

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

Healthscope Notes Limited

ABN

69 147 250 780

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | Fully paid subordinated notes (Notes II) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Approximately 3,000,000, with the ability to issue more or less |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | See Attachment to Appendix 3B under heading 'Attachment 1 - Terms of Issue' |

+ See chapter 19 for defined terms.

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<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Not applicable</p>
<p>5 Issue price or consideration</p>	<p>A\$100 per Note II</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The proceeds of the Offer will be used to voluntarily repay some of the Healthscope Group's Senior Debt (including amounts owed to the Joint Lead Managers or related entities as Senior Creditors). The amounts prepaid cannot be re-drawn or re-borrowed under the terms of the Senior Facility Agreement.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>No</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>Not applicable</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>Not applicable</p>

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6d	Number of +securities issued with security holder approval under rule 7.1A	Not applicable	
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Not applicable	
6f	Number of securities issued under an exception in rule 7.2	Not applicable	
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	Not applicable	
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Not applicable	
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	Issue is scheduled for 27 March 2013 with holding statements to be dispatched on 3 April 2013	
8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	Number	+Class
		2,000,000	Healthscope Notes I
		3,000,000 but may be more or less	Notes II

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	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the securities in section 2 if applicable)	1 Ordinary Share
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not applicable for Notes II

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	Not applicable
12	Is the issue renounceable or non-renounceable?	Not applicable
13	Ratio in which the +securities will be offered	Not applicable
14	+Class of +securities to which the offer relates	Not applicable
15	+Record date to determine entitlements	Not applicable
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not applicable
17	Policy for deciding entitlements in relation to fractions	Not applicable
18	Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	Not applicable

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19	Closing date for receipt of acceptances or renunciations	Not applicable
20	Names of any underwriters	Not applicable
21	Amount of any underwriting fee or commission	Not applicable
22	Names of any brokers to the issue	Not applicable
23	Fee or commission payable to the broker to the issue	Not applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	Not applicable
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	Not applicable
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not applicable
28	Date rights trading will begin (if applicable)	Not applicable
29	Date rights trading will end (if applicable)	Not applicable
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a broker?	Not applicable
31	How do ⁺ security holders sell <i>part</i> of their entitlements	Not applicable

⁺ See chapter 19 for defined terms.

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through a broker and accept for the balance?

32 How do +security holders dispose of their entitlements (except by sale through a broker)?

Not applicable

33 +Despatch date

Not applicable

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories

- 1 - 1,000
- 1,001 - 5,000
- 5,001 - 10,000
- 10,001 - 100,000
- 100,001 and over

37 A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought Not applicable

39 Class of +securities for which quotation is sought Not applicable

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

Not applicable

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

Not applicable

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)		

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Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:


..... Date: 12 March 2013
(Director/Company secretary)

Print name: Ingrid Player

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
<i>Insert</i> number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	
<p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	
“A”	

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Step 2: Calculate 15% of "A"	
"B"	0.15 <i>[Note: this value cannot be changed]</i>
Multiply "A" by 0.15	
Step 3: Calculate "C", the amount of placement capacity under rule 7.1 that has already been used	
<p><i>Insert</i> number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
"C"	
Step 4: Subtract "C" from ["A" x "B"] to calculate remaining placement capacity under rule 7.1	
"A" x 0.15 <i>Note: number must be same as shown in Step 2</i>	
Subtract "C" <i>Note: number must be same as shown in Step 3</i>	
Total ["A" x 0.15] – "C"	<i>[Note: this is the remaining placement capacity under rule 7.1]</i>

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Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
<i>Multiply “A” by 0.10</i>	
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
<p><i>Insert</i> number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A</p> <p><i>Notes:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“E”	

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Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
"A" x 0.10 <i>Note: number must be same as shown in Step 2</i>	
Subtract "E" <i>Note: number must be same as shown in Step 3</i>	
Total ["A" x 0.10] – "E"	<i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.

Attachment 1 – Terms of Issue

+ See chapter 19 for defined terms.

Terms of Notes

1. General

1.1 Form

The Notes are subordinated notes. Holders are entitled to the benefit of, and are bound by the provisions of, the Trust Deed. The Trust Deed has been lodged with ASIC, and is available for inspection by Holders at the office of the Trustee.

1.2 Issue price

Each of the Notes to be issued by the Issuer:

- (a) will have a face value of \$100; and
- (b) must be paid for in full on or before issue.

