



NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OR TO ANY OTHER JURISDICTION WHERE SUCH RELEASE, PUBLICATION OR DISTRIBUTION WOULD BE PROHIBITED BY APPLICABLE LAW

21 April 2021

Notice under section 708A(12C)(e) of the *Corporations Act 2001* (Cth)

Zip Co Limited (ACN 139 546 428) (the “**Company**”) announced on 14 April 2021 that it had launched an offer of fully paid, unsecured, unsubordinated senior convertible notes (“**Notes**”) which are convertible into fully paid ordinary shares in the Company (“**Ordinary Shares**”) to raise A\$400 million (“**Offer**”).

The Company gives this notice together with the attached offering circular to ASX as a notice under section 708A(12C)(e) of the *Corporations Act 2001* (Cth) (“**Corporations Act**”) as notionally inserted by ASIC *Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82* (“**ASIC Instrument 2016/82**”). The full terms of the Notes are set out in the attached offering circular (the “**Offering Circular**”).

The Company confirms that:

- a) the Notes will be issued without disclosure under Part 6D.2 of the Corporations Act;
- b) this notice, together with the attached offering circular, comprises a notice under section 708A(12C)(e) of the Corporations Act in respect of the Notes, as inserted by ASIC Instrument 2016/82; and
- c) this notice complies with section 708A(12D) of the Corporations Act as inserted by ASIC Instrument 2016/82.

No offer

This notice does not constitute an offer of any Notes for issue or sale, or an invitation to subscribe for or purchase any Notes and is not intended to be used in connection with any such offer or invitation.

Effect of the Offer on the Company

The Notes will be debt obligations of the Company. The aggregate principal amount of the Notes to be issued is A\$400 million. The effect of the issue on the Company will be to increase its total liabilities by that amount. Please refer to the “Summary Financial Information” section of the offering circular which includes a proforma consolidated statement of financial position assuming the Offer occurred on 14 April 2021.

If the Notes are converted into Ordinary Shares, the impact of the conversion would be to reduce the Company's total liabilities by the aggregate principal amount of the Notes converted.

Rights and liabilities attaching to Notes and Ordinary Shares

The rights and liabilities attaching to the Notes are set out in the “Terms & Conditions of the Notes” section of the offering circular.



A summary of the rights and liabilities attaching to Ordinary Shares is contained in the “Rights and Liabilities of Ordinary Shares” section of the offering circular. Rights and liabilities attaching to Notes and Ordinary Shares may also arise under the Corporations Act, the ASX Listing Rules, the Company’s constitution and other laws.

Compliance with disclosure obligations

As a disclosing entity, the Company is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. Copies of documents lodged with ASIC in relation to the Company are available to the public and may be purchased by calling the ASIC Customer Contact Centre on +61 1300 300 630, or via the ASIC Connect website and can be obtained from, or inspected at, an ASIC office. Certain of these documents can also be obtained from www.asx.com.au and the Company’s website <https://zip.co/>, together with other market announcements.

In addition, a copy of the following documents may be obtained free of charge by any person upon their request prior to the Closing Date (as defined in the Offering Circular):

- the audited consolidated annual financial reports of the Group for the financial year ended 30 June 2019 and 30 June 2020;
- the reviewed unaudited consolidated interim financial report of the Group for the six months ended and as at 31 December 2020; 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 of the Company’s audited consolidated annual financial report for the financial year ended 30 June 2020 and before lodgement of this notice with the ASX. Those announcements are recorded below.

Date	Announcement
19/04/2021	Becoming a substantial holder
15/04/2021	Zip successfully prices A\$400m senior C Notes due 2028
15/04/2021	Appendix 3B
14/04/2021	Zip A\$400m Snr CNote offering to accelerate global expansion
14/04/2021	Trading Halt
14/04/2021	Pause in Trading
13/04/2021	Q3 FY21 Trading Update – Zip Continues to Accelerate
31/03/2021	Zip Partners with JB HIFI Group
30/03/2021	Appendix 2A
10/03/2021	Cleansing Notice



Date	Announcement
10/03/2021	Appendix 2A
02/03/2021	Change of Director's Interest Notice - DSG
02/03/2021	Change of Director's Interest Notice – PD
02/03/2021	Final Director's Interest Notice – PC
25/02/2021	H1 FY21 – ASX Release Clarification
25/02/2021	H1 FY21 Investor Presentation
25/02/2021	H1FY21 Half Year Transformational Half, Record Result
25/02/2021	H1 FY21 Half Year Financial Report & Appendix 4D
16/02/2021	Response to ASX Price Query
16/02/2021	FY21 Half Year Results Conference Call Details
01/02/2021	Zip Appoints New Chair
01/02/2021	Initial Director's Interest Notice – DSG
21/01/2021	ZIP CEMENTS ITSELF AS A TRUE GLOBAL BNPL LEADER
20/01/2021	Change of Director's Interest Notice – LD
20/01/2021	Change of Director's Interest Notice – PG
20/01/2021	Change of Director's Interest Notice – PC
20/01/2021	Appendix 2A
18/01/2021	Completion of Share Purchase Plan
18/01/2021	Appendix 3B (Updated from 16 December 2020)
04/01/2021	Share Purchase Plan Opens
23/12/2021	Share Purchase Plan
22/12/2021	Cleansing Notice
22/12/2021	Appendix 2A
21/12/2021	Appendix 2A



Date	Announcement
17/12/2021	Zip Completes \$120 million Oversubscribed Institutional Placement
16/12/2020	Capital Raise Announcement
16/12/2020	Proposed issue of Securities – Z1P
15/12/2020	Zip partners with Harvey Norman
11/12/2020	Zip partners with Facebook
02/12/2020	November YTD trading update
02/12/2020	Change in Directors Interests Notice – Peter Gray
02/12/2020	Change in Directors Interests Notice – Larry Diamond
01/12/2020	Change in substantial holding – Zip Co Ltd
01/12/2020	Appendix 2A
30/11/2020	Constitution
30/11/2020	Results of Meeting
30/11/2020	Annual General Meeting Managing Director / CEO Presentation
30/11/2020	Annual General Meeting Chair Address
24/11/2020	Securities to be released from Voluntary Escrow
23/11/2020	October YTD trading update
16/11/2020	Zip welcomes ASIC's Buy Now Pay Later Report
29/10/2020	Notice of Annual General Meeting / Proxy Form
28/10/2020	Ceasing to be a substantial holder
27/10/2020	Ceasing to be a substantial holder from WBC
26/10/2020	Appendix 3G
26/10/2020	Cleansing Notice
26/10/2020	Appendix 3B
26/10/2020	Appendix 2A



Date	Announcement
26/10/2020	Acquisition of the Urge and other Share Issuances
23/10/2020	Becoming a substantial holder
22/10/2020	Westpac Group completes Zip Co Limited Institutional Offer
20/10/2020	Zip unlocks everyday payments with atap & Zip
20/10/2020	Cleansing Notice
14/10/2020	Appendix 2A
14/10/2020	Quarterly Update
02/10/2020	Cleansing Notice
02/10/2020	Appendix 2A
02/10/2020	Initial Director's Interest Notice – PD
01/10/2020	Final Director's Interest Notice – DC

All written requests for copies of the above documents should be addressed to the Company at the address set out in the directory at the end of the Offering Circular. These documents, and all other regular reporting and disclosure documents of the Company, are also available electronically on the websites of the ASX at www.asx.com.au and the Company at <https://zip.co/>.

Consents

Each of the persons named in this notice and the attached offering circular has consented to the inclusion of each statement it has made in the form and context in which the statement appears in this notice and the offering circular (as applicable), has consented to the references to those statements in the form and context in which they are included in this notice and has not withdrawn those consents as at the date of this notice.

This announcement has been authorised for release to ASX by the Chief Executive Officer of Zip Co Limited.

DISCLAIMER

THIS ANNOUNCEMENT IS FOR INFORMATION PURPOSES ONLY AND DOES NOT CONSTITUTE AN OFFER TO BUY, OR SOLICITATION OF AN OFFER TO SELL, ANY SECURITIES AND NO SUCH OFFER, SOLICITATION, PURCHASE OR SALE SHALL BE MADE IN THE UNITED STATES OR ANY JURISDICTION WHERE SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL.

THE SECURITIES MENTIONED IN THIS ANNOUNCEMENT HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES EXCEPT PURSUANT TO REGISTRATION OR AN EXEMPTION FROM THE REGISTRATION



REQUIREMENTS OF THE SECURITIES ACT. NO PUBLIC OFFERING OF ANY SECURITIES WILL BE MADE IN THE UNITED STATES.

– ENDS –

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About Zip

ASX-listed Zip Co Limited (Z1P: ASX) is a leading player in the digital retail finance and payments industry. The company offers point-of-sale credit and digital payment services to the retail, home, health, automotive and travel industries. Zip has operations across Australia, New Zealand, South Africa, the United Kingdom and the USA. Zip also owns Pocketbook, a leading personal financial management tool. The company is focused on offering transparent, responsible and fairly priced consumer and SME products. Zip's platform is entirely digital and leverages big data in its proprietary fraud and credit-decisioning technology to deliver real-time responses. Zip is managed by a team with over 100 years' experience in retail finance and payments and is a licensed and regulated credit provider.

For more information, visit: www.zip.co

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 attached Offering Circular. In accessing the attached 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: The attached 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 Jarden Australia Pty Limited and Merrill Lynch Equities (Australia) Limited as joint bookrunners and joint lead managers (the "**Managers**") that (1) the e-mail address that you gave us and to which this e-mail has been delivered is not, and you are not located in the United States, its territories or possessions and to the extent you purchase securities defined herein you will be doing so in an "offshore transaction" (as defined under Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and (2) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

The attached 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 Managers nor their respective affiliates, directors, officers, employees, representatives, agents nor any person who controls the Managers or their respective affiliates accept any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version.

Restrictions: The attached Offering Circular is being furnished in connection with an offering of securities in "offshore transactions" as defined in, and in compliance with Regulation S under 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 the attached 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 NOTES (THE "NOTES") (AS DESCRIBED IN THE ATTACHED 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 NOTES MAY NOT BE OFFERED OR SOLD, RESOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, 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 to sell or a solicitation by or on behalf of either the Issuer (as defined in the attached Offering Circular) or the Managers of an offer to subscribe for or purchase any of the securities described therein in any jurisdiction where it is unlawful to do so, and access has been limited so that it shall not constitute in the United States "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 Managers or any of their respective affiliates are a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Managers or such affiliates on behalf of the Issuer in such jurisdiction.

You are reminded that you have accessed the attached Offering Circular on the basis that you are a person into whose possession the attached 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 the attached 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 Notes.

Actions that You May Not Take: If you receive the attached Offering Circular by e-mail, you should not reply by e-mail to this e-mail, and you may not purchase any Notes 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

THE ATTACHED 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 THE ATTACHED 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 HEREIN.

You are responsible for protecting against viruses and other destructive items. If you receive the attached Offering Circular 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.



Zip Co Limited
(ABN 50 139 546 428)

A\$400,000,000 Zero Coupon Senior Convertible Notes Due 2028
Issue Price: 100 per cent.

The A\$400,000,000 Zero Coupon Senior Convertible Notes due 2028 (the "**Notes**") will be issued by Zip Co Limited (the "**Issuer**"), a company incorporated under the laws of Australia and 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 Notes will be zero coupon notes and will not bear interest.

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 shall entitle the holder to require the Issuer to convert such Note into fully paid ordinary shares in the capital of the Issuer ("**Ordinary Shares**") at the then applicable Conversion Price (as defined in the Terms and Conditions of the Notes) (the "**Conversion Right**"). 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, subject to any applicable fiscal or other laws or regulations, at any time on or after 3 June 2021 (the "**Conversion Period Commencement Date**"), provided that the relevant conversion date in respect of a Note (the "**Conversion Date**") shall not fall later than on the date falling ten business days (as defined in the Terms and Conditions of the Notes) prior to the Final Maturity Date (as defined below) (both days inclusive).

The initial Conversion Price (as defined in the Terms and Conditions of the Notes) of the Notes is A\$12.39 per Ordinary Share and will be 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 14 April 2021 was A\$9.61 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 116.96 per cent. of the principal amount of the relevant Notes on 23 April 2028 (the "**Final Maturity Date**"). The Issuer may, at any time on giving not less than 30 nor more than 60 calendar days' notice (an "**Optional Redemption Notice**") to the Noteholders in accordance with Condition 17 and to the Trustee (as defined in the Terms and Conditions of the Notes) and the Principal Paying and Conversion Agent (as defined in the Terms and Conditions of the Notes) in writing (which notice shall be irrevocable), redeem all but not some only of the Notes on the Optional Redemption Date (as defined in the Terms and Conditions of the Notes) specified in the Optional Redemption Notice at the Early Redemption Amount (as defined in the Terms and Conditions of the Notes) if, at any time prior to the date the relevant Optional Redemption Notice is given, if Conversion Rights shall have been exercised, and/or purchases (and corresponding cancellations) and/or redemptions shall have been effected in respect of 85 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). See Condition 7(b) of the Terms and Conditions of the Notes.

The Issuer will, at the option of the holder of any Note, redeem all or some only of such holder's Notes on 23 April 2025 (the "**Put Option Date**") at 109.36 per cent. of their Principal Amount. See Condition 7(e) of the Terms and Conditions of the Notes.

At any time the Issuer may, having given not less than 30 nor more than 60 calendar 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 and as provided under Condition 7(c) of the Terms and Conditions of the Notes) all but not some only of the Notes on the date specified in the Tax Redemption Notice at the Early Redemption Amount if (i) the Issuer certifies to the Trustee immediately prior to the giving of such Tax Redemption Notice that the Issuer has or will become obliged to pay additional amounts in respect of payments on the Notes pursuant to Condition 9 of the Terms and Conditions of the Notes as a result of any change in, or amendment to, the laws or regulations of the Commonwealth of Australia 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 15 April 2021, and (ii) the Issuer would still be obliged to pay such additional amounts after taking reasonable measures available to it, provided that no such Tax Redemption Notice shall be given earlier than 90 calendar days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. See Condition 7(c) of the Terms and Conditions of the Notes.

Following the occurrence of a Relevant Event (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 the Early Redemption Amount. See Condition 7(f) of the Terms and Conditions of the Notes.

An application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and quotation for the Notes. Such permission will be granted when the Notes have been admitted to the Official List of the SGX-ST. The approval in-principle was received on 16 April 2021 for the listing of the Notes on 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. There is no assurance that the application to the SGX-ST for the listing of the Notes will be approved. Admission of the Notes to the Official List of the SGX-ST and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Issuer's subsidiaries, the Issuer's associated companies (if any), the Notes or the Ordinary Shares.

Investing in the Notes involves certain risks. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Notes.

The Notes 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, subject to certain exceptions, 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 ("*Regulation S*"). For a description of these and certain further restrictions on offers and sales of the Notes 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 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 the Closing Date (as defined in the Terms and Conditions of the Notes) with, a common depository for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, certificates for Notes will not be issued in exchange for interests in the Global Certificate.

Joint Bookrunners and Joint Lead Managers

BofA Securities and Jarden

The date of this Offering Circular is 21 April 2021

IMPORTANT NOTICE

GENERAL

About this document

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

This Offering Circular is being lodged on the ASX together with a notice that is being given to the ASX in accordance with the requirements of the Australian Securities and Investments Commission ("**ASIC**") Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82 made under section 741 of the Corporations Act 2001 (Cth) (the "**Corporations Act**") and which provides relief so that the Ordinary Shares may be on-sold to retail investors if a notice containing disclosure required by section 708A(12D) of the Corporations Act (as inserted by ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82) is released in connection with the issue of the Notes to institutional investors.

Neither this Offering Circular nor any other disclosure document in relation to the Notes has been or will be lodged with the ASIC and this Offering Circular is not, and does not purport to be, a prospectus, product disclosure document or other disclosure document as defined in the Corporations Act. This Offering Circular is not intended to be used in connection with any offer for which disclosure is required for the purposes of Part 6D.2 or Chapter 7 of the Corporations Act and does not contain all the information that would be required if this Offering Circular was a prospectus, product disclosure document or other disclosure document as defined in the Corporations 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 within the meaning of sections 708(8) or 708(11) of the Corporations Act and who are not "retail clients" within the meaning of section 761G of the Corporations Act.

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 or the Issuer.

The Issuer is not licensed to provide financial product advice in respect of the Notes. Cooling-off rights do not apply to the acquisition of the Notes and nothing in this Offering Circular constitutes the provision of financial product advice to any person (including, without limitation, any person who may subscribe for Notes or who may acquire any Notes or Ordinary Shares (including, without limitation, any Ordinary Shares issued on conversion of the Notes)). **In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Notes being offered, including the merits and risks involved. The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Offering Circular or confirmed the accuracy or determined the adequacy of the information contained in this Offering Circular. Any representation to the contrary is unlawful.**

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Incorporation by Reference*"). This Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of this Offering Circular.

The Issuer has confirmed to Jarden Australia Pty Limited and Merrill Lynch Equities (Australia) Limited as joint bookrunners and joint lead managers (the "**Managers**") that this Offering Circular contains or incorporates by reference all information regarding the Issuer and the Issuer's subsidiaries as a whole (collectively, the "**Group**" or "**Zip**") and the Notes which is (in the context of the issue of the Notes) material; such information does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading; any statements of opinion or intentions expressed in this Offering Circular on the part of the Issuer and the Group are honestly held and are based on reasonable assumptions; and reasonable enquiries have been made to ascertain and to verify the accuracy of such information and statements. The Issuer accepts 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 independent and qualified professional adviser.

None of the Issuer, any member of the Group, the Managers, The Bank of New York Mellon, London Branch (the "**Trustee**"), Conv-Ex Advisors Limited (the "**Calculation Agent**") or the Agents (as defined in the Terms and Conditions of the Notes) or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them guarantees the success of the offering of the Notes (the "**Offer**" or the "**Offering**"), or any particular rate of capital or income return on the Notes or the Ordinary Shares. Investment-type products are subject to investment risk, including possible loss of income and capital invested.

None of the Issuer, the Managers, the Trustee, the Calculation Agent or the Agents or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them 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 Managers, the Trustee, the Calculation Agent or the Agents or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them is responsible for the investors' compliance with any such legal requirements. The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Offering Circular or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Managers, the Trustee, the Calculation Agent or the Agents or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them.

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 or the Group since the date of this Offering Circular.

Any offer, invitation 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 Managers, the Trustee, the Calculation Agent or the Agents or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them) lapse and cease to have any effect if (for any reason whatsoever) the Notes are not issued by the Issuer to the Managers.

Furthermore, no comment is made or advice is given by any of the Managers, the Trustee, the Calculation Agent, the Agents or the Issuer or of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them, 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 Managers, the Trustee, the Calculation Agent and the Agents and each of their respective affiliates, advisers, agents, representatives, employees, officers, associates and directors and each person who controls any of them do not undertake to review the financial condition or affairs of the Issuer 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 Managers, the Trustee, the Calculation Agent or any Agent or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them.

The Managers and/or their respective affiliates may acquire Ordinary Shares in connection with a delta placement of Ordinary Shares to facilitate some or all of the hedging activity that may be executed by the investors in the Notes. The transactions associated with such delta placement may, together with other Ordinary Shares acquired by any of the Managers and/or their respective affiliates in connection with its ordinary course sales and trading, principal investing and other activities, result in the Managers and/or their respective affiliates disclosing a substantial holding in the Ordinary Shares and earning fees.

In connection with the Offering, in addition to acquiring Notes under the Offering and/or Ordinary Shares under a delta placement, the Managers and/or any of their respective affiliates may, for their own account, enter into convertible asset swaps, credit derivatives or other derivative transactions relating to the Notes and/or the underlying Ordinary Shares at the same time as the offer and sales of the Notes, Ordinary Shares and/or other secondary market transactions. As a result of such transactions, the Managers and/or their respective affiliates may hold long or short positions in such Notes and/or derivatives or physical holdings in the underlying Ordinary Shares. Disclosure may not be made of any such positions. The Managers and/or their respective affiliates may purchase Notes for principal investment purposes and not with a view to distribution. The amount of any such purchases will be determined at the time of pricing of the Notes and will be subject to total demand received

and final allocations. Any of these transactions contemplated could impact the market price of the Notes or the Ordinary Shares.

If you are located in Hong Kong, Jarden Australia Pty Limited is not permitted to, and will not, carry on a business in Hong Kong in any regulated activity or hold itself out as carrying on in Hong Kong a business in any regulated activity as defined in Part 1 of Schedule 5 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") in connection with the offering of Notes. It will not market to the Hong Kong public any services it provides or functions it performs which, if provided in Hong Kong, would constitute a regulated activity or regulated function under the Securities and Futures Ordinance. The Notes will not be offered or sold in Hong Kong, by means of any document, other than:

- to "professional investors" as defined in the SFO and any rules made under the SFO; or
- 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 (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

the Managers have not issued or had in their possession for the purposes of issue, and will not issue or have in their 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 do so 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 SFO and any rules made under the SFO.

Merrill Lynch Equities (Australia) Limited is not an Authorised Deposit-taking Institution authorised under the Banking Act 1959 of Australia nor regulated by the Australian Prudential Regulation Authority. The obligations of Merrill Lynch Equities (Australia) Limited and its related bodies corporate (other than Bank of America, National Association, Australia Branch) do not represent deposits or other liabilities of Bank of America, National Association, Australia Branch and are not guaranteed by Bank of America, National Association, Australia Branch.

If you are located in Switzerland, the offering of the Notes in Switzerland is exempt from requirement to prepare and publish a prospectus under the Swiss Financial Services Act ("FinSA") because such offering is made to professional clients within the meaning of the FinSA only and the Notes will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This document does not constitute a prospectus pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the offering of the Notes.

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, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Managers, the Trustee, the Calculation Agent or any Agent or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them. None of the Managers, the Trustee, the Calculation Agent or the Agents or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them has separately verified the information contained in or incorporated in this Offering Circular. Accordingly, no representation, warranty or undertaking, whether express or implied, is made, and no responsibility or liability is accepted, by the Managers, the Trustee, the Calculation Agent or any Agent or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them 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 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 Managers, the Trustee, the Calculation Agent or any Agent or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them.

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 Managers, the Trustee, the Calculation Agent or the Agents or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them 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.

Consents

Each of the persons named in this Offering Circular has consented to the inclusion of each statement it has made in the form and context in which the statement appears in this Offering Circular, has consented to the references to those statements in the form and context in which they are included in this Offering Circular and has not withdrawn those consents as at the date of this Offering Circular.

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 Managers pursuant to the Subscription Agreement.

The distribution of this Offering Circular and the offering, sale and delivery of 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 and the Ordinary Shares to be issued upon conversion of the Notes have not been, and will not be, registered under the Securities Act, subject to certain exceptions, 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.

This Offering Circular is not intended to be used in connection with any offer for which disclosure is required for the purposes of Part 6D.2 or Chapter 7 of the Corporations Act and does not contain all the information that would be required if this Offering Circular was a prospectus, product disclosure document or other disclosure document as defined in the Corporations 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 within the meaning of sections 708(8) or 708(11) of the Corporations Act and who are not "retail clients" within the meaning of section 761G of the Corporations Act.

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 Managers, the Trustee, the Calculation Agent or any Agent or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them to subscribe for, or purchase, any of the Notes.

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 (the "**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 Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, 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.

Prohibition of Sales to UK 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 United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the

"EUWA"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**"). Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Singapore SFA Product Classification

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).

Listing of the Notes on the SGX-ST

An application has been made to the SGX-ST for permission to deal in and quotation for the Notes. Such permission will be granted when the Notes have been admitted to the Official List of the SGX-ST. The approval in-principle was received on 16 April 2021 for the listing of the Notes on 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. There is no assurance that the application to the SGX-ST for the listing of the Notes will be approved. Admission of the Notes to the Official List of the SGX-ST and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, Issuer's subsidiaries, the Issuer's associated companies (if any) or the Notes.

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 depository for Euroclear and Clearstream. The Global Certificate will be exchangeable, in whole or in part, for individual definitive Certificates in registered form, serially numbered, in denominations of A\$200,000 and integral multiples of A\$100,000 in excess thereof (but only in the limited circumstances described in the Global Certificate).

Further information on the Group

As a disclosing entity, the Issuer is subject to regular reporting and disclosure obligations under the Corporations Act and the listing rules of the ASX (the "**ASX Listing Rules**"). Copies of documents lodged with ASIC in relation to the Issuer are available to the public and may be purchased by calling the ASIC Customer Contact Centre on +61 1300 300 630, or via the ASIC Connect website and can be obtained from, or inspected at, an ASIC office. Certain of these documents can also be obtained from www.asx.com.au and the Issuer's website <https://zip.co/>, together with other market announcements.

In addition, a copy of the following documents may be obtained free of charge by any person upon their written request (in the manner specified below) prior to the Closing Date:

- the audited consolidated annual financial reports of the Group for the financial years ended 30 June 2019 and 30 June 2020;
- the unaudited but reviewed consolidated interim financial reports of the Group as at and for the half year ended 31 December 2020; 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 of the Issuer's audited consolidated annual financial report for the financial year ended 30 June 2020 and before lodgement of this Offering Circular with the ASX.

All written requests for copies of the above documents should be addressed to the Issuer at the address set out in the directory at the end of this Offering Circular. These documents, and all other regular reporting and disclosure documents of the Issuer, are also available electronically on the websites of the ASX at www.asx.com.au and the Issuer at <https://zip.co/>.

Risk Factors

Prospective purchasers of the 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 and operations and the business outlook for the industry in which the Group operates. See "*Cautionary Statement Regarding Forward-Looking Statements*" and "*Risk Factors*" in this Offering Circular.

Definitions

In this Offering Circular, unless otherwise defined herein or the context requires otherwise, all references to:

- "**A\$**" and "**Australian Dollars**" refers to Australian dollars;
- "**BNPL**" means buy now, pay later;
- "**CAGR**" means compound annual growth rate;
- "**Corporations Act**" means the Corporations Act 2001 (Cth);
- "**COVID-19**" refers to the outbreak of a novel strain of coronavirus (i.e. Coronavirus Disease 2019 (COVID19));
- "**Euro**" refers to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended;
- "**FY**" means financial year;
- "**Group**" or "**Zip**" means Zip Co Limited (ABN 50 139 546 428) and its subsidiaries;
- "**HY**" means the half year period of the relevant financial year;
- "**New Zealand Dollars**" refers to New Zealand dollars;
- "**per cent.**" or "**%**" refer to percentage;
- "**QuadPay**" refers to QuadPay Inc;
- "**SME**" means small to medium enterprise;
- "**U.S.\$**" and "**U.S. dollars**" are to United States dollars; and
- "**U.S.**" and "**United States**" are to the United States of America.

Any reference in this Offering Circular to any law, regulation or notification is a reference to such law, regulation or notification as the same may have been, or may from time to time be, amended, supplemented or replaced.

Websites

The websites referenced in this Offering Circular are intended as guides as to where other public information relating to the Issuer may be obtained free of charge. Information appearing in such websites does not form part of this Offering Circular and none of the Issuer, the Managers, the Trustee, the Calculation Agent or the Agents or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them accepts any responsibility whatsoever that any such information is accurate and/or up-to-date. Any such information should not form the basis of any investment decision by an investor to purchase or deal in the Notes.

Financial measures

This Offering Circular contains non-Australian Accounting Standards / non-International Financial Reporting Standards financial measures that are not required by, or presented in accordance with Australian Accounting Standards or International Finance Reporting Standards. The method of calculating this, or equivalent, accounting measures may vary between companies. Accordingly, such measures may not be comparable to similarly titled measures reported by other companies and investors should not place undue reliance upon them.

Rounding adjustments have been made in calculating some of the financial information included in this Offering Circular. As a result, numerical figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Offering Circular may contain forward-looking statements that are based on management's beliefs, assumptions and expectations and on information available to management as at the date of this Offering Circular. Forward-looking statements can generally be identified by the use of forward-looking words such as "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions. Such forward-looking statements include statements regarding the timetable, conduct and outcome of the Offer and the use of proceeds thereof, statements about the plans, objectives and strategies of the management of the Group, statements about the industry and the markets in which the Group operates and statements about the future performance of the Group's businesses. Indications of, and guidance or outlook on, future earnings or financial position or performance, future earnings and distributions are also forward-looking statements.

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 this Offering Circular under the heading "*Risk Factors*".

COVID-19, and the volatile regional and global economic conditions stemming from it, and additional or unforeseen effects from the COVID-19 pandemic, could also give rise to or aggravate these risk factors, which in turn could materially adversely affect the Group's business, financial condition, liquidity, results of operations (including revenues and profitability) and/or stock price. Further, the COVID-19 pandemic may also affect the Group's operating and financial results in a manner that is not presently known to it or that the Group as at the date of this Offering Circular does not consider to present as significant risks to its operations. The Group's forward-looking statements are based on the beliefs, assumptions, 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, assumptions, 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.

Past performance is not a reliable indicator of future performance. 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 30 June 2019 and 30 June 2020 respectively, including the auditors' report in respect of such financial statements, which have been filed with the ASX, are deemed to be incorporated by reference into, and to form part of, this Offering Circular.

The unaudited but reviewed interim consolidated financial statements of the Group for the half year ended 31 December 2020 (the "**Interim Half Year Financial Statements**"), including the review report in respect of such financial statements, which have been filed with the ASX, are deemed to be incorporated by reference into, and to form part of, this Offering Circular.

The unaudited and unreviewed interim consolidated financial statements of the Group as at and for the nine month period ended 31 March 2021 (the "**Interim Q3 Financial Statements**" as provided in the Group's trading update in respect of the nine month period ended 31 March 2021 which has been filed with the ASX, are deemed to be incorporated by reference into, and to form part of, this Offering Circular.

The Group's Interim Half Year Financial Statements and Interim Q3 Financial Statements (together, the "**Interim Financial Statements**") have not been audited or, in the case of Interim Q3 Financial Statements, reviewed by the Group's independent auditors. The Interim Half Year Financial Statements have only been reviewed by the Group's independent auditors. Accordingly, such Interim Financial Statements should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or, in the case of Interim Q3 Financial Statements, a review. Potential investors should exercise caution when using such data to evaluate the Group's financial condition and results of operations. Such financial information may subsequently be adjusted or restated to address subsequent changes in accordance with accounting standards, the Issuer's accounting policies and/or applicable laws and regulations affecting the Group's financial reporting or to reflect subsequent comments given by the independent auditors during the course of their audit or review (if any). Such adjustments or restatements may cause discrepancies between the information with respect to a particular period or date contained in the Interim Financial Statements and the audited financial statements. The Interim Financial Statements should not be taken as an indication of the expected financial condition or results of operations of the Group for the relevant full financial year.

The independent auditors to the Issuer are Deloitte Touche Tohmatsu.

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 financial condition or affairs of the Issuer 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 written request addressed to the Issuer without charge at the address set out in the directory at the end of this Offering Circular. These documents are also available electronically through the internet from www.asx.com.au or the Issuer's website at <https://zip.co/>.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

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. References to a particular Condition are references to the Condition bearing that number in the Terms and Conditions of the Notes.

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	Zip Co Limited (ABN 50 139 546 428).
The Notes	A\$400,000,000 Zero Coupon Senior Convertible Notes due 2028.
Issue Price	100 per cent. of the principal amount of the Notes.
Denomination	A\$200,000 and integral multiples of A\$100,000 in excess thereof.
Closing Date	Expected on or around 23 April 2021.
Interest Rate	<p>The Notes will be zero coupon notes and will not bear interest unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event such unpaid amount shall bear interest at the rate of 4.25 per cent. per annum (both before and after judgement) until (but excluding) whichever is earlier of:</p> <ul style="list-style-type: none">(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 falling seven days after the Trustee or the Principal Paying and Conversion Agent has notified the 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 the Terms and Conditions of the Notes). <p>See Condition 5 of the Terms and Conditions of the Notes.</p>
Status	The Notes will constitute direct, unconditional, unsubordinated and (subject to Condition 2 of the Terms and Conditions of the Notes) unsecured obligations of the Issuer ranking <i>pari passu</i> and rateably, without any preference among themselves. The payment obligations of the Issuer under the Notes will rank equally with all its other existing and future unsecured and unsubordinated obligations, save for, in the event of a winding up, such obligations that may be preferred by provisions of law that are mandatory and of general application.

