IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES. THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular (the "**Offering Circular**"). You are advised to read this disclaimer carefully before accessing, reading or making any other use of the Offering Circular. In accessing this Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: This Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to represent to Goldman Sachs International and Morgan Stanley & Co. International plc (together, the "**Joint Lead Managers**") that (1) the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions, and (2) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

This Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently neither the Joint Lead Managers nor their respective affiliates, directors, officers, employees, representatives, agents nor any person who controls any Joint Lead Manager or its affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. By accessing this Offering Circular, you consent to receiving it in electronic form. We will provide a hard copy version to you upon request.

Restrictions: This Offering Circular is being furnished in connection with an offering in offshore transactions in compliance with Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein. You are reminded that the information in this Offering Circular is not complete and may be changed.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES (THE "SECURITIES"), THE GUARANTEE AND THE ORDINARY SHARES TO BE ISSUED ON CONVERSION OF THE NOTES (EACH AS DESCRIBED IN THE OFFERING CIRCULAR) HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either the Issuer (as defined in this Offering Circular), the Company (as defined in this Offering Circular) or the Joint Lead Managers to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any of their respective affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer or the Company in such jurisdiction.

You are reminded that you have accessed this Offering Circular on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached.

Actions that You May Not Take: If you receive this Offering Circular by e-mail, you should not reply by e-mail to this e-mail, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

THIS OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

You are responsible for protecting against viruses and other destructive items. If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Xero Investments Limited

(NZBN 9429047029439)

U.S.$300,000,000 2.375 per cent. Guaranteed Senior Unsecured Convertible Notes Due 2023

Guaranteed by

Xero Limited

(NZBN 9429034042984)

Issue Price: 100 per cent.

The U.S.$300,000,000 2.375 per cent. Guaranteed Senior Unsecured Convertible Notes due 2023 (the "**Notes**") will be issued by Xero Investments Limited (the "**Issuer**"), a company incorporated under the laws of New Zealand, and guaranteed (the "**Guarantee**") by Xero Limited (the "**Company**" or the "**Guarantor**" or "**Xero**"), a company incorporated under the laws of New Zealand and solely listed on the Australian Securities Exchange operated by ASX Limited (ABN 98 008 624 691) (the "**ASX**", which shall also mean where the context requires it, the Australian Securities Exchange). The Issuer is a wholly-owned subsidiary of the Company.

The Notes bear interest from (and including) 4 October 2018 at the rate of 2.375 per cent. per annum calculated by reference to the principal amount thereof and payable semi-annually in equal instalments in arrear on 4 April and 4 October in each year, commencing with the first interest payment date falling on 4 April 2019.

Subject to and as provided in the Terms and Conditions of the Notes (the "**Terms and Conditions of the Notes**" or the "**Conditions**"), each Note will, at any time on or after 14 November 2018 and prior to the date falling 96 Sydney business days prior to the Final Maturity Date (the "**Initial Conversion Period End Date**") (both days inclusive) (the "**Initial Conversion Period**"), entitle the holder to convert such Note for an amount equal to the relevant Cash Settlement Amount (as defined in the Conditions). Unless a Physical Settlement Election (as defined in the Terms and Conditions of the Notes) is made by the Issuer in respect of the relevant exercise of Conversion Rights (as defined in the Terms and Conditions of the Notes), the Issuer shall pay the relevant Noteholder the relevant Cash Settlement Amount in accordance with the Terms and Conditions of the Notes. Upon exercise of a Conversion Right during the Initial Conversion Period, the Issuer may in its sole discretion make a Physical Settlement Election to satisfy the exercise of such Conversion Right in respect of the relevant Notes by the delivery of Ordinary Shares equal to the relevant Reference Shares in accordance with the Terms and Conditions of the Notes.

Subject to and as provided in the Terms and Conditions of the Notes, the Conversion Right in respect of a Note may be exercised, at the option of the holder thereof, at any time after the Initial Conversion Period End Date (the "**Final Conversion Period Commencement Date**") and prior to the date falling 3 Sydney and Hong Kong business days prior to the Final Maturity Date (the "**Final Conversion Period End Date**") (both days inclusive) (the "**Final Conversion Period**"). Prior to the Final Conversion Period Commencement Date and no earlier than the date falling 100 Sydney business days prior to the Final Maturity Date (both days inclusive), the Issuer will make a determination (a "**Final Conversion Period Determination**") by giving notice to the Noteholders in accordance with the Terms and Conditions of the Notes and to the Trustee and each Conversion Agent in writing (a "**Final Conversion Period Determination Notice**"). The Final Conversion Period Determination Notice shall state that any Conversion Rights exercised by a Noteholder during the Final Conversion Period will be wholly satisfied and settled either by an amount equal to the relevant Cash Settlement Amount or by the delivery of Ordinary Shares equal to the relevant Reference Shares. A Final Conversion Period Determination shall be at the sole discretion of the Issuer and the Final Conversion Period Determination Notice shall be irrevocable.

The initial Conversion Price (as defined in the Terms and Conditions of the Notes) is U.S.$46.3386 per Ordinary Share (based on a fixed exchange rate of A$1.00 = U.S.$0.72745). The Conversion Price is subject to adjustment in the manner described in the Terms and Conditions of the Notes. The closing price of the Ordinary Shares on the ASX on 26 September 2018 was A$49.69 per Ordinary Share.

Unless previously purchased and cancelled, redeemed or converted as provided in the Terms and Conditions of the Notes, the Notes will be redeemed at their principal amount on 4 October 2023 (the "**Final Maturity Date**"). The Issuer may, on giving not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Noteholders, the Trustee and the Principal Paying and Conversion Agent (which notice shall be irrevocable), redeem all but not some only of the Notes on any date specified in the Optional Redemption Notice at their principal amount, together with accrued but unpaid interest to but excluding such date if, at any time prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Notes originally issued. The Notes may also be redeemed in whole but not in part by the Issuer in the event of any change in, or amendment to, the laws or regulations of New Zealand or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 27 September 2018, subject to a Noteholder's right to elect that his Note(s) shall not be redeemed and that the provisions of Condition 9(a) of the Terms and Conditions of the Notes shall not apply in respect of any payment of interest to be made on such Note(s) which falls due after the relevant Tax Redemption Date (as defined in the Terms and Conditions of the Notes) whereupon no additional amounts shall be payable in respect thereof pursuant to Condition 9(a) of the Terms and Conditions of the Notes and payment of all amounts of interest on the Notes shall be made subject to the deduction or withholding of the taxation required to be withheld or deducted by New Zealand or any political subdivision or any authority thereof or therein having power to tax. Following the occurrence of a Delisting (as defined in the Terms and Conditions of the Notes) or a Change of Control (as defined in the Terms and Conditions of the Notes), the holder of each Note will have the right at such holder's option, to require the Issuer to redeem all or some only of that holder's Notes on the Relevant Event Redemption Date (as defined in the Terms and Conditions of the Notes) at their principal amount, together with accrued but unpaid interest to but excluding the Relevant Event Redemption Date.

Approval in-principle has been received for the listing of the Notes on the Official List of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Company, the Company's subsidiaries, the Company's associated companies (if any), the Notes or the Ordinary Shares. The Ordinary Shares are listed on the ASX and application will be sought from the ASX for the quotation of any new Ordinary Shares which may be issued on exercise of the conversion rights attached to the Notes.

Investing in the Notes and the Ordinary Shares involves certain risks. See "Risk Factors" beginning on page 18 for a discussion of certain factors to be considered in connection with an investment in the Notes.

The Notes, the Guarantee and the Ordinary Shares to be issued upon conversion of the Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or the securities laws of any state or other jurisdiction of the United States and they may not be offered or sold within the United States. The Notes and the Guarantee are being offered and sold solely outside the United States pursuant to Regulation S under the Securities Act. For a description of these and certain further restrictions on offers and sales of the Notes, the Guarantee and the Ordinary Shares to be issued upon conversion of the Notes and the distribution of this Offering Circular, see "Subscription and Sale".

The Notes will be represented by beneficial interests in a permanent global certificate (the "**Global Certificate**") in registered form, without interest coupons attached, which will be registered in the name of a nominee of, and shall be deposited on or about 4 October 2018 (the "**Closing Date**") with, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg. Except as described in the Global Certificate, certificates for Notes will not be issued in exchange for interests in the Global Certificate.

Joint Lead Managers

Goldman Sachs **Morgan Stanley**

The date of this Offering Circular is 27 September 2018

IMPORTANT NOTICE

GENERAL

About this document

This document (the "**Offering Circular**") is issued by the Issuer and the Company. Any offering of the Issuer's Notes is made under this Offering Circular.

Neither this Offering Circular nor any other disclosure document in relation to the Notes has been lodged with the Australian Securities and Investments Commission ("**ASIC**") and is not, and does not purport to be, a prospectus or document containing disclosure to investors for the purposes of Part 6D.2 or Part 7.9 of the Corporations Act 2001 (Cth) (the "**Corporations Act**"). This Offering Circular is not intended to be used in connection with any offer for which such disclosure is required and does not contain all the information that would be required if this Offering Circular was a prospectus, disclosure document or product disclosure statement under Part 6D.2 or Part 7.9 of the Corporations Act. This Offering Circular is not to be provided to any "retail client" as defined in section 761G of the Corporations Act. The Issuer and the Company are not licensed to provide financial product advice in respect of the Notes or the Ordinary Shares. Cooling-off rights do not apply to the acquisition of the Notes or Ordinary Shares.

A person may not make or invite an offer of the Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia) or distribute or publish this Offering Circular or any other offering material or advertisement relating to the Notes in Australia unless the minimum aggregate consideration payable by each offeree is at least A$500,000 calculated in accordance with both section 708(9) of the Corporations Act and regulation 7.1.18 of the Corporations Regulations 2001 (Cth) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 (including sections 708(8) and 708(11)) of the Corporations Act, and such action complies with all applicable laws, regulations and directives.

None of ASIC or the ASX or their respective officers takes any responsibility for the contents of this Offering Circular or the merits of the investment to which this Offering Circular relates. The fact that the ASX has quoted the Ordinary Shares and may quote the Ordinary Shares into which the Notes may convert is not to be taken in any way as an indication of the merits of the Ordinary Shares, the Notes, the Issuer or the Company.

This Offering Circular and the information contained in or accompanying this Offering Circular:

(a) are not, and are under no circumstances to be construed as, an offer of Notes to any person who requires disclosure under Part 3 of the New Zealand Financial Markets Conduct Act 2013 ("**FMC Act**"); and

(b) are not a product disclosure statement under the FMC Act and do not contain all the information that a product disclosure statement is required to contain under New Zealand law.

This Offering Circular has not been registered, filed with or approved by any New Zealand regulatory authority under the FMC Act. The Notes are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who is a "wholesale investor" within the meaning of clause 3 of Schedule 1 of the FMC Act.

The Issuer and the Company have confirmed to Goldman Sachs International and Morgan Stanley & Co. International plc (the "**Joint Lead Managers**") that this Offering Circular contains or incorporates by reference all information regarding the Issuer, the Company and the Company's subsidiaries as a whole (collectively, the "**Group**"), the Notes, the Guarantee and the Ordinary Shares which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Offering

Circular on the part of the Issuer, the Company and the Group are honestly held or made and are not misleading in any material respect; this Offering Circular does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing. The Issuer and the Company accept responsibility for the information contained in this Offering Circular. This Offering Circular should be read in its entirety. It contains general information only and does not take into account the specific objectives, financial situation or needs of any investor. In the case of any doubt, investors should seek the advice of a financial or other professional adviser.

None of the Issuer, the Company, any member of the Group, the Joint Lead Managers, The Hongkong and Shanghai Banking Corporation Limited (the "**Trustee**") or the Agents (as defined in the Conditions) or their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors guarantees the success of the offering of the Notes (the "**Offering**"), or any particular rate of capital or income return. Investment-type products are subject to investment risk, including possible loss of income and capital invested.

None of the Issuer, the Company, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors is providing investors with any legal, business or tax advice in this Offering Circular. Investors should consult their own advisers to assist them in making their investment decision and to advise themselves whether they are legally permitted to purchase the Notes. Investors must comply with all laws that apply to them in any place in which they buy, offer or sell any Notes or possess this Offering Circular. Investors must also obtain any consents or approvals that they need in order to purchase the Notes. None of the Issuer, the Company, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors are responsible for investors' compliance with any such legal requirements. Neither the Issuer nor the Company has authorised the making or provision of any representation or information regarding the Issuer, the Company or the Notes other than as contained in this Offering Circular or as approved for such purpose by the Issuer or the Company, as the case may be. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Company, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Note shall in any circumstance create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer, the Company or the Group since the date of this Offering Circular.

In this Offering Circular, unless otherwise specified, references to "**NZ$**" and "**New Zealand Dollars**" are to New Zealand dollars, "**A$**" and "**Australian Dollars**" are to Australian dollars, and "**U.S.$**", "**US dollars**" and "**U.S. Dollars**" are to United States dollars; and references to "**United States**" are to the United States of America.

Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Notes or pursuant to this Offering Circular shall (without liability or responsibility on the part of the Issuer, the Company, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors lapse and cease to have any effect if (for any reason whatsoever) the Notes are not issued by the Issuer to the Joint Lead Managers.

In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Furthermore, no comment is made or advice is given by any of the Joint Lead Managers, the Trustee, the Agents, the Company or the Issuer or any person who controls them, or any director, officer, employee, agent, affiliate or adviser of any such person in respect of taxation matters relating to any Notes or the legality of the purchase of Notes by an investor under applicable or similar laws. The Joint Lead Managers, the Trustee and the Agents and their respective affiliates, advisers, agents, representatives, employees, officers, associates and directors do not undertake to review the financial condition or affairs of the Issuer or the Company during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors.

No representations or recommendations

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the Offering and the Guarantee and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Company, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors. Neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, constitute an offer of, or an invitation by, or on behalf of, the Issuer, the Company, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors to subscribe for, or purchase, any of the Notes. This Offering Circular does not constitute an offer, and may not be used for the purpose of an offer, to anyone in any jurisdiction or in any circumstances in which such an offer is not authorised or is unlawful.

None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors has separately verified the information contained in or incorporated in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers, the Trustee or any Agent or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors as to the accuracy or completeness of the information (including the financial information) contained or incorporated in this Offering Circular or any other information (including the financial information) provided by the Issuer or the Company or in connection with the Notes or their distribution. Nothing contained or incorporated in this Offering Circular is, or shall be relied upon as, a promise or representation by the Joint Lead Managers, the Trustee or any Agent or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors.

This Offering Circular is not intended to provide the basis of any credit or other evaluation and nor should it be considered as a recommendation by the Issuer, the Company, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors that any recipient of this Offering Circular should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigations as it deems necessary.

Third parties named in this Offering Circular have not consented to the inclusion of their names in this Offering Circular, or to any statement attributed to them, or statement upon which a statement has been based. The directors of the Issuer and the Company assume responsibility for the reference to those entities and statements which include those references.

Restrictions in certain jurisdictions

This Offering Circular does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

Any purchase or acquisition of the Notes is in all respects conditional on the satisfaction of certain conditions set out in the Subscription Agreement (as defined herein) and the issue of the Notes by the Issuer to the Joint Lead Managers pursuant to the Subscription Agreement.

The distribution of this Offering Circular and the offering, sale and delivery of Notes and the Ordinary Shares to be issued on conversion of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Offering Circular and other offering material relating to the Notes, see "Subscription and Sale".

The Notes, the Guarantee and the Ordinary Shares to be issued upon conversion of the Notes have not been, and will not be, registered under the Securities Act and may not be offered or sold within the United States. The Notes are being offered and sold solely outside the United States pursuant to Regulation S under the Securities Act.

Any offering of Notes in Australia is made under this Offering Circular and is open only to select investors who are sophisticated or professional investors as respectively defined within sections 708(8) or 708(11) of the Corporations Act.

The Notes are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who is a "wholesale investor" within the meaning of clause 3 of Schedule 1 of the FMC Act.

Prospective purchasers of the Notes must comply with all laws that apply to them in any place in which they buy, offer or sell any Notes or possess this Offering Circular. Each prospective investor must also obtain any consents or approvals that they need in order to purchase any Notes. The Issuer, the Company, the Joint Lead Managers, the Trustee and the Agents and their respective affiliates, advisers, agents, representatives, employees, officers, associates and directors are not responsible for the compliance with relevant legal requirements by the prospective purchasers.

MiFID II product governance/Professional investors and ECPs only target market

Solely for the purposes of a manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration such manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining such manufacturer's target market assessment) and determining appropriate distribution channels.

PRIIPs regulation/prohibition of sales to EEA retail investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of MiFID II; and (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

Listing of the Notes on the SGX-ST

Approval in-principle has been received for the listing of the Notes on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Company, the Company's subsidiaries, the Company's associated companies (if any), the Notes or the Ordinary Shares.

Listing of Ordinary Shares

The Ordinary Shares of the Company are quoted on the ASX. If conversion of the Notes is settled by the issuance of Ordinary Shares rather than a cash payment, then upon conversion of the Notes, application will be made for quotation of the Ordinary Shares issuable upon conversion of the Notes on the ASX.

Global Certificate

The Notes will be in registered form. The Notes will be represented on issue by a Global Certificate. On or around the Closing Date, the Global Certificate will be registered in the name of a nominee of, and deposited with, a common depositary for Euroclear and Clearstream, Luxembourg. The Global Certificate will be exchangeable, in whole or in part, for individual definitive Notes in registered form, serially numbered, in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (but only in the limited circumstances described in the Global Certificate).

Further information on the Group

The Company, being incorporated in New Zealand, is subject to reporting and disclosure obligations under the New Zealand Companies Act 1993 (the "**Companies Act**"). The Company is also a "disclosing entity" for the purposes of the Corporations Act and is subject to regular reporting and disclosure obligations under the listing rules of the ASX (the "**ASX Listing Rules**"). Copies of documents regarding the Company lodged with the New Zealand Companies Office or the ASX, respectively, may be obtained from, or inspected at, the Company's online public records at the New Zealand Companies Office or the ASX, respectively.

In addition, a copy of the following documents may be obtained, as described below:

- the audited consolidated annual reports of the Group for the financial years ended 31 March 2016, 31 March 2017 and 31 March 2018; and

- any other document used to notify the ASX of information relating to the Group under the continuous disclosure provisions of the ASX Listing Rules and the Corporations Act after the lodgement with the New Zealand Companies Office of the annual report of the Group for the financial year ended 31 March 2018 and before lodgement of this Offering Circular with the ASX.

These documents may be obtained from the Company, free of charge, by contacting the Company Secretariat at the head office of the Company at 19-23 Taranaki Street, Te Aro, Wellington 6011, New Zealand. These documents, and all other regular reporting and disclosure documents of the Company, are also available electronically on the website of the ASX at *www.asx.com.au* and the Company at *www.xero.com*.

Risk Factors

Prospective purchasers of Notes should carefully consider the risks and uncertainties described in this Offering Circular before making a decision to invest in the Notes. An investment in the Notes should be considered speculative due to various factors, including the nature of the Group's business. See "Cautionary Statement Regarding Forward-Looking Statements" (below) and "Risk Factors" outlined below.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The Offering Circular may contain forward-looking statements concerning anticipated developments in the Group's operations in future periods, planned exploration activities, the adequacy of the Group's financial resources and other events or conditions that may occur in the future. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "targeted", "plans", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved.

Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Group or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to in the Offering Circular under the heading "Risk Factors". The Group's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Group does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Any forward-looking statements speak only as of the date of this Offering Circular. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance and should only be viewed as historical data.

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INCORPORATION BY REFERENCE

The audited consolidated annual financial statements of the Group as at and for the financial years ended 31 March 2016, 31 March 2017 and 31 March 2018, including the auditors' report in respect of such financial statements, which have been filed with the New Zealand Companies Office and the ASX, respectively, are deemed to be incorporated by reference into, and to form part of, this Offering Circular.

Each document incorporated herein by reference is current only as at the date of such document, and the incorporation by reference of such documents shall not create any implication that there has been no change in the affairs of the Issuer, the Company and the Group, as the case may be, since the date thereof or that the information contained therein is current as at any time subsequent to its date. Any statement contained therein shall be deemed to be modified or superseded for the purposes of this Offering Circular to the extent that a subsequent statement contained in another incorporated document herein modifies or supersedes that statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes.

The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Copies of the documents incorporated herein by reference may be obtained on request without charge from the Company Secretariat at 19-23 Taranaki Street, Te Aro, Wellington 6011, New Zealand. These documents are also available electronically through the internet from the ASX or the Company as set out in the "Important Notice" section.

Prospective investors are advised to obtain and read the documents incorporated by reference herein before making their investment decision in relation to the Notes.

THE OFFERING

The following is a summary of the principal features of the Notes and the Offering. Terms defined under "Terms and Conditions of the Notes" or elsewhere in this Offering Circular shall have the same respective meanings in this summary.

The following summary is qualified in its entirety by the more detailed information appearing in the "Terms and Conditions of the Notes" section in this Offering Circular. If there is any inconsistency between this summary and the more detailed information in the "Terms and Conditions of the Notes" section of this Offering Circular, then the "Terms and Conditions of the Notes" shall prevail.

Issuer .... Xero Investments Limited.

Guarantor .... Xero Limited.

The Notes...................................... U.S.$300,000,000 2.375 per cent. Guaranteed Senior Unsecured Convertible Notes due 2023.

Issue Price .... 100 per cent. of the principal amount of the Notes.

Denomination .... U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

Closing Date .... 4 October 2018.

Interest Rate................................. The Notes bear interest from and including the Closing Date at the rate of 2.375 per cent. per annum calculated by reference to the outstanding principal amount thereof and payable semi-annually in equal instalments in arrear (subject to adjustment to reflect any partial redemption) on 4 April and 4 October in each year (each an "**Interest Payment Date**"), commencing the Interest Payment Date falling on 4 April 2019.

Status .... The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer ranking *pari passu* and rateably, without any preference among themselves. The payment obligations of the Issuer under the Notes rank equally with all its other existing and future unsecured and unsubordinated obligations, save for such obligations that may be preferred by provisions of law that are mandatory and of general application.

Guarantee .... The Guarantor has unconditionally and irrevocably guaranteed in the Trust Deed, on the terms and conditions set out in the Trust Deed, the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Notes. The payment obligations of the Guarantor shall, save for such obligations that may be preferred by provisions of law that are mandatory and of general application and, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

Initial Conversion Period ....

During the Initial Conversion Period, subject to and as provided in the Terms and Conditions of the Notes, each Note shall entitle the holder to convert such Note for an amount equal to the relevant Cash Settlement Amount. Unless a Physical Settlement Election is made by the Issuer in respect of the relevant exercise of Conversion Rights, the Issuer shall pay the relevant Noteholder the relevant Cash Settlement Amount in accordance with Condition 6 of the Terms and Conditions of the Notes.

The Conversion Right in respect of a Note may be exercised, at the option of the holder thereof, and subject to any applicable fiscal or other laws or regulations and as hereinafter provided, at any time on or after 14 November 2018 (the "**Initial Conversion Period Commencement Date**") and prior to the date falling 96 Sydney business days prior to the Final Maturity Date (the "**Initial Conversion Period End Date**") (both days inclusive) or, if such Note is to be redeemed pursuant to Condition 7(b) of the Terms and Conditions of the Notes or Condition 7(c) of the Terms and Conditions of the Notes prior to the Initial Conversion Period End Date, not later than the 10th Sydney business day before the date fixed for redemption thereof pursuant to Condition 7(b) of the Terms and Conditions of the Notes or Condition 7(c) of the Terms and Conditions of the Notes, unless there shall be default in making payment in respect of such Note on such date fixed for redemption, in which event the Conversion Right may be exercised up to the date on which the full amount of such payment becomes available for payment and notice of such availability has been duly given to Noteholders in accordance with Condition 17 of the Terms and Conditions of the Notes or, if earlier, the date falling 96 Sydney business days prior to the Final Maturity Date (the "**Initial Conversion Period**"), provided that, in each case, if such final date for the exercise of Conversion Rights is not a business day at the place aforesaid, then the period for exercise of Conversion Rights by Noteholders shall end on the immediately preceding business day at the place aforesaid.

Physical Settlement Election during the Initial Conversion Period ....

Upon exercise of a Conversion Right during the Initial Conversion Period, the Issuer may in its sole discretion make an election to satisfy the exercise of such Conversion Right in respect of the relevant Notes by the delivery of Reference Shares (a "**Physical Settlement Election**") by giving a Physical Settlement Election Notice to the relevant Noteholder by no later than the date falling 2 Sydney business days following the relevant Conversion Date. The Physical Settlement Election Notice shall specify the number of Reference Shares as at the relevant Conversion Date to be issued to, or transferred to, the Noteholder and delivered by the Guarantor in respect of the relevant exercise of Conversion Rights.

A Physical Settlement Election shall be irrevocable and shall specify the Conversion Price in effect on the relevant Conversion Date.

See Condition 6(b) of the Terms and Conditions of the Notes.

Final Conversion Period and Final Conversion Period Determination ....

Subject to, and as provided in the Terms and Conditions of the Notes, the Conversion Right in respect of a Note may be exercised, at the option of the holder thereof, and subject to any applicable fiscal or other laws or regulations and as hereinafter provided, at any time after the Initial Conversion Period End Date (the "**Final Conversion Period Commencement Date**") and prior to the date falling 3 Sydney and Hong Kong business days prior to the Final Maturity Date (the "**Final Conversion Period End Date**") (both days inclusive) or, if such Note is to be redeemed pursuant to Condition 7(b) of the Terms and Conditions of the Notes or Condition 7(c) of the Terms and Conditions of the Notes prior to the Final Conversion Period End Date, not later than the 10th Sydney business day before the date fixed for redemption thereof pursuant to Condition 7(b) of the Terms and Conditions of the Notes or Condition 7(c) of the Terms and Conditions of the Notes, unless there shall be default in making payment in respect of such Note on such date fixed for redemption, in which event the Conversion Right may be exercised up to the date on which the full amount of such payment becomes available for payment and notice of such availability has been duly given to Noteholders in accordance with Condition 17 of the Terms and Conditions of the Notes or, if earlier, the date falling 3 Sydney and Hong Kong business days prior to the Final Maturity Date (the "**Final Conversion Period**"), provided that, in each case, if such final date for the exercise of Conversion Rights is not a business day at the place aforesaid, then the period for exercise of Conversion Rights by Noteholders shall end on the immediately preceding business day at the place aforesaid.

Prior to the Final Conversion Period Commencement Date and no earlier than the date falling 100 Sydney business days prior to the Final Maturity Date (both days inclusive), the Issuer will make a determination (a "**Final Conversion Period Determination**") by giving notice to the Noteholders in accordance with Condition 17 of the Terms and Conditions of the Notes and to the Trustee and each Conversion Agent in writing (a "**Final Conversion Period Determination Notice**"). The Final Conversion Period Determination Notice shall state that any Conversion Rights exercised by a Noteholder during the Final Conversion Period will be wholly satisfied and settled either by an amount equal to the relevant Cash Settlement Amount or by the delivery of Ordinary Shares equal to the relevant Reference Shares.

A Final Conversion Period Determination shall be at the sole discretion of the Issuer and the Final Conversion Period Determination Notice shall be irrevocable.

Conversion Price ....

The initial Conversion Price shall be U.S.$46.3386 (based on a fixed exchange rate of A$1.00 = U.S.$0.72745). The Conversion Price will be subject to adjustment in certain circumstances described in Condition 6(e) of the Terms and Conditions of the Notes.

Final Maturity Date ....

Unless previously purchased and cancelled, redeemed or converted as herein provided, the Notes will be redeemed at their principal amount on 4 October 2023.

Redemption at the Option of the Issuer .... On giving not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Noteholders in accordance with Condition 17 of the Terms and Conditions of the Notes and to the Trustee and the Principal Paying and Conversion Agent in writing (which notice shall be irrevocable), the Issuer may redeem all but not some only of the Notes on any date specified in the Optional Redemption Notice at their principal amount, together with accrued but unpaid interest to but excluding such date if, at any time prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Notes originally issued (which shall for this purpose include any further Notes issued pursuant to Condition 18 of the Terms and Conditions of the Notes and consolidated and forming a single series with the Notes).

Redemption for a Relevant Event Following the occurrence of a Relevant Event, the holder of each Note will have the right at such holder's option, to require the Issuer to redeem all or some only of that holder's Notes on the Relevant Event Redemption Date at their principal amount, together with accrued but unpaid interest to but excluding the Relevant Event Redemption Date.

A "**Relevant Event**" occurs when:

(i) there is a Delisting; or

(ii) there is a Change of Control.

See Condition 7(e) of the Terms and Conditions of the Notes.

Withholding Taxes........................ All payments made by on or behalf of the Issuer or the Guarantor in respect of the Notes or under the Guarantee (as the case may be) will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of New Zealand or any political subdivision or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is required to be made by law. In the event that any such withholding or deduction is required to be made, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as will result in the receipt by the Noteholders of the amounts which would otherwise have been receivable had no such withholding or deduction been required save for such exceptions as set out in Condition 9(a) of the Terms and Conditions of the Notes.

The Issuer or the Guarantor, as the case may be, is required by law to deduct New Zealand resident withholding tax from a payment of interest to the holder of any Note on the due date of payment principal and/or interest on the Notes in the circumstances as described in Condition 9(b) of the Terms and Conditions of the Notes.

See Condition 9 of the Terms and Conditions of the Notes.

Redemption for Taxation Reasons	At any time the Issuer may, having given not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Noteholders in accordance with Condition 17 of the Terms and Conditions of the Notes and to the Trustee and the Principal Paying and Conversion Agent in writing (which notice shall be irrevocable), redeem (subject to Condition 7(c)) all but not some only, of the Notes on the date (the "**Tax Redemption Date**") specified in the Tax Redemption Notice at their principal amount, together with accrued but unpaid interest to but excluding such date, if the Issuer and/or the Guarantor satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer (or if the Guarantee were called, the Guarantor) has or will become obliged to pay additional amounts in respect of payments on the Notes (or under the Guarantee, as the case may be) as a result of any change in, or amendment to, the laws or regulations of New Zealand or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 27 September 2018, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) after taking reasonable measures available to it, provided that no such Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes then due. If the Issuer gives a Tax Redemption Notice, each Noteholder will have the right to elect that his Note(s) shall not be redeemed and that the provisions of Condition 9(a) of the Terms and Conditions of the Notes shall not apply in respect of any payment of interest to be made of the Terms and Conditions of the Notes on such Note(s) which falls due after the relevant Tax Redemption Date whereupon no additional amounts shall be payable in respect thereof pursuant to Condition 9(a) of the Terms and Conditions of the Notes and payment of all amounts of interest on the Notes shall be made subject to the deduction or withholding of the taxation required to be withheld or deducted by New Zealand or any political subdivision or any authority thereof or therein having power to tax. See Condition 7(c) of the Terms and Conditions of the Notes.
Negative Pledge	So long as any of the Notes remain outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will create or permit to subsist, and will ensure that none of the Subsidiaries will create or permit to subsist, any mortgage, charge, lien, pledge or other form of encumbrance or security interest (each a "**Security Interest**") upon the whole or any part of its present or future property or assets (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee of or indemnity in respect of any Relevant Indebtedness (other than a Permitted Security Interest) unless in any such case, before or at the same time as the creation of the Security Interest, any and all action necessary shall have been taken to ensure that: (a) all amounts payable by the Issuer or the Guarantor under the Notes and the Trust Deed are secured equally and rateably with the Relevant Indebtedness or guarantee or indemnity, as the case may be; or

(b) such other Security Interest or guarantee or indemnity or other arrangement (whether or not including the giving of a Security Interest) is provided in respect of all amounts payable by the Issuer or the Guarantor under the Notes and the Trust Deed either (i) as the Trustee shall in its sole discretion deem not materially less beneficial to the interests of the Noteholders or (ii) as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

See Condition 2 of the Terms and Conditions of the Notes.

Events of Default	The Conditions contain certain events of default provisions as further described in Condition 10 of the Terms and Conditions of the Notes. See Condition 10 of the Terms and Conditions of the Notes.
Trust Deed	The Notes will be constituted by a trust deed to be dated the Closing Date between the Issuer, the Company and the Trustee.
Trustee	The Hongkong and Shanghai Banking Corporation Limited.
Principal Paying and Conversion Agent	The Hongkong and Shanghai Banking Corporation Limited.
Registrar and Principal Transfer Agent	The Hongkong and Shanghai Banking Corporation Limited.
Governing Law	The Notes and the Trust Deed will be governed by, and construed in accordance with, English law.
Form of the Notes and Delivery	The Notes will be in registered form without coupons attached and will be represented by a Global Certificate registered in the name of a nominee of, and deposited with, a common depositary for Euroclear and Clearstream, Luxembourg on or about the Closing Date.
Selling Restrictions	There are restrictions on offers and sales of the Notes, *inter alia*, in the United States, the United Kingdom, Australia, New Zealand, the European Economic Area, Switzerland, Japan, Hong Kong and Singapore. See the "Subscription and Sale" section of this Offering Circular for full details.
Listing	Approval in-principle has been received for the listing of the Notes on the SGX-ST. The Notes will be traded on the SGX-ST in a minimum board lot size of U.S.$200,000 for so long as any of the Notes are listed on the SGX-ST. The Issuer has not applied to have the Notes admitted to dealing on the ASX. Upon conversion of the Notes, application will be made for quotation of the Ordinary Shares issuable upon conversion of the Notes on the ASX.

Lock up .... Each of the Issuer and the Guarantor has undertaken in the Subscription Agreement that none of the Issuer, the Guarantor or any person acting on their behalf will (i) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any shares or securities of the same class as the Notes or the Ordinary Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Notes, the Ordinary Shares or securities of the same class as the Notes, the Ordinary Shares or other instruments representing interests in the Notes, the Ordinary Shares or other securities of the same class as them, (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Ordinary Shares, (iii) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (i), (ii) or (iii) is to be settled by delivery of Ordinary Shares or other securities, in cash or otherwise or (iv) announce or otherwise make public an intention to do any of the foregoing, in any such case without providing prior written consent of the Joint Lead Managers (not to be unreasonably withheld or delayed) between the date of the Subscription Agreement and the date which is 90 days after the Closing Date except for:

(a) the Notes and the Ordinary Shares issued on conversion of the Notes;

(b) the Ordinary Shares issued on exercise of the Upper Strike Call Option; and

(c) any employee and officer share, option or performance rights schemes which have been disclosed in its 2018 Annual Report or otherwise disclosed to ASX prior to the date of the Subscription Agreement.

ISIN XS1884744035

Common Code 188474403

Legal Entity Identifier 25490002CIY32NFE4689

Use of Proceeds .... The net proceeds will be used for the purposes as set out in the "Use of Proceeds" section of this Offering Circular.

Call Spread Transactions .... See the "Description of the Call Spread Transactions" section of this Offering Circular.

Stock Borrow................................	Givia Pty Ltd, an existing holder of the Ordinary Shares (the "**Stock Lender**") has entered into a stock lending agreement with an affiliate of Goldman Sachs International (the "**Stock Borrower**") pursuant to which the Stock Lender will lend up to 1,000,000 Ordinary Shares to the Stock Borrower, and the Stock Borrower will be required to return the borrowed Ordinary Shares pursuant to the terms of the stock lending agreement (the "**Stock Borrow Facility**"). The Stock Borrow Facility has a termination date matching the maturity of the Notes.
Delta Placement............................	A delta placement of approximately 1.9 million Ordinary Shares has been executed to facilitate some of the hedging activity in relation to the Notes and the Call Spread Transactions. The clearing price of A$49.00 per Ordinary Share, which represents a discount of 1.39 per cent. to the closing price of the Ordinary Shares on 26 September 2018, was used as the Reference Share price for the Notes.

DESCRIPTION OF THE CALL SPREAD TRANSACTIONS

In connection with the issuance and pricing of the Notes, the Issuer has entered into call spread transactions with one or more of the Joint Lead Managers or their respective affiliates (collectively, the "**Option Counterparties**") as follows:

- call option transaction(s) involving the sale of call option(s) by the Option Counterparties to the Issuer with a strike price equal to the Conversion Price (the "**Lower Strike Call Option**"); and

- call option transaction(s) involving the sale of call option(s) by the Issuer to the Option Counterparties exercisable at an overall average strike price of approximately U.S.$60.5966 (the "**Upper Strike Call Option**"),

(together, the "**Call Spread Transactions**").

