Subject to clauses 2.2.10 to 2.2.12, each Securityholder shall be entitled to sue for the performance and observance of the provisions of this Deed so

far as his or her Security is concerned save where the Supervisor has a discretion under the said provisions or where the Supervisor has commenced some proceedings or action for the purpose of obtaining performance or observance of the provisions of this Deed.

2.7 **Receipt by Joint Holders**

The receipt of the Securityholder or, in the case of joint Securityholders, the receipt of any one of them, for the Principal and interest from time to time accruing due in respect of any Security shall be a good discharge to the Guaranteeing Group notwithstanding any notice it may have whether express or implied of the right, title, interest or claim of any other person to or in such Security or the money payable in respect thereof.

2.8 **Security Certificates**

The Society shall comply with its obligations under the FMC Act and its Rules with regard to the production of Security Certificates.

2.9 **Incorporation of Terms**

Every Security shall be held with the benefit of and subject to:

2.9.1 The provisions of this Deed applicable to Securities of that Class; and

2.9.2 The terms and conditions endorsed on the Security Certificate and the terms and conditions specified to be applicable to such Securities in the Rules or any deed Product Disclosure Statement or other document (whether supplemental to this Deed or not) issued or executed by the Society in relation to the issue allotment or offering of such Securities;

and those provisions, terms and conditions shall be binding on the Society and the Securityholder and all persons claiming through them respectively. In the event of any inconsistencies arising between this Deed and the Rules applicable to the terms and conditions of issue of Securities the provisions of the Rules shall prevail.

2.10 **Alteration of Terms**

The Society may at any time and from time to time by prior arrangement with the holder or holders of any Securities:

2.10.1 Accelerate the redemption or extend the maturity date of those Securities; or

2.10.2 Alter the rate of interest payable on those Securities; or

2.10.3 Agree to the payment of a premium on the redemption of those Securities; or

2.10.4 Alter any of the other terms or conditions attached to those Securities;

but so that no such alteration, acceleration, extension or payment shall be inconsistent with any of the provisions of this Deed and/or the Rules. Details of any such alteration, acceleration, extension or payment shall be recorded in the Register in respect of the Securities affected.

2.11 Withholding Taxes

The Society shall be entitled to make any deduction or withholding from any amount payable to a Securityholder for or on account of any withholding or other tax required by law to be deducted or withheld, and where any such deduction or withholding has been made and the relevant amount accounted for by the Society to the relevant taxing authority as required by law (including the payment of any penalties), and the balance of the amount payable has been paid to the Securityholder concerned (such balance to be calculated with reference to any such penalties), the amount payable to such Securityholder shall be deemed to have been duly paid and satisfied by the Society.

2.12 Register

The Society shall establish and maintain a Register (which shall comprise a separate register in respect of separate Classes of Security) in respect of all Registered Securities to be kept at the registered office of the Society or at such other place in New Zealand as the Society may from time to time by notice in writing to the Supervisor determine. The Register shall comply with all statutory requirements and in addition the following provisions shall apply in respect of such Register:

2.12.1 There shall be entered in such Register such particulars in respect of the Securities as may from time to time be required by law or the Supervisor including sufficient information to enable the Supervisor to ascertain the names and addresses of the Securityholders and the nature and amount (if fixed) of the Society's obligations to them;

2.12.2 Any change of name or address of any Securityholder shall forthwith be notified to the Society in writing by him or her or if a joint holding by all the joint holders and thereupon the Register shall be altered accordingly;

- 2.12.3 The Supervisor and if by law he or she is so entitled any Securityholder and any person authorised in writing by any of such persons shall be at liberty at all reasonable times during office hours to inspect such Register and to take copies of and extracts from the same;
- 2.12.4 The Society shall comply with all statutory requirements necessary to be fulfilled in respect of such Register and shall keep or retain access to all details comprising the Register for at least ten years after the date of entry of same;
- 2.12.5 The Society may from time to time close any Register for any period or periods not exceeding thirty (30) days in any one year.
- 2.12.6 Each Register shall be kept to the satisfaction of the Auditors and shall be audited by or to the satisfaction of the Auditors at regular intervals of not more than twelve months or upon request in writing by the Supervisor.

2.13 Transfer of Securities

Securities (except for those Securities which are by their terms or are otherwise expressly or by necessary implication made non-transferable) may be transferred by the holders thereof, and the transfers thereof shall be registered, in accordance with such procedures and on the production of such transfer and other documentation as is determined by the Society and the Auditors to be appropriate either generally or for particular classes of Securities, and in any case:

- 2.13.1 The transferor shall be deemed to remain the holder until the name of the transferee has been entered in the Register;
- 2.13.2 The Directors may, in their absolute discretion and without assigning any reason therefor, refuse to register any transfer, in which event the intending transferee will not be recognised by the Society and the intending transferor will remain and continue to be a Securityholder.

2.14 Death, Insanity or Bankruptcy of Securityholder

- 2.14.1 Any person becoming entitled to any Security as a consequence of the death, mental incapacity or bankruptcy of a Securityholder may, upon producing such evidence as to his right or title as the Directors shall require, be registered as the Securityholder or may transfer such Security in accordance with the provisions of this Deed;

- 2.14.2 The executors or administrators of a deceased Securityholder (not being one of several joint holders) shall be the only persons recognised by the Society and the Supervisor as having any title to or interest in the Securities so held by that holder.
- 2.14.3 In the event of the death of any Securityholder who held any Security jointly, the surviving joint holder or holders shall be the only person or persons recognised by the Society and the Supervisor as having any title to or interest in such Security.
- 2.14.4 The Society may, subject to the Rules, retain money which is payable upon any Security to which this clause 2.14 applies until a transmission or transfer of the Security shall have been registered on such terms and conditions as it considers reasonable.

2.15 Acknowledgement of Indebtedness and Covenant to Pay

2.15.1 Covenant to Pay

The Society hereby acknowledges its indebtedness to the Supervisor in respect of the Principal for the time being and from time to time outstanding of the Securities issued by it and interest thereon as hereinafter mentioned, and covenants with the Supervisor that as and when the Securities or any part thereof becomes payable in accordance with the terms thereof or on such earlier date pursuant to the provisions of this Deed and/or the Rules the Society will pay to the Supervisor, in respect of any Security repayable in New Zealand currency either at the Supervisor's registered office or elsewhere in New Zealand as the Supervisor shall otherwise by notice in writing direct, and in respect of any Security repayable in any other currency at such other place as the Supervisor shall by notice in writing direct, the Principal of the Securities or so much thereof as shall be unpaid in the currency in which such Principal is repayable in accordance with the terms of issue thereof and that the Society will pay to the Supervisor as aforesaid or accumulate interest on the Security in the currency in which such interest is payable and otherwise in accordance with the terms of issue of the Securities.

2.15.2 Principal and Interest to be Paid to Securityholders

Notwithstanding the foregoing the Society shall unless and until otherwise duly requested by the Supervisor or prevented by exchange control or other fiscal laws or regulations in New Zealand, pay to the Securityholders all Principal and pay or accumulate interest as aforesaid in respect of the Securities to or for the account of the Securityholders in accordance with the terms of issue of the

Securities and each such payment shall operate as payment to the Supervisor in satisfaction pro tanto of the indebtedness in this clause acknowledged or undertaken to be paid.

2.15.3 *Unclaimed Payments for Registered Securities*

Except as expressly provided otherwise in the Rules and subject to the Unclaimed Moneys Act 1971 if any such payment made to any Securityholder pursuant to clause 2.15.2 or any such payment made to any Securityholder by the Supervisor at his or her last Registered Address shall be returned unclaimed and remain unclaimed for thirty days such payment may (unless notice of a change of Registered Address has in the meantime been received by the Society or the Supervisor) be retained by the Society or (if held by or on behalf of the Supervisor) shall be paid to the Society and in either case shall be held for the Securityholder without liability to invest the same or pay interest thereon.

2.16 Appointment of Auditor

2.16.1 *Consultation with Supervisor*

The Society must:

2.16.1.1 before recommending the appointment or reappointment of a person as an Auditor:

- (a) consult with the Supervisor on the appointment or reappointment; and
- (b) 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;

2.16.1.2 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

2.16.1.3 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.

2.16.2 *Specified Engagement*

The Society must, before recommending the appointment or reappointment of a person as the Auditor:

2.16.2.1 give the Supervisor an opportunity to be a party to an assurance engagement carried out by an auditor in relation to the Society's compliance with the Trust 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

2.16.2.2 consult with the Supervisor on the nature and scope of any such engagement.

2.17 **Terms of Appointment**

The Society must ensure that the following terms are included in the terms of appointment of an auditor in its capacity as Auditor:

2.17.1 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 Society 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

2.17.2 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.

SECTION 3

3 GUARANTEES OF SECURITIES

3.1 Terms of Guarantee

Each Guaranteeing Group Member jointly and severally unconditionally guarantees the due and punctual payment of the Money Owing by the Society as and when the same shall become due and payable in accordance with the terms and conditions under this Deed and each Guaranteeing Group Member agrees that the following provisions shall have effect and shall apply to each of them and in this clause the expression "guarantee" shall include every guarantee given under or pursuant to this Deed.

3.1.1 *Payment*

Whenever any default has been made by the Society in the payment of all or any of the Money Owing the other Guaranteeing Group Members will forthwith whether or not demand therefor shall be made pay such money to the Supervisor to the intent that the same may be applied by the Supervisor pursuant to this Deed.

3.1.2 *Liability not Affected*

The liability of the Guaranteeing Group Member under this guarantee shall not be abrogated prejudiced or affected by any of the following:

3.1.2.1 The granting of time, credit or any indulgence or other concession to the Society or to any Guarantor (including any Guaranteeing Group Member) by the Securityholders or any of them or by the Supervisor or by any compounding, compromise release, abandonment, waiver, variation, relinquishment or renewal of any securities, documents of variation, relinquishment or renewal of any securities, documents of title, assets or of any of the rights of the Securityholders or any of them or of the Supervisor against the Society or any Guaranteeing Group Member or Guarantor or by anything done or omitted or neglected to be done by the Supervisor or the Securityholders or any of them in exercise of the authorities powers and discretions vested in them by this Deed or by any other dealing matter or thing which but for this provision might operate to abrogate prejudice or affect the respective guarantees;

- 3.1.2.2 The liability of any other Guarantor of the Society (including any other Guaranteeing Group Member) ceasing from any cause whatsoever (including the release or discharge by the Securityholders or any of them or by the Supervisor);
 - 3.1.2.3 Any other person joining in this or giving any similar guarantee;
 - 3.1.2.4 The liquidation of the Society or any Guaranteeing Subsidiary or other Guarantor;
 - 3.1.2.5 Any Guaranteeing Group Member or other Guarantor being incompetent to give this guarantee or any other guarantee or any collateral security or failing to become legally bound in whole or in part under any of them respectively;
 - 3.1.2.6 Any guarantee (including any guarantee given pursuant to this Deed) held or taken being void defective or informal;
 - 3.1.2.7 Any other Wholly-Owned Subsidiary failing or being incompetent to become or remain a Guaranteeing Subsidiary;
 - 3.1.2.8 Any alteration, modification, variation or addition to this Deed.
- 3.1.3 This guarantee shall be a principal obligation and shall be treated as in addition to and not in substitution for or collateral to any other security or right which the Supervisor may have under or by virtue of this Deed and in particular shall be independent of any other security to the intent that the respective guarantees may be enforced against the Society and the Guaranteeing Subsidiaries or any of them without first having recourse to any such securities or rights and without taking steps or proceedings against the Society or any other Guarantor (including the Society and any Guaranteeing Subsidiary) and notwithstanding that any other security may be in whole or in part unenforceable by reason of any rule of law or equity and notwithstanding the loss by the Supervisor of any other security and notwithstanding any laches acts or omissions on the part of the Supervisor.
- 3.1.4 Except as otherwise provided in this Deed, this guarantee is to be a continuing guarantee and shall be irrevocable and shall remain in

full force and effect until the whole of the Money Owing has been paid or satisfied.