Conversion Period During the Conversion Period, each Note shall entitle the holder to require the Issuer to convert such Note into Ordinary Shares, credited as fully paid, subject to and as provided in 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, subject to any applicable fiscal or other laws or regulations and as provided in Condition 6 of the Terms and Conditions of the Notes, at any time on or after 3 June 2021 (the "**Conversion Period Commencement Date**"), provided that the relevant Conversion Date shall not fall later than on the date falling 10 business days (as defined in Condition 3 of the Terms and Conditions of the Notes) prior to the Final Maturity Date (both days inclusive) or as provided in the Terms and Conditions of the Notes.

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

Conversion Price..... The initial Conversion Price of the Notes shall be A\$12.39 per Ordinary Share. The Conversion Price will be subject to adjustment in certain circumstances described in Condition 6(b) of the Terms and Conditions of the Notes.

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

Final Maturity Date Unless previously purchased and cancelled, redeemed or converted as provided in the Terms and Conditions of the Notes, the Notes will be redeemed at 116.96 per cent. of their principal amount on the Final Maturity Date.

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

Redemption at the Option of the Issuer At any time on giving not less than 30 nor more than 60 calendar 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 the Optional Redemption Date (as defined in the Terms and Conditions of the Notes) specified in the Optional Redemption Notice at the Early Redemption Amount (as defined in the Terms and Conditions of the Notes) 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 shall have been effected in respect of 85.00 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).

See Condition 7(b) 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 calendar 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 the last paragraph of Condition 7(c) of the Terms and Conditions of the Notes) all but not some only of the Notes on the date (the "**Tax Redemption Date**") specified in the Tax Redemption Notice at the Early Redemption Amount, if:

- (a) the Issuer certifies to the Trustee immediately prior to the giving of such Tax Redemption Notice that the Issuer has or will become obliged to pay additional amounts in respect of payments on the Notes pursuant to Condition 9 of the Terms and Conditions of the Notes as a result of any change in, or amendment to, the laws or regulations of Australia 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 15 April 2021; and
- (b) the Issuer would still be obliged to pay such additional amounts after taking reasonable measures available to it,

provided that no such Tax Redemption Notice shall be given earlier than 90 calendar days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

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

Redemption at the Option of the Noteholders

The Issuer will, at the option of the holder of any Note, redeem all or some only of such holder's Notes on 23 April 2025 (the "**Put Option Date**") at 109.36 per cent. of their principal amount. To exercise such option, the holder must deposit at the specified office of the Principal Paying and Conversion Agent or any other Paying Agent a duly completed and signed put notice 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 (the "**Optional Put Exercise Notice**"), together with the Certificate (as defined in the Terms and Conditions of the Notes) evidencing the

Notes to be redeemed not more than 60 calendar days and not less than 30 calendar days prior to the Put Option Date. An Optional Put Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent and the Issuer shall redeem the Notes the subject of an Optional Put Exercise Notice on the Put Option Date.

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

Redemption for a Relevant Event....

Following the occurrence of a Relevant Event (as defined in the Terms and Conditions of the Notes), each Noteholder will have the right, at such Noteholder'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 the Early Redemption Amount.

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

- (a) there is a Delisting (as defined in Condition 3 of the Terms and Conditions of the Notes); or
- (b) there is a Change of Control (as defined in Condition 3 of the Terms and Conditions of the Notes).

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

Taxation.....

All payments of principal, default interest, premium or other amounts (if any) made by or on behalf of the Issuer in respect of the Notes 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 (as defined in Condition 3 of the Terms and Conditions of the Notes) imposed or levied by or on behalf of the Commonwealth of Australia or any political subdivision or any authority thereof or therein having power to tax, unless such deduction or withholding of such Taxes is required to be made by law or is made under or in connection with, or in order to ensure compliance with, FATCA (as defined in Condition 3 of the Terms and Conditions of the Notes).

In the event that any such withholding or deduction is required to be made, the Issuer will make any such withholding or deduction required (including any deduction or withholding required from any additional amount payable under Condition 9 of the Terms and Conditions of the Notes), remit the amount deducted or withheld to the relevant authorities and 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 certain exceptions as set out in Condition 9 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), the Issuer will not create or permit to subsist, and will ensure that none of its Material Subsidiaries (as defined in Condition 3 of the Terms and Conditions of the Notes) will create or permit to subsist, any Security Interest (as defined in Condition 3 of the Terms and Conditions of the Notes), upon the whole or any part of its present or future undertaking, revenue, property or assets (including any uncalled capital) to secure any Relevant Indebtedness (as defined in Condition 3 of the Terms and Conditions of the Notes) or to secure any guarantee of or indemnity in respect of any Relevant Indebtedness (other than a Permitted Security Interest (as defined in Condition 3 of the Terms and Conditions of the Notes)) 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 the satisfaction of the Trustee to ensure that:

- (a) all amounts payable by the Issuer under the Notes and the Trust Deed are secured equally and rateably with the Relevant Indebtedness or such 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 under the Notes and the Trust Deed either:
 - (i) as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders than the Security Interest relating to the Relevant Indebtedness; 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 Terms and Conditions of the Notes will contain certain events of default provisions as further described in 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 and the Trustee.

Trustee	The Bank of New York Mellon, London Branch.
Principal Paying and Conversion Agent	The Bank of New York Mellon, London Branch.
Registrar and Transfer Agent	The Bank of New York Mellon SA/NV, Luxembourg Branch.
Calculation Agent.....	Conv-Ex Advisors 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 depository for Euroclear and Clearstream on or about the Closing Date.
Selling Restrictions.....	There are restrictions on offers and sales of the Notes, <i>inter alia</i> , in the United States, the United Kingdom, Australia, New Zealand, the European Economic Area, Switzerland, Japan, Hong Kong and Singapore. See the " <i>Subscription and Sale</i> " section of this Offering Circular for more details.
Listing.....	<p>An application has been made to the SGX-ST for permission to deal in and quotation for the Notes. Such permission will be granted when the Notes have been admitted to the Official List of the SGX-ST. The approval in-principle was received on 16 April 2021 for the listing of the Notes on 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. There is no assurance that the application to the SGX-ST for the listing of the Notes will be approved. Admission of the Notes to the Official List of the SGX-ST and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, Issuer's subsidiaries, the Issuer's associated companies (if any) or the Notes. Under the rules of the SGX-ST, the Notes, if traded on the SGX-ST, are required to be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies). Accordingly, for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of A\$250,000.</p> <p>The Issuer does not intend to have the Notes admitted to quotation on the ASX.</p>
Lock-up	<p>The Issuer has undertaken in the Subscription Agreement that neither it nor any person acting on its behalf will:</p> <p>(a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue</p>

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;

- (b) 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;
- (c) 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 above is to be settled by delivery of Ordinary Shares or other securities, in cash or otherwise; or
- (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Managers (such consent not to be unreasonably withheld or delayed), between the date of the Subscription Agreement and until 4.00 p.m. (Sydney time) on the date which is 90 calendar days from the Closing Date (both dates inclusive) except for:
 - (i) the Notes and the Ordinary Shares issued on conversion of the Notes;
 - (ii) any transaction expressly set out in the Subscription Agreement or this Offering Circular or as otherwise disclosed on the ASX announcements platform on or before the date of the Subscription Agreement;
 - (iii) any issue of Ordinary Shares under any of the Issuer's employee and officer share, option or performance rights schemes publicly disclosed as at the date of the Subscription Agreement (including in this Offering Circular and in the Issuer's FY 2020 Annual Report and in the Issuer's FY20 Annual Report and in the Issuer's Reviewed Consolidated Financial Statements, or as otherwise disclosed on the ASX announcements

platform on or before the date of the Subscription Agreement); and

- (iv) the issue of Ordinary Shares as consideration (in whole or in part) for any merger and acquisition transaction ("**M&A**") undertaken by the Issuer or any member of the Group, provided that the total Ordinary Shares issued as consideration for such M&A does not exceed more than five per cent. (on an aggregate basis) of the total outstanding Ordinary Shares in issue of the Issuer.

ISIN	XS2330529905
Common Code	233052990
Legal Entity Identifier	254900RM95URFC15G140
Use of Proceeds	The net proceeds will be used for the purposes as set out in " <i>Use of Proceeds</i> " of this Offering Circular.
Delta Placement	Jarden Australia Pty Limited has executed a delta placement of 10,827,265 Ordinary Shares (the " Delta Placement ") to facilitate some of the hedging activity by eligible investors in the Notes as is customary for international convertible bond issues.

MARKET PRICE INFORMATION

Price of Ordinary Shares

The Ordinary Shares are listed on the ASX.

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

Period	High (A\$)	Low (A\$)	Total trading volume of Ordinary Shares (000s)
2021			
Fourth Quarter (up to 20 April 2021)	9.73	7.72	172,617
Third Quarter	13.92	5.21	983,105
Second Quarter	7.99	5.11	881,531
First Quarter	9.65	5.49	909,940
2020			
Fourth Quarter	6.75	1.60	775,734
Third Quarter	4.35	1.18	492,734
Second Quarter	5.53	3.44	320,771
First Quarter	4.65	2.80	205,793
2019			
Fourth Quarter	3.88	1.80	258,704
Third Quarter	1.86	1.06	85,131
Second Quarter	1.25	0.91	61,149
First Quarter	1.19	0.84	85,396
2018			
Fourth Quarter	0.91	0.78	20,459
Third Quarter	1.30	0.69	64,159
Second Quarter	0.72	0.58	23,021
First Quarter	0.81	0.65	29,807
2017			
Fourth Quarter	0.76	0.62	13,274
Third Quarter	0.79	0.65	25,591
Second Quarter	0.94	0.74	11,330
First Quarter	0.84	0.61	46,892

Source: Bloomberg (unadjusted share price).

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

DIVIDENDS AND DIVIDEND POLICY

The Issuer has not declared or paid any dividends on its shares for the financial years ended 30 June 2018, 2019 and 2020. The Group does not have a dividend policy. As at the date of this Offering Circular, the Group does not have any present intention to pay dividends on its shares in the foreseeable future. The Group, as at the date of this Offering Circular, 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 Issuer's board of directors and will depend on the Group's financial condition, results of operations, capital requirements, business prospects and other factors which that 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 the securities market generally. There is also a range of specific risks associated with the Group's business and an investment in the Notes should be considered speculative. Many of these risk factors are largely beyond the control of the Issuer and its directors. The factors discussed below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. Additional risks and uncertainties of which the Issuer is not aware or that may be immaterial may also adversely affect the business, financial condition, liquidity, results of operations or prospects of the Issuer and the Group as a whole. If any of these events occur, the business, financial condition, liquidity, results of operations or prospects of the Issuer and the Group as a whole could be materially and adversely affected.

This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The actual results of the Issuer and the Group may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Offering Circular.

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 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

Risks relating to the Group's business

The COVID-19 pandemic has materially adversely affected markets and global trade, and may adversely impact the Group's business and financial performance for the foreseeable future.

In December 2019, the COVID-19 virus was reported to be first detected in Wuhan, the People's Republic of China, and has since spread globally. On 11 March 2020, the World Health Organisation categorised the rapidly spreading COVID-19 outbreak as a global pandemic. The spread of COVID-19 and the measures taken in response to the pandemic have caused significant disruption across many geographies and markets, and resulted in significant economic damage, interrupted business activities and supply chains, high levels of unemployment, border closures and travel restrictions, and volatile financial, commodity and other markets. As a result, the Group's business has had to quickly adapt to new ways of operating in light of the rapidly changing economic, regulatory and social environment.

In response to the COVID-19 pandemic, national and local governments, including in Australia, New Zealand and other countries where the Group operates, implemented unprecedented and significant restrictions on movement and activity to slow or stop the spread of the COVID-19 pandemic. Some of these measures and recommendations affected and, as at the date of this Offering Circular, continue to affect the Group's business directly, while others have, and are expected to continue to have, an indirect effect. For example:

- the initial lockdown across Australian states in March 2020, and the reintroduction of lockdown in Victoria in July 2020 and February 2021, impacted operations of the Group in Australia;
- a large portion of the workforce is kept away from the workplace in accordance with government health and safety advice; and
- the ongoing COVID-19 pandemic and containment measures have adversely and materially affected the consumption of goods and services globally.

In light of the COVID-19 pandemic, the Group has taken or may take further temporary precautionary measures to help minimise the risk of transmission of the virus to its employees and the markets in which it operates. While the Group continues to monitor the situation and may adjust its policies as more information and guidance become available, temporarily suspending travel and doing business in-person could negatively impact its operations, slow down recruiting efforts, or create operational or other challenges, any of which could harm its business. In addition, the Group may not be able to collect payment on time from its customers and/or renew contracts with existing retailers or develop business relationships with new retailers as a result of losses and a general downturn in consumer spending due to the COVID-19 pandemic. For example, at the onset of the COVID-19 pandemic, the Group experienced additional hardship claims from its customers, in particular, its SME customers. While the level of claims in relation to SME customers remains above pre-COVID-19 levels, the hardship claims from the Group's customers (other than SME customers) have returned to pre-COVID-19 levels.

The Group may experience reduced demand as a result of its customers' reduced discretionary spending, particularly on in-store purchases, although since the beginning of the COVID-19 pandemic, the Group has seen increased demand for online purchases and faster customer repayment rates for non-SME customers and has benefited from the increased use of contactless payments.

In addition, the Group's operations could be disrupted if any of its employees was suspected of having COVID-19 or any other illnesses as this could require the Group to quarantine such employees or disinfect their premises. There is no assurance that the Group's operations will not be affected by the COVID-19 pandemic and travel restrictions, which in turn, may adversely and materially affect the business, results of operations, financial condition and cash flows of the Group. The uncertainty created by the COVID-19 pandemic has reduced and may continue to reduce stock processes worldwide, which may adversely and materially affect the value of the Group. Further, depressed economic and investment activities as a result of the COVID-19 pandemic have reduced and may continue to reduce global market liquidity. The value of the Group's investments in its financial assets, properties and other forms may be adversely and materially affected by the COVID-19 pandemic, which in turn, may adversely and materially affect its business, results of operations, financial condition and cash flows.

Given the ongoing and dynamic nature of the COVID-19 pandemic, the measures implemented to try to control it and the resulting volatility in financial, commodity and other markets, it is impossible to predict the impact that the COVID-19 pandemic and related measures taken to try to control the COVID-19 pandemic, will have on the Group's business (or on the operations of the Group's customers, suppliers and other businesses upon which the Group relies), and the length of time of such impact. However, the Group's business is likely to continue to be affected by, among others, the geographic spread of the virus; changes in the severity of the disease; mutations in the COVID-19 virus; the duration of the pandemic; the availability and effectiveness of vaccines; actions that may be taken by Australian federal and state governmental authorities and governmental authorities in the other jurisdictions outside Australia in which the Group operates in response to the pandemic, including actions to relax or further tighten existing restrictions. The COVID-19 pandemic and such responsive measures could also impact the Group's ability to effectively implement its strategy, risk management framework and internal controls and procedures.

Economic uncertainty related to the COVID-19 pandemic has already resulted in disruption to global capital markets and may do so again. Any interruption in the availability of capital may affect the Group's ability to grow its business and refinance its existing debt. The market price of Zip's securities may decline due to the impact of the COVID-19 pandemic or market volatility and global, regional and national economies and markets.

There can also be no assurance that the plans of the Group to address existing and potential disruptions in the Group's respective operations will partially or completely mitigate the adverse impacts related to the COVID-19 pandemic, if at all.

The outbreak of other communicable diseases and adverse public health developments in the future could also adversely affect the Group's business operations, and regional and global political, economic and social conditions generally.

As at the date of this Offering Circular, the COVID-19 pandemic impacts on the Group's financial condition and operations for FY2021 cannot be reasonably estimated as future developments are uncertain and new information may continue to emerge. Any future outbreak of public health epidemics may restrict economic activities, reduce business volume or disrupt the Group's business operations.

To the extent that the COVID-19 pandemic outbreak adversely affects the Group's business and financial performance, it may also have the effect of exacerbating many of the other risks identified in this section entitled "*Risk Factors*". Any of the foregoing factors could have a material adverse effect on the Group's business, financial condition and results of operations, cash flows and access to credit markets and the Group's ability to service its existing and future indebtedness, including the Notes, particularly if such outbreaks and developments are inadequately controlled, are prolonged, or if they occur in regions where the Group derives a significant amount of revenue.

The loss of any one of the Group's major clients could significantly impact its business.

The Group's business depends on its contracts and relationships with significant merchant clients and their end customers. The volume of work the Group performs for different clients may vary from year to year depending on the discretion of the clients. Thus, a major client in one year may not provide the same level of revenues in a subsequent year. There can be no guarantee that the Group's contracts and relationships with its clients will continue or, if they do continue, that they remain successful. The Group's contracts with retailers can generally be terminated on short notice.

Any loss of the Group's key merchant clients and their end customers, any reduction of the clients or end customers' volume of business with the Group or a failure to secure new clients or end customers on favourable terms, may materially and adversely impact the Group's results of operations and profitability, and also have a negative impact on the Group's reputation and prospects.

Intense competition in the market could reduce the market share of the Group and decrease its revenues and/or profits.

Zip is a global player in the digital retail finance and payments industry. The principal activity of the Group is the offering of point-of-sale credit and digital payment service to customers and providing a variety of integrated retail finance solutions to merchants both online and in-store. The revenues and profits of the Group depend, in part, upon the continued demand for its services by the Group's existing and new merchant clients and customers, and the Group's ability to meet this demand in a competitive and cost-effective manner.

The markets in which the Group operates are characterised by a high degree of competition and fragmentation, and the strong demand growth in these markets for the products that the Group offers has led to increased competition. There are a number of competitors that offer services similar to Zip's services in Australia and the Group's other markets. See "*Business of the Group – Competition*".

Existing competitors and new competitors entering the industry in Australia, New Zealand, the United States, the United Kingdom and other markets that the Group operates in may engage in aggressive customer acquisition campaigns, develop superior technology offerings or consolidate with other entities to deliver enhanced scale benefits. Additionally, the Group faces the risk that competitors that are offering a broader range of products and services may gain competitive advantages. Such competitive pressures may materially erode the Group's existing market share, revenues and/or profits, or prevent or limit its growth in new markets, and may materially and adversely impact the Group's results of operations, profitability and prospects.

The Group's inability to increase transaction volumes, merchant and end customer numbers could materially and adversely affect its business, financial condition and results of operations.

The future revenue and profitability of the Group rely on increases in transaction volumes and the number of merchant and end customers using its services. An inability to increase these metrics due to internal or external factors may adversely impact the Group's prospects and its ability to improve its future results of operations and profitability.

The market and economic conditions associated with a recession may affect consumer confidence and spending, job creation, bankruptcy rates and levels of default on consumer debt, among other factors. Any such unfavourable conditions could have a material adverse impact on the Group's transaction volumes and its future results of operations and profitability.

The Group is exposed to SMEs and financial difficulties experienced by such enterprises which may, in turn, expose it to high credit risk.

The Group, through Zip Business, provides unsecured loans and lines of credit to SMEs. Compared to loans to large corporate borrowers, which tend to be better capitalised, better able to weather business downturns, secured with collateral and with respect to which such borrowers are less willing to default, loans to SMEs have historically had a relatively higher delinquency ratio. Many SMEs represent sole proprietorships or very small businesses dependent on a relatively limited number of suppliers or customers and tend to be affected to a greater extent than large corporate borrowers by fluctuations in the local and global economy. In addition, SMEs often maintain less sophisticated financial records than large corporate borrowers. Therefore, it is generally more difficult for the Group to judge the level of risk inherent in lending to the SMEs, as compared to large corporate borrowers. Accordingly, the Group's inability to manage the risk associated with this customer segment could materially and adversely affect the Group's business, financial condition and results of operations.

The Group's business depends on its relationship with third party providers.

The Group's business relies in part on certain service and business process outsourcing and other partners. Furthermore, some of the Group's critical business systems are dependent on third party software and infrastructure. The Group has also outsourced other functions such as information technology infrastructure. Certain intellectual property ("IP") rights such as software licences and similar related systems are used by the Group to operate its business and the Group is dependent on the continued access to such IP rights. There is a risk that the Group is unable to replace these relationships on commercially reasonable terms. Seeking alternate relationships also risks being time consuming and resulting in interruptions to the Group's business. Significant failure of the Group's third party providers to perform their services in accordance with the Group's standards, and any extensive deterioration in or loss of any key relationships would have a material adverse effect on the Group's business, financial condition and results of operations.

Furthermore, the Group is exposed to the risk that its outsourcing partners and other third parties commit fraud with respect to the services that the Group has outsourced to them, or that they fail to comply with applicable laws and regulations (such as data protection requirements), or fail to otherwise provide their agreed services to the Group. If these third parties, to a significant extent, violate laws, other regulatory requirements or important contractual obligations to the Group, or otherwise act inappropriately in the conduct of their business, the Group's business and reputation would be negatively affected. In such cases, the Group also faces the risks of penalties being imposed. Moreover, there is a risk that the Group's methods and procedures for overseeing how outsourcing partners and other third parties operate their business do not detect the occurrence of any violations for a substantial period of time, which would exacerbate the effects of such violations.

The Group's technology may be superseded by other technology or changes in business practice.

The Group's success partly depends on its ability to offer services and systems that remain current with the continuing changes in technology, evolving industry standards and changing consumer preferences. The Group may not be successful in addressing these developments in a timely manner, or the Group's expenses in doing so may be greater than expected. In addition, new products or technologies (or alternative systems) developed by third parties may supersede the Group's technology. This may materially and adversely impact the Group's results of operations and profitability.

The Group's business is subject to macroeconomic risks.

As the Group's product offering is dependent on general consumption, there is a risk that the demand for the Group's products is adversely affected by changes in consumer trends, level of consumptions,

demographic patterns, customer preference and financial conditions, all of which are affected by general macroeconomic conditions in the markets in which the Group operates. Since the Group's business is dependent upon the transaction volumes of customers choosing Zip's payment services as their preferred payment method, a reduced customer confidence, willingness to spend or a general deterioration of the macroeconomic environment in the Group's geographical markets would decrease demand for the Group's products as well as reduce retailers' demand for outsourcing payment and transaction processing solutions, thus adversely affecting the Group's net sales, business, financial condition and results of operations.

The macroeconomic environment remains challenging and the Group's results of operations could be materially affected by conditions in the global capital markets and the economy generally. In 2020, the COVID-19 pandemic and ensuing public health responses from governments around the world have had an unprecedented adverse impact on the global economy, resulting in historic levels of turmoil and dislocation for businesses and labour. See "*Risk Factors – Risks Relating to the Group – Risks relating to the Group's business – The COVID-19 pandemic has materially adversely affected markets and global trade, and may adversely impact the Group's business and financial performance for the foreseeable future.*" Any severe slowdown or sustained deterioration of macroeconomic conditions, and high levels of unemployment in the markets in which the Group operates, would reduce customers' willingness to spend money on shopping, which would, in turn, decrease customers' demand for the Group's products as well as retailers' demand for outsourcing payment and transaction processing solutions. Any such events would materially and adversely affect the Group's business, financial condition and results of operations.

The Group's risk management policies and procedures may not be fully effective at all times.

In the course of the Group's operations, it must manage a number of risks such as credit risks, market risks and operational risks. The Group seeks to monitor its risk exposure through a variety of risk management strategies and techniques. Whilst the Group devotes significant resources to developing and implementing its risk management policies and procedures and expects to continue to do so in the future, such risk management techniques may not be fully effective at all times in mitigating risks exposures in all market environment or against all types of risks, including risks that are unidentified or unanticipated. Any materialisation of such risks may materially and adversely affect the Group's business, financial condition and results of operations.

The Group's ongoing success relies partly on its ability to manage reputational risks.

Reputation risk is the risk that an event or circumstance adversely impacts the Group's reputation among clients, customers, SME borrowers, employees, authorities and other parties resulting in reduced income. The reputational risk for the Group is primarily related to customer expectations regarding its products, the delivery of its services and the ability of the Group to meet regulatory and consumer protection obligations related to these products and services. Effects on the Group's reputation typically originate from internal factors, but also from external partners, merchant clients and suppliers.

Reputational risk can be substantially damaging to the Group's operations since "Zip" is a well-established brand, and if such risk materialises to such an extent that customers chose competitors over Zip, it would adversely affect the Group's net sales and growth, which in turn would materially and adversely affect its results of operations and financial condition.

The Group may not be able to grow at a rate comparable to its historical growth rate or otherwise execute its growth strategy successfully.

The Group has experienced significant growth in recent years. A large portion of its growth has been attributable to the increase in scale of the Group's existing operations through organic and inorganic expansion and the broadening of the scope of its business through investments and acquisitions.

Although the Group plans to continue to grow its business expansion plans, there is no guarantee that the Group will be able to grow its customer base or scale its business in the jurisdictions in which it

operates. In addition, the Group may not be able to grow at a rate comparable to its growth rate in the past, either in terms of revenue or profit, or to execute effectively the strategies for its current and future acquired businesses and investments. Future growth strategies which target expansion of existing business could expose the Group to additional or unforeseen costs, which may strain financial or management resources. Integration of new businesses may be costly and occupy management's time. There is also a risk of disruption to the Group's business models due to factors that are outside the control of the Group. Such disruption could adversely impact the Group's reputation and financial performance. The severe disruption to the Australian and global economy is also likely to impact upon the Group's ability to drive its growth agenda in the short and medium term.

Further, any planned 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 on the Group's overall financial performance in the future. If the Group is unable to effectively manage or mitigate the abovementioned risks, its business, financial condition, results of operations and growth prospects could be materially and adversely affected.

The Group may not be able to successfully identify and acquire suitable acquisition or investment opportunities.

The Group may not be able to identify suitable acquisition or investment opportunities, negotiate acceptable terms or successfully acquire identified targets or interests. The investigation of an acquisition or investment plan and the negotiation, drafting and execution of relevant conditions, disclosure documents and other instruments will usually require substantial time of and attention from the management and incur substantial expenses for services provided by accountants, lawyers and other advisers. Prior to acquisition or investment, the Group generally conducts due diligence that it considers reasonable and appropriate based on the facts and circumstances applicable to identified targets. The due diligence that the Group has conducted or will conduct with respect to any opportunity of acquisition or investment may not reveal all relevant facts that are necessary or useful in evaluating such opportunity, which could subject the Group to unknown liabilities that could adversely affect its profitability, financial condition and results of operations. In addition, even if an agreement is reached relating to a specific acquisition or investment target, the Group may end the investment or acquisition plan due to factors beyond its control. If such acquisition or investment plan is not implemented, the costs incurred up to that point for the proposed transaction may not be recoverable. Furthermore, the Group may not have sufficient capital resources to complete the proposed acquisitions in the future.

The Group could also face significant management, administrative and financial challenges in achieving its key commercial objectives following any future acquisitions and investments. These challenges include but are not limited to:

- difficulties in the integration of the operations, technologies and personnel of the acquired company;
- loss of key management staff upon the acquisition;
- diversion of management's attention away from other business concerns;
- expenses of any undisclosed or potential legal liabilities of the acquired company;
- legal, regulatory, contractual, labour or other issues that could arise from an acquisition; and
- inability to service any increased leveraged positions upon the acquisition.

The risks associated with acquisitions and investments including failure to realise the expected synergies, successfully incorporate the acquired businesses and assets into the Group's existing operations or minimise any unforeseen operational difficulties could have a material adverse effect upon the Group's business, financial condition and results of operations. There is no assurance that any

acquisition or investment completed by the Group will integrate successfully with the Group's existing business and operations.

Credit, liquidity and financial risks

The Group is exposed to credit risks in relation to its customers, retail merchants and SME borrowers.

The Group's operations and earnings depends on the revenue generated from the products and services used by the Group's customers and clients and the Group's ability to recoup the purchase value, interest, establishment fees and monthly fees (to the extent imposed) from those customers and clients.

Credit risk is the potential risk of financial loss arising from the failure of a counterparty to fulfil its financial obligations as they fall due (and such loss is not covered by collateral). The Group is subject to credit risk primarily from defaulting or fraudulent end-customers using the Group's payment services for payment, but also to some extent from defaulting merchants and line of credit users, as well as financial institutions with which the Group cooperates. A defaulting merchant loss arises when a merchant is not able to meet its obligations and causes a loss to the Group in the event of default (for example, from customer compensation as a result of returns, disputes or unfulfilled orders). When the Group expands to new markets, the aforementioned risks are especially high since the credit and fraud model lacks historical data when entering a new market. Credit risk also includes concentration risk (that is, the risk relating to large exposures to a group of interlinked customers). In addition, the Group is exposed to risks associated with deterioration in the credit quality of its customers which can be driven by, for example, socio-economic or customer-specific factors linked to economic performance.

Whilst the Group has a strict code of credit, including obtaining agency credit information, confirming application details and setting appropriate credit limits prior to customers joining the Group's platform, there is no assurance that such measures will be effective to mitigate any such credit risks. Further, the Group relies on its technology to assess customers' repayment capability for each transaction (including line of credit granted). Prolonged miscalculation of customers' repayment ability, or a material increase in repayment failures due to job losses or other adverse events, such as events consequential to the COVID-19 pandemic and related containment measures taken in response to the COVID-19 pandemic, including the withdrawal or cessation of government fiscal and monetary stimulus actions, may cause the Group's business to be overly exposed to bad debts due to increased failure by customers to meet their repayment obligations. It should also be noted that, due to, among other things, the different regulations in the countries in which the Group operates, the accessibility to credit checks and local differences in customer behaviour, the assessment criteria and scoring models are adapted for every country and therefore, there is a risk that the estimates on which models for calculating future potential impairments and credit losses are based are inaccurate, which risks leading to increased credit losses and impairments. The aforementioned risks may materially and adversely impact the Group's results of operations, profitability and prospects.

The Group may require additional funding in order to achieve its business objectives and to meet its financial obligations when they fall due and may not be able to obtain it on favourable terms or at all.

To the extent that the Group's existing sources of capital are not sufficient to satisfy its needs, it may need to seek external sources.

The inability to maintain a strong balance sheet or to secure new capital or credit facilities or financing support (from time to time) on favourable terms could impact upon the Group's operational and financial performance and the ability to meet its ongoing liquidity needs.

There is no certainty as to the availability of financing facilities or that the Group would be able to obtain such additional funding on favourable terms, if at all, and further interest charged on these financing facilities may have a material effect on the Group's business, results of operations and financial condition. Any funding shortage could limit the Group's ability to pay merchant clients in advance of

collecting purchase price instalments from end customers, which would significantly slow the Group's anticipated growth and may impair the Group's ability to finance its business. The funding shortage could also limit the Group's ability to respond to changing market conditions, make it more vulnerable to adverse economic and industry conditions, and place it at a competitive disadvantage compared to its competitors with more access to funding.

Factors that may affect the Group's access to funding or cause an increase in its funding costs include, among other things:

- the financial and financial regulatory environments, which have impacted global financial markets and credit institutions since 2008 and are in flux as at the date of this Offering Circular due to the COVID-19 pandemic and varying responses thereto by the governments, central banks and regulators;
- adverse changes in global equity or credit market conditions;
- adverse changes in the Group's operating results, financial condition or cash flows;
- deterioration of the Group's creditworthiness;
- currency movements, interest rate increases or volatility or other potential market disruptions;
- a decrease in bank appetite for risk as a result of tightened lending standards, regulatory capital requirements or otherwise;
- inability to access or closure of international capital markets; and
- government decisions in relation to the ongoing availability and financing programmes to support industries and companies impacted by the COVID-19 pandemic.

Future debt financing, if it can be obtained, could include financial covenants and other terms that restrict the financial flexibility of the Group's business.

There is no guarantee that equity or debt funding will be available to the Group on favourable terms or at all or that, when an existing facility expires or is otherwise terminated (for example, due to an event of default), the Group will be able to refinance that debt facility on reasonable terms. In addition, offerings of equities could also have an adverse effect on the financial position or voting power of any individual shareholder.

Developments in global financial markets, such as the impact of the COVID-19 pandemic, may adversely affect the liquidity of global credit markets and the Group's access to those markets. The COVID-19 pandemic has led to significant disruptions and volatility in global capital markets. Although the U.S. Federal Reserve, the European Central Bank and other central banks have lowered policy rates and/or adopted stimulus measures, which have lowered interest rates on government bonds, widespread uncertainty in the global financial markets has widened certain corporate bond spreads. As a result, the cost of capital for issuers accessing the international debt markets has trended substantially upwards. This may have a material adverse effect on the Group's future financial performance and position.

Failure to comply with certain obligations under certain of the Group's existing financing arrangements may result in a termination of such financing arrangements.