The Call Spread Transactions are expected generally to reduce or offset the potential dilution upon conversion of the Notes and/or offset any cash payments the Issuer is required to make in excess of the principal amount of converted Notes, as the case may be. The Call Spread Transactions will cover, subject to anti-dilution adjustments substantially similar to those applicable to the Notes, the equivalent number of Ordinary Shares underlying the Notes. The Group intends to use approximately U.S.$29,850,000 of the net proceeds from the issue of the Notes to pay for the cost of the Call Spread Transactions. The Lower Strike Call Option comprises of a number of tranches, each of which can only be exercised once, and will expire, on each of its expiry date under the terms of the Lower Strike Call Option. Each tranche will be automatically exercised on its expiry date unless in the case of cash settlement only the Issuer notifies the relevant Option Counterparty prior to the expiration time on such date in accordance with the terms of the Lower Strike Call Option, or in the case of physical settlement only, the volume weighted average price per Ordinary Share, as measured under the terms of the Lower Strike Call Option, is equal to or less than the strike price with respect to such tranche. The Lower Strike Call Option will be settled in cash, other than where the Issuer elects physical settlement (and obtains all necessary approvals to do so). If cash settled, the Issuer will receive an amount of cash generally based on the amount by which the volume weighted average price per Ordinary Share, as measured under the terms of the Lower Strike Call Option, is greater than the strike price of the Lower Strike Call Option on each of its expiry date under the terms of the Lower Strike Call Option. If physically settled, the Guarantor will receive with respect to each tranche a number of Ordinary Shares determined by reference to the number of options exercised under that tranche, against payment by the Issuer to the relevant Option Counterparty of an amount determined by reference to the strike price multiplied by the number of options exercised under that tranche.

The Upper Strike Call Option comprises of a number of tranches, each of which can only be exercised once, and will expire, on each of its expiry date under the terms of the Upper Strike Call Option ranging from the Final Conversion Period Commencement Date to the Final Conversion Period End Date (each as defined in the Terms and Conditions of the Notes) (subject to adjustment in accordance with the terms of the Upper Strike Call Option). Each tranche will be automatically exercised on its expiry date unless the relevant Option Counterparty notifies the Issuer prior to the expiration time on such date in accordance with the terms of the Upper Strike Call Option or the volume weighted average price per Ordinary Share, as measured under the terms of the Upper Strike Call Option, is equal to or less than the strike price with respect to such tranche. Each tranche of the Upper Strike Call Option will be settled by delivery from the Issuer to the relevant Option Counterparty of, with respect to each tranche, a number of Ordinary Shares determined by reference to the number of options exercised under that tranche, against payment by the relevant Option Counterparty to the Issuer of an amount determined by reference to the strike price multiplied by the number of options exercised under that tranche. Such delivery of Ordinary Shares at settlement will be effected by the issuance of new Ordinary Shares by the Guarantor to the Option Counterparties.

In connection with establishing their initial hedges of the Call Spread Transactions, the Option Counterparties or their respective affiliates may enter into various derivative transactions with respect to and/or purchase Ordinary Shares concurrently with or shortly after the pricing of the Notes. This activity could increase (or reduce the size of any decrease in) the market price of the Ordinary Shares or the Notes at that time.

The Option Counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to the Ordinary Shares and/or by purchasing or selling Ordinary Shares or other securities of the Company in secondary market transactions following the pricing of the Notes and prior to the maturity of the Notes. This activity could also cause or avoid an increase or a decrease in the market price of the Ordinary Shares or the Notes, which could affect the ability of holders of Notes to convert them and, to the extent the activity occurs during any observation period related to a conversion of the Notes, it could affect the value of the consideration that Noteholders will receive upon conversion.

The Call Spread Transactions are separate transactions entered into by the Issuer with the Option Counterparties, are not part of the Terms and Conditions of the Notes and will not change the Noteholders' rights under the Notes. A Noteholder will not have any rights with respect to the Call Spread Transactions.

For a discussion of the potential impact of any market or other activity by the Option Counterparties in connection with the Call Spread Transactions, see "Risk Factors – Risks Related to the Notes – The Call Spread Transactions may affect the value of the Notes and the Ordinary Shares" and "Risk Factors – Risks Related to the Notes – The Group is subject to counterparty risk with respect to the Call Spread Transactions".

MARKET PRICE INFORMATION

Price of Ordinary Shares

The Company's Ordinary Shares are listed on the ASX. On 2 February 2018 the Company delisted from the New Zealand Stock Exchange ("**NZX**") and moved to a sole listing on the ASX.

The following table sets out the high and low closing prices, in Australian Dollars on the ASX.

In respect of trading volumes, prior to 2 February 2018, Ordinary Shares were able to be traded on the NZX and the ASX. After 2 February 2018, Ordinary Shares were only able to be traded on the ASX. The table shows the aggregate of total volumes of Ordinary Shares on both the NZX and the ASX prior to 2 February 2018, and trading volumes just on the ASX after that date.

Period	High	Low	Total trading volume of Ordinary Shares
	(A$)	(A$)	(000s)
2018			
Second Quarter	47.81	32.56	34,071
First Quarter	36.00	28.18	42,959
2017			
Fourth Quarter	32.47	25.83	34,908
Third Quarter	28.89	23.25	16,932
Second Quarter	25.62	18.00	24,339
First Quarter	18.48	16.65	7,240
2016			
Fourth Quarter	18.90	15.79	9,081
Third Quarter	19.74	16.80	10,298
Second Quarter	18.80	13.90	13,167
First Quarter	18.64	12.50	12,631
2015			
Fourth Quarter	20.50	13.46	14,517
Third Quarter	16.98	11.90	10,572
Second Quarter	24.45	15.90	12,155

Source: Bloomberg L.P has published this trading data and has not consented to the use of the trading data in this Offering Circular.

Note: First Quarter is 1 April to 30 June; Second Quarter is 1 July to 30 September; Third Quarter is 1 October to 31 December; and Fourth Quarter is 1 January to 31 March.

DIVIDENDS AND DIVIDEND POLICY

Neither the Company nor the Issuer has ever declared or paid any dividends on its securities. The Group does not have any present intention to pay cash dividends on its shares in the foreseeable future. The Group currently intends to invest its future earnings, if any, to fund its growth. However, any future determination as to the declaration and payment of dividends will be at the discretion of the Company and Issuer's Board of Directors and will depend on the Group's financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors the Company and Issuer's Board of Directors may deem relevant.

RISK FACTORS

There are numerous widespread risks associated with investing in any form of business and with investing in notes and the share market generally. There are also a range of specific risks associated with the Group's business and an investment in the Notes or the Ordinary Shares should be considered speculative. Many of these risk factors are largely beyond the control of the Issuer, the Company and their respective directors.

Investors should carefully consider the risks described below before making a decision to invest in the Notes. The risks described below do not necessarily comprise all those faced by the Issuer and the Company and are not intended to be presented in any assumed order of priority.

The investment referred to in this Offering Circular may not be suitable for all of its recipients. Investors are advised to examine the contents of this Offering Circular and to consult their professional advisers before making a decision to subscribe for Notes.

RISKS RELATING TO THE GROUP

Strategic risks

The success of the Group's business is dependent on its ability to retain existing customers and attract new customers

The Group's business depends on its ability to retain its existing customers and the Group's growth depends on its ability to attract further business from existing customers and to attract new customers.

There is a risk in the future as the Group expands its software offering that the Group's customers could reduce the use of the Group's software, for example, in terms of the number of users, number of products sold per customer and volume of transactions, which could result in a reduction in the level of payments they make to the Group. The Group generally does not require customers to enter long term contracts requiring minimum levels of usage or minimum time commitments, and the Group's customer contracts can typically be terminated by either party on one month's notice. Therefore, there is a risk that if customers terminate their contracts with the Group, or reduce their usage of the Group's software (in the future), revenue could decrease. There is also a risk that existing customers fail to expand their use of the Group's software or that new customers fail to select the Group's software for their businesses.

The Group's ability to retain and attract customers and the Group's customers' levels of usage of its products, depends on many factors including the adequacy of the Group's products with respect to matters such as functionality, reliability, availability, cost-effectiveness, pricing, customer support and value compared to competing products. In addition, customers' use of the Group's software may be affected by external factors including a slowdown in global or regional trade, competition or changes to laws and regulations which affect the Group's customers' business. If the Group's customers do not continue to use its software or increase their use over time, and if new customers do not choose to use the Group's software, the growth in the Group's revenue may slow, or the Group's revenue may decline.

The Group operates in a competitive environment that may negatively impact its operating results

Competition is and will continue to be strong in the market in which the Group operates. The Group faces risks that:

- existing competitors could increase their competitive position through aggressive marketing campaigns, product innovation, price discounting or acquisitions;
- new software products, updates, features and services may not be well received by customers or may fail to meet customer expectations and the Group may be unable to implement necessary changes to these products to improve customer satisfaction;

- the Group may fail to anticipate and respond to technology changes as quickly as its competitors;
- competitors may increase their product offering or value proposition to compete with the Group on a larger scale; and
- new competitors could develop products which compete with the Group's products.

If the Group does not continue to offer attractive products to its customers (including small businesses and accounting or bookkeeping partners), customers may choose to purchase products from the Group's competitors. The actions of an existing competitor or the entry of new competitors in the market may also have a material adverse effect on business performance.

Growth depends upon the Group's ability to capitalise on market trends and to innovate and deliver products in line with technological and customer behavioural trends

Commitment to investment in customer-led innovation and development of new products, services, features and functionality is important in maintaining and growing the Group's customer base, as well as attracting and retaining development talent. This investment is expensive and often involves an extended period of time to achieve a return on investment, of which there can be no assurance of realising. A failure to deliver in alignment with customer expectations and ahead of competitors could impact the Group's financial performance and reduce its share price. There can be no assurance that the Group will achieve the necessary technological advances or have the financial resources needed to introduce new products or services or that it will otherwise have the ability to compete effectively in the markets that it participates in. Furthermore, if the Group devotes resources to the pursuit of new technologies and products that fail to be commercially viable, all or part of these expenses related to research and development may be lost and the business may suffer.

The Group believes that it must continue to dedicate resources to its innovation efforts to develop the Group's software and technology product offering and maintain its competitive position. However, the Group may not receive significant revenues from these investments for several years, or may not realise such benefits at all.

The Group's business depends on its strong reputation and the value of its brand

The Group's brand equity is essential to ongoing growth. The Group considers its reputation for trustworthiness and integrity as important in maintaining customer goodwill and confidence for its operations and products. A range of events, including a material non-compliance with regulations or license terms, significant outage, a breach of its information systems, or other disclosure of customers' personal information, could have an adverse impact on the Group's reputation and the value of its brands. This could also increase expenditure due to additional security costs and/or potential claims for compensatory damages. Damage to the Group's reputation and reduction in brand equity may reduce customer demand and negatively impact the Group's future financial performance and could also reduce its share price.

In addition, the success of the Group's business is dependent in part on the ongoing strength of its brand. As the cloud-based accounting or small business platform industries become increasingly competitive, the Group expects that its success will be dependent in part on maintaining and enhancing its brand strength, which may become increasingly difficult and more costly. If the Group is unable to maintain and enhance the strength of its brand, then its ability to retain and expand its customer base and its attractiveness to existing and potential partners may be impaired, and its business, financial condition and results of operations will be adversely affected. In addition, maintaining and enhancing the Group's brand may require the Group to make increased investment in its business activities, which may not deliver requisite returns. If the Group does not maintain and enhance its brand successfully, or if it incurs excessive cost in this effort, the Group's business, financial condition and results of operations may be adversely affected.

The Group's intellectual property rights are valuable and any inability to protect them could reduce the value of the Group's products, services and brand

The Group has significant intellectual property rights including copyright, trademarks and patent assets which are important to its business. The Group regards its copyright, trademarks, domain names, patents, trade secrets, customer databases and similar intellectual property as critical to its success. The Group relies on a combination of copyright and trademark laws, patents, trade secret protection, confidentiality and non-disclosure agreements and other contractual provisions in order to protect its intellectual property. These efforts may not be adequate, and third parties may infringe or misappropriate the Group's proprietary rights. A material failure to obtain or protect the Group's intellectual property rights could damage the Group's business and result in increased expenses and lost revenues. The process of applying for intellectual property protection can be time-consuming and expensive. There can also be no assurance that its current or future applications will be successful. For example, consultants, vendors, former employees and current employees may breach their obligations regarding non-disclosure and restrictions on use. In addition, intellectual property laws in various jurisdictions may afford differing and limited protection, may not permit the Group to gain or maintain a competitive advantage, and may not prevent its competitors from duplicating its products or gaining access to its proprietary information and technology. In addition, a party could seek to challenge, invalidate, circumvent or render unenforceable any of the Group's intellectual property. Such claims, whether or not valid, could require the Group to spend significant amounts in litigation, pay damages, re-brand or re-engineer products or services, acquire licenses to third party intellectual property and may turn management attention away from the business, which may have a material adverse effect on the Group's businesses, financial condition and results of operations.

The Group's financial performance is impacted by the identification and availability of attractive investment opportunities in the future

The financial performance of the Group and the returns available to its shareholders will be impacted by the identification and availability of attractive acquisition and investment opportunities in the future. Investment opportunities can be subject to market conditions and other factors outside of the control of the Group (including without limitation, commercial or regulatory changes), which may result in there being limited or unsuitable acquisition or investment opportunities at the relevant time. Additionally, if such investment opportunities are ineffective, poorly implemented or implemented later than expected, this may have a material adverse effect on the Group's performance.

The Group may not be able to integrate acquired companies or businesses successfully

The Group's corporate strategy includes growth driven by the acquisition of or investment in businesses. The Group expends significant time and management attention on integration activities, including negotiating terms of initial restructuring, training, providing know-how and business support and creating new incentive structures for management and staff. However, there is no assurance that such measures will be effective in successfully integrating the acquired companies or businesses into the Group's existing operations or to create growing profitable businesses. Delays in integration or unresolved corporate culture issues may divert management attention and resources or delay or prevent revenue growth in the Group's other investments and may therefore materially and adversely affect the Group's business, results of operations or financial position. Further, such acquisitions may involve a number of risks inherent in assessing the values, strengths, weaknesses and growth in profitability of the relevant business or assets and it is possible that unexpected problems may arise which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. No assurance can be given as to the impact of acquisitions and investments on the Group's overall financial performance in the future.

The Group may require access to additional funding for future growth

The Group may require additional funding in the future in order to maintain and/or expand its business. Under such circumstances, the Group may have to obtain banking facilities or obtain access to other forms of debt or equity financing to finance its operations and business activities. There is no certainty as to the availability of such financing facilities or that the Group would be able to obtain such additional funding on favourable terms and further interest charged on these financing facilities may have a material effect on the Group's results of operations. Any breach by the Group of covenants given in relation to such financing facilities may give rise to rights exercisable by the lenders. Such rights include, *inter alia*, terminating the relevant facilities, enforcing any security granted in relation to those banking facilities or accelerating the repayment of the outstanding loan amounts. Any such breaches may have a material and adverse impact on the Group's results of operations and financial position. If the Group is not able to secure relevant financing facilities at commercially reasonable terms, the Group may not be able to implement its future growth plans fully. In addition, offerings of equities could also have an adverse effect on the financial position or voting power of any individual shareholder.

Operational risks

The Group needs to maintain, develop and manage business relationships or the Group's business may be negatively affected

The Group's growth is supported by its ability to develop and maintain business relationships (e.g. banks, financial institutions, ecosystem partners, accountants and bookkeepers). The Group relies on these partnerships to provide bank and other data, additional services and distribution. Failure to develop and maintain these relationships may reduce the Group's revenues and profits and cause it to lose customers.

In particular, the Group relies heavily on accountants and bookkeepers to support distribution of the Xero product to their customers. If this key relationship category was negatively impacted in some way, through for example product quality issues, the ability to attract new small business customers could be adversely impacted.

The Group also relies on third party business relationships to support business operations. The failure of these third parties to provide acceptable and sufficiently high-quality products, services and technologies or to update their products, services and technologies could result in a disruption to the Group's business operations and its customers, which may reduce the Group's revenues and profits, cause the Group to lose customers and damage its reputation.

The Group does not control the relevant third parties, who may decide to increase their prices for services or discontinue their relationship with the Group (subject to any applicable contractual arrangements). There is no assurance that the Group will be able to negotiate or maintain terms commercially acceptable to it, or put in place alternative arrangements on a timely basis.

Changes in the Group's relationships with third parties could materially and adversely affect the Group's business and operations, as well as its profitability and competitiveness.

The Group's success is dependent on its key contracts and arrangements

The Group relies on a number of key contracts and arrangements, including contracts and arrangements that relate to key operational matters such as:

- hosting the platform;
- security and access gateway for customers to access the platform;
- software relating to operating the platform;
- customer relationship management (CRM); and
- customer support.

Any failure by the Group to maintain, renew or replace key contracts and arrangements on commercially acceptable terms, or any failure by a counterparty to perform its obligations under such contracts or arrangements, could have a material adverse effect on the Group's business, operations and financial performance. Certain key contracts and arrangements may be terminated by the counterparty for convenience, and some contracts are due to expire within the next 12 months. In these cases, the Group may not have contractual certainty in respect of the term of the relevant contract or arrangement or the operation of such contract or arrangement. As a result, these contracts and arrangements may give rise to a greater risk of unexpected termination or renegotiation of key commercial terms, or disputes.

Majority of the Group's revenue comes from small businesses which may have fewer resources to weather an economic downturn

Most of the Group's revenues come from small businesses. These customers may be materially and adversely affected by economic downturns to a greater extent than larger, more mature and established businesses. Small businesses typically have more limited financial resources, including capital-borrowing capacity, than larger entities. If small businesses experience financial hardship as a result of a weak economy, the overall demand for the Group's products and services could be significantly affected.

Security incidents, improper access to, or disclosure of the Group's data or customers' data, or other cyberattacks on the Group's or its customers' systems, could expose the Group or its customers to a risk of loss or misuse of customer data and could significantly damage the Group's brand and reputation and negatively impact its business

The Group's systems contain large amounts of customer data, as well as the data of employees, end customers, and suppliers of the Group's customers. The Group uses commercially available security technologies and processes to limit access to this data. The Group places a strong focus on developing processes to protect this data however such measures cannot guarantee absolute security.

The Group's systems may be the target of various forms of cyberattacks that could result in a data breach or temporary unavailability of the Group's platform. The Group is aware that no security system is perfect and has procedures in place to minimise the impact of any breach.

Any resulting damage to the Group's brand or reputation as a result of such unavailability or data breaches could have a material adverse effect on customer loyalty, relationships with key suppliers, employee retention rates and demand for the Group's products and services, any of which could materially and adversely impact the Group's market share and financial and operating performance.

Security measures the Group implements may not prevent all instances of unauthorised access to its systems and the Group's customers' personal data

The Group processes large amounts of personal customer data (including name, address and bank details) as part of its business and therefore must comply with strict data protection and privacy laws in jurisdictions in which it operates. Such laws may restrict the Group's ability to collect and use personal information relating to platform users and potential users including the marketing use of that information. The Group has put in place both systems and procedures and cyber security mechanisms which seek to ensure that personal customer data is handled appropriately and in compliance with applicable data protection and privacy laws. Notwithstanding these measures, the Group is exposed to the risk that, as a result of human error, cyber-crime or otherwise, personal customer data could be wrongfully appropriated, lost or disclosed, or processed in breach of data protection regulation, by or on its behalf. For example, outside parties may induce employees, customers, or users to disclose sensitive information to gain access to the Group's systems. Inadequate use of security controls or security practices by the Group's customers or its employees could also lead to unauthorised access to data held in customer accounts. Outside parties may also use stolen identity information to gain unauthorised access to data held in customer accounts. Such an occurrence could result in the Group facing liability under data protection laws, the loss of its customers, the loss of goodwill of its customers and the deterrence of new customers, any or a combination of which could have a material adverse effect on the Group's reputation, business, financial condition and results of operations.

The Group's systems are subject to network interruption risks which could have a negative impact on the quality of the services offered by the Group and, as a result, on demand from consumers and consequently volume of revenue

The Group's ability to provide its services to its customers and to effectively operate its services depends to a great extent on the reliability and security of the information technology systems and third-party networks it uses. Information technology systems and the networks used by the Group are potentially subject to damage and interruption caused by human error, problems relating to telecommunications networks, natural disasters, sabotage, viruses and similar events. Interruptions in the system could have a negative impact on the quality of the services offered and, as a result, on demand from consumers and consequently on the volume of revenue. In addition, interruptions in the system could result in the termination of certain of the Group's licenses or contracts or lead to the incurrence of compensatory damages.

A cybersecurity incident affecting the third parties the Group relies on could expose the Group or its customers to a risk of loss or misuse of customer data and significantly damage the Group's reputation

The Group depends on third parties such as partners and vendors for the conduct of its business. The Group and/or its customers may grant access to customer data to these third parties in the ordinary course of business. While the Group assesses the security controls of these third parties, the Group cannot guarantee the effectiveness of such control measures. A cybersecurity incident involving these third parties may lead to disclosure of Group or customer data or sensitive business information. This could significantly damage the Group's reputation and cause other adverse consequences.

If the Group fails to effectively process transactions or adequately protect against potential fraudulent activities, its business may be harmed

The Group or its partners process large volumes (both in number and value) of transactions daily. Despite efforts to ensure that effective systems and controls are in place to handle these transactions appropriately, it is possible that errors may be made, or that funds may be misappropriated due to fraud.

Business interruption or failure of the Group's technology may impact the availability of the Group's products and services and may impact access to or result in loss of data of customers, which may damage its reputation and harm its future financial results

The Group's disaster recovery planning may not sufficiently anticipate all eventualities. The Group's software utilises data processing and storage capabilities provided by Amazon Web Services ("**AWS**"). If the relevant AWS hosting region ever becomes unavailable, customers may not be able to access some or all of the Group's platform which could significantly impact the Group's future performance and financial results.

The Group's business operations are vulnerable to damage or interruption from natural disasters, fire, computer viruses, power loss, telecommunication failures, terrorist attacks and other events beyond the Group's control. In addition, the Group's corporate headquarters are located near a seismic fault in New Zealand. In the event of a major natural or man-made disaster, the Group's insurance coverage may not completely compensate the Group for the Group's losses and its future financial results may be impacted.

The Group continually invests in its systems and software platforms to create appropriate technology architecture and to support platform availability and scalability for its rapidly growing customer base. If these investments do not deliver the desired results, the Group's operations could be disrupted, and the Group's business could be harmed

If the Group experiences prolonged delays or difficulties in upgrading the scalability of its platform and associated systems, the platform may experience outages and the Group may not be able to deliver the level of service that its customers expect. This could result in material loss of customer revenue or damage to the Group's reputation.

The Group is dependent on its key management team and skilled employees

The Group's operating and financial success will depend partly upon the performance, efforts and expertise of its people. There can be no assurance that the Group will be able to attract in sufficient numbers in the required regions, key management, operating and technical staff and/or be able to retain these individuals. Operations could be adversely affected if the Group was unable to attract such staff or were to lose key staff members which it was unable to replace with equally qualified personnel. The loss of key executives or the delay in their replacement, or the inability to attract key executives with the requisite skills and experience, could materially and adversely affect the Group's ability to implement its business strategies.

The Group's success also depends on the continued efforts and ability to hire and retain skilled professionals with the requisite software development product management and cloud-industry based technical experience. The dynamic and rapid changes in the software development industry requires the Group's skilled professionals to keep abreast of changing industry standards and trends to adapt to the changing requirements and business environment. Competition to attract such skilled professionals and personnel is intense and there is no assurance that the Group will be successful in retaining or attracting skilled professionals and the lack of availability of such skills may materially and adversely affect operations.

The Group is subject to the credit risk of its customers and counterparties

Credit risk is the risk that a customer or counterparty fails to meet its contractual obligations under a financial instrument and that this results in a loss to the Group. The Group may be exposed to counterparty credit risk arising from its operating activities.

The Group is exposed to risks involving an inadequacy or failure of its internal controls and internal audit processes

There is a risk that a failure or inadequacy of internal controls, people or procedures, or external events, may give rise to failures or disruptions in operational systems and controls. Such events may include but are not limited to fraud, security failures, unavailability of products and services, Group and customer data loss, manual processing errors and unauthorised access to systems or premises. Such failures may have an impact on the Group's reputation, ability to attract and retain customers and key personnel, and may subsequently impact upon the financial performance and position of the Group.

The Group is exposed to the foreign exchange markets

The Group's financial statements are presented in New Zealand Dollars. However, a significant proportion of the Group's revenue and expenses are denominated in other currencies, most notably Australian Dollars, Great British Pounds and U.S. Dollars. As a result, the Group's revenues are highly sensitive to movements in the exchange rate between those currencies and the New Zealand Dollar where currency translation effects occur. This could diminish the impact of positive results or increase the impact of negative results recorded in the Group's financial statements. While the Group hedges a portion of its foreign currency exchange rate exposure through derivative instruments based on the Group's treasury policy, the Group does not seek to hedge all of its foreign currency exchange rate exposure. There can be no assurance that the Group's hedging activities will be successful in mitigating the impact of exchange rate fluctuations. In addition, significant volatility in exchange rates may increase the Group's hedging costs, limit its ability to hedge its exchange rate exposure, particularly against unfavourable movements in the exchange rates of certain emerging market currencies, and could have an adverse impact on the Group's results of operations, particularly the Group's profitability. Any of the factors above may have a material adverse effect on the Group's business, financial condition and results of operations.

Legal and compliance risks

The Group is subject to the risk of investigations, disputes and legal proceedings

The risk of litigation and claims is a general risk that applies across the Group's business. The Group may become involved in investigations, inquiries or disputes, debt recoveries, and contractual claims with respect to its activities with suppliers, customers and employees. The Group may also become subject to infringement claims, including patent, copyright, trade secret, and trademark infringement claims. Litigation may be required to determine the validity and scope of the intellectual property rights of others. A negative outcome from litigation or the cost of responding to potential or actual litigation or investigation can have a significant negative impact on the financial performance and reputation of the Group, and require significant management focus.

Laws and regulations regarding financial services, privacy and data protection could result in claims, regulatory impacts and changes to the Group's business processes, penalties, increased cost of doing business or otherwise harm the Group's business

Regulations relating to the provision of cloud services is evolving as governments continue to adopt or modify laws and regulations regarding data privacy, data protection, and the collection, processing, storage, transfer, use of personal data and mandatory notification of breaches of data security. In addition, there is a risk that laws and regulations that were historically formulated to regulate financial institutions either evolve or are interpreted by regulatory authorities to apply to aspects of the Group's products and services.

Any new or altered laws or regulations which affect the Group's business could require the Group to increase spending and employee resources on regulatory compliance and/or change or restrict the Group's business practices, which could adversely affect the Group's operations and profitability. For example, to address the GDPR (EU's recently implemented General Data Protection Regulation) and other data privacy regulations, the Group has made changes to its products and business processes. If the Group fails to address these changing requirements or fails to support its customers meeting their regulatory obligations that may arise in connection with use of the Group's platform, demand for the Group's offerings could decline. In addition, the Group could incur penalties for non-compliance with these laws which may be significant.

Changes in government regulation regarding open data could impact the Group's competitive positioning and financial performance

Changes in regulation which result in more open access to banking data may impact on the Group's ability to innovate and differentiate from competitors and reduce the ability to attract new customers.

The Group is subject to government regulations and legal requirements

As a globally available SaaS platform, the Group faces ongoing legal risk arising from its exposure to a wide range of laws and regulatory requirements in various jurisdictions. There is a risk that laws, regulations and governmental agency administrative procedures may be adopted with respect to the Group's products and services, covering issues such as user privacy, the content and quality of products and services, intellectual property rights, and information security. These changes could limit the Group's proposed scope of business activities and require significant investments by the Group. In particular, changes in government regulation regarding location of data hosting and data storage may require the Group to invest in new data storage locations and may materially increase its cost base, therefore impacting the Group's financial performance. Further, there can also be no assurance that any jurisdiction in which the Group operates will not change its licensing requirements, including the terms and conditions to which any existing licences and approvals are subject, or introducing new licensing or approval requirements. If the regulatory scheme of any jurisdiction in which the Group operates in were to change its licensing or approvals requirements, the Group may be required to expend significant capital or other resources in order to comply with the new requirements and/or may be required to modify its product offering or its operations in order to comply with the new requirements and/or may not be able to meet the new requirements, any or a combination of which could have a material adverse effect on its business, financial condition and results of operations. In addition, tax and accounting laws and requirements applying to customers of the Group's platform, or changes in those laws and requirements, may impact the product functionality requirements of the Group's platform and may require significant investment by the Group. Further, any inability to meet those laws and requirements may result in loss of customers or liability to customers.

The Group utilises open source software and failure to comply with its legal terms and conditions could result in the Group being subject to significant damages and incur significant legal expenses in defending such allegations

Some of the Group's solutions incorporate and are dependent on the use and development of "open source" software. Open source software is generally licensed under open source licenses which may include a requirement that the Group make available, or grant licenses to, any modifications or derivatives works created using the open source software. If an author or other third party that uses or distributes such open source software were to allege that the Group had not complied with the legal terms and conditions of one or more of these licenses, the Group could incur significant legal expenses defending against such allegations and could be subject to significant damages.

General business risks

The Group is subject to changes in accounting policy

The Group must report and prepare financial statements in accordance with prevailing accounting standards and policies. There may be changes in these accounting standards and policies in the future which may have an adverse impact on the Group. The Group adheres to the Generally Accepted Accounting Practice in New Zealand ("**NZ GAAP**") and the Group's financial statements comply with New Zealand equivalents to International Financial Reporting Standards ("**NZ IFRS**") as well as International Financial Reporting Standards ("**IFRS**"), and other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS as established by the New Zealand Accounting Standards Board ("**ASB**"). These accounting practices, standards and notices are out of the control of the Group. From time to time, the ASB may introduce new or refined accounting standards which may affect the future measurement and recognition of key income statement or statement of financial position items. Such changes may also be as a result of harmonisation of NZ IFRS with international accounting standards. There is also a risk that interpretations of existing NZ IFRS, including those relating to the measurement and recognition of key income statement and statement of financial position items, may differ. In particular, the Group has adopted three new accounting standards from 1 April 2018, namely the IFRS 9, IFRS15 and IFRS 16 and while the assessment of these new accounting standards remain in the preliminary stages, it is expected that these new accounting standards will impact the Group's financial results for the first half of 2018. Any changes to NZ GAAP, NZ IFRS or to the interpretation of those standards could have a material adverse effect on the financial performance and position reported in the Group's financial statements. See "Summary Financial Information" for more details on the impact of IFRS 9, IFRS 15 and IFRS 16 on the financial performance and position reported in the Group's financial statements.

The Group is exposed to risks associated with the performance of the global economy and the prevailing economic and political conditions in the markets in which it operates

The Group's operating and financial performance is influenced by a variety of general economic and business conditions, including the level of inflation, interest rates, ability to access funding, oversupply and demand conditions and government fiscal, monetary and regulatory policies. Prolonged deterioration in these conditions, including an increase in interest rates or an increase in the cost of capital, could have a material adverse impact on the Group's operating and financial performance.

An outbreak or a material escalation of hostilities including a declaration of war in major countries of the world or acts of terrorism may affect the global economic and commercial environment and in turn directly or indirectly affect the Group's future revenues, operations and financial performance.

The Group is subject to changes in taxation laws

The Group's tax position is based on current tax law and an understanding of the practice of the relevant tax authorities in respect of the application of that law. An interpretation of taxation laws by the relevant tax authority that differs from the Group's view of the application of those laws may reduce the pool of tax losses available or increase the amount of tax that is payable by the Group. There is also the potential for changes to taxation law or changes in the position of tax authorities that may impact the Group's tax position, which in turn may impact the Group's financial performance. In addition, the Group may from time-to-time be subject to reviews, audits or investigation from relevant tax authorities, the outcome of which may impact the amount of tax payable by the Group and impact the financial performance of the Group.

The Group is exposed to interest rates changes

Changes in interest rates will affect borrowings which bear interest at floating rates. Any increase in interest rates will affect the Group's costs of servicing borrowings, and may affect the relative strength of the Australian Dollar, the New Zealand Dollar and the U.S. Dollar, each of which could materially and adversely affect the Group's financial performance and position.

The Group is exposed to force majeure events

Events may occur within or outside Australia that negatively impact global, Australian or other local economies relevant to the Group's financial performance, the operations of the Group and/or the price of the Notes and Ordinary Shares. These events include, but are not limited to, acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that may have a material adverse effect on the Group's ability to perform its obligations.

The Group is subject to fluctuations in the price of its Ordinary Shares

The market price of Ordinary Shares will fluctuate due to various factors including general movements in interest rates, the Australian and international investment markets, economic conditions, global geo-political events and hostilities, investor perceptions and other factors.

Trading in Ordinary Shares may not be liquid

There may be relatively few potential buyers or sellers of the Ordinary Shares on the ASX at any time. This may increase the volatility of the market price of Ordinary Shares. It may also affect the prevailing market price at which shareholders are able to sell their Ordinary Shares. This may result in shareholders receiving a market price for the Ordinary Shares that is less or more than the price at which the shareholders acquired or subscribed for the Ordinary Shares.

There is no assurance that the Group will be able to pay dividends

The Company's ability to pay dividends or make other distributions in the future is contingent on its profits and certain other factors, including the capital and operational expenditure requirements of the business. Therefore, there is no assurance that dividends will be paid. Moreover, to the extent the Company pays any dividends, its ability to offer fully imputed dividends is contingent on making taxable profits. The value of imputation credits to a shareholder will differ depending on the shareholder's particular tax circumstances.

There is no assurance that the Group's shareholders may not suffer dilution

In the future, the Company may elect to issue Ordinary Shares (including pursuant to employee and management equity incentive arrangements) or engage in fundraisings including to fund acquisitions or growth initiatives that the Group may pursue. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period (other than where exceptions apply), shareholders may be diluted as a result of such issues of Ordinary Shares and fundraisings.

There is no assurance that expected future events will occur

There can be no guarantee that the assumptions and contingencies contained within forward looking statements, opinion or estimates (including projections, guidance on future earnings and estimates) will ultimately prove to be valid or accurate. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

RISKS RELATING TO THE NOTES AND THE GUARANTEE

The Notes are complex instruments and may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. Furthermore, each potential investor in the Notes should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Offering Circular;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes or where the currency for payment is different from the potential investor's currency;

- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in the Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

In addition, the investment activities of certain investors may be subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) the Notes constitute legal investments for it; (ii) the Notes can be used as collateral for various types of borrowing; and (iii) other restrictions apply to any purchase or pledge of any Notes by the investor. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules and regulations.

Lack of a public market for the Notes

The Notes are a new issue of securities for which there is currently no established trading market when issued, and one may never develop. Approval in-principle has been received for the listing of the Notes on the SGX-ST. However, there can be no assurance that the Issuer will be able to maintain such a listing or that, if listed; a trading market will develop for the Notes on the SGX-ST. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have an adverse effect on the market value of Notes.

If an active trading market were to develop, the Notes could trade at a price that may be lower than the initial offering price of the Notes. Whether or not the Notes will trade at lower prices depends on many factors, including:

- prevailing interest rates and the market for similar securities;
- general economic, market and political conditions;
- the Group's financial condition, financial performance and future prospects as well as the market price and volatility of the Ordinary Shares;
- the publication of earnings estimates or other research reports and speculation in the press or investment community; and
- changes in the industry and competition affecting the Group.

The Noteholders do not have the benefit of any security interest with respect to the Notes and will rank behind the claims of the Group's secured creditors and payments under the Notes will be structurally subordinated to liabilities and obligations of the subsidiaries of the Group

Neither the Trust Deed nor the Notes create any security interest in favour of Noteholders to secure the payment obligations arising under the Notes. The Notes will rank senior in right of payment to any indebtedness that is expressly subordinated in right of payment to the Notes and equal in right of payment to any indebtedness that is not so subordinated. The Notes will be effectively junior in right of payment to any secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities (including trade payables) and any preferred equity of the Group's current and future subsidiaries.

Investors should be aware that in the event of bankruptcy, liquidation, reorganisation or other winding up procedures, any of the Group's assets which are the subject of a valid security arrangement will be only available to pay obligations on the Notes after such secured indebtedness has been repaid in full, and the assets of the relevant subsidiaries will be only available to pay obligations on the Notes after all such relevant indebtedness and other liabilities (including trade payables) and any preferred equity of such subsidiaries have been repaid in full. As a result, the Group may not have sufficient assets remaining to pay amounts due on any or all of the Notes which are outstanding at the time of such bankruptcy, liquidation, reorganisation or other winding up procedures and the Noteholders may receive less, rateably, than holders of any current or future accrued indebtedness. Save for and subject to the negative pledge covenant under Condition 2 of the Terms and Conditions of the Notes, the Trust Deed and the Terms and Conditions of the Notes do not also prohibit the Group from incurring additional senior debt or secured debt, nor do they prohibit any of the Group's current and future subsidiaries from incurring additional indebtedness or other liabilities (including trade payables) or issuing preferred equity. The Group may in the future have other liabilities, including contingent liabilities, that may be significant.