- 3.1.5 The Supervisor may determine from time to time whether it shall enforce or refrain from enforcing any guarantee and may from time to time make any arrangement or compromise with any one or more of them the Guaranteeing Subsidiaries or the Society in relation to this Deed or the Securities which the Supervisor may think expedient in the interests of the Securityholders.
- 3.1.6 All money from time to time received by the Supervisor in reduction of the Society's indebtedness from or on account of the Society including any dividends upon the liquidation of the Society or any Guaranteeing Subsidiary or other Guarantor or from any other person or from the realisation of any security and capable of being applied by the Supervisor in reduction of the Money Owing shall be regarded as payment in gross without any right on the part of any one or more of the Society or the Guaranteeing Subsidiaries to stand in the place of the Supervisor in respect of or to claim the benefit of any money so received as against the Society or any Guaranteeing Subsidiary until the whole of the Money Owing has been paid or satisfied so that in the event of the Society or any Guaranteeing Subsidiary or other Guarantor going into liquidation the Supervisor shall be entitled to prove against it for the total indebtedness of the Society in relation to the Money Owing.
- 3.1.7 In the event of the liquidation of any Guaranteeing Group Member or other Guarantor no Guaranteeing Group Member will, without the consent of the Supervisor, prove in such liquidation in competition with the Supervisor and each Guaranteeing Group Member hereby authorises the Supervisor to prove for all moneys which the Guaranteeing Group Member has paid hereunder or is otherwise owing to it and have not been repaid to it by the Guaranteeing Group Member or Guarantor and to retain and to carry to a suspense account and appropriate at the discretion of the Supervisor any amount received until the Supervisor shall have received one hundred (100) cents in the dollar in respect of the indebtedness of the Society in relation to the Money Owing. Each Guaranteeing Group Member hereby waives in favour of the Supervisor all rights whatever against the Supervisor and the Society and any other Guarantor (including any Guaranteeing Group Member) or person or their or its estate and assets so far as necessary to give effect to anything in this guarantee contained.

- 3.1.8 This guarantee shall not prejudicially affect or be prejudicially affected by any other right or guarantee now or hereafter held by the Supervisor for the Money Owing but such other rights or guarantee shall be deemed to be collateral herewith and the Society and the Guaranteeing Subsidiaries will not as against the Supervisor in any way claim the benefit or seek the transfer of any such right or any part thereof or any rights of recourse.
- 3.1.9 If any payment made to the Supervisor or to any Securityholder by or on behalf of the Society or any Guaranteeing Subsidiary be avoided by law such payment shall be deemed not to have discharged or affected the liability of the Society or any Guaranteeing Subsidiary therefor or any charge by the Society or that Guaranteeing Subsidiary in favour of the Supervisor in respect thereof and in that event the Supervisor the Society and the Guaranteeing Subsidiary shall 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.
- 3.1.10 A Guaranteeing Group Member shall in respect of any sums paid by it hereunder and in respect of any other rights which may accrue howsoever to it in respect of any sum so paid be entitled to enforce the same only after all the Money Owing shall have been duly paid and satisfied.
- 3.1.11 Although as between the Society and the other Guaranteeing Group Members the joint and several liability of those other members to the Supervisor may be that of sureties only nevertheless as between these other members and the Supervisor the liability of each member shall be deemed to be the liability of a principal debtor.
- 3.1.12 As a separate and independent stipulation each Guaranteeing Group Member agrees that any money payable under the Trust Deed which may not be recoverable from the Society by reason of any legal limitation, disability or incapacity on or of the Society or any other fact or circumstance including unenforceability, shall nevertheless be recoverable from the Guaranteeing Group Member as though the same had been incurred by the Guaranteeing Group Member and the Guaranteeing Group Member was the sole or principal debtor in respect thereof.

3.2 **Release of Guaranteeing Subsidiary**

Upon receipt of a certificate of two Directors of the Society that there are sound commercial reasons why a Guaranteeing Subsidiary should cease to be a Guaranteeing Subsidiary and that releasing such Guaranteeing Subsidiary from its guarantee and covenants hereunder will not in their opinion have a materially adverse effect on the Securityholders generally in the reasonably foreseeable future and such reasons and opinions are acceptable to the Supervisor, the Supervisor shall (by the execution of appropriate release documentation to that effect) forthwith release such Guaranteeing Subsidiary from its guarantee and covenants as a Guaranteeing Subsidiary or Guaranteeing Group Member.

SECTION 4.**4 FINANCIAL AND OTHER COVENANTS****4.1 Financial Covenants**

4.1.1 The Society covenants with the Supervisor that it will not at any time without the Supervisor's prior consent:

Asset quality requirements

4.1.1.1 permit the aggregate of total Secured Indebtedness, total Unsecured Indebtedness, total Listed Securities and total Unlisted Securities, to exceed 15% of Total Tangible Assets;

4.1.1.2 permit the aggregate of total Unsecured Indebtedness, total Listed Securities and total Unlisted Securities to exceed 5% of Total Tangible Assets.

Liquidity requirements

4.1.1.3 permit Total Liquid Assets to be less than 15% of Total Tangible Assets, less Shareholders Funds, if Shareholders Funds are 7% or greater, but less than 8%, of Total Tangible Assets;

4.1.1.4 permit Total Liquid Assets to be less than 12.5% of Total Tangible Assets, less Shareholders Funds, if Shareholders Funds are 8% or greater, but less than 9%, of Total Tangible Assets;

4.1.1.5 permit Total Liquid Assets to be less than 10% of Total Tangible Assets, less Shareholders Funds, if Shareholders Funds are 9% or greater, but less than 12%, of Total Tangible Assets;

4.1.1.6 permit Total Liquid Assets to be less than 7.5% of Total Tangible Assets, less Shareholders Funds, if Shareholders Funds are 12% or greater of Total Tangible Assets;

4.1.1.7 permit the total amount of interest payable in cash by the Guaranteeing Group (including withholding tax payable thereon) over any half year to exceed income actually received in cash, by the Guaranteeing Group, over the same period.

4.1.1.8 fail to ensure that the assets of the Guaranteeing Group that are or may be available are sufficient or likely to be sufficient to enable its liabilities (which for the avoidance of doubt, include the Share Moneys) to be discharged when they become due.

Minimum Shareholders Funds Limit

4.1.1.9 permit Shareholders Funds to be less than 7% of Total Tangible Assets;

Secured Liabilities Restriction

4.1.1.10 permit the aggregate of Prior Amounts to exceed 2.5% of Total Tangible Assets;

Lending restrictions

4.1.1.11 permit the aggregate amount of money owing to the Society from time to time by any Single Group (excluding Trust House Ltd and Masterton Trust Lands Trust or their successors) to exceed 7.5% of Total Tangible Assets;

4.1.1.12 permit the aggregate amount of moneys owing to the Society from time to time by the 10 Single Groups (excluding the amounts owing to the Society by Trust House Ltd and Masterton Trust Lands Trust, or their successors) which owe the highest principal amounts to the Society to exceed 30% of Total Tangible Assets;

4.1.1.13 permit the amount of monies owing to the Society by Trust House Ltd or Masterton Trust Lands Trust, or their successors, to exceed 60% of the value of the Freehold Land provided as security for the monies owed or 10% of Total Tangible Assets, whichever is the lower. Value to be determined with reference to the definition of Approved Mortgage Principal.

Capital Ratio

4.1.1.14 permit the consolidated capital ratio of the Society and the Guaranteeing Subsidiaries to be less than:

(a) 8%; or

(b) if at any time the Deposit Takers Regulations require a higher minimum capital ratio, that higher minimum capital ratio.

For this purpose "capital ratio" has the same meaning as set out in, and is to be calculated in accordance with, the Deposit Takers Regulations.

Liquidity mismatch requirements

4.1.1.15 permit the Liquid Assets to be less than 115% of any deficit arising from:

- (a) the aggregate amount receivable by the Guaranteeing Group in cash by way of principal and interest on all monies due to the Society (excluding, for the avoidance of doubt, any such monies from Liquid Assets) during the next three months (based on contractual maturities); less
- (b) the aggregate of the total amount payable by the Guaranteeing Group in cash to the Securityholders by way of:
 - i. 20% of the Principal of the Securities payable during the next three months (based on contractual maturities); and
 - ii. 20% of Committed Undrawn Lending Facilities.

4.2 Other Covenants

The Society and each of the Guaranteeing Subsidiaries covenants with the Supervisor that it will not without the prior consent of the Supervisor:

Disposal of Undertaking

4.2.1 sell or transfer whether by a single transaction or any series of transactions whether related or not the whole or any substantial part of the business, undertaking or assets of the Guaranteeing Group, viewing such business, undertaking or assets as a single entity, except to the Society or any Guaranteeing Subsidiaries.

Dealing with Assets

4.2.2 dispose of any part of its undertaking or assets to any Related Party otherwise than for full consideration in the ordinary course of business and any consideration not passing on settlement to be secured to the satisfaction of the Supervisor.

Dealings with Related Parties

4.2.3 lend to any Related Party except in the ordinary course of business, on normal commercial terms and such that the loan qualifies as

Guaranteed Investment Principal or Approved Mortgage Principal, and provided that the aggregate exposures of the Society and the Guaranteeing Subsidiaries to Related Parties do not exceed:

- (a) 15% of capital; or
- (b) if at any time the Deposit Takers Regulations require a lower maximum limit on exposures to Related Parties, that lower maximum limit,

in all cases calculated in accordance with the Deposit Takers Regulations.

Unlimited Guarantees

- 4.2.4 enter into or permit the subsistence of any guarantee, indemnity or security (not prohibited elsewhere in this deed) for the obligations of any External Person for any unlimited amount of liability.

Provision of Services or Assets

- 4.2.5 enter into any substantial contract or arrangement (other than in the ordinary course of business) with any Related Party for the provision of any services or assets by or to such Related Party unless a Director's Certificate is given to certify that the consideration therefor is fair and reasonable assessed on an arms-length basis, and for the purposes of this paragraph the Supervisor and the Society may from time to time agree when any contract or arrangement shall be deemed to be substantial having regard to the consideration therefor.

Alteration of Business

- 4.2.6 make any alteration to the nature of its business which shall be, or result in, a substantial alteration to the business of the Guaranteeing Group taking account of the nature of business generally accepted as the business of a building society.

Write up value of assets

- 4.2.7 write up the value of any tangible assets in its books of account to a value in excess of its Value at the time of writing up.

Non-Guaranteeing Subsidiaries

- 4.2.8 make any loan to, subscribe for share capital in, guarantee, or give an indemnity for, or otherwise be responsible for the obligations of, any Non-Guaranteeing Subsidiary without the prior written consent of the Supervisor.

4.3 **Guaranteeing Subsidiaries**

4.3.1 *Notice of Change in Subsidiaries*

The Society hereby covenants with the Supervisor that it will from time to time during the currency of this Deed forthwith give notice in writing to the Supervisor of:

4.3.1.1 The acquisition or formation by the Society or any Guaranteeing Subsidiary of any Subsidiary including the name thereof and whether or not it is a Wholly Owned Subsidiary and, if requested by the Supervisor, furnish to the Supervisor a copy of the most recent statement of financial position and statement of financial performance of any Subsidiary so acquired;

4.3.1.2 Any change in the shareholding of a Subsidiary which does or may affect or result in a change of control or direction thereof by the Society or by a Guaranteeing Subsidiary.

4.3.2 *New Guaranteeing Subsidiaries*

The Society shall, upon or at any time after the formation or acquisition of any Wholly Owned Subsidiary procure that such Subsidiary becomes a Guaranteeing Subsidiary by executing, registering and delivering to the Supervisor a deed in the form or substantially in the form prescribed in the Second Schedule hereto guaranteeing the Money Owing and thereby agreeing to become bound as a Guaranteeing Subsidiary PROVIDED THAT upon receipt of a certificate of two Directors on behalf of the Directors of the Society that there are sound commercial reasons why a Subsidiary should not be obliged to become a Guaranteeing Subsidiary specifying the reasons therefor and such reasons are acceptable to the Supervisor, the Supervisor shall permit such Subsidiary to remain a Non-Guaranteeing Subsidiary upon such terms and conditions as the Supervisor considers appropriate and on the basis that the Supervisor may subsequently for good reasons withdraw such dispensation and require the Subsidiary to become a Guaranteeing Subsidiary.