The Group has certain warehouse facilities whereby it sells customer receivables to securitisation warehouses and special purpose vehicles through its asset-backed securitisation program. See "*Capitalisation and Indebtedness – Existing Debt Facilities*". Under such warehouse facilities, collections from customers and SMEs are primary source of repayments of the financiers' debt. Such warehouse facilities contain portfolio parameters which include unpaid and bad debts of the customer receivables in the warehouse facilities which, if exceeded, may result in further funding not being

permitted. If repayments are not made or certain other terms and conditions are not satisfied under the warehouse facilities, the relevant financier or financiers under the relevant warehouse facilities may cease funding under their respective financing arrangements or, in certain circumstances, accelerate the repayment of debt outstanding under the relevant warehouse facilities. There is no assurance that the Group will be able to extend the financing term or increase the funding capacity of its warehouse facilities beyond the existing terms or that any such extension or increase will be done on the same or more favourable terms. In addition, there is no assurance that the Group will be able to enter into new warehouse facilities or other funding arrangements (including as part of a refinancing) sufficient to meet its business needs. In each of the above circumstances, the Group's capacity to pay merchant clients in advance of collecting purchase price instalments from end customers may be diminished. This would materially and adversely affect the Group's business, financial condition, results of operation and prospects.

The Group is exposed to interest rate risks.

Fluctuations in interest rates may have a material adverse impact on the Group's financial position and results of operations. The Group has cash and cash equivalents, term deposit and floating rate borrowings which are exposed to interest rate risk. Whilst borrowings are negotiated with a view to securing the best possible terms including rates of interest to the Group, there can be no assurance that such measures are sufficient to mitigate the interest rate risk exposure. Any such interest rate risk exposure may materially and adversely affect the Group's business, financial condition, results of operations and cash flow.

Operational risks

Failures or disruptions to technology and communication systems may disrupt the Group's business, result in losses and limit its growth.

The Group's business depends on its ability to process a large number of transactions efficiently and accurately and on a high pace development of the product offering and customer experience. The Group relies on the capacity and reliability of the communication, information and technology systems supporting its operations, and third party service providers to maintain its network infrastructure for software application offerings and payments. There is a risk that these systems may fail to perform as expected or be adversely impacted by a number of factors outside of the Group's control. This includes, among other things, damage, equipment faults or failure, loss or corruption of data or malfunctions of software or hardware, disruption or failure in the national backbone telecommunication networks, power failure, fire, natural disasters, pandemic, computer viruses and external malicious interventions such as hacking, cyber-attack or denial-of-service attacks. This may cause part or all of the Group's technology system and/or the communication networks to become unavailable which may lead to additional costs, regulatory intervention or reputational damage or affect the Group's business, financial condition, results of operations and prospects. Continued increases in transaction volumes may also require the Group to expand and adapt its network infrastructure to avoid interruptions to its systems. Any unprecedented transaction volumes may interrupt the Group's systems, reduce the number of completed transactions, increase expenses, and reduce the level of consumer service, and these factors may adversely impact the Group's business, results of operations and profitability. Expansions into new offshore markets may require additional data centre capacity in those markets due to data security requirements or capacity constraints. An inability to obtain such additional data centre capacity in a timely manner may adversely impact the Group's business, results of operations and profitability.

Repeated failures to keep the Group's technology available may result in financial loss and a decline in customer and merchant numbers or merchants terminating their contracts with the Group. Significant technology failure or underperformance would also increase the Group's litigation and regulatory exposure or require it to incur higher administrative costs (including remediation costs). Further, a loss of any customer database would be expensive and time-consuming to endeavour to retrieve or recreate.

This may materially and adversely impact the Group's business, results of operations, profitability, as well as negatively impacting the Group's reputation and prospects.

Further, the disruption caused to operations as a result of the COVID-19 pandemic, and the Group's increased dependency on remote working arrangements (for roles that could be performed remotely) places a significant increase in the reliance on the performance and availability of the Group's remote working and collaboration systems and interruption to these services could have an adverse impact on the Group's operations, financial performance and reputation.

Failures of the Group's technology to integrate with third party platforms may disrupt the Group's business and profitability.

The success of the Group's services, and the ability to retain existing and attract additional end customers and merchant clients depend on the ability of the Group's technology and systems to integrate into and operate with various third party systems and platforms, particularly web sites, point of sale systems, online payment gateways and other merchant systems. Any failure by the Group to understand and manage its exposure to the risks associated with the use of third party technology and services (such as the risk of misuse of confidential or proprietary information, technology failures or the exposure to cyber security risk) could materially adversely impact the Group's ability to operate, and its operations and profitability.

In addition, as these systems and platforms are regularly updated, it is possible that when such updates occur it could cause the Group's services to not operate as efficiently as they previously had. This may require the Group to change the way some of its systems operate, and may disrupt the provision of services, which may take time and expense to remedy, and could adversely affect the Group's business, results of operations and prospects.

The Group may be liable to clients for damages caused by cyber security incidents.

Through the ordinary course of its business, the Group collects a wide range of confidential or otherwise sensitive information. Despite the security policies and measures adopted by the Group to protect such information, the Group and its third party service providers may still be the target of cybersecurity attacks or data security incidents including due to prolonged changes to the working model arising out of the COVID-19 pandemic. The Group's systems and measures may not be able to successfully detect and prevent cybersecurity breaches and other data security incidents. Cyber threats are evolving quickly, and the Group may be unable to adapt its threat detection and prevention measures to detect or prevent new, modified, or evolving threats on an ongoing basis.

The Group and its third-party service providers may suffer cybersecurity breaches and other information security incidents due to a multitude of factors, including, but not limited to, the following:

- insider threats;
- hackers and other state or non-state actors with an intent to cause harm to the Group or its clients;
- human error and inadvertent actions by the Group's employees and contractors; or
- malware, ransomware, viruses, worms, and similar threats; or
- increased threats due to remote working employees due to the COVID-19 pandemic.

The Group believes the risks presented by cybersecurity breaches and other data security incidents will increase as it grows its offerings and services, and stores and processes increasingly large amounts of its clients and end customers' information. Cybersecurity breaches and other data security incidents could cause or lead to a material adverse impact on the Group's current or future business, operations and financial performance, especially in cases where critical systems, or numerous systems, are impacted due to unauthorised access to, or loss, corruption, or theft of, intellectual property, or confidential or otherwise sensitive information.

If the Group or any of its third-party service providers suffers a cybersecurity breach or other data security incident, or if any such breach or incident is believed to have occurred, the Group could face

potential claims and litigation, regulatory investigations and inquiries, damages, fines, penalties, and other liability, substantial harm to its reputation, a loss of business, and potentially significant costs to investigate, remediate, and otherwise address the breach or other incident. The Group could also face increased costs in an effort to prevent additional cybersecurity breaches or other data security incidents in the future.

The Group is subject to the risks of fraud.

The Group may be exposed to fraud attempts, including risks from the potential collusion between internal and external parties, and end customers attempting to circumvent the Group's systems (such as systems on repayment capability assessments). Fraud attempts may potentially result in damage to the Group's reputation and a higher than budgeted cost of fraud to rectify and safeguard its business operations, which may materially and adversely impact the Group's financial condition, results of operations, profitability, reputation and prospects.

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

The Group's operating and financial success is dependent upon the experience of its key management team and staff generally. The loss of any key personnel, as well as high staff turnover could cause disruption to the conduct of the Group's business in the short term and negatively affect the Group's operating and financial performance. Further, the Group's operations, performance and reputation could be adversely affected if the Group is unable to attract staff or were to lose key staff members which it was unable to replace with equally qualified personnel.

The Group is substantially dependent on the continuing service of its key management personnel (who have great knowledge of the business) and skilled professionals with the requisite industry and/or technical experience. The loss of key management personnel or skilled professionals, or the delay in their replacement, or the inability to attract key management personnel or skilled professionals, could materially and adversely affect the Group's ability to implement its business strategies.

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. In particular, the Group's access to technology talents, including but not limited to software engineers, project managers and other senior technical personnel, may affect the Group's ability to develop new service offerings or applications and expand its business. Increasing worldwide competition for skilled technology professionals and increased hiring by technology companies may affect the ability of the Group to hire and retain an adequate number of skilled and experienced technology professionals. Further, any restrictions on immigration including arising from governmental response to the COVID-19 pandemic or any changes in government policies may further affect the ability of the Group to attract, hire and retain technology professionals. The lack of availability or access to skilled technology professionals may materially and adversely affect operations, performance and reputation of the Group. Efforts to retain or attract skilled professionals may result in significant additional expenses, which could adversely affect the Group's profitability.

Legal and compliance risks

The Group is subject to various legislation and regulations.

The Group operates in a range of jurisdictions including Australia, New Zealand, the United Kingdom and the United States. The Group's business principally consists of the offering of point-of-sale credit and digital payment service to customers and providing a variety of integrated retail finance solutions to merchants both online and in-store and is therefore subject to significant laws, regulations and licensing requirements applicable to the financial services sector in such jurisdictions. Furthermore, should the Group expand its business into new markets, the Group may become subject to additional legal, regulatory, tax, licensing, compliance requirements and industry standards that are constantly changing.

Federal and state regulators in the jurisdictions in which the Group operates generally have significant discretion in the application, interpretation and enforcement of laws and regulations that apply to the Group. This can cause uncertainty as the interpretation or implementation of existing laws and regulations may change and regulators may adjust their level of scrutiny and approach to enforcement actions.

Furthermore, new laws, regulations and legal requirements which have only recently been adopted or could be implemented in the near future by the regulators and their implementation, interpretation and enforcement may substantially affect the Group's business or result in unintended consequences due to lack of regulatory guidance and established practice, in particular in jurisdictions where the Group's business grows rapidly and regulators may change their view regarding the Group's compliance obligations.

Compliance with these laws and regulations may be onerous and expensive, and they may be inconsistent from jurisdiction to jurisdiction, further increasing the cost of compliance. There is a risk that any changes in the laws and regulations applicable to the Group's business may impose significant compliance costs, or even make it uneconomic for the Group to continue to operate in its current markets, or to expand in accordance with its strategy. This may materially and adversely impact the Group's ability to achieve its strategic goals, and negatively impact its revenue and profitability by preventing its business from reaching sufficient scale in particular markets.

Failure by the Group to obtain the necessary regulatory permits, licences and approvals could result in an inability to operate and may adversely affect the Group's business, results of operations and financial condition. In addition, the Group cannot guarantee that its operations and policies will be deemed compliant by all applicable regulatory authorities. In the event the Group's control should fail or is found to be non-compliant for other reasons, the Group could be subject to sanctions including fines and/or penalties, injunctions, delays, suspension or withdrawal of approvals, revocation of licenses and permits, operating restrictions, civil and criminal claims, litigation, prosecution and other proceedings, which could have material adverse impact on the Group's business, financial condition, results of operations, reputation and brand value. Further, if such regulations, requirements or policies/procedures are not enforced equally against the Group's competitors in a particular market, the Group's compliance may put the Group at a competitive disadvantage *vis-a-vis* competitors who do not comply with such regulations, requirements or policies/procedures.

Some of these key risks relate to the following:

- **BNPL Regulations:** The Australian parliament has recently passed legislation which empowers the Australian Securities and Investments Commission ("**ASIC**") with regulatory oversight and the ability to intervene in relation to financial and credit products where it identifies a risk of significant detriment to consumers, enabling it to make orders prohibiting certain conduct related to products offered to consumers. Any such regulatory intervention could adversely affect the Group's business and could require the Group to incur substantial compliance costs.

BNPL arrangements are subject to the forthcoming "design and distribution obligations" which come into effect from October 2021. The design and distribution obligations require issuers of products to identify in advance the class of consumers for whom their products are appropriate, and to direct distribution to that target market. While the Group believes it is well positioned to comply with the design and distribution obligations, as it is a new regulatory framework, it is difficult to predict how ASIC may direct its supervisory and enforcement activities.

- **ASIC's review of the BNPL industry:** On 28 November 2018, ASIC released Report 600: Review of buy now, pay later arrangements. In this report, ASIC summarised the findings from its review of the arrangements offered by six BNPL providers, including the Group. ASIC found, amongst other things, that while BNPL arrangements are working for the majority of users, some consumers are suffering harm. This report was followed by ASIC Report 672 Buy now pay later: An industry update on 16 November 2020 which noted the Buy Now Pay Later Code of Practice (the "**BNPL Code**") authored by the Australian Finance Industry Association. BNPL Code requires participating providers to take measures to ensure products are suitable for consumers and to commit to

safeguards such as capping late fees. ASIC 's ongoing focus on the BNPL industry may lead to new or modified laws or regulations which may adversely affect the Group's business and operations. The Group is accredited to the BNPL Code.

- **AML/CTF laws:** The Group is subject to laws and regulations in the jurisdictions in which it operates relating to corrupt and illegal payments and money laundering obligations, as well as laws prohibiting doing business with certain individuals, groups and countries. There has been increased supervisory, regulatory and enforcement focus on compliance with anti-money laundering, counter-terrorism financing, anti-bribery and corruption and sanctions laws ("**AML/CTF laws**"). While the Group has policies, systems and controls in place designed to manage its obligations under AML/CTF laws, ineffective implementation, monitoring or remediation of a policy, system or control could give rise to future compliance issues associated with AML/CTF laws, which could lead to regulatory investigations, reviews, enforcement action, as well as potential litigation by third parties and adverse media coverage. Any of these consequences could adversely affect the Group's business and operations.
- **Payment system regulation:** As at the date of this Offering Circular, the Reserve Bank of Australia is considering the policy issues raised by BNPL providers' no-surcharge rules as part of its Review of Retail Payments Regulation. A change in Australia's payment system regulations such as the aforementioned could restrict the Group's ability to limit merchants adding a surcharge on customers who use the Group's payment services as a payment method. If a material number of merchants did add a surcharge as a result of such a change, it could adversely affect usage of the Group's payment services relative to other payment methods.
- **Privacy and data protection laws:** The Group continuously needs to ensure that its privacy and data processing practices comply with applicable privacy and data protection laws in Australia, New Zealand and the other jurisdictions in which the Group operates. Changes to privacy and data protection laws in Australia and any of the other jurisdictions in which the Group operates, and the privacy and data protection laws of jurisdictions in which the Group commences operations in the future, may require increased compliance costs and systems upgrade costs for the Group. Non-compliance with applicable data protection legislation risks to leading to substantial administrative fines and other actions which would have a material adverse effect on the Group's ability to conduct its business, such as a temporary or permanent ban on data processing or suspension of data transfers to third countries. Any administrative and monetary sanctions or reputational damage due to incorrect implementation or breach of privacy and data protection laws would adversely impact the Group's business, financial condition and results of operation. Actual, as well as perceived, non-compliance also risks having a substantial effect on customers and the general public's trust in the Group.
- **Product design and conduct risk:** The Group is exposed to risks resulting from a broad number of factors affecting the design and enhancement of its products, the implementation or execution of those products or enhancements, its processes and business conduct, including human error, communications errors, process failures, technology failures, ineffective oversight and the failure of employees or suppliers to responsibly carry out their duties. The failure of the Group's controls and procedures to manage these risks may lead to a breach of laws, regulations and compliance standards, or result in complaints and adverse consumer outcomes. Any of these events may materially and adversely impact the Group's results of operations and profitability, and also have a negative impact on the Group's reputation and prospects.

All of the risks described above may have a material adverse impact on the Group's reputation, results of operations, profitability, business and prospects.

Further, the COVID-19 pandemic has led to increased government action around the world. Varying responses to the COVID-19 pandemic at all levels of government have amplified pre-existing differences in policy and standards between and within countries and may continue to do so. Increased government action has resulted in and may continue to result in heightened legal obligations in relation to, for example, the provision of a safe and healthy workplace, management of personal health-related data, and public health and emergency management. In addition, community, investor and regulator

expectations as to corporate governance requirements for the Board to satisfy its fiduciary duties in response to the pandemic have changed and may continue to change. Any actual or perceived failures to comply with these heightened legal obligations or changes to policies, standards or other requirements or expectations, whether intentional or unintentional, could result in litigation or enforcement action, fines or penalties and reputational damage (such as criticism from the Group's stakeholders, including investors). There is no assurance that the Group's governance and compliance processes are adequate to identify or prevent misstatements or fraud or prevent potential breaches of law, accounting or governance practice.

The Group's exposure to risks associated with legal, regulatory, ethics and compliance issues may increase given changes in the external environment. These risks could be exacerbated by the COVID-19 pandemic, as well as by the continuing response of governments and society to ethical and cultural failings within large corporates. Exposure to these risks may also increase in the event of additional investment and activity in higher risk jurisdictions. The impacts of the COVID-19 pandemic on such jurisdictions may amplify those risks.

The Group may be unsuccessful in protecting its intellectual property rights.

While the Group takes utmost care in protecting its intellectual property, the Group's competitors may independently develop similar technology or duplicate its products or services. Unauthorised parties may infringe upon or misappropriate the Group's products, services, software, specialised technology, platform or proprietary information. The misappropriation or duplication of the Group's intellectual property could disrupt the Group's ongoing business, distract its management and employees, reduce its revenues and increase its expenses. The Group may need to litigate to enforce its intellectual property rights or to determine the validity and scope of the proprietary rights of others. Any such litigation could be time consuming and costly.

Third parties, including companies with greater resources than the Group, may assert intellectual property rights against the Group, including rights to technologies that the Group utilises in its business. For instance, on 26 June 2019, FirstMac commenced proceedings against both the Issuer and Zipmoney Payments Pty Ltd claiming infringement of its registered trademark and seeking specified relief (including damages, interest and costs). As at the date of this Offering Circular, Zip is defending these allegations while simultaneously filing a cross claim seeking to cancel FirstMac's registered trademark.

If the Group becomes liable to third parties for infringing their intellectual property rights, the Group could be required to pay substantial damages and be forced to develop non-infringing technology, obtain a license or cease selling the products that contain the infringing technology. The Group may be unable to develop non-infringing technology or to obtain a license on commercially reasonable terms, or at all. Such disputes (whether or not successful) may also temporarily and adversely impact the Group's ability to integrate new systems or develop new services, and could involve significant costs of litigation and diversion of management attention, all of which may adversely impact the Group's business, results of operations, profitability and prospects.

Further, there is also a risk that the Group will be unable to register or otherwise protect new intellectual property it develops in the future. The Group's competitors may then be able to offer identical or very similar services or services that are otherwise competitive against those provided by the Group, which could adversely affect the Group's business, results of operations and prospects.

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

The Group operates its businesses in various locations and jurisdictions and may from time to time in the ordinary course of business receive enquiries from regulators and government agencies, and may also from time to time be subject to legal proceedings, claims and litigation from third parties. The outcome of any investigation, proceeding, litigation or arbitration brought by private parties or government agencies is difficult for the Group to predict.

If an unfavourable decision is given against the Group, damages (or any other awards, orders, penalties or costs) under any such litigation or proceeding may be material or may be indeterminate, and the negative outcome from litigation or the cost of responding to potential or actual litigation or investigation can have a material adverse impact on the financial performance, financial position, operations and reputation of the Group. Defence and settlement costs can be significant, even in respect of claims that have no merit, and can divert the time and attention of the management away from the business. In addition, the adverse publicity surrounding such claims may have a material adverse effect on the Group's business and prospects.

General business risks

The Group's historical consolidated financial information may not be indicative of its future results of operations.

The Group's historical consolidated financial information must be evaluated in light of the impact of the significant changes in the Group's business that have occurred in the periods covered in the financial statements included in this Offering Circular. The Group cannot assure that the historical financial information will be indicative of what the Group's results of operations, financial condition or cash flow will be in the future. In particular, the Group's scale of operations has grown in recent years in line with its global expansion plans.

Investors should note that the Group's financial information is not intended to represent or predict the results of operations of any future periods. The Group's future results of operations may change materially if its future growth does not follow the historical trends for various reasons, including changes of the Group's business operation and direction as well as factors beyond its control, such as change in economic environment, rules and regulations of the relevant jurisdictions and the domestic and international competitive landscape which the Group operates its business and invests in.

Potential investors should not place undue reliance on the unaudited financial information of the Group.

This Offering Circular contains information derived from the Interim Half Year Financial Statements. Further, the Interim Q3 Financial Statements which has been filed with the ASX are deemed to be incorporated by reference into, and to form part of, this Offering Circular.

The Group's Interim Financial Statements have not been audited or, in the case of Interim Q3 Financial Statements, reviewed by the Group's independent auditors. The Interim Half Year Financial Statements have only been reviewed by the Group's independent auditors. Accordingly, the Interim Financial Statements should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit and, in the case of Interim Q3 Financial Statements, a review. Potential investors should exercise caution when using such data to evaluate the Group's financial condition and results of operations. Such financial information may subsequently be adjusted or restated to address subsequent changes in accordance with accounting standards, the Issuer's accounting policies and/or applicable laws and regulations affecting the Group's financial reporting or to reflect subsequent comments given by the independent auditors during the course of their audit or review (if any). Such adjustments or restatements may cause discrepancies between the information with respect to a particular period or date contained in the Interim Financial Statements and the audited financial statements. The Interim Financial Statements should not be taken as an indication of the expected financial condition or results of operations of the Group for the relevant full financial year.

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 has previously and will continue to assess and disclose, when known, the impact of adopting new accounting standards in its periodic financial reporting. The Group's financial statements comply with Australian International Financial Reporting

Standards ("**AUS IFRS**") and other Australian accounting standards and authoritative notices that are applicable to entities that apply AUS IFRS as established by the Australian Accounting Standards Board (the "**AASB**"). These accounting practices, standards and notices are out of the control of the Group. From time to time, the AASB 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 AUS IFRS with international accounting standards. There is also a risk that interpretations of existing AUS IFRS, including those relating to the measurement and recognition of key income statement and statement of financial position items, may differ.

Acts of God, acts of war and terrorism, riots, epidemics and other disasters could affect the Group's business, financial condition, results of operations, performance and prospects.

The Group's business is subject to general and social conditions. Natural disasters, epidemics, acts of God and other disasters that are beyond the Group's control may materially and adversely affect the economy, infrastructure and livelihoods of the people in the jurisdictions which the Group operates in. The Group's business, results of operations and financial condition may be materially and adversely affected if natural disasters occur.

Epidemics and pandemics threaten people's lives and may materially and adversely affect their livelihood as well as their living and consumption patterns. Some cities where the Group operates have previously been affected by, or may be under the threat of, contagious diseases such as H5N1 avian flu, H1N1 human swine flu and COVID-19. An epidemic, a pandemic or an outbreak of contagious disease may result in a public health crisis and restrict the level of business activity in affected areas, which in turn could adversely affect the Group's business, financial condition and results of operations. Since 31 December 2020, there is an on-going global outbreak of COVID-19. See "*Risk Factors – Risks Relating to the Group – Risks relating to the Group's business – The COVID-19 pandemic has materially adversely affected markets and global trade, and may adversely impact the Group's business and financial performance for the foreseeable future.*"

Apart from the ongoing outbreak of the COVID-19 pandemic, there can be no assurance that there will not be another significant outbreak of a highly contagious disease in the future in the regions where the Group operates or that may affect them. Nor can there be any assurance that any precautionary measures taken against such outbreak will be effective. If there were another outbreak, together with any possible travel restriction and/or quarantine, the regional or national economy of affected regions or countries may be adversely and materially affected and business activities may be suspended, which could result in material disruptions to the Group's operations, which may, in turn, adversely affect the Group's business, financial condition and results of operations.

Acts of war and terrorism may cause damage or disruption to the Group, its business, employees or premises, any of which may materially and adversely impact the Group's revenue, financial condition and operating results. Potential war or terrorist attacks may also cause uncertainty and cause the Group's to suffer in ways that cannot be predicted as at the date of this Offering Circular.

The Group's insurance coverage may not be adequate.

The Group has taken up insurance policies for risks in accordance with industry practice. However, there is no assurance that the Group's existing coverage will be sufficient to compensate it against all losses. There are certain types of risks that are not covered by the insurance policies because they are either uninsurable or not economically insurable, including acts of war and acts of terrorism. If such events were to occur, the Group may have to bear the costs of any uninsured risk or uninsured amount, which can have a material and adverse effect on its financial position, results of operations and prospects.

The Group is subject to changes in taxation laws.

A change to the current taxation regime in Australia, New Zealand, the United Kingdom, the United States or any other country in which the Group operates in, including changes in interpretation or

application of the law by courts or taxation authorities, may affect the Group or its shareholders. Tax liabilities in respect of holding the Notes are the responsibility of each individual holder of the Notes.

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 Australian and international taxation law including changes in the interpretation or application of the law by the courts or tax authorities in the jurisdictions in which the Group operates that may impact the Group's tax position, which may, in turn, impact the rate and type of taxation to which the Group is subject as well as 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 subject to currency risks.

The Group is exposed to currency risks, which can be divided into transaction risk and translation risk. Transaction risk is the exchange rate risk associated with the time delay between entering into a contract and settling it, while translation risk exposures arise from financial and non-financial items held by an entity with a functional currency different from the consolidated entity's presentation currency.

The Group has operations in various currencies including Australian Dollars, New Zealand Dollars, U.S. dollars and Pounds Sterling. As a result, the Group generates revenues in several different currencies. However, the Group's reporting currency is Australian Dollars and, as a consequence, it is exposed to currency risk to the extent that its assets, liabilities, revenues and expenses are denominated in currencies other than Australian Dollars. The main currency risk is that currency fluctuations affect the amount of these items in the Group's consolidated financial statements, even if their value has not changed in the original currency. The relevant currencies' value risks being subject to significant fluctuations in exchange rates. Lending in foreign currencies may increase and any further expansion outside Australia would expose the Group further to currency risks. The degree to which such exchange rates may vary is uncertain and presents a significant risk to the Group's financial 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. These events include, but are not limited to, acts of terrorism, an outbreak of international hostilities, fires, bushfires, floods, earthquakes and volcanic eruptions and volcanic ash clouds, labour strikes, civil wars, natural disasters, outbreaks of disease, epidemics, pandemics (such as the COVID-19 pandemic) 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.

There is no assurance that expected future events will occur.

The forward-looking statements, opinions and estimates provided in this Offering Circular rely on various contingencies and assumptions. There can be no guarantee that the assumptions and contingencies contained within forward looking statements, opinions 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 (many of which are outside the control of the Group) 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

Certain initial investors or a single initial investor may purchase a significant portion of the Notes and may potentially be able to exercise certain rights and powers on their own.

Certain initial investors or a single initial investor may purchase a significant portion of the aggregate principal amount of the Notes in this Offering. Any Noteholder holding a significant percentage of the aggregate principal amount of the Notes will be able to exercise certain rights and powers and will have significant influence on matters voted on by Noteholders. For example, Noteholders holding at least 50 per cent. (or at adjourned meetings no minimum percentage) of the aggregate principal amount of the Notes would form a quorum for the purposes of passing an Extraordinary Resolution (as defined in the Trust Deed), while Noteholders holding at least 75 per cent. (or at adjourned meetings at least 30 per cent.) of the aggregate principal amount of the Notes would form a quorum for the purposes of voting on reserved matters, including the modification of the date for maturity of the Notes or the reduction or cancellation of the principal amount of, or default interest on, the Notes.

In addition, as the passing of Extraordinary Resolutions at meetings of Noteholders requires a majority of 75 per cent. of votes cast (subject to certain reserved matters as specified in the Terms and Conditions of the Notes and the Trust Deed), any Noteholder of a significant percentage of the Notes, even if less than a majority, will on its own be able to take certain actions that would be binding on all Noteholders. For example, Noteholders holding at least 25 per cent. of the principal amount of Notes represented at a meeting of Noteholders will be able to block the passing of Extraordinary Resolutions.

Additionally, the existence of any such significant Noteholder may reduce the liquidity of the Notes in the secondary trading market.

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 including 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:

- the Notes constitute legal investments for it;

- the Notes can be used as collateral for various types of borrowing; and
- 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.

Market price of the Notes.

The market price of the Notes may fluctuate due to various factors, including investor perceptions, Australian and worldwide economic conditions, better rates of return on other securities, interest rates, inflation rates, movements in foreign exchange rates, impacts of regulatory change, changes in the laws relating to the availability of franking, movements in the market price of Ordinary Shares or senior or subordinated debt, the Issuer's financial performance and position, as a result of information disclosed to the market by the Issuer in order to comply with its continuous disclosure requirements and other factors that may affect that performance and position. The Notes may trade at a market price below the face value. There is no guarantee that the Notes will remain continuously quoted on the SGX-ST.

In recent years, markets have sometimes been volatile. In particular, since March 2020 global financial markets have become more volatile due to the impact of the COVID-19 pandemic. The expected duration and magnitude of the COVID-19 pandemic and its full economic impact remain unclear. Volatility risk is the potential for fluctuations in the price of securities, sometimes markedly and over a short period. You should carefully consider the impact of volatility risk on the potential market price of the Notes before deciding whether to make an investment in the Notes.

Noteholders who wish to sell or otherwise transfer their Notes may incur loss if the Notes trade at a market price below the amount for which the Notes were acquired by those Noteholders.

Lack of a public market for the Notes.

The Notes are a new issue of securities for which there is, as at the date of this Offering Circular, no established trading market when issued, and one may never develop. An application has been made to the SGX-ST for permission to deal in and quotation for the Notes. Such permission will be granted when the Notes have been admitted to the Official List of the SGX-ST. The approval in-principle was received on 16 April 2021 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 in relation to the Issuer or the Group; and
- changes in the industry and competition affecting the Group.

The Notes will be unsecured obligations 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.

The Notes will constitute direct, unconditional, unsubordinated and (subject to Condition 2 of the Terms and Conditions of the Notes) unsecured obligations of the Issuer ranking *pari passu* and rateably, without any preference among themselves. Neither the Trust Deed nor the Notes will create any security interest in favour of Noteholders to secure the payment obligations of the Issuer arising under the Notes. The payment obligations of the Issuer under the Notes will 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. The repayment of the Notes may be compromised if:

- the Group enters into bankruptcy, liquidation, rehabilitation or other winding-up proceedings;
- there is a default in payment under the Group's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Group's indebtedness.

If any of the above events occurs, the Group's assets may not be sufficient to pay amounts due on the Notes.

In addition, potential 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 in favour of a secured creditor 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 Issuer or its Subsidiaries (as defined in Condition 3 of the Terms and Conditions of the Notes) 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, which may be significant.

Market price and liquidity of Ordinary Shares.

The Notes may be converted into Ordinary Shares as described in "*The Offering*" of this Offering Circular and the Terms and Conditions of the Notes, but there is no guarantee that this will necessarily occur. Conversion may be disadvantageous in light of market conditions or not suit the individual circumstances and preferences of Noteholders.

Where the Notes are converted, there may be no liquid market for Ordinary Shares at the time of conversion, or the market for Ordinary Shares may be less liquid than that for comparable securities issued by other entities at the time of conversion.

The market price of Ordinary Shares may go up or down due to various factors, including Australian equity markets, recommendations by brokers and analysts, investor perceptions, interest rates and inflation, Australian and worldwide economic conditions (including, but not limited to, the impact of and continued uncertainty surrounding the COVID-19 pandemic), changes in government, fiscal and monetary policy, global and geo-political events, hostilities and acts of terrorism, the Issuer's financial performance and position, impacts of regulatory change (including product intervention by ASIC in the market for the Notes or similar securities), as a result of information disclosed to the market by the

Issuer in order to comply with its continuous disclosure requirements and other factors that may affect that performance and position, and may also be affected by the actual or prospective conversion of the Notes. The value of Ordinary Shares received upon conversion of a Note may be less than the face value of the Note. Holders receiving Ordinary Shares on conversion may not be able to sell those Ordinary Shares at the price on which the conversion calculation was based, or at all.

Certain events and conditions may affect the ability of Noteholders to trade or dispose of Ordinary Shares issued on conversion. For example, the willingness or ability of ASX to accept Ordinary Shares issued on conversion for quotation or any practical issues which affect that quotation, any suspension of trading of Ordinary Shares, any disruption to the market for Ordinary Shares or to capital markets generally, the availability of purchasers for Ordinary Shares and any costs or practicalities associated with trading or disposing of Ordinary Shares at that time.

The Ordinary Shares held by a Noteholder as a result of any conversion will, following conversion, rank equally with existing Ordinary Shares. Accordingly, the ongoing value of any Ordinary Shares received upon conversion will depend upon the market price of Ordinary Shares after the date on which the Notes are converted. That market price is also subject to the factors outlined above and may also be volatile.

