

DEED OF PRIORITY

PARTIES

Charging Group Members	All of the companies listed in schedule 2
First Secured Party	Her Majesty the Queen in right of New Zealand acting by and through the Minister of Finance
Second Secured Party	Trustees Executors Limited, as trustee under the Second Security Agreement

DEFINITIONS

Collateral	All present and after-acquired personal property in respect of which a security interest is granted by the Charging Group Members under each of the First Security Agreement and the Second Security Agreement, and including and extending to proceeds. A reference to Collateral includes any part of it.
First Secured Party Amount	\$175,000,000.
First Secured Party Securities	(a) the First Security Agreement; and (b) the First Security Over Other Property (if any); and (c) specify, and First Secured Party Security includes any of them.
First Security Agreement	The General Security and Guarantee Deed given by the Charging Group Members, under which a security interest is granted over the Collateral in favour of the First Secured Party (whether or not it also extends to any other property), dated on or about the date of this deed.
First Security Over Other Property	The General Security and Guarantee Deed granted by the Charging Group Members in favour of the First Secured Party over, among other things, the Charging Group Members' interest in Other Property including land.
Interest Period	24 months.
Other Property	All of the Charging Group Members' assets and property, including any land, but excluding the Collateral, that is subject to either of the First Secured Party Security or the Second Secured Party Security, and includes any part of it.
Second Secured Party Amount	All amounts from time to time secured by the Second Security Agreement.

Second Secured Party Securities	(a) the Second Security Agreement; and (b) the Second Security Over Other Property (if any); and (c) specify, and Second Secured Party Security includes any of them.
Second Security Agreement	The debenture trust deed dated 12 April 1976, amended by the amending and supplemental trust deed dated 30 June 1995 (as subsequently amended from time to time), signed or acceded to by the Charging Group Members, under which a security interest is granted over the Collateral in favour of the Second Secured Parties (whether or not it extends to any other property) (the Debenture Trust Deed).
Second Security Over Other Property	The Debenture Trust Deed granted, or acceded to, by the Charging Group Members in favour of the Second Secured Party over the Charging Group Members' interest in Other Property including land.
PROVISIONS	

Subordination and priority

1. The First Secured Party and the Second Secured Party each agree to subordinate and arrange priorities in respect of the First Secured Party Securities and the Second Secured Party Securities.

Charging Group Members acknowledgement

2. Each Charging Group Members acknowledges that the First Secured Party and the Second Secured Party are entering into these subordination and priority arrangements.

Incorporation of provisions

3. The parties acknowledge and agree that the provisions set out in the schedule of terms attached are incorporated into this deed. The definitions above (which encapsulate the commercial terms of the subordination and priority arrangements) are to be read and applied in terms of the schedule.

Additional provisions

4. This deed may be executed in any number of counterparts (including facsimile, counterparts) which, when taken together, will constitute one instrument.
5. The Second Secured Party enters into this deed solely in its capacity as trustee of the debenture trust (the **Debenture Trust**) established by the Debenture Trust Deed. Recourse against the Second Secured Party is limited to its rights of indemnity against the assets of the Debenture Trust except to the extent that indemnity is lost or limited by reason of its wilful default or gross negligence. If the Second Secured Party is replaced as trustee of the Debenture Trust, it will be released from its obligations under this deed when it releases to the First Secured Party a deed poll under which its replacement agrees to be bound by this deed.
6. The First Secured Party and Second Secured Party acknowledge and agree that:
 - (a) this deed has been signed on behalf of the Charging Group Members by Kerryn Mark Downey and William Guy Black of Auckland as joint and several receivers appointed to the Charging Group Members (the **Receivers**);

- (b) no personal liability is undertaken or incurred by the Receivers, their agents or employees, to the First Secured Party or Second Secured Party or to any other person, whether in contract, tort or otherwise, in respect of any obligation undertaken by the Charging Group Members pursuant to this deed or in relation to the subject matter of this deed, or in relation to any statements, actions, representations, or other events leading up to the formation of this deed, nor any claims arising consequent upon formation of this deed;
- (c) if the First Secured Party or Second Secured Party or any other party is entitled to exercise any rights of action in relation to this deed, those rights will be exercised against the Charging Group Members alone and not against the Receivers (or their agents or employees);
- (d) the First Secured Party or Second Secured Party will have no recourse to the Receiver's personal assets, nor will they seek adjudication for bankruptcy of the Receivers, in respect of any liability, claim or judgment thereon under, pursuant to or in connection with this deed.