4.3.3 *Compliance by Guaranteeing Subsidiaries*

The Society shall use its voting powers in and representation on the board of directors of each Guaranteeing Subsidiary in such manner as to ensure full compliance and observance by each Guaranteeing Subsidiary at all times with the covenants, conditions, agreements and other provisions of this Deed and in such manner also as to prevent any omission on the part of any Guaranteeing Subsidiary to

comply with and perform the same or to prevent any act which would or might detrimentally affect the interests of the Securityholders.

4.4 Further Covenants by the Guaranteeing Group

Each Guaranteeing Group Member hereby covenants with the Supervisor that it will, at all times during the continuance of this Deed:

4.4.1 *Attend General Meeting of the Society*

Permit the Supervisor through its agent or attorney or representative to attend any general meeting of the Society and to be heard at any such meeting which it so attends on any part of the business of the meeting which concerns the Supervisor or the Securityholders.

4.4.2 *Information*

Whenever requested give to the Supervisor or any agent, attorney or representative of the Supervisor such oral or written information as they shall reasonably require with respect to all matters relating to its business or any of its property (whether acquired before or after the date of this Deed) or otherwise relating to its affairs and those of its Subsidiaries, except that neither the Society nor any Guaranteeing Subsidiary shall be bound to disclose any trade secret or process or trade information which it is forbidden by contract to disclose.

4.4.3 *Not Pay Dividends*

Not without the consent in writing of the Supervisor make any return or pay any dividend or other distribution to holders of Shares (including by way of interest) or other shares in the Society while any interest payable in respect of the Deposits has become due and payable and remains unpaid (except in respect of amounts unclaimed).

4.4.4 *Register Offer Documents Promptly*

Register each Product Disclosure Statement and each other offer document with the Registrar of Financial Service Providers.

4.4.5 *Notify upon Breach*

If, at any time, the Society has reasonable grounds to believe that it has breached, or may have breached or is likely to breach, any of its Issuer Obligations in a material respect, it will as soon as practicable, notify the Supervisor in writing of the breach or possible breach and the steps (if any) that it has taken or intends to take in

light of the breach or possible breach, and the date by which the steps were taken or are to be taken.

4.4.6 *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:

4.4.6.1 disclose to the Supervisor all information relevant to that matter that is in the possession or under the control of the Society and that was obtained in the course of, or in connection with, the performance of its function as issuer; and

4.4.6.2 advise the Supervisor of the steps (if any) that the Society intends to take in respect of that matter and the date by which the steps are to be taken.

4.4.7 *NBDT Notifications*

4.4.7.1 At the same time as any director of the Society notifies the Reserve Bank of New Zealand ("Reserve Bank") of suitability concerns in terms of, and pursuant to Section 42 of the Non-bank Deposit Takers Act 2013 ("NBDT Act"), notify the Supervisor of the same by way of a copy of the notification given to the Reserve Bank, as well as notifying the Supervisor of the Reserve Bank's response and any action taken in relation to such notification;

4.4.7.2 At the same time as the Society makes any notification to the Reserve Bank under the NBDT Act or receives any notice or request for information from the Reserve Bank, notify the Supervisor of the same including a copy of the relevant notification or request.

4.5 **Amendments to Rules**

The Society covenants with the Supervisor that it will not, without the prior written consent of the Supervisor (after, if the Supervisor so requires, approval by Extraordinary Resolution) amend the Rules.

SECTION 5

5 REPORTS FOR SUPERVISOR

5.1 Furnish Reports

The Society covenants with the Supervisor that it will from time to time during the currency of this Deed:

5.1.1 *Annual Accounts*

Furnish (or cause to be furnished directly by the Auditors) to the Supervisor within ninety days (90) (or such further time as the Supervisor agrees in writing) after the close of each financial year of the Guaranteeing Group:

5.1.1.1 a copy of the consolidated statement of financial position and statement of financial performance of the Guaranteeing Group; and

5.1.1.2 if requested by the Supervisor a copy of the statement of financial position and statement of financial performance of each or any Guaranteeing Group Member;

each duly audited and made up in the case of each of the aforesaid statements of financial position as at the close of that financial year and in the case of the aforesaid statement of financial performance covering that financial year of the Guaranteeing Group, together with all documents and reports required by the Building Societies Act to be annexed to or to accompany such statement of financial position and statement of financial performance and duly signed by the persons required to sign the same by the Buildings Societies Act but with such adaptations as may be necessary to comply with the provisions of this Deed.

5.1.2 *Half—Yearly Accounts*

Furnish to the Supervisor within sixty (60) days (or such further time as the Supervisor agrees in writing) after the close of each financial half-year of the Guaranteeing Group:

5.1.2.1 a copy of the consolidated statement of financial position and statement of financial performance of the Guaranteeing Group; and

5.1.2.2 if requested by the Supervisor the statement of financial position and statement of financial performance of each or any Guaranteeing Group Member;

each unaudited and made up in the case of each of the aforesaid statement of financial position as at the close of that financial half-year and in the case of the aforesaid statement of financial performance covering that financial half-year together with all documents and reports required by the Building Societies Act to be annexed to or to accompany such statement of financial position and statement of financial performance and duly signed by the persons required to sign the same by the Building Societies Act but with such adaptations as may be necessary to comply with the provisions of this Deed.

5.1.3 *Special Accounts*

At the request of the Supervisor (which request shall only be made when the Supervisor considers that special circumstances warrant such request and so certifies in writing to the Society) with all due expedition furnish (or cause to be furnished directly by the Auditors) to the Supervisor:

5.1.3.1 a copy of the statement of financial position and statement of financial performance of each or any Guaranteeing Group Member;

5.1.3.2 a copy of the consolidated statement of financial position and statement of financial performance of the Guaranteeing Group;

each duly audited and made up in the case of the aforesaid statement of financial position as at such date as may be required by the Supervisor but being a date not less than twenty-one (21) nor more than forty-two (42) days subsequent to the date of the request and in the case of the aforesaid statement of financial performance covering the period from the end of the immediately preceding financial year up to the date as at which the aforesaid audited consolidated statement of financial position is made up together with all documents and reports required by the Building Societies Act to be annexed to or to accompany such statement of financial position and statement of financial performance and duly signed by the persons required to sign the same by the Building Societies Act but with such adaptations as may be necessary to comply with the provisions of this Deed; and

5.1.3.3 a report by the Auditors setting out the information referred to in clause 5.1.6 with such adaptations as may be necessary or such of that information as may be required by the Supervisor.

5.1.4 *Furnish Accounts, Reports etc. of Society*

5.1.4.1 As at the quarters ending 30 June and 31 December in each year, furnish to the Supervisor (at the same time as the quarterly Directors Certificate), an unaudited consolidated statements of financial position and statement of financial performance for the Guaranteeing Group prepared as at the end of the relevant quarter.

5.1.4.2 Furnish or cause to be furnished to the Supervisor copies of all statements of financial position and statements of financial performance (including consolidated financial statements), reports, notices and circulars issued by the Society to the Securityholders at the time of such issue.

5.1.5 *Balance Date and Financial Year of Society and Guaranteeing Subsidiaries*

Ensure that each Guaranteeing Subsidiary will, unless the Supervisor otherwise approves in any particular case and subject to the provisions of the Building Societies Act, have and continue to have the same balance date and financial year as the Society for the purposes of their respective audited annual financial accounts.

5.1.6 *Annual Auditors' Report*

Furnish to the Supervisor, at the same time as it furnishes to the Supervisor the aforesaid copies of statement of financial position and statement of financial performance pursuant to clause 5.1.1, a separate report prepared in a form agreed from time to time between the Auditor, Issuer and Supervisor or in accordance with any report or agreement in relation to this Deed.

5.1.7 *Quarterly Directors' Certificate*

Within forty-five (45) days (or such further time as the Supervisor may agree) after the end of each financial quarter of the Society during the currency of this Deed the Society will furnish to the Supervisor a report signed by two Directors in a form agreed from time to time with the Supervisor or in accordance with any reasonable requirement of the Supervisor in relation to this Deed.

5.1.8 *Additional Reporting*

5.1.8.1 The Society will furnish to the Supervisor such additional reports as the Supervisor may request in writing from time to time, including, but not limited to, any reports requested by the Supervisor for the purpose of confirming compliance with the Deposit Takers Regulations. Any such report shall be provided at such time or within such period as the Supervisor may request (including any standing request) and contain such information and be in such form as the Supervisor reasonably requires.

5.1.8.2 Without limiting clause 5.1.8.1 above, or sections 114 to 118 of the FMC Act, the Society must as soon as reasonably practicable supply the Supervisor with such information and reports in relation to the Guaranteeing Group as reasonably required by the Supervisor to comply with the Supervisor's obligations under the Relevant Requirements including, without limitation, the annual and half yearly accounts, any auditor's report and any quarterly Director's certificate.

SECTION 6

6 EVENTS OF DEFAULT

6.1 Events of Default

Subject to clauses 6.2, 6.3 and 7.3 hereof the Money Owing shall become immediately due and payable if the Supervisor so determines by written notice to the Society at any time after the happening of any one or more of the following events (*Events of Default*):

6.1.1 If the Society is in default in the payment when due of any Principal of the Securities; or

6.1.2 If the Society is in default and continues in default for a period of fourteen (14) days or more in the observance by the Society of any other of the terms of a Security; or

6.1.3 If default shall be made for a period of fourteen (14) days after demand in writing in the payment of any other money payable by a Guaranteeing Group Member pursuant to this Deed;

6.1.4 If:

6.1.4.1 An order is made for the liquidation or dissolution or cancellation of registration under the Building Societies Act or the Companies Act of the Society or any Guaranteeing Subsidiary; or

6.1.4.2 An effective resolution is passed for the liquidation of the Society or of any Guaranteeing Subsidiary;

PROVIDED HOWEVER that the Money Owing shall not become immediately due and payable:

6.1.4.3 Where the liquidation of the Society is for the purpose of reconstruction or amalgamation and the proposed scheme of reconstruction or amalgamation with or without modification is approved by Extraordinary Resolutions of Securityholders;

6.1.4.4 Where the liquidation of a Guaranteeing Subsidiary is for the purposes of reconstruction or amalgamation with the Society or another Guaranteeing Subsidiary or other Guaranteeing Subsidiaries; or

- 6.1.4.5 Where a shareholders' resolution is passed for a voluntary liquidation of a Guaranteeing Subsidiary and in the course of such liquidation the whole of the Guaranteeing Subsidiary's assets available for distribution (after satisfying all liabilities and making provision for the interests of any other shareholders) are distributed and transferred to the Society or another Guaranteeing Subsidiary or other Guaranteeing Subsidiaries;
- 6.1.5 If a receiver is appointed of or an encumbrancer takes possession of or exercises its powers of sale in respect of the assets of the Guaranteeing Group or any part thereof;
- 6.1.6 If a distress or execution or other legal process following final judgment by a Court of competent jurisdiction shall be levied or enforced upon or sued out against any part of the assets of the Guaranteeing Group for a sum exceeding \$250,000 and is not stayed or satisfied within 14 days;
- 6.1.7 Subject to the provisos to clause 6.1.4, if the Society or any Guaranteeing Subsidiary stops or suspends payment to its creditors or in the opinion of the Supervisor and without its consent in writing ceases or threatens to cease to carry on its business PROVIDED HOWEVER that the Money Owing shall not be immediately owing and repayable by reason only of a Guaranteeing Subsidiary having ceased to carry on its business:
- 6.1.7.1 If such business is continued by the Society or another Guaranteeing Subsidiary;
- 6.1.7.2 If such business is not a material part of the business of the Guaranteeing Group taken as a whole;
- 6.1.7.3 If the Guaranteeing Subsidiary has prior to ceasing to carry on its business sold disposed of or transferred all or substantially all of its assets to another Guaranteeing Subsidiary or to the Society;
- 6.1.8 If the Society or any Guaranteeing Subsidiary is unable to pay its debts within the meaning of Section 287 of the Companies Act;
- 6.1.9 If the Society, without the consent of the Securityholders by an Extraordinary Resolution, sells its whole undertaking or any substantial part thereof or if any Guaranteeing Subsidiary, without

either such consent or the written consent of the Supervisor given, sells the whole or more than half of its undertaking to any person other than the Society or another Guaranteeing Subsidiary;

- 6.1.10 If the Society or any Guaranteeing Subsidiary without the prior consent in writing of the Supervisor pays any dividend (including by way of interest on the Shares) (other than in the case of a payment to another Guaranteeing Group member) while any Principal or interest which has become due and payable in respect of the Securities remains unpaid;
- 6.1.11 If the Society or any Guaranteeing Subsidiary without the prior consent in writing of the Supervisor enters into any arrangement or composition with creditors generally;
- 6.1.12 If at any time the covenants contained in clause 4.1 hereof have been breached or the Supervisor receives a report from the Auditors or the Directors to that effect;
- 6.1.13 If the Society or any Guaranteeing Subsidiary requests a chargeholder to appoint a receiver of the whole of its undertaking and assets;
- 6.1.14 If an inspector or inspectors are appointed to investigate the affairs of the Society or any Guaranteeing Subsidiary under the Corporations (Investigation and Management) Act 1989;
- 6.1.15 If any default is made by the Society or any Guaranteeing Subsidiary under any other trust deed or under any Charge and as a result thereof the trustee or chargeholder thereunder (as the case may be) takes any steps to enforce the terms of the trust deed or such Charge (as the case may be);
- 6.1.16 If default is made by the Society or any Guaranteeing Subsidiary in the performance or observance of any covenant condition or other provision binding upon the Society or any Guaranteeing Subsidiary under this Deed other than a default specifically referred to in any other subclause of this clause (whether or not the Supervisor shall have waived any prior default) and such default shall continue for more than 14 days after receipt by the Society or the Guaranteeing Subsidiary as the case may be of a notice from the Supervisor specifying the default and requiring the same to be remedied.