As of 31 August 2018, the Group had indebtedness for borrowed money amounting to NZ$30,850,000, to which the Notes are structurally subordinated to. It is intended that this indebtedness will be repaid out of proceeds from the Offering. The Group also have an undrawn committed standby facility of NZ$100,000,000 which any indebtedness incurred thereunder will have the benefit of security over the Group's assets and to which the Notes will be structurally subordinated to.

The Cash Settlement Amount payable to investors will be subject to market price volatility during the 90 dealing day calculation period

Upon exercise of a Conversion Right, the conversion of the Notes will be settled in cash unless the Issuer elects to deliver Ordinary Shares by either (a) providing a Physical Settlement Election Notice to the relevant Noteholder during the Initial Conversion Period or (b) electing to deliver Ordinary Shares in the Final Conversion Period Determination. The Cash Settlement Amount will be calculated using the average of the volume weighted average price of the Ordinary Shares over 90 consecutive dealing days. During the Initial Conversion Period, the Cash Settlement Amount will be calculated after the investor's lodgement of a Conversion Notice. As such, an investor will need to wait for the calculation period to be completed before receiving any payment of the Cash Settlement Amount. The calculation of the Cash Settlement Amount will be affected by share price movements and volatility during this 90 dealing day period.

In addition, the concept of dealing day will exclude trading days on which there is Market Disruption Event, which includes either a Trading Disruption, an Exchange Disruption or an Early Closure (each as defined in the Terms and Conditions of the Notes). The occurrence of each of these events may extend the Cash Settlement Calculation Period and delay the time at which an investor will be paid the relevant Cash Settlement Amount. During the Final Conversion Period, it is possible that the Cash Settlement Amount will be paid after the Final Maturity Date of the Notes if there are a number of Market Disruption Events during the Cash Settlement Calculation Period.

Refer also to "*Risk Factors – Risks relating to the Notes and the Guarantee – Noteholders will bear the risk of fluctuation in the price of the Ordinary Shares*".

Noteholders will bear the risk of fluctuation in the price of the Ordinary Shares

The trading price of the Ordinary Shares will directly affect the trading price of the Notes. It is impossible to predict whether the price of the Ordinary Shares will rise or fall. This may result in greater volatility in the market price of the Notes than would be expected for non-convertible debt securities. The market price of a publicly traded stock is affected by many variables not directly related to the success or the performance of the Group.

There are various risks associated with investing in any form of business and with investing in the stock market generally. The value or trading price of the Ordinary Shares and the value of the Ordinary Shares issued upon conversion of the Notes will depend upon the general stock market and economic conditions as well as other factors including, but not limited to, the Company's credit quality, operating results, economic and financial prospects and other factors. In addition, the price of the Ordinary Shares is also subject to varied and often unpredictable influences on the market for equities, including, but not limited to:

- general economic conditions, including the performance of the New Zealand Dollar, the Australian Dollar, the U.S. Dollar and commodities on world markets;
- inflation rates, foreign exchange rates and interest rates;
- changes to government policy, legislation or regulation;
- industrial disputes; and
- general operational and business risks.

There is no guarantee of profitability, dividends, return of capital, or the price at which the Ordinary Shares will trade on the ASX after conversion of the Notes. The past performance of the Ordinary Shares is not necessarily an indication as to future performance as the trading price of shares can fluctuate.

Noteholders have limited anti-dilution protection

The Conversion Price will be adjusted in the event that there is a share subdivision or consolidation or reclassification, rights offering and equity issuances at less than the then Current Market Price (as defined in the Terms and Conditions of the Notes), bonus issue, stock dividends, Capital Distributions (as defined in the Terms and Conditions of the Notes) (including dividends) and other analogous dilutive events, but only in the circumstances and only to the extent provided in Condition 6 of the Terms and Conditions of the Notes. There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Ordinary Shares. In particular, there is no Conversion Price adjustment for Ordinary Shares issued pursuant to any employee share scheme approved by the Guarantor and in compliance with the listing rules of the ASX ("**Employee Share Scheme**"). There is no threshold above which the issue of Ordinary Shares pursuant to an Employee Share Scheme would result in a change in the Conversion Price. Such events, should they occur, may adversely affect the value of the Ordinary Shares and, therefore, where no adjustment is required to be made, adversely affect the value of the Notes.

There is an absence of covenant protection for the Notes

Other than as described herein, the Trust Deed will not limit the Company's ability to incur additional debt or liabilities (including secured indebtedness). The Trust Deed will not contain any provision specifically intended to protect holders of the Notes in the event of a future leveraged transaction by the Company (other than secured capital markets transactions in the circumstances described in the Terms and Conditions of the Notes).

The Company may in future incur further indebtedness and other liabilities. The Company has provided, and may in the future provide, guarantees and/or indemnities in respect of such liabilities.

The Issuer and/or the Company as Guarantor may be unable to redeem or repay the Notes when due

In the event the Ordinary Shares cease to be listed on the ASX, a holder of the Notes may require the Issuer to redeem all of such Noteholder's Notes. The Issuer may also be required to redeem all the Notes upon the occurrence of a Change of Control. Following acceleration of the Notes upon an Event of Default, the Issuer and the Company would be required to pay all amounts then due in accordance with the Terms and Conditions of the Notes. Upon exercise of any Conversion Right, unless the Issuer elects to deliver Ordinary Shares, the Issuer will be required to pay the relevant Cash Settlement Amount. Unless previously redeemed, converted or purchased and cancelled, the Issuer will be required to redeem the Notes on 4 October 2023. The Issuer and/or the Company as guarantor may not be able to redeem all or any of such Notes or pay all or any amounts due under the Notes if the Issuer and/or the Company as guarantor do not have sufficient cash flows to do so. The Issuer and the Company as guarantor cannot assure the Noteholders that, if required, they would have sufficient cash or other financial resources to redeem the Notes.

Although the Issuer will decrease the Conversion Price if a relevant holder converts its Notes during a Change of Control Period, the decrease may not adequately compensate such holder for the option value that such holder may lose as a result of the relevant Change of Control

If a Change of Control occurs and a holder elects to convert its Notes during the Change of Control Period for such Change of Control, the Issuer will decrease the Conversion Price applicable to such holder's Notes. The amount by which the Issuer will decrease the Conversion Price during a Change of Control Period will be determined based on the number of days from the first day of the Change of Control Period to the day before the Final Maturity Date. Although the adjustment to the Conversion Price is intended to compensate such holder for the option value that such holder will lose as a result of a Change of Control, the decrease in the Conversion Price is based on a pre-set formula that does not account for many of the factors that will determine the amount of option value that such holder will lose upon the occurrence of a Change of Control. For example, although the formula that determines the decrease in the Conversion Price generally accounts for any time value the holder may lose, the formula does not account for any change in the volatility of the Ordinary Shares that may occur upon a Change of Control or whether the market price of the Ordinary Shares at the time the Change of Control occurs is near the Conversion Price of the Notes.

Unless and until the Issuer elects to deliver Ordinary Shares on conversion, Noteholders will not be entitled to any shareholder rights, but will be subject to all changes affecting the Ordinary Shares

Unless and until the Noteholders acquire the Ordinary Shares upon conversion of the Notes, they will have no rights with respect to the Ordinary Shares, including any voting rights or rights to receive any regular dividends or other distributions with respect to the Ordinary Shares. Upon conversion of the Notes if the Issuer elects to deliver Ordinary Shares, these holders will be entitled to exercise the rights of holders of the Ordinary Shares only as to actions for which the applicable record date occurs after the date of conversion.

Short selling of the Ordinary Shares by purchasers of the Notes could materially and adversely affect the market price of the Ordinary Shares

The issuance of the Notes may result in downward pressure on the market price of the Ordinary Shares. Many investors in convertible Notes seek to hedge their exposure in the underlying equity securities, often through short selling the underlying equity securities or similar transactions. Any short selling or similar hedging activity could place significant downward pressure on the market price of the Ordinary Shares, thereby having a material adverse effect on the market value of the Ordinary Shares as well as on the trading price of the Notes.

Future issuances of Ordinary Shares or equity-related securities may depress the trading price of the Ordinary Shares

Any issuance of the Company's equity securities after the offer of the Notes could dilute the interest of the existing shareholders and could substantially decrease the trading price of the Ordinary Shares. The Company may issue equity securities in the future for a number of reasons, including to finance its operations and business strategy (including in connection with acquisitions, strategic collaborations or other transactions), to adjust its ratio of debt to equity, to satisfy its obligations upon the exercise of outstanding warrants, options or other convertible notes or for other reasons. Sales of a substantial number of Ordinary Shares or other equity-related securities in the public market (or the perception that such sales may occur) could depress the market price of the Ordinary Shares and impair the Company's ability to raise capital through the sale of additional equity securities. There is no restriction on the Company's ability to issue further unsecured notes or the ability of any of the Company's shareholders to dispose of, encumber or pledge the Ordinary Shares, and there can be no assurance that the Company will not issue further unsecured notes or that the Company's shareholders will not dispose of, encumber or pledge the Ordinary Shares. The Company cannot predict the effect that future sales of the Ordinary Shares or other equity-related securities would have on the market price of the Ordinary Shares. In addition, the price of the Ordinary Shares could be affected by possible sales of the Ordinary Shares by investors who view the Notes as a more attractive means of obtaining equity participation in the Company and by hedging or engaging in arbitrage trading activity involving the Notes.

The Trustee may request Noteholders to provide an indemnity and/or security and/or prefunding to its satisfaction

In certain circumstances (including without limitation the giving of notice to the Issuer and the Company pursuant to Condition 10 of the Terms and Conditions of the Notes and the taking of steps, action and/or proceedings pursuant to Condition 15 of the Terms and Conditions of the Notes), the Trustee may (at its sole discretion) request Noteholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of Noteholders. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the Trust Deed and the Terms and Conditions of the Notes and applicable laws and regulations, it will be for the Noteholders to take such actions directly.

Modifications and waivers

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to any modification of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Notes or the Terms and Conditions of the Notes which in the opinion of the Trustee will not be materially prejudicial to the interests of Noteholders and to any modification of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Notes or the Terms and Conditions of the Notes which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law.

In addition, the Trustee may, without the consent of the Noteholders, authorise or waive any proposed breach or breach of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Notes or the Terms and Conditions of the Notes (other than a proposed breach, or a breach relating to the subject of certain reserved matters) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

The insolvency laws of New Zealand and other local insolvency laws may differ from those of another jurisdiction with which the Noteholders are familiar

As each of the Issuer and the Company is incorporated under the laws of New Zealand, any insolvency proceedings relating to the Issuer or the Company would likely involve New Zealand insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the insolvency laws of jurisdictions with which the Noteholders are familiar.

The Issuer may issue additional Notes in the future

The Issuer may, from time to time, and without prior consultation with or consent from the Noteholders, create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the Closing Date and the first payment of interest on them) or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Notes.

Developments in other markets may adversely affect the market price of the Notes

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Notes is, to varying degrees, influenced by economic and market conditions in other markets. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including Singapore. Since the sub-prime mortgage crisis in 2008, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

The Issuer will have no material assets beyond the proceeds from this Offering and resulting loans and investments made with such proceeds and therefore may need to rely on remittances from the Company and its subsidiaries to make payments under the Notes

The Issuer will not conduct business or any other activities other than the offering, sale and issuance of debt securities and instruments and the lending of the proceeds thereof and any other activities in connection therewith or related thereto. The Issuer may not make a sufficient return on investments and its ability to make payments under the Notes may depend on its receipt of timely remittances from the Company (or its subsidiaries).

The Notes are subject to changes of law

The Terms and Conditions of the Notes are governed by English law. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the Notes. The Issuer and the Company must also comply with various legal requirements including requirements imposed by securities laws and company laws in Australia and New Zealand (as applicable). Should any of those laws change over time, the legal requirements to which the Issuer and the Company may be subject could differ materially from current requirements.

Regulatory actions may adversely affect the trading price and liquidity of the Notes

Investors in, and potential purchasers of, the Notes may employ, or seek to employ, a convertible arbitrage strategy with respect to the Notes. Investors that employ a convertible arbitrage strategy with respect to the Notes that do not rely solely on derivative hedging arrangements like swaps, typically implement the strategy by selling short the securities underlying the Notes. As a result, any specific rules regulating short selling of securities or other regulatory action that interfere with the ability of investors in, or potential purchasers of, the Notes to effect short sales in the Ordinary Shares could adversely affect the ability of such investors in, or potential purchasers of, the Notes to conduct the convertible arbitrage strategy with respect to the Notes. This could, in turn, adversely affect the trading price and liquidity of the Notes.

Securities law restrictions on the resale and conversion of the Notes and the resale of Ordinary Shares issuable and/or deliverable upon their conversion following the Issuer's Physical Settlement Election may impact the Noteholder's ability to sell the Notes

The Notes and the Ordinary Shares into which the Notes are convertible have not been registered under the Securities Act or any state securities laws. Unless and until they are registered, the Notes and the Ordinary Shares issuable and deliverable upon conversion (following the Issuer's Physical Settlement Election) may not be offered, sold or resold except pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws. The Notes are being offered and sold only to non-US persons outside the United States in reliance on Regulation S under the Securities Act. The Issuer is not required to register the Notes or the Ordinary Shares into which the Convertible Bonds are convertible under the Terms and Conditions of the Notes. Hence, future resales of the Notes and the Ordinary Shares into which the Notes are convertible may only be made pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws.

The liquidity and price of the Notes following this offering may be volatile

The price and trading volume of the Notes may be highly volatile. Factors such as variations in the revenues, earnings and cash flows of the Group and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the volume and price at which the Notes will trade. There can be no assurance that these developments will not occur in the future.

The Notes will each initially be represented by a Global Certificate and holders of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing system(s)

The Notes will each initially be represented by a Global Certificate. Such Global Certificate will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg (each of Euroclear and Clearstream, Luxembourg, a "**Clearing System**"). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Notes. The relevant Clearing System(s) will maintain records of the beneficial interests in the Global Certificate. While the Notes are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Notes are represented by the Global Certificate, the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Notes. The Issuer does not have any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Noteholders may be adversely affected by certain exchange rate risks and exchange controls

The Issuer will make payments to Noteholders in U.S. Dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the U.S. Dollar. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. Dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls that could adversely affect an applicable exchange rate. An appreciation in the value of the Investor's Currency relative to the U.S. Dollar would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the amounts payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes. Government and monetary authorities may impose exchange controls that could adversely affect the availability of a specified foreign currency at the time of payment of amounts on a Note. As a result, the payments received by investors may be adversely affected.

RISKS RELATING TO THE CALL SPREAD TRANSACTIONS

The Call Spread Transactions may affect the value of the Notes and Ordinary Shares

In connection with the issuance and pricing of the Notes, the Issuer entered into privately negotiated Call Spread Transactions with the Option Counterparties. The Call Spread Transactions are expected generally to reduce or offset potential dilution upon any conversion of the Notes and/or offset any cash payments the Issuer is required to make in excess of the principal amount of the converted Notes, as the case may be.

In connection with establishing their initial hedges of the Call Spread Transactions, the Option Counterparties may enter into various derivative transactions with respect to Ordinary Shares and/or purchase Ordinary Shares concurrently with or shortly after the pricing of the Notes. This activity could increase (or reduce the size of any decrease in) the market price of Ordinary Shares or the Notes at that time.

In addition, the Option Counterparties may modify their hedge positions by entering into or unwinding various derivatives with respect to Ordinary Shares and/or purchasing or selling Ordinary Shares or other securities of the Company in secondary market transactions following the pricing of the Notes and prior to the maturity of the Notes (and are likely to do so during any observation period related to a conversion of Notes). This activity could also cause or avoid an increase or a decrease in the market price of Ordinary Shares or the Notes, which could affect a Noteholder's ability to convert the Notes and, to the extent the activity occurs following conversion or during any observation period related to a conversion of Notes, it could affect the value of the consideration that a Noteholder will receive upon conversion of the Notes.

In addition, if any such Call Spread Transactions fail to become effective, whether or not this offering of Notes is completed, the Option Counterparties may unwind their hedge positions with respect to Ordinary Shares, which could adversely affect the value of Ordinary Shares and, if the Notes have been issued, the value of the Notes.

The Call Spread Transactions are separate transactions (in each case that the Issuer entered into with the Option Counterparties), are not part of the Terms and Conditions of the Notes and will not change the Noteholders' rights under the Notes. A Noteholder will not have any rights with respect to the Call Spread Transactions.

The Group does not make any representation or prediction as to the direction or magnitude of any potential effect that the transactions described above may have on the price of the Notes or the Ordinary Shares. In addition, the Group does not make any representation that the Option Counterparties will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice. See "*Description of the Call Spread Transactions*".

The Group is subject to counterparty risk with respect to the Call Spread Transactions

The Option Counterparties are financial institutions, and the Group will be subject to the risk that any or all of them might default under the Call Spread Transactions. The Group's exposure to the credit risk of the Option Counterparties will not be secured by any collateral. Past global economic conditions have resulted in the actual or perceived failure or financial difficulties of many financial institutions. If an Option Counterparty becomes subject to insolvency proceedings, the Issuer will become an unsecured creditor in those proceedings with a claim equal to the Issuer's exposure at that time under the Call Spread Transactions with such Option Counterparty. The Issuer's exposure will depend on many factors but, generally, an increase in the Issuer's exposure will be correlated to an increase in the market price and in the volatility of Ordinary Shares.

In addition, upon a default by an Option Counterparty, the Group may suffer adverse tax consequences and more dilution than the Group currently anticipates with respect to Ordinary Shares. The Group can provide no assurances as to the financial stability or viability of the Option Counterparties.

The Issuer may be unable to achieve equity classification on the call spread

The Issuer is required to account for the Call Spread Transaction under the IFRS. The transactions are highly complex arrangements, and judgement is required to determine the appropriate accounting treatment under IFRS. It is expected that the Upper Strike Call Option will be equity classified under IFRS. However, there is a risk that the instrument could be required to be classified as a derivative liability. Classification as a derivative liability will result in a requirement for fair value re-measurement of the instrument. Its fair value will be subject to the Company's share price and other market factors. Under this scenario, increases in the company's share price could result in material fair value losses being recognised in the Group's and the Issuer's income statements.

The risks described above do not necessarily comprise all those faced by the Group and are not intended to be presented in any assumed order of priority.

The investment referred to in this Offering Circular may not be suitable for all of its recipients. Investors are accordingly advised to consult an investment adviser before making a decision to subscribe for Notes.

USE OF PROCEEDS

The net proceeds from this Offering will be approximately U.S.$292.6 million, after deduction of commissions, professional fees and other administrative expenses.

Approximately U.S.$29.9 million of the net proceeds from this offering is expected to fund the Call Spread Transactions described in "Description of the Call Spread Transactions".

The Group intends to use some of the net proceeds to repay NZ$30,850,000 of term debt.

The Group intends to use the remainder of the net proceeds in respect of potential acquisitions of, and investments into, strategic and complementary businesses and assets which are in line with the Group's strategy to drive long-term shareholder value; although the Group has no agreement or understanding with respect to any such acquisitions or investments at this time.

Pending these uses, the Group may invest the net proceeds in short-term, interest-bearing instruments or other investment securities.

CAPITALISATION AND INDEBTEDNESS

Capitalisation and Indebtedness of the Group

The following table sets forth the Group's cash and cash equivalents as well as capitalisation and indebtedness as of 31 March 2018:

- on an actual basis; and
- on an "as adjusted" basis to reflect the:
  - issuance of the Notes in this Offering, after deducting transaction costs incurred by the Issuer and Group in relation to this Offering of approximately NZ$437.9 million;
  - use of approximately NZ$44.7 million of the net proceeds from this Offering to pay the cost of the Call Spread Transactions;
  - repayment of NZ$30.85 million of term debt out of net proceeds from this Offering, and
  - assumption that the remaining net proceeds are held as cash or cash equivalents.

This table should be read in conjunction with the "Use of Proceeds" section in this Offering Circular and the financial statements and related notes which are incorporated by reference into this Offering Circular. The table has not been audited and has been prepared using NZ IFRS.

	At 31 March 2018	
	Actual	**As Adjusted(4)(5)**
	(NZ$000s)	*(NZ$000s)*
Cash and cash equivalents(1)	20,955	383,340
Short term deposits	59,000	59,000
Cash and cash equivalents and short term deposits	**79,955**	**442,340**
Long-term debt		
Convertible notes due 2023 offered hereby(1)(2)	0	448,900
Shareholders equity		
Share capital(3)	549,596	549,596
Treasury shares	(11,852)	(11,852)
Reserves	20,221	20,221
Accumulated losses	(334,838)	(334,838)
Total Equity	223,127	223,127
Total capitalisation and indebtedness	**223,127**	**672,027**

1. The exchange rate used to translate the net proceeds of the Notes and the resulting debt liability is the closing rate on 21 September 2018 of NZ$1.000 to U.S.$0.6683, rather than the closing rate at 31 March 2018, to better reflect anticipated proceeds of the issue due to the significant change in the NZ$ to US$ exchange rates since 31 March 2018.

2. In accordance with NZ IFRS, convertible debt that may be wholly or partially settled in cash is separated into a debt liability component and a derivative liability component, such that interest expense reflects the Issuer's non-convertible debt interest rate. Upon issuance, a debt discount is recognised as a decrease in debt liability and an increase in derivatives liabilities. The debt component will accrete up to the principal amount over the expected term of the debt. The accounting treatment does not affect the actual amount that may be repaid. The amount shown in the table above for the Notes is the aggregate principal amount of the Notes and does not reflect the debt discount that we will be required to recognise in our consolidated balance sheet.

3. Share capital does not reflect any Ordinary Shares that may be issued upon conversion of the Notes offered by this Offering Circular or Ordinary Shares issued on the exercise of the Upper Strike Call Option detailed in this Offering Circular (see "Effects of the Notes on the Company" below).

4. Amounts shown in the table above do not reflect the recording of the cash conversion feature separately as a derivative liability.

5. The Call Spread Transactions described in "Description of the Call Spread Transactions" section will be accounted for as follows:

a) The Lower Strike Call Option will be accounted for as derivative assets;

b) The Upper Strike Call Option is anticipated to be accounted for as equity instruments;

c) The cost of the Call Spread will be paid for from the proceeds of the Note.

The derivative asset and equity instruments relating to the Call Spread Transactions are not reflected in the above table.

Current equity capital

Description	No. of Ordinary Shares
Number of Ordinary Shares on issue as at 31 March 2018	138,449,071
Number of Ordinary Shares issued between 1 April 2018 and the date of this Offering Circular (1)	2,037,058
Number of Ordinary Shares on issue as at the date of this Offering Circular	140,486,129

Note (1):

Includes:

- 1,133,303 Ordinary Shares issued as part consideration for the acquisition of Hubdoc Inc. as announced by Xero on 1 August 2018;
- 539,321 Ordinary Shares issued on exercise of vested employee options;
- 6,322 Ordinary Shares issued to Directors in lieu of fees; and
- 358,102 Ordinary Shares issued to employees in connection with the Group's equity incentive arrangements. Of those Ordinary Shares, 228,459 are held in trust on a restricted basis.

Restricted shares

Ordinary Shares on issue as at the date of this Offering Circular include 834,431 Ordinary Shares held on a restricted basis in connection with the Company's equity incentive arrangements.

Options and restricted stock units on issue

As at the date of this Offering Circular, there were 45 individuals holding a total of 3,538,821 unlisted options at an average exercise price of A$27.95 per option. If each of those options vested and were exercised, Xero would issue 3,538,821 Ordinary Shares.

At as the date of this Offering Circular, there were 406 individuals holding a total of 430,746 restricted stock units ("**RSUs**"). If each of those RSUs vested, Xero would issue 430,746 Ordinary Shares.

Future issues in respect of Hubdoc Inc. acquisition

On 1 August 2018, Xero announced the acquisition of Hubdoc Inc. and issued 1,133,303 Ordinary Shares to the vendors as part consideration for the acquisition.

Under the terms of the acquisition, if certain performance hurdles are met in respect of the Hubdoc Inc. business, Ordinary Shares up to a value of U.S.$10 million (calculated with reference to the volume weighted average price per Ordinary Share for the 5 days preceding the issue), may be issued in 18 months from the closing date for the acquisition transaction. Based on the closing price per Ordinary Share on 21 September 2018 of A$50.00 and closing foreign exchange rate on 21 September 2018 of A$1.000 to U.S.$0.7286, Xero may be obliged to issue up to 274,499 Ordinary Shares.

Effects of the Notes on the Company

The issue of the Notes and the entering into of the Call Spread Transactions may result in the issue (or cancellation in certain circumstances) by Xero of Ordinary Shares at some time in the future.

The issue of Ordinary Shares by Xero may arise:

(a) if the Issuer elects to settle the conversion of the Notes physically by the delivery of Xero Ordinary Shares; or

(b) if the Upper Strike Call Option is exercised.

Further, if the Lower Strike Call Option is exercised and elected by the Issuer to be physically settled, then (subject to gaining relevant approvals under New Zealand law), the Ordinary Shares may be delivered to the Guarantor, resulting in a cancellation of the relevant Ordinary Shares.

As a result, the net effect of the issue of the Notes and the entering into of the Call Spread Transactions on the capital structure of Xero will depend on a number of variables.

By way of example, in the event of a full conversion of the Notes issued, and based on the initial Conversion Price of the Notes, using the closing price per Ordinary Share on 21 September 2018 of A$50.00 and the closing foreign exchange rate on 21 September 2018 of A$1.000 to U.S.$0.7286, if the Issuer elects to settle conversion of the Notes by the delivery of Ordinary Shares, Xero would be obliged to issue 6,334,593 new Ordinary Shares. In the event that the Upper Strike Call Option is exercised, the same amount of Ordinary Shares would be issued.

Alternatively, if the conversion of the Notes is cash-settled, and the Upper Strike Call Option is not exercised (for example, because in respect of each tranche of the Upper Strike Call Option the strike price of such tranche is equal to or greater than the volume weighted average price per Ordinary Share, as measured under the terms of the Upper Strike Call Option), then the issue of the Notes and the Call Spread Transactions may not result in any Ordinary Shares being issued by Xero.

Any Ordinary Shares issued upon conversion of the Notes or the exercise of the Upper Strike Call Option will be issued fully paid and will rank from the date of issue equally for dividend and other rights with existing Ordinary Shares. Upon issue of Ordinary Shares, the Company will apply to the ASX for quotation of the Ordinary Shares.

Debt Facilities

The Company has access to a secured senior syndicated bank loan facility (the "**Facility**") with the initial lenders the Bank of New Zealand ("**BNZ**") and ANZ Bank New Zealand Limited ("**ANZ**") containing two separate tranches:

1. NZ$100.00 million "Standby Credit Facility" maturing 15 November 2019. The facility is fully undrawn and provides liquidity support to the Group; and

2. NZ$31.00 million "Term Debt Acquisition Facility" maturing 2 August 2021 (the "**Term Debt Acquisition Facility**"), with NZ$30.85 million drawn. The facility is intended to be fully repaid with the proceeds from the issue of the Notes.

The initial guarantors of the Facility form the "**Guaranteeing Group**". The Guaranteeing Group provides security to the lenders through the following entities and security arrangements:

1. Xero Limited: Xero has granted a security interest (under the New Zealand General Security Deed executed on 8 November 2017 between Xero Limited and Xero (NZ) Limited as Initial Debtors and BNZ as Security Trustee) in all its personal property and other property to the lenders. This includes any shares it holds, such as its shares in Xero (NZ) Limited and Xero Australia Pty Limited. In addition, under the UK Share Charge executed on 18 April 2018 between Xero Limited as Chargor and BNZ as Security Trustee, Xero has granted a first fixed charge over all the shares in Xero (UK) Limited and related rights;

2. Xero (NZ) Limited: under the New Zealand General Security Deed described above, Xero (NZ) Limited has granted a security interest in all its personal property and other property;

3. Xero Australia Pty Limited: under the Australian General Security Deed executed on 8 November 2017 between Xero Australia Pty Limited as Initial Debtor and BNZ as Security Trustee, Xero Australia Pty Limited has granted a security interest in all its property; and

4. Xero (UK) Limited: under the UK Debenture executed on 18 April 2018 between Xero (UK) Limited as Chargor and BNZ as Security Trustee, Xero (UK) Limited has granted a debenture over all of its assets (including a first legal mortgage of any land, assignment of any key-man policies, relevant agreements and relevant insurance policies, a fixed charge over other specified assets and a floating charge over all assets).

The Guaranteeing Group's minimum coverage ratios in the Facility require that 90 per cent. of the Company's consolidated group EBITDA and total assets are held within the Guaranteeing Group. As such, the Issuer will accede into the Guaranteeing Group on or before completion and become a party to the New Zealand General Security Deed. Xero Limited's shares in the Issuer will also fall within the security granted by Xero Limited in the New Zealand General Security Deed. The Company reserves the right to add or remove additional and future subsidiaries in the Guaranteeing Group to ensure compliance with the minimum coverage ratios through the term of the Facility.

SUMMARY FINANCIAL INFORMATION

The financial information below has been derived from, and should be read in conjunction with, the audited annual consolidated financial statements of the Group for the years ending 31 March 2018, 31 March 2017 and 31 March 2016 respectively, which are incorporated by reference into and deemed to be included in this Offering Circular. Copies of those audited financial statements can be obtained from the 2018, 2017 and 2016 financial reports of the Group from the ASX at www.asx.com.au or the Group's website at www.xero.com/about/investors/.

As highlighted in the Group's annual report for the year ending 31 March 2018, the Group has adopted three new accounting standards from 1 April 2018. These standards will impact the Group's first half results scheduled to be released in November 2018. Prior year comparatives will be restated with details regarding the changes released at that time. These new accounting standards are not reflected in the financial information presented below.

IFRS 9

The new standard addresses the classification, measurement and recognition of financial assets, financial liabilities, impairment of financial assets and hedge accounting. The standard introduces an 'expected credit loss model' which means it will no longer be necessary for a triggering event to occur before an impairment loss is recognised. The Group will be required to recognise an impairment loss on trade receivables at the time revenue is recognised. Currently an impairment loss is recognised when trade receivables are past due. While this will likely result in an increase in the Group's provision for doubtful debts, it is not expected to be material. Hedge accounting under NZ IFRS 9 will require hedge accounting relationships to align specifically with Xero's risk management objectives and strategy and includes a more qualitative and forward-looking approach to assessing hedge effectiveness. The Group expects that the existing hedge accounting relationships will continue to qualify under NZ IFRS 9.

IFRS 15

The new standard requires the incremental costs of obtaining a contract to be capitalised and expensed over the expect term of benefit. Costs of obtaining a contract, such as commission costs, are currently expensed as incurred. The standard also requires revenue to be recognised as distinct performance obligations are satisfied, which could alter the timing, and classification of revenue recognition. The adoption of the standard will result in commissions being capitalized and spread over the term of benefit. Capitalized commissions will be recorded as an intangible asset, and will accordingly result in an increase in amortisation, and a decrease in operating expenses.

Management does not expect the recognition and measurement of revenue to materially change under the new standard other than the impact of the change in treatment of commissions. Xero's bundled offerings typically only consist of the provision of cloud software along with support services, these services are determined to be performed uniformly over the contractual term, meaning that the identification as distinct performance obligations have no impact on the timing of revenue recognition.

IFRS 16

The new standard requires recognition of a lease liability and a right-of-use-asset at inception based on the future lease payments for substantially all lease contracts. The expense previously recorded in relation to operating leases will move from being included in operating expenses to within depreciation and finance expense.

The standard is expected to have a significant impact on Xero's asset and liability balances, and will result in a material increase to depreciation and interest expenses, and a material decrease in operating expenses. The standard will also result in a reclassification of cash outflows relating to leases from operating to financing.

The Group is early adopting the leasing standard to align with NZ IFRS 15 and NZ IFRS 9 adoption.

Consolidated Income Statement

Year ended 31 March	Derived from audited financial statements		
	2016	**2017**	**2018**
	(NZ$000s)	*(NZ$000s)*	*(NZ$000s)*
Subscription revenue	201,986	289,998	397,692
Other operating revenue	5,074	5,391	8,887
Total operating revenue	**207,060**	**295,389**	**406,579**
Cost of revenue	(49,881)	(69,385)	(76,246)
Gross profit	**157,179**	**226,004**	**330,333**
Operating expenses			
Sales and marketing	(148,284)	(166,776)	(193,909)
Product design and development	(69,664)	(93,265)	(118,847)
General and administration	(30,843)	(37,877)	(46,951)
Total operating expenses	**(248,791)**	**(297,918)**	**(359,707)**
Foreign exchange gains/(losses)	1,780	42	(723)
Other income	758	1,128	1,427
Operating deficit	**(89,074)**	**(70,744)**	**(28,670)**
Net finance income	8,122	3,674	1,350
Net loss before tax	(80,952)	(67,070)	(27,320)
Income tax expense	(1,512)	(1,987)	(523)
Net loss	**(82,464)**	**(69,057)**	**(27,843)**

Consolidated Statement of Financial Position

As at 31 March	2016	2017	2018
	Derived from audited financial statements		
	(NZ$000s)	*(NZ$000s)*	*(NZ$000s)*
Current assets			
Cash and cash equivalents	39,024	27,699	20,955
Short-term deposits	145,000	86,000	59,000
Trade and other receivables	27,098	32,817	34,523
Other current assets	358	1,194	3,501
Total current assets	**211,480**	**147,710**	**117,979**
Non-current assets			
Property, plant and equipment	15,462	15,881	21,172
Intangible assets	97,779	125,619	144,781
Deferred tax assets	1,376	2,065	2,896
Other non-current assets	2,004	1,975	2,248
Total non-current assets	**116,621**	**145,540**	**171,097**
Total assets	**328,101**	**293,250**	**289,076**
Current liabilities			
Trade and other payables	21,634	32,712	26,285
Employee entitlements	20,783	27,336	27,980
Other current liabilities	4,357	5,608	6,812
Total current liabilities	**46,774**	**65,656**	**61,077**
Non-current liabilities			
Deferred tax liabilities	755	546	173
Other long-term liabilities	1,483	2,898	4,699
Total non-current liabilities	**2,238**	**3,444**	**4,872**
Total liabilities	**49,012**	**69,100**	**65,949**
Equity			
Share capital	503,346	522,610	537,744
Accumulated losses	(237,938)	(306,995)	(334,838)
Reserves	13,681	8,535	20,221
Total equity	279,089	224,150	223,127
Total liabilities and shareholders' equity	**328,101**	**293,250**	**289,076**

Consolidated Statement of Cash Flows

Year ended 31 March	Derived from audited financial statements		
	2016	2017	2018
	(NZ$000s)	*(NZ$000s)*	*(NZ$000s)*
Operating activities			
Receipts from customers	199,737	288,448	410,470
Other income	4,144	4,116	5,497
Interest received	9,852	4,766	2,315
Payments to suppliers and employees	(245,288)	(299,638)	(374,626)
Income tax paid	(3,215)	(2,093)	(2,505)
Net cash flows from operating activities	**(34,770)**	**(4,401)**	**41,151**
Investing activities			
Purchase of property, plant and equipment	(4,749)	(6,694)	(15,329)
Sale of property, plant and equipment	–	–	1,507
Capitalised development costs	(47,749)	(57,976)	(63,767)
Other intangible assets	(1,192)	(1,641)	–
Rental bonds	(130)	(119)	(507)
Net cash flows from investing activities	**(53,820)**	**(66,430)**	**(78,096)**
Financing activities			
Exercising of share options	701	1,057	2,346
Repayment of management loan	540	–	–
Proceeds from borrowings	–	–	3,515
Repayment of borrowings	–	–	(2,782)
Payments for short-term deposits	(145,000)	(112,000)	(74,000)
Proceeds from short-term deposits	210,000	171,000	101,000
Net cash flows from financing activities	**66,241**	**60,057**	**30,079**
Net decrease in cash and cash equivalents	**(22,349)**	**(10,774)**	**(6,866)**
Foreign currency translation adjustment	2,507	(551)	122
Cash and cash equivalents at the beginning of the year	**58,866**	**39,024**	**27,699**
Cash and cash equivalents at the end of the year	**39,024**	**27,699**	**20,955**

ISSUER

Overview history

The Issuer was incorporated in New Zealand under the Companies Act 1993 on 17 September 2018. The registered office of the Issuer is 19-23 Taranaki Street, Te Aro, Wellington 6011 New Zealand. The Issuer is a wholly-owned subsidiary of the Company and has no subsidiaries.

Business activity

The Issuer was established for the purpose of issuing the Notes, using the proceeds to invest in money market instruments and to make acquisitions or investments on behalf of the Group. Some proceeds may be loaned to the Company for the purpose of repaying the Term Debt Acquisition Facility. The Issuer has not engaged, since its incorporation, in any material activities other than those relating to the proposed issue of the Notes, the investment of the proceeds, intra-Group lending arrangements, and the authorization of documents and agreements referred to in this Offering Circular to which it is or will be a party.