1.3 Ranking and subordination

The Notes are subordinated debt obligations of the Issuer which rank behind the Senior Debt as set out in the Intercreditor Deed, and rank equally without any preference among themselves.

Under the Security Trust Deed and the Intercreditor Deed, Holders will have the benefit of the same security as secures the Senior Facilities (being the Security) but will rank second in respect of that security behind the Senior Creditors.

In the event of the Issuer being wound up, Holders will be entitled to receive a repayment of the issue price of the Notes plus any accrued interest after the Senior Creditors have been paid in full but before any distributions are made to preference or ordinary shareholders of the Issuer. The obligations of the Issuer in respect of the Notes rank in priority (by virtue of being secured under the Security) ahead of all its unsecured and unsubordinated payment obligations other than claims mandatorily preferred by law and existing security interests, or any other security interest, of the Security Group as permitted by the Senior Facility Agreement.

1.4 Security

The Notes are secured over the key operating assets of the Security Group in accordance with the provisions of the Security Trust Deed, the Intercreditor Deed and each Security. Each Holder is taken to have acknowledged and agreed that it is bound by the Security Trust Deed and the Intercreditor Deed. The Security Trust Deed and the Intercreditor Deed have been lodged with ASIC, and are available for inspection by Holders at the office of the Company.

2. Interest

2.1 Interest

Subject to these Terms of Issue, interest will accrue on each Note on a daily basis at the Interest Rate.

2.2 Payment of Interest

Subject to clause 6.5, interest is due and payable by the Issuer on the Notes in arrears on each Interest Payment Date and each Redemption Date (in respect of the amount redeemed or exchanged, as the case may be), unless the Suspension Condition is satisfied in respect of an Interest Payment Date or a Redemption Date, in which case the Issuer's obligation to pay interest will be suspended in accordance with clause 2.3(a).

2.3 Suspension of Interest

- (a) Interest on a Note which is otherwise due and payable on any Interest Payment Date or any Redemption Date (including any Suspended Interest arising as a consequence of any prior operation of this clause 2.3(a)) that is not due and payable by the Issuer on that date as a result of the provisions of clause 2.2 is automatically suspended and will fall due for payment on:
 - (i) In the case of interest suspended on an Interest Payment Date, the earlier of:
 - (A) the next Interest Payment Date on which the Suspension Condition is not satisfied; and
 - (B) the date that any principal in respect of the Notes is due and payable in accordance with the provisions of these Terms of Issue; and
 - (ii) In the case of interest suspended on a Redemption Date, the first date on which the Suspension Condition is not satisfied or the date on which such interest is deemed to be repaid under clause 3.4(d)(i).
- (b) The Issuer will give notice to the Trustee and the Holders that payment of interest will be suspended under clause 2.3(a) as soon as practicable after it makes such determination.
- (c) The suspension of any interest payment under clause 2.3(a) will not constitute a default by the Issuer for any purpose.

2.4 Cumulative Interest

Interest accrues on any Suspended Interest and any other interest that is due and payable but unpaid on a daily basis and compounds on a quarterly basis from (and including) the relevant Interest Payment Date or Redemption Date to (but excluding) the date of actual payment at a rate equal to the sum of the Interest Rate and 2.00% per annum. Interest accrued under this clause 2.4 is due and payable on the next Interest Payment Date after the suspension or non-payment (as applicable) of the relevant interest.

2.5 Restrictions on distributions

The Issuer must not, and shall procure that each other Obligor does not, announce the payment of, or make any distribution to, its ordinary shareholders or to holders of preference shares, in each case in their capacity as holder of such security, or in respect of any other securities or similar indebtedness, the right to which, by the terms of its creation or issue or law, is or is expressed to be subordinated to the Notes, or buy-back any ordinary shares or preference shares or such other security or indebtedness, if on such day:

- (a) any amount in respect of interest on any Note is due and payable but unpaid;
- (b) any amount in respect of interest on any Note is suspended in accordance with clause 2.3(a);
- (c) any amount in respect of principal on any Note is due and payable but unpaid;
- (d) the Total Leverage Ratio on such day is greater than 4.50 times or would be greater if such distribution was made; or
- (e) an Event of Default or Potential Event of Default is subsisting.