PROVIDED ALWAYS THAT the following shall not constitute Events of Default:

- 6.1.17 default of the type specified in any of clauses 6.1.1 to 6.1.3 (inclusive) if such default arises through accident or administrative error, unless the Supervisor has given notice to the Society specifying the default and it remains unremedied for twenty-four (24) hours after the receipt by the Society of such notice;
- 6.1.18 The failure by the Society to deliver to the Supervisor a resolution of the Directors pursuant to clause 5.1.7 or in such other form as the Supervisor may approve within the time prescribed in such clause unless in the opinion of the Supervisor the interests of Securityholders would be materially prejudiced or unless the Supervisor shall be requested in writing to treat such failure as an Event of Default by a Majority of Securityholders or upon being directed so to do by an Extraordinary Resolution;
- 6.1.19 The occurrence of any event which in the opinion of the Supervisor is immaterial to the interests of Securityholders generally.

6.2 **Supervisor's Powers of Enforcement**

At any time after the occurrence of an Event of Default, the Supervisor shall forthwith upon the request in writing of any holder or holders of Securities constituting in aggregate an entitlement to at least one-fifth in value of the Money Owing or upon being directed so to do by the Securityholders passing an Extraordinary Resolution, or may in its absolute discretion without any such request or direction, exercise all such rights as are conferred by the Securities or otherwise by law to call up and demand payment of the Money Owing to the Supervisor as a debt due to the Supervisor by the Guaranteeing Group AND the Supervisor may institute and pursue all such proceedings suits or other legal actions, execute any judgments obtained, exercise all such rights of set-off or other rights or remedies available at law, compromise and effect compositions, and for all or any of the purposes aforesaid may execute and do all such assurances and things as the Supervisor may think fit on behalf of the Securityholders to enforce payment of the Money Owing.

6.3 **Notice of Exercise of Supervisor's Powers**

The powers conferred by the preceding clause shall be exercisable by the Supervisor without notice either to the Society or any Guaranteeing Subsidiary but before calling up the Money Owing the Supervisor shall except when it shall certify in writing that in its opinion delay would imperil the interests of the Securityholders or except upon the happening of any

one or more of the Events of Default referred to in clauses 6.1.1, 6.1.4, 6.1.5 to 6.1.12 (inclusive), 6.1.14, 6.1.16 or 6.1.17, give written notice of its intention to the Society (which may be in general terms and which shall be deemed to be notice also to the Guaranteeing Subsidiaries) and shall not call up the Money Owing until the expiration of fourteen (14) days after the giving of such notice or call up the Money Owing if within the last—mentioned period the breach or event so specified is remedied to the satisfaction of the Supervisor or the Supervisor notifies the Society or the relevant one or more of the Guaranteeing Subsidiaries in writing that the particular breach or event relied upon no longer in the opinion of the Supervisor detrimentally affects the security created by or pursuant to this Deed.

SECTION 7

7 PROVISIONS RELATING TO TRUSTEE

7.1 Functions of Supervisor

- 7.1.1 The Supervisor is responsible for the functions of a supervisor as set out in section 111 of the FMC Act.
- 7.1.2 In performing the functions referred to in clause 7.1.1 and its other functions under this Deed, the Supervisor must comply with section 112 of the FMC Act.
- 7.1.3 Clauses 7.1.1 and 7.1.2 do not limit any other functions that the Supervisor has under this Deed.
- 7.1.4 The Supervisor must not delegate any of the functions referred to in clause 7.1.1 except as expressly permitted by the FMC Act or as permitted by, and subject to any conditions imposed under, the Financial Markets Supervisors Act 2011.

7.2 Rights held in trust for Securityholders

- 7.2.1 The Supervisor holds the following in trust for Securityholders on the terms set out in this Deed:
- 7.2.1.1 any rights given it by this Deed to enforce the Society's obligations to repay, or to pay interest on, any Security under the terms of that Security;
 - 7.2.1.2 any charge or security interest for those obligations to which the Supervisor may be entitled pursuant to this Deed from time to time;
 - 7.2.1.3 any rights given it by this Deed to enforce any other duties that the Society, the Guaranteeing Subsidiaries or any other person may have under –
 - (a) the terms of any Security; or
 - (b) the provisions of this Deed or the FMC Act in relation to any Security.
- 7.2.2 Clause 7.2.1 does not prevent Securityholders from enforcing the Society's obligations to repay, or to pay interest, or any other duties that the Society or the Guaranteeing Subsidiaries may owe to

Securityholders, to the extent that Securityholders may be entitled to do so independently of that clause.

7.3 Powers of Investment

7.3.1 Any money subject to the trusts of this Deed which ought to be invested by the Supervisor may at the discretion of the Supervisor be invested in the name of the Supervisor or of its nominees in any of the investments for the time being authorised by law for the investment of trust funds and the Supervisor may at any time at its discretion vary such investments for others of a like nature and from time to time deal with or dispose of all such investments for others of a like nature and from time to time deal with or dispose of any part thereof;

7.3.2 The income arising from the investments made by the Supervisor as aforesaid shall before the time the Supervisor gives notice calling for repayment of the Securities belong to the Society or the Guaranteeing Subsidiaries as the case may be.

7.4 Applications to Court

The Supervisor may at any time apply to the court for an order that the powers and trusts hereof be exercised and carried into execution under the direction of the court in relation to the execution and administration of the powers and trusts hereof as the Supervisor shall deem expedient and it may assent to or approve of or oppose any application to the court made by or at the instance of any of the Securityholders and shall be indemnified by the Society against all the costs charges and expenses incurred by and in relation to any such application or proceedings.

7.5 Waiver by Supervisor

Subject to any direction or request given by the Securityholders by Extraordinary Resolution or given pursuant to clause 6.2, the Supervisor may at any time and from time to time by notice in writing to the Society or any Guaranteeing Subsidiary as the case may be waive either in part or in total for a specified period or completely on such terms and conditions (if any) as it deems expedient any breach or anticipated breach by the Society or any Guaranteeing Subsidiary as the case may be of any of the covenants obligations conditions or agreements under this Deed provided the Supervisor is satisfied that the interests of the Securityholders will not be materially prejudiced thereby but such waiver shall in no way prejudice the rights of the Supervisor and the Securityholders in respect of any other breach.

7.6 Supplemental Powers of Supervisor

By way of relief to the Supervisor additional to the provisions of the law relating to trustees and to facilitate the discharge of its duties hereunder but subject always to the provisions of Section 136 of the FMC Act it is expressly declared that:

7.6.1 *Acting on Advice etc*

The Supervisor in relation to this Deed may without liability for loss obtain accept and act on, or decline and elect not to act on:

7.6.1.1 the opinion or advice of or any information obtained from any barrister, solicitor, valuer, stockbroker, surveyor, auctioneer, chartered accountant or other expert whether obtained by the Society or any Guaranteeing Subsidiary or by the Supervisor or otherwise and whether purporting to be conveyed by writing telegram teleprinter message radiogram cablegram facsimile or other similar mode of communication even though the same may subsequently be found to contain some error or not be authentic;

7.6.1.2 a certificate signed by any two Directors on behalf of all of the directors of any member of the Guaranteeing Group as to any fact or matter prima facie within the knowledge of the Society or the Guaranteeing Subsidiaries upon which the Supervisor may in the exercise of any of the trusts powers authorities and discretions and provisions hereof require to be satisfied or that any particular dealing transaction step or thing is expedient or commercially desirable and not detrimental to the interests of the Securityholders or any existing Class of Securityholders as sufficient evidence of such fact or matter or the expediency of such dealing transaction step or thing;

7.6.1.3 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 in that certificate or report;

7.6.2 *Acting on Resolutions of Securityholders*

The Supervisor shall not be responsible for acting or relying upon any resolution purporting to have been passed at any meeting of the Securityholders in respect whereof a proper record has been made and which the Supervisor believes to have been properly and regularly passed even though it afterwards appears that such

resolution is not binding or valid by reason of a defect in the convening of the meeting or the proceedings conducted at the meeting or for any other reason;

7.6.3 *Subscription Money*

The Supervisor shall not be responsible for the money subscribed by the applicants for or subscribers of the Securities or be bound to see to the application thereof;

7.6.4 *Notice*

The Supervisor shall not be bound to give notice to any person of the execution of this Deed;

7.6.5 *Duty of Care*

The Supervisor will not be liable to the Society or the Securityholders unless the Supervisor has otherwise failed to show the degree of care and diligence required of it having regard to the processes, authorities and discretions referred or imposed upon it by this Deed or at law;

7.6.6 *Discretion as to Powers*

Save as herein otherwise expressly provided the Supervisor shall as regards all trusts powers authorities and discretions vested in it by this Deed have absolute and uncontrolled discretion as to the exercise or non-exercise thereof and as to the commencement, prosecution, variation, discontinuance or compromise of any action proceeding or claim and provided it shall have acted with reasonable care and diligence it shall be in no way responsible for any loss costs damages expenses or inconvenience that may result from the exercise or non-exercise thereof;

7.6.7 *Consents*

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 reasonably thinks fit.

7.6.8 *Delegation by Supervisor*

The Supervisor whenever it thinks expedient in the interests of the Securityholders may:

7.6.8.1 Delegate at any time or times and to any person or persons any of the trusts powers or discretions vested in the Supervisor by this Deed which cannot conveniently be exercised by it or through its employees upon such terms

and conditions and under such regulations (including the giving of power to sub-delegate) as the Supervisor may in the interests of the Securityholders think fit (and subject to the provisions of Section 136 of the FMC Act) the Supervisor shall not be responsible for any loss incurred by any misconduct or default on the part of any such delegate or sub- delegate;

7.6.8.2 Instead of acting through its permanent employees in the carrying out of any of the trusts powers or discretions hereby vested in it or in the conduct of the business of the Society or the Guaranteeing Subsidiaries and at the expense of the Society or the Guaranteeing Subsidiaries employ and pay an agent to transact all business and do all acts required to be done under this Deed including the receipt and payment of money;

7.6.8.3 Delegate from time to time and at any time to any one of its officers any of the trusts powers authorities and discretions vested in the Supervisor by this Deed which owing to the place in which they are to be or may require to be exercised cannot conveniently be exercised by the Supervisor; and

7.6.8.4 Additionally to the exercise of the powers contained in clause 7.2 hereof, apply to the Court for directions in relation to any matter for an order that the powers and trusts contained in this Deed be exercised under the direction of the Court or consent to, approve or oppose any application to consent by the Society or by or at the instance of a Securityholder.