SIGNED AS A DEED DATED : 31 August 2010

HER MAJESTY THE QUEEN IN RIGHT OF NEW ZEALAND acting by and through Gabriel Makhlouf, Acting Secretary to the Treasury for and on behalf of the Minister of Finance in the presence of:



Signature of witness

Andre Anderson

Name of witness

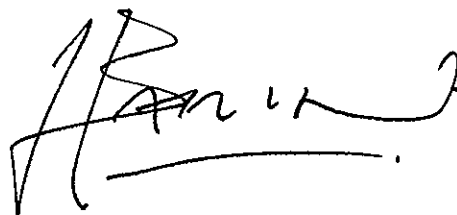
Solicitor

Occupation of witness

Wellington

City/town of residence

Signature of Gabriel Makhlouf, Acting Secretary to the Treasury



Second Secured Party by its attorney in the presence of:

Attorney Signature

Signature of witness

Name of witness

Occupation of witness

City/town of residence

Second Secured Party by:

Director Signature

Director Name

Director Signature

Director Name

South Canterbury Finance Limited (in receivership)
by its receivers and duly authorised agents:

Receiver Signature

Receiver Name

Receiver Signature

Receiver Name

SIGNED AS A DEED DATED

HER MAJESTY THE QUEEN IN RIGHT OF NEW ZEALAND acting by and through John Whitehead, Secretary to the Treasury for and on behalf of the Minister of Finance in the presence of:

Signature of John Whitehead, Secretary to the Treasury

Signature of witness

Name of witness

Occupation of witness

City/town of residence

Second Secured Party by its attorney in the presence of:

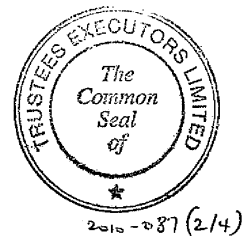
Attorney Signature

Signature of witness

Name of witness

Occupation of witness

City/town of residence



Second Secured Party by:

Director Signature

Director Name

~~Director Name~~

Witness: *1*
Manager, Wellington

South Canterbury Finance Limited (in receivership)
by its receivers and duly authorised agents:

Receiver Signature

Receiver Name

Receiver Signature

Receiver Name

Belfast Park Limited (in receivership)
by its receivers and duly authorised agents:

Receiver Signature

Receiver Name

Receiver Signature

Receiver Name

Braebrook Properties Limited (in receivership)
by its receivers and duly authorised agents:

Receiver Signature

Receiver Name

Receiver Signature

Receiver Name

Face Finance Limited (in receivership)
by its receivers and duly authorised agents:

Receiver Signature

Receiver Name

Receiver Signature

Receiver Name

Fairfield Finance Limited (in receivership)
by its receivers and duly authorised agents:

Receiver Signature

Receiver Name

Receiver Signature

Receiver Name

Flexi Lease Limited (in receivership)
by its receivers and duly authorised agents:

Receiver Signature

Receiver Name

Receiver Signature

Receiver Name

Galway Park Limited (in receivership)
by its receivers and duly authorised agents:

Receiver Signature

Receiver Name

Receiver Signature

Receiver Name

Helicopter Nominees Limited (in receivership)
by its receivers and duly authorised agents:

Receiver Signature

Receiver Name

Receiver Signature

Receiver Name

Hornchurch Limited (in receivership)
by its receivers and duly authorised agents:

Receiver Signature

Receiver Name

Receiver Signature

Receiver Name

Rental Cars Limited (in receivership)
by its receivers and duly authorised agents:

Receiver Signature

Receiver Name

Receiver Signature

Receiver Name

SCFG Systems Limited (in receivership)
by its receivers and duly authorised agents:

Receiver Signature

Receiver Name

Receiver Signature

Receiver Name

Sophia Investments Limited (in receivership)
by its receivers and duly authorised agents:

Receiver Signature

Receiver Name

Receiver Signature

Receiver Name

Southbury Insurance Limited (in receivership)
by its receivers and duly authorised agents:

Receiver Signature

Receiver Name

Receiver Signature

Receiver Name

Tyrone Estates Limited (in receivership)
by its receivers and duly authorised agents:

Receiver Signature

Receiver Name

Receiver Signature

Receiver Name

**DEED OF PRIORITY
SCHEDULE 1**

SUBORDINATION

1. The Second Secured Party's security interest in the Collateral is subordinated to the First Secured Party's security interest in the Collateral for the purposes of section 70 of the PPSA.
2. If required by the First Secured Party, the Second Secured Party will immediately register a financing change statement or statements in relation to that subordination.
3. If, at any time after the Enforcement Date, the First Secured Party has received the lesser of:
 - (a) the total amount secured, whether actually or contingently, under the First Secured Party Securities at that time; and
 - (b) the First Secured Party Priority Amount,

and if required by the Second Secured Party, the First Secured Party will immediately register a financing change statement or statements recording the subordination of the First Secured Party's interest in the Collateral for the purposes of section 70 of the PPSA.

EXTENT OF PRIORITIES BETWEEN SECURED PARTIES

Priority Amounts

4. The First Secured Party Securities, and all money from time to time secured under them, will have first priority over the Second Secured Party Securities for an amount not exceeding the First Secured Party Priority Amount.
5. Nothing in this deed prevents a Secured Party from enforcing its Security in accordance with its terms.

PARAMOUNTCY AS BETWEEN SECURED PARTIES

6. These subordination and priority arrangements will have effect despite anything (including, but not limited to, in the case of Other Property, any application of the rule in *Clayton's Case* (1816) 1 Mer. 529 or the rule in *Hopkinson v Rolt* (1861) 9 H.L. Cas. 514) that might alter or affect the priorities provided by these arrangements, except to the extent that:
 - (a) a security interest or Security is not enforceable; or
 - (b) a Security has been released unless, but only to the extent that, it is capable of, and is, legally and effectively reinstated against a Charging Group Member.,
7. Any provision in any Security, or any other agreement or arrangement entered into before the date of this deed, which is inconsistent with these subordination and priority arrangements, will be superseded or varied to the extent necessary to give full effect to these arrangements.

PRIORITY INSTRUMENT

8. If required by the First Secured Party, each Secured Party will immediately sign, and consent to the registration in the relevant register of, a priority instrument under which the First Secured Party is granted priority over the Second Secured Party in any Other Property where registration of a priority instrument is provided for.

LOWER PRIORITY OVER OTHER PERSONS IN RESPECT OF OTHER PROPERTY

9. If, in respect of any one or more of a Secured Party's Securities over any Other Property:
- (a) the amount shown in that Security for the purposes of section 80A(2) of the *Property Law Act 1952* or recoverable in priority to any subsequent mortgage for the purposes of section 92 of the *Property Law Act 2007* (as applicable) in respect of that Other Property is less than the First Secured Party Amount or the Second Secured Party Amount (as the case may be); or
 - (b) that Security does not specify any amount for the purposes of section 80A(2) of the *Property Law Act 1952* or section 92 of the *Property Law Act 2007* (as applicable) in respect of that Other Property,

and the amount by which that Secured Party is entitled under any law to be paid in priority to any other person in respect of that Other Property (**Other Party Priority Amount**) is less than the First Secured Party Amount or the Second Secured Party Amount (as the case may be), then notwithstanding any other provision of this deed the priority of that Secured Party over the other Secured Party in respect of that Other Property shall be limited to the Other Party Priority Amount.

