

NZX Shareholder Update

May 2016

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Dear Shareholder,

Keeping you informed

Welcome to NZX's first shareholder update. These updates are designed to keep you informed about the progress of NZX's portfolio of businesses, and provide you with updates about the group as we deliver on our strategy.

It is also an opportunity for us to grow your understanding of our businesses, products and services, and keep you informed about what's happening in NZX's markets. We hope you find the format of this update clear and the content interesting. We welcome your feedback on information you would like to read in here.



Tim Bennett
NZX CEO

How is the business performing?

NZX's first quarter 2016 revenues and shareholder metrics were released on 29 April. They showed total revenues across NZX's portfolio of businesses were up 9.6% on the same period in 2015, mainly driven by solid growth in our funds services business, along with strong trading activity in the capital markets.

It was a busy first quarter for 2016 in our markets business, with trading volumes and values up 39.2% and 9.7% respectively compared to the first quarter of 2015. Listing revenue was up 12.5% to \$3.0 million, largely driven by \$1.4 billion of new debt listed – continuing the strong growth of the listed debt market that we have seen over the past six months. In March we also welcomed Oceania Natural as the third listing on the NXT market, followed by Tegel's recent listing on the Main Board, which was our first Initial Public Offering in 2016.

Our New Zealand agricultural information business continued to feel the effects of low dairy prices in the first quarter, with total revenues relatively flat on the same quarter last year. While publishing revenues were down due to lower advertising spend in the dairy sector, growth in data revenues largely offset this. NZX's acquisition of i-Farm in May 2015, an aggregator and distributor of data (mostly related to the red meat sector), was a significant contributor to this growth.

Our funds services business has grown strongly over the past 12 months – we'll expand on its performance later in this update.

Launch of NZ milk price futures and options

As part of our commitment to build a world leading agricultural commodities derivatives market that allows participants to manage price risk, we will launch New Zealand milk price futures and options contracts shortly. This follows approval from the Financial Markets Authority and the Reserve Bank of New Zealand. This new tool was identified in the Government's Business Growth Agenda – one of the objectives of the agenda was to explore how risk management tools such as derivatives can address volatility in agricultural commodity prices.

The futures and options contracts will address a growing demand from producers and purchasers of milk products wishing to manage risk around price fluctuations. For example, both contracts can help New Zealand dairy farmers to mitigate the risks associated with a variable milk price.

The new risk management tools are in addition to NZX's suite of existing dairy derivatives products, which settle to GlobalDairyTrade auction prices. These products are predominantly used by processors and offshore traders of New Zealand dairy commodities. The new New Zealand milk price futures and options contracts settle to the Fonterra Farmgate Milk Price, and will allow New Zealand farmers and processors to manage price volatility, as well as provide another risk management option for New Zealand dairy customers.

To learn more about these products please visit:
www.nzx.com/derivatives

Regulation & Policy update

We recently published our first NZX Regulatory Agenda, which summarises NZX Regulation's key areas of focus for 2016: market infrastructure, orderly markets and market engagement. For those of you with an interest in the operation of capital markets, please visit the Regulation section of NZX.com to view the agenda, it is an interesting read, and I hope it provides clarity on where our regulation team is focussed.

On a policy front, we have had excellent engagement from issuers and participants in our market on proposed changes to corporate governance reporting requirements within the NZX Main Board Listing Rules. The next stage is to publish a further consultation paper outlining the proposed updated reporting requirements, and give interested parties another opportunity to provide feedback before any changes are finalised.

We look forward to seeing many of you at our Annual Meeting in Auckland on 20 May.

Wishing you all the best.

Tim Bennett
NZX CEO

Growth in NZX's Funds Services Business



We significantly expanded the scope and capability of NZX's funds services business in 2015, with the acquisitions of leading superannuation and passive funds manager SuperLife Limited in January 2015, and wealth management platform provider Apteryx in August 2015 (which we have subsequently renamed NZX Wealth Technologies).

We made these acquisitions because NZX believes that New Zealand's funds management sector has attractive growth prospects, given the long-term accumulation phase that is underway in KiwiSaver. The acquisition of SuperLife Limited expands NZX's role as a leader in passive funds management, which will have an increasing role to play in meeting the investment needs of New Zealanders, as it has done overseas, given the transparency and cost effectiveness of passive investment products such as Exchange Traded Funds (ETFs).

NZX saw a strong alignment between SuperLife and Smartshares given SuperLife's passive investment philosophy, and we were

also attracted to its significant KiwiSaver offering. Combining these businesses has enabled NZX to create a comprehensive and unique suite of investment products for New Zealanders, including launching 18 new ETFs, taking Smartshares' total portfolio of ETFs to 23.