Directors and officers

The directors of the Issuer as at the date of this Offering Circular are Kirsty Godfrey-Billy, Susan Peterson and Graham Smith. Susan Peterson and Graham Smith are also directors of the Company. There is no company secretary of the Issuer.

The Issuer currently has no employees.

Financial statements

The Issuer has not published financial statements, and does not propose to publish, any financial statements in the future. The Issuer is, however, required to keep records that (a) are sufficient to show and explain the Issuer's transactions; and (b) will, at any time, enable the financial position of the Issuer to be determined with reasonable accuracy.

Share capital

The Issuer's share capital consists of 100 fully paid ordinary shares. The shares are held by the Company. The register of members of the Issuer is maintained at its registered office in New Zealand. No part of the equity securities of the Issuer is listed or dealt in on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought.

As at the date of this Offering Circular, the Issuer has no outstanding borrowings.

BUSINESS OF THE GROUP

Business overview

Xero is a software-as-a-service company that provides a cloud-based accounting platform for small and medium sized businesses and their accountants, advisors and bookkeepers. Xero's software platform has been built in the cloud from the very start, and therefore has no legacy 'desktop' installations that require migration to the cloud. Since its founding in 2006, Xero has evolved from a provider of solely accounting software for small businesses to a provider of comprehensive small business platform. The Group had approximately 1.386 million subscribers as at 31 March 2018, and, as at the date of this Offering Circular, subscribers in over 180 countries.

On the inaugural 2018 Financial Times "FT1000 High-Growth Companies Asia Pacific" list, Xero was identified as the fastest growing tech company in the $200 million+ segment. Xero won "Technology Provider of the Year" at the British Small Business Awards in 2016 and was rated by Canstar Blue as "Australia's best accounting software" for four consecutive years, 2015-2018.

As at 31 March 2018, the total lifetime value of Xero's subscribers was NZ$3.2 billion. For the financial year ended 31 March 2018, the Company generated operating revenue of NZ$407 million, of which 98% was recurring subscription revenue. Xero is listed on the ASX under the ticker code ASX-XRO, and has a market capitalisation of approximately A$7.0 billion (as at 21 September 2018).

As at 31 March 2018, the Group defined its subscribers as each unique subscription to a Xero-offered product that is purchased by an accounting partner or an end-user and which is, or is available to be, deployed.

Product description

Xero's products are centered around a cloud-based accounting software solution that can integrate with a subscriber's bank, enabling the retrieval of bank transactions that can be reconciled with accounting transactions, while also allowing subscribers to work with their accountants or bookkeepers in Xero. The Xero platform also integrates with systems operated by some tax authorities, supporting the filing of regular consumption tax returns in some countries (GST, VAT and similar). Xero is supported by an ecosystem of over 700 third party applications that connect with Xero via an Application Programming Interface ("**API**") to address a wide range of business needs, such as reporting, inventory management and customer relationship management. More than 50,000 developers use these APIs to build new applications to extend Xero's feature depth.

The Xero platform offers most standard accounting and business functions, including invoicing functionality which permits users to prepare quotes for their customers, to create and distribute customer invoices and reconcile any outstanding amounts owed. The system also provides an opportunity for small businesses to email customers an online invoice, with "Pay Now" functionality that allows their customers to pay securely using selected payment services, including both PayPal and Stripe. The software also offers the ability to prepare and send digital purchase orders.

Other key features of the Xero platform include:

- an accounts payable function which allows users to bundle bills together and schedule payments to suppliers;

- inventory management functionality which enables users to monitor the value and quantity of inventory on hand, identify their most profitable product lines and bulk import inventory numbers from spreadsheets without needing to re-enter details;

- a comprehensive reporting feature through which users can efficiently generate management reporting tools, including cash summaries and consumption tax returns; and

- an integrated payroll feature, available in some countries, which allows the user to view and process pay runs, create and approve timesheets, view tax obligations and manage leave approvals.

All subscribers of Xero have access to over 700 third party application solutions provided by Xero's Application Marketplace via open APIs to both the accounting and small business product suites. New features and enhancements are made available on a regular basis in response to the changing needs of new customers and industries, and in response to the feedback from existing customers.

In addition, Xero offers advisor tools with note-taking, assurance and data export features, which are typically required by more advanced users or by accounting and bookkeeping professionals. Advisor tools include "Cash Coding" (for reconciling imported bank statement lines in bulk) and "Find & Recode" (for finding transactions, fixing errors and recoding items).

Xero's subscribers are billed on a monthly basis. Xero offers pricing plans which vary according to the level of functionality and the number of transactions that subscribers can process using Xero's platform, and prices remain subject to change. All plans include 24/7 email and self-service support, continuous software updates and secure data encryption. Employees and accounting professionals of subscribers can be invited to use the platform at any time, and subscribers can control the data that new users can access and edit. This not only permits small businesses to grant their staff access to necessary business data and to collaborate with their accountant or bookkeeper in real-time, but also protects data from unauthorised access or use. Users on all Business Edition plans can complete activities such as invoicing, creating expense claims, and tracking sales and income on computers via the Xero web browser application or mobile devices using Xero's mobile applications available for both iPhone/iPad and Android devices.

Xero provides a range of tiered plans on a monthly subscription that are tailored to different customers' needs. Customers are guided to select the best plan based on the volume of transactions they usually make on a monthly basis and the bundled services they require to run their business, such as Xero Payroll.

Xero also offers tools to accountants and bookkeepers to improve their ability to manage their Xero clients and to help run their practice. These tools can help generate loyalty to Xero amongst those accountants and bookkeepers and help drive adoption within the client base of accountants and bookkeepers.

For the year ending 31 March 2018, Xero added a number of new features to its platform of products, including:

- Xero HQ Open Practice Platform – an integrated multi-vendor platform for accountants and bookkeepers to run their back office;

- Xero Expenses – a mobile-first expense management and analysis system, with receipt capture and processing capabilities;

- Xero Projects – is a simple job costing tool that allows service businesses to track their time and expenses against each job;

- Xero Ask – allows accountants and bookkeepers to send questions, and receive and monitor responses, to all of their clients via Xero HQ, even those not on Xero;

- Xero Learn – educating the next generation of accountants and bookkeepers, offering students access to Xero-relevant courses;and

- UK Construction Industry Scheme filing – functionality that allows the UK construction industry to automate tax deductions and filings.

The largest proportion of Xero software is developed using Microsoft's.NET development environment over Microsoft SQL server databases, on Windows application server infrastructure. All of Xero's production servers and applications are hosted by AWS.

Xero uses technology to deliver customer experience as the business scales. "Xero Central" is a service platform that permits customers to access product knowledge articles on demand, allowing proactive self-service. In addition, Xero's globally dispersed customer experience advisors are available to customers to provide additional support.

Geographic presence

Xero currently has three offices in New Zealand (Auckland, Wellington and Napier), three offices in the United States (Denver, San Francisco and New York), six offices in Australia (Melbourne, Sydney, Canberra, Adelaide, Brisbane and Perth), two offices in the United Kingdom (Milton Keynes and London) as well as offices in Singapore, Hong Kong, Canada and South Africa.

Xero's three largest markets by number of subscribers are Australia, the United Kingdom and New Zealand as shown in the following table.

Market	**Number of Subscribers (to nearest 1,000)**	**Operating Revenue**	**% Total Operating Revenue**
	At 31 March 2018	**Year ended 31 March 2018**	**Year ended 31 March 2018**
Australia	583,000	NZ$197.1 million	48.5%
United Kingdom	312,000	NZ$79.6 million	19.6%
New Zealand	301,000	NZ$78.8 million	19.4%
Other Geographies	190,000	NZ$51.1 million	12.5%

Xero's subscriber base outside of Australia, the United Kingdom and New Zealand is growing following investment in sales and marketing activities and focusing on the accounting partner sales channel. As at 31 March 2018, Xero had 132,000 subscribers in North America (up from 92,000 the previous year). The Company also has a growing subscriber base in South East Asia and South Africa.

Company history

Xero was incorporated in New Zealand in 2006, under the name "Accounting 2.0". By 2007, Xero had grown to 50 employees and released its first public software solution, followed by an additional regional version of the software for the United Kingdom. In 2007, Xero listed on the NZX. Australian and global versions of the software solution were released in 2008. In the same year, a Partner Edition was launched, targeting accounting practices. In 2010, Xero had approximately 100 staff and hosted its first Xerocon, an accounting industry conference that showcases Xero's new products to accountants, bookkeepers and other ecosystem partners in New Zealand.

In 2011, Xero released a mobile-enabled version of its software, opened a U.S. office in San Francisco, and expanded Xerocon into Australia.

Xero expanded further in 2012, opening offices in Canberra, the United Kingdom and the U.S., and launched Xerocon in the United Kingdom. In addition, Xero also became dual listed across both the NZX and the ASX and acquired WorkflowMax, a project management solution that was designed to help businesses track and report on their profitability.

By 2013, Xero had grown to over 500 employees and hosted its first Xerocon in the U.S. In addition, Xero conducted a NZ$180 million capital raising to fund its global growth, of which a majority was raised from U.S. and New Zealand based investors including existing shareholders Matrix Capital management and Valar Ventures.

In 2014, Xero surpassed 250,000 subscribers and its employee base doubled to approximately 1,000. By 2015 subscriber levels had exceeded 500,000 and in February 2015, Xero raised NZ$147 million to fund continued innovation and growth globally and specifically to drive growth in the United Kingdom and U.S. markets. In both 2014 and 2015, Xero was ranked number one on the "Forbes World's 100 Most Innovative Growth Companies List".

In 2016, Xero changed its ASX admission category from an ASX Listing to an ASX Foreign Exempt Listing.

Xero opened an Asia office in Singapore in 2016 to service the Singapore, Hong Kong and Malaysia markets. By 2017, Xero completed its migration to the AWS cloud platform, and reached one million subscribers.

In early 2018, Xero moved to a sole listing on the ASX (and delisted from the NZX) and was included in the S&P/ASX 100 index for the first time. On 1 April 2018, Steve Vamos was appointed Xero's Chief Executive Officer, taking over from Xero's founder Rod Drury, who remains on Xero's Board as a non-executive director. In July 2018, Xero announced a strategic partnership to integrate its U.S. platform with the full-service U.S. payroll platform Gusto, in order to provide customers with access to full-service payroll in all fifty U.S. states.

In August 2018, Xero announced the acquisition of Hubdoc Inc. for an initial payment U.S.$60 million, funded with cash and equity (with an additional U.S.$10 million in equity, payable in early 2020 subject to the achievement of certain operational targets and conditions). Hubdoc Inc. was founded in 2011 and is headquartered in Toronto, servicing customers in Canada, the United States (from its Toronto Headquaters), the United Kingdom and Australia. Hubdoc Inc. automatically collects bank statements, bills and receipts from over 700 financial institutions, telecom providers, utilities and suppliers, thereby delivering streamlined data capture and integration with accounting solutions. Hubdoc Inc. has been a Xero ecosystem partner since 2014.

Key business statistics

Item	Description
Total assets	NZ$289,100,000 (as at 31 March 2018)
Total operating revenue	NZ$406,600,000 (for the year ended 31 March 2018)
Market capitalisation	A$7.0 billion (as at 21 September 2018)
Free float	108,848,522 shares, 77.48% (as at 21 September 2018)
Largest shareholder(s)	HSBC Custody Nominees (Australia) Limited J P Morgan Nominees Australia Limited Anna Margaret Clare Drury and Rodney Kenneth Drury and Scott Moran (Rod Drury) Givia Pty Limited (Craig Winkler) Citicorp Nominees Pty Limited (as at 21 September 2018)
ASX ticker code	XRO
Year listed	Xero listed on the NZX in 2007, listed on the ASX in 2012, and subsequently delisted from the NZX in 2018
Key market sectors	Software
Employees	2,021 Full Time Equivalents ("**FTEs**") (as at 31 March 2018)
Countries with operations	Australia, Canada, Hong Kong, New Zealand, South Africa, Singapore, the United Kingdom and the United States (as at 31 March 2018)

Recent developments – Trading update

Cash outflow (operating less investing cash flows) in the financial year ended 31 March 2019 ("**FY19**") is forecast to reduce from the financial year ended 31 March 2018 ("**FY18**"). Excluding capital outlays for M&A, Xero is managing the business to cash flow break-even within its current cash balance, without drawing on its debt facility or the net proceeds of the Notes.

Following cash flow break-even, it is intended that surplus cash flow will be reinvested, subject to investment criteria, to drive long-term shareholder value.

Xero remains comfortable with analyst consensus expectations in respect of revenue and EBITDA for FY19 (at current FX rates) as at 19 July 2018, being the date prior to the announcement of the Gusto strategic alliance, acquisition of Hubdoc Inc. and transition to three new accounting standards effective from 1 April 2018. Analysts are in the process of updating FY19 forecasts following the Gusto and Hubdoc Inc. ASX announcements. The FY19 consensus analyst expectations just prior to these announcements were revenue of between NZ$528 million and NZ$558 million (median of NZ$541 million) and EBITDA of between NZ$66 million and NZ$94 million (median of NZ$76 million).

On 20 July 2018, Xero announced a strategic alliance with US payroll platform Gusto that will integrate Xero's platform in the US with Gusto in all 50 States. In that announcement, Xero indicated that as a consequence of ceasing development of its US in-house payroll product, a NZ$16.2 million non-cash impairment of assets will be incurred, which will be recognised in the first half of the 2019 financial year.

On 1 August 2018, Xero announced the acquisition of Hubdoc Inc., a data capture solution. As stated at the time of the Hubdoc Inc. acquisition, Xero's EBITDA in FY19 is expected to reduce by approximately NZ$7 million due to transaction and integration costs, together with continuing investment in Hubdoc Inc.'s growth.

As signalled in Xero's FY18 annual report, Xero has adopted three new accounting standards from 1 April 2018. These standards will impact Xero's H1 results released in November. Prior year comparatives will be restated with details regarding the impacts released at the time. There is no impact to net cash flow from the changes to accounting standards and the impact on reported revenue is expected to be immaterial.

IFRS 15: Revenue from Contracts with Customers

– This standard requires the incremental costs of obtaining a contract to be capitalised and expensed on a systematic basis. Costs of obtaining a contract, such as commission costs have historically been expensed as incurred.

– This standard also requires revenue to be recognised as distinct performance obligations are satisfied, which will alter the timing and classification of revenue recognition.

IFRS 16: Leases

– This standard requires recognition of a lease liability and a right-of-use asset based on the future lease payments for substantially all lease contracts. The expense previously recorded in relation to operating leases will move from being included in operating expenses to within depreciation and finance expense.

– Xero is early adopting the leasing standard to align with NZ IFRS 15 and NZ IFRS 9 adoption.

IFRS 9: Financial Instruments

– This standard amends the classification and measurement of financial instruments as well as simplifying the hedge accounting model aligning it more closely to risk management strategies and objectives.

DIRECTORS AND MANAGEMENT

Board of Directors – Company

Brief profiles of the directors of the Company as at the date of this Offering Circular are as follows:

Graham Smith

Independent Director since February 2015 and Chair since January 2017

Mr Smith has more than 25 years of finance experience in the software and SaaS industry. Mr Smith was Chief Financial Officer at Salesforce.com, Inc. from 2008 to 2014 and has held executive positions at Advent Software, Inc., Vitria Technology, Inc., Nuance Communications, Inc. and Oracle Corporation. Mr Smith serves on the Board of Directors at Splunk Inc., MINDBODY, Inc. and BlackLine Inc., and recently served on the Citrix Systems, Inc. Board.

Mr Smith holds a Bachelor of Science in Economics and Politics from Bristol University in England. He previously qualified as a Chartered Accountant from the Institute of Chartered Accountants in England and Wales.

Rod Drury

Director since July 2006

As a founder of Xero, Mr Drury is the largest shareholder of Xero. Mr Drury started his career at Ernst & Young and went on to establish and lead a number of innovative technology businesses. Mr Drury was an independent director on the Trade Me Limited Board, through its acquisition by Fairfax Media Limited. At the Deloitte Top 200 Awards 2017, Mr Drury was named Visionary Leader of the Year and was named Ernst & Young New Zealand Entrepreneur of the Year 2013.

Mr Drury holds a Bachelor of Commerce and Administration from the Victoria University of Wellington.

Lee Hatton

Independent Director since April 2014

Ms Hatton is an executive with extensive experience across New Zealand, Australia, the UK and the US. After moving to Australia in 2012 to lead National Australia Bank Limited's Group Regulatory function, Ms Hatton became the Chief Executive Officer of UBank in 2015 where she is accountable for the business's strategy and performance. Ms Hatton is also an executive director of NAB Ventures PTY Limited and a non-executive director of BLD Group PTY Limited.

Ms Hatton holds a Bachelor of Business from Auckland University of Technology. Ms Hatton is also a graduate of the Berkeley Innovation Programme.

Dale Murray, CBE

Independent Director since April 2018

Ms Murray co-founded mobile pioneer Omega Logic Ltd in 1999, which co-launched prepay top-ups in the UK. Ms Murray is currently the Europe Beachheads advisor for New Zealand Trade & Enterprise, a non-executive director at Sussex Place Ventures Ltd and a Board Advisor to Seedrs Limited.

Ms Murray holds a Masters of Business Administration from the London Business School. Ms Murray received a Commander of the Most Excellent Order of the British Empire from Her Majesty the Queen for services to business. Ms Murray is also a Fellow of the College of Chartered Accountants, issued by the New Zealand Institute of Chartered Accountants.

Susan Peterson

Independent Director since February 2017

Ms Peterson is currently an independent director of Trustpower Limited, Vista Group International Limited, and Property for Industry Limited and ASB Bank Limited. Ms Peterson is a member of the New Zealand Markets Disciplinary Tribunal, a Trustee on the Board of Global Women, and has also been a long-serving member of the Board of IHC New Zealand incorporated. Ms Peterson is founding Co-Chair and a shareholder in fast growing health and wellness start-up company Organic Initiative Limited.

Ms Peterson holds a Bachelor of Commerce and a Bachelor of Laws from the University of Otago.

Bill Veghte

Independent Director since February 2014

Mr Veghte spent 20 years at Microsoft Corporation where he served in a variety of engineering and leadership capacities, including running the Windows business and managing Microsoft's North American business. He was the Chief Operating Officer of HP, Inc. and served as Executive Vice President and General Manager of HP's U.S.$27 billion Enterprise Group. He was CEO and director at SurveyMonkey, Inc.. Mr Veghte is currently the Executive Chairman of Turbonomic, Inc..

Mr Veghte holds a Bachelor of Arts from Harvard University.

Craig Winkler

Director since May 2009

Mr Winkler co-founded Australian small business accounting software provider MYOB in 1991. He built MYOB Limited to be a popular business tool and brand which, in 2004, acquired Solution 6 Ltd to become Australia's largest IT company at the time. Mr Winkler became a substantial shareholder of Xero in 2009, when he also joined the Xero Board.

Mr Winkler holds a Masters of Business Administration (Technology Management) from Deakin University in Australia.

Executive Leadership – Company

Steve Vamos

Chief Executive Officer
With Xero since April 2018

Mr Vamos has been Chief Executive Officer of Xero since April 2018. Mr Vamos has more than 30 years' experience in global technology and digital media and has worked in leading international businesses, including Apple, IBM and Microsoft. Mr Vamos also led the growth of Ninemsn, an online media business, from start-up to industry leader as company's Chief Executive Officer.

Mr Vamos holds a degree in Civil Engineering from the University of New South Wales.

Anna Curzon

Chief Product and Partner Officer (from 1 October 2018 – currently Chief Partner Officer)
With Xero since February 2016

Ms Curzon leads Xero's global partner and small business team and spearheads product management, development, design, and product marketing. Ms Curzon is responsible for ensuring there is consistent product management approach connecting the regions and commercial outcomes Xero is pursuing. Before starting with Xero as Managing Director for New Zealand, Ms Curzon held roles leading Internet Banking, Innovation and Design, Marketing and Contact Centres at ASB, along with Digital First at Spark, and brings a deep experience of online financial services, product development and operations to Xero.

Ms Curzon holds a Bachelor of Commerce and a Post Graduate Diploma in Commerce from the University of Auckland.

Kirsty Godfrey-Billy

Chief Financial Officer (from 1 October 2018 – currently Chief Accounting Officer)
With Xero since April 2016

Ms Godfrey-Billy is a Chartered Accountant with over 20 years' experience in the finance and technology sectors. Ms Godfrey-Billy leads the global finance and facilities operations teams, helping to grow and scale the business. Prior to Xero, Ms Godfrey-Billy was a partner at PwC New Zealand focusing on helping small businesses achieve their goals and also led PwC's regional cloud strategy.

Ms Godfrey-Billy holds a Bachelor of Commerce and Management from Lincoln University.

Keri Gohman

President of Americas and Chief Platform Business Officer (from 1 October 2018 – currently President of Americas)
With Xero since December 2016

Ms Gohman is the leader of Xero's Americas Operations and also has the responsibility of driving the expansion and development of Xero as a small business platform particularly around opportunities such as FinWeb (Financial Services), Ecosystem and Global Strategic Partnerships (ie. Microsoft, Apple, Facebook etc). Ms Gohman has over 20 years of experience in the financial services industry across banking, insurance and investing, payments, and accounting technology. Prior to working at Xero, Ms Gohman was the Executive Vice President and Head of Small Business Bank at Capital One, a top 10 US bank. Ms Gohman's experience includes executive positions at Capital One, Intuit and GE (General Electric) Capital.

Ms Gohman holds a Master of Business Administration from the University of Lynchburg and a BS (with honors) from Liberty University.

Sankar Narayan

Chief Operating Officer (from 1 October 2018 – currently Chief Financial Officer)
With Xero since October 2015

Mr Narayan is the Chief Operating Officer and is responsible for driving operational outcomes and revenue globally. Mr Narayan has previously held several senior management roles including the CFO roles at Virgin Australia, Fairfax Media and Foxtel.

Mr Narayan will transition out of Xero in December 2018. Xero expects to recruit an executive role in the future that will have responsibility for the global revenue of the Group.

Mr Narayan has an MBA from the University of Chicago Booth School Of Business and is an FCPA (Australia). Mr Narayan also holds a Masters degree in Electrical Engineering from the State University of New York.

Rachael Powell

Chief Customer, People and Marketing Officer (from 1 October 2018 – currently Chief Customer and People Officer)
With Xero since March 2016

Ms Powell is responsible for Xero's Customer Success, People Experience, Corporate Brand Marketing and Communications function globally. Ms Powell spent over a decade at IBM in marketing, strategy, Independent Software Vendor business development and channel management. Ms Powell has also worked in talent acquisition and consulted to small and medium sized businesses and start up technology companies.

Ms Powell holds a Masters in Applied Positive Psychology from Melbourne University, a Masters in Business Administration from The University of NSW and a Bachelor of Business (Accounting/Marketing) from the Swinburne University of Technology.

Chaman Sidhu

General Counsel & Company Secretary
With Xero since October 2016

Ms Sidhu leads Xero's group legal function which oversees legal and regulatory matters. Ms Sidhu is also the Company Secretary responsible for Board liaison, group corporate governance and ASX listing requirements. Ms Sidhu was previously General Counsel and Company Secretary at Envato and Lonely Planet.

Ms Sidhu holds a Bachelor of Commerce and Bachelor of Laws from The University of Queensland and Master of Laws from New York University School of Law.

Tony Stewart

Chief Technology Officer (from 1 October 2018 – currently Chief Product and Data Officer)
With Xero since November 2015

Mr Stewart is the Chief Technology Officer and is responsible for Platform, Security, Data and Automation. This means scaling Xero's technology platform for growth and innovation and driving architectural standards around the technology Xero builds and deploys globally. This includes delivering on data and automation and bolstering the security functionality. Before Xero, Mr Stewart was Founder and CEO of Intergen, a specialised Microsoft systems integrator, growing it from start-up to over 400 staff in 3 countries.

Mr Stewart holds a Bachelor of Business Studies (Accounting & Finance) from Massey University and is an Associate Chartered Accountant.

Craig Hudson

Managing Director, New Zealand and Pacific Islands
With Xero since September 2014

Managing Director for New Zealand and Pacific Islands, Mr Hudson heads up all market activity in New Zealand and the Pacific Islands, is responsible for driving relationships with government, financial institutions, enterprise, and promoting the small business economy. Mr Hudson has been with Xero for several years, and returns to New Zealand from the United Kingdom, where he led Xero's entrance into Europe, the Middle East and South Africa.

Trent Innes

Managing Director, Australia and Asia
With Xero since March 2013

Mr Innes has more than 20 years of experience growing and managing major businesses in the accounting and IT industries. Initially joining Xero as National Sales Director, Mr Innes was appointed as Managing Director in 2016 to manage the company's next phase of growth. Prior to Xero, Mr Innes managed the go-to-market functions for the Microsoft Business Group in Australia and began his career as a Certified Practicing Accountant (CPA).

Mr Innes holds a Bachelor of Business from RMIT University.

Gary Turner

Managing Director, UK and EMEA
With Xero since August 2009

Mr Turner is a 20-year veteran of the UK's accounting software industry having joined accounting software vendor Pegasus in 1995. Mr Turner joined Xero from Microsoft where he was Product Group Director for Microsoft Dynamics.

PRINCIPAL SHAREHOLDERS

The Issuer is wholly-owned by the Company's issued share capital.

As at 21 September 2018, the following persons hold shareholdings greater than 5% of the Company's issued share capital:

Substantial shareholder name	Number of ordinary shares	% of total issued capital
HSBC Custody Nominees (Australia) Limited	21,797,195	15.52
J P Morgan Nominees Australia Limited	20,285,130	14.44
Anna Margaret Clare Drury and Rodney Kenneth Drury and Scott Moran (Rod Drury)	17,719,779	12.61
Givia Pty Limited (Craig Winkler)	13,004,545	9.26
Citicorp Nominees Pty Limited	9,722,548	6.92

As at 21 September 2018, the Company's free float is 108,848,522 shares (ie 77.48%).

The free float number excludes shares held by, or on behalf of any Director of the Company and his or her associates, and also excludes 834,431 shares held in trust for employees in connection with the Group's long-term incentive arrangements.

TERMS AND CONDITIONS OF THE NOTES

The following, subject to completion and amendment, and save for the paragraphs in italics, is the text of the Terms and Conditions of the Notes.

The issue of the U.S.$300,000,000 2.375 per cent. Guaranteed Senior Unsecured Convertible Notes due 2023 (the "**Notes**", which expression shall, unless otherwise indicated, include any further Notes issued pursuant to Condition 18 and consolidated and forming a single series with the Notes) was (save in respect of any such further Notes) authorised by a resolution of the board of Directors of Xero Investments Limited (the "**Issuer**") passed on 26 September 2018 and the guarantee of the Notes (the "**Guarantee**") was authorised by a resolution of the board of Directors of Xero Limited (the "**Guarantor**") on 26 September 2018. The Notes are constituted by a trust deed to be dated on or about 4 October 2018 (as amended and/or supplemented from time to time, the "**Trust Deed**") between the Issuer, the Guarantor and The Hongkong and Shanghai Banking Corporation Limited (the "**Trustee**", which expression shall include all persons for the time being appointed as the trustee or trustees under the Trust Deed) as trustee for the holders (as defined below) of the Notes. The statements set out in these Terms and Conditions (these "**Conditions**") are summaries of, and are subject to, the detailed provisions of the Trust Deed. The Noteholders (as defined below) are entitled to the benefit of, and are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and those provisions applicable to them which are contained in the Paying, Transfer and Conversion Agency Agreement to be dated on or about 4 October 2018 (as amended and/or supplemented from time to time, the "**Agency Agreement**") relating to the Notes between the Issuer, the Guarantor, the Trustee, The Hongkong and Shanghai Banking Corporation Limited in its capacity as principal paying agent and principal conversion agent (the "**Principal Paying and Conversion Agent**", which expression shall include any successor as principal paying agent and principal conversion agent under the Agency Agreement), in its capacity as registrar (the "**Registrar**", which expression shall include any successor as registrar under the Agency Agreement) and in its capacity as principal transfer agent (the "**Principal Transfer Agent**", which expression shall include any successor as principal transfer agent under the Agency Agreement) and any other paying agents, transfer agents and conversion agents for the time being appointed thereunder. References to the "**Paying Agents**" include the Principal Paying and Conversion Agent, references to the "**Conversion Agents**" include the Principal Paying and Conversion Agent, references to the "**Transfer Agents**" include the Principal Transfer Agent, and collectively, the Registrar, the Paying Agents, the Conversion Agents and the Transfer Agents are the "**Agents**". Copies of the Trust Deed and the Agency Agreement are available for inspection at all reasonable times during normal business hours (being between 9.00 a.m. and 3.00 p.m.) at the specified office of the Principal Paying and Conversion Agent (being, at the date of issue of the Notes, at Level 30, HSBC Main Building, 1 Queen's Road Central, Hong Kong) following prior written request and proof of holding satisfactory to the Principal Paying and Conversion Agent.

Capitalised terms used but not defined in these Conditions shall have the meanings attributed to them in the Trust Deed unless the context otherwise requires or unless otherwise stated.

1 FORM, DENOMINATION, TITLE, STATUS AND GUARANTEE

(a) Form and Denomination

The Notes are in registered form, serially numbered, in principal amounts of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof ("**authorised denominations**"). A note certificate (each, a "**Certificate**") will be issued to each Noteholder in respect of its registered holding of Notes.

Upon issue, the Notes will be represented by a global certificate (the "Global Certificate") deposited with a common depositary for, and representing Notes registered in the name of a nominee of, Euroclear Bank SA/NV and Clearstream Banking S.A.. The Conditions are modified by certain provisions contained in the Global Certificate. Except in the limited circumstances described in the Global Certificate, owners of interests in Notes represented by the Global

Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Notes. The Notes are not issuable in bearer form. See "Summary of Provisions Relating to the Notes in Global Form".

(b) Title

Title to the Notes will pass by transfer and registration in the Register as described in Condition 4. The holder (as defined below) of any Note will (except as ordered by a court of competent jurisdiction or as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or its theft or loss (or that of the related certificate, as appropriate) or anything written on it or on the certificate representing it (other than a duly executed transfer thereof)) and no person will be liable for so treating the holder.

(c) Status

The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer ranking *pari passu* and rateably, without any preference among themselves. The payment obligations of the Issuer under the Notes rank equally with all its other existing and future unsecured and unsubordinated obligations, save for such obligations that may be preferred by provisions of law that are mandatory and of general application.

(d) Guarantee

The Guarantor has unconditionally and irrevocably guaranteed in the Trust Deed, on the terms and conditions set out in the Trust Deed, the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Notes. The payment obligations of the Guarantor shall, save for such obligations that may be preferred by provisions of law that are mandatory and of general application and at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

2 NEGATIVE PLEDGE

So long as any of the Notes remain outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will create or permit to subsist, and will ensure that none of the Subsidiaries will create or permit to subsist, any mortgage, charge, lien, pledge or other form of encumbrance or security interest (each, a "**Security Interest**") upon the whole or any part of its present or future property or assets (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee of or indemnity in respect of any Relevant Indebtedness (other than a Permitted Security Interest) unless in any such case, before or at the same time as the creation of the Security Interest, any and all action necessary shall have been taken to ensure that:

(a) all amounts payable by the Issuer or the Guarantor under the Notes and the Trust Deed are secured equally and rateably with the Relevant Indebtedness or guarantee or indemnity, as the case may be; or

(b) such other Security Interest or guarantee or indemnity or other arrangement (whether or not including the giving of a Security Interest) is provided in respect of all amounts payable by the Issuer or the Guarantor under the Notes and the Trust Deed either: (i) as the Trustee shall in its sole discretion deem not materially less beneficial to the interests of the Noteholders; or (ii) as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

3 DEFINITIONS

In these Conditions, unless otherwise provided:

"**2018 Annual Report**" means the 2018 Annual Report of the Guarantor.

"**Additional Cash Settlement Amount**" has the meaning provided in Condition 6(f).

"**Additional Ordinary Shares**" has the meaning provided in Condition 6(f).

"**Alternative Stock Exchange**" means at any time, in the case of the Ordinary Shares, if they are not at that time listed and traded on the Australian Securities Exchange, the principal stock exchange or securities market on which the Ordinary Shares are then listed or quoted or dealt in.

"**Auditors**" means the auditors for the time being of the Guarantor or, if they are unable or unwilling to carry out any action requested of them under the Trust Deed or the Notes, such other firm of accountants as may be nominated by the Guarantor and notified in writing to the Trustee for the purpose.

"**Australian Dollars**" and "**A$**" means the lawful currency of the Commonwealth of Australia.

"**ASIC**" means the Australian Securities and Investments Commission.

"**ASX**" or "**Australian Securities Exchange**" means ASX Limited (ABN 98 008 624 691) or the market operated by it, as the context requires.

"**business day**" means, in relation to any place, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in that place.

"**Cash Settlement Amount**" means, for the relevant Conversion Period, in respect of any Reference Shares or Additional Ordinary Shares, an amount calculated by the Issuer in accordance with the following formula and which shall be payable to a Noteholder as provided in these Conditions upon an exercise of a Conversion Right:

(a) Initial Conversion Period:

$$\text{CSA} = \sum_{n=1}^{N} \frac{1}{N} \, x \, S_n \, x \, P_n$$

CSA = the Cash Settlement Amount;

S_n = the number of Reference Shares or Additional Ordinary Shares (as applicable) on the nth Dealing Day;

P_n = on the nth Dealing Day, the Volume Weighted Average Price of an Ordinary Share on such Dealing Day of the applicable Cash Settlement Calculation Period, translated into U.S. dollars at the Prevailing USD/AUD Rate on such Dealing Day; and

N = 90, being the number of Dealing Days in the applicable Cash Settlement Calculation Period.

(b) Final Conversion Period:

$$CSA = \sum_{n=1}^{N} \frac{1}{N} x\ S_n\ x\ P_n$$

where:

CSA = the Cash Settlement Amount;

S_n = the number of Reference Shares or Additional Ordinary Shares (as applicable) on the nth Dealing Day;

P_n = on the nth Dealing Day, the higher of (a) the applicable Conversion Price and (b) the Volume Weighted Average Price of an Ordinary Share on such Dealing Day of the applicable Cash Settlement Calculation Period, translated into U.S. dollars at the Prevailing USD/AUD Rate on such Dealing Day; and

N = 90, being the number of Dealing Days in the applicable Cash Settlement Calculation Period.

"**Cash Dividend**" means (a) any Dividend which is to be paid or made in cash (in whatever currency), but other than falling within paragraph (b) of the definition of "**Spin-Off**" and (b) any Dividend determined to be a Cash Dividend pursuant to paragraph (a) of the definition of "**Dividend**", and for the avoidance of doubt, a Dividend falling within paragraphs (c) or (d) of the definition of "**Dividend**" shall be treated as being a Non-Cash Dividend.

"**Cash Settlement Calculation Period**" means:

(a) during the Initial Conversion Period, 90 consecutive Dealing Days commencing on the first Dealing Day following the relevant Conversion Date; or

(b) during the Final Conversion Period, 90 consecutive Dealing Days commencing on the 95th Sydney business day preceding the Final Maturity Date.

"**Change of Control**" means:

(a) a takeover bid is made to acquire the issued ordinary share capital of the Guarantor other than any shares owned by the bidder and its associates which results in a person obtaining Control of the Guarantor;

(b) an arrangement sanctioned by the Court under the New Zealand Companies Act 1993 is proposed by the Guarantor (other than an Exempt Newco Scheme) and is approved and implemented and which results in a person obtaining Control of the Guarantor; or

(c) the Guarantor amalgamates or consolidates with or merges into or sells or transfers all or substantially all of the assets of the Guarantor to any other person or persons acting together (unless the amalgamation, consolidation, merger, sale or transfer will not result in the other person or persons acquiring Control over the Guarantor),

and that transaction having become unconditional in all respects.

"**Change of Control Period**" has the meaning provided in Condition 6(e)(x).

"**Closing Date**" means 4 October 2018.

"**Closing Price**" means, in respect of an Ordinary Share or any Security, Spin-Off Security, option, warrant or other rights or assets on any Dealing Day, the closing price on the Relevant Stock Exchange on such Dealing Day of an Ordinary Share or, as the case may be, such Security, Spin-Off Security, option, warrant or other right or asset published by or derived from Bloomberg page HP (or any successor page) (setting Last Price, or any other successor setting and using values not adjusted for any event occurring after such Dealing Day; and for the avoidance of doubt, all values will be determined with all adjustment settings on the DPDF Page, or any successor or similar setting, switched off) in respect of such Ordinary Share, Security, Spin-Off Security, option, warrant or other right or asset (all as determined by an Independent Adviser) (and for the avoidance of doubt such Bloomberg page for the Ordinary Shares as at the Closing Date is XRO AU Equity HP), if available or, in any other case, such other source (if any) as shall be determined in good faith to be appropriate by an Independent Adviser on such Dealing Day and translated, if not in the Relevant Currency, into the Relevant Currency at the Prevailing Rate on such Dealing Day, provided that if on any such Dealing Day (for the purpose of this definition, the "**Original Date**") such price is not available or cannot otherwise be determined as provided above, the Closing Price of an Ordinary Share, Spin-Off Security, Security, option, warrant, or other right or asset, as the case may be, in respect of such Dealing Day shall be the Closing Price, determined as provided above, on the immediately preceding Dealing Day on which the same can be so determined, and further provided that if such immediately preceding Dealing Day falls prior to the fifth day before the Original Date, an Independent Adviser shall determine the Closing Price in respect of the Original Date in good faith, all as determined by an Independent Adviser.

