

The Treasury

South Canterbury Finance Limited Information Release

Release Document

April 2011

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Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

- [1] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [2] 9(2)(b)(i) - to protect trade secrets
- [3] 9(2)(b)(ii) - to avoid unreasonable prejudice to the commercial position of the person who supplied the information or who is the subject of the information
- [4] 9(2)(ba) - to protect information that is subject to an obligation of confidence, or that was or could be provided under legal compulsion, where making the information available would be likely to prejudice the supply of similar information and it is in the public interest for that information to continue to be supplied
- [5] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [6] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [7] 9(2)(h) - to maintain legal professional privilege
- [8] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice.

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, an [8] appearing where information has been withheld in a release document refers to section 9(2)(i).

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

From: [1] t@hhl.co.nz]
Sent: Tuesday, 20 October 2009 3:20 p.m.
To: William More
Cc: [1] Jane Meares; Stephen Revill
Subject: RE: South Canterbury documents
Attachments: Prospectus extract.doc

William,

The documents have been agreed and it is possible they could be signed in counterparts tomorrow if all parties are willing.

We understand that a new prospectus for the debentures is to be registered by South Canterbury Finance Limited today. **Attached** is an extract from the prospectus which references the ability of South Canterbury Finance Limited to issue prior ranking securities.

Regards
[1]
Senior Associate
Harmos Horton Lusk Limited
Corporate Lawyers
Auckland New Zealand
[1]

www.hhl.co.nz

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From: William More [1]
Sent: Tuesday, 20 October 2009 1:53 p.m.
To: [1]
Cc: [1] Jane Meares; Stephen Revill
Subject: RE: South Canterbury documents

Thanks for these [1]] Practically how long do you think it would take to get all these documents executed and for bonds to be issued?

Also do you know whether an issuance would need to be referenced in SCF's debenture prospectus?

Regards

From: [1] @hhl.co.nz]
Sent: Tuesday, 20 October 2009 12:35 p.m.
To: William More
Cc: [1]
Subject: South Canterbury documents

William,

As discussed this afternoon, we **attach** copies of the following documents:

1. Security Trust Deed between South Canterbury Finance Limited and Covenant Trustee Company Limited.
2. General Security and Guarantee Deed between South Canterbury Finance Limited, the charging subsidiaries and Covenant Trustee Company Limited.

3. Deed of Priority between Covenant Trustee Company Limited and Trustees Executors Limited.
4. South Canterbury Finance Limited director certificate to new investors in respect of the amount secured by prior charges.
5. South Canterbury Finance Limited director certificate to Trustees Executors Limited.
6. Deed Poll constituting secured bonds.
7. Tranche B bond terms.
8. Application form for secured bonds.

Regards

[1]

Senior Associate
Harmos Horton Lusk Limited
Corporate Lawyers
Auckland New Zealand

[1]

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The Company has the ability to borrow up to 7.5% of its Total Tangible Assets under prior ranking charges under the terms of its Trust Deed, which charges rank ahead of all other obligations of the Company (including the Stock and Deposits offered under this Prospectus). As at 30 September 2009, there were existing prior ranking charges of \$34.1 million. Accordingly, the Company is able to borrow up to a further \$127 million by way of prior ranking charges. This provides a potential source of liquidity to the Company. The Company currently intends borrowing up to \$75 million by way of a prior ranking charge under the new facility referred to above. The Company confirms that the borrowing restrictions under the agreements with the noteholders under the United States private placement will not prevent the Company from borrowing the sum of \$75 million by way of prior ranking charge under the new facility. In addition, the Company may over time borrow by way of prior charges the full amount permitted under the Trust Deed.