2.6 Restrictions on Finance Debt

The Issuer must not, and shall procure that each other Obligor does not, incur any Finance Debt which ranks senior in priority to or pari passu with the Notes (other than Permitted Finance Debt), if incurring such Finance Debt (other than Permitted Finance Debt) would cause the Total Leverage Ratio on such day to exceed the Maximum Leverage Level.

2.7 Testing of Financial Covenants

The financial covenants set out in clauses 2.5(d) and 2.6, and the Interest Suspension Financial Covenant, will be tested on each Ratio Testing Date by reference to the most recently available quarterly aggregated, unaudited financial statements for the relevant Ratio Testing Date, unless annual aggregated, audited financial statements for the Security Group for all or any part of the relevant period are available on the date on which any such

covenant is tested, in which case those annual accounts shall be used instead.

2.8 Payment of Outstanding Interest

Subject to clause 2.9, the Issuer may pay all or any Outstanding Interest on all, but not some, of the Notes to the Holders at any time, provided the Suspension Condition is not then satisfied and subject to the Issuer notifying the Holders at least 5 Business Days prior to any such payment of the date of payment and the amount of such interest to be paid in respect of each Note.

2.9 Priority of Interest payments

Any payment of interest by the Issuer must be applied:

- (a) first, in payment of any interest accrued on any Suspended Interest under clause 2.4 which has not been paid or otherwise satisfied in full at that time;
- (b) secondly, in payment of any Suspended Interest; and
- (c) lastly, in payment of any other Outstanding Interest.

2.10 Calculation of Interest

Interest will be calculated on the basis of a 365 day year and the number of days elapsed. All calculations of interest will be rounded to four decimal places. Any fraction of a cent in the payment of any interest in respect of a Holder's aggregate holding of the Notes will be disregarded.

3. Exchange Right

3.1 Grant of Exchange Right

The Issuer grants each Holder resident in Australia the right described in this clause 3 ("Exchange Right") in respect of any IPO. The Issuer may, at its discretion, extend the Exchange Right to Holders with registered addresses in any jurisdiction outside Australia where the Issuer reasonably believes that it is not prohibited or it is not unduly onerous or impractical to implement the Exchange Right to Holders in that jurisdiction.

3.2 Notice to Holders

The Issuer must:

- (a) if a disclosure document in respect of an IPO is lodged with ASIC that is not a supplementary or replacement disclosure document (an "IPO Disclosure Document"), send to each Holder that is on the Notes Register at 7.00pm on the Business Day immediately prior to the lodgement of the IPO Disclosure Document with ASIC (at the Holder's address as it appears in the Notes Register) within three Business Days of lodgment of the IPO Disclosure Document with ASIC, notice of the IPO together with a

form of exercise of the Exchange Right ("Exchange Notice"); and

- (b) ensure that:
 - (i) the Application Form in respect of any IPO specifically contemplates and allows for the priority application by Holders for Listed Securities in respect of the IPO Exchange Amount on the basis described in clause 3.4, and otherwise in accordance with these Terms of Issue;
 - (ii) copies of Exchange Notices and the relevant IPO Disclosure Document (including an Application Form) are obtainable by Holders on request from the Issuer or any other person appointed by the Issuer; and
 - (iii) the close of the retail offer of the IPO will be no sooner than 15 Business Days after the lodgement of the relevant IPO Disclosure Document with ASIC.

3.3 Exercise of Exchange Right

To exercise the Exchange Right under any Note in respect of any IPO, a Holder must:

- (a) be listed on the Notes Register on the record date to be determined by the Issuer and advised by the Issuer to Holders in the Issuer's discretion including by way of an announcement to ASX or in a newspaper widely circulated in Australia; and
- (b) at its own expense:
 - (i) complete and execute an Exchange Notice stating the number of Notes in respect of which the Exchange Right is exercised ("Exercised Holding") which number must not be greater than the number of Notes held by the relevant Holder on the Final Deposit Date that the Holder continues to hold on the Exchange Date; and
 - (ii) complete and execute, in accordance with the directions on the form, an Application Form under the IPO applying for Listed Securities in respect of the Exercised Holding ("Application Form"); and
- (c) deposit the Exchange Notice, the Application Form and other documents required under the terms of the IPO to accompany the Application Form, at the address specified in the Exchange Notice (or if no address is specified, the registered office of the Issuer) during normal business hours on or before the date (the "Final Deposit Date") which is three Business Days prior to the close of the

offer period for retail investors for the IPO (or such different date advised by the Issuer to Holders in the Issuer's discretion including by way of an announcement to ASX or in a newspaper widely circulated in Australia).