"**Control**" of one person by another means that the other person (whether directly or indirectly and whether by the ownership (legally or beneficially) of capital, the possession of voting power, contract or otherwise):

(a) has the power to appoint and/or remove the majority of the members of the governing body of that person who is or are in a position to cast, or control the casting of, more than half of the maximum number of votes that might be cast at a meeting of the governing body of that person;

(b) otherwise controls or has a controlling influence on, or has power to control or exercise a controlling influence on, the management and policies of that person; or

(c) is in a position to derive the whole or a majority of the benefit of the activities of that person.

"**Conversion Date**" has the meaning provided in Condition 6(k).

"**Conversion Notice**" has the meaning provided in Condition 6(k).

"**Conversion Period**" means either the Initial Conversion Period or the Final Conversion Period.

"**Conversion Price**" has the meaning provided in Condition 6(d).

"**Conversion Right**" means a Noteholder's entitlement to convert such Note for (a) an amount equal to the relevant Cash Settlement Amount or (b) in the Issuer's sole discretion, the relevant amount of Reference Shares.

"**Corporations Act**" means the Corporations Act 2001 (Cth).

"**Current Market Price**" means, in respect of an Ordinary Share at a particular date, the average of the daily Volume Weighted Average Price of an Ordinary Share on each of the five consecutive Dealing Days ending on the Dealing Day immediately preceding such date, provided that:

(a) for the purposes of determining the Current Market Price pursuant to Conditions 6(e)(iv) or 6(e)(vi) in circumstances where the relevant event relates to an issue of Ordinary Shares, if at any time during the said five dealing-day period (which may be on each such five Dealing Days) the Volume Weighted Average Price shall have been based on a price ex-Dividend (or ex-any other entitlement) and/or during some other part of that period (which may be on each of such five Dealing Days) the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum-any other entitlement), in any such case which has been declared or announced, then:

(i) if the Ordinary Shares to be issued or transferred and delivered do not rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares shall have been based on a price cum-Dividend (or cum-any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the Effective Date relating to such Dividend or entitlement (or, where on each of the said five Dealing Days the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum-any other entitlement), as at the date of first public announcement of such Dividend or entitlement), in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit; or

(ii) if the Ordinary Shares to be issued or transferred and delivered (if applicable) do rank for the Dividend or entitlement in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares shall have been based on a price ex-Dividend (or ex-any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof increased by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the Effective Date relating to such Dividend (or entitlement), in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit;

(b) for the purposes of any calculation or determination required to be made pursuant to paragraphs (a)(i) or (a)(ii) of the definition of "**Dividend**", if on any of the said five Dealing Days the Volume Weighted Average Price shall have been based on a price cum the relevant Dividend or capitalisation giving rise to the requirement to make such calculation or determination, the Volume Weighted Average Price on any such Dealing Day shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of the relevant Cash Dividend, determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit; and

(c) for any other purpose, if any day during the said five-dealing-day period was the Effective Date in relation to any Dividend (or any other entitlement) the Volume Weighted Average Prices that shall have been based on a price cum-such Dividend (or cum-such entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the Effective Date relating to such Dividend or entitlement.

"**Dealing Day**" means a day on which the Relevant Stock Exchange is open for business and on which Ordinary Shares, Securities, Spin-Off Securities options, warrants or other rights or assets (as the case may be) may be dealt in (other than a day on which a Market Disruption Event occurs).

a "**Delisting**" occurs when the Ordinary Shares (a) cease to be listed or admitted to trading on the Australian Securities Exchange or any Alternative Stock Exchange (as relevant) or (b) are suspended from trading for a period of 20 consecutive Dealing Days.

"**Directors**" means the directors of the Issuer or the Guarantor, as appropriate.

"**Dividend**" means any dividend or distribution to Shareholders whether of cash, assets or other property, and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution or payment to Shareholders upon or in connection with a reduction in capital (and for these purposes a distribution of assets includes, without limitation, an issue of Ordinary Shares, or other Securities credited as fully or partly paid up by way of capitalisation of profits or reserves) provided that:

(a) where: (i) a Dividend in cash is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the issue or delivery of Ordinary Shares or other property or assets, or where an issue of Ordinary Shares to Shareholders by way of a capitalisation of profits or reserves (including any share premium account or capital redemption reserve) is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the payment of cash, then the Dividend or capitalisation in question shall be treated as a Cash Dividend of an amount equal to the greater of: (A) the Fair Market Value of such cash amount and (B) the Current Market Price of such Ordinary Shares or, as the case may be, the Fair Market Value of such other property or assets in any such case (as at the first date on which the Ordinary Shares are traded ex-the relevant Dividend or capitalisation (as the case may be) or if later, the date on which the number of Ordinary Shares (or amount of such other property or assets, as the case may be) which may be issued or transferred and delivered is determined), save that where a Dividend in cash is announced which may at the election of a Shareholder or Shareholders be satisfied by the issue or delivery of Ordinary Shares or an issue of Ordinary Shares to Shareholders by way of capitalisation of profits or reserves is announced which may at the election of a Shareholder or Shareholders be satisfied by the payment of cash where the number of Ordinary Shares which may be issued or delivered is to be determined at a date or during a period following such announcement and is to be determined by reference to a publicly available formula based on the Closing Price or volume weighted average price or any like or similar pricing benchmark of the Ordinary Shares, without factoring in any discount to such price or benchmark, then such Dividend shall be treated as a Cash Dividend in an amount equal to the Fair Market Value of such cash amount on such date as such cash amount is determined as aforesaid, or (ii) there shall be any issue of Ordinary Shares to Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) where (other than in circumstances subject to proviso (i) above) such issue is or is expressed to be in lieu of a Dividend (whether or not a cash Dividend equivalent or amount is announced) or a Dividend in cash that is to be satisfied (other than in circumstances subject to proviso (i) above) by the issue or delivery of Ordinary Shares or other property or assets, the capitalisation or Dividend in question shall be treated as a Cash Dividend of an amount equal to the Current Market Price of such Ordinary Shares or, as the case may be, the Fair Market Value of such other property or assets as at the first date on which the Ordinary Shares are traded ex-the relevant capitalisation or, as the case may be, ex-the relevant Dividend on the Relevant Stock Exchange (or, if later, the date on which the number of Ordinary Shares or amount of such other property or assets, as the case may be, is determined), save that where a Dividend in cash is announced which is to be satisfied by the issue or delivery of Ordinary Shares where the number of Ordinary Shares to be issued or delivered is to be determined at a date or during a period following such announcement and is to be determined by reference to a publicly available formula based on the Closing Price or volume weighted average price or any like or similar pricing benchmark of the Ordinary Shares, without factoring in any discount to such price or benchmark, then such Dividend shall be treated as a Cash Dividend in an amount equal to the Fair Market Value of such cash amount on such date as such cash amount is determined as aforesaid;

(b) any issue of Ordinary Shares falling within Conditions 6(e)(i) or 6(e)(ii) shall be disregarded;

(c) a purchase or redemption or buy back of share capital of the Guarantor by the Guarantor or any Subsidiary shall not constitute a Dividend unless, in the case of a purchase or redemption or buy back of Ordinary Shares by or on behalf of the Guarantor or its Subsidiaries, the weighted average price per Ordinary Share (before expenses) on any one day (a "**Specified Share Day**") in respect of such purchases or redemptions or buy backs (translated, if not in the Relevant Currency, into the Relevant Currency at the Prevailing Rate on such day) exceeds by more than 5 per cent. the average of the daily Volume Weighted Average Price of: (1) an Ordinary Share on the Relevant Stock Exchange (as published by or derived from the Relevant Stock Exchange) on the five Dealing Days on which sales in Ordinary Shares were recorded immediately preceding the Specified Share Day or; (2) where an announcement (excluding, for the avoidance of doubt for these purposes, any general authority for such purchases, redemptions or buy backs approved by a general meeting of Shareholders or any notice convening such a meeting of Shareholders) has been made of the intention to purchase, redeem or buy back Ordinary Shares at some future date at a specified price or where a tender offer is made, on the five Dealing Days on which sales in Ordinary Shares were recorded immediately preceding the date of such announcement or the date of first public announcement of such tender offer (and regardless whether or not a price per Ordinary Share, a minimum price per Ordinary Share or a price range or a formula for the determination thereof is or is not announced at such time), as the case may be, in which case such purchase, redemption or buy back shall be deemed to constitute a Dividend in the Relevant Currency to the extent that the aggregate price paid (before expenses) in respect of such Ordinary Shares purchased, redeemed or bought back by the Guarantor or, as the case may be, any of its Subsidiaries (translated where appropriate into the Relevant Currency as provided above) exceeds the product of: (i) 105 per cent. of the average of the daily Volume Weighted Average Price of an Ordinary Share determined as aforesaid; and (ii) the number of Ordinary Shares so purchased, redeemed or bought back;

(d) if the Guarantor or any of its Subsidiaries shall purchase, redeem or buy back any depositary or other receipts or certificates representing Ordinary Shares, the provisions of paragraph (c) above of this definition shall be applied in respect thereof in such manner and with such modifications (if any) as shall be determined in good faith by an Independent Adviser;

(e) where a dividend or distribution is paid or made to Shareholders pursuant to any plan implemented by the Guarantor for the purpose of enabling Shareholders to elect, or which may require Shareholders, to receive dividends or distributions in respect of the Ordinary Shares held by them from a person other than, or in addition to the Guarantor, such dividend or distribution shall for the purposes of these Conditions be treated as a dividend or distribution made or paid to Shareholders by the Guarantor, and the foregoing provisions of this definition and the provisions of these Conditions shall be construed accordingly;

(f) provided that where a Dividend in cash is declared which provides for payment by the Guarantor to Shareholders in the Relevant Currency or an amount in cash is or may be paid in the Relevant Currency, whether at the option of Shareholders or otherwise, it shall be treated as a Cash Dividend in the amount of such Relevant Currency or, as the case may be, an amount in such Relevant Currency, and in any other case it shall be treated as a Cash Dividend or, as the case may be, an amount in cash in the currency in which it is payable by the Guarantor; and

(g) a dividend or distribution that is a Spin-Off shall be deemed to be a Dividend paid or made by the Guarantor,

and any such determination shall be made on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax and disregarding any associated tax credit.

"**Early Closure**" means the closure on any day of the Relevant Stock Exchange prior to the time the Closing Price would have otherwise been determined for such day.

"**equity share capital**" means, in relation to any entity, its issued share capital excluding any part of that capital which, neither as regards dividends nor as regards capital, carries any right to participate beyond a specified amount in a distribution.

"**Exchange Disruption**" means any event (other than an Early Closure) that disrupts or impairs the ability of market participants in general: (a) to effect transactions in, or obtain market values for, the Ordinary Shares on the Relevant Stock Exchange; or (b) to effect transactions in, or obtain market values for, futures or options contacts relating to the Ordinary Shares on the Relevant Stock Exchange.

"**Exempt Newco Scheme**" means a Newco Scheme where immediately after completion of the relevant Scheme of Arrangement the ordinary shares or units or equivalent of Newco (or depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco) are: (a) admitted to trading on the Relevant Stock Exchange; or (b) admitted to listing on such other regulated, regularly operating, recognised stock exchange or securities market as the Guarantor or Newco may determine.

"**Fair Market Value**" means, with respect to any property on any date, the fair market value of that property as determined in good faith by an Independent Adviser, provided that: (a) the Fair Market Value of a Cash Dividend shall be the amount of such Cash Dividend; (b) the Fair Market Value of any other cash amount shall be the amount of such cash; (c) where Spin-Off Securities, Securities, options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by an Independent Adviser), the fair market value (i) of such Spin-Off Securities or Securities shall equal the arithmetic mean of the daily Volume Weighted Average Prices of such Spin-Off Securities or Securities and (ii) of such options, warrants or other rights shall equal the arithmetic mean of the daily Closing Prices of such options, warrants or other rights, in the case of both (i) and (ii) during the period of five Dealing Days on the relevant market commencing on such date (or, if later, the first such Dealing Day such Spin-Off Securities, Securities, options, warrants or other rights are publicly traded); (d) where Spin-Off Securities, Securities, options, warrants or other rights are not publicly traded (as aforesaid), the Fair Market Value of such Spin-Off Securities, Securities, options, warrants or other rights shall be determined in good faith by an Independent Adviser, on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per Ordinary Share, the dividend yield of an Ordinary Share, the volatility of such market price, prevailing interest rates and the terms of such Spin-Off Securities, Securities, options, warrants or other rights, including as to the expiry date and exercise price (if any) thereof; (e) in the case of (a) above translated into the Relevant Currency (if declared or paid or payable in a currency other than the Relevant Currency) at the rate of exchange used to determine the amount payable to Shareholders who were paid or are to be paid or are entitled to be paid the Cash Dividend in the Relevant Currency; and in any other case, translated into the Relevant Currency (if expressed in a currency other than the Relevant Currency) at the Prevailing Rate on that date; and (f) in the case of (a) and (b) above disregarding any withholding or deduction required to be made on account of tax and any associated tax credit.

"**Final Conversion Period**" has the meaning provided in Condition 6(c)(i).

"**Final Conversion Period Commencement Date**" has the meaning provided in Condition 6(c)(i).

"**Final Conversion Period Determination**" has the meaning provided in Condition 6(c)(ii).

"**Final Conversion Period Determination Notice**" has the meaning provided in Condition 6(c)(ii).

“**Final Conversion Period End Date**” has the meaning provided in Condition 6(c)(i).

“**Final Maturity Date**” means 4 October 2023.

“**indebtedness for borrowed money**” means any present or future indebtedness (whether being principal, interest or other amounts) for or in respect of: (a) money borrowed or raised; (b) liabilities under or in respect of any acceptance or acceptance credit; or (c) any notes, bonds, debentures, debenture stock, loan stock, certificates of deposit, commercial paper or other securities offered, issued or distributed whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash or in whole or in part for a consideration other than cash.

“**Independent Adviser**” means an independent adviser with appropriate expertise selected and appointed by the Guarantor at its own expense and notified in writing to the Trustee or, if the Guarantor fails to make such appointment and such failure continues for a period of 30 calendar days (as determined by the Trustee in its sole discretion) and the Trustee is indemnified and/or secured and/or prefunded to its satisfaction against the costs, fees and expenses of and other amounts payable to such adviser and otherwise in connection with the making of such appointment, appointed by the Trustee (without any obligation whatsoever to do so and without liability for so doing or for not appointing such an adviser) following notification to the Guarantor, which appointment shall be deemed to be made by the Guarantor and not by the Trustee (and for the avoidance of doubt, no adviser appointed by the Trustee shall be or be deemed for any purpose to be an agent or delegate of the Trustee).

“**Initial Conversion Period**” has the meaning provided in Condition 6(a).

“**Initial Conversion Period Commencement Date**” has the meaning provided in Condition 6(a).

“**Initial Conversion Period End Date**” has the meaning provided in Condition 6(a).

“**Interest Payment Date**” has the meaning provided in Condition 5(a).

“**Latest Date**” means the latest of: (a) the entry of such judgment; (b) if such judgment specifies a date by which it must be satisfied, the date so specified; and (c) the time allowed or specified under applicable law for such judgment to be bonded, discharged or stayed pending appeal.

“**Market Disruption Event**” means, the occurrence or existence of: (a) a Trading Disruption; (b) an Exchange Disruption at any time during the regular trading session on the Relevant Stock Exchange that, in aggregate (calculated individually for each exchange) last for more than one-half hour period, without regard to after hours or any other trading outside of the regular trading session hours; or (c) an Early Closure by more than one half-hour period.

“**Market Price**” means the Volume Weighted Average Price of an Ordinary Share on the relevant Reference Date, provided that if any Dividend or other entitlement in respect of the Ordinary Shares is announced, whether on or prior to or after the relevant Conversion Date in circumstances where the record date or other due date for the establishment of entitlement in respect of such Dividend or other entitlement shall be on or after the Conversion Date and if, on the relevant Reference Date, the Volume Weighted Average Price of an Ordinary Share is based on a price ex-Dividend or ex-any other entitlement, then such Volume Weighted Average Price shall be increased by an amount equal to the Fair Market Value of such Dividend or entitlement per Ordinary Share as at the Effective Date relating to such Dividend or entitlement, determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit.

"**Material Subsidiary**" means any Subsidiary of the Guarantor:

(a) whose turnover (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Guarantor, as shown by its latest audited profit and loss account is at least 5 per cent. of the consolidated turnover of the Guarantor and its consolidated subsidiaries as shown by the latest published audited consolidated profit and loss account of the Guarantor and its consolidated Subsidiaries; or

(b) whose profits before taxation ("**pre-tax profit**") (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Guarantor, as shown by its latest audited profit and loss account, are at least 5 per cent. of the consolidated pre-tax profit of the Guarantor and its consolidated subsidiaries as shown by the latest published audited consolidated profit and loss account of the Guarantor and its consolidated Subsidiaries, including, for the avoidance of doubt, the Guarantor and its consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of associated entities and after adjustments for minority interests; or

(c) whose gross assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Guarantor, as shown by its latest audited balance sheet, are at least 5 per cent. of the consolidated gross assets of the Guarantor and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Guarantor and its consolidated Subsidiaries, including the investment of the Guarantor and its consolidated Subsidiaries in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Guarantor and of associated companies and after adjustment for minority interests;

provided that, in relation to paragraphs (a), (b) and (c) above of this definition:

(i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Guarantor relate, the reference to the then latest consolidated audited accounts of the Guarantor and its consolidated Subsidiaries for the purposes of the calculation above shall, until consolidated audited accounts of the Guarantor for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published, be deemed to be a reference to the then latest consolidated audited accounts of the Guarantor and its Subsidiaries adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;

(ii) if at any relevant time in relation to the Guarantor or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, turnover, pre-tax profit or gross assets of the Guarantor and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Guarantor for the purposes of preparing a certificate thereon to the Trustee;

(iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its turnover, pre-tax profit and gross assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for such purpose by the Guarantor; and

(iv) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) of this definition are not consolidated with those of the Guarantor, then the determination of whether or not such Subsidiary is a Material Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Guarantor; or

(d) to which is transferred all or substantially all of the business, undertaking and assets of another Subsidiary which immediately prior to such transfer is a Material Subsidiary, whereupon (A) the transferor Material Subsidiary shall immediately cease to be a Material Subsidiary and (B) the transferee Subsidiary shall immediately become a Material Subsidiary, provided that on or after the date on which the relevant financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Material Subsidiary shall be determined pursuant to the provisions of paragraphs (a), (b) or (c) above of this definition.

A certificate prepared by a Director of the Guarantor, stating that in his or her opinion, a Subsidiary is or is not, or was or was not, a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

"**Newco Scheme**" means a scheme of arrangement, an arrangement sanctioned by the Court under the New Zealand Companies Act 1993 or analogous proceeding (a "**Scheme of Arrangement**") which effects the interposition of a limited liability company or trust ("**Newco**") between the Shareholders of the Guarantor immediately prior to the Scheme of Arrangement (the "**Existing Shareholders**") and the Guarantor; provided that: (a) only ordinary shares or units or equivalent of Newco or depositary or other receipts or certificates representing ordinary shares or units or equivalent are issued to Existing Shareholders; (b) immediately after completion of the Scheme of Arrangement the only holders of ordinary shares, units or equivalent of Newco or, as the case may be, the only holders of depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco are Existing Shareholders holding in the same proportions as immediately prior to completion of the Scheme of Arrangement; (c) immediately after completion of the Scheme of Arrangement, Newco is (or one or more wholly-owned Subsidiaries of Newco are) the only shareholder of the Guarantor; (d) all Subsidiaries of the Guarantor immediately prior to the Scheme of Arrangement (other than Newco, if Newco is then a Subsidiary) are Subsidiaries of the Guarantor (or of Newco) immediately after completion of the Scheme of Arrangement; and (e) immediately after completion of the Scheme of Arrangement the Guarantor (or Newco) holds, directly or indirectly, the same percentage of the ordinary share capital and equity share capital of those Subsidiaries as was held by the Guarantor immediately prior to the Scheme of Arrangement.

"**Non-Cash Dividend**" means any Dividend which is not a Cash Dividend, and shall include a Spin-Off.

"**Noteholder**" and "**holder**" mean the person in whose name a Note is registered in the Register (as defined in Condition 4(a)).

"**Optional Redemption Date**" means the date for redemption of the Notes specified in an Optional Redemption Notice.

"**Optional Redemption Notice**" has the meaning provided in Condition 7(b).

"**Ordinary Shares**" means fully paid ordinary shares in the capital of the Guarantor.

"**Permitted Security Interest**" means a Security Interest in respect of property or assets of the Guarantor or a Subsidiary to secure any Relevant Indebtedness, which: (a) existed at the Closing Date and was not created in contemplation of the issue of Notes; or (b) existed before the relevant entity was incorporated as a Subsidiary or otherwise became a Subsidiary and was not created in contemplation of such entity becoming a Subsidiary and provided that the principal amount of such Relevant Indebtedness is not increased.

a "**person**" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity).

"**Physical Settlement Election**" has the meaning provided in Condition 6(b)(i).

"**Physical Settlement Election Notice**" has the meaning provided in Condition 6(b)(i).

"**Prevailing Rate**" means, in respect of a pair of currencies on any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12:00 noon (Sydney time) on that date as appearing on or derived from the Relevant Page or if such a rate cannot be determined at such time, the rate prevailing as at or about 12:00 noon (Sydney time) on the immediately preceding day on which such rate can be so determined or if such rate cannot be so determined by reference to the Relevant Page, the rate determined in such other manner as an Independent Adviser shall consider in good faith appropriate.

"**Prevailing USD/AUD Rate**" means, in respect of a particular date, the spot rate of exchange between U.S. dollars and Australian Dollars prevailing as at or about 12:00 noon (Sydney time) on that date as appearing on or derived from the Relevant Page or if such a rate cannot be determined at such time, the rate prevailing as at or about 12:00 noon (Sydney time) on the immediately preceding day on which such rate can be so determined or if such rate cannot be so determined, the rate determined in such other manner as an Independent Adviser shall consider in good faith appropriate.

"**Record Date**" has the meaning provided in Condition 8(c).

"**Reference Date**" has the meaning provided in Condition 6(b)(ii).

"**Reference Shares**" means, in respect of any date, the number of Ordinary Shares (rounded down, if necessary, to the nearest whole number) determined by dividing the aggregate principal amount of the Notes which are the subject of the relevant exercise of Conversion Rights by such Noteholder by the Conversion Price in effect on such date.

"**Relevant Currency**" means Australian Dollars or, if at the relevant time or for the purposes of the relevant calculation or determination, the Australian Securities Exchange is not the Relevant Stock Exchange, the currency in which the Ordinary Shares are quoted or traded on the Relevant Stock Exchange.

"**Relevant Date**" means, in respect of any Note, whichever is the later of: (a) the date on which payment in respect of it first becomes due; and (b) if any amount of the money payable is improperly withheld or refused the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given by the Issuer to the Noteholders in accordance with Condition 17 that, upon further presentation of the Note, where required pursuant to these Conditions, being made, such payment will be made, provided that such payment is in fact made as provided in these Conditions.

a "**Relevant Event**" occurs when:

(a) there is a Delisting; or

(b) there is a Change of Control.

"**Relevant Event Notice**" has the meaning provided in Condition 7(e).

"**Relevant Event Redemption Date**" has the meaning provided in Condition 7(e).

"**Relevant Indebtedness**" means any present or future indebtedness (whether being principal, premium, interest or other amounts) in the form of or evidenced by notes, bonds, debentures, debenture stock, loan stock or other securities, whether issued for cash or in whole or in part for a consideration other than cash, and which (in any case) are or are capable of being quoted, listed or ordinarily dealt in or traded on any recognised listing authority, stock exchange, securities quotation system or over-the-counter or other securities market. For the avoidance of doubt, syndicated or bilateral bank debt and any interest rate hedging entered into in connection with syndicated or bilateral bank debt is not "**Relevant Indebtedness**".

"**Relevant Page**" means the relevant Bloomberg BFIX page (or its successor page) or if there is no such page, on the relevant Reuters page (or its successor page) or such other information service provider that displays the relevant information as shall be determined to be appropriate by an Independent Adviser.

"**Relevant Stock Exchange**" means: (a) in the case of Ordinary Shares, the Australian Securities Exchange or, if at the relevant time the Ordinary Shares are not at that time listed and admitted to trading on the Australian Securities Exchange, the Alternative Stock Exchange; and (b) in the case of Securities (other than Ordinary Shares), Spin-Off Securities, futures, options, warrants or other rights or assets, the principal stock exchange or securities market on which such Securities (other than Ordinary Shares), Spin-Off Securities, options, warrants or other rights or assets are then listed, admitted to trading or quoted or dealt in.

"**Retroactive Adjustment**" has the meaning provided in Condition 6(f).

"**Securities**" means any securities including, without limitation, Ordinary Shares, or options, warrants or other rights to subscribe for or purchase or acquire Ordinary Shares.

"**Shareholders**" means the holders of Ordinary Shares.

"**Specified Date**" has the meaning provided in Conditions 6(e)(iv), 6(e)(vi), 6(e)(vii) and 6(e)(viii).

"**Spin-Off**" means:

(a) a distribution of Spin-Off Securities by the Guarantor to Shareholders as a class; or

(b) any issue, transfer or delivery of any property or assets (including cash or shares or securities of or in or issued or allotted by any entity) by any entity (other than the Guarantor) to Shareholders as a class or, in the case of or in connection with a Newco Scheme, Existing Shareholders as a class (but excluding the issue and allotment of ordinary shares by Newco to Existing Shareholders as a class), pursuant in each case to any arrangements with the Guarantor or any of its Subsidiaries.

"**Spin-Off Securities**" means equity share capital of an entity other than the Guarantor or options, warrants or other rights to subscribe for or purchase equity share capital of an entity other than the Guarantor.

"**Subsidiary**" means any entity which is a subsidiary of the Guarantor within the meaning of section 5 of the New Zealand Companies Act 1993 or is a subsidiary of or otherwise controlled by the Guarantor within the meaning of any approved accounting standard applicable to the Guarantor.

"**Tax Redemption Date**" has the meaning provided in Condition 7(c).

"**Tax Redemption Notice**" has the meaning provided in Condition 7(c).

"**Trading Disruption**" means any suspension of or limitation imposed on trading by the Relevant Stock Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or otherwise (a) relating to the Ordinary Shares on the Relevant Stock Exchange, or (b) in futures or options contracts relating to the Ordinary Shares on the Relevant Stock Exchange.

"**Volume Weighted Average Price**" means, in respect of an Ordinary Share, Security or, as the case may be, a Spin-Off Security, option, warrant or other right or asset on any Dealing Day, the order book volume-weighted average price of an Ordinary Share, Security or, as the case may be, a Spin-Off Security published by or derived (in the case of an Ordinary Share) from Bloomberg (under the function "VAP") for such Ordinary Share, Security, Spin-Off Security, option, warrant or other right or asset in respect of the Relevant Stock Exchange for such Ordinary Share, Security, Spin-Off Security, option, warrant or other right or asset (and, for the avoidance of doubt, such Bloomberg page for the Ordinary Shares where the Relevant Stock Exchange is the Australian Securities Exchange shall be XRO AU <Equity>), if any or, in any such case, such other source as shall be determined in good faith to be appropriate by an Independent Adviser on such dealing day, provided that if on any such dealing day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an Ordinary Share, Security, Spin-Off Security, option, warrant or other right or asset in respect of such dealing day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Dealing Day on which the same can be so determined, all determined by an Independent Adviser in such manner as it might otherwise determine in good faith to be appropriate.

References to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

References to any issue or offer or grant to Shareholders or Existing Shareholders "**as a class**" or "**by way of rights**" shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders or Existing Shareholders, as the case may be, other than Shareholders or Existing Shareholders, as the case may be, to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

In making any calculation or determination of Closing Price, Current Market Price or Volume Weighted Average Price, such adjustments (if any) shall be made as an Independent Adviser considers in good faith appropriate to reflect any consolidation or subdivision of the Ordinary Shares or any issue of Ordinary Shares by way of capitalisation of profits or reserves, or any like or similar event.

For the purposes of Conditions 6(a), 6(b), 6(c), 6(d), 6(e), 6(f), 6(k) and 6(l) and Condition 11 only, (a) references to the "**issue**" of Ordinary Shares or Ordinary Shares being "**issued**" shall include the transfer and/or delivery of Ordinary Shares, whether newly issued and allotted or previously existing or held by or on behalf of the Guarantor or any of its Subsidiaries, and (b) Ordinary Shares held by or on behalf of the Guarantor or any of its Subsidiaries (and which, in the case of Conditions 6(e)(iv) and 6(e)(vi), do not rank for the relevant right or other entitlement) shall not be considered as or treated as "**in issue**" or "**issued**" or entitled to receive the relevant Dividend, right or other entitlement.

4 REGISTRATION AND TRANSFER OF NOTES

(a) Registration

The Issuer will cause a register (the "**Register**") to be kept at the specified office of the Registrar outside the United Kingdom on which will be entered the names and addresses of the holders of the Notes and the particulars of the Notes held by them and of all transfers, redemptions and conversions of Notes.

(b) Transfer

Notes may, subject to the terms of the Agency Agreement and to Conditions 4(c) and 4(d), be transferred in whole or in part in an authorised denomination by lodging the relevant Certificate evidencing such Notes (with the form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the specified office of the Registrar or any Transfer Agent.

No transfer of a Note will be valid unless and until entered on the Register. A Note may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

The Registrar will within 7 business days, in the place of the specified office of the Registrar, of any duly made application for the transfer of a Note, register the relevant transfer and deliver a new Certificate to the transferee (and, in the case of a transfer of part only of a Note, deliver a Certificate for the untransferred balance to the transferor) at the specified office of the Registrar or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the Certificate by uninsured mail to such address as the transferee or, as the case may be, the transferor may request in writing.

Transfers of interests in the Notes evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

(c) Formalities Free of Charge

Such transfer will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith, (ii) the Registrar being satisfied with the documents of title and/or identity of the person making the application, and (iii) compliance with the regulations referred to it in Condition 4(e).

(d) Closed Periods

Neither the Issuer nor the Registrar will be required to register the transfer of any Note (or part thereof) (i) during the period of 15 days ending on and including the day immediately prior to the Final Maturity Date or any earlier date fixed for redemption of the Notes pursuant to Condition 7(b) or Condition 7(c), (ii) in respect of which a Conversion Notice has been delivered in accordance with Condition 6(k), (iii) in respect of which a holder shall have exercised its option to require the Issuer to redeem pursuant to Condition 7(e), or (iv) during the period of 15 days ending on (and including) any Record Date (as defined in Condition 8(c)) in respect of any payment of interest on the Notes.

(e) Regulations

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning registration and transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written agreement of the Trustee and the Registrar, and by the Registrar, with the prior written agreement of the Trustee. A copy of the current regulations will be mailed (free of charge to the holder and at the Issuer's (failing whom the Guarantor's) expense) by the Registrar to any Noteholder upon request.

(f) Restrictions on transfer

Notes may only be transferred if the offer or invitation giving rise to the transfer:

(i) does not constitute an offer or invitation in Australia for which disclosure is required to be made to investors under Part 6D.2 of the Corporations Act;

(ii) is not made to a person in Australia who is a "retail client" within the meaning of Section 761G of the Corporations Act;

(iii) is not made to a person in New Zealand other than to a person who is a "wholesale investor" within the meaning of clause 3 of Schedule 1 of the New Zealand Financial Markets Conduct Act 2013; and

(iv) complies with any applicable law or directive of the jurisdiction where transfer takes place.

5 INTEREST

(a) Interest Rate

The Notes bear interest from and including the Closing Date at the rate of 2.375 per cent. per annum (the "**Interest Rate**") calculated by reference to the outstanding principal amount thereof and payable semi-annually in equal instalments in arrear (subject to adjustment to reflect any partial redemption) on 4 April and 4 October in each year (each, an "**Interest Payment Date**"), commencing the Interest Payment Date falling on 4 April 2019**.**

If interest is required to be calculated for a period other than an Interest Period (as defined below) it will be calculated on the basis of a 360 day year consisting of 12 months of 30 days each, and in the case of an incomplete month, the number of days elapsed.

"**Interest Period**" means the period beginning on (and including) the Closing Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

(b) Accrual of Interest

Each Note will cease to bear interest: (i) where the Conversion Right shall have been exercised by a Noteholder, from and including the Interest Payment Date immediately preceding the relevant Conversion Date or, if none, the Closing Date (subject in any such case as provided in Condition 6(m)); or (ii) where such Note is or is to be redeemed or repaid pursuant to Condition 7 or Condition 10, from and including the due date for redemption or repayment thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue from the due date for redemption or repayment at the rate specified in Condition 8(f) (both before and after judgment) until (but excluding) whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Trustee or the Principal Paying and Conversion Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

6 CONVERSION OF NOTES

(a) Initial Conversion Period

During the Initial Conversion Period (as defined below), subject to and as provided in these Conditions, each Note shall entitle the holder to convert such Note for an amount equal to the relevant Cash Settlement Amount. Unless a Physical Settlement Election is made by the Issuer in respect of the relevant exercise of Conversion Rights, the Issuer shall pay the relevant Noteholder the relevant Cash Settlement Amount in accordance with this Condition 6.

A Noteholder may exercise the Conversion Right in respect of a Note by delivering the Certificate evidencing such Note together with a duly completed Conversion Notice to the specified office of any Conversion Agent in accordance with Condition 6(k) whereupon the Guarantor shall (subject as provided in these Conditions) procure the payment, to or as directed by the relevant Noteholder of the relevant Cash Settlement Amount as provided in this Condition 6. A Noteholder shall in the relevant Conversion Notice specify a bank account to which any cash amount payable on or in respect of the exercise of Conversion Rights by that Noteholder shall be credited.

The Issuer shall pay the relevant Cash Settlement Amount by not later than 5 New York City business days following the last day of the Cash Settlement Calculation Period by transfer to a U.S. dollar account with a bank in New York City in accordance with instructions contained in the relevant Conversion Notice.

Subject to, and as provided in these Conditions, the Conversion Right in respect of a Note may be exercised, at the option of the holder thereof, and subject to any applicable fiscal or other laws or regulations and as hereinafter provided, at any time on or after 14 November 2018 (the "**Initial Conversion Period Commencement Date**") and prior to the date falling 96 Sydney business days prior to the Final Maturity Date (the "**Initial Conversion Period End Date**") (both days inclusive) or, if such Note is to be redeemed pursuant to Condition 7(b) or Condition 7(c) prior to the Initial Conversion Period End Date, not later than the 10th Sydney business day before the date fixed for redemption thereof pursuant to Condition 7(b) or Condition 7(c), unless there shall be default in making payment in respect of such Note on such date fixed for redemption, in which event the Conversion Right may be exercised up to the date on which the full amount of such payment becomes available for payment and notice of such availability has been duly given to Noteholders in accordance with Condition 17 or, if earlier, the date falling 96 Sydney business days prior to the Final Maturity Date (the "**Initial Conversion Period**"), provided that, in each case, if such final date for the exercise of Conversion Rights is not a business day at the place aforesaid, then the period for exercise of Conversion Rights by Noteholders shall end on the immediately preceding business day at the place aforesaid.

(b) Physical Settlement Election during the Initial Conversion Period

(i) Upon exercise of a Conversion Right during the Initial Conversion Period, the Issuer may, in its sole discretion, make an election to satisfy the exercise of such Conversion Right in respect of the relevant Notes by the delivery of Reference Shares (a "**Physical Settlement Election**") by giving written notice (a "**Physical Settlement Election Notice**") to the relevant Noteholder by no later than the date falling 2 Sydney business days following the relevant Conversion Date to the address, fax number or email address provided in the relevant Conversion Notice. The Physical Settlement Election Notice shall specify the number of Reference Shares as at the relevant Conversion Date to be issued to, or transferred to, the Noteholder and delivered by the Guarantor in respect of the relevant exercise of Conversion Rights.