7.7 **Supervisor's right to be indemnified**

The Supervisor may decline to take any action or exercise any power or discretion or comply with or implement any direction or request given in accordance with this Deed whether or not it is otherwise bound to so act unless and until the Supervisor and each of its officers, employees or agents are first indemnified to its satisfaction against all actions, proceedings, claims and demands to which any of them may be rendered liable and all costs, charges, losses, damages and expenses which it or they may incur by so doing.

7.8 **Power to Invest**

Any moneys held by the Supervisor and subject to the trusts constituted or to be constituted under this Deed may, at the discretion of the Supervisor,

be invested in the name of the Supervisor or its nominee in any investments it considers fit with power to vary or transpose such investments for others of a like nature and deal with or dispose of such investments, and all income from such investments will belong to the person in respect of whom such moneys are held by the Supervisor.

7.9 Attend general meetings

Any representative of the Supervisor, being a person authorised to act for the purposes of this clause by any director, general manager or secretary of the Supervisor, is entitled to attend any meeting of shareholders of the Society or meeting of Securityholders, and to be heard at any such meeting which he or she attends on any part of the business of the meeting which concerns the Supervisor as such or the Securityholders.

7.10 Materiality

The Supervisor may determine whether or not a failure by the Society to perform any obligation under the provisions of this Deed is in its opinion capable of remedy or is materially prejudicial to the interests of the Securityholders and any such determination shall be conclusive and binding upon the Securityholders.

7.11 Indemnity of Supervisor

Without prejudice to the right of indemnity by law given to trustees the Supervisor and every receiver attorney manager agent or other person appointed by the Supervisor hereunder or under any deed supplemental or collateral hereto shall be entitled to be indemnified out of the assets of the Guaranteeing Group in respect of all liabilities and expenses incurred by it or him in the execution or purported execution of the trusts hereof or of any powers authorities or discretions vested in it or him pursuant to this Deed and against all actions proceedings costs claims and demands in respect of any matter or thing done or omitted or in any way relating to this Deed or the Securities other than a claim arising out of a wilful default or wilful breach of trust and the Supervisor may retain and pay out of any money in its hands arising from the trusts of this Deed all sums necessary to effect such indemnity and also the remuneration and disbursements of the Supervisor as herein provided and the Supervisor shall have a lien on the assets of the Guaranteeing Group for all money payable to it under this clause or otherwise howsoever arising out of and in connection with this Deed or the issue of the Securities AND without prejudice to the foregoing if the Supervisor shall receive a request or direction pursuant to the provisions of clause 6.2 hereof the Supervisor shall not be bound to comply therewith unless the Supervisor shall first be indemnified to its satisfaction against all actions proceedings claims and demands to which the Supervisor may be

rendered liable and all costs charges damages and expenses which it may incur by so doing.

7.12 Indemnity of Supervisor and Society by Securityholders

7.12.1 Whenever, in respect of any Securities, in consequence of:

- (a) the death, winding up or liquidation of any Securityholder;
- (b) the non-payment of any income, or other, tax payable by or in respect of any Securityholder;
- (c) the non-payment of any estate, stamp or other duty by the personal representatives or successors of any Securityholder;
- (d) the non-compliance by any Securityholder with the provisions of the Securities Act, or any other law, or the provisions of this Deed (including the terms and conditions applicable to such Securities in respect of the offering, sale and transferring of Securities);
- (e) any other act or thing,

there shall by law be imposed any immediate or possible liability on the Society and/or the Supervisor under or in respect of the FMC Act or any other law or to make any payment to the New Zealand government or any taxation authority, the Society and/or, as the case may be, the Supervisor shall in respect of such liability be indemnified by the relevant Securityholder, the personal representatives or estate, or out of the assets, or by the successors, of such Securityholder.

7.12.2 Any money paid, or losses, damages, costs, fines or claims incurred, by the Society and/or, as the case may be the Supervisor in respect of any liability described in clause 7.12.1 may be recovered by action from the relevant Securityholder or such holder's personal representatives or successors or estate or out of relevant assets as a debt due to the Society and/or, as the case may be, the Supervisor.

7.12.3 Nothing in this clause 7.12 shall prejudice or affect any right which any law may confer or purport to confer on the Society and/or, as the case may be, the Supervisor, and as between the Society and/or, as the case may be, the Supervisor and every Securityholder or the personal representatives, successors, estate

or assets of any Securityholder (wherever constituted or situated) any right which such law confers on the Society and/or, as the case may be, the Supervisor shall be enforceable by the Society and/or, as the case may be, the Supervisor.

7.12A Limit on Indemnities

The indemnities in clauses 7.7, 7.11 and 7.12 apply in respect of the Supervisor's licensee obligations (as defined in section 4 of the Financial Markets Supervisors Act 2011) only to the extent that those licensee obligations are properly performed for the purposes of sections 112(1) and 113 of the FMC Act.

7.12B Supervisor not indemnified

No provision of the Trust Deed shall have the effect of indemnifying the Supervisor against liability where the Supervisor fails to:

- 7.12B.1 act honestly in acting as a supervisor;
- 7.12B.2 in exercising its powers and performing its duties as a supervisor, act in the best interests of the Securityholders;
- 7.12B.3 exercise reasonable diligence in carrying out its functions as a supervisor; or
- 7.12B.4 in exercising its powers and performing its duties as a supervisor, exercise the care, diligence, and skill that a prudent person engaged in the business of acting as a licensed supervisor would exercise in the same circumstances.

7.13 Fiduciary Relationship

Nothing in this Deed shall be deemed to prohibit the Supervisor or its holding company or any of its subsidiaries or any of the subsidiaries of its holding company (all hereinafter in this clause where the context permits being included in the expression '*the Supervisor*') or its directors or officers from being a Securityholder or shareholder in the capital of, or holder of any other security of, the Society or of any Guaranteeing Subsidiary or any Related Company or from acting in any representative capacity for a Securityholder or other such holder and in particular and without prejudice to the generality of the foregoing:

- 7.13.1 It is expressly declared that the Supervisor may so act on its own account or as executor administrator trustee receiver committee guardian attorney or agent or in any other fiduciary vicarious or professional capacity, and the acting in such capacity as aforesaid

shall not be deemed a breach of any of the obligations hereby established or otherwise imposed or implied by law arising out of the fiduciary relationship between the Supervisor on the one hand and the Society or any of its Subsidiaries on the other hand or the Supervisor and the Securityholders;

7.13.2 The Supervisor shall not by reason of its fiduciary capacity be in any way precluded from making any contracts or entering into any transactions with the Society and/or its Subsidiaries and/or Related Companies or with itself as trustee in the ordinary course of the business of the Supervisor or from undertaking any insurance financial or agency service for any of them or for itself as trustee and without prejudice to the generality of these provisions:

7.13.2.1 It is expressly declared that such contracts and transactions may include any contract or transaction relating to assurance or insurance and any contract or transaction in relation to the subscription for or placing of or any other dealing with any stock, shares, or other securities of the Society and/or its Subsidiaries or any Related Company or any other company in which any of them are interested and the acceptance of any office of profit from any of them or any contract of loan or deposit or other contract or transaction which any insurance company not being a trustee of this Deed could or might have entered into with any of them (or with itself as trustee) including the customary share of brokerage and usual insurer's or trustee's profit and the acceptance or holding of office of trustee for the holders of any other securities (whether secured or unsecured) issued by the Society or by any Subsidiary or any Related Company or by any other company; and

7.13.2.2 The Supervisor shall not be accountable either to any of them or the Securityholders for any profits arising from any contracts transactions or offices mentioned in clause 7.13.2.1 above.

7.13.3 The Supervisor shall not be in any way precluded from acting as a custodian under this Deed and shall be entitled to be remunerated for its role as custodian in addition to the remuneration its receives as Supervisor pursuant to clause 7.1914 hereof.

7.14 Represent Securityholders

The Supervisor may at any time or times either of the Supervisor's volition or pursuant to any directions or in accordance with any policy given or indicated by any meeting of Securityholders (or any Class thereof) represent the Securityholders generally in any investigation negotiation action transaction or proceedings touching the interests of the Securityholders (or any Class thereof) generally in the affairs of the Society or any of its Subsidiaries or in the enforcement of the rights of the Securityholders or any of them and in particular in obtaining legal accountancy or other professional advice as to the rights of the Securityholders or the Supervisor, the duties of the Supervisor and the liabilities of the Society or any of its Subsidiaries and in enforcing the rights of the Securityholders or the Supervisor by any demand action or proceeding.

7.15 Discretion to consult Securityholder

Subject to any obligations of confidentiality, following any breach of this Deed by the Society or the occurrence of any circumstances which may result in such a breach which the Supervisor reasonably considers may be materially prejudicial to the interests of the Securityholders, the Supervisor may, in its absolute discretion:

7.15.1 report to the Securityholders, or any of them, the circumstances and nature of such breach and any other information concerning the Society which the Supervisor has received under or in relation to this Deed or the Securities and which it reasonably considers to be material to the Securityholders or any of them; and

7.15.2 invite the Securityholders or any of them to indicate to the Supervisor their preferences as to any exercise or non-exercise of the Supervisor's powers under this Deed or the Securities or as to any action or omission to act by the Supervisor in relation to the breach.

Any such report may be given in such manner as is considered by the Supervisor to be the most practicable and expedient in all the circumstances.

7.16 Modification of Deed

Subject to 7.14A, the Supervisor may at any time concur with the Society in making any alterations modifications variations or additions (*'changes'*) to this Deed in the following cases, namely:

7.16.1 If in the opinion of the Supervisor the change is made to correct a manifest error or is of a formal or technical nature;

- 7.16.2 If the Supervisor is satisfied that the change does not have a material adverse effect on any Securityholders; or
- 7.16.3 If the change is necessary or desirable to comply with the requirements of any statute or statutory regulations, or if the FMC Act or any statutory regulations made thereunder or any exemption granted to the Society or any Guaranteeing Subsidiary thereunder is amended or withdrawn or replaced either generally or in respect of the Society or any Guaranteeing Subsidiary and as a result thereof the Supervisor and the Society consider it necessary or desirable to amend the Trust Deed to take account of such amendment or withdrawal or replacement;
- 7.16.4 If the change is authorised by an Extraordinary Resolution on any matter affecting the Securityholders (provided that if the change is approved or authorised by the passing of an Extraordinary Resolution held pursuant to a postal ballot the conduct of such ballot shall be consistent with any recommendations of the Auditors intended to ensure proper validation of votes, and the nature of the ballot shall inform the relevant Securityholder of the issues involved in the matter proposed for resolution with such explanation as shall enable them to cast an informed vote);
- 7.16.5 If the change has been approved in writing by the Majority of Securityholders of any Class which the Supervisor considers may be adversely affected thereby PROVIDED ALWAYS that the Supervisor may direct that notice of any such change pursuant to this clause 7.16.5 be given to the Securityholders or any Class thereof in such form and at such time or times and in such manner as the Supervisor may require which notice may include an invitation to Securityholders to inform the Supervisor of their respective wishes in relation to any such proposal but neither this provision for the giving of notice to Securityholders nor any response thereto shall prejudice the discretion of the Supervisor to concur or not to concur in any such change; or
- 7.16.6 If the Supervisor in its absolute discretion is satisfied that the change will not be inconsistent with the provisions generally accepted as appropriate and reasonable for inclusion in or omission from trust deeds of financial institutions; or

In determining the number and identity of holders of Securities and their respective amounts for the purposes of clause 7.15 those particulars shall be deemed to have been fixed at the close of business five days before the

last day fixed for the sending or giving of any notice, whether of a meeting or of any proposed change which is a pre-requisite to implementing a change.

7.16A Limits on Modification of Deed

To avoid doubt, the Supervisor must not concur with the Society in making any changes to this Deed unless –

- 7.16A.1 The change is approved by, or is contingent on approval by, an Extraordinary Resolution of the Securityholders affected by it; or
- 7.16A.2 The Supervisor is satisfied that the change does not have a material adverse effect on any Securityholders.