Dividends may not be paid to Noteholders.

Payment of any dividends on Ordinary Shares issued on conversion of the Notes is at the discretion of directors of the Issuer. Noteholders whose Notes are converted after the record date for a dividend will have no entitlement to that dividend.

Directors may only declare or determine a dividend if there are funds legally available to pay dividends. The amount of future dividends actually paid will be determined by the board of directors of the Issuer having regard, amongst other things, to the Group's operating results, financial position, available franking credits and the covenant restrictions or consent requirements under its third party finance facilities referred to above. A change in dividend policy or dividend levels may impact the market value of the Notes.

The Notes will not be entitled to participate in any dividends on 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 will depend upon the general stock market and economic conditions as well as other factors including, but not limited to, the Issuer'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 Australian 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 a reliable indicator of 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 consolidation, reclassification, redesignation or subdivision in relation to the Ordinary Shares which alters the number of Ordinary Shares on issue, or if the Issuer undertakes rights offerings and equity issuances at a price per Ordinary Share less than 95 per cent. of the then Current Market Price (as defined in the Terms and Conditions of the Notes) per Ordinary Share, where the Issuer pays a Dividend (as defined in the Terms and Conditions of the Notes), and where other analogous dilutive events occur, but only in the circumstances and only to the extent provided in the Terms and Conditions of the Notes (see Condition 6(b) 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 (as defined in Condition 6(e) of the Terms and Conditions of the Notes). 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, may 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 Issuer'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 Issuer (other than secured capital markets transactions in the circumstances described in the Terms and Conditions of the Notes).

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

Although the Issuer will decrease the Conversion Price if a Noteholder exercises its right to redeem its Notes during a Change of Control Period, the decrease may not adequately compensate a Noteholder for the option value that such Noteholder may lose as a result of the relevant Change of Control.

If a Change of Control occurs and a Noteholder exercises its right to require conversion of its Notes during the Change of Control Period for such Change of Control, the Issuer will decrease the Conversion Price applicable to such Noteholder'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 Noteholder for the option value that such Noteholder 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 Noteholder 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 Noteholder 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.

The Issuer 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 Noteholder may require the Issuer to redeem all of such Noteholder's Notes at the Early Redemption Amount (as defined in the Terms and

Conditions of the Notes). The Issuer may also be required to redeem all or some only of such Noteholder's Notes at the Early Redemption Amount following the occurrence of a Change of Control (as defined in the Terms and Conditions of the Notes). Following acceleration of the Notes upon an Event of Default, the Issuer will be required to pay all amounts then due in accordance with Condition 10 of the Terms and Conditions of the Notes. Unless previously redeemed, converted or purchased and cancelled, the Issuer will be required to redeem the Notes will be redeemed at 116.96 per cent. of their principal amount on the Final Maturity Date. The Issuer may also, at the option of the holder of any Note, redeem all or some only of such holder's Notes on the Put Option Date (as defined in the Terms and Conditions of the Notes) at 109.36 per cent. of their principal amount. The Issuer 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 does not have sufficient cash flows to do so. The Issuer cannot assure the Noteholders that, if required, it would have sufficient cash or other financial resources or would be able to arrange financing to redeem the Notes in cash.

The Notes may be redeemed at the Issuer's option on the occurrence of certain events.

The Issuer may, at its option, redeem all but not some only, of the Notes at the Early Redemption Amount on the date specified in the Tax Redemption Notice (as defined in the Terms and Conditions of the Notes), if the Issuer satisfies the Trustee of certain matters related to taxation with respect of the Notes (and the Trustee shall be entitled to accept any relevant certificate and opinion from the Issuer, without any liability, as sufficient evidence of the satisfaction of the conditions precedent to such redemption). See Condition 7(c) and 7(d) of the Terms and Conditions of the Notes for further details.

The Issuer may also, at its option, redeem all but not some only of the Notes on the Optional Redemption Date (as defined in the Terms and Conditions of the Notes) at the Early Redemption Amount if, at any time prior to the date the relevant Optional Redemption Notice is given, if Conversion Rights (as defined in the Terms and Conditions of the Notes) shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions shall have been effected in respect of 85.00 per cent. or more in principal amount of the Notes originally issued.

The date that the Issuer elects to redeem the Notes may not accord with the preference of individual holders, which may be disadvantageous to holders in light of market conditions or the individual circumstances of the holder of the Notes. Additionally, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective yield at the same level as that of the Notes.

Unless and until the Notes are converted into Ordinary Shares, Noteholders will not be entitled to any shareholder rights, but will be subject to all changes affecting the Ordinary Shares.

Unless and until the Notes are converted into Ordinary Shares, Noteholders will have no rights with respect to the Ordinary Shares on account of holding Notes, 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, 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 Issuer'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 Issuer 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. The issuance 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 Issuer's ability to raise capital through the issuance of additional equity securities. There is no restriction on the Issuer's ability to issue further unsecured notes or the ability of any of the Issuer's shareholders to dispose of, encumber or pledge the Ordinary Shares, and there can be no assurance that the Issuer will not issue further unsecured notes or that the Issuer's shareholders will not dispose of, encumber or pledge the Ordinary Shares. The Issuer cannot predict the effect that future issuance 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 Issuer 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 pursuant to Condition 10 of the Terms and Conditions of the Notes and the taking of steps and/or action and/or instituting of 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 any steps and/or action or institutes any proceeding 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 or the Terms and Conditions of the Notes 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 will contain provisions for calling meetings of the Noteholders to consider matters affecting their interests generally. These provisions will permit majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting or participate in the electronic consent or written resolution and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes will also provide that the Trustee may, without the consent of Noteholders, agree:

- to any modification (except as mentioned in the Trust Deed) of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement (as defined in the Terms and Conditions of the Notes), any agreement supplemental to the Agency Agreement, the Calculation Agency Agreement (as defined in the Terms and Conditions of the Notes), any agreement supplemental to the Calculation Agency Agreement, the Notes or the Terms and Conditions of the Notes 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

- 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 Calculation Agency Agreement, any agreement supplemental to the Calculation Agency Agreement, the Notes or the Terms and Conditions of the Notes (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 Calculation Agency Agreement, any agreement supplemental to the Calculation Agency Agreement, the Notes or the Terms and Conditions of the Notes which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Noteholders.

In addition, the Trustee may, without the consent of the Noteholders, authorise or waive any breach or proposed 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 Calculation Agency Agreement, any agreement supplemental to the Calculation 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 Australia and other local insolvency laws may differ from those of another jurisdiction with which the Noteholders are familiar.

As the Issuer is incorporated under the laws of Australia, any insolvency proceedings relating to the Issuer would involve Australian insolvency laws. The procedural and substantive provisions of Australian insolvency law may differ from comparable provisions of the insolvency laws of jurisdictions with which the Noteholders are familiar.

The Issuer may issue additional Notes or raise additional capital 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 issue date and the first date on which Conversion Rights may be exercised) 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. Since the sub-prime mortgage crisis in 2008, the international financial markets have experienced significant volatility. If such volatility occurs in the international financial markets in the future, the market price of the Notes could be adversely affected.

The Notes are subject to changes of law.

The Terms and Conditions of the Notes will be 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 must also comply with various legal requirements including requirements imposed by securities laws and company laws in Australia. Should any of those laws change over time, the legal requirements to which the Issuer may be subject could differ materially from current requirements.

Noteholders may be adversely affected by changes in taxation laws.

Changes in taxation laws in the jurisdictions in which the Group operates or in which Noteholders reside may adversely affect the tax treatment of an investment in the Notes or the holding and disposal of the

Notes. Noteholders should consult their tax advisors or relevant professionals if they are in any doubt as to the tax treatment of an investment in the Notes or the holding and disposal of the Notes.

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 interferes 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 of the Notes and the Ordinary Shares to be issued upon conversion of the Notes may impact the Noteholder's ability to sell the Notes.

The Notes and the Ordinary Shares to be issued upon conversion of the Notes 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 to be issued upon conversion of the Notes 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-U.S. 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 to be issued upon conversion of the Notes under the Terms and Conditions of the Notes. Hence, future resales of the Notes and the Ordinary Shares to be issued upon conversion of the Notes 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 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 initially be represented by a Global Certificate. Such Global Certificate will be deposited with a common depository for Euroclear and Clearstream (each of Euroclear and Clearstream, a "Clearing System"). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Certificates in respect of their individual holdings of 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 depository for Euroclear and Clearstream 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 Australian 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 Australian Dollar. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Australian 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 Australian Dollar would decrease:

- the Investor's Currency-equivalent yield on the Notes;
- the Investor's Currency-equivalent value of the amounts payable on the Notes; and
- 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.

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 the Offering will be approximately A\$394 million, after deduction of commissions, professional fees and other administrative expenses.

Zip intends to use the proceeds of the Offering (net of commissions, professional fees and other administrative expenses) to drive growth in core markets, expand into new regions and for general corporate purposes.

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 December 2020 based on the unaudited but reviewed consolidated financial statements of the Group as at and for the half year ended 31 December 2020:

- (a) on an actual basis; and
- (b) on an "as adjusted" basis to reflect the issuance of the Notes in this Offering and the gross proceeds from the Offering.

Pro forma consolidated statement of financial position

The following table sets out the Group's consolidated statement of financial position as of 31 December 2020 as well as the pro forma consolidated statement of financial position assuming the Offering occurred on 31 December 2020.

(A\$ million)	As 31 December 2020	
	Actual	As Adjusted
Cash and cash equivalents	142.5	542.5
Restricted cash	75.3	75.3
Term deposit	1.5	1.5
Total Cash, cash equivalents and term deposit	219.3	619.3
Interest bearing liabilities		
Borrowings	1,530.0	1,530.0
Existing convertible and warrants	133.6	133.6
Notes offered hereby*	-	400.0
Shareholders' equity		
Issued capital	1,503.8	1,503.8
Equity component of the convertible notes	-	-
Reserves	164.5	164.5
Accumulated losses	(542.1)	(542.1)
Total equity	1,126.2	1,126.2
Total capitalisation and indebtedness	2,789.8	3,189.8

* IAS 32 Financial Instruments: Presentation requires the Notes to be bifurcated between the host debt agreement and equity or financial liability for the equity conversion feature. As the accounting classification and measurement of the Notes has not been completed as at the date of this Offering Circular, the entire face value of the Notes has been recognised in the pro forma consolidated statement of financial position as debt and no adjustment has been made to equity or financial liabilities.

Current equity capital

Description	No. of Ordinary Shares
Number of Ordinary Shares on issue as at 31 December 2020	541,603,343
Number of Ordinary Shares issued between 1 January 2021 and the date of this Offering Circular	11,001,854
Number of Ordinary Shares on issue as at the date of this Offering Circular	552,605,197

Performance shares, options, performance rights, warrants and convertible notes

Performance Shares

The following table provides a breakdown of the movement in performance shares during the half year ended 31 December 2020:

Details	Date	Number of Ordinary Shares ('000)
Balance	30 June 2020	20,000
Conversion to ordinary shares	-	-
Balance	31 December 2020	20,000

The Group issued 20,000,000 performance shares to Columbus Capital in 2015 in connection with the facilitation of an institutional financing facility (the "**Warehouse Facility**"). The provision of the Warehouse Facility was not completed and accordingly the performance milestones were not met. The performance shares expired in September 2020 and are in the process of being cancelled.

Options

The following table provides a breakdown of the movement in options during the half year ended 31 December 2020:

Details	Date	Number of Options ('000)
Balance	30 June 2020	9,800
Issue of options on the acquisition of QuadPay		10,480
Options exercised		(6,487)
Options expired not exercised		(3,920)
Balance	31 December 2020	9,873

The options issued during the half year ended 31 December 2020 were replacement awards issued to employees and non-employees on the acquisition of QuadPay. Details of the issue are set out in the table below:

Grant Date	Price	Number of options issued
31 August 2020	A\$0.06	892,574
31 August 2020	A\$0.13	230,809
31 August 2020	A\$0.17	7,953,219
31 August 2020	A\$0.49	1,403,767
Total		10,480,369

Each of the above options expires on the earlier of (a) the expiry dates of the options which varies between 28 May 2028 and 28 May 2030; (b) the date on which the options otherwise lapses in accordance with the terms of the award agreement between the Issuer and the relevant QuadPay option holder and the terms of the QuadPay option plan. As at 31 December 2020, there were 3,993,000 options issued to employees and non-employees on the acquisition of QuadPay which remained unexercised.

The remaining 5,880,000 options are held by Westpac Banking Corporation and vest based on the achievement of certain revenue milestones by the Issuer. In the event a hurdle is achieved, the associated options vest, and lapse 12 months after vesting. Options relating to any hurdle not achieved by 10 August 2022 will automatically lapse. Additionally, if the first revenue hurdle is not achieved by 10 August 2020, 3,920,000 options will lapse. The first revenue hurdle was not met on 10 August 2020 and accordingly 3,920,000 options lapsed. As at 31 December 2020, none of the revenue hurdles have been met and no options have vested.

Performance rights

The following table provides a breakdown of the movement in performance rights issued during the half year ended 31 December 2020:

Details	Date	Number of performance rights ('000)
Balance	30 June 2020	3,109
Issue of performance rights		1,267
Lapsed performance rights		(350)
Balance	31 December 2020	4,026

The following table sets out details of the performance rights

Issue Date	Vesting Date	Expiry Date	Fair Value at Grant Date	Number of performance rights issued ('000)
2 July 2020	15 September 2023	24 June 2026	A\$1.56	388,164
2 July 2020	15 September 2024	24 June 2026	A\$1.63	388,162
2 July 2020	15 September 2025	24 June 2026	A\$1.65	388,160
26 October 2020	14 September 2023	22 October 2026	A\$4.68	102,487
Total				1,266,973

1,266,973 performance rights were issued for no consideration under the Group's Employee Long Incentive Plan during the half year ended 31 December 2020. The performance rights have a nil exercise price and vest based on the achievement of Total Shareholder Return milestones and time based hurdles.

Warrants

The following table provides a breakdown of the movement in warrants during the half year ended 31 December 2020:

Details	Date	Number of warrants ('000)
Balance	30 June 2020	14,615
Issue of warrants		19,365
Balance	31 December 2020	33,980 ⁽¹⁾

Note:

(1) The following table shows details of the warrants on issue as at 31 December 2020:

Issue Date	Expiry Date	Exercise Price	Number of warrants issued ('000)
6 November 2019 (Amazon Warrants)	6 November 2026	A\$4.70	14,615
1 September 2020 (CVI Warrants)	1 September 2023	A\$5.16	19,365
Total			33,980

In November 2019, the Issuer entered into a strategic agreement with Amazon Commercial Services Pty Limited ("**Amazon Australia**") whereby Zip is offered as a payment choice on Amazon Australia. The Issuer issued Amazon Australia warrants to acquire 14,615,000 ordinary shares in the Issuer at an exercise price of A\$4.70 exercisable based on achieving certain performance milestones. Of the warrants issued to Amazon Australia, 3,653,750 warrants (amounting to 25 per cent. of the total warrants issued to Amazon Australia) vested concurrently with the entry into the strategic agreement, and the remainder of the warrants will vest based on performance milestones relating to transaction volumes being achieved over the seven years from issue date. On vesting, the warrants may be exercised any time up to seven years from the issue date.

On 1 September 2020, the Issuer issued 19,365,208 warrants to CVI Investments, Inc. ("**CVI**"), an affiliate of Heights Capital Management, which is part of the US-based Susquehanna International Group. The warrants issued to CVI were issued for nil consideration and with an exercise price being the lower of A\$5.1639 and the price of any equity securities (excluding issues for prescribed business as usual and agreed strategic transactions) in the period to September 2023. The warrants vested on issue, with an initial exercise price of A\$5.1639, and no warrants have been exercised to the date of this Offering Circular.

Convertible Notes

On 1 September 2020, the Issuer issued 1,000 convertible notes to CVI Investments, Inc. ("**CVI**"), an affiliate of Heights Capital Management, which is part of the US-based Susquehanna International Group.

As at 31 December 2020, there were 1,000 Convertible Notes issued to CVI ("**CVI Convertible Notes**"). The conversion price of the CVI Convertible Notes varies based on movements in the Issuer's share price, subject to a floor and a ceiling price. The initial conversion price was A\$5.5328, representing a 50 per cent. premium to the one-day volume weighted average price of the Issuer's ordinary shares on the ASX on 29 May 2020.

At each Instalment date (commencing on the date falling 6 months after 1 September 2020 and every six months thereafter up to and including the maturity date on 1 September 2025), the holder of the CVI Convertible Notes has the option to elect, in respect of A\$10.0 million of the convertible notes, together with any previously deferred amounts and any accrued and unpaid interest, to either:

- (a) defer the conversion of the instalment amount to a later Instalment date (up until the maturity date); or
- (b) subject to certain conditions being met, to convert the instalment amount into ordinary shares of the Issuer.

The CVI Convertible Notes may be converted into a maximum of 58,302,282 fully paid ordinary shares, based on a conversion price of A\$1.8443 per share, being the floor price under the terms of the CVI Convertible Notes (unless the floor price is adjusted in accordance with the terms of the agreement).

The CVI Convertible Notes may be settled by the exchange of a fixed amount of cash for a variable number of the Issuer's equity instruments.

Existing Debt Facilities

As at 31 December 2020, the Group has access to the following debt facilities:

	Facility Vehicle	Facility Limit (in million)	Amount drawn as at 31 December 2020 (in million)	Maturity
ZIP AU	Zip Master Trust			
	- Rated Note Series			
	*2019-1	A\$475.0	A\$475.0	August 2021
	*2020-1	A\$285.0	A\$285.0	October 2022
	- Variable Funding Note	A\$309.3	A\$209.5	February 2022
	Total	A\$1,499.3	A\$1,339.5	
Zip Global	AR2LLC	U.S.\$150.0	U.S.\$121.9	December 2021
	Total	U.S.\$150.0	U.S.\$121.9	
Zip Business	Zip Business			
	- Funding Box 3 Australia	A\$35.0	A\$26.0	January 2022
	- Funding Box NZ	A\$11.3	A\$7.5	February 2022
	- Trade/Trade+	A\$100.0	A\$1.0	February 2022
	Total	A\$146.3	A\$34.5	

Zip AU has external facilities totalling A\$1,499.3 million, comprising rated and unrated note series, to fund its Australian consumer receivables, of which A\$1,339.5 million was drawn as at 31 December 2020, with A\$159.8 million of the facilities undrawn as at 31 December 2020.

Subsequent to 31 December 2020, the Group increased the facilities available to fund its Australian consumer receivables through a A\$204.4 million increase in the Variable Funding Note Facility Limit.

In addition, Zip completed the third rated note issuance in the Zip Master Trust on 8 April 2021, which raised A\$475 million from external investors, bringing total external funding provided through rated note issuances to A\$1,235.0 million.

For its US operations, the Group has an off-balance sheet funding facility (with Goldman Sachs as the senior lender) totalling U.S.\$150 million, of which U.S.\$121.9 million was drawn at 31 December 2020, with U.S.\$28.1 million of the facility undrawn as at 31 December 2020.

Zip Business has facilities totalling A\$46.3 million (with A\$33.5 million drawn as at 31 December 2020) across Australia and New Zealand with a new A\$100 million facility procured from Victory Park Capital (with A\$1 million drawn as at 31 December 2020) to support the growth of the new SME BNPL lending products under Zip Business.

SUMMARY FINANCIAL INFORMATION

The financial information below has been derived from, and should be read in conjunction with, the audited consolidated financial statements of the Group as at and for the financial years ended 30 June 2020 and 30 June 2019 (which includes the comparative consolidated financial statements of the Group as at and for the financial year ended 30 June 2018) and the unaudited but reviewed consolidated interim financial statements of the Group as at and for the half year ended 31 December 2020 (which includes the comparative unaudited but reviewed consolidated interim financial statements of the Group as at and for the half year ended 31 December 2019). Copies of these financial statements can be obtained from the ASX at www.asx.com.au or the Issuer's website at <https://zip.co/investors/reports>.

Investors should note that past performance is not a reliable indicator of future performance. See "Risk Factors – Risks relating to the Group's business – General business risk – The Group's historical consolidated financial information may not be indicative of its future results of operations."

Consolidated Statement of Profit or Loss and Other Comprehensive Income

The following table sets out the Group's consolidated statement of profit or loss and other comprehensive income for the financial years ended 30 June 2020 and 30 June 2019 (which includes the comparatives for the financial year ended 30 June 2018) and the interim financial statements of the Group as at and for the half year ended 31 December 2020 (which includes the comparative interim financial statements of the Group as at and for the half year ended 31 December 2019):

(A\$'000)	Derived from audited financial statements for the year ended 30 June			Derived from the unaudited but reviewed financial statements for the half year ended 31 December	
	2018	2019	2020	2019	2020
Operating Income	39,274	82,877	159,372	69,131	159,842
Costs of Sales					
Interest expense	(13,025)	(22,940)	(38,944)	(17,918)	(25,498)
Bad and doubtful debts expense	(13,190)	(21,947)	(53,669)	(23,170)	(29,522)
Bank fees and data costs*	(3,942)	(6,157)	(13,223)	(4,430)	(25,832)
Amortisation of funding costs	(1,463)	(1,090)	(1,877)	(835)	(1,991)
Total Cost of Sales	(31,620)	(52,134)	(107,713)	(46,353)	(82,843)
Gross Profit	7,654	30,743	51,659	22,778	76,999
Other income	1,132	1,354	1,629	498	186
Expenditure					
Administrative expenses	(6,920)	(4,704)	(9,932)	(4,695)	(13,270)
Depreciation expenses	(763)	(968)	(3,993)	(1,632)	(2,546)
Amortisation of intangibles	(2,809)	(3,587)	(9,045)	(4,701)	(14,627)
Information technology expenses		(4,787)	(11,496)	(4,679)	(9,728)
Marketing expenses		(3,446)	(9,515)	(5,758)	(26,437)
Corporate financing costs ¹	(113)	-	-	(212)	(2,692)
Occupancy expenses	(1,570)	(2,124)	(2,233)	(1,005)	(1,188)
Salaries and employee benefits expenses	(15,586)	(20,399)	(44,315)	(18,223)	(38,727)
Share-based payments	(3,575)	(3,215)	(20,393)	(10,387)	(74,356)
Acquisition of business costs	-	-	(10,273)	(2,290)	(7,837)
Share of loss of associate	-	-	(187)	(41)	(149)
Fair value gain on investment	-	-	47,505	-	-
Fair value loss on financial instruments	-	-	-	-	(33,162)
Net adjustments relating to the acquisition of QuadPay	-	-	-	-	(306,235)
Loss Before Income Tax	(22,550)	(11,133)	(20,589)	(30,347)	(453,769)
Income tax (expense)/benefit	-	-	648	-	-
Loss After Income Tax Attributable to Members of Zip Co Limited	(22,550)	(11,133)	(19,941)	(30,347)	(453,769)

(A\$'000)	Derived from audited financial statements for the year ended 30 June			Derived from the unaudited but reviewed financial statements for the half year ended 31 December	
	2018	2019	2020	2019	2020
Other Comprehensive Income for the period	-	-	-	-	-
Foreign exchange of differences on transaction	-	-	(79)	6	(2,160)
Total Other Comprehensive Income for the period, Net of Tax	-	-	(79)	6	(2,160)
Total Comprehensive Loss for the period Attributable to Members of Zip Co Limited	(22,550)	(11,133)	(20,020)	(30,341)	(455,929)
Earnings per share					
Basic loss per share	(7.84)	(3.52)	(5.31)	(8.41)	(95.52)
Diluted loss per share	(7.84)	(3.52)	(5.31)	(8.41)	(95.52)

¹ This was not disclosed for FY19 & FY20

* The figures shown include third party revenue splits.

Consolidated Statement of Financial Position

The following table sets out the Group's consolidated statement of financial position for the financial years ended 30 June 2020 and 30 June 2019 (which includes the comparatives for the financial year ended 30 June 2018) and the interim financial statements of the Group as at and for the half year ended 31 December 2020:

	Derived from audited financial statements for the year ended 31 July			Derived from the unaudited but reviewed financial statements for the half year ended 31 December
	2018	2019	2020	2020
(A\$'000)				
Assets				
Cash and cash equivalents	12,658	12,611	32,712	217,754
Other receivables	5,017	10,920	6,876	26,671
Term deposit	1,209	1,179	1,507	1,507
Customer receivables	300,603	647,544	1,116,618	1,603,615
Investments at FTVPL	-	-	82,930	3,231
Investment in associates	-	-	1,184	4,304
Property, plant and equipment	3,241	2,547	3,512	3,347
Right-of-use assets	-	-	8,160	7,926
Intangible assets	5,792	5,813	25,093	271,621
Goodwill	4,548	4,548	53,441	788,933
Total Assets	333,068	685,162	1,332,033	2,928,909
Liabilities				
Trade and other payables	8,028	19,657	19,533	53,734
Employee provisions	841	1,368	2,753	4,069
Financial Liabilities - Convertible notes and warrants	-	-	-	133,625

	Derived from audited financial statements for the year ended 31 July			Derived from the unaudited but reviewed financial statements for the half year ended 31 December
	2018	2019	2020	2020
(A\$'000)				
Assets				
Deferred contingent consideration	337	-	13,979	6,990
Lease liability	-	-	8,414	8,300
Borrowings	289,724	587,445	1,081,954	1,530,046
Deferred tax liability	758	392	-	65,959
Total Liabilities	299,688	608,862	1,126,633	1,802,723
Net Assets	33,380	76,300	205,400	1,126,186
Equity				
Issued capital	81,328	141,211	274,151	1,503,833
Reserves	4,379	3,520	19,621	164,494
Accumulated losses	(52,327)	(68,431)	(88,372)	(542,141)
Total equity	33,380	76,300	205,400	1,126,186

Consolidated Statement of Cash Flows

The following table sets out the Group's consolidated statement of cash flows for the financial years ended 30 June 2020 and 30 June 2019 (which includes the comparatives for the financial year ended 30 June 2018) and the interim financial statements of the Group as at and for the half year ended 31 December 2020 (which includes the comparative interim financial statements of the Group as at and for the half year ended 31 December 2019):

	Derived from audited financial statements for the year ended 30 June			Derived from the unaudited but reviewed financial statements for the half year ended 31 December	
	2018	2019	2020	2019	2020
(A\$'000)					
Cash flows from operating activities					
Operating income from customers	39,606	83,668	160,501	69,329	160,028
Payments to suppliers and employees	(26,430)	(39,016)	(99,217)	(46,020)	(114,290)
Interest received from financial institutions	255	197	107	83	-
Interest paid	(13,210)	(22,257)	(38,431)	(16,739)	(25,205)
R&D tax incentives	1,204	-	-	-	-
Acquisition of business costs	-	-	(8,332)	(2,290)	(6,601)
Net Cash Flow from Operating Activities	1,425	22,592	14,628	4,363	13,932
Cash flows from investing activities					
Payments for plant and equipment	(3,502)	(275)	(2,436)	(2,764)	(721)
Payments for software development	(2,542)	(3,608)	(17,041)	(5,054)	(4,515)
Payments for acquisitions, net of cash acquired	-	-	2,667	2,667	26,210
Net increase in receivables	(170,856)	(370,177)	(488,811)	(328,725)	(453,307)
Payment for investments	-	-	(16,676)	(41)	(3,231)
Payments for investments in associates	-	-	-	(16,566)	(3,269)
Net cash flow from investing activities	(176,900)	(374,059)	(522,297)	(350,483)	(438,833)
Cash flows from financing activities					
Proceeds from the issue of shares	41,031	57,802	62,051	62,051	121,094

	Derived from audited financial statements for the year ended 30 June			Derived from the unaudited but reviewed financial statements for the half year ended 31 December	
(A\$'000)	2018	2019	2020	2019	2020
Cash flows from operating activities					
Costs of share issues	(301)	(2,331)	(2,129)	(2,058)	(1,757)
Proceeds from borrowings	204,000	297,500	473,605	316,018	465,981
Repayment of borrowings	(75,360)	-	(551)		(66,200)
Borrowing transaction costs	(451)	(1,550)	(2,932)	(2,404)	(2,106)
Repayment of lease liabilities			(2,195)	(984)	(1,733)
Proceeds from issue of convertible notes	-	-	-	-	96,824
Net cash flow from financing activities	168,919	351,421	527,849	372,623	612,103
Net increase/(decrease) in cash and cash equivalents	(6,556)	(47)	20,180	26,503	187,202
Cash and Cash Equivalents at the beginning of the period	19,214	12,658	12,611	12,611	32,712
Foreign exchange effects	-	-	(79)	6	(2,160)
Cash and Cash Equivalents at the end of the Financial Period	12,658	12,611	32,712	39,120	217,754

BUSINESS OF THE GROUP

Overview of the Group

Zip is a global player in the digital retail finance and payments industry. Established in 2013, Zip's headquarters are in Sydney, Australia, and their operations span Australia, the United States, the United Kingdom and New Zealand.

Zip (ASX: Z1P) was listed on the ASX in 2015. As at 31 December 2020, the Issuer's market capitalisation was A\$2,865 million.

Zip's objective is to be the first payment choice everywhere and every day, and they operate three primary business segments:

- (a) Zip AU, which offers consumers in Australia lines of credit through its digital wallets and includes Pocketbook, a personal budgeting tool;
- (b) Zip Global, which offers BNPL instalment products to consumers outside Australia; and
- (c) Zip Business, which provides unsecured loans and lines of credit for small to medium enterprises ("**SMEs**").

Zip is a responsible credit provider, both as a core value and through its legal obligations under its ASIC regulated Australian Credit Licence. Zip is also accredited to the BNPL Code of Practice issued by the Australian Finance Industry Association.

As at 31 December 2020, Zip had over 5.7 million customers and over 38,500 merchants globally

Key Strengths

Zip has a proven and robust business model with a diversity of growth avenues and execution track record. Their key differentiators include:

- **Truly global diversified business profile:** Zip has a diversified business profile in the BNPL sector. Zip has BNPL operations and interest across nine geographies (being, Australia, New Zealand, United States, Canada, United Kingdom, South Africa, United Arab Emirates, Mexico, Poland and Czech Republic). Zip is a full service payment and cash flow management provider which offers a broad and flexible product suite for both consumers (via Zip Pay, Zip Money and Pocketbook) as well as merchants and SMEs (via Zip Business and Zip Business Trade).
- **Flexible product set:** Zip enables customers to shop across all categories and values as well as pay across all industry verticals, both online and in-store. Globally, customers are attracted to paying via short and long term interest-free instalments.
- **High quality and scalable technology platform:** Zip's technology offers customers a high quality front end digital platform. It delivers premium customer experiences through real-time credit decisions and easy integration with merchant systems.
- **Unit economics:** Zip's unique model derives its revenues from both customers and merchants, supporting healthy and sustainable unit economics. Zip is committed to providing transparent, responsible, fairly priced credit and payment products to its customers.
- **Business model:** By operating on both a closed and open loop payments network, Zip allows customers to buy now, pay later everywhere. This helps to deepen customer engagement and drive traffic to merchant partners.

- **Risk Management:** Financial responsibility is at the core of the Zip business. Zip's credit decisioning and portfolio management capabilities enable it to balance risks and growth, while geographical diversification also provides risk management benefits.
- **Access to diverse funding platforms:** To help support Zip's growth, Zip has raised various forms of capital, with sources including public markets, bank warehouse facilities, rated public asset-backed security ("**ABS**") term issuances and additional equity of its business. Zip's multiple ABS issuances demonstrate the high quality of its receivables which consist of diversified and stable, revolving receivables.
- **Experienced management team:** Zip has a strong management team with extensive experience across origination, risk, treasury, technology and governance. See "*Directors and Management*". Zip has a strong track record of executing and integrating acquisitions (see "*Business of the Group – History*"), and also demonstrated the ability to lead in a crisis by withstanding the COVID-19 pandemic related credit risk and maintaining Zip's growth agenda. See "*Risk Factors – Risks Relating to the Group – Risks relating to the Group's business – The COVID-19 pandemic has materially adversely affected markets and global trade, and may adversely impact the Group's business and financial performance for the foreseeable future*".

History

Zip was established in 2013 and listed on the ASX in 2015.

In Australia, Zip's main operating entity is zipMoney Payments Pty Ltd ("**ZMP**"). ZMP's two main products are Zip Pay (which offers lines of credit up to A\$2,000) and Zip Money (which offers lines of credit between A\$1,000 to A\$50,000).