(ii) The Guarantor will procure that Ordinary Shares to be issued or transferred and delivered on conversion pursuant to this Condition 6(b) will be issued or transferred and delivered to the holder of the Notes completing the relevant Conversion Notice or its nominee (without any further action being required to be taken by, and without any cost or expense to, the relevant holder of the Note or the Trustee or any Agent). Such Ordinary Shares will be deemed to be issued or transferred and delivered as of the relevant Conversion Date. Any Additional Ordinary Shares to be issued or transferred and delivered pursuant to Condition 6(f) will be deemed to be issued or transferred and delivered as of the date the relevant Retroactive Adjustment takes effect or as at the date of issue or transfer and delivery of Ordinary Shares if the adjustment results from the issue or transfer and delivery of Ordinary Shares (each such date, the "**Reference Date**").

(iii) A Physical Settlement Election shall be irrevocable and shall specify the Conversion Price in effect on the relevant Conversion Date.

(iv) Notwithstanding Condition 6(a), if a Change of Control occurs, the Conversion Right may, subject to these Conditions be exercised prior to the Initial Conversion Period Commencement Date, in which case Noteholders exercising the Conversion Right prior to the Initial Conversion Period Commencement Date shall, as a pre-condition to receiving Ordinary Shares, be required to certify in the Conversion Notice, among other things, that it or, if it is a broker-dealer acting on behalf of a customer, such customer: (A) will, on conversion, become the beneficial owner of the Ordinary Shares; and (B) is located outside the United States (within the meaning of Regulation S under the U.S. Securities Act of 1933, as amended).

(c) Final Conversion Period and Final Conversion Period Determination

(i) Subject to, and as provided in these Conditions, the Conversion Right in respect of a Note may be exercised, at the option of the holder thereof, and subject to any applicable fiscal or other laws or regulations and as hereinafter provided, at any time after the Initial Conversion Period End Date (the "**Final Conversion Period Commencement Date**") and prior to the date falling 3 Sydney and Hong Kong business days prior to the Final Maturity Date (the "**Final Conversion Period End Date**") (both days inclusive) or, if such Note is to be redeemed pursuant to Condition 7(b) or Condition 7(c) prior to the Final Conversion Period End Date, not later than the 10^{th} Sydney business day before the date fixed for redemption thereof pursuant to Condition 7(b) or Condition 7(c), unless there shall be default in making payment in respect of such Note on such date fixed for redemption, in which event the Conversion Right may be exercised up to the date on which the full amount of such payment becomes available for payment and notice of such availability has been duly given to Noteholders in accordance with Condition 17 or, if earlier, the date falling 3 Sydney and Hong Kong business days prior to the Final Maturity Date (the "**Final Conversion Period**"), provided that, in each case, if such final date for the exercise of Conversion Rights is not a business day at the place aforesaid, then the period for exercise of Conversion Rights by Noteholders shall end on the immediately preceding business day at the place aforesaid.

(ii) Prior to the Final Conversion Period Commencement Date and no earlier than the date falling 100 Sydney business days prior to the Final Maturity Date (both days inclusive), the Issuer will make a determination (a "**Final Conversion Period Determination**") by giving notice to the Noteholders in accordance with Condition 17 and to the Trustee and each Conversion Agent in writing (a "**Final Conversion Period Determination Notice**"). The Final Conversion Period Determination Notice shall state that any Conversion Rights exercised by a Noteholder during the Final Conversion Period will be wholly satisfied and settled either by an amount equal to the relevant Cash Settlement Amount or by the delivery of Ordinary Shares equal to the relevant Reference Shares and to which Noteholder the Issuer shall pay the relevant Cash Settlement Amount by transfer to a U.S. dollar account with a bank in New York City or, as the case may be, issue or transfer the relevant Reference Shares to the Noteholder, in accordance with the instructions contained in the relevant Conversion Notice.

The Final Conversion Period Determination shall be at the sole discretion of the Issuer and the Final Conversion Period Determination Notice shall be irrevocable.

(iii) Where the Issuer has determined that any Conversion Rights exercised by a Noteholder during the Final Conversion Period will be wholly satisfied and settled by payment of the relevant Cash Settlement Amount, a Noteholder may exercise such Conversion Right by delivering the Certificate evidencing such Note together with a duly completed Conversion Notice to the specified office of any Conversion Agent in accordance with Condition 6(k) whereupon the Guarantor shall (subject as provided in these Conditions) procure the payment by the Issuer, to or as directed by the relevant Noteholder of the relevant Cash Settlement Amount as provided in this Condition 6. A Noteholder shall in the relevant Conversion Notice specify a bank account to which any cash amount payable on or in respect of the exercise of Conversion Rights by that Noteholder shall be credited.

The Issuer shall pay the relevant Cash Settlement Amount by not later than 5 New York City business days following the last day of the Cash Settlement Calculation Period by transfer to a U.S. dollar account with a bank in New York City in accordance with instructions contained in the relevant Conversion Notice.

(iv) Where the Issuer has determined that any Conversion Rights exercised by a Noteholder during the Final Conversion Period will be wholly satisfied and settled by delivery of Ordinary Shares, the Guarantor will procure that Ordinary Shares to be issued or transferred and delivered on conversion pursuant to this Condition 6(c) will be issued or transferred and delivered to the holder of the Notes completing the relevant Conversion Notice or its nominee (without any further action being required to be taken by, and without any cost or expense to, the relevant holder of the Note or the Trustee or any Agent). Such Ordinary Shares will be deemed to be issued or transferred and delivered as of the relevant Conversion Date. Any Additional Ordinary Shares to be issued or transferred and delivered pursuant to Condition 6(f) will be deemed to be issued or transferred and delivered as of the date the relevant Retroactive Adjustment takes effect or as at the date of issue or transfer and delivery of Ordinary Shares if the adjustment results from the issue or transfer and delivery of Ordinary Shares (each such date, the "**Reference Date**").

(d) Conversion Price and Conversion Rights

The initial Conversion Price is U.S.$46.3386 per Ordinary Share (based on a fixed exchange rate of A$1.00 = U.S.$0.72745) but will be subject to adjustment in the manner provided in Condition 6(e) (the "**Conversion Price**").

Conversion Rights in respect of a Note may not be exercised following: (i) the giving of a notice by the holder thereof pursuant to Condition 7(e); or (ii) the giving of notice by the Trustee pursuant to Condition 10. Save where a notice of redemption is given by the Issuer in the circumstances provided in Condition 6(m), Conversion Rights may not be exercised by a Noteholder in circumstances where the relevant Conversion Date would fall during the period commencing on the Record Date in respect of any payment of interest on the Notes and ending on the relevant Interest Payment Date (both days inclusive).

Fractions of Ordinary Shares will not be issued or transferred and delivered on conversion and no cash payment or other adjustment will be made in lieu thereof. However, if the Conversion Right in respect of more than one Note is exercised at any one time such that Ordinary Shares to be delivered on conversion are to be registered in the same name, the number of such Ordinary Shares to be issued or transferred and delivered in respect thereof shall be calculated on the basis of the aggregate principal amount of such Notes being so converted and rounded down to the nearest whole number of Ordinary Shares.

(e) Adjustment of Conversion Price

Upon the happening of any of the events described below, the Conversion Price shall be adjusted as follows:

(i) If and whenever there shall be a consolidation, reclassification, redesignation or subdivision in relation to the Ordinary Shares which alters the number of Ordinary Shares in issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such consolidation, reclassification, redesignation or subdivision by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of Ordinary Shares in issue immediately before such consolidation, reclassification, redesignation or subdivision, as the case may be; and

B is the aggregate number of Ordinary Shares in issue immediately after, and as a result of, such consolidation, reclassification, redesignation or subdivision, as the case may be.

Such adjustment shall become effective on the date the consolidation, reclassification, redesignation or subdivision, as the case may be, takes effect.

(ii) If and whenever the Guarantor shall issue any Ordinary Shares to Shareholders credited as fully paid by way of capitalisation of profits or reserves (including any amount of share premium account or capital redemption reserve) other than to the extent it is determined to constitute a Cash Dividend, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of Ordinary Shares in issue immediately before such issue; and

B is the aggregate number of Ordinary Shares in issue immediately after such issue.

Such adjustment shall become effective on the date of issue of such Ordinary Shares.

(iii) If and whenever the Guarantor shall declare, announce, pay or make any Dividend to the Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Ordinary Share on the Effective Date; and

B is the portion of the Fair Market Value of the aggregate Dividend attributable to one Ordinary Share, with such portion being determined by dividing the Fair Market Value of the aggregate Dividend by the number of Ordinary Shares entitled to receive the relevant Dividend (or, in the case of a purchase, redemption or buy back of Ordinary Shares or any depositary or other receipts or certificates representing Ordinary Shares by or on behalf of the Guarantor or any Subsidiary, by the number of Ordinary Shares in issue immediately following such purchase, redemption or buy back, and treating as not being in issue any Ordinary Shares, or any Ordinary Shares represented by depositary or other receipts or certificates, purchased, redeemed or bought back).

Such adjustment shall become effective on the Effective Date or, if later, the first date upon which the Fair Market Value of the relevant Dividend is capable of being determined as provided herein.

"**Effective Date**" means, in respect of this Condition 6(e)(iii), the first date on which the Ordinary Shares are traded ex-the relevant Dividend on the Relevant Stock Exchange or, in the case of a purchase, redemption or buy back of Ordinary Shares or any depositary or other receipts or certificates representing Ordinary Shares, the date on which such purchase, redemption or buy back is made or in the case of a Spin-Off, the first date on which the Ordinary Shares are traded ex-the relevant Spin-Off on the Relevant Stock Exchange.

(iv) If and whenever the Guarantor or any Subsidiary or (at the direction or request or pursuant to any arrangements with the Guarantor or any Subsidiary) any other company, person or entity shall issue to Shareholders as a class by way of rights, or issue or grant to Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for or purchase or otherwise acquire Ordinary Shares or any Securities which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, or the right to otherwise acquire any Ordinary Shares (or shall grant any such rights in respect of existing Securities so issued), in each case at a price per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share on the date of the first public announcement of the terms of the issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Ordinary Shares in issue on the Effective Date;

B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares issued by way of rights or for the Securities issued by way of rights and upon exercise of rights of conversion into, or exchange or subscription for, or the right to otherwise acquire, Ordinary Shares, or for the options or warrants or other rights issued by way of rights and for the total number of Ordinary Shares deliverable on the exercise thereof, would purchase at such Current Market Price per Ordinary Share; and

C is the number of Ordinary Shares to be issued or, as the case may be, the maximum number of Ordinary Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights or upon conversion or exchange or exercise of rights of subscription or purchase (or other rights of acquisition) in respect thereof at the initial conversion, exchange, subscription, purchase or acquisition price or rate, provided that if at the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange (as used in this Condition 6(e)(iv), the "**Specified Date**") such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time, then for the purposes of this Condition 6(e)(iv), "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Specified Date.

Such adjustment shall become effective on the Effective Date (or, if later, the Dealing Day following the record date or other due date for establishment of the entitlement of Shareholders to participate in the relevant issue or grant).

"**Effective Date**" means, in respect of this Condition 6(e)(iv), the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange.

(v) If and whenever the Guarantor or any Subsidiary or (at the direction or request or pursuant to any arrangements with the Guarantor or any Subsidiary) any other company, person or entity shall issue any Securities (other than Ordinary Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire any Ordinary Shares or Securities which by their terms carry (directly or indirectly) rights of conversion into, or exchange or subscription for, or rights to otherwise acquire, Ordinary Shares) to Shareholders as a class by way of rights or grant to Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for, purchase or otherwise acquire any Securities (other than Ordinary Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Ordinary Shares or Securities which by their terms carry (directly or indirectly) rights of conversion into, or exchange or subscription for, or rights to otherwise acquire, Ordinary Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Ordinary Share on the Effective Date; and

B is the Fair Market Value on the Effective Date of the portion of the rights attributable to one Ordinary Share.

Such adjustment shall become effective on the Effective Date (or, if later, the Dealing Day following the record date or other due date for establishment of the entitlement of Shareholders to participate in the relevant issue or grant).

"**Effective Date**" means, in respect of this Condition 6(e)(v), the first date on which the Ordinary Shares are traded ex-the relevant Securities or ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange.

(vi) If and whenever the Guarantor shall issue wholly for cash or for no consideration (otherwise than as mentioned in Condition 6(e)(iv)) any Ordinary Shares (other than Ordinary Shares issued on conversion of the Notes (which term shall for this purpose include any further Notes issued pursuant to Condition 18) or on the exercise of any rights of conversion into, or exchange or subscription for or purchase of or rights to otherwise acquire, Ordinary Shares) and other than where it is determined to constitute a Cash Dividend pursuant to paragraph (a) of the definition of "**Dividend**" or if and whenever the Guarantor or any Subsidiary or (at the direction or request or pursuant to any arrangements with the Guarantor or any Subsidiary) any other company, person or entity shall issue or grant (otherwise than as mentioned in Condition 6(e)(iv)) wholly for cash or for no consideration any options, warrants or other rights to subscribe for or purchase or otherwise acquire any Ordinary Shares (other than the Notes, which term shall for this purpose include any further Notes issued pursuant to Condition 18), in each case at a price per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share on the date of the first public announcement of the terms of such issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Ordinary Shares in issue immediately before the issue of such Ordinary Shares or the grant of such options, warrants or rights;

B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the issue of such Ordinary Shares or, as the case may be, for the Ordinary Shares to be issued or otherwise made available upon the exercise of any such options, warrants or rights, would purchase at such Current Market Price per Ordinary Share; and

C is the number of Ordinary Shares to be issued pursuant to such issue of such Ordinary Shares or, as the case may be, the maximum number of Ordinary Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights,

provided that if at the time of issue or grant of such options, warrants or rights (as used in this Condition 6(e)(vi), the "**Specified Date**") such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time, then for the purposes of this Condition 6(e)(vi), "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Specified Date.

Such adjustment shall become effective on the Effective Date.

"**Effective Date**" means, in respect of this Condition 6(e)(iv), the date of issue of such Ordinary Shares or, as the case may be, the issue or grant of such options, warrants or rights.

(vii) If and whenever the Guarantor or any Subsidiary or (at the direction or request of or pursuant to any arrangements with the Guarantor or any Subsidiary) any other company, person or entity (otherwise than as mentioned in Conditions 6(e)(iv), 6(e)(v) or 6(e)(vi)) shall issue any Securities (other than the Notes which term shall for this purpose exclude any further Notes issued pursuant to Condition 18), which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, purchase of or rights to otherwise acquire Ordinary Shares (or shall grant any such rights in respect of existing Securities so issued) or Securities which by their terms might be reclassified or redesignated as Ordinary Shares and the consideration per Ordinary Share receivable upon conversion, exchange, subscription, purchase, acquisition, reclassification or redesignation is less than 95 per cent. of the Current Market Price per Ordinary Share on the date of the first public announcement of the terms of issue of such Securities (or the terms of such grant), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Ordinary Shares in issue on the date immediately before such issue or grant (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for Ordinary Shares which have been issued, purchased or acquired by the Guarantor or any Subsidiary (or at the direction or request or pursuant to any arrangements with the Guarantor or any Subsidiary) for the purposes of or in connection with such issue, less the number of such Ordinary Shares so issued, purchased or acquired);

B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription, purchase or acquisition attached to such Securities or, as the case may be, for the Ordinary Shares to be issued or to arise from any such reclassification or redesignation would purchase at such Current Market Price per Ordinary Share; and

C is the maximum number of Ordinary Shares to be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such right of subscription, purchase or acquisition attached thereto at the initial conversion, exchange, subscription, purchase or acquisition price or rate or, as the case may be, the maximum number of Ordinary Shares which may be issued or arise from any such reclassification or redesignation,

provided that if at the time of issue of the relevant Securities or date of grant of such rights (as used in this Condition 6(e)(vii), the "**Specified Date**") such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription, purchase or acquisition are exercised or, as the case may be, such Securities are reclassified or redesignated or at such other time as may be provided) then for the purposes of this Condition 6(e)(vii), "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition, reclassification or, as the case may be, redesignation had taken place on the Specified Date.

Such adjustment shall become effective on the Effective Date.

"**Effective Date**" means, in respect of this Condition 6(e)(vii), the date of issue of such Securities or, as the case may be, the grant of such rights.

(viii) If and whenever there shall be any modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to any Securities (other than the Notes which shall for this purpose include any further Notes issued pursuant to Condition 18) which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, or the right or otherwise acquire, any Ordinary Shares (other than in accordance with the terms (including terms as to adjustment) applicable to such Securities upon issue) so that following such modification the consideration per Ordinary Share receivable has been reduced and is less than 95 per cent. of the Current Market Price per Ordinary Share on the date of the first public announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Ordinary Shares in issue immediately before such modification (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for, or purchase or acquisition of, Ordinary Shares which have been issued, purchased or acquired by the Guarantor or any Subsidiary (or at the direction or request or pursuant to any arrangements with the Guarantor or any Subsidiary) for the purposes of or in connection with such Securities, less the number of such Ordinary Shares so issued, purchased or acquired);

B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription, purchase or acquisition attached to the Securities so modified would purchase at such Current Market Price per Ordinary Share on the date of such first public announcement or, if lower, the existing conversion, exchange, subscription, purchase or acquisition price of such Securities; and

C is the maximum number of Ordinary Shares which may be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such rights of subscription, purchase or acquisition attached thereto at the modified conversion, exchange, subscription, purchase or acquisition price or rate but giving credit in such manner as an Independent Adviser shall consider appropriate for any previous adjustment under this Condition 6(e)(viii) or under Condition 6(e)(vii) above,

provided that if at the time of such modification (as used in this Condition 6(e)(viii), the "**Specified Date**") such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription, purchase or acquisition are exercised or at such other time as may be provided) then for the purposes of this Condition 6(e)(viii), "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Specified Date.

Such adjustment shall become effective on the Effective Date.

"**Effective Date**" means, in respect of this Condition 6(e)(viii), the date of modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to such Securities.

(ix) Subject to Condition 6(h), if and whenever the Guarantor or any Subsidiary or (at the direction or request of or pursuant to any arrangements with the Guarantor or any Subsidiary) any other company, person or entity shall offer any Ordinary Shares or Securities of the Guarantor of the Subsidiary in connection with which Shareholders as a class are entitled to participate in arrangements whereby such Ordinary Shares or Securities may be acquired by them (except where the Conversion Price falls to be adjusted under Conditions 6(e)(ii), 6(e)(iii), 6(e)(iv), 6(e)(v), 6(e)(vi), 6(e)(vii) or 6(e)(x) (or, where applicable, would fall to be so adjusted if the relevant issue or grant was at less than 95 per cent. of the Current Market Price per Ordinary Share on the relevant day)) the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Ordinary Share on the Effective Date; and

B is the Fair Market Value on the Effective Date of the portion of the relevant offer attributable to one Ordinary Share.

Such adjustment shall become effective on the Effective Date.

"**Effective Date**" means, in respect of this Condition 6(e)(ix), the first date on which the Ordinary Shares are traded ex-rights on the Relevant Stock Exchange.

(x) If a Change of Control shall occur, the Issuer and/or the Guarantor shall deliver a Relevant Event Notice in accordance with Condition 6(j). Following the giving of a Relevant Event Notice, upon any exercise of Conversion Rights where the Conversion Date falls during the period (the "**Change of Control Period**") commencing on the occurrence of the Change of Control and ending 30 calendar days following the Change of Control or, if later, 30 calendar days following the date on which a Relevant Event Notice as required by Condition 6(j) is given, the Conversion Price (the "**Change of Control Conversion Price**") shall be as determined pursuant to the following formula:

COCCP = OCP/(1+ (CP x c/t))

where:

COCCP = means the Change of Control Conversion Price;

OCP = means the Conversion Price in effect on the relevant Conversion Date, disregarding the application of this Condition 6(e)(x);

CP = means 30 per cent. (expressed as a fraction);

c = means the number of days from and including the date the Change of Control occurs to but excluding the Final Maturity Date; and

t = means the number of days from and including the Closing Date to but excluding the Final Maturity Date.

(xi) If the Issuer or the Guarantor determines that an adjustment should be made to the Conversion Price as a result of one or more circumstances not referred to above in this Condition 6(e), the Issuer or the Guarantor shall, at its own expense and acting reasonably, request an Independent Adviser to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof and the date on which such adjustment should take effect and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that an adjustment shall only be made pursuant to this Condition 6(e)(xi) if such Independent Adviser is so requested to make such a determination not more than 21 days after the date on which the relevant circumstance arises and if the adjustment would result in a reduction to the Conversion Price.

Notwithstanding the foregoing provisions, where:

(A) the events or circumstances giving rise to any adjustment pursuant to this Condition 6(e) have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Conversion Price or where more than one event which gives rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of the Issuer or the Guarantor, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be advised by an Independent Adviser to be in its opinion appropriate to give the intended result; and

(B) such modification shall be made to the operation of these Conditions as may be advised by an Independent Adviser to be in its opinion appropriate: (i) to ensure that an adjustment to the Conversion Price or the economic effect thereof shall not be taken into account more than once; and (ii) to ensure that the economic effect of a Dividend is not taken into account more than once.

Each of the Issuer and the Guarantor has undertaken that it will not take any corporate or other action which is equivalent to Conditions 6(e)(i) to 6(e)(x) (both inclusive) that would cause the Conversion Price of the Notes to be adjusted in a manner that contravenes the Corporations Act or the New Zealand Companies Act 1993 or the Listing Rules of the ASX.

For the purpose of any calculation of the consideration receivable or price pursuant to Conditions 6(e)(iv), 6(e)(vi), 6(e)(vii) and 6(e)(viii), the following provisions shall apply:

(I) the aggregate consideration receivable or price for Ordinary Shares issued for cash shall be the amount of such cash;

(II) (x) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the conversion or exchange of any Securities shall be deemed to be the consideration or price received or receivable for any such Securities and (y) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the exercise of rights of subscription attached to any Securities or upon the exercise of any options, warrants or rights shall be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such Securities or, as the case may be, for such options, warrants or rights which are attributed by the Guarantor to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration or price is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the relevant Effective Date referred to in Condition 6(e)(iv) or the relevant date of the first public announcement as referred to in Conditions 6(e)(vi), 6(e)(vii) or 6(e)(viii), as the case may be, plus in the case of each of (x) and (y) above, the additional minimum consideration receivable or price (if any) upon the conversion or exchange of such Securities, or upon the exercise of such rights of subscription attached thereto or, as the case may be, upon exercise of such options, warrants or rights and (z) the consideration receivable or price per Ordinary Share upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such Securities or, as the case may be, upon the exercise of such options, warrants or rights shall be the aggregate consideration or price referred to in (x) or (y) above (as the case may be) divided by the number of Ordinary Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;

(III) if the consideration or price determined pursuant to (I) or (II) above (or any component thereof) shall be expressed in a currency other than the Relevant Currency it shall be converted into the Relevant Currency at the Prevailing Rate on the relevant Effective Date (in the case of paragraph (a) above or for the purposes of Condition 6(e)(iv) or the relevant date of first public announcement (for the purposes of Condition 6(e)(vi), 6(e)(vii) or 6(e)(viii));

(IV) in determining consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Ordinary Shares or Securities or options, warrants or rights, or otherwise in connection therewith; and

(V) the consideration or price shall be determined as provided above on the basis of the consideration or price received, receivable, paid or payable, regardless of whether all or part thereof is received, receivable, paid or payable by or to the Guarantor or another entity.

(f) Retroactive Adjustments

If there is a Retroactive Adjustment (as defined below) to the Conversion Price following the exercise of Conversion Rights by a Noteholder, the Issuer shall (conditional upon the relevant adjustment becoming effective) pay to the relevant Noteholder an additional amount (the "**Additional Cash Settlement Amount**") equal to the relevant Cash Settlement Amount of such Additional Ordinary Shares (as defined below). The Issuer will pay the Additional Cash Settlement Amount at the same time as the payment of the Cash Settlement Amount in accordance with this Condition 6.

If the Conversion Date in relation to the conversion of any Note shall be after the record date in respect of any consolidation, reclassification, redesignation or subdivision as is mentioned in Condition 6(e)(i), or after the record date or other due date for the establishment of entitlement for any such issue, distribution, grant or offer (as the case may be) as is mentioned in Conditions 6(e)(ii), 6(e)(iii), 6(e)(iv), 6(e)(v) or 6(e)(ix), or after the date of the first public announcement of the terms of any such issue or grant as is mentioned in Conditions 6(e)(vi) and 6(e)(vii) or of the terms of any such modification as is mentioned in Condition 6(e)(viii), but before the relevant adjustment to the Conversion Price becomes effective under Condition 6(e) (such adjustment, a "**Retroactive Adjustment**") in circumstances where a Physical Settlement Election was made in respect of the Reference Shares as at the relevant Conversion Date or, as the case may be, the Final Conversion Period Determination Notice stated that Conversion Rights exercised during the Final Conversion Period would be satisfied and settled by the delivery of Ordinary Shares equal to the relevant Reference Shares, then the Guarantor shall (conditional upon the relevant adjustment becoming effective) procure that there shall be issued or transferred and delivered to the converting Noteholder, in accordance with the instructions contained in the Conversion Notice, such additional number of Ordinary Shares (if any) (the "**Additional Ordinary Shares**") as, together with the Ordinary Shares issued or to be transferred and delivered on conversion of the relevant Note (together with any fraction of an Ordinary Share not so issued), is equal to the number of Ordinary Shares which would have been required to be issued or delivered on conversion of such Note as if the relevant adjustment to the Conversion Price had in fact been made and become effective immediately prior to the relevant Conversion Date.

(g) Decision of an Independent Adviser

If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to the appropriate adjustment to the Conversion Price or as to the occurrence of a Change of Control or as to any determinations or calculations of the relevant Cash Settlement Amounts, the Guarantor shall consult an Independent Adviser and the written opinion of such Independent Adviser acting in good faith in respect of such adjustment to the Conversion Price or as to any such determinations or calculations of any Cash Settlement Amounts shall be conclusive and binding on all parties, save in the case of manifest error.

(h) Employees Incentive Schemes

No adjustment will be made to the Conversion Price where Ordinary Shares or other Securities (including rights, warrants and options) are issued, transferred, offered or granted pursuant to any Employee Share Scheme.

"**Employee Share Scheme**" means any scheme approved by the Guarantor and in compliance with the requirements of the listing rules of ASX (or, if applicable, the Alternative Stock Exchange) pursuant to which Ordinary Shares or other securities (including rights or options) are or may be issued, transferred, offered, exercised, allotted, purchased, appropriated, modified or granted to, or for the benefit of, directors, employees or former employees (including directors holding or formerly holding executive office or the personal service company of any such person) of the Guarantor, its Subsidiaries and/or affiliated companies, or spouses or persons related to such employees or former employees or eligible participants of such scheme or to a trustee or trustees to be held for the benefit of any such person or any amendment or successor plan thereto (and including any such scheme described in the 2018 Annual Report).

(i) Rounding Down and Notice of Adjustment to the Conversion Price

On any adjustment to the Conversion Price, the resultant Conversion Price, if not an integral multiple of U.S.$0.01, shall be rounded down to the nearest whole multiple of U.S.$0.01. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than 1 per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made.

Notice of any adjustments to the Conversion Price shall be given by the Issuer and/or the Guarantor to Noteholders in accordance with Condition 17 and to the Trustee and the Principal Paying and Conversion Agent in writing promptly after the determination thereof.

The Conversion Price shall not in any event be reduced so that on conversion of the Notes, Ordinary Shares would fall to be issued in circumstances not permitted by applicable laws or regulations.

The Guarantor undertakes that it shall not take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price to below such nominal value or any minimum level permitted by applicable laws or regulations or that would otherwise result in the inability to issue Ordinary Shares on conversion as fully paid or result in Ordinary Shares being required to be issued or transferred and delivered in circumstances not permitted by applicable laws or regulations.

No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation of the Ordinary Shares as referred to in Condition 6(e)(i). The Issuer and the Guarantor may at any time and for a specified period only, following notice being given to the Trustee and the Principal Paying and Conversion Agent in writing and to Noteholders in accordance with Condition 17, reduce the Conversion Price.

(j) Change of Control

By not later than 5 Sydney business days following the first day on which the Issuer and/or the Guarantor becomes aware of the occurrence of a Change of Control, the Issuer and/or the Guarantor shall provide the Relevant Event Notice (as defined in Condition 7(e)) to the Trustee and the Principal Paying and Conversion Agent in writing and to the Noteholders in accordance with Condition 17. Such Relevant Event Notice shall contain a statement informing Noteholders of their entitlement to exercise their Conversion Rights as provided in these Conditions and their entitlement to require the Issuer to redeem their Notes as provided in Condition 7(e).

The Relevant Event Notice shall also specify:

(i) all information material to Noteholders concerning the Change of Control;

(ii) the Conversion Price immediately prior to the occurrence of the Change of Control and the Change of Control Conversion Price applicable pursuant to Condition 6(e)(x) during the Change of Control Period (on the basis of the Conversion Price) in effect immediately prior to the occurrence of the Change of Control;

(iii) the Closing Price of the Ordinary Shares as derived from the Relevant Stock Exchange as at the latest practicable date prior to the publication of such notice;

(iv) the Relevant Event Redemption Date and the last day of the Change of Control Period;

(v) details of the right of the Issuer to redeem any Notes which shall not previously have been converted or redeemed pursuant to Condition 7(e); and

(vi) such other information relating to the Change of Control as the Trustee may in its absolute discretion require.

Neither the Trustee nor any Agent shall be required to take any steps to ascertain whether a Change of Control or any event which could lead to a Change of Control has occurred or may occur and none of them will be responsible or liable to Noteholders or any other person for any loss arising from any failure by it to do so.

(k) Procedure for exercise of Conversion Rights

Conversion Rights may be exercised by a Noteholder during the relevant Conversion Period by delivering the relevant Note to the specified office of any Conversion Agent, during its usual business hours, accompanied by a duly completed and signed notice of conversion (a "**Conversion Notice**") in the form (for the time being current) obtainable from any Conversion Agent. Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Principal Paying and Conversion Agent or such other Conversion Agent to whom the relevant Conversion Notice is delivered is located. If such delivery is made after 3.00 p.m. (local time) or on a day which is not a business day in the place of the specified office of the relevant Conversion Agent, such delivery shall be deemed for all purposes of these Conditions to have been made on the next following such business day.

Any determination as to whether any Conversion Notice has been duly completed and properly delivered shall be made by the relevant Conversion Agent and shall, save in the case of manifest error, be conclusive and binding on the Issuer, the Guarantor, the Trustee, the other Conversion Agents and the relevant Noteholder.

Conversion Rights may only be exercised in respect of an authorised denomination. Where Conversion Rights are exercised in respect of part only of a Note, the old Certificate evidencing such Note shall be cancelled and a new Certificate evidencing such Note and appropriate entries made in the Register for the balance thereof shall be issued in lieu thereof without charge but upon payment by the holder of any taxes, duties and other governmental charges payable in connection therewith and the Registrar will within 7 business days, in the place of the specified office of the Registrar, following the relevant Conversion Date, deliver the new Certificate evidencing such Note to the Noteholder at the specified office of the Registrar or (at the risk and, if mailed at the request of the Noteholder otherwise than by ordinary mail, at the expense of the Noteholder) mail the Certificate evidencing such new Note by uninsured mail to such address as the Noteholder may request.

A Conversion Notice, once delivered, shall be irrevocable.

The conversion date in respect of a Note (the "**Conversion Date**") shall be the 2nd Sydney and Hong Kong business day following the date of the delivery of the Notes and the Conversion Notice by the Noteholder to the Conversion Agent as provided in this Condition 6(k).

A Noteholder exercising a Conversion Right:

(i) shall, subject to Condition 6(k)(ii) below, be responsible for paying directly to the relevant authorities any taxes and capital, stamp, issue and registration and transfer taxes and duties arising on conversion and such Noteholder shall be responsible for paying all, if any, taxes arising by reference to any disposal or deemed disposal of a Note or interest therein in connection with such conversion; but

(ii) shall not be responsible for any taxes or capital, stamp, issue and registration and transfer taxes and duties payable in New Zealand or Australia (or any province, state or territory thereof) in respect of the allotment and issue of any Ordinary Shares on such conversion or in respect of the delivery of any Ordinary Shares on such conversion (including any Additional Ordinary Shares), which shall be paid by the Issuer (or the Guarantor, as the case may be). If the Issuer (or the Guarantor, as the case may be) shall fail to pay any taxes and capital, stamp, issue and registration and transfer taxes and duties payable for which it is responsible as provided above, the relevant holder shall be entitled to tender and pay the same and the Issuer (or the Guarantor, as the case may be) as a separate and independent stipulation, covenants to reimburse and indemnify each Noteholder in respect of any payment thereof and any penalties payable in respect thereof.

For the avoidance of doubt, none of the Agents or the Trustee shall be responsible for determining whether such taxes or capital, stamp, issue and registration and transfer taxes and duties are payable in any jurisdiction or the amount thereof and none of them shall be responsible or liable to pay any such taxes or capital, stamp, issue and registration and transfer taxes and duties in any jurisdiction or for any failure by the Issuer (or the Guarantor, as the case may be) or any Noteholder to pay such taxes or capital, stamp, issue and registration and transfer taxes and duties in any jurisdiction.

Ordinary Shares to be issued on exercise of Conversion Rights (if any) will be issued, at the option of the Issuer pursuant to its exercise of the Physical Settlement Election or, as the case may be, the Final Conversion Period Determination, either:

(A) in uncertificated form through the securities trading system known as the Clearing House Electronic Sub-register System operated by ASX Settlement Pty Ltd ("**CHESS**") (or any successor licensed clearance and settlement facility applicable to the Ordinary Shares); or

(B) in uncertificated form through the Guarantor's Issuer-sponsored Sub-register maintained by its share registry provider,

and in the case of (A) the Ordinary Shares will be credited to the CHESS account specified in the Conversion Notice, or in the case of (B) the Ordinary Shares will be credited to an account with the share registry provider in the name of the Noteholder (or such other person specified in the Conversion Notice), in each case by a date which is generally expected to be not later than 5 Sydney business days (in the case of Ordinary Shares to be issued through CHESS) after the relevant Conversion Date.

Statements of holdings for Ordinary Shares issued on exercise of Conversion Rights through CHESS will be dispatched by the Guarantor by mail free of charge as soon as practicable but in any event within 10 Sydney business days after the relevant Conversion Date.

On the Conversion Date and following the Issuer's exercise of its Physical Settlement Election or, as the case may be, the Final Conversion Period Determination, the Issuer must cause the Guarantor to, and the Guarantor must issue, or otherwise deliver (or procure the issue or delivery as the case may be), to each Noteholder (or to such other person as the Noteholder may direct the Issuer and/or the Guarantor in the relevant Conversion Notice provided that such person is a person to whom a transfer of the Notes could be made in compliance with Condition 4) the number of Ordinary Shares for its Notes calculated in accordance with these Conditions. Provided the Guarantor is admitted to the official list of the ASX, on the date of issue of Ordinary Shares issued on conversion of a Note, the Issuer will cause the Guarantor to, and the Guarantor will, apply for quotation of such Ordinary Shares on the ASX.

The lodgement of an application for quotation of the Ordinary Shares with ASX by the Guarantor will constitute a representation and warranty by the Guarantor to the person to whom the Ordinary Shares in question are issued on conversion that:

(I) the Ordinary Shares issued on conversion are issued solely for the purpose of satisfying the Issuer's contractual obligations under the terms of the Notes and not for the purpose of the person to whom those Ordinary Shares are issued, selling or transferring the Ordinary Shares or granting, issuing or transferring an interest in, or options over, them;

(II) subject to the ASX granting quotation of the Ordinary Shares issued on conversion of Notes, they will be freely tradable in the ordinary course on the ASX; and

(III) an offer of the Ordinary Shares issued on conversion for sale within 12 months after their issue will not require disclosure under section 707(3) of the Corporations Act.

Without limiting its obligations under this Condition 6(k), the Guarantor must use its best endeavours, and furnish all such quotation applications, documents, information and undertakings as may be reasonably necessary in order, to procure the ASX quotation referred to in this Condition 6 on the Conversion Date.

(l) Ordinary Shares

(i) Ordinary Shares (including any Additional Ordinary Shares) issued or transferred and delivered (if any) upon conversion of the Notes following the Issuer's exercise of its Physical Settlement Election or, as the case may be, the Final Conversion Period Determination will be fully paid and will in all respects rank *pari passu* with the fully paid Ordinary Shares in issue on the relevant Conversion Date or, in the case of Additional Ordinary Shares, on the relevant Reference Date, and the relevant holder shall be entitled to all rights, distribution or payments the record date or other due date for the establishment of entitlement for which falls on or after the relevant Conversion Date, or as the case may be, the relevant Reference Date, except in any such case for any right excluded by mandatory provisions of applicable law or as otherwise may be provided in these Conditions. Such Ordinary Shares or, as the case may be, Additional Ordinary Shares will not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, distributions or payments the record date or other due date for the establishment of entitlement for which falls prior to the relevant Conversion Date or, as the case may be, the relevant Reference Date.