7.16B Further Limits on Modification of Deed

No change to this Deed has any effect unless –

- 7.16B.1 The Supervisor has concurred with the making of the change, in accordance with clause 7.16A; or
- 7.16B.2 The change is made with the consent of the Financial Markets Authority pursuant to section 109 of the FMC Act; or
- 7.16B.3 The change is made under section 22(7) or 37(6) of the Financial Markets Supervisors Act 2011 or under any other power to amend or replace this Deed under an enactment.

7.17 Change of Supervisor

Subject to the FMC Act, the Supervisor will cease to be trustee of this Deed if –

- 7.17.1 it is removed by the Financial Markets Authority or the Society under Part 2 of the Financial Markets Supervisors Act 2011 (except that any ability the Society may have to do so under that Part of that Act can only be exercised with the consent of the Financial Markets Authority); or
- 7.17.2 it is removed by an Extraordinary Resolution of the Securityholders; or
- 7.17.3 the Supervisor retires, which it may do at any time without giving any reason therefor upon giving thirty (30) days' notice in writing to the Society of its intention so to do, but subject to clause 7.15A

and to the transfer to such new trustee of all property held by the Supervisor hereunder;

7.17A Limits on Change of Supervisor

However the Supervisor may not be removed or resign under clause 7.17.3 unless:

- 7.17A.1 all of the functions and duties of a Supervisor under this Deed have been fully performed; or
- 7.17A.2 a new trustee that is a licensee for the purposes of the Financial Markets Supervisors Act 2011 has been appointed in its place as the new trustee of this Deed; or
- 7.17A.3 the High Court consents.

7.18 Appointment of New Supervisor

7.18.1 The power of appointing a new trustee or new trustees hereof (in place of a trustee which has retired or ceased to exist or to be qualified pursuant to the FMC Act or the Financial Markets Supervisors Act 2011 for appointment as trustee for Securityholders or which has failed or refused to act as trustee or is disqualified as aforesaid or is removed from office) shall be vested in the Society but no trustee shall be appointed unless such appointment is first approved by an Extraordinary Resolution of the Securityholders. Upon any vacancy in the office of trustee hereof arising the Society shall thereupon promptly call a meeting of the Securityholders for the purpose of approving an appointment of a new trustee and forthwith if approval is given the Society shall exercise its power of appointment. Only a body corporate which is a licensee for the purposes of the Financial Markets Supervisors Act 2011 shall be appointed as a trustee of this Deed;

7.18.2 In the event that the Society within thirty (30) days of receiving notice of the Supervisor's intention to retire fails to call a meeting of the Securityholders as aforesaid or to exercise the power hereby vested in it of appointing a new trustee or new trustees then in either case the Securityholders may by Extraordinary Resolution exercise such power to the exclusion of the Society.

7.19 Remuneration of the Supervisor

7.19.1 Remuneration

The Society shall pay to the Supervisor by way of remuneration for its services as Supervisor:

7.19.1.1 *Fee*: a periodic fee of such amount and at such times as may be agreed in writing from time to time; and

7.19.1.2 *Additional*: such additional fees for convening and attending meetings of Securityholders as shall be agreed;

provided that:

7.19.1.3 the Supervisor may elect payment of remuneration determined to be commensurate with work actually required to be carried out by the Supervisor hereunder and in lieu of the above fees;

7.19.1.4 any failure to agree on any amounts payable to the Supervisor under Clauses 7.19.1.1 and 7.19.1.2 shall be referred to arbitration under the Arbitration Act 1996;

7.19.2 *When Fees Payable*

All fees or remuneration arising annually as hereinbefore provided shall accrue from day to day and shall be payable in arrears and all other fees remuneration and expenses shall be payable by the Society to the Supervisor on demand.

7.19.3 *Commissions*

In addition to any payments in respect of fees or remuneration stipulated above the Supervisor shall be entitled to charge and be paid commission at the rate from time to time normally or usually charged by the Supervisor on any money actually received by the Supervisor pursuant to the provisions herein contained after any default by the Society.

7.19.4 *Period During Which Fees Continue to be Payable*

The said remuneration and payments shall continue to be payable until the trusts hereof shall be finally wound up whether or not the trusts hereof be in course of administration by or under the direction of the Court.

7.19.5 *Refund of Disbursements*

Without limiting the generality of the other provisions of the Trust Deed the Society will also pay all costs charges and expenses including travelling expenses reasonably incurred by or on behalf of the Supervisor in connection with:

- 7.19.5.1 the preparation perusal execution and registration of this Deed (including any supplemental deed);
- 7.19.5.2 the carrying out by the Supervisor of any right power duty or privilege by this Deed or any security or supplemental deed conferred on the Supervisor;
- 7.19.5.3 any breach, default or non-compliance by the Society or any of the Guaranteeing Subsidiaries with the covenants obligations and conditions of this Deed or supplemental deed;
- 7.19.5.4 the convening and holding and carrying out of any directions or resolutions of any meeting of Securityholders or Class of Securityholders;
- 7.19.5.5 any application for the Supervisor's consent to or approval of any act or matter or any approval by the Supervisor of any documents;
- 7.19.5.6 the employment of any Person from whom the Supervisor seeks any advice, reports, comments or other information; and
- 7.19.5.7 any other matter as agreed between the Supervisor and the Society.

7.19.6 *Expenses*

All costs charges and expenses incurred and payments made by the Supervisor in the lawful exercise of the powers hereby conferred upon it or him, including all remuneration payable to the Supervisor shall be payable by the Society on demand and shall be satisfied before any payment is made thereupon to the Securityholders and until payment shall carry interest at the Appropriate Rate from the date on which they shall have become payable.

7.19.7 *Division of Remuneration Between Supervisors*

Should there at any time be more than one Supervisor all such remuneration as is hereinbefore stipulated shall be divided between them equally or as they shall otherwise from time to time decide.

SECTION 8

8 MISCELLANEOUS PROVISIONS

8.13 Notices

Any notice requisition demand or request under this Deed may be signed by or on behalf of the Society or any Guaranteeing Subsidiary or the Supervisor or any Securityholder by an officer employee agent or attorney or by its or his respective solicitors and given:

8.13.1 In the case of notices to the holders of Registered Securities, by sending it through the post in a pre-paid letter addressed to the Securityholder at his Registered Address; or

8.13.2 In the case of a notice to the Society or any Guaranteeing Subsidiary or a company thereafter to become a Guaranteeing Subsidiary, either at the registered office of the Society or at its registered office; or

8.13.3 In the case of a notice to the Supervisor being a company or corporation which has branch offices or a principal place of business in New Zealand, at the office of the branch which normally undertakes and performs the administration of the trusts hereof or at its registered office or at its principal place of business; or

8.13.4 In the case of joint holders a notice given to the Securityholder whose name stands first in the Register in respect of such holding shall be sufficient notice to all the joint holders.

8.14 Registration of Deed

The Society shall forthwith at its own cost register or procure the registration and recording of this Deed, and must also comply with section 110 of the FMC Act in respect of any amendment or replacement of this Deed, and in doing so must pay all registration fees and other expenditure incidental thereto.

8.15 Release Upon Payment

The Supervisor shall, upon payment or retention of all costs charges and expenses incurred by or payable to the Supervisor in relation to the Trust Deed and the remuneration of the Supervisor, at the request and cost of the Society execute all necessary deeds or other documents of release to release the Guaranteeing Group from its obligations under this Deed:

8.15.1 Upon proof being given to the reasonable satisfaction of the Supervisor that all of the Money Owing has been paid or satisfied or that provision for such payment or satisfaction has been made (which may include the establishment of a fund comprising cash or other financial assets which, to the satisfaction of the Supervisor upon receiving such valuations or other evidence as the Supervisor may require, is sufficient to provide a source of funds adequate to meet all such liabilities as they fall due and is to the Supervisor's satisfaction appropriated or designated for that purpose);

8.15.2 Upon transfer of engagements of the Society to a bank which is exempted from the requirement of a trust deed under the FMC Act;

8.15.3 Upon transfer of engagements of the Society to another building society or entity which has in place a trust deed satisfying the requirements of the FMC Act and under which the Securityholders will be beneficiaries;

8.15.4 Upon conversion of the Society to a Registered Bank.

8.16 Supervisor's Powers Arising at Law

The powers hereby conferred upon the Supervisor shall be in addition to any powers which may from time to time be vested in trustees by law and to any powers which may from time to time be vested in the Supervisor as the holder of any Security.

8.17 General Covenant

The Society will, and will procure that each Guaranteeing Subsidiary will, punctually observe fulfil and perform all the covenants conditions and obligations imposed by or under the Trust Deed or by the terms of issue of any Security.

8.18 Exercising Right not to be Bound

The Supervisor and the Society may assume that the holder of a debt security or participatory security issued by the Society who has the right to reject the status as a beneficiary under, and becoming bound by, the terms of this Deed has not exercised its right until written notice is received by the Supervisor or Society that the holder wishes to reject that status. If the Supervisor or Society receives such a notice it shall forthwith forward a copy to the other of them.

8.19 Conversion to a Company

It is hereby declared and confirmed that nothing effected or authorised by a scheme for conversion under Part VIIA of the Building Societies Act:

- 8.19.1 shall be regarded as placing the Society, or the Company or any other person in breach of this Deed; or
- 8.19.2 shall be regarded as giving rise to a right for any person to terminate or cancel this Deed or to refuse to do so, or as an Event of Default; or
- 8.19.3 shall be regarded as placing the Society, or the Company, or any other person in breach of any contractual provision prohibiting, restricting, or regulating the assignment or transfers of any property or the disclosure of any information; or
- 8.19.4 shall release any surety wholly or in part from any obligation; or
- 8.19.5 shall invalidate or discharge this Deed; or
- 8.19.6 shall require any consent from Securityholders which would not have been required in the absence of this Deed.

References in this clause to '*the Company*' means the Company to which the Society has been converted under Part VIIA of the Building Societies Act.

EXECUTED as a deed on the date set out on page 1.

FIRST SCHEDULE

MEETING OF SECURITYHOLDERS

1 Convening Meetings

1.1 The Supervisor or the Society may at any time convene a meeting of all or any Class of Securityholders. Meetings of members of the Society pursuant to the provisions in the Rules and the Building Societies Act shall not be subject to the provisions in this Deed. The provisions of this First Schedule shall apply only to meetings convened under this Deed. If it is necessary to convene a meeting of all Securityholders and also a meeting of members of the Society then the Society may elect to have the meetings convened together and at the same time. Notwithstanding the provisions of this Deed Shareholders qualified to vote at both meetings may be notified of the meetings in accordance with the provisions of the Building Societies Act and the Rules.

1.2 In this Schedule references to:

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

Proxy Closing Time means 48 hours before the Appointed Time of the relevant meeting of Securityholders or taking of a poll of Securityholders;

Representative means:

- (a) In the case of a Securityholder being an individual a person appointed by an instrument by way of proxy or by power of attorney;
- (b) In the case of a Securityholder being a Company either:
 - (i) a person appointed by instrument by way of proxy or by power of attorney; or
 - (ii) a person authorised pursuant to section 143 of the Companies Act or in the case of a corporation sole a person authorised pursuant to its Constitution;

Securityholders shall include only the Securityholders comprising the Class or Classes for which any meeting is convened except where the context indicates otherwise and '*Securities*' shall be construed accordingly.

References in this Schedule to Regulations are to the provisions of this Schedule.

- 1.3 The Society shall whenever required to do so pursuant to the FMC Act or Regulations made thereunder, or pursuant to the Building Societies Act or the Rules, or pursuant to this Deed, convene a meeting of the Securityholders.
 - 1.4 The Supervisor shall at the request in writing of Securityholders (or any Class thereof) holding not less than 5% in value of all the Securities (or the relevant Class thereof) for the time being outstanding convene a meeting of all the Securityholders (or the relevant Class thereof). The requests shall state the nature of the business proposed to be dealt with at the meeting concerned.
 - 1.5 Notwithstanding the provisions of Regulation 1.4 above the Supervisor shall not be obliged to convene a meeting of Securityholders pursuant to such provisions until it has been indemnified to its satisfaction against all costs and expenses to be thereby incurred.
 - 1.6 For the purpose of enabling the Supervisor to satisfy itself as to the validity of a request by the Securityholders pursuant to Regulation 1.4 the Society will allow the Supervisor full access to any Register whether the same shall for the time being be closed or not.
 - 1.7 Before the Society convenes a meeting it shall advise the Supervisor in writing of the place day and hour thereof and the nature of the business to be transacted.
 - 1.8 At least ten (10) days before the Society convenes a meeting hereunder it shall advise the Supervisor in writing of the place and appointed time of the meeting and the nature of business to be transacted and shall obtain the prior approval in writing of the Supervisor to the draft of the documents to be sent to Securityholders and if the Supervisor so requires shall include, with the documents sent to Securityholders concerned, any statement which the Supervisor requires to make in relation to the meeting and the matters to be dealt with thereat.
- 2 Place of Meetings**
- 2.1 Meetings shall be held in the city or town at which the registered office of the Society is situated or at such other place as the Supervisor approves.