As well as providing quality products, New Zealand's funds management industry needs quality infrastructure to help to realise its potential. This is the reason NZX acquired Apteryx, now NZX Wealth Technologies, which offers a next generation platform for wealth managers to administer their client portfolios. NZX Wealth Technologies has strong prospects, including the contribution it can make to the development of the broader New Zealand funds management industry.

More information, including the investment statements for the Smartshares and SuperLife financial products are available at smartshares.co.nz and superlife.co.nz respectively.

Updated Business Structure

Following the successful integration of these acquired businesses into NZX, we are now managing the NZX business in three distinct groups, reflecting the growth prospects and investment requirements of each. These are:

MARKETS

This includes our capital markets activities that generate revenue from capital raising, trading and clearing, listings, participant services, securities data and derivatives. It also includes NZX's operation of the Fonterra Shareholders' Market, and our energy markets business, which largely comprises the contracts we operate on behalf of the Electricity Authority.

FUNDS SERVICES

This includes the Smartshares, SuperLife and NZX Wealth Technologies businesses.

AGRICULTURE

This includes our print and online publications, data and analytic reports in Australia and New Zealand, and the Clear Grain Exchange in Melbourne.

While managing these businesses separately, we continue to benefit from the connections between them. For example, the growth in SuperLife has enabled Smartshares to launch 18 new ETFs. Market trading volumes across our suite of Smartshares ETFs continues to increase, driven by broader awareness in the products and growing support from retail investors, brokers and independent financial advisers.

First quarter 2016 revenues in NZX's funds services group increased 39.1% to \$3.2 million compared to the first quarter of 2015. SuperLife and Smartshares achieved solid growth in funds under management (FUM) in the quarter, with total funds under management across the two entities up 13.3% over the past 12 months.

NZX Business in Focus: SuperLife

SuperLife provides superannuation, KiwiSaver, investments and insurance to more than 45,000 members, and has more than \$1.5 billion of assets under management.

SuperLife is committed to providing the best investment solutions in terms of security, flexibility, convenience and value. We also empower customers to make their own decisions, providing both a range of ready-made plans, as well as a wide range of options for those customers who want to implement their own investment decisions.

SuperLife products and services are designed for individuals, as well as employers who want to provide their staff with benefit arrangements.