- (d) The Issuer and the Trustee will have no responsibility for any error or misstatement by a Holder on an Exchange Notice or an Application Form and the Issuer is not bound to act on an Exchange Notice or Application Form which contains an error or misstatement.

3.4 Obligations of the Issuer

Subject to Completion of the IPO, upon the exercise of the Exchange Right by a Holder in accordance with the provisions of these Terms of Issue:

- (a) the Issuer must ensure that the Application Form in respect of the IPO is delivered to the Issuer or vendor (as the case may be) of the Listed Securities under the IPO before the closing date of the IPO;
- (b) the Issuer must procure that, subject to clause 3.7, the issuer or vendor (as the case may be) of the Listed Securities under the IPO accepts the Holder's Application in respect of the IPO Exchange Amount;
- (c) the Issuer must apply on behalf of the Holder the IPO Exchange Amount in application for the subscription or purchase, as the case may be, of the Listed Securities in respect of the IPO, on or before the due date for payment under the terms of the IPO;
- (d) upon issue or transfer of the Listed Securities to the Holder under the IPO, the Issuer will redeem the Exercised Holding, and:
 - (i) the IPO Exchange Amount shall be deemed to be repaid by way of the application of that amount on behalf of the Holder under clause 3.4(c) (except to the extent that the Holder is not issued or transferred Listed Securities to the full amount of the IPO Exchange Amount, in which case the Notes will not be redeemed to that extent); and
 - (ii) any interest accrued under clauses 2.1 or 2.4 from the previous Interest Payment Date to the date of issue or transfer will be due and payable to the Holder (unless the Suspension Condition is then satisfied in which case such accrued interest will be added to the IPO Exchange Amount); and
- (e) in application of the IPO Exchange Amount in accordance with clause 3.4(c) (including

through the operation of clause 3.4(d)), the Issuer will not apply any amount in respect of a fraction of a Listed Security. Any amount remaining after the application in accordance with clause 3.4(c) will be disregarded by the Issuer and the Issuer is discharged of its obligations to either apply such amount in accordance with clause 3.4(c) or deliver such amount to the Holder.

3.5 Price of Listed Securities

The Issuer must procure that the subscription or purchase price of any Listed Securities to be issued or transferred to a Holder on exercise of any Exchange Right is 97.5% of the price of such securities to retail investors pursuant to the general retail offer, or if there is no general retail offer, the broker firm retail offer.

3.6 Issue or transfer of securities

For the avoidance of doubt, nothing in these provisions requires any securities to be issued or transferred to any Holder in accordance with this clause 3 other than pursuant to and in accordance with the terms of an IPO.

3.7 Limitations on Exchange Right

Holders will not be entitled to exercise the Exchange Right to the extent that this would result in less than 10% of the total amount to be raised from the IPO (being the aggregate amount received by all persons issuing and / or transferring securities pursuant to the IPO) being raised from investors other than the Holders.

3.8 Reduction of Exercised Holding

If, in relation to any IPO, Holders exercise the Exchange Right in respect of an aggregate amount which exceeds the total amount available for subscription and / or purchase by Holders under the IPO (being the total amount to be raised from the IPO less 10%), then the Exercised Holding of each such Holder will be deemed to have been reduced by a proportionate amount of such excess.

3.9 General

For the avoidance of doubt, Holders are not required to subscribe in an IPO and may, subject to clause 4, choose instead to continue to hold all or any part of their holdings in the Notes (and receive any relevant premium upon redemption of such Notes).

4. Redemption

4.1 Subordination

The redemption by the Issuer of any Note is subject to the provisions of the Security Trust Deed and the Intercreditor Deed.

4.2 Final Redemption

The Issuer must redeem all the Notes on issue on the Maturity Date at their then outstanding principal

amount plus any Outstanding Interest on those Notes as at such date.

4.3 Early Redemption by Issuer

(a) (Early Redemption on Refinancing Event)

If a Refinancing Event occurs on any date falling on or prior to the date that is 12 months after the Issue Date, the Issuer may, on the date the Refinancing Event occurs or within 3 months after that date (provided the Issuer has first given not less than 28 days notice to the Holders and the Trustee (which notice will be irrevocable)), redeem all (but not part or some only) of the Notes in which event:

- (i) the redemption will take effect on the date specified in the Issuer's notice; and
- (ii) the redemption amount will be 105% of the principal amount outstanding under the Notes.