In September 2016, Zip acquired Pocketbook, a widely used finance app in Australia. Pocketbook is a free, personal finance tool designed to help people manage their finances, budget and save. The app is heavily driven by data and smart algorithms that organise spending, manage bills, detect transaction anomalies and keep users informed. As at 31 December 2020, Pocketbook has more than 812,000 users.

In August 2018, the Zip app was launched in the Google Pay store, and in the Apple App store later that year. The Zip app is a digital wallet, giving customers easy access to their Zip accounts, plus exclusive deals and offers from Zip's merchant partners. As at the date of this Offering Circular, the Zip app has over 2 million downloads.

Upon the acquisition of Spotcap ANZ ("**Spotcap**") in September 2019, Zip extended its offering to provide unsecured loans of between A\$20,000 and A\$500,000 to SMEs in both Australia and New Zealand. The acquisition of Spotcap gives Zip a strategic commercial-decisioning engine that leverages traditional credit data, accounting data and bank transactional data to provide real-time onboarding.

In October 2019, Zip acquired New Zealand-based PartPay, giving them access to a significant BNPL player in New Zealand, a fully operational United Kingdom subsidiary and a minority interest in BNPL operations in the United States (via Quadpay Inc) and South Africa (via Payflex Pty Limited).

In September 2020, Zip subsequently completed the acquisition of Quadpay Inc. ("**QuadPay**"), a high growth BNPL player in the United States. This acquisition gave Zip immediate access to the United States, a key global retail market.

In October 2020, Zip then acquired Sydney-based technology company Urge Holdings Pty Ltd ("**Urge**"). Urge helps shoppers to find and buy the items they are searching for, therefore helping drive increased sales, reach and exposure for Zip's retail partners.

Zip has further increased its global footprint through a minority investment in Spotii, a technology enabled payment platform in the Middle East and a minority investment in Twisto, a cashflow management and payments app headquartered in the Czech Republic.

To capitalise on further opportunities in Australia, Zip Business was launched in August 2020, offering SMEs a digital interest-free wallet of up to A\$25,000. Zip Business, in partnership with eBay Australia, offers 40,000 Australian sellers the opportunity to access working capital via the eBay marketplace.

Through a key partnership with Facebook, Zip Business also enables SMEs in Australia to advertise on Facebook and pay later.

In December 2020, Zip Business Trade was launched, offering SMEs a line of interest-free credit up to A\$3,000, on a BNPL basis. The Group also rebranded Spotcap to 'Zip Business Capital', therefore aligning its suite of product offerings to SMEs.

Around this time, Zip also launched its operations in the United Kingdom with numerous enterprise launch partners including Boohoo, JD Sports and Fanatics. To help it scale further, operations in the United Kingdom will leverage Zip's global channel partnerships including those with Adyen, Big Commerce, Stripe and Shopify.

During HY2021, following the grant of a Principal Issuer Licence from Visa, Zip is now able to issue self-branded virtual cards to its Australian customers, unlocking significant opportunity by allowing shoppers to use Zip almost anywhere. Through adding Apple Pay and Google Pay functionality, Zip customers can now simply tap their phones instore to pay using their Zip Pay account.

In HY2021, Zip also established a New Markets team to support its global expansion plans.

Business Overview

Zip primarily operates three business segments:

- **ZIP AU** which offers consumers in Australia lines of credit through its Zip digital wallets and includes the Pocketbook operations;
- **Zip Global** which offers BNPL instalment products to consumers outside Australia; and
- **Zip Business** which provides unsecured loans and lines of credit to SMEs.

ZIP AU and Zip Global

Zip brings customers and retail merchants together through a fair and valued payment experience. Zip provides a seamless, omni-channel digital payments experience. Zip helps customers own the products they need and want while maximising sales for its retail partners. As a network business, the growth of Zip's customer base increases the value it delivers to its retail partners and encourages new partners to join the platform.

Zip's value proposition to customers includes:

- Payment services which can be used everywhere
- No upfront payments
- Interest free terms
- Flexible repayments
- Access to deals, offers and rewards
- Zip is a brand that they trust

Zip's value proposition to retail merchants include:

- Increased sales volumes and average order value
- Increased re-purchase and access to new audience
- Daily settlement with no fraud risk
- Gain access to customer insights and marketing tools

Zip generates income from a mix of fees charged to both retail merchants, and customers as well as affiliate fees and interchange.

In Australia, Zip provides lines of credit to shoppers to make purchases at merchants. Zip gains revenue from merchant fees charged to merchants for processing these purchases.

Income from customers includes a mix of establishment fees, monthly service fees (charged to active customer accounts at the end of each month) and interest. Zip has a strong focus on interest-free payment behaviour, encouraged through higher minimum monthly repayments and promotional interest-free periods.

In addition to customer and merchant revenue Zip may receive affiliate revenue and interchange.

Outside Australia, Zip provides a BNPL service whereby consumers can split repayments into equal fortnightly instalments. Revenue is generated from merchant fees, affiliate fees, interchange and service fees. In the event that a customer misses a payment, a late fee applies.

As at 31 December 2020, Zip had over 5.7 million customers and over 38,500 merchants globally.

Approach to Credit Assessment

Zip is a responsible credit lender and focuses on offering transparent, responsible and fairly priced consumer credit products.

Zip supports prime, near prime and emerging prime borrowers by providing customers with a revolving unsecured line of credit to finance their transactions. Zip does not support sub-prime or "payday" borrowers.

Zip approves finance for a range of products and services, including whitegoods, furniture, fashion, electronic appliances, education, travel, private health and, and household utilities.

Zip has a lending policy that applies to credit applications and transactions made by its customers. The Chief Operating Officer and Head of Risk of the Issuer are responsible for developing, recommending changes and monitoring the policy and its application to the management and the operation as a whole. Any changes to the lending policy must be approved by the Chief Operating Officer.

Zip's credit assessment platform is entirely digital and uses hundreds of variables (big data) to deliver real-time consumer credit responses. Its 100% cloud-based offering has been proprietarily designed and developed in-house.

Zip also uses multivariate machine learning algorithms to identify risks as they emerge and feeds the results from those algorithms into its rules set.

Pocketbook

Pocketbook, acquired by Zip in 2016, is a personal financial management app that is free for users and focused on financial wellbeing. It helps users to manage their finances, budget and save. The

application is heavily driven by data and smart algorithms that organise spending, manage bills, detect transaction anomalies and keep users informed. As at 31 December 2020, Pocketbook has more than 812,000 users.

Zip Business

Zip Business is gaining momentum and is well-positioned to capitalise on the small business opportunity in Australia and New Zealand. Through Zip Business, Zip provides a number of credit and payment services to support SMEs, both online and instore. These include:

- Merchants can offer Zip Pay, Zip Money, Zip Trade and Zip Trade Plus as interest-free payment methods. This helps increase basket sizes, sales conversions, and drives repeat purchases and affiliate referrals;
- Zip offers SMEs the ability to sign up for:
 - Zip Trade, a simple line of credit of up to A\$3,000. This allows businesses to pay for everyday purchases in interest-free instalments and select a repayment schedule that suits their businesses; and
 - Zip Trade Plus, a simple line of credit with credit limits between A\$10,000 to A\$150,000. It allows businesses to buy now and pay later for larger items purchases;
 - Zip Business Capital provides unsecured loans of up to A\$500,000 under Zip Business Capital with flexible repayments of up to five years.

Similar to its approach to consumer credit, Zip utilises significant amounts of data, including bank transactional information, to underpin its small business lending capability. It has incorporated the capability of Spotcap with its own core credit decisioning capability and is now well placed to scale its Zip Business offering.

Zip Business receives revenue from both merchants and customers. Merchants are charged a merchant services fee for transactions processed on the platform. Customer revenue includes monthly fees, instalment fees and interest.

Key operating metrics

The following tables provide a summary of active consumer accounts (accounts that are open and able to make transactions) and transaction volumes (underlying value of consumers' transactions) for each of Zip's key geographical markets:

			As at 31 December 2020	
Geographical markets			Active Consumer Accounts (million)	Per cent. of total Active Consumer Accounts
Australia	and	New Zealand ⁽¹⁾	3.2	56.1
United States			2.5	43.9
			Half year ended 31 December 2020	
Geographical markets			Transaction Volumes (A\$ million)	Per cent. of total Transaction Volumes
Australia and New Zealand			1,529.9	65.9
United States			790.7	34.1

Note:

(1) Australia and New Zealand figures includes Zip Australia, Zip New Zealand and Zip United Kingdom.

Competition

The COVID-19 pandemic has rapidly transformed consumers' payment habits, forcing merchants to adapt quickly. As consumers seek out flexible payment options, merchants are increasingly looking to BNPL solutions to cater to this need.

The BNPL sector is characterised by competition, innovation and diversity. There is a variety of distinct BNPL arrangements (unlike the homogeneous legacy card payment systems). In the BNPL sector, low barriers to entry, competitive market forces, and innovative players have resulted in a great diversity of product offerings, services and business revenue models.

While there are early players in the BNPL sector in Australia who have built substantial businesses, which include Zip, the low barriers to entry for this market create healthy competition. For example, most recently, PayPal announced its intention to launch a BNPL option in Australia in June 2021.

In the United States, one of the largest retail markets in the world, PayPal and Shopify have been the two most recent entrants into the BNPL market. Credit card giants, Visa, MasterCard and American Express, continue to work with their clients, including the major banks, with a variety of credit card led instalment financing options coming to market. These incumbents, as well as the entrance of PayPal and Shopify, continue to accelerate the acceptance of the BNPL market globally.

Other competitors include companies such as Afterpay, Klarna and Affirm who offer a number of products and services in the markets in which Zip operates.

While global competition has increased, the Zip's core business in Australia and New Zealand continues to perform strongly. Zip's United States business, QuadPay, has also performed strongly since joining the Group on 1 September 2020. As at 31 December 2020, active consumer accounts have increased to over 5.7 million compared to 1.8 million reported as at 31 December 2019. Merchant numbers have also increased to over 38,500 as at 31 December 2020, up from 20,800 as at 31 December 2019. Transaction volumes have increased to A\$2,320.6 million for the half year ended 31 December 2020, compared to A\$964.7 million reported in the half year ended 31 December 2019. See "*Business of the Group – Business Overview – Key operating metrics*".

Employees

Zip is committed to developing its people and creating an adaptive, performance-enhancing culture. Zip's employees (also known as "Zipsters") have an innate drive in the pursuit of excellence and innovation. Leadership, alignment and culture are critical enablers in the future sustainability of Zip.

Zip has a diverse, open and inclusive culture that values all its stakeholders. Its employees are made up of people from a wide range of ethnic backgrounds, religious beliefs, political views, sexual orientation, gender identity and life experiences. Through the diverse teams, Zip can better design and deliver more inclusive experiences for its customers. Zip supports principles of equal employment and opportunity and addresses these principles in its code of conduct.

Corporate Social Responsibility

Zip sees climate change as a critical risk for all people globally. Zip seeks to reduce, minimise or eliminate its impact on the environment and in 2021 announced it was aiming to be carbon neutral by the end of the financial year.

Zip's digital products are alternatives to physical means of payments such as credit cards and cash. As a digital-first company and by leveraging video-conferencing and collaborative apps, Zip limits its use of paper.

Litigation

The Group may, from time to time, be subject to various legal proceedings and claims that are incidental to its ordinary course of business. See "*Risk Factors – Risks Relating to the Group – Legal and Compliance Risks – The Group may be unsuccessful in protecting its intellectual property rights*". As at the date of this Offering Circular, the Group is not involved in any litigation or arbitration proceedings which may have a material effect on the Group's business or financial position.

DIRECTORS AND MANAGEMENT

Board of Directors

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

Diane Smith-Gander

Chairman, Independent Non-Executive Director

Diane Smith-Gander was appointed non-executive chairman of the Issuer in February 2021. She is also a non-executive director of DDH1 Limited, a non-executive director of AGL Energy Limited, HBF Health Limited and Keystart Loans group. Diane Smith-Gander also chairs the member body for Safe Work Australia, chairs the Committee for the Economic Development of Australia (CEDA), the Business School Advisory Board for the University of Western Australia (UWA) and Deputy Chair of the Council for Methodist Ladies' College (MLC). Diane Smith-Gander is an advocate for gender equity and a past president of Chief Executive Women, Australia's pre-eminent women's advocacy group. She holds an MBA from the University of Sydney and a Bachelor of Economics from University of Western Australia.

Larry Diamond

Managing Director and Chief Executive Officer

Larry Diamond co-founded Zip in 2013 overseeing the growth from a technology start-up to an ASX200 company with over 4 million customers globally. Previously, he spent 12 years in retail, technology and investment banking at Pacific Brands, Macquarie Capital and Deutsche Bank.

Peter Gray

Executive Director and Chief Operating Officer

Peter Gray co-founded Zip in 2013, with 26 years of experience in the retail finance industry. He has underwritten two million customers and A\$1 billion in loan receivables globally. An operations and consumer credit expert, Peter Gray is also the responsible manager of Zip's Australian Credit Licence.

Pippa Downes

Independent Non-Executive Director

Pippa Downes is a professional company director who has held executive and non-executive roles across listed, not-for-profit and government enterprises. She was appointed as Non-Executive Director of the Issuer on 1 October 2020. Pippa Downes brings significant experience in international banking and capital markets to the board of directors of the Issuer as well as broad industry knowledge across financial services, technology, infrastructure and property. Her prior executive roles include Managing Director and Equity Partner at Goldman Sachs JB Were.

Pippa Downes serves on the boards of ALE Property Group and Australian Technology Innovators and is a Commissioner of Sport Australia. She holds a Masters in Applied Finance and a Bachelor of Science (Business Administration) and is a member of the Australian Institute of Company Directors and Women Corporate Directors.

John Batistich

Independent Non-Executive Director

John Batistich is a highly-experienced growth leader who brings marketing, digital and human resources skills to the board of directors of the Issuer. He is the Chairman of Foodco and Non-Executive Director of Stellar Group, General Pants Group and the Heart Research Institute.

Key management personnel

Brief profiles of the key management personnel of the Issuer as at the date of this Offering Circular are as follows:

Larry Diamond

Managing Director and Chief Executive Officer

See description above.

Peter Gray

Executive Director and Chief Operating Officer

See description above.

Martin Brooke

Chief Financial Officer

Martin Brooke has almost 30 years' experience in senior finance positions in high growth, fast paced environments with dynamic leadership teams. Prior to Zip, Martin Brooke spent nine years as CFO of an ASX Listed company providing outsourced payroll, recruitment, learning and training services across ANZ, Asia and EMEA.

SUBSTANTIAL SHAREHOLDERS

As of the date of this Offering Circular, the Issuer has one substantial holder (which is a holder who individually holds more than 5 per cent. shareholdings in the Issuer's issued capital), being Diamond Venture Holding Pty Ltd <Diamond FT A/C>.

As of the date of this Offering Circular, the Issuer's free float is 421,822,816 shares (i.e. 76 per cent.). The free float number excludes shares held by, or on behalf of any Director of the Issuer and his or her associates (as such term is defined in the ASX Listing Rules).

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.

If the Notes were to be issued in definitive form, the terms and conditions set out on the reverse of each of such Notes (as the case may be) would be as follows. While the Notes are represented by a Global Certificate (as defined in the Trust Deed (as defined below)), they will be governed by the same terms and conditions except to the extent that such terms and conditions are appropriate only to securities in definitive form or are expressly varied by the terms of such Global Certificate.

The issue of the A\$400,000,000 Zero Coupon Senior Convertible Notes due 2028 (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 Zip Co Limited (ABN 50 139 546 428) (the “**Issuer**”) passed on 12 April 2021. The Notes are constituted by a trust deed dated on or about 23 April 2021 (as amended and/or supplemented from time to time, the “**Trust Deed**”) between the Issuer and The Bank of New York Mellon, London Branch in its capacity as the trustee (the “**Trustee**”, which expression shall include any successor and all persons for the time being appointed as the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined in Condition 3). 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, which includes the forms of the Notes. The Noteholders 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 to have notice of those provisions applicable to them which are contained in the paying, transfer and conversion agency agreement dated on or about 23 April 2021 (as amended and/or supplemented from time to time, the “**Agency Agreement**”) relating to the Notes between the Issuer, the Trustee, The Bank of New York Mellon, London Branch in its capacity as principal paying agent and principal conversion agent (collectively in those capacities, the “**Principal Paying and Conversion Agent**”, which expression shall include any successor as principal paying agent and principal conversion agent under the Agency Agreement), as The Bank of New York Mellon SA/NV, Luxembourg Branch in its capacity as registrar (the “**Registrar**”, which expression shall include any successor as registrar under the Agency Agreement) and in its capacity as transfer agent (the “**Transfer Agent**”, which expression shall include any successor as transfer agent under the Agency Agreement) and any other paying agents, transfer agents and conversion agents for the time being appointed thereunder (such persons, together with the Principal Paying and Conversion Agent and the Transfer Agent, being referred to below as the “**Paying Agents**”, the “**Transfer Agents**” and the “**Conversion Agents**”, respectively, which expressions shall include their successors as Paying Agents, Conversion Agents and Transfer Agents, respectively, under the Agency Agreement) (collectively, the Registrar, the Paying Agents, the Conversion Agents and the Transfer Agents are the “**Agents**”).

The Issuer has also entered into a calculation agency agreement (as amended and/or supplemented from time to time, the “**Calculation Agency Agreement**”) dated on or about 23 April 2021 with Conv-Ex Advisors Limited (the “**Calculation Agent**”, which expression shall include any successor as calculation agent under the Calculation Agency Agreement) pursuant to which the Calculation Agent has been appointed to make certain calculations and determinations in relation to the Notes. The Noteholders are deemed to have notice of all the provisions of the Calculation Agency Agreement applicable to them.

For so long as any of the Notes remain outstanding, copies of the Trust Deed, the Agency Agreement and, subject to the Trustee and the Principal Paying and Conversion Agent being provided with a copy of the same by the Issuer, the Calculation Agency Agreement shall be available for inspection by Noteholders at all reasonable times during normal business hours (being between 9.00 a.m. and 3.00 p.m., London time) at the principal office for the time being of the Trustee (being, at the Closing Date (as defined in Condition 3), at One Canada Square, London E14 5AL, United Kingdom) and at the specified office of the Principal Paying and Conversion Agent following prior written request and proof of holding and identity to the satisfaction of the Trustee or, as the case may be, 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 and Status

(a) *Form and Denomination*

The Notes are in registered form, serially numbered, in principal amounts of A\$200,000 and integral multiples of A\$100,000 in excess thereof (an "**Authorised Denomination**"). 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**") registered in the name of a nominee of, and deposited with a common depositary for, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). 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 in Condition 3) of any Note will (except as otherwise required by law or as ordered by a court of competent jurisdiction) 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 applicable) 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 (subject to Condition 2) 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, in the event of a winding up, such obligations that may be preferred by provisions of law that are mandatory and of general application.

2 Negative Pledge

So long as any of the Notes remain outstanding (as defined in the Trust Deed), the Issuer will not create or permit to subsist, and will ensure that none of its Material Subsidiaries (as defined in Condition 3) will create or permit to subsist, any Security Interest (as defined in Condition 3), upon the whole or any part of its present or future undertaking, revenue, 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 (as defined in Condition 3)) 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 the satisfaction of the Trustee to ensure that:

- (a) all amounts payable by the Issuer under the Notes and the Trust Deed are secured equally and rateably with the Relevant Indebtedness or such 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 under the Notes and the Trust Deed either:
 - (i) as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders than the Security Interest relating to the Relevant Indebtedness; 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:

“Accounting Standards” means accounting standards, principles and practices applying by law or otherwise which are generally accepted and consistently applied in Australia;

“Additional Ordinary Shares” has the meaning provided in Condition 6(c);

“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 ASX, the principal stock exchange or securities market on which the Ordinary Shares are then listed or quoted or dealt in;

“Associate” has the meaning it has in section 128F(9) of the Income Tax Assessment Act 1936 of Australia;

“ASX” means ASX Limited (ABN 98 008 624 691) or the market operated by it, as the context requires;

“ASX Listing Rules” means the listing rules of the ASX from time to time;

“Auditors” means the auditors for the time being of the Issuer 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 Issuer and notified in writing to the Trustee for the purpose;

“Australia” means the Commonwealth of Australia;

“Australian dollars” and **“A\$”** mean the lawful currency of Australia;

“business day” means (other than in Condition 8), a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks and foreign exchange markets are open for business in Hong Kong, Singapore, Sydney and, if the term is used in relation to a particular place, that place;

“Calculation Amount” means A\$100,000 in principal amount of the Notes;

“Cash Dividend” means:

- (i) any Dividend which is to be paid or made in cash (in whatever currency), but other than falling within paragraph (ii) of the definition of "Spin-Off"; and
- (ii) any Dividend determined to be a Cash Dividend pursuant to proviso (i) to the definition of "Dividend" and, for the avoidance of doubt, a Dividend falling within provisos (iii) or (iv) of the definition of "Dividend" shall be treated as being a Non-Cash Dividend;

“Change of Control” means the occurrence of one or more of the following events:

- (i) an offer is made to all (or as nearly as may be practicable to all) Shareholders (or all (or as nearly as may be practicable to all) Shareholders other than the offeror and/or any associate (as defined in sections 11 and 12 of the Corporations Act) of the offeror) to acquire the whole or any part of the issued ordinary share capital of the Issuer (an "Offer") and such Offer having become or been declared unconditional in all respects, and the offeror has at any time during the relevant offer period a relevant interest (as defined in the Corporations Act) in more than 50.00 per cent. of the Ordinary Shares on issue; or
- (ii) any person proposes a scheme of arrangement (including an informal scheme or similar arrangement involving the Issuer) with regard to such Ordinary Shares (other than an Exempt Newco Scheme) (a "Scheme"), and where such Scheme:
 - (A) is approved by the Shareholders and all other classes of members or creditors whose approval is required for the scheme of arrangement to take effect; and
 - (B) when implemented will result in a person having a relevant interest (as defined in the Corporations Act) in more than 50.00 per cent. of the Ordinary Shares that will be in issue after such Scheme is implemented; or
- (iii) an event occurs which has equivalent effect as the events set out in (i) or (ii) above of this definition, including if the Issuer announces a proposal whereby it or one or more of its Subsidiaries is to amalgamate or consolidate with or merge into or sell or transfer all or substantially all of the business or assets of the Issuer and its Subsidiaries (taken as a whole) to any other person or groups of persons (unless the amalgamation, consolidation, merger, sale or transfer will not result in the other person or persons acquiring Control over the Issuer);

"Change of Control Notice" has the meaning provided in Condition 6(g);

"Change of Control Period" has the meaning provided in Condition 6(b)(x);

"Closing Date" means 23 April 2021;

"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, as determined by the Calculation Agent, 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 and such Relevant Stock Exchange (all as determined by the Calculation Agent) (and for the avoidance of doubt such Bloomberg page for the Ordinary Shares as at the Closing Date is "*Z1P 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*:

- (i) 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, Security, Spin-Off 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 by the Calculation Agent 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,

the Closing Price in respect of such Dealing Day shall be considered to be not capable of being determined pursuant to this proviso (i); and

- (ii) if the Closing Price cannot be determined as aforesaid, the Closing Price of an Ordinary Share, Security, Spin-Off Security, option, warrant or other right or asset, as the case may be, shall be determined as at the Original Date by an Independent Adviser in such manner as it shall determine in good faith to be appropriate;

"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):

- (i) 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;
- (ii) 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
- (iii) 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(h);

"Conversion Notice" has the meaning provided in Condition 6(h);

"Conversion Period" has the meaning provided in Condition 6(a);

"Conversion Period Commencement Date" has the meaning provided in Condition 6(a);

"Conversion Price" has the meaning provided in Condition 6(a);

"Conversion Right" has the meaning provided in Condition 6(a);

"Conversion Shares" has the meaning provided in Condition 6(a);

"Corporations Act" means the Corporations Act 2001 of Australia;

"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 10 consecutive Dealing Days ending on the Dealing Day immediately preceding such date as determined by the Calculation Agent; *provided that*:

- (i) for the purposes of determining the Current Market Price pursuant to Condition 6(b)(iv) or Condition 6(b)(vi) in circumstances where the relevant event relates to an issue of Ordinary Shares, if at any time during the said 10 Dealing Day period (which may be on each of such 10 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 10 Dealing Days) the Volume Weighted Average Price shall have been based on a price with entitlement to Dividend (or with any other entitlement), in any such case which has been declared or announced, then:
 - (A) if the Ordinary Shares to be so issued 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 with entitlement to such Dividend (or with such 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 first date on which the Ordinary Shares are traded ex- such Dividend or entitlement on the Relevant Stock Exchange (or, where on each of the said 10 Dealing Days the Volume Weighted Average Price shall have been based on a price with entitlement to Dividend (or with any other entitlement), as at the date of first public announcement of such Dividend (or entitlement)), in any such case, determined by the Calculation Agent 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

- (B) if the Ordinary Shares to be so issued 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 date of first public announcement of such Dividend (or entitlement), in any such case, determined by the Calculation Agent 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;
- (ii) for the purposes of any calculation or determination required to be made pursuant to paragraphs (i)(A) or (i)(B) of the definition of "Dividend", if on any of the said 10 Dealing Days the Volume Weighted Average Price shall have been based on a price with entitlement to 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 as at the first date on which the Ordinary Shares are traded ex- such Cash Dividend on the Relevant Stock Exchange, determined by the Calculation Agent 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
- (iii) for any other purpose if any day during the said 10 Dealing Day period was the Ex-Date in relation to any Dividend (or any other entitlement) the Volume Weighted Average Prices that shall have been based on a price with entitlement to such Dividend (or with 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 first date on which the Ordinary Shares are traded ex- such Dividend or entitlement on the Relevant Stock Exchange;

"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 and on which participants may obtain market values for Ordinary Shares (other than a day on which the Relevant Stock Exchange is scheduled to or does close prior to its regular closing time);

a **"Delisting"** occurs when the Ordinary Shares:

- (i) cease to be quoted, listed or admitted to trading on the ASX or any Alternative Stock Exchange (as the case may be); or
- (ii) are suspended from trading on the ASX or any Alternative Stock Exchange (as the case may be) for a period of more than 30 consecutive Dealing Days;

"Dividend" means any dividend or distribution to Shareholders (including a Spin-Off) 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*:

- (i) where:
 - (a) 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 other property or assets, or where an issue of Ordinary Shares to Shareholders by way of a capitalisation of profits or reserves is announced which 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:
 - (A) (in the case of an issue of Ordinary Shares pursuant to a DRP where the discount per Ordinary Share (as determined and announced by the Issuer) at which Ordinary Shares may be issued pursuant to such DRP in respect of such 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) is equal to or less than 5.00 per cent. of such reference price as is determined and announced by the Issuer to be applicable for the purpose of determining such discount) the Fair Market Value of such cash amount as at the Ex-Date of the relevant Dividend; or
 - (B) (in the case of an issue of Ordinary Shares pursuant to a DRP where the discount as referred to in (A) above exceeds 5.00 per cent.) the sum of (I) the Fair Market Value of such cash amount as at the Ex-Date of the relevant Dividend or capitalisation and (II) the difference (if positive) (determined per each Ordinary Share entitled to participate in such DRP, taking into account the number of Ordinary Shares which may be issued pursuant to such DRP in respect of each such Ordinary Share so entitled to participate in such DRP) between the Current Market Price of an Ordinary Share as at the Ex-Date of the relevant Dividend (or, if later, the Dividend Determination Date) and the price per Ordinary Share at which any such Ordinary Share may be issued pursuant to such DRP (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
 - (C) (in any other case) the greater of:
 - (x) the Fair Market Value of such cash amount as at the Ex-Date of the relevant Dividend or capitalisation; and
 - (y) 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 Ex-Date in respect of the relevant Dividend or capitalisation (or, if later, the Dividend Determination Date);
 - (b) 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 (a) above of this proviso (i)) 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 (a) above of this proviso (i)) by the issue or delivery of Ordinary Shares or other property or assets, or any issue or delivery of Ordinary Shares by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) that is to be satisfied (other than in circumstances subject to (A) above of this proviso (i)) by the payment of cash, then, in the case of (a) 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 in each case as at the Ex-Date of the relevant Dividend or capitalisation (or, if later, the Dividend Determination Date), and, in the case of (b), the capitalisation in question shall be treated as a Cash Dividend of an amount equal to the Fair Market Value of such cash amount as at the Ex-Date in respect of the relevant capitalisation (or, if later, the Dividend Determination Date), 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;

- (ii) any issue of Ordinary Shares falling within Condition 6(b)(i) or Condition 6(b)(ii) shall be disregarded;
- (iii) a purchase or redemption or buy back of share capital of the Issuer by the Issuer or any Subsidiary of the Issuer 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 Issuer 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 5.00 per cent. the average of the Closing Prices of the Ordinary Shares on the Relevant Stock Exchange (as published by or derived from the Relevant Stock Exchange) on the five Dealing Days immediately preceding the Specified Share Day or, 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 Issuer or, as the case may be, any of its Subsidiaries (translated where appropriate into the Relevant Currency as provided above) exceeds the product of:
 - (a) 105.00 per cent. of the average of the daily Closing Prices of an Ordinary Share determined as aforesaid; and
 - (b) the number of Ordinary Shares so purchased, redeemed or bought back;

- (iv) if the Issuer 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 (iii) of the proviso to 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;
- (v) where a dividend or distribution is paid or made to Shareholders pursuant to any plan implemented by the Issuer 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 Issuer, 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 Issuer, and the foregoing provisions of this definition and the provisions of these Conditions shall be construed accordingly; and
- (vi) where a Dividend in cash is declared which provides for payment by the Issuer 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 Issuer; and
- (vii) a dividend or distribution that is a Spin-Off shall be deemed to be a Dividend paid or made by the Issuer,

and any such determination shall be made in good faith by the Calculation Agent, or where specifically provided in these Conditions, by an Independent Adviser and, in either such case, 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;

"Dividend Determination Date" means, for the purposes of the definition of "Dividend", the date on which the number of Ordinary Shares or, as the case may be, amount of other property or assets, which may be issued or delivered is, or is capable of being, determined, and where determined by reference to prices or values or the like on or during a particular day or during a particular period, the Dividend Determination Date shall be deemed to be such day or the last day of such period, as the case may be;

"DRP" means any dividend reinvestment plan implemented by the Issuer from time to time;

"Early Redemption Amount" means an amount in respect of each Calculation Amount calculated in accordance with the following formula, rounding (if necessary) the resulting figure to the nearest cent (half a cent being rounded upwards) *provided that* if the date fixed for redemption is a Semi-Annual Date (as set forth in the table below), such Early Redemption Amount shall be as set out in the table below in respect of such Semi-Annual Date):

$$\text{Early Redemption Amount} = (\text{Previous Redemption Amount} \times (1 + r/2)^{d/p})$$

where:

- (i) **"Previous Redemption Amount"** means the Early Redemption Amount for each Calculation Amount on the Semi-Annual Date immediately preceding the date fixed for redemption as set out below (or, if the Notes are to be redeemed before 23 October 2021, A\$100,000):

Semi-Annual Date:	Early Redemption Amount (A\$)
23 October 2021	101,125.00
23 April 2022.....	102,262.66
23 October 2022.....	103,413.11
23 April 2023.....	104,576.51
23 October 2023.....	105,752.99
23 April 2024.....	106,942.72
23 October 2024.....	108,145.82
23 April 2025.....	109,362.46
23 October 2025.....	110,592.79
23 April 2026.....	111,836.96
23 October 2026.....	113,095.12
23 April 2027	114,367.44
23 October 2027	115,654.08
23 April 2028.....	116,955.19

- (ii) "r" means 2.25 per cent. expressed as a fraction; and
- (iii) "d" means the actual number of days from and including the immediately preceding Semi-Annual Date (or if the Notes are to be redeemed on or before 23 October 2021, from and including the Closing Date) to, but excluding, the date fixed for redemption;
- (iv) "p" means the actual number of days from and including the Semi-Annual Date immediately preceding the date fixed for redemption (or, if the Notes are to be redeemed on or before 23 October 2021, the Closing Date) to, but excluding, the immediately following Semi-Annual Date;

"**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 of assets on a winding up of the entity;

"**Ex-Date**" means, in relation to any Dividend or capitalisation, the first Dealing Day for the Ordinary Shares on which the Ordinary Shares are traded ex- the relevant Dividend or capitalisation;