3 Notice of Meetings

- 3.1 Notice of every meeting of Securityholders or of Depositors or Shareholders shall be given in the manner provided in this Deed (namely in clause 8.1):
- 3.1.1 In the case of a meeting of all Securityholders, to every Registered Securityholder; and
- 3.1.2 In the case of a meeting of Shareholders, to every Registered Shareholder;
- 3.1.3 In the case of a meeting of Depositors to every Registered Depositor; and
- 3.1.4 To every person upon whom the ownership of any Registered Security of the relevant Class devolves by reason of his being a legal personal representative or an assignee in bankruptcy of a Securityholder where the Securityholder but for his death or bankruptcy would in accordance with the foregoing said clauses be entitled to receive notice of a meeting, in respect of Registered Securities as ascertained in accordance with Regulation 3.2.
- 3.2 In the case of holders of Registered Securities notice shall be given to every holder entered in the register as at the close of business, five business days prior to the date of despatch of the notice. Notice of every meeting shall be given to every person who is entitled to receive notice by sending it through the post in a prepaid letter addressed to the Securityholder at his Registered Address.
- 3.3 If the meeting is convened by the Society a copy of the notice shall be sent to the Supervisor. If the meeting is convened by the Supervisor a copy of the notice shall be sent to the Society. Each such copy of the notice shall be sent not later than the time at which notices are sent to the Securityholders.
- 3.4 Fourteen days' notice at least of every meeting shall be given, except that if an Extraordinary Resolution is to be considered at that meeting, then at least fifteen working days' notice of the meeting shall be given. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given. The notice shall specify the place day and hour of the meeting and the general nature of the business to be transacted but it shall not be necessary to specify in the notice the terms of the resolution to be proposed, except in the case of a resolution proposed to be passed as an Extraordinary Resolution.

3.5 The accidental omission to give notice to or non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any meeting.

4 Quorum

4.1 No business shall be transacted at any meeting unless the requisite quorum is present at the commencement of business.

4.2 The quorum for passing an Extraordinary Resolution of all Securityholders shall be Securityholders present in person or by proxy or by attorney or by authorised representative representing 25% in value of the Securities for the time being outstanding.

4.3 The quorum for passing an Extraordinary Resolution of any Class of Securityholders shall be Securityholders present in person or by proxy or by attorney or authorised representative representing 25% in value of the Securities of that Class.

4.4 The quorum for the transaction of any business at a meeting of all Securityholders, other than a meeting for the passing of an Extraordinary Resolution shall be two Securityholders present in person or by proxy or by attorney or by representative.

4.5 The quorum for the transaction of any business at a meeting of any Class of Securityholders, other than a meeting for the passing of an Extraordinary Resolution shall be two Securityholders of that Class present in person or by proxy or by attorney or by representative.

4.6 If within half an hour from the time appointed for the meeting a quorum is not present the meeting if convened upon the request of Securityholders shall be dissolved. In any other case it shall stand adjourned to such day and time not being less than fourteen (14) days thereafter and to such place as may be appointed by the chairman and at such adjourned meeting then the Securityholders present shall be a quorum for the transaction of business including the passing of Extraordinary Resolutions.

4.7 Notice of such adjourned meeting at which an Extraordinary Resolution is to be submitted shall be given in the same manner (except in respect of the period of notice which shall not however be less than seven (7) clear days) as of an original meeting and such notice shall state that the Securityholders present at the adjourned meeting whatever their number and whatever the value of Security held by them shall form a quorum.

5 Right to Attend and Speak

- 5.1 Any director, officer or solicitor of the Supervisor and any other person authorised in that behalf by the Supervisor and any Director or the Secretary or solicitor of the Society or any other person authorised in that behalf by the Society may attend any meeting and all such persons shall have the right to speak at the meeting.

6 Chairman

- 6.1 A person nominated in writing by the Supervisor shall preside at every meeting and if no such person is nominated or if at any meeting the person nominated is not present within fifteen minutes after the time appointed for holding the meeting the Securityholders present and eligible to vote thereat shall choose one of their number to be chairman and failing such choice the Society may appoint the chairman.

7 Adjournment

- 7.1 The Chairman may with the consent of any meeting at which a quorum is present and shall if so directed by the meeting adjourn the meeting from time to time and from place to place.
- 7.2 No business shall be transacted at any adjourned meeting except business which might have been lawfully transacted at the meeting from which the adjournment took place.

8 Persons on Register

- 8.1 In the case of Registered Securities the persons registered as Securityholders in the Register and no other person or persons shall be recognised and treated as the legal holders of the Securities therein mentioned whether such persons are or are not in fact the owners thereof.

9 Authority to Vote

- 9.1 In the case of Registered Securities, a Securityholder (being an individual) may vote personally or by his representative and a Securityholder (being a Company) may vote by its representative;
- 9.2 The following persons shall be exclusively entitled (whether in person or by representative) to be present at a meeting of Securityholders, to be counted in the quorum, and to vote in respect of the Registered Securities mentioned:
- 9.2.1 The persons registered as at the Proxy Closing Time as Securityholders in the respective Registers in respect of the Registered Securities recorded as owned by them respectively;

9.2.2 The persons who are entitled to receive notice of the meeting pursuant to Regulation 3.1.4. hereof in respect of the Registered Securities devolving upon them respectively.

9.3 For the purpose of establishing voting entitlements at a meeting the Register shall be closed as of close of business on the Business Day immediately preceding the day on which the Proxy Closing Time falls and shall remain closed until after the relevant meeting has been closed or adjourned.

10 Proxies

10.1 The holders of Registered Securities may appoint proxies.

10.2 An instrument of proxy shall be in the following form or a form as near thereto as circumstances admit or in such other form as the Supervisor shall approve and need not be witnessed:

I/We,

of _____

being a Securityholder/Securityholders of \$_____ in value of [state Class of Security] of [state the Society] hereby appoint:

of _____

or failing him _____

of _____

As my/our proxy to vote for me/us and on my/our behalf at the meeting of Securityholders [or the relevant Class thereof] to be held on _____

and at any adjournment thereof.

I/We authorise my/our proxy to vote *in favour of/against the resolution(s).

Signed this [] day of [] 20[]

Signature of Securityholder(s)

*Strike out whichever is not desired. If neither '*in favour of*' nor '*against*' is struck out, the proxy will vote as he thinks fit.

- 10.3 The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a Corporation either under seal or under the hand of an officer or attorney so authorised.
- 10.4 A person appointed to act as a proxy need not be a Securityholder and a holder of a proxy shall have the right to speak at the meeting.
- 10.5 The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a copy of such power or authority certified by a Notary Public or in such other manner as the Supervisor shall approve shall be deposited at such place as the Supervisor or the Society with the approval of the Supervisor may in the notice convening the meeting direct or if no such place is appointed then at the registered office of the Society not later than Proxy Closing Time and subject as hereinafter provided in default the instrument of proxy shall not be treated as valid PROVIDED ALWAYS THAT the Supervisor may in its absolute discretion accept as valid the instrument of proxy notwithstanding that such 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;
- 10.6 A proxy shall unless the contrary is stated thereon be valid for any adjournment of the meeting as well as for the meeting to which it relates. Notwithstanding any provision contained in an instrument of proxy no instrument of proxy shall be valid after the expiration of twelve months from the date of its execution but this provision shall not be construed to apply to the appointment of an attorney or representative otherwise than by an instrument of proxy.
- 10.7 An instrument of proxy in favour of the chairman of the meeting (howsoever expressed) shall be valid and effectual as though it were in favour of a named person and shall constitute the person or persons who chair the meeting or meetings for which the proxy is used (whether an adjournment or not) the lawful proxy or proxies of the appointor.

10.8 *Right of Proxies*

A person appointed proxy shall have the right to demand or join in demanding a poll and shall (except to the extent to which the proxy is specially directed to vote for or against any proposal) have the power generally to act at the meeting for the Securityholder concerned.

10.9 *Validity of Votes by Representatives*

A vote given in accordance with the terms of an instrument of proxy or power of attorney or authorisation shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or power of attorney or authorisation or of the authority under which the proxy was executed or the transfer of the Security in respect of which the vote is given provided that no intimation in writing of such death insanity revocation or transfer is received by the Society at its registered office before the commencement of the meeting or adjourned meeting at which the proxy or power of attorney or authorisation is used.

11 **Attorneys**

Any Securityholder may by power of attorney appoint an attorney (who need not be a Securityholder) to vote and act on his behalf at any meeting. An attorney shall produce evidence of his appointment, which evidence may be produced at any time before the time appointed for the holding of or at the meeting or adjourned meeting or for the taking of a poll at which he proposes to vote. Such attorney as so empowered may appoint a proxy for the Securityholder granting the power of attorney.

12 **Corporate Representatives**

12.1 A person authorised by the Securityholder being a corporation to act for it as its representative at any meeting shall be entitled to exercise the same powers on behalf of that corporation as that corporation could exercise if it were an individual Securityholder.

12.2 A representative shall produce evidence of his appointment, which evidence may be produced at any time before the Appointed Time.

13 **Voting**

13.1 A resolution put to the vote of a meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman, or the Supervisor, or any representative of the Supervisor, or by one or more Securityholders holding or representing not less than 5% in value of the Securities or (as the case may be) of the appropriate Class of Securities represented at the meeting for the time being outstanding. Unless a poll is so demanded a declaration by the chairman that a resolution has been carried or carried unanimously

or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

- 13.2 If a poll is duly demanded it shall be taken in such manner as the chairman may direct and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- 13.3 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 takes place or at which the poll is demanded shall be entitled to a casting vote in addition to the votes (if any) to which he may be entitled as a Securityholder or on behalf of Securityholders.
- 13.4 A poll demanded on the election of a chairman on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either immediately or at such time (not being more than thirty days from the date of the meeting) and place as the chairman may direct. The result of such poll shall 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.
- 13.5 The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.
- 13.6 On a poll votes may be given either personally or by representative. On a poll a person entitled to more than one vote need not use all his votes or cast all votes he uses in the same way.
- 13.7 On a show of hands each person present at the meeting and entitled to vote (whether personally or by representative) shall have one vote only. On a poll every Securityholder who is present in person or by representative shall be entitled to one vote for every \$1.00 of Securities of which he is the holder PROVIDED ALWAYS THAT any Securities for the time being held by the Guaranteeing Group or any Related Company shall not whilst so held confer any right to vote.
- 13.8 In the case of joint Securityholders the vote of the senior who tenders a vote whether in person or by representative shall be accepted to the exclusion of the votes of the other joint Securityholders and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding.

14 Extraordinary Resolution

14.1 The expression "*Extraordinary Resolution*" when used in this Deed means, unless the context otherwise requires, a resolution passed at a meeting of securityholders duly convened and held in accordance with the provisions herein contained, at which persons holding securities with a combined nominal value of not less than 75% of the nominal value of the Securities held by Securityholders who are entitled to vote (in terms of the FMC Act) and who vote on the motion voting thereat on a poll or if the voting is by postal ballot then at least three-fourths of the votes given on such a vote or a poll voted in favour of the resolution. The expression '*Extraordinary Resolution*' referring to a Class of Securityholders shall have a corresponding meaning in relation to meetings of the holders of such Class of Securities.

