



28 February 2010

The Directors
South Canterbury Finance Limited
19 Sophia Street
PO Box 125
Timaru
New Zealand

Dear Directors

Re: Requests for waivers under the Trust Deed

1. We refer to the letter from Bell Gully dated 28 February 2010 ("**the Bell Gully letter**") written to us as Trustees where Bell Gully applied on your behalf for a waiver of certain provisions of the Trust Deed dated 30 June 1995 as amended (the "**Trust Deed**").
2. Unless stated otherwise, capitalised or defined terms in this letter are the same as those used or defined by reference in the Bell Gully letter.
3. In response to the Company's request for a waiver, in exercise of our powers under clause 26.1 of the Trust Deed and in terms of that clause and subject to the specific conditions set out below, we agree:
 - (a) to waive the anticipated breach of clauses 16.1(a) and 16.1(d) as at 1 March 2010;
 - (b) to waive any breach of clause 16.1 of the Trust Deed that subsisted between 31 December 2009 until 1 March 2010; and
 - (c) to waive the anticipated breach of clause 16.1(c) for the period from 1 March 2010 until 31 March 2010.
4. The conditions to this waiver are the following (in form and substance satisfactory to the Trustee or its legal advisors):
 - (a) The waiver in paragraph 3(a) is limited to the anticipated breaches of these clauses as at 1 March 2010; in paragraph 3(b) any breach of clause 16.1 of the Trust Deed that subsisted between 31 December 2009 and 1 March 2010; and in paragraph 3(c) is limited to the anticipated breach for the period from 1 March 2010 until 31 March 2010.
 - (b) The waiver of the breach that would otherwise arise in relation to clause 16.1(a) is limited to the maximum level of equity securities arising through the transaction listed

in the Bell Gully letter. Furthermore during the subsistence of this waiver, the Charging Group is to have no interest whatsoever in equity securities in terms of this shareholding restriction other than those in the specified transaction set out in the Bell Gully letter and those equity securities existing immediately prior to this letter without the prior written consent of the Trustee.

- (c) The breach that would otherwise arise in relation to clause 16.1(c) must be remedied by no later than 31 March 2010. By no later than that date the Company must provide to the Trustee a Directors' certificate, confirming the level of the covenant as at that date and that clause 16.1(c) would be complied with if tested on that date.
- (d) The transactions are approved as being on arms' length terms by the independent experts referred to in the Bell Gully letter ^[Withheld under s.9(2)(a)] and the benefit of these reviews is extended to the Trustee.
- (e) Confirmation from the Auditors that the purchase price for these acquisitions does not exceed the carrying value of the assets that would be disclosed in audited financial statements as at the date of the transactions.
- (f) For the avoidance of doubt it is our expectation that the assets acquired will in terms of the financial ratios in the Trust Deed be treated in accordance with the terms and conditions of the Trust Deed and in particular will be classified in the calculation of the Stock and Prior Charges Ratio (clause 16.1(c)) in the lower weighted asset category.
- (g) The Company registers a memorandum of amendments to its current prospectus on or before completion of the transactions including disclosure of these transactions and the anticipated breach.
- (h) A Director's Certificate in relation to these transactions certifying and confirming that, in the director's reasonable opinion:
 - (i) The Bell Gully letter is a true and accurate summary of the transactions and request for waiver.
 - (ii) The application for a waiver is made by Bell Gully on behalf of the Company.
 - (iii) The acquisition of these assets from the point of view of the Company alone is fair and reasonable and does not exceed what would be payable on an arm's length transaction and that there is nothing in these transactions that prejudices the general interests of the Security Holders having regard to their interest as a discrete group.
 - (iv) There will be no material change between the purchase price of these assets and the fair value recognition of these assets as at transaction date in the audited statements and that the audited accounts will not show any material difference between such purchase price and the audited accounts.
- (i) The waiver is given strictly on the basis of the information provided to the Trustee in the Bell Gully letter and the confirmations referred to above.

5. These are conditions of the waiver and if not complied with the waiver will be regard as vitiated.
6. The waiver is strictly limited to the matters requested to be waived. The waiver does not in any way directly or indirectly by implication or otherwise waive or affect any other provision of the Trust Deed and it is the Company's responsibility directly or through its legal advisers to correctly identify any additional provision of the Trust Deed that requires a waiver on account of the transactions. The Trustee assumes that these transactions will not affect adversely the Company's compliance with any other provision of the Trust Deed and the Trustee shall not in any way be estopped from enforcing or otherwise taking any enforceable action under the Trust Deed in relation to any other provisions whether created directly or indirectly or arising from these transactions or otherwise.
7. The Company remains bound to comply with all its reporting and other obligations in law and under NZX requirements. It is the Company's responsibility to accurately disclose the existence of this waiver and if necessary have notification of such waiver approved by or on behalf of the Trustee.
8. The Trustee consents to HNZ remaining outside the Charging Group in terms of the Bell Gully letter.

Yours sincerely
Trustees Executors Limited

[Withheld under s.9(2)(a)]

Regional Manager
Corporate Trust