"**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:

- (i) admitted to trading on the Relevant Stock Exchange; or
- (ii) admitted to listing on such other regulated, regularly operating, recognised stock exchange or securities market as the Issuer 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 the Calculation Agent (unless otherwise specified), *provided that*:

- (i) the Fair Market Value of a Cash Dividend shall be the amount of such Cash Dividend;
- (ii) the Fair Market Value of any other cash amount shall be the amount of such cash;
- (iii) where Spin-Off Securities, Securities, options, warrants or other rights or assets are publicly traded on a Relevant Stock Exchange of adequate liquidity (as determined by the Calculation Agent or an Independent Adviser as provided for in these Conditions), the Fair Market Value:
 - (a) of such Spin-Off Securities or Securities (to the extent constituting Equity Share Capital) shall equal the arithmetic mean of the daily Volume Weighted Average Prices of such Spin-Off Securities or Securities; and
 - (b) of such Spin-Off Securities or Securities (other than to the extent constituting Equity Share Capital), options, warrants or other rights or assets shall equal the arithmetic mean of the daily Closing Prices of such options, warrants or other rights or assets,

in the case of both paragraphs (a) and (b) of this proviso (iii) during the period of five Dealing Days on the relevant market for such Spin-Off Securities, or Securities, options, warrants or other rights or assets commencing on such date (or, if later, the first such Dealing Day such Spin-Off Securities, Securities, options, warrants or other rights or assets are publicly traded) or such shorter period as such Spin-Off Securities, Securities, options, warrants or other rights or assets are publicly traded), all as determined by the Calculation Agent;

- (iv) where Spin-Off Securities, Securities, options, warrants or other rights or assets are not publicly traded on a Relevant Stock Exchange of adequate liquidity (as aforesaid) or where not capable of being determined pursuant to proviso (iii) above to this definition, the Fair Market Value of such Spin-Off Securities, Securities, options, warrants or other rights or assets 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 or assets, including as to the expiry date and exercise price (if any) thereof;
- (v) in the case of proviso (i) above to this definition, 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
- (vi) in the case of provisos (i) and (ii) above to this definition, disregarding any withholding or deduction required to be made on account of tax and any associated tax credit;

"FATCA" means:

- (i) sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 or any associated regulations, instruction or other official guidance, as amended from time to time;

- (ii) any treaty, law, regulation of, instruction or other official guidance enacted or amended in of any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of any law, regulation, instruction or other official guidance referred to in paragraph (i) above of this definition;
- (iii) any agreement pursuant to the implementation of any treaty, law, regulation, instruction, or other official guidance referred to in paragraphs (i) or (ii) of this definition with the U.S. Internal Revenue Service, the government of the U.S. or any governmental or taxation authority in any other jurisdiction; or
- (iv) any treaty, law, regulation, instruction or other official guidance analogous to paragraphs (i) or (ii) of this definition enacted or amended in any other jurisdiction from time to time, and any agreement pursuant to the implementation of any such treaty, law, regulation, instruction or other official guidance with any governmental or taxation authority in any jurisdiction;

"Final Maturity Date" means 23 April 2028;

"Indebtedness For Borrowed Money" means any present or future indebtedness (whether being principal, interest or other amounts) for or in respect of:

- (i) money borrowed or raised;
- (ii) liabilities under or in respect of any acceptance or acceptance credit;
- (iii) any notes, bonds, debentures, debenture stock, loan capital, loan stock, certificates of deposit, commercial paper or other securities or instruments, 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; or
- (iv) any guarantee for, or indemnity in respect of, any of the above;

"Independent Adviser" means an independent adviser with appropriate expertise, which may be the Calculation Agent (acting in such Independent Adviser capacity as may be agreed between the Issuer and the Calculation Agent), appointed by the Issuer at its own expense and (other than where the initial Calculation Agent is appointed) notified in writing to the Trustee;

"Material Subsidiary" means any Subsidiary of the Issuer:

- (i) whose revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated revenue, as shown by its latest audited statement of portfolio income are at least 10.00 per cent. of the consolidated total income as shown by the latest audited consolidated statement of comprehensive income of the Issuer and its Subsidiaries, taken as a whole;
- (ii) whose total assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total assets, as shown by its latest audited statement of financial position are at least 10.00 per cent. of the consolidated total assets (excluding any intangible assets) as shown by the latest audited consolidated statement of financial position of the Issuer and its Subsidiaries including, for the avoidance of doubt, the investment of the Issuer in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer and after adjustment for minority interests, *provided that* any special purpose entity established for the sole purpose of entering into a Non-Recourse Financing Arrangement shall not be deemed to constitute a "Material Subsidiary" solely by virtue of the provisions of this paragraph (ii); or

- (iii) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Material Subsidiary, *provided that*:
 - (a) the Material Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Material Subsidiary and the Subsidiary to which the assets are so transferred shall become a Material Subsidiary; and
 - (b) on or after the date on which the first available audited accounts (consolidated, if appropriate) of the Issuer prepared as of a date later than such transfer are issued,

whether such transferor Subsidiary or such transferee Subsidiary is or is not a Material Subsidiary shall be determined on the basis of such accounts by virtue of the provisions of paragraphs (i) or (ii) above of this definition or this paragraph (iii),

provided that, in relation to paragraphs (i) and (ii) above of this definition:

- (A) 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 Issuer relate, the reference to the then latest consolidated audited accounts of the Issuer for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer 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 Issuer adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;
- (B) if at any relevant time in relation to the Issuer or any of its Subsidiaries which itself has Subsidiaries no consolidated accounts are prepared and audited, the revenue or total assets of the Issuer and/or any such Subsidiary shall be determined on the basis of *pro forma* consolidated accounts prepared for this purpose by the Issuer;
- (C) if at any relevant time in relation to any Subsidiary of the Issuer, no accounts are audited, its revenue or total assets (consolidated, if appropriate) shall be determined on the basis of *pro forma* accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Issuer; and
- (D) if the accounts of any subsidiary (not being a Subsidiary referred to in proviso (A) above) are not consolidated with those of the Issuer, 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 Issuer.

A certificate in substantially the form scheduled to the Trust Deed prepared and signed by two Directors, each of whom are also Authorised Signatories (as defined in the Trust Deed) of the Issuer, that, in the opinion of the Issuer, a Subsidiary is or is not, or was or was not, a Material Subsidiary of the Issuer shall be conclusive and binding on the Noteholders and all parties in the absence of manifest error;

"Newco Scheme" means a scheme of arrangement or analogous proceeding (a **"Scheme of Arrangement"**) which effects the interposition of a limited liability company or trust (**"Newco"**) between the Shareholders of the Issuer immediately prior to the Scheme of Arrangement (the **"Existing Shareholders"**) and the Issuer; provided that:

- (i) 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;
- (ii) 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;
- (iii) 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 Issuer;
- (iv) all Subsidiaries of the Issuer immediately prior to the Scheme of Arrangement (other than Newco, if Newco is then a Subsidiary of the Issuer) are Subsidiaries of the Issuer (or of Newco) immediately after completion of the Scheme of Arrangement; and
- (v) immediately after completion of the Scheme of Arrangement the Issuer (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 Issuer 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;

"Non-Recourse Financing Arrangement" means:

- (i) any arrangement for warehouse, privately placed or term securitisation transactions, any master trust, or any similar transactions, including where the Issuer or a Subsidiary of the Issuer acts as borrower, issuer, servicer, originator, seller, manager, investor or similar roles, and any risk retention or similar guarantee, security or liability arrangements entered into in connection therewith;
- (ii) any arrangement under which receivables are assigned or are declared to be held on trust by the Issuer or a Subsidiary of the Issuer to or for the benefit of a financier (whether in exchange for the provision of financing or otherwise); or
- (iii) any synthetic or other similar arrangement under which a financier obtains exposure to a receivable in exchange for the provision by that financier of financial accommodation to the Issuer or a Subsidiary of the Issuer,

in each case as entered into in connection with the ordinary course of business, and *provided that*:

- (a) any Security Interest given by such Subsidiary of the Issuer in connection therewith is limited solely to the assets and/or revenues which are the subject of the relevant arrangement;
- (b) each person participating in such arrangement expressly agrees to limit its recourse to the assets and/or revenues which are the subject of the relevant arrangement as the sole source of repayment for the money advanced or payment of any other liability; and
- (c) there is no other recourse to the Issuer in respect of any default by any person under the relevant arrangement;

"Non-Recourse Vehicle" means any entity that engages in any Non-Recourse Financing Arrangement(s);

"**Noteholder**" and, in relation to a Note, "**holder**" means the person in whose name a Note is registered in the Register (as defined in Condition 4(a));

"**Offshore Associate**" means an Associate of the Issuer:

- (i) which is a non-resident of Australia and that does not receive payment in respect of Notes (or an interest in any Notes) that such Associate acquired in carrying on a business in Australia at or through a permanent establishment of the Associate in Australia; or
- (ii) which is a resident of Australia that acquired the Notes or an interest in the Notes in carrying on a business in a country outside Australia at or through a permanent establishment of the Associate in that country,

and which, in either case, is not receiving payment in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme;

"**Optional Put Exercise Notice**" has the meaning provided in Condition 7(e);

"**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 Issuer (ISIN: AU000000Z1P6);

"**Permitted Security Interest**" means any Security Interest on any, undertaking, revenue, property or asset of the Issuer or any Material Subsidiary of the Issuer which:

- (i) existed at the Closing Date and was not created in contemplation of the issue of Notes;
- (ii) existed before the relevant entity became a Material Subsidiary and was not created in contemplation of such entity becoming a Material Subsidiary and provided that the principal amount of such Relevant Indebtedness is not increased; or
- (iii) is created pursuant to a Non-Recourse Financing Arrangement;

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);

"**Potential Event of Default**" means an event that, with the giving of notice or the lapse of time would be an Event of Default;

"**Prevailing Rate**" means, in respect of any pair of currencies on any calendar day, the spot mid-rate of exchange between the relevant currencies prevailing as at or about 12.00 noon (London time) on that date as appearing on or derived from the Relevant Page in respect of such pair of currencies or, if such a rate cannot be determined as aforesaid, the Prevailing Rate shall be determined *mutatis mutandis* but with respect to the immediately preceding day on which such rate can be so determined or if such rate cannot be so determined (all as determined in good faith by the Calculation Agent), the Prevailing Rate shall be), the Prevailing Rate shall be determined in such other manner as an Independent Adviser shall consider in good faith appropriate;

"**Record Date**" has the meaning provided in Condition 8(b);

"**Reference Date**" has the meaning provided in Condition 6(a)(i);

"Relevant Currency" means Australian dollars or, if at the relevant time or for the purposes of the relevant calculation or determination, the ASX 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:

- (i) the date on which payment in respect of it first becomes due; and
- (ii) 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:

- (i) there is a Delisting; or
- (ii) there is a Change of Control;

"Relevant Event Redemption Date" has the meaning provided in Condition 7(f);

"Relevant Event Redemption Notice" has the meaning provided in Condition 7(f);

"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, club or bilateral debt facilities, transactional facilities including merchant acquiring and letter of credit facilities, in each case not in the form of or evidenced by notes, bonds, debentures, debenture stock or other securities 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, and any and any interest rate hedging entered into in connection with such facilities or debt is not **"Relevant Indebtedness"** for the purposes of this definition;

"Relevant Page" means the relevant Bloomberg page BFIX (or any successor page);

"Relevant Stock Exchange" means:

- (i) in the case of Ordinary Shares, the ASX or, if at the relevant time the Ordinary Shares are not at that time listed and admitted to trading on the ASX, the Alternative Stock Exchange if any; and
- (ii) in the case of Securities (other than Ordinary Shares), Spin-Off Securities, 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(c);

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

"Security Interest" means any mortgage, charge, lien, pledge or other form of encumbrance or security interest (including any security interest arising under section 12(1) or section 12(2) of the Personal Property Securities Act 2009 of Australia);

"Shareholders" means the holders of Ordinary Shares;

"Specified Date" has the meaning provided in Conditions 6(b)(iv), 6(b)(vi), 6(b)(vii) and 6(b)(viii), respectively;

"Spin-Off" means:

- (i) a distribution of Spin-Off Securities by the Issuer to Shareholders as a class; or
- (ii) 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 Issuer) 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 Issuer or any of its Subsidiaries;

"Spin-Off Securities" means Equity Share Capital of an entity other than the Issuer or options, warrants or other rights to subscribe for or purchase Equity Share Capital of an entity other than the Issuer;

"Subsidiary" means an entity which is a subsidiary within the meaning of Part 1.2 Division 6 of the Corporations Act or is a subsidiary of or otherwise controlled by the Issuer within the meaning of any accounting standard applicable to the Issuer, excluding any Non-Recourse Vehicle(s) from time to time;

"Tax" or **"Taxes"** means any tax, levy, charge, excise, goods and services or value added tax, impost, rates, stamp, transaction or registration duty or similar charge, fee, deduction, compulsory loan or withholding, which is assessed, levied, imposed or collected by any fiscal government agency and includes any interest, fine, penalty, charge, fee, expenses or other statutory charges or any other such amount imposed by any fiscal government agency on or in respect of any of the above;

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

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

"U.S." means the United States of America; and

"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 volume-weighted average price on the Relevant Stock Exchange on such Dealing Day of an Ordinary Share, Security or, as the case may be, a Spin-Off Security, option, warrant or other right or asset published by or derived from Bloomberg page HP (or any successor page) (setting Weighted Average Line, 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) for such Ordinary Share, Security or 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 as at the Closing Date is "Z1P AU Equity HP"), if any or, in any such case, such other source (if any) as shall be determined in good faith to be appropriate by an Independent Adviser on such Dealing Day, provided that:

- (i) if on any such Dealing Day (for the purposes of this definition, the "**Original Date**") 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 provided however that if such immediately preceding Dealing Day falls prior to the fifth day before the Original Date, the Volume Weighted Average Price in respect of such Dealing Day shall be considered to be not capable of being determined pursuant to this proviso (i); and
- (ii) if the Volume Weighted Average Price cannot be determined as aforesaid, the Volume Weighted Average Price of an Ordinary Share, Security, Spin-Off Security, option, warrant or other right or asset as the case may be, shall be determined as at the Original Date by an Independent Adviser in such manner as it might otherwise determine in good faith to be appropriate,

all as determined by the Calculation Agent (unless otherwise specified).

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 the Calculation Agent or an Independent Adviser (as provided for in these Conditions) considers in good faith appropriate to reflect any consolidation or sub-division 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(h) and 6(i) 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 Issuer or any of its Subsidiaries; and
- (b) Ordinary Shares held by or on behalf of the Issuer or any of its Subsidiaries (and which, in the case of Conditions 6(b)(iv) and 6(b)(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 the Notes.

(b) *Transfer*

Notes may, subject to the terms of the Agency Agreement and to Conditions 4(c) and 4(d), be transferred 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 (and the Issuer shall procure the Registrar to) within seven 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 and procedures of Euroclear or Clearstream (each a "Relevant Clearing System").

(c) *Formalities Free of Charge*

Such transfer will be effected without charge to the holder of the relevant Note subject to:

- (i) the person making such application for transfer paying or procuring the payment (or the giving of such indemnity and/or security and/or prefunding as the Issuer or any of the Agents may require) of any taxes, duties and other governmental charges in connection therewith;
- (ii) the Registrar or the relevant Transfer Agent 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 calendar 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(h);
- (iii) in respect of which a holder shall have exercised its option to require the Issuer to redeem pursuant to Condition 7(e) or Condition 7(f); or
- (iv) during the period of 15 calendar days ending on (and including) any Record Date 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 cost of the Issuer) by the Registrar to any Noteholder following prior written request and proof of holding and identity to the satisfaction of the Registrar.

(f) *Restrictions on transfer*

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

- (i) where received in Australia, is made to sophisticated investors within the meaning of section 708(8) of the Corporations Act or professional investors within the meaning of section 708(11) of the Corporations Act or otherwise does not constitute an offer or invitation for which disclosure is required to be made to investors under Parts 6D.2 or 7.9 of the Corporations Act;
- (ii) where received in Australia, is not made to a person who is a "retail client" within the meaning of Section 761G of the Corporations Act; and
- (iii) complies with any applicable law or directive of the jurisdiction where transfer takes place.

5 Default Interest

The Notes do not bear interest unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event such unpaid amount will bear interest at the rate of 4.25 per cent. per annum (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 falling seven days after the Trustee or the Principal Paying and Conversion Agent has notified the 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).

The amount of default interest (if any) payable per Calculation Amount of the Notes for any period shall be calculated by applying the rate aforesaid to the Calculation Amount and multiplying such product by the actual number of days in the period concerned divided by 365 (or, in the case of a leap year, 366) and rounding the resulting figure to the nearest Australian cent (half an Australian cent being rounded upwards).

Noteholders will not be entitled to any default interest or other payment for any delay after the due date in receiving the amount due where such delay is as a result of:

- (i) the due date not being a business day (as defined in Condition 8(f)); or
- (ii) the Noteholder being late in surrendering the relevant Note; or
- (iii) the Noteholder not providing the necessary account details for payment in accordance with these Conditions.

6 Conversion of Notes

(a) Conversion Right

- (i) **Conversion Period and Conversion Price:** Subject to, and as provided in these Conditions, each Note shall entitle the holder to require the Issuer to convert such Note into Ordinary Shares, credited as fully paid, subject to and as provided in these Conditions (a "**Conversion Right**"). Each holder consents to become a member of the Issuer and to be bound by the constitution of the Issuer in respect of any Ordinary Shares issued on exercise of a Conversion Right.

The number of Ordinary Shares to be issued or transferred and delivered on exercise of a Conversion Right (the "**Conversion Shares**") shall (subject to these Conditions as aforesaid) be determined by the Calculation Agent by dividing the principal amount of the Notes to be converted by the Conversion Price (as defined below) in effect on the relevant Conversion Date.

The price at which Ordinary Shares will be issued upon exercise of a Conversion Right will initially be A\$12.39 per Ordinary Share (the "**Conversion Price**"), subject to adjustment as provided in Condition 6(b).

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(h) whereupon the Issuer shall (subject as provided in these Conditions) procure the delivery to or as directed by the relevant Noteholder of Ordinary Shares credited as paid up in full as provided in this Condition 6.

A Conversion Notice delivered in respect of Notes which are represented by the Global Certificate shall also specify the Noteholder's account at Euroclear or Clearstream to be debited with such Notes, and contain an irrevocable authorisation to Euroclear or Clearstream to effect such debit.

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, subject to any applicable fiscal or other laws or regulations and as hereinafter provided, at any time on or after 3 June 2021 (the "**Conversion Period Commencement Date**"), provided that the relevant Conversion Date shall not fall later than on the date falling 10 business days prior to the Final Maturity 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 Maturity Date, not later than the 10th 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 in accordance with Condition 17 or, if earlier, the date falling 10 business days prior to the Final Maturity Date (the "**Conversion Period**") provided that, in each case, if such final date for the exercise of Conversion Rights is not a business day, then the period for exercise of Conversion Rights by Noteholders shall end on the immediately preceding business day.

Conversion Rights in respect of a Note may not be exercised following the giving of a notice by:

- (A) the holder thereof pursuant to Condition 7(e) or Condition 7(f); or
- (B) the Trustee pursuant to Condition 10.

Conversion Rights may only be exercised in respect of an Authorised Denomination.

The Issuer will procure that Ordinary Shares to be issued or transferred and delivered on conversion will be issued or transferred and delivered to the holder of the Notes completing the relevant Conversion Notice or its nominee. 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(c) 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**").

- (ii) **Fractions:** Fractions of Ordinary Shares will not be issued or transferred and delivered on conversion or pursuant to Condition 6(c) 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 or pursuant to Condition 6(c) 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.

(b) *Adjustment of Conversion Price*

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

- (i) **consolidation, reclassification, redesignation or subdivision:** 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) **capitalisation of profits or reserves:** if and whenever the Issuer shall issue any Ordinary Shares to Shareholders credited as fully paid by way of capitalisation of profits or reserves other than:

- (1) where any such Ordinary Shares are or are to be issued instead of the whole or part of a Dividend in cash which the Shareholders would or could otherwise have elected to receive;
- (2) where the Shareholders may elect to receive a Dividend in cash in lieu of such Ordinary Shares; or
- (3) where any such Ordinary Shares are or are expressed to be issued in lieu of a Dividend (whether or not a Cash Dividend or equivalent amount is announced or would otherwise be payable to Shareholders, whether at their election or otherwise),

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) **Dividend:** if and whenever the Issuer shall 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 Ex-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 Issuer or any Subsidiary of the Issuer, 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.

"**Effective Date**" means, in respect of this Condition 6(b)(iii), the later of the:

- (I) the Ex-Date in respect of the relevant Dividend; and
- (II) the first date on which the Fair Market Value of the relevant Dividend is capable of being determined as provided herein.

For the purposes of the above, Fair Market Value shall (subject as provided in the definition of "**Dividend**" and in the definition of "**Fair Market Value**") be determined as at the Ex-Date in respect of the relevant Dividend;

- (iv) **rights issues or options over Ordinary Shares:** if and whenever the Issuer or any Subsidiary of the Issuer or (at the direction or request or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) any other company, person or entity shall issue any Ordinary Shares to Shareholders as a class by way of rights, or shall 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 95.00 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 of such rights, options, warrants or other rights (and notwithstanding that the relevant issue may be or be expressed to be subject to Shareholder or other approvals or consents or other contingency or event occurring or not occurring), 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 to be issued 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(b)(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(b)(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.

"**Effective Date**" means, in respect of this Condition 6(b)(iv), the later of:

- (I) the first date on which the Ordinary Shares are traded ex-rights, ex-warrants or ex-options on the Relevant Stock Exchange; and
 - (II) the first date upon which the adjusted Conversion Price is capable of being determined in accordance with this Condition 6(b)(iv);
- (v) **rights issues of other Securities:** if and whenever the Issuer or any Subsidiary of the Issuer or (at the direction or request or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) 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 all or substantially all Shareholders as a class by way of rights or grant to all or substantially all 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.

"**Effective Date**" means, in respect of this Condition 6(b)(v), the later of:

- (I) the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange; and
- (II) the first date upon which the adjusted Conversion Price is capable of being determined in accordance with this Condition 6(b)(v);

- (vi) **issues at less than the Current Market Price:** if and whenever the Issuer shall issue wholly for cash or for no consideration (otherwise than as mentioned in Condition 6(b)(iv) above and save in relation to an issue of Ordinary Shares pursuant to the DRP where the Conversion Price has been adjusted for pursuant to Condition 6(b)(iii)) 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 (i) of the definition of "Dividend" or if and whenever the Issuer or any Subsidiary of the Issuer or (at the direction or request or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) any other company, person or entity shall issue or grant (otherwise than as mentioned in Condition 6(b)(iv) above) 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 95.00 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 additional Ordinary Shares or, as the case may be, for the Ordinary Shares to be issued or 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 of such Ordinary Shares or date of issue or grant of such options, warrants or rights (as used in this Condition 6(b)(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(b)(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(b)(vi), the later of:

- (I) the date of issue of such Ordinary Shares or, as the case may be, the issue or grant of such options, warrants or rights; and
 - (II) the first date upon which the adjusted Conversion Price is capable of being determined in accordance with this Condition 6(b)(vi);
- (vii) **other issues at less than the Current Market Price:** if and whenever the Issuer or any Subsidiary of the Issuer or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) any other company, person or entity (**otherwise** than as mentioned in Conditions 6(b)(iv), 6(b)(v) or 6(b)(vi) above and save in relation to an issue of Ordinary Shares pursuant to the DRP where the Conversion Price has been adjusted for pursuant to Condition 6(b)(iii)) shall issue wholly for cash or for no consideration 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 95.00 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 Issuer or any Subsidiary of the Issuer (or at the direction or request or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) 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 upon the exercise of any such options, warrants or rights 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(b)(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(b)(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 or, as the case may be, reclassification or 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(b)(vii), the later of:

- (I) the date of issue of such Securities or, as the case may be, the grant of such rights and
 - (II) the first date upon which the adjusted Conversion Price is capable of being determined in accordance with this Condition 6(b)(vii);
- (viii) **modification of rights of conversion:** if and whenever there shall be any modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to any such Securities (other than the Notes which shall for this purpose include any further Notes issued pursuant to Condition 18) as are mentioned in **Condition 6(b)(vii)** above (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 95.00 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 the date of first public announcement of the terms for 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 Issuer or any Subsidiary of the Issuer (or at the direction or request or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) 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 the Calculation Agent shall consider appropriate for any previous adjustment under this Condition 6(b)(viii) or under Condition 6(b)(vii) above, provided that if at the time of such modification (as used in this Condition 6(b)(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(b)(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(b)(viii), the later of:

- (I) the date of modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to such Securities; and
 - (II) the first date upon which the adjusted Conversion Price is capable of being determined in accordance with this Condition 6(b)(viii);
- (ix) **other offers to Shareholders:** subject to Condition 6(e), if and whenever the Issuer or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) any other company, person or entity shall offer any Securities of the Issuer or any of its Subsidiaries in connection with which Shareholders as a class are entitled to participate in arrangements whereby such Securities may be acquired by them (except where the Conversion Price falls to be adjusted under Conditions 6(b)(ii), 6(b)(iii), 6(b)(iv), 6(b)(v), 6(b)(vi) or 6(b)(vii) above or 6(b)(x) below (or would fall to be so adjusted if the relevant issue or grant was at less than 95.00 per cent. of the Current Market Price per Ordinary Share on the relevant Dealing 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(b)(ix), the later of:

- (I) the first date on which the Ordinary Shares are traded ex-rights on the Relevant Stock Exchange; and
- (II) the first date upon which the adjusted Conversion Price is capable of being determined in accordance with this Condition 6(b)(ix);

(x) **Change of Control:** if a Change of Control occurs, then 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 Change of Control Notice as required by Condition 6(g) is given, the Conversion Price solely in respect of such exercise of Conversion Rights (the "**Change of Control Conversion Price**") shall be as determined pursuant to the following formula:

$$\text{COCCP} = \text{OCP} / (1 + (\text{CP} \times c/t))$$

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(b)(x);

CP = means 35.00 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;

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

Any adjustment of the COCCP pursuant to this Condition 6(b)(x) shall be limited to a minimum Conversion Price of A\$9.61;

(xi) **other events:** if the Issuer 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(b), the Issuer shall, at its own expense and acting reasonably, request an Independent Adviser to determine, in consultation with the Calculation Agent (if different), 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 (if any) 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(b)(xi) if such Independent Adviser is so requested to make such a determination not more than 21 calendar 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(b) 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, 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 determined in good faith 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 determined in good faith by an Independent Adviser, in consultation with the Calculation Agent (if different), 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.

The Issuer has undertaken that it will not take any corporate or other action which is equivalent to Conditions 6(b)(i) to 6(b)(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 ASX Listing Rules or the listing rules of any Alternative Stock Exchange.

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

- (A) the aggregate consideration receivable or price for Ordinary Shares issued for cash shall be the amount of such cash;
- (B)
 - (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 Issuer 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(b)(iv) or the relevant date of the first public announcement as referred to in Conditions 6(b)(vi), 6(b)(vii) or 6(b)(viii), as the case may be,

plus in the case of each of (x) and (y) above of this paragraph (B), 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;
- (C) if the consideration or price determined pursuant to (A) or (B) 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 (for the purposes of Condition 6(b)(iv)) or the relevant date of the first public announcement (for the purposes of Conditions 6(b)(vi), 6(b)(vii) or 6(b)(viii));
- (D) 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
- (E) 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 Issuer or another entity.

(c) *Retroactive Adjustments*

If the Conversion Date in relation to the conversion of any Note shall be after the record date in respect of any consolidation, reclassification or sub-division as is mentioned in Condition 6(b)(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(b)(ii), 6(b)(iii), 6(b)(iv), 6(b)(v) or 6(b)(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(b)(vi) and 6(b)(vii) or of the terms of any such modification as is mentioned in Condition 6(b)(viii), but before the relevant adjustment to the Conversion Price becomes effective under Condition 6(b) (such adjustment, a "**Retroactive Adjustment**"), then the Issuer 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) as determined by the Calculation Agent or an Independent Adviser (the "**Additional Ordinary Shares**") as, together with the Ordinary Shares issued or 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 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.

(d) *Decision and determination of the Calculation Agent or an Independent Adviser*

Adjustments to the Conversion Price shall be determined and calculated by the Calculation Agent upon request from the Issuer and/or, to the extent so specified in these Conditions and upon request from the Issuer, by an Independent Adviser.

Adjustments to the Conversion Price calculated by the Calculation Agent or, where applicable, an Independent Adviser and any other determinations made by the Calculation Agent or, where applicable, an Independent Adviser, or an opinion of an Independent Adviser, pursuant to these Conditions shall in each case be made in good faith and shall be final and binding (in the absence of manifest error) on the Issuer, the Trustee, the Noteholders, the Calculation Agent (in the case of a determination by an Independent Adviser) and the Agents.

The Calculation Agent may consult, at the expense of the Issuer, on any matter (including, but not limited to, any legal matter), any legal or other professional adviser and it shall be able to rely upon, and it shall not be liable and shall incur no liability as against the Trustee, the Noteholders or the Agents in respect of anything done, or omitted to be done, relating to that matter in good faith, in accordance with that adviser's opinion.

The Calculation Agent shall act solely upon the request from, and exclusively as agent of, the Issuer and in accordance with these Conditions. Neither the Calculation Agent (acting in such capacity) nor any Independent Adviser appointed in connection with the Notes (acting in such capacity) will thereby assume any obligations towards or relationship of agency or trust and shall not be liable and shall incur no liability in respect of anything done, or omitted to be done in good faith, in its capacity as Calculation Agent as against the Trustee, the Noteholders or the Agents.

If, following consultation between the Issuer and the Calculation Agent, any doubt shall arise as to whether an adjustment is required to be made to the Conversion Price or as to the appropriate adjustment to the Conversion Price or as to the date from which such adjustment shall take effect or the occurrence of a Change of Control, and following consultation between the Issuer and an Independent Adviser, a written opinion of such Independent Adviser in respect of such adjustment to the Conversion Price thereof

shall be conclusive and binding on the Issuer, the Noteholders, the Calculation Agent (if different), the Trustee and the Agents, save in the case of manifest error.

(e) *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 Issuer and in compliance with the requirements of the ASX Listing Rules (or if applicable, the Alternative Stock Exchange) pursuant to which Ordinary Shares or other securities (including rights, warrants, awards or options) are or may be issued, transferred, offered, exercised, allotted, purchased, appropriated, modified or granted to, or for the benefit of, employees or former employees (including directors holding or formerly holding executive office or the personal service company of any such person) of the Issuer, 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.

(f) *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 A\$0.0001, shall be rounded down to the nearest whole multiple of A\$0.0001. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one 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 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 or transferred and delivered in circumstances not permitted by applicable laws or regulations.

The Issuer 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(b)(i) above. The Issuer 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.

(g) *Change of Control*

Within 10 business days following the occurrence of a Change of Control, the Issuer shall give notice thereof (a "**Change of Control Notice**") to the Trustee and the Principal Paying and Conversion Agent and to the Noteholders in accordance with Condition 17. Such Change of Control 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(f).

The Change of Control 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 (on the basis of such Conversion Price in effect immediately prior to the occurrence of the Change of Control) applicable pursuant to Condition 6(b)(x) during the Change of Control Period;
- (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 Change of Control 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, pursuant to Condition 7(b), any Notes which shall not previously have been converted pursuant to Condition 6 or redeemed pursuant to Condition 7; and
- (vi) such other information relating to the Change of Control as the Trustee may require.

None of the Trustee, the Agents or the Calculation 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.

(h) *Procedure for exercise of Conversion Rights*

Conversion Rights may be exercised by a Noteholder during the Conversion Period by delivering the Certificate evidencing 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 in the form (for the time being current) obtainable from any Conversion Agent (a "**Conversion Notice**"), together with the relevant Certificate. 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 Conversion Agent to whom the relevant Conversion Notice is delivered is located. If such delivery is made after 3.00 p.m. (local time in the place of delivery) on a business day 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 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 Notes represented by part of a Certificate only, the old Certificate evidencing such Notes shall be cancelled and a new Certificate evidencing the remaining Notes in respect of which Conversion Rights have not been exercised (the "**Remaining Notes**") 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 seven business days, in the place of the specified office of the Registrar, following the relevant Conversion Date deliver the new Certificate evidencing the Remaining Notes 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 new Certificate evidencing the Remaining Notes 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 business day following the date of the delivery of the Notes and the Conversion Notice as provided in this Condition 6(h).