DIRECTION TO PAY

10. Each Secured Party irrevocably and unconditionally authorises and directs a liquidator, official assignee, administrator, receiver, or similar person appointed or acting in respect of the Debtor to pay the proceeds of the realisation of any Collateral or any Other Property in accordance with the provisions of this deed.

TRANSFER OR ASSIGNMENT

11. No Secured Party will transfer or assign any interest or right in or to any of that Secured Party's Securities to any person unless that person has agreed to be bound by this deed.

GOVERNING LAW AND JURISDICTION

12. New Zealand law governs this deed, and the Secured Parties submit to the non-exclusive jurisdiction of the courts of New Zealand.

INTERPRETATION

13. In addition to the definitions set out in the "Definitions" section of this deed:

Enforcement Date	<p>The earlier of:</p> <p>(a) the date on which the First Secured Party enforces (including, but not limited to, appointing a receiver) its rights under a the First Secured Party's Securities; and</p> <p>(b) the expiry date of a notice issued in respect of the First Secured Party's Securities under section 114 of the PPSA or section 118, 119 or 128 of the <i>Property Law Act 2007</i>, pursuant to which the First Secured Party enters into possession, or exercises its power of sale, of any property.</p>
First Secured Party Priority Amount	<p>The aggregate of:</p> <p>(a) the First Secured Party Amount;</p> <p>(b) interest, for the Interest Period, calculated on a daily basis at the highest rate payable by the Debtor to the First Secured Party immediately before the Enforcement Date, on the lesser from time to time of:</p> <p style="padding-left: 40px;">(i) the First Secured Party Amount; and</p> <p style="padding-left: 40px;">(ii) the balance secured by, and outstanding under, the First Secured Party Securities;</p> <p>(c) the amount of all fees, bank charges, taxes and reasonable expenses (including legal expenses, remuneration of a receiver, and goods and services and similar taxes on those amounts) incurred by the First Secured Party, or by any receiver appointed by the First Secured Party, in protecting any Collateral or Other Property, or exercising any powers or rights under the First Secured Party Securities, and any amounts paid or advanced by the First Secured Party for a purpose specified in section 87(1) of the <i>Property Law Act 2007</i>, but in each case only to the extent that they relate to Collateral or Other Property which is subject to any one or more of the First Secured Party Securities, one or more other Securities;</p> <p>(d) the amount of any preferential payments required by law to be paid; and</p> <p>(e) interest, calculated on a daily basis at the greater of a rate equivalent to the cost of funds of the First Secured Party or the relevant receiver (as the case may be) and the highest rate payable by the Debtor to the First Secured Party immediately before the Enforcement Date on the amounts in (c) and (d) above from the date of payment of the relevant amounts until the date of reimbursement of those amounts to the First Secured Party or the relevant receiver (as the case may be).</p>
PPSA	The <i>Personal Property Securities Act 1999</i> .
Second Secured Party Priority Amount	<p>The aggregate of:</p> <p>(f) the Second Secured Party Amount;</p> <p>(g) interest, for the Interest Period, calculated on a daily basis at</p>