For the avoidance of doubt, if the redemption notice given under this clause 4.3(a) states that the redemption is conditional on completion of the refinancing then if the refinancing does not proceed and the Issuer advises Holders that the refinancing will not proceed, the notice of redemption issued by the Issuer will lapse. However, if the refinancing does proceed then the redemption notice will be valid.

- (b) **(Early Redemption following IPO)** If at any time on or prior to the date that is 24 months after the Issue Date, there is an issue of Listed Securities pursuant to an IPO, then the Issuer may at any time afterwards, by giving not less than 28 days notice to the Holders and the Trustee (which notice will be irrevocable), redeem all or any part of the Notes (after taking into account elections by Holders of the Notes to subscribe in the IPO pursuant to the Exchange Right) at 105% of such part of the principal amount of the Notes as is being redeemed and in such circumstances the redemption will take effect on the date specified in the Issuer's notice. If the Issuer proposes to redeem only part of the Notes in accordance with this clause 4.3(b), the Issuer shall redeem each Note pro rata. For the avoidance of doubt, the Issuer may make more than one redemption in accordance with the provisions of this clause 4.3(b).

- (c) **(Early Redemption Issuer call option)** The Issuer may, on any date falling on or after the date that is 12 months after the Issue Date, redeem all or part (pro rata

across Holders) of the Notes at the Early Redemption Amount by giving not less than 28 days notice of the call to the Holders and the Trustee. In such circumstances, the redemption will take effect on the date specified in the Issuer's notice (which may be given before the date that is 12 months after the Issue Date provided the redemption does not take effect before the date that is 12 months after the Issue Date). For the avoidance of doubt, the Issuer may make more than one redemption in accordance with the provisions of this clause 4.3(c).

(d) **(Early Redemption in connection with IPO)** If on any date falling on or after the date that is 24 months after the Issue Date, a disclosure document for an IPO (not being a supplementary or replacement disclosure document) is lodged with ASIC, the Issuer may, by giving not less than 28 days notice to the Holders and the Trustee (which notice will be irrevocable), redeem all or any part of the Notes in which event:

- (i) the redemption will take effect on the later of the date specified in the Issuer's notice and the date of issue or transfer (as the case may be) of Listed Securities pursuant to the relevant IPO (or, if the IPO is withdrawn prior to the issue or transfer of Listed Securities, the date of announcement of such withdrawal);
- (ii) the redemption amount will be 102.5% of such part of the principal amount of the Notes as is being redeemed; and
- (iii) if the proposed redemption relates to part only of the Notes, the Issuer must redeem the Notes pro rata across Holders (after taking into account elections by Holders of the Notes to subscribe in the IPO pursuant to the Exchange Right),

provided that the Issuer may only give a notice of redemption under this clause 4.3(d) within 3 months after the date of first lodgement of the relevant IPO disclosure document with ASIC (but provided it does so, it may give more than one such notice). For the avoidance of doubt, if the redemption notice given under this clause 4.3(d) states that the redemption is conditional on Completion of the IPO then if the relevant securities under the IPO are not issued or transferred due to the IPO not proceeding or being withdrawn and the Issuer advises Holders that the IPO will not proceed, the notice of redemption issued by the Issuer will lapse. However, if the IPO

proceeds and the Listed Securities are issued and/or transferred, then the redemption notice will be valid and the redemption will be subject to the Exchange Right.

- (e) **(Early Redemption for Tax Event)** The Issuer may redeem the Notes for the principal amount outstanding plus any Outstanding Interest at any time after the occurrence of a Tax Event.
- (f) **(Clean-up call for small value of Notes)** The Issuer may at any time redeem the Notes for the Early Redemption Amount on the date of redemption if the aggregate value of Notes on issue is less than \$50 million.
- (g) **(Interaction with Senior Finance Documents)** No early redemption will occur unless it is permitted under the Senior Finance Documents.
- (h) **(Interest on redemption)** Where a Note is redeemed under this clause 4.3, the Issuer must pay the relevant Holder, in addition to the relevant redemption amount payable, all Outstanding Interest payable in respect of the Note being redeemed.
- (i) **(Premium)** For the avoidance of doubt, where Notes are redeemed pursuant to the exercise of the Exchange Right, Holders will not be entitled to any premium on the principal amount outstanding on those Notes (other than the 2.5% discount on the price of Listed Securities pursuant to an IPO payable by retail investors pursuant to the general retail offer, or if there is no general retail offer, the broker firm retail offer). Conversely, where Notes are redeemed in circumstances other than the exercise of the Exchange Right, including under clause 4.3, Holders will not be entitled to any discount in respect of those Notes on the issue or transfer price of Listed Securities pursuant to an IPO.
- (j) **(Multiple redemption rights)** Where the Issuer is entitled to exercise a right of redemption pursuant to more than one sub-paragraph in clause 4.3, the Issuer can elect, in its absolute discretion, pursuant to which sub-paragraph or sub-paragraph(s) it exercises such right.