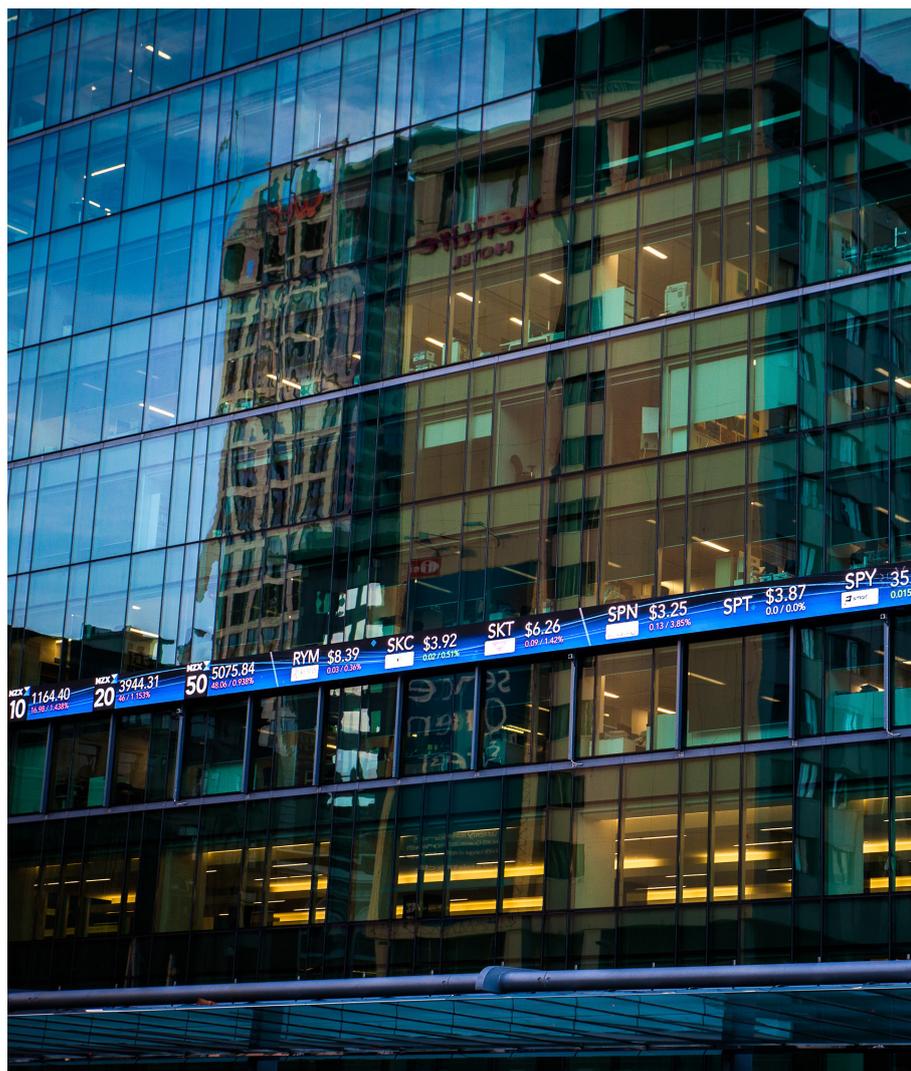
Download the SuperLife app

SuperLife members can now access account details, balance history and track the progress of their Member Tax Contribution to ensure they get the maximum government KiwiSaver subsidy of \$521.43, using our new android and iOS apps, which can be downloaded at the [Google Play](#) and [Apple](#) stores.

SuperLife on the move

This June the SuperLife team is relocating to NZX's main Auckland office at Zurich House, Queen Street, in the heart of Auckland's central business district.

SuperLife will join our Auckland based markets, regulation, policy and legal, communications, risk and NZX Agri staff at Zurich House. The bulk of NZX's operations, technology, regulation and corporate services teams continue to be based in Wellington.



SuperLife Products & Services

KiwiSaver

SuperLife has one of New Zealand's most flexible KiwiSaver schemes with 45 different investment options to choose from, including AIM Age Steps, which automatically alters your investment strategy as you get closer to retirement age

Superannuation

SuperLife offers a range of superannuation alternatives for individuals and employers that incorporate flexible investment and insurance options

myFutureFund

This is part of SuperLife's superannuation scheme, helping you provide a financial boost for a child's future

Ascot superannuation scheme

Provides UK pension transfers

Insurance

SuperLife offers life, lump sum death, and total and permanent disablement insurance, disability income protection insurance and medical insurance options

Investment options

SuperLife lets you set your own investment strategy using a mix of cash, bonds, property and shares, or choose any of the standard strategy options. SuperLife also has a socially responsible balanced fund (Ethica) and offers access to the full suite of Smartshares ETFs

Learn about SuperLife at:

www.superlife.co.nz

Meet the Team



Head of NZX Funds Management
Aaron Jenkins

Aaron joined NZX as Head of Markets in January 2014, and following his success in that role, was appointed Head of NZX Funds Management following our acquisition of SuperLife.

Aaron leads the 45 strong NZX funds management team, working closely with SuperLife's previous owners Michael Chamberlain and Owen Nash. Aaron oversaw the integration of SuperLife into NZX's portfolio of businesses and

is focussed on growing SuperLife's KiwiSaver scheme and employer superannuation activities, and driving the uptake of Smartshares' ETFs.

Aaron previously worked at Fonterra, and prior to this held senior technology and business roles with E*Trade, one of Australia's largest non-bank financial services businesses, and ANZ in Australia.

NZX Annual Meeting 2016

A reminder that NZX's Annual Meeting of shareholders will be held at the Pakuranga Hunt Room at the Ellerslie Event Centre, Ellerslie Racecourse, Level 2, 80 Ascot Avenue, Remuera, Auckland, on Friday 20 May 2016, commencing at 9.30am. Please register and be seated by 9.20am. More information can be found in the Notice of Meeting.

Help Us Reduce Our Environmental Impact

Help us reduce NZX's environmental impact & costs. We encourage NZX shareholders to opt to receive all communications electronically. This makes it more efficient and convenient for you, while reducing NZX's environmental impact and costs. To update your preference please visit the Link Market Services website: linkmarketservices.co.nz

Investor Calendar

- Annual Meeting – Friday 20 May 2016
- Half year balance date – Thursday 30 June 2016
- NZX half year financial results published – Wednesday 17 August 2016
- 2016 interim dividend expected to be paid – September 2016
- Third quarter revenues and operating metrics released – October 2016
- Full year balance date – 31 December 2016
- 2016 full year results released – February 2017
- 2016 final dividend expected to be paid – March 2017

About NZX Limited

NZX builds and operates capital, risk and commodity markets and the infrastructure required to support them. We provide high quality information, data and tools to support business decision making. We aim to make a meaningful difference to wealth creation for our shareholders and the individuals, businesses and economies in the countries in which we operate.

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