(ii) Ordinary Shares (including any Additional Ordinary Shares) issued and delivered upon conversion of the Notes (if any) following the Issuer's exercise of its Physical Settlement Election or, as the case may be, the Final Conversion Period Determination will be freely transferable on and from the relevant Conversion Date and, in connection therewith, the Guarantor irrevocably undertakes either:

(A) to issue a cleansing statement in accordance with section 708A(5)(e) of the Corporations Act that complies with section 708A(6) of the Corporations Act (a "**Cleansing Statement**") and lodge the Cleansing Statement on ASX on the relevant Conversion Date immediately after each issue of Ordinary Shares following a Conversion; or

(B) to:

(I) issue a prospectus (which complies with the requirements of Chapter 6D of the Corporations Act) in accordance with section 708A(11)(b)(i) of the Corporations Act ("**Cleansing Prospectus**") and lodge the Cleansing Prospectus with ASIC and ASX on the relevant Conversion Date immediately after each issue of Ordinary Shares following a Conversion; or

(II) if prior to the relevant Conversion Date the Guarantor has issued and lodged with ASIC and ASX a prospectus which complies with the requirements of Chapter 6D of the Corporations Act, ensure that offers of Ordinary Shares that have been made under that prospectus are still open for acceptance on the day on which the Ordinary Shares are issued on the relevant Conversion Date following a Conversion (in accordance with section 708A(11)(b)(ii) of the Corporations Act).

(m) Interest on Conversion

Save as provided below, no payment or adjustment shall be made on exercise of Conversion Rights for any interest which otherwise would have accrued on the relevant Notes since the last Interest Payment Date preceding the Conversion Date relating to such Notes (or, if such Conversion Date falls before the first Interest Payment Date, since the Closing Date).

If any notice requiring the redemption of any Notes is given pursuant to Conditions 7(b) or 7(c) on or after the fifteenth calendar day prior to a record date or other due date for establishment of entitlement which has occurred since the last Interest Payment Date (or in the case of the first

Interest Period, since the Closing Date) and where such notice specifies a date for redemption falling on or prior to the date which is 14 days after the Interest Payment Date next following such record date or other due date for establishment of entitlement, interest shall accrue at the applicable Interest Rate on Notes in respect of which Conversion Rights shall have been exercised and in respect of which the Conversion Date falls after such record date and on or prior to the Interest Payment Date next following such record date or other due date for establishment of entitlement and on or prior to the Interest Payment Date next following such record date in respect of such Dividend or distribution, in each case from and including the preceding Interest Payment Date (or, if such Conversion Date falls before the first Interest Payment Date, from the Closing Date) to but excluding such Conversion Date. The Issuer (or the Guarantor, as the case may be) shall pay any such interest by not later than 14 days after the relevant Conversion Date by transfer to, a U.S. dollar account with a bank in New York City in accordance with instructions given by the relevant Noteholder in the relevant Conversion Notice.

(n) Purchase or Redemption of Ordinary Shares

The Guarantor or any Subsidiary may exercise such rights as it may from time to time enjoy as permitted under applicable law to purchase or redeem or buy back its own shares (including Ordinary Shares) or any depositary or other receipts or certificates representing the same without the consent of the Noteholders.

(o) No duty to Monitor

Neither the Trustee nor the Agents shall be under any duty or obligation to monitor whether any event or circumstance has happened or exists which requires or may require an adjustment to be made to the Conversion Price and none of them will be responsible or liable to the Noteholders or any other person for any loss arising from any failure by it to do so.

Neither the Trustee nor the Agents shall be under any duty or obligation to determine, make, provide, calculate or verify the Conversion Price and/or any adjustments to it and/or any determinations, advice or opinions made or given in connection with the Conversion Price and/or any adjustments to it, and none of them will be responsible or liable to the Noteholders or any other person for any loss arising from any failure by it to do so.

Neither the Trustee nor the Agents shall be under any duty or obligation to determine, calculate or verify (i) any Cash Settlement Amount or Additional Cash Settlement Amount upon exercise of any Conversion Right or (ii) any entitlement of Noteholders to Ordinary Shares in the event that the Issuer makes a Physical Settlement Election or, as the case may be, a Final Conversion Period Determination in respect of any exercise of Conversion Rights and delivers a Final Conversion Period Determination Notice stating that Conversion Rights exercised during the Final Conversion Period will be satisfied and settled by the delivery of Ordinary Shares equal to the relevant Reference Shares, and none of them will be responsible or liable to the Noteholders or any other person for any loss arising from any failure by it to do so.

7 REDEMPTION AND PURCHASE

(a) Final Redemption

Unless previously purchased and cancelled, redeemed or converted as herein provided, the Notes will be redeemed at their principal amount on the Final Maturity Date. The Notes may only be redeemed at the option of the Issuer prior to the Final Maturity Date in accordance with Conditions 7(b) or 7(c).

(b) Redemption at the Option of the Issuer

On giving not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Noteholders in accordance with Condition 17 and to the Trustee and the Principal Paying and Conversion Agent in writing (which notice shall be irrevocable), the Issuer may redeem all but not some only of the Notes on any date specified in the Optional Redemption Notice at their principal amount, together with accrued but unpaid interest to but excluding such date if, at any time prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Notes originally issued (which shall for this purpose include any further Notes issued pursuant to Condition 18 and consolidated and forming a single series with the Notes).

(c) Redemption for Taxation Reasons

At any time the Issuer may, having given not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Noteholders in accordance with Condition 17 and to the Trustee and the Principal Paying and Conversion Agent in writing (which notice shall be irrevocable), redeem (subject to the last paragraph of this Condition 7(c)) all but not some only, of the Notes on the date (the "**Tax Redemption Date**") specified in the Tax Redemption Notice at their principal amount, together with accrued but unpaid interest to but excluding such date, if the Issuer and/or the Guarantor satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer (or if the Guarantee were called, the Guarantor) has or will become obliged to pay additional amounts in respect of payments on the Notes (or under the Guarantee, as the case may be) as a result of any change in, or amendment to, the laws or regulations of New Zealand or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 27 September 2018, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) after taking reasonable measures available to it, provided that no such Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any Tax Redemption Notice pursuant to this Condition 7(c), the Issuer (or the Guarantor, as the case may be) shall deliver to the Trustee (A) a certificate signed by two Authorised Signatories of the Issuer (or by two Authorised Signatories of the Guarantor, as the case may be) stating that the obligation referred to in (i) above of this Condition 7(c) cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and (B) an opinion of independent legal or tax advisers of recognised international standing to the effect that such change or amendment has occurred and that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay such additional amounts as a result thereof (irrespective of whether such amendment or change is then effective) and the Trustee shall be entitled to accept without any liability for so doing such certificate and opinion as sufficient evidence of the matters set out in (i) and (ii) above of this Condition 7(c), in which case the same shall be conclusive and binding on the Noteholders.

On the Tax Redemption Date, the Issuer shall (subject to the next following paragraph) of this Condition 7(c) redeem the Notes at their principal amount, together with accrued but unpaid interest to but excluding such date.

If the Issuer gives a Tax Redemption Notice, each Noteholder will have the right to elect that his Note(s) shall not be redeemed and that the provisions of Condition 9(a) shall not apply in respect of any payment of interest to be made on such Note(s) which falls due after the relevant Tax Redemption Date whereupon no additional amounts shall be payable in respect thereof pursuant to Condition 9(a) and payment of all amounts of interest on the Notes shall be made subject to the deduction or withholding of the taxation required to be withheld or deducted by New Zealand or any political subdivision or any authority thereof or therein having power to tax. To exercise such right, the holder of the relevant Note must complete, sign and deposit at the specified office of the Principal Paying and Conversion Agent or any other Paying Agent a duly completed and signed notice of election, in the form for the time being current, obtainable from the specified office of the Principal Paying and Conversion Agent or any other Paying Agent together with the relevant Certificate evidencing such Notes on or before the day falling 10 days prior to the Tax Redemption Date.

(d) Optional Redemption Notices and Tax Redemption Notices

The Issuer shall not give an Optional Redemption Notice or a Tax Redemption Notice at any time (i) during a Change of Control Period or (ii) which specifies a date for redemption falling in a Change of Control Period or the period of 21 days following the end of a Change of Control Period (whether or not the relevant notice was given prior to or during such Change of Control Period), and any such Optional Redemption Notice or Tax Redemption Notice shall be invalid and of no effect (whether or not given prior to the relevant Change of Control Period) and the relevant redemption shall not be made.

Any Optional Redemption Notice or Tax Redemption Notice shall be irrevocable. Any such notice shall specify (i) the Optional Redemption Date or, as the case may be, the Tax Redemption Date which shall be a Sydney business day, (ii) the Conversion Price, the aggregate principal amount of the Notes outstanding and the Closing Price of the Ordinary Shares, in each case as at the latest practicable date prior to the publication of the Optional Redemption Notice or, as the case may be, the Tax Redemption Notice and (iii) the last day on which Conversion Rights may be exercised by Noteholders.

(e) Redemption for a Relevant Event

Following the occurrence of a Relevant Event, the holder of each Note will have the right at such holder's option, to require the Issuer to redeem all or some only of that holder's Notes on the Relevant Event Redemption Date (as defined below) at their principal amount, together with accrued but unpaid interest to but excluding the Relevant Event Redemption Date. To exercise such right, the holder of the relevant Note must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (the "**Relevant Event Redemption Notice**") together with the Certificate evidencing the Notes to be redeemed by not later than 60 days following a Relevant Event, or, if later, 60 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 17. The "**Relevant Event Redemption Date**" shall be the 14th day after the expiry of such period of 60 days as referred to above in this Condition 7(e).

A Relevant Event Redemption Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes the subject of Relevant Event Redemption Notices delivered as aforesaid on the Relevant Event Redemption Date.

The Issuer and/or the Guarantor shall give notice to the Noteholders in accordance with Condition 17 and to the Trustee and the Principal Paying and Conversion Agent in writing (in the case of a Delisting) by not later than 2 Sydney business days and (in the case of a Change of Control) by not later than 5 Sydney business days, in each case, following the first day on which the Issuer and/or the Guarantor becomes aware of the occurrence of such Relevant Event (the "**Relevant Event Notice**"), which notice shall specify the procedure for exercise by Noteholders of their rights to require redemption of the Notes pursuant to this Condition 7 and shall give brief details of the Relevant Event and, in the case of a Change of Control, provide the additional details set out in Condition 6(j).

The Trustee shall not be required to take any steps to ascertain whether a Relevant Event or any event which could lead to the occurrence of a Relevant Event has occurred and shall not be liable to Noteholders or any other person for any loss arising from any failure to do so.

(f) Purchase

Subject to the requirements (if any) of any stock exchange on which the Notes may be admitted to listing and trading at the relevant time and subject to compliance with applicable laws and regulations, the Issuer, the Guarantor or any Subsidiary may at any time purchase some or all of the Notes in the open market, by private contract or otherwise at any price. The Notes so purchased, while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for certain purposes, including, without limitation, for the purpose of calculating quorums at meetings of the Noteholders or for the purposes of Condition 10, Condition 14(a) and Condition 15.

(g) Cancellation

All Notes which are redeemed or in respect of which Conversion Rights are exercised will be cancelled and may not be reissued or resold. Notes purchased by the Issuer, the Guarantor or any of their respective Subsidiaries shall be surrendered to the Registrar for cancellation and may not be reissued or re-sold.

(h) Multiple Notices

If more than one notice of redemption is given pursuant to this Condition 7, the first of such notices to be given shall prevail.

8 PAYMENTS

(a) Principal

Payment of principal in respect of the Notes and accrued interest payable on a redemption of the Notes other than on an Interest Payment Date will be made to the persons shown in the Register at the close of business on the Record Date.

(b) Interest and other Amounts

(i) Payments of interest due on an Interest Payment Date, which shall be for value on such Interest Payment Date, (or, if such Interest Payment Date is not a business day (as defined in Condition 8(g)), for value on the first following day which is a business day) will be made to the persons shown in the Register at the close of business on the Record Date.

(ii) Payments of all amounts other than as provided in Conditions 8(a) and 8(b)(i) will be made as provided in these Conditions.

(c) Record Date

"**Record Date**" means the 7th business day, in the place of the specified office of the Registrar, before the due date for the relevant payment.

(d) Payments

Each payment in respect of the Notes pursuant to Conditions 8(a) and 8(b) will be made by transfer to the registered account of the Noteholder. For the purposes of this Condition 8, a Noteholder's "**registered account**" means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the Register at the close of business on the relevant Record Date.

(e) Payments subject to fiscal laws

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations and completion of all regulatory and other procedures but without prejudice to Condition 9. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(f) Default Interest and Delay in Payment

If the Issuer (or the Guarantor, as the case may be) fails to pay any sum in respect of the Notes when the same becomes due and payable under these Conditions (including as provided in Condition 5(b)), interest shall accrue on the overdue sum at the rate of 5.375 per cent. per annum from the due date. Such default interest shall accrue on the basis of the actual number of days elapsed and a 360-day year.

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due (i) as a result of the due date not being a business day, (ii) if the Noteholder is late in surrendering the relevant Note or (iii) if the Noteholder does not provide the necessary account details for payment in accordance with these Conditions.

(g) Business Days

In this Condition 8, "**business day**" means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business, in New York City and (where such surrender is required by these Conditions) in the place of the specified office of the Registrar or relevant Paying Agent, to whom the relevant Certificate evidencing such Note is presented or surrendered.

(h) Paying Agents, Transfer Agents and Conversion Agents, etc.

The initial Principal Paying and Conversion Agent, the initial Principal Transfer Agent and the initial Registrar and their initial specified offices are listed below. The Issuer and the Guarantor reserve the right under the Agency Agreement at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of the Registrar or any other Agent and to appoint another Registrar or any additional or other Agents or another Registrar, provided that it will maintain (i) a Principal Paying and Conversion Agent and a Principal Transfer Agent, (ii) so long as the Notes are listed on the Singapore Exchange Securities Trading Limited and the rules of that exchange so require, a Paying Agent having a specified office in Singapore (the "**Singapore Agent**") and (iii) a Registrar with a specified office outside the United Kingdom. Notice of any change in the Registrar or any other Agents or their specified offices will promptly be given by the Issuer to the Noteholders in accordance with Condition 17 and to the Trustee and the other Agents in writing.

In addition, in the event that the Global Certificate is exchanged for definitive Certificates, announcement of such exchange shall be made through the Singapore Exchange Securities Trading Limited and such announcement will include all material information with respect to the delivery of the definitive Certificates, including details of the Singapore Agent.

(i) Fractions

When making payments to Noteholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest unit.

So long as the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear Bank SA/NV or Clearstream Banking S.A. (each, the "relevant clearing system"), each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment, where "Clearing System Business Day" means a weekday (Monday to Friday, inclusive) except December 25 and January 1.

9 TAXATION

(a) Gross up

All payments made by on or behalf of the Issuer or the Guarantor in respect of the Notes or under the Guarantee (as the case may be) will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of New Zealand or any political subdivision or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is required to be made by law.

In the event that any such withholding or deduction is required to be made, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as will result in the receipt by the Noteholders of the amounts which would otherwise have been receivable had no such withholding or deduction been required, except that no such additional amount shall be payable in respect of any Note:

(i) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of any holder, or any beneficial owner of any interest in, or rights in respect of, such Note having some connection (whether present or past) with New Zealand (including by reason of being a beneficial owner of, or having an interest in, a Note jointly with another person who is resident in New Zealand for income tax purposes) other than (except as just provided) the mere holding of such Note; or

(ii) where the holder thereof is able to avoid or reduce such withholding or deduction by making a declaration of non-residence or other similar claim for exemption or election to the relevant tax authority and/or the Issuer but the holder chooses not to avoid or reduce such withholding or deduction; or

(iii) where such Note is presented for payment in New Zealand if such withholding or deduction would not have been required if the Note was presented for payment outside New Zealand; or

(iv) where such withholding or deduction is for or on account of New Zealand resident withholding tax; or

(v) where such Note is held by or on behalf of a holder which is associated with the Issuer or the Guarantor for the purposes of the Approved Issuer Levy or non-resident withholding tax rules in the Income Tax Act 2007 of New Zealand or which holds the Note or derives interest jointly with a New Zealand resident; or

(vi) in respect of which the Certificate representing such Note is presented or surrendered more than 30 days after the relevant date except to the extent that the holder would have been entitled to such additional amount on presenting or surrendering the relevant Certificate for payment on the last day of such period of 30 days; or

(vii) in New Zealand.

This Condition 9(a) shall not apply in respect of payments on any Notes which are the subject of an election by the relevant Noteholder pursuant to the last paragraph of Condition 7(c).

(b) Resident Withholding Tax ("RWT")

The Issuer or the Guarantor, as the case may be, is required by law to deduct New Zealand resident withholding tax from a payment of interest to the holder of any Note on the due date of payment of principal and/or interest on the Notes if:

(i) the Noteholder is a holder to whom resident withholding tax applies in relation to the holding of the Notes, in accordance with New Zealand tax legislation (or to whom resident withholding tax would apply if that person was not exempted from resident withholding tax on payments of interest) (a "**New Zealand Holder**"); and

(ii) at the time of such payment the New Zealand Holder does not hold a valid certificate of exemption for New Zealand resident withholding tax purpose or is not otherwise exempt from resident withholding tax.

Prior to any Interest Payment Date or the Final Maturity Date, any New Zealand Holder:

(A) must notify the Issuer and/or the Guarantor or any Paying Agent (x) that the New Zealand Holder is the holder of a Note and (y) whether it derives beneficial interest under a Note jointly with any other person who is not a New Zealand Holder; and

(B) must notify the Issuer and/or the Guarantor or any Paying Agent of any circumstances, and provide the Issuer and/or the Guarantor or the relevant Paying Agent with any information (including its New Zealand tax file number a copy of a valid RWT exemption certificate), that may enable the Issuer or the Guarantor, as the case may be, to make the payment of interest to the New Zealand Holder without deduction on account of New Zealand resident withholding tax.

The New Zealand Holder must notify the Issuer and the Guarantor prior to any Interest Payment Date or the Final Maturity Date of any change in the New Zealand Holder's circumstances from those previously notified that could affect the Issuer's or the Guarantor's payment or withholding obligations in respect of the Notes held by that New Zealand Holder. By accepting payment of the full face amount of a Note (including a Note held jointly with a person who is not a New Zealand Holder (a "**New Zealand Non-Resident Holder**")) or any interest thereon on any Interest Payment Date or the Final Maturity Date, the New Zealand Holder will be deemed to have indemnified the Issuer and the Guarantor for all purposes in respect of any liability which the Issuer or the Guarantor may incur for not deducting any amount from such payment on account of New Zealand resident withholding tax and (in the case of a Note held jointly with one or more New Zealand Non-Resident Holders) New Zealand non-resident withholding tax applicable to such New Zealand Non-Resident Holder.

Only a New Zealand Holder will be obliged to make the notification referred to above and no other holder will be required to make any certification that it is not a New Zealand Holder.

Where used in this Condition 9, "interest" means interest (as defined under New Zealand tax legislation) for withholding tax purposes, which under current legislation includes the excess of the redemption amount over the issue price of any Note as well as interest paid on such Note.

(c) Taxing Jurisdiction

If the Issuer or the Guarantor becomes subject to, or accepts deposits or makes payments in respect of the Notes at any time in, any taxing jurisdiction other than New Zealand, references in these Conditions to New Zealand shall be construed as references to New Zealand and/or such other jurisdictions and the Notes and the Trust Deed will be read accordingly.

References in these Conditions and the Trust Deed to principal and interest shall be deemed also to refer to any additional amounts which may be payable under this Condition 9 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

10 EVENTS OF DEFAULT

The Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent. in aggregate principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to first being indemnified and/or pre-funded and/or secured to its satisfaction), give notice to the Issuer and the Guarantor that the Notes are, and they shall accordingly thereby immediately become, due and repayable at their principal amount together with accrued but unpaid interest if any of the following events (each, an "**Event of Default**") shall have occurred:

(a) default is made in:

    (i) the payment on the due date of (A) any principal payable in respect of the Notes and such failure continues for a period of 3 Sydney business days; or (B) any interest payable in respect of the Notes and such failure continues for a period of 7 Sydney business days; or

    (ii) the payment of any Cash Settlement Amount or Additional Cash Settlement Amount or the delivery of Ordinary Shares, as the case may be, to satisfy a Conversion Right pursuant to Condition 6;

(b) the Issuer or the Guarantor does not perform or comply with any one or more of its respective other obligations under the Notes or the Trust Deed and (unless the default is in the opinion of the Trustee incapable of remedy) is not remedied within 15 days after the Issuer or, as the case may be, the Guarantor shall have received from the Trustee written notice of such default requiring it to be remedied;

(c) (i) any other present or future indebtedness for borrowed money of the Issuer or the Guarantor or any Subsidiary becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of an event of default (however described);

    (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period;

    (iii) the Issuer or the Guarantor or any Subsidiary fails to pay when due or, as the case may be, within any applicable grace period any amount payable by it under any present or future guarantee for, or indemnity in respect of, any indebtedness for borrowed money; or

    (iv) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or the Guarantor or any Subsidiary for any indebtedness for borrowed money (or any guarantee of, or indemnity in respect of, indebtedness for borrowed money) that has become payable becomes enforceable and steps are taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator manager, judicial manager, controller or other similar person),

    and the aggregate amount of the indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(c) have occurred equals or exceeds U.S.$15,000,000 (or its equivalent in other currencies);

(d) a distress, attachment, execution, seizure before judgment or other legal process is levied or enforced on or against all or any material part of the property, assets or revenues of the Issuer or the Guarantor or any Material Subsidiary which is not discharged, removed, stayed or paid within 30 days;

(e) the Issuer or the Guarantor or any Material Subsidiary (i) is (or is deemed by law or a court to be) or states that it is insolvent or unable to pay its debts when they fall due, (ii) stops, suspends or threatens to stop or suspend payment of its debts generally, or (iii) makes or enters into a general assignment or an arrangement or composition or compromise with or for the benefit of its creditors (other than in connection with a reconstruction, amalgamation, reorganisation, merger or consolidation permitted under Condition 10(f));

(f) the Issuer or the Guarantor or any Material Subsidiary is declared at risk pursuant to the New Zealand Corporations (Investigation and Management) Act 1989, a statutory manager is appointed to the Issuer or the Guarantor or any Material Subsidiary, or any step is taken with a view to such an appointment in respect of the Issuer or the Guarantor or any Material Subsidiary under that Act;

(g) an administrator (under Part 15A of the New Zealand Companies Act 1993) or liquidator or a like or similar officer is appointed in respect of the Issuer or the Guarantor or any Material Subsidiary or a court order is made or a resolution passed for the winding-up or dissolution of the Issuer or the Guarantor or any Material Subsidiary (which is not stayed, withdrawn or dismissed within 30 days), or the Issuer or the Guarantor or any Material Subsidiary ceases or threatens to cease to carry on business, except in any such case for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Noteholders, or (ii) in the case of a Material Subsidiary (excluding the Issuer), where such Material Subsidiary is solvent and its undertaking and assets are transferred to or otherwise vested in the Guarantor or another Subsidiary;

(h) a final judgment or judgments of a court or courts of competent jurisdiction for the payment of money aggregating in excess of U.S.$15,000,000 (or its equivalent in the relevant currency of payment) are rendered against the Issuer or the Guarantor or any Material Subsidiary and which judgments are not bonded, discharged, satisfied or stayed pending appeal within 30 days after the Latest Date, or are not discharged within 30 days after the later of the expiration of such stay and the Latest Date;

(i) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes and the Trust Deed, (ii) to ensure that those obligations are (subject to equitable principles and laws affecting creditors' rights generally) legally binding and enforceable and (iii) to make the Notes and the Trust Deed admissible in evidence in the courts of Australia, New Zealand or England is not taken, fulfilled or done and not remedied within 30 days after the date on which the action, condition or thing is required to be taken, fulfilled or done;

(j) the Issuer or the Guarantor denies or disaffirms in writing its obligations under the Notes or the Trust Deed, or the Issuer or the Guarantor repudiates the Notes or the Trust Deed or does or causes or permits to be done any act or thing evidencing an intention to repudiate the Notes or the Trust Deed;

(k) it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its respective obligations under any of the Notes or the Trust Deed; or

(l) any event occurs which under the laws of any relevant jurisdiction has an analogous or substantially similar effect to any of the events referred to in Condition 10(d) to Condition 10(g) (both inclusive).

11 UNDERTAKINGS

Whilst any Conversion Right remains exercisable, the Guarantor will, save with the approval of an Extraordinary Resolution or with the prior written approval of the Trustee where, in the opinion of the Trustee, it is not materially prejudicial to the interests of the Noteholders to give such approval:

(a) other than in connection with a Newco Scheme, not issue or pay up any Securities, in either case by way of capitalisation of profits or reserves, other than:

(i) by the issue of fully paid Ordinary Shares or other securities to Shareholders and other holders of shares in the capital of the Guarantor which by their terms entitle the holders thereof to receive Ordinary Shares or other shares of Securities on a capitalisation of profits or reserves;

(ii) by the issue of Ordinary Shares paid up in full (in accordance with applicable law) and issued wholly, ignoring fractional entitlements, in lieu of the whole or part of a cash dividend;

(iii) by the issue of fully paid equity share capital (other than Ordinary Shares) to the holders of equity share capital of the same class and other holders of shares in the capital of the Guarantor which by their terms entitle the holders thereof to receive equity share capital (other than Ordinary Shares); or

(iv) by the issue of Securities or any equity share capital pursuant to any Employee Share Scheme,

unless, in any such case, the same constitutes a Dividend or otherwise gives rise (or would, but for the provisions of any exclusion from Conditions 6(e)(i) to 6(e)(x) (both inclusive) or Condition 6(i) relating to the carry forward of adjustments, give rise) to an adjustment to the Conversion Price;

(b) not modify the rights attaching to the Ordinary Shares with respect to voting, dividends or liquidation nor issue any other class of equity share capital carrying any rights which are more favourable than the rights attaching to the Ordinary Shares but so that nothing in this Condition 11(b) shall prevent:

(i) any consolidation, reclassification or subdivision of the Ordinary Shares;

(ii) any modification of such rights which is not, in the opinion of an Independent Adviser, materially prejudicial to the interests of the holders of the Notes;

(iii) any issue of equity share capital where the issue of such equity share capital results, or would, but for the provisions of Condition 6(i) relating to roundings or the carry forward of adjustments or, where comprising Ordinary Shares (or equity share capital which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, or the right to otherwise acquire any Ordinary Shares), the fact that the consideration per Ordinary Share receivable therefor is at least 95 per cent. of the Current Market Price per Ordinary Share at the relevant time for determination thereof pursuant to the relevant provisions of Condition 6(e), otherwise result, in an adjustment to the Conversion Price; or

(iv) any issue of equity share capital or modification of rights attaching to the Ordinary Shares, where prior thereto the Guarantor shall have instructed an Independent Adviser to determine what (if any) adjustments should be made to the Conversion Price as being fair and reasonable to take account thereof and such Independent Adviser shall have determined either that no adjustment is required or that an adjustment resulting in a decrease in the Conversion Price is required and, if so, the new Conversion Price as a result thereof and the basis upon which such adjustment is to be made and, in any such case, the date on which the adjustment shall take effect (and so that the adjustment shall be made and shall take effect accordingly);

(c) procure that no Securities (whether issued by the Guarantor or any Subsidiary or procured by the Guarantor or any Subsidiary to be issued or issued by any other person pursuant to any arrangement with the Guarantor or any Subsidiary) issued without rights to convert into, or exchange or subscribe for, Ordinary Shares shall subsequently be granted such rights exercisable at a consideration per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share at the close of business on the last Dealing Day preceding the date of the first public announcement of the proposed inclusion of such rights unless the same gives rise (or would, but for the provisions of Condition 6(i) relating to roundings and minimum adjustments or the carry forward of adjustments, give rise) to an adjustment to the Conversion Price and that at no time shall there be in issue Ordinary Shares of differing nominal values, save where such Ordinary Shares have the same economic rights;

(d) not make any issue, grant or distribution or take or omit to take any other action if the effect thereof would be that, on the exercise of Conversion Rights, Ordinary Shares could not, under any applicable law then in effect, be legally issued as fully paid;

(e) not reduce its issued share capital or any uncalled liability in respect thereof, or any non-distributable reserves, except:

(i) pursuant to the terms of issue of the relevant share capital;

(ii) by means of a purchase or redemption of share capital of the Guarantor to the extent permitted by applicable law;

(iii) pursuant to a Newco Scheme;

(iv) by way of transfer to reserves as permitted under applicable law;

(v) where the reduction is permitted by applicable law and the Trustee is advised by an Independent Adviser, acting as an expert, that the interests of the Noteholders will not be materially prejudiced by such reduction; or

(vi) where the reduction is permitted by applicable law and results in (or would, but for the provisions of Condition 6(i) relating to roundings or the carry forward of adjustments, result in) an adjustment to the Conversion Price or is otherwise taken into account for the purposes of determining whether such an adjustment should be made,

provided that, without prejudice to the other provisions of these Conditions, the Guarantor may exercise such rights as it may from time to time be entitled pursuant to applicable law to purchase its Ordinary Shares and any depositary or other receipts or certificates representing Ordinary Shares without the consent of Noteholders;

(f) if any offer is made to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as may be practicable all) Shareholders other than the offeror and/or any associate (as defined in rule 4 of the New Zealand Takeovers Code recorded in the Takeovers Code Approval Order 2000 (SR2000/210)) to acquire the whole or any part of the issued Ordinary Shares, or if any person proposes a scheme with regard to such acquisition (other than a Newco Scheme), give notice of such offer or scheme to the Noteholders, the Trustee and the Principal Paying and Conversion Agent at the same time as any notice thereof is sent to the Shareholders (or as soon as practicable thereafter) that details concerning such offer or scheme may be obtained from the specified offices of the Principal Paying and Conversion Agent and, where such an offer or scheme has been recommended by the board of Directors of the Guarantor, or where such an offer has become or been declared unconditional in all respects or such scheme has become effective, use all reasonable endeavours to procure that a like offer or scheme is extended to the holders of any Ordinary Shares issued during the period of the offer or scheme arising out of the exercise of the Conversion Rights by the Noteholders. In the case of a scheme, the Guarantor further agrees that the record date for participation in such scheme will be set on a date after the expiry of the Change of Control Period;

(g) in the event of a Newco Scheme take (or shall procure that there is taken) all necessary action to ensure that immediately after completion of the Scheme of Arrangement, (i) Newco is substituted under the Notes and the Trust Deed as principal obligor in place of the Guarantor (with the Guarantor providing a guarantee) subject to and as provided in the Trust Deed, (ii) such amendments are made to these Conditions and the Trust Deed as are necessary to ensure that the Notes may be converted into or exchanged for ordinary shares or units or the equivalent in Newco mutatis mutandis in accordance with and subject to these Conditions and the Trust Deed and the Trust Deed and the Conditions provide at least the same powers, protections, rights and benefits to the Trustee and the Noteholders following the implementation of such Newco Scheme as they provided to the Trustee and the Noteholders prior to the implementation of the Newco Scheme, *mutatis mutandis* and (iii) the ordinary shares or units or the equivalent of Newco are:

(A) admitted to listing on the Relevant Stock Exchange; or

(B) admitted to listing on another regulated, regularly operating, recognised stock exchange or securities market;

(h) use its best endeavours to ensure that the Ordinary Shares issued upon exercise of Conversion Rights (if any) will, as soon as is practicable, be admitted to listing and to trading on the Australian Securities Exchange and will be listed, quoted or dealt in, as soon as is practicable, on any other stock exchange or securities market on which the Ordinary Shares may then be listed or quoted or dealt in;

(i) not change the jurisdiction in which it is domiciled or resident or to whose taxing authority it is subject generally unless it would not thereafter be required pursuant to then current laws and regulations to withhold or deduct for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of such jurisdiction or any political subdivision thereof or therein having power to tax in respect of any payment on or in respect of the Notes; and

(j) for so long as any Note remains outstanding and subject to the occurrence of a Change of Control, use its reasonable endeavours to ensure that its issued and outstanding Ordinary Shares shall be admitted to listing and to trading on the Australian Securities Exchange.

Each of the Issuer and the Guarantor has undertaken in the Trust Deed to deliver to the Trustee annually (at the same time that the annual audited consolidated financial statements of the Guarantor are delivered to the Trustee), and also within 14 days of any request therefor from the Trustee, a certificate of the Issuer or, as the case may be, the Guarantor (substantially in the form scheduled to the Trust Deed and signed by any two Directors of the Issuer who are also Authorised Signatories of the Issuer or, as the case may be, by any two Directors of the Guarantor who are also Authorised Signatories of the Guarantor), as to (i) there not having occurred an Event of Default or Potential Event of Default since the date of the last such certificate or if such event has occurred as to the details of such event, (ii) each of the Issuer and the Guarantor having complied with all its obligations under the Trust Deed, and (iii) there not having been any change in the laws or regulations of Australia that prohibits the conversion of the Notes (or the Conversion Rights being exercisable) in accordance with the terms of the Trust Deed and these Conditions or if there has been a change in law or regulation, giving the details thereof. The Trustee will be entitled to rely conclusively on each such certificate and shall not be obliged to independently monitor compliance by the Issuer or the Guarantor with the undertakings set forth in (as applicable) this Condition 11, the other Conditions and/or the Trust Deed, and shall not be liable to Noteholders or any other person for not so doing.

12 PRESCRIPTION

Claims against the Issuer (or the Guarantor, as the case may be) for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of such payment.

Claims in respect of any other amounts payable in respect of the Notes shall be prescribed and become void unless made within 10 years following the due date for payment thereof.

13 REPLACEMENT OF NOTES

If any Certificate evidencing a Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar or any Transfer Agent subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence and indemnity and/or security as the Issuer and/or such Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

14 MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER, SUBSTITUTION

(a) Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including, without limitation, the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer and/or the Guarantor or the Trustee and shall be convened by the Trustee if requested in writing by Noteholders holding not less than 10 per cent. in aggregate principal amount of the Notes for the time being outstanding and subject to the Trustee being indemnified and/or pre-funded and/or secured to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes so held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Notes or the dates on which interest is payable in respect of the Notes, (ii) to reduce or cancel the principal amount, or interest on, the Notes or to reduce the amount payable on redemption of the Notes or modify or cancel the Conversion Rights, (iii) to increase the Conversion Price other than in accordance with these Conditions, (iv) to change the currency of any payment in respect of the Notes, (v) to change the governing law of the Notes, the Trust Deed or the Agency Agreement (other than in the case of a substitution of the Issuer (or any previous substitute or substitutes) under Condition 14(c)), (vi) to modify or cancel the Guarantee, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be one or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 50 per cent., in aggregate principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed). An Extraordinary Resolution is a resolution in respect of which not less than 75 per cent. of the votes cast shall have been in favour at a meeting of Noteholders duly convened and held in accordance with the Trust Deed.

The Trust Deed provides that (i) a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of the Notes outstanding (a "**Written Resolution**") or (ii) where the Certificates are held by or on behalf of a clearing system or clearing systems, approval of a resolution proposed by the Issuer, the Guarantor or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of the Notes outstanding (an "**Electronic Consent**"), shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a Written Resolution may be contained in one document or several documents in like form, each signed by or on behalf of one or more Noteholders. Such a Written Resolution and/or Electronic Consent will be binding on all Noteholders whether or not they participated in such Written Resolution or Electronic Consent and whether or not they voted in favour of the relevant resolution.

No consent or approval of Noteholders shall be required in connection with any Newco Scheme modification.

(b) Modification and Waiver

The Trustee may (but shall not be obliged to) agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Notes or these Conditions which in the Trustee's opinion is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law, and (ii) any other modification to the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Notes or these Conditions (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Notes or these Conditions which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Noteholders. The Trustee may (but shall not be obliged to), without the consent of the Noteholders, determine any Event of Default or Potential Event of Default should not be treated as such, provided that in the opinion of the Trustee, the interests of Noteholders will not be materially prejudiced thereby. Any such modification, authorisation, waiver or determination shall be binding on the Noteholders and, unless the Trustee otherwise agrees, shall be notified by the Issuer to the Noteholders promptly in accordance with Condition 17 and to the Trustee and the Principal Paying and Conversion Agent in writing. The Trustee's agreement may be subject to any condition that the Trustee requires, including, but not limited to, obtaining, at the expense of the Issuer, failing whom the Guarantor, an opinion of any investment bank or legal or other expert and being indemnified and/or secured and/or pre-funded to its satisfaction.