4.4 Early redemption by Holders following a Delisting Event

- (a) **(Early Redemption following Delisting Event)** If a Delisting Event occurs, the Holder of a Note may require the Issuer to redeem all, but not some, of their Notes on

the Delisting Redemption Date for the principal amount outstanding plus any Outstanding Interest.

- (b) **(Consultation with Trustee)** Promptly after the occurrence of a Delisting Event, the Issuer must inform the Trustee of the Delisting Event and must consult with the Trustee in good faith in respect of that Delisting Event.
- (c) **(Notice)** As soon as reasonably practicable after the occurrence of a Delisting Event and consultation with the Trustee in accordance with paragraph (b), the Issuer must give notice of the Delisting Event to the Trustee with a copy to the Registry, the Holders and ASX (a **Delisting Notice**). The Delisting Notice will contain a statement informing Holders of their entitlement to exercise their rights to require redemption of the Notes pursuant to this clause 4.4 and will also specify:
- (i) all information material to the Holders concerning the Delisting Event;
 - (ii) the closing price of the Notes on the day that the Notes were trading on ASX immediately prior to the occurrence of the Delisting Event;
 - (iii) the form of the exercise notice (**Delisting Redemption Exercise Notice**);
 - (iv) the last day of the Delisting Redemption Period; and
 - (v) such other information relating to the Delisting Event as the Trustee may reasonably require.
- (d) **(Delisting Redemption Exercise Notice)** To exercise the right under paragraph (a), a holder must deliver to the Registry (as agent for the Issuer) a duly completed and signed Delisting Redemption Exercise Notice, in the form attached to the Delisting Notice at any time in the Delisting Redemption Period.
- (e) **(Redemption)** If a Delisting Redemption Exercise Notice is delivered by a Holder in accordance with paragraph (d), the Issuer must redeem all Notes the subject of the Delisting Redemption Exercise Notice on the relevant Delisting Redemption Date for the principal amount outstanding plus any Outstanding Interest.

4.5 Early redemption by Holders

A Holder of a Note has no rights of redemption except pursuant to clause 4.4, as at the Maturity Date and under the Exchange Right.

5. Events of Default and Enforcement

5.1 Restrictions on actions

The rights of the Trustee and each Holder to take action against the Issuer upon the occurrence of an Event of Default are subject to the restrictions set out in the Security Trust Deed, the Intercreditor Deed and the Trust Deed. For the avoidance of doubt, in the case of any inconsistency between the Trust Deed and either of the Security Trust Deed or Intercreditor Deed (as applicable), the Security Trust Deed or Intercreditor Deed (as applicable) will prevail.

5.2 Consequences

If an Event of Default occurs and continues, the Trustee must call a meeting of the Holders in accordance with the Trust Deed as soon as is reasonably practicable and:

- (a) the Trustee may; and
- (b) if directed by the Holders in accordance with the Trust Deed (and subject to the Trustee being indemnified pursuant to the Trust Deed), the Trustee must,

give notice to the Issuer declaring the Notes to be due and payable at their principal amount outstanding.

5.3 Enforcement

At any time that the Notes have become due and payable in accordance with a notice given by the Trustee pursuant to clause 5.2, the Trustee may, subject to the restrictions set out in the Security Trust Deed and the Intercreditor Deed, direct the Security Trustee to take such proceedings against the Issuer as the Security Trustee may think fit to enforce payment in respect of the Notes.

5.4 Trustee not bound to take action

The Trustee shall not in any event be bound to take any action referred to in clause 5.3 unless the Trustee shall have been so directed by the Holders pursuant to the Trust Deed and the requirements of clause 8.2 of the Trust Deed have been met.