	<p>the highest rate payable by the Debtor to the Second Secured Party immediately before the Enforcement Date, on the lesser from time to time of:</p> <ul style="list-style-type: none"> (i) the Second Secured Party Amount; and (ii) the balance secured by, and outstanding under, the Second Secured Party Securities; <p>(h) the amount of all fees, bank charges, taxes and reasonable expenses (including legal expenses, remuneration of a receiver, and goods and services and similar taxes on those amounts) incurred by the Second Secured Party, or by any receiver appointed by the Second Secured Party, in protecting any Collateral or Other Property, or exercising any powers or rights under the Second Secured Party Securities, and any amounts paid or advanced by the Second Secured Party for a purpose specified in section 87(1) of the <i>Property Law Act 2007</i>, but in each case only to the extent that they relate to Collateral or Other Property which is subject to one or more of the Secured Party Securities, and one or more of the Third Secured Party Securities;</p> <p>(i) the amount of any preferential payments required by law to be paid; and</p> <p>(j) interest, calculated on a daily basis at the greater of a rate equivalent to the cost of funds of the Second Secured Party or the relevant receiver (as the case may be) and the highest rate payable by the Debtor to the Second Secured Party immediately before the Enforcement Date on the amounts in (c) and (d) above from the date of payment of the relevant amounts until the date of reimbursement of those amounts to the Second Secured Party or the relevant receiver (as the case may be).</p>
Secured Parties	The First Secured Party, the Second Secured Party and the Third Secured Party, and Secured Party includes any of them.
Securities	First Secured Party Securities, the Second Secured Party Securities and the Third Secured Party Securities, and Security includes any of them.
financing change statement financing statement perfection possession proceeds security interest seriously misleading	Each have the respective meanings given to them under the PPSA.
at any time	Includes from time to time.
land	Includes any interest in land.
law	Includes any common law, equity and any statute.
person	Includes that person's successors, permitted assigns, executors, and administrators (as applicable).

receiver	Includes a receiver and manager, and a receiver of any income from any land.
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**DEED OF PRIORITY
SCHEDULE 2**

CHARGING GROUP MEMBERS

Name: Belfast Park Limited (in receivership)
Notice details: C/- McGrath Nicol
Level 17, 34 Shortland Street
P O Box 91644, Victoria Street West
Auckland
New Zealand

Name: Braebrook Properties Limited (in receivership)
Notice details: C/- McGrath Nicol
Level 17, 34 Shortland Street
P O Box 91644, Victoria Street West
Auckland
New Zealand

Name: Face Finance Limited (in receivership)
Notice details: C/- McGrath Nicol
Level 17, 34 Shortland Street
P O Box 91644, Victoria Street West
Auckland
New Zealand

Name: Fairfield Finance Limited (in receivership)
Notice details: C/- McGrath Nicol
Level 17, 34 Shortland Street
P O Box 91644, Victoria Street West
Auckland
New Zealand

Name: Flexi Lease Limited (in receivership)
Notice details: C/- McGrath Nicol
Level 17, 34 Shortland Street
P O Box 91644, Victoria Street West
Auckland
New Zealand

Name: Galway Park Limited (in receivership)
Notice details: C/- McGrath Nicol
Level 17, 34 Shortland Street
PO Box 91644, Victoria Street West
Auckland
New Zealand

Name: Helicopter Nominees Limited (in receivership)
Notice details: C/- McGrath Nicol
Level 17, 34 Shortland Street
P O Box 91644, Victoria Street West
Auckland
New Zealand

Name: Hornchurch Limited (in receivership)
Notice details: C/- McGrath Nicol
Level 17, 34 Shortland Street
P O Box 91644, Victoria Street West
Auckland
New Zealand

Name: Rental Cars Limited (in receivership)
Notice details: C/- McGrath Nicol
Level 17, 34 Shortland Street
P O Box 91644, Victoria Street West
Auckland
New Zealand

Name: SCFG Systems Limited (in receivership)
Notice details: C/- McGrath Nicol
Level 17, 34 Shortland Street
P O Box 91644, Victoria Street West
Auckland
New Zealand

Name: Sophia Investments Limited (in receivership)
Notice details: C/- McGrath Nicol
Level 17, 34 Shortland Street
P O Box 91644, Victoria Street West
Auckland
New Zealand

Name: Southbury Insurance Limited (in receivership)
Notice details: C/- McGrath Nicol
Level 17, 34 Shortland Street
P O Box 91644, Victoria Street West
Auckland
New Zealand

Name: South Canterbury Finance Limited (in receivership)
Notice details: C/- McGrath Nicol
Level 17, 34 Shortland Street
P O Box 91644, Victoria Street West
Auckland
New Zealand

Name: Tyrone Estates Limited (in receivership)
Notice details: C/- McGrath Nicol
Level 17, 34 Shortland Street
P O Box 91644, Victoria Street West
Auckland
New Zealand