A Noteholder exercising a Conversion Right shall:

- (i) subject to Condition 6(h)(ii) below, be responsible for paying directly to the relevant authorities any capital, stamp, issue, registration, transfer and/or other taxes and/or 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) not be responsible for any taxes or capital, stamp, issue and registration and transfer taxes and duties payable in 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. If the Issuer 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 in this Condition 6(h)(ii), the relevant Noteholder shall be entitled to tender and pay the same and the Issuer 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 capital, stamp, issue, registration, transfer and/or other taxes and/or duties are payable in Australia or any other jurisdiction or, in any case, the amount thereof and none of them shall be responsible or liable to pay any such capital, stamp, issue, registration, transfer and/or other taxes and/or duties or for any failure by the Issuer, any Noteholder or any other person to pay such capital, stamp, issue, registration, transfer and/or other taxes and/or duties.

Ordinary Shares to be issued on exercise of Conversion Rights will be issued, at the option of the Noteholder exercising its Conversion Right as specified in the Conversion Notice, 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
- (A) in uncertificated form through the Issuer's share registry provider,
and in the case of:
 - (x) paragraph (A) above of this Condition 6(h), the Ordinary Shares will be credited to the CHESS holding specified (or to a new holding in the name of the Noteholder (or such other person specified by the Noteholder in the conversion notice) sponsored by a CHESS sponsor specified) in the Conversion Notice; or
 - (y) paragraph (B) above of this Condition 6(h), 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 four Sydney business days after the relevant Conversion Date.

Statements of holdings for Ordinary Shares issued on exercise of Conversion Rights through CHESS will be dispatched by the Issuer by mail free of charge as soon as practicable but in any event within 10 Sydney business days after the relevant Conversion Date. On conversion, the Issuer will redeem the Notes held at that time by the Noteholder concerned and in respect of which a Conversion Right is to be exercised ("**Relevant Notes**") for an amount equal to their aggregate outstanding principal amount. In relation to each Noteholder concerned, the Issuer will apply, on behalf of the Noteholder, the whole of the said amount in respect of the redemption of the Relevant Notes for the subscription for, or acquisition of, the Conversion Shares, as calculated in accordance with these Conditions.

On the Conversion Date, the Issuer 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 specify in the 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 Issuer 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 apply for quotation of such Ordinary Shares on the ASX. In the event that the Ordinary Shares are admitted to listing on an Alternative Stock Exchange, the Issuer shall apply for quotation of such Ordinary Shares on the Alternative Stock Exchange.

The lodgement of an application for quotation of the Ordinary Shares with the ASX or the Alternative Stock Exchange, as the case may be, by the Issuer will constitute a representation and warranty by the Issuer to the person to whom the Ordinary Shares in question are issued on Conversion ("**Recipient**") that:

- (l) 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 or the Alternative Stock Exchange, as the case may be, granting quotation of the Ordinary Shares issued on conversion of Notes, they will be freely tradable in the ordinary course on the ASX or the Alternative Stock Exchange, as the case may be;
- (III) the Ordinary Shares issued on conversion will be issued in compliance with the ASX Listing Rules and all applicable laws; and
- (IV) 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(h), the Issuer shall 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 or the Alternative Stock Exchange quotation, as the case may be, referred to in this Condition 6 on the Conversion Date (including, without limitation, any relevant ASX or Alternative Stock Exchange forms).

(i) *Ordinary Shares*

Ordinary Shares (including any Additional Ordinary Shares) issued or transferred and delivered upon conversion of the Notes 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.

For the avoidance of doubt, the issue of any Ordinary Shares following the exercise of a Conversion Right and the payment of any Dividend payable on any Ordinary Shares shall be settled directly between the Issuer and the relevant Noteholder.

(j) *Purchase or Redemption of Ordinary Shares*

The Issuer or any Subsidiary of the Issuer 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.

(k) *No duty to Monitor*

None of the Trustee, the Calculation Agent or the Agents shall be under any duty 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 any of them to do so.

None of the Trustee or any of the Agents shall be under any duty to determine, calculate or verify the Conversion Price and/or any adjustments to it and/or any determinations, advice or opinions made or given or to be made or given in connection therewith, and

none of them will be responsible or liable to the Noteholders or any other person for any loss arising from any failure to do so.

None of the Trustee or any of the Agents shall be under any duty or obligation to determine, calculate or verify any entitlement of any Noteholder(s) to any additional amount payable upon or following the exercise of any Conversion Right, and none of them will be responsible or liable to any Noteholder(s) or any other person for any loss arising from any failure to do so.

As provided in Condition 6(d), all adjustments to the Conversion Price under this Condition 6 shall be made and/or determined by the Calculation Agent or, where applicable, an Independent Adviser and none of the Trustee or any of the Agents shall be responsible for verifying, or otherwise liable for, such determinations or for verifying any calculation, certification, advice or opinion in connection with such determination(s).

7 Redemption and Purchase

(a) *Final Redemption*

Unless previously purchased and cancelled, redeemed or converted as herein provided, the Notes will be redeemed at 116.96 per cent. of 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 Condition 7(b) or Condition 7(c).

(b) *Redemption at the Option of the Issuer*

At any time on giving not less than 30 nor more than 60 calendar 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 the Optional Redemption Date specified in the Optional Redemption Notice at the Early Redemption Amount 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 shall have been effected in respect of 85.00 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 calendar 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 the Early Redemption Amount, if:

- (i) the Issuer certifies to the Trustee immediately prior to the giving of such notice that the Issuer has or will become obliged to pay additional amounts in respect of payments on the Notes pursuant to Condition 9 as a result of any change in, or amendment to, the laws or regulations of Australia 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 15 April 2021; and
- (ii) the Issuer would still be obliged to pay such additional amounts after taking reasonable measures available to it,

provided that no such Tax Redemption Notice shall be given earlier than 90 calendar days prior to the earliest date on which the Issuer 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 shall deliver to the Trustee:

- (A) a certificate signed by two Directors of the Issuer, each of whom are also Authorised Signatories (as defined in the Trust Deed) of the Issuer, stating that the circumstances in sub-paragraph (i) of this Condition 7(c) have occurred and the Issuer would still be obliged to pay such additional amounts after 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 has or will be obliged to pay such additional amounts as a result thereof (irrespective of whether such amendment or change is then effective),

and the Trustee shall accept without investigation and without liability to Noteholders or any other person and shall rely conclusively on such certificate and opinion as sufficient evidence of the matters set out above in Conditions 7(c)(i) and 7(c)(ii), and such certificate and opinion 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 the Early Redemption Amount.

If the Issuer gives a Tax Redemption Notice, each Noteholder will have the right to elect that their Note(s) shall not be redeemed and that the provisions of Condition 9 shall not apply in respect of any payment (whether of principal, default interest, premium or other amounts (if any)) 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 and payment of all amounts by the Issuer shall be made subject to the deduction or withholding of the taxation required to be withheld or deducted by Australia 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 calendar 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 calendar 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:

- (A) the Optional Redemption Date or, as the case may be, the Tax Redemption Date which shall be a business day (as defined in Condition 8);
- (B) 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
- (C) the last day on which Conversion Rights may be exercised by Noteholders.

(e) *Redemption at the Option of Noteholders*

The Issuer will, at the option of the holder of any Note, redeem all or some only of such holder's Notes on 23 April 2025 (the "**Put Option Date**") at 109.36 per cent. of their principal amount. To exercise such option, the holder must deposit at the specified office of the Principal Paying and Conversion Agent or any other Paying Agent a duly completed and signed put notice 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 (the "**Optional Put Exercise Notice**"), together with the Certificate evidencing the Notes to be redeemed not more than 60 calendar days and not less than 30 calendar days prior to the Put Option Date. An Optional Put Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent and the Issuer shall redeem the Notes the subject of an Optional Put Exercise Notice on the Put Option Date.

Payment in respect of any such Note shall be made by the Issuer directly to the relevant Noteholder by transfer to an Australian dollar account as specified by such Noteholder in the relevant Optional Put Exercise Notice.

(f) *Redemption for a Relevant Event*

Following the occurrence of a Relevant Event, each Noteholder will have the right, at such Noteholder'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 the Early Redemption Amount. 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 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 70 days following a Relevant Event, or, if later, 70 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 later of the 14th business day after the expiry of such period of 70 calendar days as referred to above in this Condition 7(f) or the 90th calendar day following the occurrence of the Relevant Event.

Payment in respect of any such Note shall be made directly to the relevant Noteholder by transfer to an Australian dollar account as specified by the relevant Noteholder in the Relevant Event Redemption Notice.

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 shall give notice to the Noteholders in accordance with Condition 17 and to the Trustee and the Principal Paying and Conversion Agent in writing by not later than 10 business days following the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by Noteholders of their rights to require redemption of the Notes pursuant to this Condition 7(f) 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(g).

None of the Trustee, the Calculation Agent or any Agent shall be required to monitor or take any steps to ascertain whether a Relevant Event or any event which could lead to the occurrence of a Relevant Event has occurred or may occur and none of them shall be liable to Noteholders or any other person for any loss arising from any failure to do so. Each of the Trustee, the Calculation Agent and each Agent shall be entitled to assume that no Relevant Event has occurred until it has received written notice to the contrary from the Issuer.

(g) *Calculations and Determinations*

None of the Trustee or any of the Agents shall be under any duty to determine, calculate or verify the amount payable upon any redemption under any of Conditions 7(a) to 7(f) (both inclusive) and none of them will be responsible or liable to any Noteholder or any other person for any loss or liability arising from any failure by any of them to do so.

None of the Trustee or any of the Agents shall be responsible for determining or verifying whether a Note is to be accepted for redemption under this Condition 7 and none of them will be responsible to Noteholders or any other person for any loss or liability arising from any failure by any of them to do so.

(h) *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 or any Subsidiary of the Issuer (other than an Offshore Associate of the Issuer not acting in the capacity of a dealer manager or underwriter in relation to the placement of the Notes or a clearing house, custodian, funds manager or responsible entity of a registered managed investment scheme) 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 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.

(i) *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 or any of its Subsidiaries may be surrendered to the Registrar for cancellation or may be held and re-sold.

(j) *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, save that a notice of redemption given by a

Noteholder pursuant to Condition 7(f) shall prevail over any other notice of redemption given pursuant to this Condition 7, whether given before, after or at the same time as any notice of redemption under Condition 7(f).

8 Payments

(a) *Principal*

Payments of principal, default interest, premium or other amounts (if any) will be made to the persons shown in the Register at the close of business on the Record Date and subject to the surrender of the Certificate evidencing such Notes at the specified office of the Registrar or of any Paying Agent.

(b) *Record Date*

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

*So long as the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of a Relevant Clearing System all payments in respect of Notes represented by the Global Certificate 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 of payment, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

(c) *Payments*

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

The Issuer will not be required to make any such payment in respect of the Notes until six business days after the Noteholder has provided the necessary account details for payment in accordance with this Condition 8(c).

Payment instructions will be initiated for value on the due date or, if that is not a business day, for value the first following day which is a business day or, in the case of a payment of principal, if later, for value on the business day on which the relevant Certificate is surrendered at the specified office of the Registrar or of any Paying Agent.

(d) *Payments subject to fiscal laws*

All payments in respect of the Notes are subject in all cases to:

- (i) any applicable fiscal or other laws and regulations but without prejudice to Condition 9; and
- (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended,

or otherwise under or in connection with, or in order to ensure compliance with FATCA. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(e) *Delay in Payment*

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.

(f) *Business Days*

In this Condition 8, "**business day**" means a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks and foreign exchange markets are open for business in Sydney 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.

(g) *Paying Agents, Transfer Agents, Conversion Agents, Calculation Agents, etc.*

The initial Principal Paying and Conversion Agent, the initial Transfer Agent and the initial Registrar and their initial specified offices are listed below. The Issuer reserves 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:

- (i) maintain a Principal Paying and Conversion Agent and a 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, maintain a Paying Agent having a specified office in Singapore; and
- (iii) maintain a Registrar with a specified office outside the United Kingdom.

Notice of any change of any Agent or its specified office 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 acting under the Agency Agreement, the Agents act solely as agents of the Issuer and, in certain circumstances as specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

The Issuer also reserves the right under the Calculation Agency Agreement at any time with the prior written consent of the Trustee or of an Extraordinary Resolution of Noteholders to vary or terminate the appointment of the Calculation Agent, provided that it will maintain a Calculation Agent, which shall be a financial institution of international repute or a financial adviser with appropriate expertise. Notice of any change in the Calculation Agent will promptly be given by the Issuer to Noteholders in accordance with Condition 17 and to the Trustee 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.

(h) *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.

(i) *Non-payment business days*

If any due date for payment in respect of any Note is not a business day, the holder shall not be entitled to payment until the next following business day.

9 Taxation

All payments of principal, default interest, premium or other amounts (if any) made by or on behalf of the Issuer in respect of the Notes 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 imposed or levied by or on behalf of Australia or any political subdivision or any authority thereof or therein having power to tax, unless such deduction or withholding of such Taxes is required to be made by law or is made under or in connection with, or in order to ensure compliance with FATCA.

In the event that any such withholding or deduction is required to be made, the Issuer will make any such withholding or deduction required (including any deduction or withholding required from any additional amount payable under this Condition 9), remit the amount deducted or withheld to the relevant authorities and 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:

- (a) to, or to a third party on behalf of, a holder who is liable to the Taxes in respect of such Note by reason of such holder having some connection with Australia other than the mere holding of the Note provided that such a holder shall not be regarded as being connected with Australia for the reason that such a holder is a resident of Australia within the meaning of the Income Tax Assessment Act 1936 of Australia as amended and replaced (the "**Australian Tax Act**") where, and to the extent that, such tax is payable by reason of Section 128B(2A) of the Australian Tax Act; or
- (b) presented, or in respect of which the Certificate representing such Note is presented, or surrendered for payment more than 30 calendar 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 calendar days; or
- (c) on account of Taxes which are payable by reason of the holder being an Offshore Associate of the Issuer for the purposes of Section 128F of the Australian Tax Act; or
- (d) in respect of a payment to, or to a third party on behalf of, a holder, in circumstances where such withholding or deduction would not have been required if the holder or any person acting on such holder's behalf had provided to the Issuer a tax file number, Australian business number or details of an exemption from providing those numbers; or
- (e) held by or on behalf of a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying with, or procuring that any third party complies with any statutory requirements, by complying with or requesting the Issuer to comply

with any statutory requirements or provide information concerning the nationality, residence, identity, tax identification number or name or address of such holder or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any Tax authority; or

- (f) where such withholding or deduction is made under or in connection with, or in order to ensure compliance with FATCA.

Any Ordinary Shares to be issued under or in connection with these Conditions will be issued net of any withholding or deduction made under or in connection with, or in order to ensure compliance with FATCA, and no additional Ordinary Shares will be required to be issued on account of any such deduction or withholding.

References in these Conditions and the Trust Deed to principal, default interest, premium or other amounts (if any) payable in respect of the Notes 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.

None of the Trustee or any of the Agents shall be responsible for paying Taxes or other payment referred to in this Condition 9 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any Noteholder(s) or any third party to pay such Taxes or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, default interest, premium or other amounts (if any) under or in respect of the Notes without deduction or withholding for or on account of any Taxes or other payment imposed by or in any jurisdiction.

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

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 being indemnified and/or pre-funded and/or secured to its satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly thereby immediately become, due and repayable at their principal amount together with any default interest, premium or other amounts unpaid (if any) if any of the following events (each an "**Event of Default**") shall have occurred and is continuing (as defined in the Trust Deed):

- (a) **non-payment and failure to deliver Ordinary Shares:** default is made in:
- (i) the payment on the due date of any principal payable in respect of the Notes and such failure continues for a period of seven Sydney business days of its due date; or
 - (ii) the delivery of Ordinary Shares to satisfy a Conversion Right pursuant to Condition 6 and such failure continues for a period of seven Sydney business days; or
- (b) **breach of other obligations:** the Issuer does not perform or comply with any one or more of its other obligations under the Notes or the Trust Deed and such default is in the opinion of the Trustee incapable of remedy or, if in the opinion of the Trustee such default is capable of remedy, such default is not remedied within 30 calendar days after

the Issuer shall have received from the Trustee written notice of such default requiring it to be remedied; or

(c) **default:**

- (i) any other present or future Indebtedness For Borrowed Money of the Issuer or any Material Subsidiary of the Issuer becomes due and payable prior to its stated maturity by reason of an event of default (however described);
- (ii) the Issuer or any Material Subsidiary of the Issuer fails to pay any such Indebtedness for Borrowed Money when due or, as the case may be, within any applicable grace period; or
- (iii) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any Material Subsidiary of the Issuer for any 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 such Indebtedness For Borrowed Money in respect of which one or more of the events mentioned above in this Condition 10(c) have occurred equals or exceeds A\$25,000,000 (or its equivalent in other currencies); or

(d) **enforcement proceedings:** 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 any Material Subsidiary of the Issuer having an aggregate value of at least A\$25,000,000 which is not discharged, removed, stayed or paid within 30 calendar days; or

(e) **insolvency:** the Issuer or any Material Subsidiary of the Issuer:

- (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 in writing 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)); or

(f) **administration:** an administrator (as defined in the Corporations Act) or liquidator or a like or similar officer is appointed in respect of the Issuer or any Material Subsidiary or a court order is made or a resolution passed for the winding-up or dissolution of the Issuer or any Material Subsidiary (which is not stayed, withdrawn or dismissed within 30 calendar days), or the Issuer or any Material Subsidiary ceases or threatens in writing 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 the Trustee acting on an Extraordinary Resolution of the Noteholders; or
- (ii) in the case of a Material Subsidiary, where that Material Subsidiary is solvent or its undertaking and assets are transferred to or otherwise vested in the Issuer or another Subsidiary of the Issuer; or

- (g) **illegality**: it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes or the Trust Deed; or
- (h) **analogous events**: 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(f) (both inclusive).

In this Condition 10, the "**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.

11 Undertakings

Whilst any Conversion Right remains exercisable, the Issuer 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) not issue or pay up any Securities, in either case by way of capitalisation of profits or reserves, other than:
 - (i) pursuant to a Scheme of Arrangement involving a reduction and cancellation of Ordinary Shares and the issue to Shareholders of an equal number of Ordinary Shares by way of capitalisation of profits or reserves;
 - (ii) in connection with a NewCo Scheme;
 - (iii) by the issue of fully paid Ordinary Shares or other Securities to Shareholders and other holders of shares in the capital of the Issuer which by their terms entitle the holders thereof to receive Ordinary Shares or other shares of Securities on a capitalisation of profits or reserves;
 - (iv) 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;
 - (v) 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 Issuer which by their terms entitle the holders thereof to receive Equity Share Capital (other than Ordinary Shares); or
 - (vi) 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(b)(i) to 6(b)(x) (both inclusive) or Condition 6(f) relating to the carry forward of adjustments, give rise) to an adjustment to the Conversion Price; or
- (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(f) 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 95.00 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(b), 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 Issuer 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 an 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 Issuer or any Subsidiary of the Issuer or procured by the Issuer or any Subsidiary of the Issuer to be issued or issued by any other person pursuant to any arrangement with the Issuer or any Subsidiary of the Issuer) 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 95.00 per cent. of the Current Market Price per Ordinary Share on 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(f) relating to roundings and minimum adjustments or the carry forward of adjustments, give rise) to an adjustment to the Conversion Price pursuant to these Conditions 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; or
 - (ii) by means of a purchase or redemption of share capital of the Issuer to the extent permitted by applicable law; or
 - (iii) pursuant to a Newco Scheme; or
 - (iv) by way of transfer to reserves as permitted under applicable law; or

- (v) where the reduction is permitted by applicable law and the Trustee has received written advice addressed to it from 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(f) 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 Issuer 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 sections 11 and 12 of the Corporations Act)) 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 in accordance with Condition 17, and to the Trustee and the Principal Paying and Conversion Agent in writing, 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 registered office of the Issuer and, where such an offer or scheme has been recommended by the board of directors of the Issuer, 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 which entitle the Noteholders to receive the same type and amount of consideration they would have received had they held the number of Ordinary Shares to which those Noteholders would be entitled assuming Noteholders were to exercise their respective Conversion Rights during the relevant 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 Issuer (with the Issuer providing a guarantee) subject to and as provided in the Trust Deed; and
 - (ii) such amendments are made to these Conditions and the Trust Deed as are advised to the Trustee by the Independent Adviser, acting as an expert and in good faith, 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 Trustee shall (at the expense of the Issuer) be obliged to concur with such substitution or grant of such guarantee and in either case the making of such amendments provided that the Trustee shall not be obliged so to concur:
 - (A) until such time as it shall have completed its internal compliance procedures (including without limitation its "Know Your Client" procedures) to its satisfaction; and

- (B) if in the opinion of the Trustee doing so would impose new or more onerous duties or obligations upon it or expose it to further liabilities or reduce its protections;
- (iii) the Trust Deed and these 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
- (iv) 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 will, as soon as is practicable, be admitted to listing and to trading on the ASX or the Alternative Stock Exchange, as the case may be, 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;
- (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 ASX or the Alternative Stock Exchange, as the case may be;
- (k) in the event the Ordinary Shares are listed on an Alternative Stock Exchange:
 - (i) confirm and agree that from the completion of the Alternative Stock Exchange listing these Conditions will be deemed to apply *mutatis mutandis* as if the Conversion Right in relation to the Notes applied to the newly listed Ordinary Shares;
 - (ii) take (or shall procure that there is taken) all necessary action to ensure that promptly after completion of the Alternative Stock Exchange listing, such amendments are made to these Conditions and the Trust Deed as are necessary to ensure that these Conditions and the Trust Deed provide at least the same powers, protections, rights and benefits to the Trustee and the Noteholders following the implementation of such Alternative Stock Exchange listing as they provided to the Trustee and the Noteholders prior to the implementation of the Alternative Stock Exchange listing; and
 - (iii) notify the Trustee in writing as soon as practicable after completion of the Alternative Stock Exchange listing,

and the Trustee shall be entitled to accept without any liability for so doing such notice as sufficient evidence of the matters set out above of this Condition 11(k), in which case the same shall be conclusive and binding on the Noteholders and shall be notified by the Issuer promptly to the Noteholders in accordance with Condition 17;

- (l) comply with all relevant provisions of the Corporations Act, the ASX Listing Rules and each of the requirements of ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82 as it applies to the Issuer (including those with ongoing operation after the Closing Date for so long as they are relevant) being the instrument of relief that modifies the requirements of Chapter 6D of the Corporations Act, in order to ensure that an offer of the Ordinary Shares issued on conversion for sale within 12 months after their issue will be freely tradeable without further disclosure; and
- (m) for so long as any Note remains outstanding, shall provide the consolidated and unconsolidated financial statements to the Trustee in accordance with the Trust Deed.

The Issuer has undertaken in the Trust Deed to deliver to the Trustee annually and also within 14 calendar days of any request therefor from the Trustee, a certificate of the Issuer (in the form scheduled to the Trust Deed) signed by an Authorised Signatory (as defined in the Trust Deed) of the Issuer certifying, *inter alia*, that, to the best of the knowledge, information and belief of the Issuer, there has not occurred an Event of Default or Potential Event of Default since the date of the last such certificate (or, if none, the date of the Trust Deed) or if such event has occurred providing details of such event.

The Trustee will be entitled to rely conclusively on any such certificate and shall not be obliged to independently monitor compliance by the Issuer with the undertakings set forth in these Conditions and, in particular but without limitation, this Condition 11 or in the Trust Deed, and shall not be liable to any Noteholder or any other person for not so doing.

12 Prescription

Claims against the Issuer 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 default 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, security, indemnity and otherwise as the Issuer, the Registrar or the relevant Transfer 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, the Agency Agreement and/or the Calculation Agency Agreement. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Trustee if requested in writing to do so by Noteholders holding not less than 10.00 per cent. in aggregate principal amount of the Notes for the time being outstanding and subject to the Trustee being indemnified and/or prefunded and/or secured to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing more than 50.00 per cent. in aggregate principal amount of the Notes

for the time being outstanding, or at any adjourned meeting one 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;
- (ii) to reduce or cancel the principal amount, any premium or any default interest payable 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, the Agency Agreement or the Calculation Agency Agreement (other than in the case of a substitution of the Issuer (or any previous substitute or substitutes) under Condition 14(c)); or
- (vi) 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 75.00 per cent., or at any adjourned meeting not less than 30.00 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 75.00 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:

- (A) a resolution in writing signed by or on behalf of the holders of not less than 75.00 per cent. of the aggregate principal amount of Notes then outstanding (which may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders); or
- (B) consents given by way of electronic consent through the Relevant Clearing System(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than 75.00 per cent. of the aggregate principal amount of the Notes then outstanding,

shall, in any such case, be effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held.

No consent or approval of Noteholders shall be required in connection with any modification proposed to give effect to, or otherwise in relation to, a Newco Scheme.

(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 Calculation Agency Agreement, any agreement supplemental to the Calculation 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 Calculation Agency Agreement, any agreement supplemental to the Calculation 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 Calculation Agency Agreement, any agreement supplemental to the Calculation 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 a 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. 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, an opinion of any investment bank or legal or other expert and to 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 Issuer; and
- (ii) the Notes continuing to be convertible 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:
 - (A) the Trustee is satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution; and
 - (B) certain other conditions set out in the Trust Deed are complied with.

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.

In connection with a Newco Scheme, at the request of the Issuer, the Trustee shall, without the requirement for any consent or approval of the Noteholders, concur with the Issuer in the substitution in place of the Issuer (or any previous substituted company) as principal debtor under the Trust Deed and the Notes of Newco pursuant to and subject to the provisions set out in Condition 11(g).

(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, trusts, authorities 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 on behalf of any Noteholder, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent provided for in Condition 9 and/or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

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 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:

- (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least 25.00 per cent. in aggregate principal amount of the Notes then outstanding; and
- (ii) 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 unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

16 The Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including relieving it from taking any steps, action or proceedings to enforce payment or taking other actions unless first indemnified and/or pre-funded and/or secured to its satisfaction. The Trustee may engage or be interested in any financial or other transaction in the ordinary course of business with the Issuer and/or any entity related (directly or indirectly) to the Issuer and shall not in any way be liable to account to the Issuer, 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 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, an Independent Adviser or other expert, whether or not obtained by or addressed to it and whether or not 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 without liability 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 and the Noteholders in the absence of manifest error.

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 to be indemnified and/or secured and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which in its opinion it may be or become liable, and the Trustee shall not be responsible or liable for any loss or liability incurred by the Issuer, any Noteholder 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. None of the Trustee or any Agent shall be liable to any Noteholder, the Issuer or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Noteholders. The Trustee shall be entitled to rely on any direction, request or resolution of Noteholders given by holders of the requisite principal amount of Notes then outstanding or passed at a meeting of Noteholders convened and held in accordance with the Trust Deed or otherwise passed as provided in the Trust Deed.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer, the Calculation Agent, any Independent Adviser and/or any other person appointed by the Issuer, the Calculation Agent or any Independent Adviser 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 to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. None of the Trustee or any of the Agents shall be under any obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement, the Calculation 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 or any other person for not doing so.

Each Noteholder shall be solely responsible for making, and continuing to make, its own independent appraisal of, and investigation into, the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and its Subsidiaries, and the Trustee shall not at any time have any responsibility for the same and no Noteholder shall rely on the Trustee in respect thereof.

17 Notices

All notices required to be given by the Issuer to the Noteholders regarding the Notes pursuant to these Conditions will be valid if published by the Issuer through the electronic communication system of Bloomberg. 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. Any such notice shall be deemed to have been given on the date of such notice. If publication as provided above is not practicable, notice will be given by publication in an English language newspaper with general circulation in Asia (which is expected to be the *Asian Wall Street Journal*) and Europe (which is expected to be the *Financial Times*).

The Issuer shall send a copy of all notices given by it to Noteholders (or to a Noteholder) promptly thereafter to the Trustee, the Agents and the Calculation Agent.

So long as the Notes are represented by a Global Certificate and such Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System (as defined in the Global Certificate), notices to Noteholders shall be validly given by the delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System for communication by them to their respective 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, bonds or debentures either:

- (a) having the same terms and conditions in all respects as the outstanding Notes (or the same terms and conditions *except* for the issue date 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; or
- (b) upon such terms as to interest, conversion, premium, redemption and otherwise as the Issuer may determine at the time of their issue.

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 in a form acceptable to the Trustee.

19 Contracts (Rights of Third Parties) Act 1999

Without prejudice to the rights of the Noteholders as contemplated in Condition 15, 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, the Calculation 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. The Issuer 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

The Issuer has irrevocably appointed Zip UK Holdings Limited ("**Zip Co UK**") at its registered office for the time being, currently at 1 Chamberlain Square, CS Birmingham B3 3AX, United Kingdom, as its agent in England to receive service of process in any Proceedings in England. If for any reason Zip Co UK shall cease to be such agent for service of process, the Issuer shall forthwith appoint a new agent for service of process in England and shall deliver to the Trustee a copy of the new agent's acceptance of that appointment within 14 calendar days of Zip Co UK ceasing to be such agent for service of process. The Issuer agrees that failure by its process agent to notify it of any process will not invalidate the relevant proceedings. 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 will contain 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 or any other clearing system designated by the Issuer and approved by the Trustee, the Principal Paying and Conversion Agent and the Registrar through which the Notes are held (an "**Alternative Clearing System**") as the holder of a Note represented by the Global Certificate must look solely to Euroclear or Clearstream or such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the holder of the Global Certificate 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 or such Alternative Clearing System. Such persons shall have no claim directly against the Issuer 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 will be discharged by payment to the holder of the Global Certificate in respect of each amount so paid.

Exchange of Notes Represented by the Global Certificate

Owners of beneficial interests in the Notes in respect of which the Global Certificate is issued will be entitled to have title to the Notes registered in their names and to receive individual definitive registered Certificates if either Euroclear or Clearstream or, as the case may be, an Alternative Clearing System on behalf of which the Notes evidenced by the Global Certificate may be held, is closed for business for a continuous period of 14 days or more (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

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 Certificates 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 Certificates will be registered in the name of the accountholders with the Registrar, and the Registrar shall alter the entries in the Register in respect of the Notes accordingly.

"**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.

Meetings

The holder of the Global Certificate shall be treated as having one vote in respect of each A\$200,000 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.

Conversion

Subject to the requirements of Euroclear and Clearstream or, as the case may be, any Alternative Clearing System, the Conversion Right attaching to Notes represented by the 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 together with the Global Certificate to the Principal Paying and Conversion Agent or such other Agent as shall have been notified to the holder of the Global Certificate for such purpose for annotation and the principal amount of the Notes will be reduced in the Register accordingly. The provisions of Condition 6 of the Notes will otherwise apply.

Redemption at the Option of the Issuer

The options of the Issuer provided for in Condition 7(b) and 7(c) shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in, and containing the information required by, those Conditions.

Tax Election Option of the Noteholders

The tax election option of the Noteholders provided for in Condition 7(c) may be exercised by the holder of the Global Certificate giving notice to the Principal Paying and Conversion Agent or any other Paying Agent or Conversion Agent within the time limits relating to the deposit of Notes in Condition 7(c) and substantially in the form of the Noteholders Tax Election Notice set out in Schedule 4 to the Agency Agreement. Such notice shall be obtainable from the specified office of the Principal Paying and Conversion Agent or any other Paying Agent or Conversion Agent and shall state the number of Notes in respect of which the option is exercised. Upon exercise of the option, Schedule A of the Global Certificate shall be annotated accordingly.

Redemption at Option of the Noteholders

The Noteholders' put options in Condition 7(e) and Condition 7(f) may be exercised by the holder of the Global Certificate giving notice to the Principal Paying and Conversion Agent or any other Paying Agent of the principal amount of Notes in respect of which the option is exercised and presenting the Global Certificate for endorsement or exercise within the time limits specified in the Conditions and the principal amount of the Notes will be reduced in the Register accordingly.

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 the Notes and (b) consider such interests on the basis that such accountholders were the holders of the Notes represented by the Global Certificate.

Redemption or Purchase and Cancellation

Cancellation of any Note represented by the Global Certificate following its redemption or purchase will be effected by a reduction in the principal amount of the Notes in the register of Noteholders.