14.2 Without limiting the rights powers and discretions conferred on the Supervisor by the Trust Deed and subject to Regulation 15 below a meeting of Securityholders in addition to all other powers which by the Trust Deed are specified as exercisable by Extraordinary Resolution have the following powers exercisable by Extraordinary Resolution namely:

14.2.1 Power to sanction either unconditionally or upon any conditions:

14.2.1.1 the release of the Society or any Guaranteeing Subsidiary from the payment of all or any part of the Moneys Owing under the Trust Deed, or

14.2.1.2 the release of any Guaranteeing Subsidiary from its guarantee and obligations to the Supervisor;

14.2.2 Power to sanction the exchange of Deposits for Shares or the conversion of Shares into shares Deposits or other obligations or securities of the Society or any Guaranteeing Subsidiary or any other company formed or to be formed;

14.2.3 Power to, with the concurrence of the Society, postpone or accelerate the day when the Principal of the Securities shall become payable and to suspend or postpone the payment of interest on Securities;

14.2.4 Power to sanction any alteration release modification waiver variation or compromise or any arrangement in respect of the rights of the Securityholders against the Society or the Guaranteeing Subsidiaries or against their respective properties howsoever such rights shall arise;

- 14.2.5 Power to assent to any alteration or addition to the provisions contained in the Trust Deed or the conditions attaching to the Securities proposed or agreed to by the Society and to authorise the Supervisor to concur in and execute any supplemental trust deed embodying any such alteration or addition;
- 14.2.6 Power to give any sanction assent release or waiver of any breach or default by the Society or any Guaranteeing Subsidiary under any of the provisions of the Trust Deed;
- 14.2.7 Subject to the FMC Act, power to discharge release or exonerate the Supervisor from all liability in respect of any act of commission or omission for which the Supervisor has or may become responsible under the Trust Deed;
- 14.2.8 Power to sanction any scheme for the reconstruction of the Society or any Guaranteeing Subsidiary or for the amalgamation of the Society or any Guaranteeing Subsidiary with any other Company where such sanction is necessary;
- 14.2.9 Subject to the provisions of the Trust Deed, power to remove any Supervisor and to approve the appointment of or appoint a new Supervisor;
- 14.2.10 Power to authorise the Supervisor to concur in and execute any supplemental deed or other document embodying such sanction authority or approval assent release waiver direction or request;

Provided that nothing in this Regulation shall be taken to imply that the sanction of the Securityholders by Extraordinary Resolution is required for a scheme of conversion of the Society to a Company pursuant to Part VIIA of the Building Societies Act.

15 Resolution binds Securityholders

- 15.1 An Extraordinary Resolution passed at a meeting of Securityholders duly convened and held in accordance with these presents, subject to Regulation 15.2 below, shall be binding upon all the Securityholders whether present or not present at the meeting and each of the Securityholders and the Supervisor (subject to the provisions of its indemnity contained in the Trust Deed) shall be bound to give effect thereto accordingly and the passing of any such resolution shall as between the Supervisor and the Securityholders be conclusive evidence that the circumstances justify the passing thereof the intention being that it shall rest with the meeting to determine without appeal whether or not the circumstances justify the

passing of such resolution PROVIDED ALWAYS THAT a resolution which affects a Class of Securityholder only as opposed to the rights of the Securityholders generally shall not be binding on such Class of Securityholders unless such Class of Securityholders agree as provided in Regulations 15.2 or 15.3 below or otherwise to be bound by the terms of any such resolution.

15.2 Subject to Regulation 15.4 an Extraordinary Resolution to the extent that it:

15.2.1 Sanctions any alteration to the rights of a Class of Securityholders to receive the Principal and interest of their Securities in accordance with the order of distribution set out in the Trust Deed;

15.2.2 Sanctions any alteration to the rights of a Class of Securityholders to recover interest on or repayment of their Security in accordance with the terms of issue thereof;

15.2.3 Sanctions or directs waiver by the Supervisor of any breach by the Society of its obligations in regard to payment of interest on or Principal of a Class of Securityholders;

15.2.4 Relates to the exercise or non-exercise or manner of exercise by the Supervisor of any of its trusts, obligations or powers which are exercisable by virtue exclusively of breaches of the matters mentioned in 15.2.3 above (there being no breach of any other provisions of the Trust Deed and no other event of default under the Trust Deed having occurred);

15.2.5 Otherwise affects the rights and interest of a Class of Securityholders exclusively;

shall be of no force and effect unless:

15.2.6 It has been assented to in writing by the holders of not less than three-fourths in value of the Class of Securityholders affected, or

15.2.7 It is or has been approved or sanctioned by an Extraordinary Resolution of the Class of Securityholders affected, and in each case does not alter the rights of Senior Creditors as provided for in clause 2.2.

15.3 A meeting of any Class of Securityholders shall have power by Extraordinary Resolution of that Class:

- 15.3.1 To sanction any compromise or arrangement proposed to be made between the Society and the relevant Class of Securityholders affected;
- 15.3.2 To sanction any alteration, abrogation, modification or waiver of the rights of the relevant Class of Securityholders affected against the Society or any Guaranteeing Subsidiary;
- 15.3.3 To sanction those matters which if passed by an Extraordinary Resolution of Securityholder would require approval or sanction (before binding the relevant Class of Securityholders affected) pursuant to Regulation 15.2 preceding, provided that in no circumstances shall the rights of Senior Creditors (as provided for in clause 2.2) be affected.
- 15.4 An Extraordinary Resolution of Securityholders which affects the rights of Shareholders or any Class thereof and which has been sanctioned by the Society in accordance with the Rules will not require the sanction by Extraordinary Resolution of the Shareholders.

16 Minutes

- 16.1 Minutes of all resolutions and proceedings at every meeting shall be made by the Supervisor or if the Supervisor shall not be present at any meeting by some person appointed by the Chairman of such meeting and duly entered in books from time to time provided for that purpose by the Supervisor at the expense of the Society and any such minutes as aforesaid if purporting to be signed by the Chairman of the meeting at which such resolutions were passed or by any persons appointed by the said Chairman of the meeting for the purpose or by the Chairman of the next succeeding meeting of Securityholders shall be prima facie evidence of the matters therein stated and until the contrary is proved every such meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to be duly passed and had. Copies of such minutes shall be furnished by the Supervisor to the Society as early as possible after the holding of the meeting to which they refer.
- 16.2 In relation to matters the subject of a postal ballot, upon the Supervisor or the Auditors or any person appointed by the Supervisor or the Auditors for the purpose being satisfied that the procedure settled for the relevant ballot has been followed (and that person having declared that he is satisfied that the outcome of the ballot has been duly determined) that person's signed record of the outcome of such ballot shall be prima facie evidence of the

matters therein stated and until the contrary is proved the signing of such of such record shall deem that the procedure has been duly followed and any resolutions passed thereby to have been duly passed.

17 Class Rights

17.1 A resolution which in the opinion of the Supervisor affects Securities of one Class only shall be deemed to have been duly passed if passed by separate ballot or at a separate meeting of the holders of the Securities of that Class.

17.2 A resolution which in the opinion of the Supervisor affects all or any two or more Classes of Securities but does not give rise to a conflict of interest between the holders of Securities of any of the Classes so affected shall be deemed to have been duly passed if passed by a single ballot or at a single meeting of the holders of Securities of the Classes so affected.

17.3 A resolution which in the opinion of the Supervisor affects more than one Class of Securities and gives or may give rise to a conflict of interests between the holders of the Securities of any of the Classes so affected shall be deemed to have been duly passed only if it shall be duly passed by separate ballots or at separate meetings of the holders of the Securities of each Class so affected.

17.4 To all such meetings and ballots as aforesaid all the preceding provisions of this Schedule shall mutatis mutandis apply as though references therein to Security and Securityholder were references to the Securities of the Class in question and to the holders of such Securities respectively.

18 Relationship with Schedule 11 of Financial Markets Conduct Regulations 2014

18.1 Clauses 6 and 11 of Schedule 11 of the Financial Markets Conduct Regulations 2014 are excluded and shall not apply to meetings of the Society's Securityholders or any Class of them.

18.2 In other respects Schedule 11 of the Financial Markets Conduct Regulations 2014 will apply to meetings of the Society, except that (other than in relation to clauses 2 and 5 of Schedule 11 to the extent that they relate to special resolutions, which shall apply in the case of any inconsistency) if there is any inconsistency between the provisions of that Schedule and the provisions of this Schedule, the provisions of this Schedule will prevail.

SECOND SCHEDULE

This Supplemental Trust Deed is made on the [] day of [] 20[]

BETWEEN

- (1) [] LIMITED Company Number [] (*the Subsidiary*)
- (2) TRUSTEES EXECUTORS LIMITED Company Number [] (*the Supervisor*)

BACKGROUND

- A The Subsidiary is a subsidiary within the meaning of the Companies Act 1993 of a registered building society having its registered office at (*the Society*).
- B The Society (certain other of its Guaranteeing Subsidiaries) and the Supervisor entered into a trust deed dated 28 November 2003 as amended and restated by deed dated [] 2016 (such trust deed and as it may from time to time be further amended or supplemented being hereinafter called '*the Trust Deed*') to constitute and govern the issue and rights attaching to Deposits and Shares (as therein defined) issued by the Society and the indebtedness of the Society in respect thereof.
- C At the request of the Society, the Subsidiary wishes to execute this Deed (being a deed supplemental to the Trust Deed and in the form prescribed in the Second Schedule to the Trust Deed) in order to become a Guaranteeing Subsidiary as defined in the Trust Deed, pursuant to the provisions in that behalf therein contained.
- D The Directors of the Subsidiary, pursuant to the objects and powers set forth in its Constitution, resolved on the [] day of [] 20[] that the Subsidiary:
- Guarantee the due and punctual payment by of all Money
Owing from time to time owing under the Trust Deed,
- and that this Deed be accordingly executed by it.
- E. The Shareholders of the Subsidiary have by special resolution approved the above transaction and the entering into of the document evidenced by it.

IT IS AGREED AND DECLARED as follows:

1 Definitions

To the extent to which the same are applicable the definitions and provisions contained in clause 1.2 of the Trust Deed shall apply to and be incorporated in this Deed.

2 Acknowledgement

The Subsidiary acknowledges that the Securities have been and henceforth will be taken up by the Securityholders on the condition and in part consideration that the Subsidiary will give or has given to the Supervisor the guarantee in respect of the Money Owing.

3 Guarantee of Securities

The Subsidiary hereby unconditionally guarantees, jointly and severally with any other Guaranteeing Subsidiary, the due and punctual payment by the Society in accordance with the provisions of the Trust Deed of the Money Owing as and when the same shall become due and payable thereunder and the due observance and performance by the Society of all its obligations under the Trust Deed.

4 Liability to Register

The Subsidiary shall forthwith at its own cost and expense register this Deed and shall pay all expenses incidental thereto.

5 Incorporation of Covenants

[Pursuant to Section 14 of the Property Law Act 2007 it is declared that there shall be deemed to be incorporated in this Deed all the covenants powers conditions and provisions of the Trust Deed and the Schedules thereto relating to or affecting the Guaranteeing Subsidiaries thereunder or pursuant thereto in the same manner and to the same extent as if the said covenants powers conditions and provisions had been mutatis mutandis set out in full herein and made applicable to the Subsidiary and the Subsidiary accordingly agrees to duly perform and observe and to be bound by the said covenants powers and conditions and provisions.]

6 Appointment of Attorney

The Subsidiary hereby irrevocably appoints the Supervisor to be its attorney and in its name and on its behalf to enter into and execute sign and do all assurances deeds instruments acts and things whatsoever which shall in the opinion of the Supervisor or attorney be necessary or expedient or that it ought to execute sign and do for the purpose of carrying out any trust or obligation hereby declared or imposed upon it or for giving to the Securityholders or to the Supervisor on their behalf the full benefit of any of

the provisions of the Trust Deed or This Deed and generally to use its name in the exercise of all or any of the powers hereby or by the Trust Deed conferred on the Supervisor.

7 Covenant by Subsidiary

The Subsidiary hereby covenants with the Supervisor duly to perform and observe the obligations by This Deed imposed on it.

EXECUTED as a deed on the date set out on page 1:

SIGNED by

[_____]
by:

-
Authorised Signatory

-
Authorised Signatory

Witness to signature

Signature of witness

Name of witness

Address

Occupation