(c) Substitution

The Trustee may (but shall not be obliged to), without the consent of the Noteholders, agree with the Issuer to the substitution in place of the Issuer (or any previous substitute or substitutes under this Condition 14(c)) as the principal debtor under the Notes and the Trust Deed of any Subsidiary of the Issuer subject to (i) the Notes being unconditionally and irrevocably guaranteed by the Guarantor and (ii) the Notes continuing to be convertible or exchangeable into Ordinary Shares as provided in these Conditions *mutatis mutandis* as provided in these Conditions, with such amendments as the Trustee shall consider appropriate, provided that in any such case, (x) the Trustee is satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution, and (y) certain other conditions set out in the Trust Deed are complied with. In the case of such a substitution, the Trustee may (but shall not be obliged to) agree, without the consent of the Noteholders, to a change of the law governing the Notes and/or the Trust Deed, provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders. Any such substitution shall be binding on the Noteholders and shall be notified by the Issuer promptly to the Noteholders in accordance with Condition 17 and to the Trustee and the Principal Paying and Conversion Agent in writing.

(d) Entitlement of the Trustee

In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those referred to in this Condition 14) the Trustee shall have regard to the interests of the Noteholders as a class and, in particular but without limitation, shall not have regard to the consequences of the exercise of its functions, rights, powers or discretions for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

15 ENFORCEMENT

The Trustee may at any time, at its discretion and without notice, take such steps and/or actions and/or institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the provisions of the Trust Deed and the Notes, but it shall not be bound to take any such steps, actions or proceedings or any other action in relation to the Trust Deed or the Notes unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least 25 per cent. in aggregate principal amount of the Notes then outstanding, and (b) it shall have been indemnified and/or pre-funded and/or secured to its satisfaction. No Noteholder shall be entitled to proceed directly against the Issuer and/or the Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

16 INDEMNIFICATION

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including, without limitation, provisions relieving it from taking any steps, action or proceedings unless indemnified and/or pre-funded and/or secured to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and the Guarantor and any entity related directly or indirectly to the Issuer or the Guarantor without accounting for any profit and shall not in any way be liable to account to the Issuer, the Guarantor, the Noteholders or any other person for any profit made or share of brokerage or commission or remuneration or other amount or benefit received thereby or in connection therewith.

The Trustee may rely without liability to Noteholders, the Issuer, the Guarantor or any other person on any report, information, confirmation or certificate from or any opinion or any advice of any accountants (including the Auditors), lawyers, financial advisers, investment bank or other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, information, confirmation, certificate, opinion or advice, in which case such report, information, confirmation, certificate, opinion or advice shall be binding on the Issuer, the Guarantor and the Noteholders in the absence of manifest error.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer, the Guarantor and/or any other person appointed by the Issuer and/or the Guarantor in relation to the Notes of the duties and obligations on their part expressed in respect of the same and, unless it has express written notice from the Issuer and/or the Guarantor to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. Neither the Trustee nor any of the Agents shall be under any obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement or these Conditions or to monitor or ascertain whether any Event of Default, Potential Event of Default or Relevant Event has occurred and none of them shall be liable to any Noteholder, the Issuer, the Guarantor or any other person for not doing so.

Each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer or the Guarantor, and the Trustee shall not at any time have any responsibility for the same and each Noteholder shall not rely on the Trustee in respect thereof.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision or giving any such direction, to seek directions from the Noteholders by way of Extraordinary Resolution, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Guarantor, the Noteholders or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision or giving such direction as a result of seeking such direction from the Noteholders or in the event that no direction is given to the Trustee by the Noteholders.

17 NOTICES

All notices required to be given regarding the Notes pursuant to the Conditions will be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday, a Sunday or a public holiday) after the date of mailing. The Issuer shall also ensure that all such notices are duly published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading.

So long as the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear Bank SA./NV or Clearstream Banking S.A. or the Alternative Clearing System (as defined in the form of the Global Certificate), notices to the Noteholders shall be validly given by the delivery of the relevant notice to Euroclear Bank SA/NV or Clearstream Banking S.A. or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions.

18 FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders create and issue further notes having the same terms and conditions in all respects as the outstanding Notes or in all respects except for the issue date, the first payment of interest on them and the first date on which Conversion Rights may be exercised and so that such further issue shall be consolidated and form a single series with the outstanding Notes. Any further notes consolidated and forming a single series with the outstanding Notes constituted by the Trust Deed or any deed supplemental to it shall be constituted by a deed supplemental to the Trust Deed.

19 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999 (United Kingdom).

20 GOVERNING LAW AND JURISDICTION

(a) Governing Law

The Trust Deed, the Agency Agreement and the Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed or the Notes and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or the Notes ("**Proceedings**") may be brought in such courts. Each of the Issuer and the Guarantor has in the Trust Deed irrevocably submitted to the jurisdiction of such courts and has waived any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of the Trustee and each of the Noteholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) Agent for Service of Process

Each of the Issuer and the Guarantor has irrevocably appointed Xero (UK) Limited at its registered office for the time being, currently at Bank House, 171 Midsummer Boulevard, Milton Keynes, MK9 1EB, United Kingdom as its agent in England to receive service of process in any Proceedings in England. Nothing herein or in the Trust Deed shall affect the right to serve process in any other manner permitted by law.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Global Certificate contains provisions which apply to the Notes while they are in global form, some of which modify the effect of the Terms and Conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions.

Relationship of accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear and Clearstream, Luxembourg or any other clearing system (an "**Alternative Clearing System**") as the holder of a Note represented by the Global Certificate must look solely to Euroclear or Clearstream, Luxembourg or such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer or the Guarantor to the holder of the underlying Note and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear and Clearstream, Luxembourg or such other Alternative Clearing System. Such persons shall have no claim directly against the Issuer or the Guarantor in respect of payments due on the Notes for so long as the Notes are represented by the Global Certificate and such obligations of the Issuer and the Guarantor will be discharged by payment to the holder of the underlying Note, as the case may be, in respect of each amount so paid.

Exchange

The Global Certificate will be exchangeable (free of charge to the holder of the Global Certificate and the Noteholders) in whole, but not in part, for the definitive Notes described below if, but only if, the Global Certificate is held on behalf of Clearstream, Luxembourg and/or Euroclear or such Alternative Clearing System and either such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. Thereupon the holder may give notice to the Registrar of its intention to exchange the Global Certificate for definitive certificates in respect of the Notes on or after the Exchange Date (as defined below) specified in the notice.

On or after the Exchange Date, the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive Notes in registered form, printed in accordance with any applicable legal and stock exchange requirements and in, or substantially in, the form set out in the Trust Deed. Such definitive Notes will be registered in the name of the accountholders at Clearstream, Luxembourg and Euroclear or such Alternative Clearing System which previously had Notes credited to the accounts.

"**Exchange Date**" means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which the banks are open for business in the city in which the specified office of the Registrar is located.

Conversion

Subject to the requirements of Euroclear and Clearstream, Luxembourg or any Alternative Clearing System, the Conversion Right attaching to Notes represented by this Global Certificate may be exercised by the presentation of one or more Conversion Notices duly completed by or on behalf of a holder of a book-entry interest in such Note. Deposit of the Global Certificate with the Principal Paying and Conversion Agent together with the relevant Conversion Notice shall not be required. In such a case, the delivery of the Conversion Notice will constitute and be deemed to constitute confirmation by the beneficial owner of the Notes to be converted that the information and representations in the Conversion Notice are true and accurate on the date of delivery. The exercise of the Conversion Rights shall be notified by the Principal Paying and Conversion Agent to the Issuer.

Redemption at the option of the Issuer

The option of the Issuer provided for in Condition 7(b) of the Terms and Conditions of the Notes shall be exercised by the Issuer giving notice to the Noteholders, the Trustee and the Principal Paying and

Conversion Agent within the time limits set out in, and containing the information required by Condition 7(b) of the Terms and Conditions of the Notes.

Redemption for taxation reasons

The option of the Issuer provided for in Condition 7(c) of the Terms and Conditions of the Notes may be exercised by the Issuer by giving notice to the Noteholders, the Trustee and the Principal Paying and Conversion Agent within the time limits set out in Condition 7(c) of the Terms and Conditions of the Notes.

Tax election option of the Noteholders

The option of the Noteholders provided for in Condition 7(c) of the Terms and Conditions of the Notes may be exercised by the holder of this Global Certificate by giving notice to the Principal Paying and Conversion Agent within the time limits relating to the redemption of Notes in Condition 7(c) of the Terms and Conditions of the Notes and substantially in the form of the Noteholders Tax Election Notice as set out in the Agency Agreement.

Redemption for a Relevant Event

The Noteholders' put option following the occurrence of a Relevant Event provided for in Condition 7(e) of the Terms and Conditions of the Notes may be exercised by the holder of this Global Certificate giving notice to the Principal Paying and Conversion Agent of the principal amount of Notes in respect of which the option is exercised within the time limits specified in the Conditions.

Trustee's powers

In considering the interests of Noteholders, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, (a) have regard to such information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of Notes and (b) consider such interests on the basis that such accountholders were the holders of the Notes represented by the Global Certificate.

Enforcement

For the purposes of enforcement of the provisions of the Trust Deed against the Trustee, the persons named in a certificate of the holder of the Notes represented by the Global Certificate shall be recognised as the beneficiaries of the trusts set out in the Trust Deed to the extent of the principal amount of their interest in the Notes set out in the certificate of the holder as if they were themselves the holders of Notes in such principal amounts.

Payments

For value received, the Issuer and the Guarantor (as defined below) promises to pay the person who appears at the relevant time on the register of Noteholders as holder of the Notes in respect of which the Global Certificate is issued, such amount or amounts as shall become due and payable from time to time in respect of such Notes at the rates, on the dates for payment and in accordance with the method of calculation provided for in the Terms and Conditions of the Notes, save that the calculation of interest is made in respect of the total aggregate amount of the Notes represented by the Global Certificate, together with such other sums and additional amounts (if any) as may be payable under the Terms and Conditions of the Notes, in accordance with the Terms and Conditions of the Notes and otherwise to comply with the Terms and Conditions of the Notes.

Payments of principal in respect of Notes represented by the Global Certificate will be made against presentation and, if no further payment falls to be made in respect of the Notes, surrender of the Global Certificate to or to the order of the Principal Paying and Conversion Agent or such other Paying Agent as shall have been notified to the holder of the Global Certificate for such purpose.

Each payment will be made to, or to the order of, the person whose name is entered in the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means a weekday (Monday to Friday inclusive) except 25 December and 1 January.

Notices

So long as Notes are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg or any Alternative Clearing System, notices to the holders of such Notes may be given by delivery of the relevant notice to the relevant clearing system for communication by it to entitled accountholders in substitution for notification, as required by the of the Terms and Conditions of the Notes except that the Issuer (failing whom the Company) shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading.

Prescription

Claims against the Issuer or the Company (as the case may be) in respect of principal and interest on the Notes while the Notes are represented by the Global Certificate will become prescribed after a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in the Conditions).

Claims in respect of any other amounts payable in respect of the Notes shall be prescribed and become void unless made within 10 years following the due date for payment thereof.

Cancellation

Cancellation of any Note to be cancelled following its redemption, conversion or purchase will be effected by endorsement by or on behalf of the Principal Paying and Conversion Agent of the reduction in the principal amount of the Global Certificate and by an appropriate entry made in the Register maintained in respect of the Notes.

Meetings

The holder hereof shall be treated as having one vote in respect of each U.S.$1,000 principal amount of Notes represented by the Global Certificate. The Trustee may allow to attend and speak (but not to vote) at any meeting of Noteholders any accountholder (or the representative of any such person) of a clearing system with an interest in the Notes represented by the Global Certificate on confirmation of entitlement and proof of his identity.

RIGHTS AND LIABILITIES OF ORDINARY SHARES

*The following is a summary (though not necessarily an exhaustive or definitive statement) of the rights attaching to fully paid Ordinary Shares as set out in the Company's constitution (the "**Constitution**"). The rights attaching to Ordinary Shares are in certain circumstances regulated by the Companies Act, the ASX Listing Rules, the ASX Settlement Operating Rules and general law.*

Full details of the rights attaching to the Ordinary Shares are set out in the Constitution, a copy of which can be inspected at the Company's registered office at 19-23 Taranaki Street, Te Aro, Wellington 6011 New Zealand during normal business hours.

Voting	Subject to the Constitution and to any rights/restrictions attached to any shares, at meetings of the Company's shareholders, each shareholder is entitled to receive notice of, and, if they are entitled to vote at the meeting, attend and vote at, general meetings of the Company.
General meetings and notices	Written notice of the time, date and place of a meeting of shareholders must be sent to every shareholder entitled to receive notice of the meeting and to every Director and the auditor of the Company not less than 10 working days before the meeting.
Dividends	The Company's directors may pay interim and final dividends in accordance with the Companies Act and ASX Listing Rules. The payment of a dividend does not require confirmation by a general meeting of the Company. Subject to the rights of holders of any shares or other equity securities which confer special rights as to dividends, each ordinary share in the Company confers on the holder the right to an equal share in dividends authorised by the Board.
Issue of further shares	Subject to the Constitution, the ASX Listing Rules and the Companies Act, the Company's directors have the right to issue shares (including preference shares) or to grant options to any person and in any number they think fit.
Transfer of the Company's Ordinary Shares	Subject to the Constitution, the Companies Act, the ASX Listing Rules or the ASX Settlement Operating Rules, the Company's Ordinary Shares are freely transferable. Subject to the Constitution, the Companies Act, the ASX Listing Rules or the ASX Settlement Operating Rules, the Company's directors may decline to register a transfer of the Company's Ordinary Shares if: • the Company has a lien on any of the shares; • the transfer is not accompanied by the certificate (if any) for the shares to which it relates or other evidence as the Board or the Company's share registrar may reasonably require to show the right of the transferor to make the transfer; • the Company is served with a court order that restricts the holder's capacity to transfer the shares;

- registration of the transfer may break an Australian law;
- if the transfer is paper-based, a law relating to stamp duty prohibits the Company from registering it;
- the transfer does not comply with the terms of an employee equity incentive scheme or plan of the Company;
- the holder has agreed in writing to the application of a holding lock; or
- the transfer is in breach of the ASX Listing Rules.

Winding up

Subject to the rights of holders of any shares or other equity securities which confer special rights as to surplus assets, each Ordinary Share in the Company confers on the holder the right to an equal share in the distribution of surplus assets of the Company.

Upon the liquidation of the Company the surplus assets of the Company (if any) must be distributed among the shareholders in proportion to their shareholding.

With the approval of the shareholders of the Company, the liquidator may divide among the Company's shareholders the whole or any part of the surplus assets of the Company and may attribute values to assets as the liquidator considers appropriate and determine how the division is to be carried out as between the shareholders or difference classes of shareholders.

Alteration of capital

The Company may buy back its shares in any manner authorised or permitted by the Constitution, the Companies Act and the ASX Listing Rules.

TAXATION

The following summary of certain tax consequences of the purchase, ownership and disposition of Notes and Ordinary Shares is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes or Ordinary Shares and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of Notes should consult their own tax advisers concerning the tax consequences of the purchase, ownership and disposition of Notes and Ordinary Shares. Prospective investors should consult their professional advisers on the possible tax consequences of buying, holding or selling any Notes under the laws of their country of citizenship, residence or domicile.

New Zealand Taxation

Introduction

Scope

A general summary of the New Zealand income tax consequences arising in accordance with the New Zealand Income Tax Act 2007 ("**the Tax Act**"), and any relevant regulations, determinations, rulings, or judicial or administrative interpretations as at the date of this Offering Circular in relation to an investment in the Notes by a Noteholder is provided below. This summary also includes general commentary on the application of New Zealand Goods and Services Tax (GST) on the issue, redemption, transfer or conversion of the Notes.

The Company has not sought, and does not intend to seek, a ruling from the New Zealand Inland Revenue Department ("**Inland Revenue**") or any other revenue authority in relation to this matter.

New Zealand Resident Investors

Scope

The following paragraphs summarise the tax consequences for a Noteholder who is a tax resident of New Zealand for income tax purposes and purchased the Notes in accordance with the offer detailed in this Offering Circular.

New Zealand resident Noteholders will be subject to tax under the financial arrangement regime.

Under the financial arrangement regime, the Notes are treated as having a debt and an equity component (the equity component being the option to receive repayment in the form of conversion into shares).

The debt component will be taxed under the financial arrangement rules.

Interest

Payments of interest will be subject to resident withholding tax ("**RWT**"). The Issuer will deduct RWT from the interest payments at a rate, subject to the applicable rules, specified by the Noteholder.

If the Noteholder provides to the Issuer a valid certificate of exemption from RWT, the Issuer will be relieved from the requirement to withhold RWT from the interest payments and no RWT will be deducted from payments of Interest.

Financial arrangement rules

Any consideration received (whether on exchange, repayment or sale) which is attributable to the debt component is taxable under the financial arrangement rules. The timing of when this income (and the payment of interest) is derived for New Zealand tax purposes may vary depending on the individual circumstances of the holder.

A base price adjustment ("**BPA**") must be performed on the redemption or sale of the Notes. If the sale or redemption proceeds attributable to the debt component exceed the debt cost (measured in New Zealand Dollars) this will result in a positive BPA amount which will be taxable. Any loss arising on the BPA is deemed to be interest and should be deductible to the Noteholder.

Conversion of Notes into Ordinary Shares

A Noteholder will be entitled to exercise Conversion Rights and, at the election of the Issuer, receive Ordinary Shares of the Company upon surrendering the relevant Note to the Issuer.

If the Notes are converted to ordinary shares this will trigger a BPA as summarised above. Other than detailed as above, no New Zealand tax should be payable on the conversion of the Note into Ordinary Shares.

Any future disposal of the Ordinary Shares should not be taxable provided that the Ordinary Shares were not:

- acquired with the purpose of sale or disposal;
- acquired as part of a profit-making scheme or undertaking; or
- a business profit.

Dividends paid on Ordinary Shares

The New Zealand tax regime has an imputation system where tax paid at the company level is able to be imputed to shareholders. A dividend can be treated as "imputed" where the dividend is paid out of profits of the Company that have already been subject to tax.

Dividends paid by the Company in respect of Ordinary Shares will be subject to RWT and the Company will deduct RWT from the dividend payments to the extent the dividend is not imputed. The dividend income will be included in the Noteholder's assessable income in the income year it was paid (if and when the Noteholders have been delivered Ordinary Shares on conversion).

A Noteholder will generally receive a credit against their tax liability for the value of the imputation credit attached to the dividend and for RWT deducted.

Non-Resident Investors

Scope

The following paragraphs deal with the tax consequences to a Noteholder who is not a resident of New Zealand for tax purposes and purchased the Notes in accordance with the offer detailed in this Offering Circular.

Interest

Payments of interest will be subject to non-resident withholding tax ("**NRWT**").

The Issuer is required to deduct NRWT from the interest payments. The rate of NRWT is 15 per cent. and this rate can be reduced if the Noteholder is tax resident in a country with which New Zealand has a Double Tax Agreement. The rate of NRWT is reduced to zero where interest payments are made by an approved issuer under a registered security.

The Issuer will register as an approved issuer and register the Notes as registered securities with the Inland Revenue for the purposes of the Approved Issuer Levy ("**AIL**") regime.

This will reduce the NRWT rate to zero and the Issuer will pay 2 per cent. AIL on interest payments made to non-resident investors (without any deduction from the interest payments) unless the non-resident investor advises the Issuer that NRWT is to be deducted in which case the Issuer will deduct NRWT from the interest payments. If the non-resident investor derives the interest payment jointly with a New Zealand tax resident, the Issuer will be required to deduct RWT from the interest payments (see section on New Zealand Resident Investors' interest payments above).

Pursuant to Condition 9, the Issuer has agreed to gross-up all interest payments on the Notes except for those limited exclusions set out in Condition 9, including where such withholding or deduction is for or on account of New Zealand resident withholding tax or New Zealand non-resident withholding tax where the Noteholder advises that NRWT is to be deducted. See Condition 9 of the Terms and Conditions of the Notes.

Financial arrangement rules

The financial arrangement rules generally do not apply to non-residents. The financial arrangement rules apply to non-residents:

- to the extent the non-resident is a holder of the Notes for the purpose of a business that they carry on through a fixed establishment in New Zealand; or

- if the non-resident is a trustee for a settlor who is resident in New Zealand.

Such persons are required to apply the financial arrangements rules in the same manner as New Zealand residents as detailed above.

Conversion of Notes into Ordinary Shares

A non-resident Noteholder will be entitled to exercise Conversion Rights and, at the election of the Issuer, receive Ordinary Shares of the Company upon surrendering the relevant Note to the Issuer.

No New Zealand tax is payable on the conversion of the Notes into Ordinary Shares. Any future disposal of the shares should not be taxable in New Zealand provided that the shares were not:

- acquired with the purpose of sale or disposal;

- acquired as part of a profit-making scheme or undertaking; or

- a business profit.

Dividends paid on Ordinary Shares

Dividends paid by the Company in respect of Ordinary Shares will be subject to NRWT and the Company will deduct NRWT from the dividend payments at the rate applicable to the Noteholder (if and when the Noteholder has been delivered Ordinary Shares on conversion).

The default NRWT rate is 15 per cent., however, this can be reduced under a Double Tax Agreement. Unlike with interest payments, the applicable NRWT rate is not eligible to be reduced to zero as the AIL regime does not apply to dividend payments. A supplementary dividend may be payable in applicable circumstances.

Goods And Services Tax ("GST")

GST should not be payable by the Noteholders in respect of the issue or redemption of Notes by the Issuer, the transfer of the Notes or the conversion of Notes into Ordinary Shares. This will be the case irrespective of whether investors are resident or non-resident.

SUBSCRIPTION AND SALE

Subscription Agreement

The Joint Lead Managers have entered into a subscription agreement dated 27 September 2018 with the Issuer and the Company (the "**Subscription Agreement**"). Upon the terms and subject to the conditions contained therein, the Joint Lead Managers have agreed to subscribe or procure subscribers for the aggregate principal amount of the Notes at the Issue Price.

The Issuer has agreed to pay certain commissions to the Joint Lead Managers and to reimburse and indemnify the Joint Lead Managers for certain of their expenses incurred in connection with the management of the issue of the Notes. The Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

Pursuant to the Subscription Agreement, each of the Issuer and the Guarantor have undertaken that none of the Issuer, the Guarantor nor any person acting on their behalf will (i) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any shares or securities of the same class as the Notes or the Ordinary Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Notes, the Ordinary Shares or securities of the same class as the Notes, the Ordinary Shares or other instruments representing interests in the Notes, the Ordinary Shares or other securities of the same class as them, (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Ordinary Shares, (iii) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (i), (ii) or (iii) is to be settled by delivery of Ordinary Shares or other securities, in cash or otherwise or (iv) announce or otherwise make public an intention to do any of the foregoing, in any such case without providing prior written consent of the Joint Lead Managers (not to be unreasonably withheld or delayed) between the date of the Subscription Agreement and the date which is 90 days after the Closing Date except for (a) the Notes and the Ordinary Shares issued on conversion of the Notes; (b) the Ordinary Shares issued on exercise of the Upper Strike Call Option; and (c) any employee and officer share, option or performance rights schemes which have been disclosed in its 2018 Annual Report or otherwise disclosed to ASX prior to the date of the Subscription Agreement.

The Notes are a new issue of securities for which there is currently no market. The Joint Lead Managers have advised the Issuer that they intend to make a market in the Global Certificates as permitted by applicable law. They are not obligated, however, to make a market in the Notes and any market-making may be discontinued at any time at their sole discretion. Accordingly, no assurance can be given as to the development of liquidity of any market for the Notes.

In particular, the Joint Lead Managers or their respective affiliates have entered into the Call Spread Transactions. See the "Description of the Call Spread Transactions" section of this Offering Circular.

The Stock Lender has entered into a stock lending agreement with the Stock Borrower pursuant to which the Stock Lender will lend up to 1,000,000 Ordinary Shares to the Stock Borrower, and the Stock Borrower will be required to return the borrowed Ordinary Shares pursuant to the terms of the Stock Borrow Facility. The Stock Borrow Facility has a termination date matching the maturity of the Notes.

Each Joint Lead Manager, together with its affiliates, is a full service securities firm and is engaged in various activities, including securities trading, research, investment management, principal investment, financing and brokerage activities and financial planning and benefits counselling for both companies and individuals. In the ordinary course of these activities, each Joint Lead Manager and its affiliates may at any time for their own account and for the account of their customers make or hold long or short positions and investments as well as actively trade or otherwise effect transactions in debt, equity and other securities (or related derivative securities) and financial products (including bank loans, credit default swaps and other obligations) of the Issuer, the Company and their affiliates and stakeholders as well as of other entities and persons and their affiliates which may or may not be involved in or affected by the transactions arising from or relating to the Notes or otherwise have relationships with the Issuer, the Company and their respective affiliates and stakeholders and may owe duties to other persons which may conflict with the interests of the Issuer or the Company. Each Joint Lead Manager and its affiliates may receive and retain fees, profits and other financial benefits in connection with those activities. Each of the Issuer and the Company agrees that these entities may trade such securities and hold such positions and effect such transactions without regard to the Issuer's or the Company's interests.

The Joint Lead Managers or their affiliates may purchase the Notes for its or their own account and enter into transactions, including (i) credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Notes and/or other securities or (ii) equity derivatives and stock loan transactions relating to the Ordinary Shares at the same time as the offer and sale of the Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Notes). A portion of the Notes may be allocated to the Joint Lead Managers or their respective affiliates for the purpose of facilitating market making activities. The Joint Lead Managers and certain of their respective subsidiaries or affiliates have performed certain commercial banking, investment banking and advisory services for the Issuer, the Company and/or any other member of the Group from time to time for which they have received customary fees and expenses. In addition to the transactions services for the Issuer and/or the Company, the Joint Lead Managers may, from time to time, engage in other transactions with and perform services for the Issuer, the Company and/or any other member of the Group in the ordinary course of business of the Issuer, the Company and/or any other member of the Group. In addition, the Joint Lead Managers and certain of their respective subsidiaries and affiliates may hold the Notes and/or the Ordinary Shares as beneficial owners, on behalf of clients or in the capacity of investment advisers.

Selling Restrictions

General

Under the terms of the Subscription Agreement none of the Issuer, the Company nor any Joint Lead Manager makes any representation that any action will be taken in any jurisdiction by any Joint Lead Manager, the Issuer or the Company that would permit a public offering of the Notes, or possession or distribution of this Offering Circular or any other offering or publicity material relating to the Notes (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each Joint Lead Manager has agreed in the Subscription Agreement that it will comply (to the best of its knowledge and belief) in all material respects with all applicable laws and regulations relating to the subscription, offer, sale and delivery of the Notes in each jurisdiction in which it acquires, offers, sells or delivers Notes or has in its possession or distributes this Offering Circular or any other such material, in all cases at its own expense.

United States

The Notes, the Guarantee and the Ordinary Shares to be issued upon conversion of the Notes have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and they may not be offered or sold within the United States. The Notes are being offered and sold solely outside the United States pursuant to Regulation S under the Securities Act. Each Joint Lead Manager has represented and warranted that it has not offered or sold, and agrees that it will not offer or sell, any Notes constituting part of its allotment except in an offshore transaction in accordance with Rule 903 and Rule 904 of Regulation S. Accordingly, neither it, nor its affiliates nor any persons acting on its or their behalf have engaged, or will engage in, any "directed selling efforts" within the meaning of Rule 902(c) of the Securities Act with respect to the Notes or the Ordinary Shares to be issued upon conversion of the Notes.

Each Joint Lead Manager has further represented and warranted that it has not entered and agree that it will not enter into any contractual arrangement with any distributor (as that term is defined in Regulation S under the Securities Act) with respect to the distribution or delivery of the Notes, except with its affiliates or with the prior written consent of the Issuer.

United Kingdom

Each Joint Lead Manager has represented, warranted and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Company; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Australia

Each Joint Lead Manager has represented, warranted and agreed that it has not and will not offer or invite applications for the issue of any Notes or offer any Notes for issue or sale in Australia (including an offer or invitation which is received by that person in Australia) or distribute or publish and will not distribute or publish the Offering Circular or any other advertisement in relation to any Notes in Australia, unless:

(a) the offer or invitation is made to sophisticated or professional investors as respectively defined within sections 708(8) or 708(11) of the Corporations Act;

(b) the offer or invitation is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act; and

(c) such action complies with applicable laws and regulations in Australia.

New Zealand

Each Joint Lead Manager acknowledges that this Offering Circular and the information contained in or accompanying this Offering Circular:

(a) are not, and are under no circumstances to be construed as, an offer of Notes to any person who requires disclosure under Part 3 of the FMC Act; and

(b) are not a product disclosure statement under the FMC Act and do not contain all the information that a product disclosure statement is required to contain under New Zealand law.

Each Joint Lead Manager acknowledges that the Offering Circular has not been registered, filed with or approved by any New Zealand regulatory authority under the FMC Act. Each Joint Lead Manager has represented, warranted and agreed that the Notes are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who is a "wholesale investor" within the meaning of clause 3 of Schedule 1 of the FMC Act.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to so do under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore (the "**MAS**"). Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and have not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

*In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in*

Section 309(A)(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

European Economic Area

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the Offering contemplated by this Offering Circular in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(b) a customer within the meaning of IMD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Switzerland

This Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Offering Circular nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations, and neither this Offering Circular nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Offering Circular nor any other offering or marketing material relating to the Offering, nor the Issuer nor the Notes have been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Markets Supervisory Authority FINMA ("**FINMA**"), and investors in the Notes will not benefit from protection or supervision by such authority.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (the "**Financial Instruments and Exchange Act**"). Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws, regulations and ministerial guidelines of Japan.

Ownership Restrictions

New Zealand Overseas Investment Act 2005

The New Zealand Overseas Investment Act 2005 ("**OIA**") requires that "overseas persons" obtain consent from the Overseas Investment Office ("**OIO**") before undertaking certain investments in New Zealand assets.

Any person who is, whether alone or with its associates, an "overseas person" for the purposes of the OIA and the Overseas Investment Regulations 2005 ("**OI Regulations**") and who intends to acquire or increase a 25 per cent. ownership or control interest in the Issuer or the Company, including by way of acquiring securities, where the value of the securities or consideration provided, or the value of the assets of the relevant company and its subsidiaries, exceeds NZ$100 million, will need to obtain prior OIO consent under the OIA and the OI Regulations. Acquisition of an interest in securities can include an acquisition of convertible securities.

In order to obtain consent, the overseas person will need to pass relevant tests including an investor test that considers character, business experience and acumen and level of financial commitment to the proposed investment. It is the responsibility of any overseas person who wishes to acquire any Notes or Ordinary Shares to satisfy themselves that they have complied with the OIA and OI Regulations. The failure by any overseas person to obtain OIO consent does not directly impact on the Group as the fines and penalties under the OIA and OI Regulations will be imposed on the overseas person. If an overseas person acquires Notes or Ordinary Shares in breach of the OIA and OI Regulations, the OIO also has broad powers to make orders, or to seek court orders, including requiring the overseas person to dispose of the property or seeking a court order to cancel the transaction.

Takeover restrictions

The acquisition of interests in the Company is regulated by the New Zealand Takeovers Code recorded in the Takeovers Code Approval Order 2000 (SR2000/210) ("**NZ Takeovers Code**").

The fundamental rule in the NZ Takeovers Code is that a party cannot obtain more than 20 per cent. of the voting rights in a code company, or increase an existing holding of 20 per cent. or more of the voting rights in a code company, other than in compliance with the NZ Takeovers Code. The percentage of voting rights held by the acquirer's associates and persons acting in concert with the acquirer are included in calculating the 20 per cent. threshold. The NZ Takeovers Code creates a number of exceptions to the fundamental rule allowing voting securities in a code company to be acquired above the 20 per cent. threshold, including for acquisitions pursuant to an offer made in accordance with the NZ Takeovers Code.

Investors requiring further information relating to takeover restrictions should consult their professional advisers as these matters may be applicable to the conversion of the Notes.

ASX

ASX Listing Rules

The ASX Listing Rules prohibit the issue of equity securities (including convertible securities) if the number of those securities, when aggregated with the number of any other equity securities issued during the previous 12 months, exceeds 15 per cent. of the number of equity securities on issue at the commencement of that period of 12 months, except with prior shareholder approval, or subject to certain exceptions, including exceptions for offers to ordinary shareholders pro rata, or pursuant to a takeover or scheme of arrangement, or to finance a takeover or scheme of arrangement, or an exercise by the directors of a declared right to dispose of the shortfall remaining after a pro rata equity offering.

Investors requiring further information relating to restrictions under the ASX Listing Rules should consult their professional advisers as these matters may be applicable to the conversion of the Notes.

ASX confirmations

The Company has received confirmations from the ASX of the following:

- the terms of the Notes are appropriate and equitable for the purposes of ASX Listing Rule 6.1;
- ASX Listing Rule 6.12 does not apply to the conversion or redemption of the Notes in accordance with the proposed terms;
- the Notes are not considered options for the purposes of ASX Listing Rules 6.15 to 6.23A; and
- the manner in which ASX Listing Rule 7.1 applies to the issue of the Notes.

Interests of Directors

Other than as set out below or elsewhere in this Offering Circular, no director has, or has had within the two years prior to the release of this Offering Circular, any interest in:

- the promotion or formation of the Issuer or the Company;
- property acquired or proposed to be acquired by the Issuer or the Company in connection with its formation or promotion of the offer under this Offering Circular; or
- the offer under this Offering Circular,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director:

- to induce him or her to become, or to qualify him or her as, a director; or
- for services rendered by him or her in connection with the formation or promotion of the Issuer or the offer under this Offering Circular.

Givia Pty Ltd (a trustee of an Australian charitable trust), a shareholder of the Company, may enter into stock borrowing arrangements (as the lender) with one or more of the Joint Lead Managers, for which Givia Pty Ltd may receive a lending fee. Craig Winkler, a director of the Company, is a director of Givia Pty Ltd; he and his family members are not beneficiaries of the trust.

Details of the interests in the securities of the directors of the Company are disclosed in the Company's most recent annual report dated 10 May 2018, as updated in the Company's Appendix 3Y filings lodged with the ASX since that date.

Details on the directors' remuneration are also contained in the most recently lodged annual report for the Company dated 10 May 2018.

The information described above can be obtained from the Company, the Company's online public records at the New Zealand Companies Office or the ASX respectively, as set out in the "Important Notice".

GENERAL INFORMATION

1 The Company's corporate head office and principal place of business is located at 19-23 Taranaki Street, Te Aro, Wellington 6011, New Zealand.

2 The Issuer's corporate head office and principal place of business is located at 19-23 Taranaki Street, Te Aro, Wellington 6011, New Zealand.

3 The independent auditors to the Company in New Zealand are Ernst & Young.

4 The Principal Paying and Conversion Agent, the Registrar and the Principal Transfer Agent for the Notes is The Hongkong and Shanghai Banking Corporation the Limited at its specified office located at Level 30, HSBC Main Building, 1 Queen's Road Central, Hong Kong.

5 The issue of the Notes and the Ordinary Shares to be issued on conversion of the Notes and the terms of the Offering and the issue of the Notes were approved by resolutions of the Board of Directors of the Issuer passed on 26 September 2018 and the Board of Directors of the Company passed on 26 September 2018.

6 Copies of the constitutive documents of the Issuer in force as at the Closing Date (subject to the Company providing a copy of the same to the Principal Paying and Conversion Agent) and copies of the Trust Deed and the Agency Agreement (upon execution) will be available for inspection, and the published financial statements of the Group (subject to the Company providing copies of the same to the Principal Paying and Conversion Agent) will be available for inspection at the specified office of the Principal Paying and Conversion Agent at all reasonable times during normal business hours following prior written request and proof of holding satisfactory to the Principal Paying and Conversion Agent, so long as any of the Notes is outstanding.

7 The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The International Securities Identification Number for the Notes is XS1884744035. The Common Code for the Notes is 188474403.

8 The Legal Entity Identifier ("**LEI**") of the Issuer is 25490002CIY32NFE4689.

9 The Issuer and the Company have obtained or will at the date of issue obtain all consents, approvals and authorisations in Australia, New Zealand and Singapore required to be obtained by it in connection with the issue and performance of the Notes.

10 There has been no significant change in the financial or trading position of the Company or the Group since 31 March 2018 and no material adverse change in the financial position or prospects of the Company or the Group since 31 March 2018.

11 Neither the Company nor any of its Subsidiaries (as defined in the Terms and Conditions of the Notes is involved in any litigation or arbitration proceedings or any regulatory investigations relating to claims or amounts which are material in the context of the issue of the Notes nor, so far as the Company is aware, is any such litigation or arbitration pending or threatened.

12 The audited annual consolidated financial statements of the Group for the financial years ended and as at 31 March 2016, 31 March 2017 and 31 March 2018, which are deemed to be incorporated by reference in this Offering Circular, have been audited by Ernst & Young, independent auditors to the Company, as stated in their reports appearing therein.

13 Approval in-principle has been received for the listing of the Notes on the SGX-ST. So long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer or the Company shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Certificate is exchanged for individual definitive Notes. In addition, in the event that the Global Certificate is exchanged for individual definitive Notes, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the individual definitive Notes, including details of the paying agent in Singapore.

ISSUER

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New Zealand

COMPANY

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