Payments

Payments of principal, default interest and premium (if any) 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 Agent as shall have been notified to the holder of this Global Certificate for such purpose. A record of each payment will be endorsed on the appropriate schedule to the Global Certificate. Such endorsement will be conclusive evidence that such payment has been made in respect of the Notes.

Each payment will be made to, or to the order of, the person whose name is entered on 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 Monday to Friday inclusive except 25 December and 1 January.

Notices

So long as the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or, as the case may be, any Alternative Clearing System notices to

holders of the Notes shall be given by delivery of the relevant notice to each relevant clearing system for communication by it to entitled accountholders in substitution for notification as required by the Terms and Conditions of the Notes, except that the Issuer 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. Any such notice shall be deemed to have been given to the Noteholders on the day on which such notice is delivered to Euroclear and Clearstream or, as the case may be, the Alternative Clearing System.

Transfers

Transfers of beneficial interests in the Notes represented by the Global Certificate will be effected through the records of Euroclear and Clearstream or, as the case may be, any Alternative Clearing System and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream or, as the case may be, any Alternative Clearing System and their respective direct and indirect participants.

Prescription

Claims against the Issuer in respect of principal and default interest (if any) 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.

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 Issuer's constitution (the "**Constitution**"). The rights attaching to Ordinary Shares are in certain circumstances regulated by the Corporations 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 obtained on the Group's website at <https://zip.co/investors/about/corporate-governance>.

Voting	Each holder of Ordinary Shares is entitled to receive notice of and attend and vote at general meetings of the Issuer. Each holder of Ordinary Shares has one vote on a show of hands and one vote for each fully paid Ordinary Share they hold on a poll.
General meetings and notices	Written notice of the time, date and place of a meeting of shareholders must be sent to holders of Ordinary Shares and to every Director and the auditor of the Issuer not less than 28 days before the meeting.
Dividends	<p>The Issuer's directors may resolve to pay interim, final or bonus dividends subject to the Constitution and the Corporations Act. The payment of a dividend does not require confirmation by a general meeting of the Issuer.</p> <p>Subject to the rights of holders of any shares or other equity securities which confer special rights as to dividends, each fully paid Ordinary Share confers on the holder the right to an equal share in dividends authorised by the Board.</p>
Issue of further shares	Subject to the Constitution, the ASX Listing Rules and the Corporations Act, the Issuer'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 Issuer's Ordinary Shares	Subject to the Constitution, the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Issuer's Ordinary Shares are freely transferable. Subject to the Constitution, the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Issuer's directors may decline to register a transfer of the Issuer's Ordinary Shares in any circumstances permitted by the ASX Listing Rules.
Winding up	<p>Subject to the terms of issue of Ordinary Shares, if the Issuer is wound up, the liquidator may with the approval of a special resolution of shareholders:</p> <ol style="list-style-type: none">a) divide the surplus assets of the Company remaining after payment of its debts among the shareholders in proportion to the number of Ordinary Shares held by them (with partly paid Ordinary Shares counted as fractions of fully paid Ordinary Shares);b) for that purpose, fix the value of assets and determine how the division is to be carried out between the shareholders and different classes of shareholders; and

- c) vest assets of the Issuer in trustees on any trusts determined by the liquidator for the benefit of the contributories.

Alteration of capital

The Issuer may buy back its shares in any manner authorised or permitted by the Constitution, the Corporations Act and the ASX Listing Rules.

TAXATION

Australian Taxation

Introduction

The following is a summary of the withholding tax treatment under the Income Tax Assessment Act 1936 of Australia and, where applicable, the Income Tax Assessment Act 1997 of Australia (together, the "**Australian Tax Act**"), and the Taxation Administration Act 1953 of Australia, at the date of this Offering Circular, of payments of interest (as defined in the Australian Tax Act) on the Notes and certain other Australian tax matters.

A term used below but not otherwise defined has the meaning given to it in the Terms and Conditions of the Notes.

This summary applies to Noteholders that are:

- residents of Australia for tax purposes that do not hold their Notes, and do not derive any payments under the Notes, in carrying on a business outside of Australia, and non-residents of Australia for tax purposes that hold their Notes, and derive all payments under the Notes, in carrying on a business at or through a permanent establishment in Australia ("**Australian Holders**"); and
- non-residents of Australia for tax purposes that do not hold their Notes, and do not derive any payments under the Notes, in carrying on a business at or through a permanent establishment in Australia, and Australian tax residents that hold their Notes, and derive all payments under the Notes, in carrying on a business outside of Australia ("**Non-Australian Holders**").

The summary is not exhaustive and, in particular, does not deal with the position of certain classes of Noteholders (including, without limitation, dealers in securities, custodians or other third parties who hold Notes on behalf of any person). In addition, the summary does not consider the Australian tax consequences for persons who hold Ordinary Shares on revenue account for tax purposes and, unless expressly stated, the summary does not consider the Australian tax consequences for persons who hold interests in the Notes through Austraclear, Euroclear, Clearstream or another clearing system.

Noteholders should also be aware that particular terms of issue of any series of Notes may affect the tax treatment of that series of Notes. Information regarding taxes in respect of Notes may also be set out in a relevant supplement to this Offering Circular.

This summary is not intended to be, nor should it be construed as, legal or tax advice to any particular Noteholder. Each Noteholder should seek professional tax advice in relation to their particular circumstances.

Australian interest withholding tax

The Australian Tax Act characterises securities as either "debt interests" (for all entities) or "equity interests" (for companies) including for the purposes of Australian interest withholding tax ("**IWT**") and dividend withholding tax. The Issuer intends to issue Notes which are to be characterised as "debt interests" for the purposes of the tests contained in Division 974 and the returns paid on the Notes are to be "interest" for the purposes of section 128F of the Australian Tax Act. If Notes are issued which are not so characterised, further information on the material Australian tax consequences of payments of interest and certain other amounts on those Notes will be specified in the relevant supplement to this Offering Circular.

For Australian IWT purposes, "interest" is defined to include amounts in the nature of, or in substitution for, interest and certain other amounts and the references to "interest" in this Australian IWT section take this meaning.

Australian Holders

Payments of interest (if any) in respect of the Notes to Australian Holders should not be subject to Australian IWT.

Non-Australian Holders

Australian IWT is payable at a rate of 10% of the gross amount of interest paid by the Issuer to a Non-Australian Holder, unless an exemption is available.

(a) Section 128F exemption from IWT

An exemption from Australian IWT is available in respect of interest (if any) paid on the Notes if the requirements of section 128F of the Australian Tax Act are satisfied.

Unless otherwise specified in any relevant supplement to this Offering Circular, the Issuer intends to issue the Notes in a manner which will satisfy the requirements of section 128F of the Australian Tax Act.

In broad terms, the requirements are as follows:

- (i) the Issuer is a resident of Australia and a company (as defined in section 128F(9) of the Australian Tax Act) when it issues the Notes and when interest is paid;
- (ii) the Notes are issued in a manner which satisfies the "public offer test" in section 128F of the Australian Tax Act.

In relation to the Notes, there are five principal methods of satisfying the "public offer" test, the purpose of which is to ensure that lenders in capital markets are aware that the Issuer is offering the Notes for issue. In summary, the five methods are:

- offers to 10 or more unrelated persons carrying on a business of providing finance, or investing or dealing in securities, in the course of operating in financial markets;
 - offers to 100 or more investors of a certain type;
 - offers of listed Notes;
 - offers via publicly available information sources; or
 - offers to a dealer, manager or underwriter who offers to sell the Notes within 30 days by one of the preceding methods;
- (iii) the Issuer does not know, or have reasonable grounds to suspect, at the time of issue, that the Notes (or interests in the Notes) were being, or would later be, acquired, directly or indirectly, by an "associate" of the Issuer, except as permitted by section 128F(5) of the Australian Tax Act; and
 - (iv) at the time of the payment of interest, the Issuer does not know, or have reasonable grounds to suspect, that the payee is an "associate" of the Issuer, except as permitted by section 128F(6) of the Australian Tax Act.

(b) *Exemptions under certain double tax conventions*

The Australian Government has signed double tax conventions ("**Specified Treaties**") with a number of countries (each, a "**Specified Country**"). The Specified Treaties apply to interest derived by a resident of a Specified Country.

In broad terms, the Specified Treaties effectively prevent IWT applying to interest derived by:

- governments of the Specified Countries and certain governmental authorities and agencies in a Specified Country; and
- a "financial institution" resident in a Specified Country which is unrelated to and dealing wholly independently with the Issuer. The term "financial institution" refers to either a bank or other enterprise which substantially derives its profits by carrying on a business of raising and providing finance. However, interest paid under a back to back loan or an economically equivalent arrangement will not qualify for this exemption.

(c) *Payment of additional amounts*

As set out in more detail in the Terms and Conditions of the Notes, and unless expressly provided to the contrary in any relevant supplement to this Offering Circular, if the Issuer is at any time required by law to deduct or withhold an amount in respect of any Taxes imposed by or on behalf of the Commonwealth of Australia from a payment in respect of the Notes, the Issuer will, subject to certain exceptions, pay an additional amount so that after making the withholding or deduction, each Noteholder is entitled to receive (at the time the payment is due) the amount it would have received if no withholdings or deductions had been required to be made.

Australian income tax

Interest payments

As there is no interest payable on the Notes, neither Australian Holders nor non-Australian Holders should be required to include any interest in respect of holding their Notes in their Australian assessable income.

Gain on disposal or redemption of the Notes

Australian Holders will be required to include any gain or loss on disposal or redemption of Notes in their assessable income. Depending on the circumstances of the Australian Holder, either the rules relating to "traditional securities" (in sections 26BB and 70B of the Australian Tax Act) or "taxation of financial arrangements" (see summary below) should apply.

In relation to a traditional security, for the purpose of calculating the gain or loss of an Australian resident Holder that is not subject to the "taxation of financial arrangements" rules on disposal or redemption of Notes:

- the cost of a Note should generally be its face value for Noteholders who acquire Notes on issue (plus any relevant costs associated with the acquisition, the disposal or the redemption); and
- the consideration for a disposal or redemption will generally be the gross amount received by the Noteholder in respect of the disposal or redemption of Notes.

Non-Australian Holders that are non-residents of Australia should not be subject to Australian income tax on gains made on the disposal or redemption of Notes, provided:

- such gains do not have an Australian source; or

- if the Non-Australian Holder is a resident of a country with which Australia has entered into a comprehensive double tax convention – the Non-Australian Holder is fully entitled to the benefits of the double tax convention to exclude Australia's jurisdiction to tax the income.

Whether a gain on disposal or redemption of Notes has an Australian source is a question of fact that will be determined on the basis of the circumstances existing at the time of the disposal or redemption. In general, a gain arising on the sale of Notes by a Non-Australian Holder that is a non-resident of Australia to another non-resident of Australia where Notes are sold outside Australia and all negotiations are conducted, and documentation executed, outside Australia should not be regarded as having an Australian source. However, this is not an exhaustive list of the factors that can determine source, nor would the absence of one of these elements, of itself, mean that there is an Australian source, as it will depend on all the relevant circumstances.

If a gain realised by a Non-Australian Holder is subject to Australian income tax, depending on the circumstances of the Noteholder, either the rules relating to "traditional securities" or "taxation of financial arrangements" should apply.

No gain on conversion of the Notes

Noteholders should not make any taxable gain or loss if Notes are converted into Ordinary Shares. This is because any gain or loss on the conversion should be disregarded under the Australian Tax Act.

Ordinary Shares acquired as a consequence of the conversion should generally be treated as having a cost base and reduced cost base for Australian capital gains tax ("**CGT**") purposes equal to the cost base of the relevant Notes at the time of conversion. For Australian CGT purposes, the acquisition date of the Ordinary Shares should generally be the time of conversion. This will be relevant in the event that an Australian Holder subsequently disposes of the Ordinary Shares.

In the case of a Non-Australian Holder that is a non-resident of Australia, any capital gain or loss made by that Noteholder from any subsequent disposal of Ordinary Shares may be disregarded for Australian CGT purposes if the Ordinary Shares are not "taxable Australian property" (as defined under the Australian Tax Act) at the time of disposal.

Noteholders should seek their own taxation advice if their Notes are converted into Ordinary Shares.

Other tax matters

Under Australian laws as presently in effect:

- *taxation of financial arrangements* – Division 230 of the Australian Tax Act contains tax timing rules for certain taxpayers to bring to account gains and losses from "financial arrangements". The rules do not alter the rules relating to the imposition of IWT nor override the IWT exemption available under section 128F of the Australian Tax Act.

A number of elective tax timing methods are available under Division 230. If none of the tax timing elections are made, the default accruals/realisation methods should apply to the taxpayer. Under the default methods, if the gains or losses from a financial arrangement are sufficiently certain, they should be brought to account for tax on an accruals basis. Otherwise, they should be brought to account for tax when they are realised.

Division 230 does not apply to certain taxpayers or in respect of certain short term "financial arrangements". Division 230 should not, for example, generally apply to Noteholders which are individuals and certain other entities (e.g. certain superannuation entities and managed investment schemes) which do not meet various turnover or asset thresholds, unless they make an election that the rules apply to their "financial arrangements". Potential Noteholders should seek their own tax advice regarding their own personal circumstances as to whether such an election should be made;

- *stamp duty and other taxes* – no ad valorem stamp, issue, registration or similar taxes are payable in Australia on:
 - the issue, transfer or redemption of any Notes; or
 - the issue of Ordinary Shares as a result of a conversion or a transfer of Ordinary Shares acquired as a result of a conversion provided that:
 - if all the shares in the Issuer are quoted on ASX at the time of issue or transfer of the Ordinary Shares, no person, either directly or when aggregated with interests held by associates of that person, obtains an interest in the Issuer of 90% or more; or
 - if not all the shares in the Issuer are quoted on ASX at the time of issue or transfer of the Ordinary Shares, no person, either directly or when aggregated with interests held by associates of that person, obtains an interest in the Issuer of 50% or more.

The stamp duty legislation generally requires the interests of associates to be added in working out whether the relevant threshold is reached. In some circumstances, the interests of unrelated entities can also be aggregated together in working out whether the relevant threshold is reached;

- *TFN/ABN withholding* – withholding tax is imposed (at the rate of 47% as at the date of this Offering Circular) on the payment of interest on certain registered securities unless the relevant payee has quoted an Australian tax file number (TFN), (in certain circumstances) an Australian Business Number (ABN) or proof of some other exception (as appropriate).

Such withholding should not apply to payments (if any) of an amount considered to be interest to a Non-Australian Holder that is a non-resident of Australia for Australian tax purposes;

- *dividend withholding tax* – Non-Australian Holders may be subject to dividend withholding tax ("**DWT**") on certain distributions paid on equity interests in Australian resident entities (such as Ordinary Shares). A Non-Australian Holder should consider the application of DWT if and after the Noteholder's Notes are converted into Ordinary Shares. DWT is generally imposed to the extent "franking credits" do not attach to the relevant distribution or the distribution is not declared to be "conduit foreign income". Australian DWT is imposed at a general rate of 30% but the rate may be reduced under an applicable double tax convention. The Issuer does not "gross-up" distributions on its Ordinary Shares to account for the imposition of DWT;
- *additional withholdings from certain payments to non-residents* – the Governor-General may make regulations requiring withholding from certain payments to non-residents of Australia (other than payments of interest and other amounts which are already subject to the current IWT rules or specifically exempt from those rules). Regulations may only be made if the responsible Minister is satisfied the specified payments are of a kind that could reasonably relate to assessable income of foreign residents;
- *garnishee directions by the Commissioner of Taxation* – the Commissioner may give a direction requiring the Issuer to deduct from any payment to a Noteholder any amount in respect of Australian tax payable by the Noteholder. If the Issuer is served with such a direction, then the Issuer will comply with that direction and make any deduction required by that direction;
- *supply withholding tax* – payments in respect of the Notes can be made free and clear of any "supply withholding tax"; and
- *goods and services tax (GST)* – neither the issue nor receipt of the Notes will give rise to a liability for GST in Australia on the basis that the supply of Notes will comprise either an input taxed financial supply or (in the case of an offshore subscriber that is a non-resident) a GST-

free supply. Furthermore, neither the payment of principal or interest by the Issuer, nor the disposal of the Notes, would give rise to any GST liability in Australia.

U.S. Foreign Account Tax Compliance Act and OECD Common Reporting Standard

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs in effect as at the date of this Offering Circular, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if additional notes (as described under the Terms and Conditions of the Notes) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

Common Reporting Standard

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information ("**CRS**") requires certain financial institutions to report information regarding certain accounts (which may include the Notes) to their local tax authority and follow related due diligence procedures. Noteholders may be requested to provide certain information and certifications to ensure compliance with the CRS. A jurisdiction that has signed a CRS Competent Authority Agreement may provide this information to other jurisdictions that have signed the CRS Competent Authority Agreement. The Australian Government has enacted legislation amending, among other things, the Taxation Administration Act 1953 of Australia to give effect to the CRS.

SUBSCRIPTION AND SALE

This section summarises the Subscription Agreement entered into by the Issuer and the Managers. It also sets out restrictions on the Offering in various jurisdictions.

SUBSCRIPTION AGREEMENT

The Managers have entered into a subscription agreement dated 15 April 2021 with the Issuer (the "**Subscription Agreement**"). Upon the terms and subject to the conditions contained therein, the Managers have agreed to subscribe or procure subscribers for the aggregate principal amount of the Notes at the Issue Price.

Fees and expenses

The Issuer has agreed to pay certain underwriting fees to the Managers and to reimburse the Managers for certain of its expenses incurred in connection with the management of the Offering and the issue of the Notes.

Representations, warranties and undertakings

The Issuer makes various representations and warranties including but not limited to representations and warranties in relation to this Offering Circular, compliance with the Corporations Act, the ASX Listing Rules and the constitutional documents of the Issuer. The Issuer also warrants that it has the power and authority to issue the Notes and to enter into and comply with the terms of the Subscription Agreement, the Trust Deed, the Agency Agreement and the Calculation Agency Agreement.

Termination events

The Managers are entitled, in certain circumstances, to terminate the Subscription Agreement at any time prior to the payment of the net subscription monies for the Notes, including where one or more of the following events occurs:

- if there shall have come to the notice of the Managers any breach of, or any event rendering untrue or incorrect, any of the warranties and representations, or any failure of the Issuer to perform any of its undertakings or agreements, in the Subscription Agreement;
- if the conditions precedent to closing set out in the Subscription Agreement have not been satisfied or waived by the Managers;
- if, on or prior to the Closing Date, (a) there shall have occurred any adverse change, or development involving a prospective change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Issuer or in the Ordinary Shares on any stock exchange or in any over-the-counter market) or currency rates or foreign exchange controls; or (b) there shall have occurred a general moratorium on banking activities in in the United Kingdom, United States, Singapore, Hong Kong and/or the Commonwealth of Australia by the relevant central banking authority in any of those countries, each of which would, in the Managers' view be likely to prejudice materially the success of the issue and offering of the Notes or distribution of the Notes or dealings in the Notes in the secondary market;
- if, on or prior to the Closing Date, there shall have occurred either of the following (a) a suspension or material limitation of trading in securities generally on the New York Stock Exchange, the Nasdaq Stock Market, Inc., the London Stock Exchange plc, the Hong Kong Stock Exchange, the SGX-ST or the ASX; or (b) a suspension or material limitation in trading in any of the Issuer's securities or the Ordinary Shares on ASX (other than a suspension in trading of the Issuer's securities or Ordinary Shares that is initiated by the Issuer and such suspension does not exceed two trading days), each of which would, in the Managers' view be

likely to prejudice materially the success of the issue and offering of the Notes or the distribution of the Notes or dealings in Notes in the secondary market;

- if, on or prior to the Closing Date, in the opinion of the Managers, there shall have occurred any event or series of events, including the occurrence of any local, national or international outbreak or escalation of hostilities or act of terrorism, disaster, insurrection, armed conflict, act of God or epidemic, material disruption in commercial banking services or securities or securities clearing services in the United States, the United Kingdom, Singapore, Hong Kong and/or the Commonwealth of Australia, which would in the Sole Managers' view be likely to prejudice materially the success of the issue and offering of the Notes or the distribution of the Notes or dealings in the Notes in the secondary market; or
- if the ASX makes any official statement, or indicates to the Issuer or any of the Managers (whether or not by way of an official statement), that the Issuer will be removed from the official list or that any existing securities in the Issuer will be suspended from quotation or such suspension from quotation occurs. For the avoidance of doubt, a trading halt requested by the Issuer does not constitute a suspension.

Indemnity

The Issuer has agreed to indemnify the Managers, their respective subsidiaries, affiliates, and any person who controls any of them within the meaning of the Securities Act or Section 20 of the U.S. Securities Exchange Act of 1934, as amended (a "**holding company**") and the subsidiaries of a holding company and their respective directors, officers, partners, employees, and agents against certain losses incurred, whether directly or indirectly, by such persons arising out of, in connection with or based on certain claims which are instituted or made, threatened or alleged against or otherwise involve such persons in connection with or arising out of certain aspects of the Offering or this Offering Circular, except to the extent that any such claim, as finally and conclusively judicially determined by a court of competent jurisdiction, arose directly and primarily from the fraud, wilful misconduct (including deliberate breach of a material term of the Subscription Agreement) or gross negligence of those parties.

Other activities

The Managers and each of their affiliates have or may have, in the past, performed investment banking and advisory services for the Issuer and the Group, for which they have received customary fees and expenses. The Managers and each of their affiliates may, from time to time, engage in further transactions with, and perform services for, the Issuer and the Group in the ordinary course of their businesses.

Each 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 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 and its 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 and its affiliates and stakeholders and may owe duties to other persons which may conflict with the interests of the Issuer. Each Manager and its affiliates may receive and retain fees, profits and other financial benefits in connection with those activities. The Issuer agrees that these entities may trade such securities and hold such positions and effect such transactions without regard to the Issuer's interests.

The Managers or any of their affiliates may purchase the Notes for its or their own account and enter into transactions, including:

- credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Notes and/or other securities; or
- 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 Managers or any of their respective affiliates for the purpose of facilitating market making activities. The Managers and certain of their respective subsidiaries or affiliates have performed certain financial services, including financing and advisory services, for the Issuer 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, the Managers may, from time to time, engage in other transactions with and perform services for the Issuer and/or any other member of the Group in the ordinary course of business of the Issuer and/or any other member of the Group. In addition, the Manager 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.

Any stock loan transactions, may, together with other securities in the Issuer acquired by the Managers or any of their affiliates in connection with its ordinary course of sales and trading, principal investing and other activities, result in the Managers or their affiliates disclosing a substantial holding.

SELLING RESTRICTIONS

General

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Notes is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

Neither the Issuer nor the Managers make any representation that any action will be taken in any jurisdiction by the Managers or the Issuer 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 Manager has undertaken that it will not, directly or indirectly, offer, sell or deliver Notes or has in its possession or distributes this Offering Circular or any such other material in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance in all material respects with any applicable laws and regulations and all offers of the Notes by it will be made on the same times, in all cases at its own expense. Without prejudice to the generality of the above, each Manager agreed that it will obtain all consents, approvals and/or permissions which, to the best of its knowledge and belief, are required for the offer, purchase, delivery or sale of it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such offers purchases, delivery or sales.

United States

The Notes 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 jurisdictions of the United States, and they may not be offered or sold within the United States.

The Notes are being offered and sold outside the United States in "offshore transactions" as defined in, and in reliance on, Regulation S under the Securities Act. Each Manager has represented, warranted and agreed that it has not offered or sold, and agreed that it will not offer or sell, any Notes constituting

part of its allotment within the United States except in offshore transactions in accordance with Rule 903 and Rule 904 of Regulation S.

Accordingly, neither of the Managers, their respective affiliates nor any persons acting on its or their behalf have engaged or will engage in any "directed selling efforts" (as defined in Rule 902(c) of the Securities Act) with respect of the Notes and the Ordinary Shares to be issued upon conversion of the Notes.

Each 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.

Terms used in this sub-section captioned "United States" have the meaning given to them by Regulation S.

Prohibition of Sales to EEA Retail Investors

Each Manager has represented, warranted 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 EEA. For the purposes of this paragraph:

- (i) 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;
 - (b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (c) not a qualified investor as defined in Regulation (EU) 2017/1129; and
- (ii) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Prohibition of Sales to UK Retail Investors

Each Manager has represented, warranted 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 UK. For the purposes of this paragraph:

- (i) the expression "retail investor" means a person who is one (or more) of the following:
 - (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA;
 - (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
 - (c) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA; and

- (ii) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Each 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 an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; 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

No prospectus, product disclosure document or other disclosure document as that term is defined in the Corporations Act has been or will be lodged with ASIC in relation to the Notes. Accordingly, each 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 this Offering Circular or any other advertisement in relation to any Notes in Australia, unless:

- (i) the offer or invitation does not constitute an offer or invitation for which disclosure is required to be made to investors under Part 6D.2 or Chapter 7 of the Corporations Act;
- (ii) the offer or invitation is made to sophisticated or professional investors within the meaning of sections 708(8) or 708(11) of the Corporations Act;
- (iii) 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
- (iv) such action complies with applicable laws, and directives in Australia.

Singapore

Each Manager has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other documents or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly to any person in Singapore other than:

- (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA;
- (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; 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 or securities-based derivatives contracts (each term as defined in Section 2(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 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(6) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 (the CMP Regulations 2018), the Issuer has determined and hereby notified 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).

Hong Kong

Each Manager has represented, warranted and agreed that:

- (i) 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 SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the C(WUMP)O or which do not constitute an offer to the public within the meaning of the C(WUMP)O; 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 do so under the securities laws of Hong Kong) other than with respect to the 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 SFO and any rules made under the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each 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.

Switzerland

This Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Notes. 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 Offering and/or the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this Offering Circular nor any other offering or marketing material relating to the Offering and/or 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, and investors in the Notes will not benefit from protection or supervision by such authority.

New Zealand

Each Manager acknowledges that this Offering Circular and the information contained in or accompanying this Offering Circular:

- (i) 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 Financial Markets Conduct Act 2013 (NZ) (the "**FMC Act**"); and
- (ii) 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 Manager has acknowledged that this Offering Circular has not been registered, filed with or approved by any New Zealand regulatory authority under the FMC Act. Each 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.

ADDITIONAL INFORMATION

ASX

The Issuer has received ASX confirmations in relation to the Terms and Conditions of the Notes and the Offering that:

- the Terms and Conditions of the Notes are appropriate and equitable for the purposes of ASX Listing Rule 6.1;
- the Notes are not options for the purposes of ASX Listing Rules 6.14 – 6.23;
- the Notes are not preference securities for the purposes of ASX Listing Rules 6.4 – 6.7;
- it is "appropriate and equitable" for the purposes of ASX Listing Rule 6.12 that Noteholders may be divested of their Notes in the case of a conversion or redemption as provided for under the Terms and Conditions of the Notes; and
- the issue of the Notes is within the placement capacity of the Issuer under ASX Listing Rule 7.1.

No further ASX waivers or confirmations are required.

Foreign Acquisitions and Takeovers Act

The acquisition by foreign persons of interests in the Issuer is regulated by the Foreign Acquisition and Takeovers Act 1975 (Cth) (the "**FATA**").

The FATA generally requires (with the sanction of penalties) that prior notice be given to the Treasurer and a no objection notification obtained (or a statutory period has expired without the Treasurer objecting) in respect of the acquisition by a "foreign person" of certain interests in the Issuer (including the Notes) and gives the Treasurer of the Commonwealth of Australia (the "**Treasurer**") power to make an order prohibiting such an acquisition where it is proposed or to make a divestment order where such an acquisition has occurred and the proposal or acquisition considered contrary to Australia's national interest, if the foreign person (alone or together with its associates) would have an interest in 20% or more (or, if the foreign person is also a 'foreign government investor' under the FATA or the Issuer constitutes a 'national security business', 10% or more (though a lower percentage threshold can apply in certain circumstances)) of the issued shares in the Issuer, votes or potential votes (including through interests in options) of the Issuer.

The above summary does not purport to be a definitive statement of the FATA and investors requiring further information as to whether notification under the FATA to the Treasurer (through the Foreign Investment and Review Board) is required in respect of a proposed investment or further investment in the Issuer should consult their professional advisers.

Takeover Restrictions

The acquisition of interests in the Issuer is also regulated by the takeover provisions of Chapter 6 of the Corporations Act. These provisions prohibit (with the sanctions of penalties) the acquisition of relevant interests in the Ordinary Shares, if as a result of the acquisition the acquirer's (or another party's) "voting power" in the Issuer would increase to above 20%, or would increase from a starting point that is above 20% and below 90%. That prohibition is subject to a number of exceptions, including for acquisitions pursuant to a regulated takeover bid. Chapter 6C of the Corporations Act also contains provisions requiring market disclosure of relevant interests (and changes in relevant interests) in the Ordinary Shares by persons holding "voting power" in the Issuer of 5% or more.

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.

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;
- property acquired or proposed to be acquired by the Issuer 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.

Diamond Venture Holdings Pty Ltd ATF the Diamond Family Trust (DVHPL), a shareholder of the Issuer, entered into a stock borrowing arrangement dated 14 April 2021 (as the lender) with Merrill Lynch International. Details of the directors' interests in securities in the Issuer are disclosed in the Issuer's most recent annual report dated 30 June 2020, as updated in the Issuer's Appendix 3Y and 3X (as applicable) filings lodged with the ASX since that date.

Details of the directors' remuneration are also contained in the most recently lodged annual report for the Issuer dated 30 June 2020.

The information described above can be obtained from the Issuer or the ASX respectively, as set out in the "*Important Notice*" section of this Offering Circular.

GENERAL INFORMATION

1. The Issuer's registered office is located at Level 5, 126 Philip Street, Sydney NSW 2000.
2. The Principal Paying and Conversion Agent for the Notes is The Bank of New York Mellon, London Branch and the Registrar and the Transfer Agent for the Notes is The Bank of New York Mellon SA/NV, Luxembourg Branch. As of the date of this Offering Circular, their respective specified offices are located at One Canada Square, London E14 5AL, United Kingdom (in the case of the Principal Paying and Conversion Agent) and Vertigo Building – Polaris, 2-4, rue Eugène Ruppert, L-2453 Luxembourg (in the case of the Registrar and the Transfer Agent).
3. The Calculation Agent for the Notes is Conv-Ex Advisors Limited at its principal office which, as of the date of this Offering Circular, is located at 30 Crown Place London EC2A 4EB United Kingdom.
4. The issue of the Notes and the terms of the Offering were approved by resolutions of the Board of Directors of the Issuer passed on 12 April 2021.
5. For so long as any of the Notes is outstanding, copies of the Trust Deed, the Agency Agreement and, subject to the Trustee and the Principal Paying and Conversion Agent being provided with a copy of the same by the Issuer, the Calculation Agency Agreement will be available for inspection by Noteholders at the principal office for the time being of the Trustee (being, at the date of this Offering Circular, at One Canada Square, London E14 5AL, United Kingdom) and at the specified office of the Principal Paying and Conversion Agent at all reasonable times during normal business hours (being between 9.00 a.m. and 3.00 p.m.) following, in each case, prior written request and proof of holding and identity to the satisfaction of the Trustee or, as the case may be, the Principal Paying and Conversion Agent.
6. The Notes have been accepted for clearance through Euroclear and Clearstream. The International Securities Identification Number for the Notes is XS2330529905. The Common Code for the Notes is 233052990.
7. The Legal Entity Identifier of the Issuer is 254900RM95URFC15G140.
8. Save as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2020 and no material adverse change in the financial position or prospects of the Issuer or the Group since 31 December 2020.
9. Save as disclosed in this Offering Circular, neither the Issuer nor any of its subsidiaries 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 Issuer is aware, is any such litigation or arbitration pending or threatened.
10. The audited annual consolidated financial statements of the Group for the financial years ended 30 June 2019 and 30 June 2020 and the unaudited but reviewed interim consolidated financial statements of the Group for the half year ended 31 December 2020, each of which is deemed to be incorporated by reference in this Offering Circular, have been audited by Deloitte Touche Tohmatsu, as the independent auditors to the Issuer, as stated in their reports for the respective periods appearing therein.
11. An application has been made to the SGX-ST for permission to deal in and quotation for the Notes. Such permission will be granted when the Notes have been admitted to the Official List of the SGX-ST. The approval in-principle was received on 16 April 2021 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 shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption. In addition, in the event

that the Global Certificate is exchanged for individual definitive Certificates, 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.

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