5.5 Holders' right to take action

No Holder shall be entitled to proceed directly against the Issuer to enforce any right or remedy under or in respect of any Note unless the Trustee, having become bound to proceed under clause 8.2 of the Trust Deed, fails to do so within a reasonable period and such failure is continuing, in which case a Holder may, upon giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise) and subject to clause 9.3 of the Trust Deed, itself institute proceedings against the Issuer pursuant to clause 8.1 of the Trust Deed.

6. Payments

6.1 Record Dates

For the purposes of determining a Holder's entitlement to payments of interest on the Notes in respect of any Interest Period, only those persons who are registered as Holders at 7:00 p.m. on the Record Date in respect of such Interest Period shall be entitled to receive the payment.

6.2 Deductions

- (a) The Issuer may deduct from any interest or other amount payable to a Holder the amount of any withholding or other tax, duty or levy required by law to be deducted in respect of such amount. If any such deduction has been made and the amount of the deduction accounted for by the Issuer to the relevant revenue authority and the balance of the amount payable has been paid to the Holder concerned, then the full amount payable to such Holder shall be deemed to have been duly paid and satisfied by the Issuer.
- (b) The Issuer shall pay the full amount required to be deducted to the relevant revenue authority within the time allowed for such payment without incurring penalty under the applicable law and shall, if required by any Holder, deliver to that Holder the relevant receipt issued by the revenue authority without unreasonable delay after it is received by the Issuer.

6.3 No Set-off

A Holder has no right to set off any amounts owing by it to the Issuer against claims owing by the Issuer to the Holder.

6.4 Payment method

Any amount which is payable to Holders in respect of the Notes in accordance with these Terms of Issue will, unless the Issuer and the Holder otherwise agree, be paid by direct credit to a nominated account at an Australian financial institution.

6.5 Payment days

If an amount is due and payable in respect of any Note on a day on which trading banks in Victoria are not open for business, that amount will be due and payable on the next day on which those banks are open for business. For the avoidance of doubt, such delay in payment will not constitute a default by the Issuer for any purpose, and no additional amount of interest will be payable with respect to such delayed payment.

7. General

7.1 Quotation

The Issuer must use all reasonable endeavours and furnish all such documents, information and

undertakings as may be reasonably necessary in order to procure official quotation of the Notes on a stock market conducted by ASX and to procure such quotation is maintained.

7.2 Reporting requirements

The Issuer will observe the reporting requirements set out in the Trust Deed, which include requirements to furnish reports on the financial performance of the Issuer.

7.3 Notes redeemed

All the Notes redeemed by the Issuer in accordance with these Terms of Issue will thereupon be cancelled and may not be reissued.

8. Holding Statements

A Holder is entitled to receive such statements of the holdings of the Notes of the Holder as the Issuer is required to give pursuant to the Corporations Act, the Listing Rules and the ASX Settlement Operating Rules.

9. Transfer of Notes

9.1 Forms of transfer

A Holder may transfer any Notes the Holder holds by:

- (a) a Proper ASTC Transfer or any other method of transferring or dealing in the Notes introduced by ASX or operated in accordance with the ASX Settlement Operating Rules or the Listing Rules and, in any such case, recognised under the Corporations Act; or
- (b) a written instrument of transfer in any usual form or in any other form approved by either the Directors or ASX, that is otherwise permitted by law.

9.2 Registration of transfer

A transferor of any Notes remains the owner of such Notes transferred until the transfer is registered and the name of the transferee is entered in the Notes Register in respect of the Notes, and the transferee of the Notes on being entered on the Notes Register shall have all the rights and obligations which the transferor had and all the rights and obligations of a Holder under the Trust Deed and these Terms of Issue.

9.3 Transfers which are not Proper ASTC Transfers

The following provisions apply to instruments of transfer referred to in clause 9.1(b):

- (a) unless the instrument of transfer is otherwise a sufficient transfer under the Corporations Act, the instrument must be signed by, or executed by or on behalf of:
- (i) the transferor; and

- (ii) if required by the Issuer, the transferee;
- (b) the instrument of transfer duly stamped will be left at the place where the Notes Register is kept; and
- (c) the instrument of transfer must be endorsed or accompanied by an instrument executed by the transferee to the effect that the transferee agrees to accept the Notes subject to the terms and conditions on which the transferor held them, to become a Holder and to be bound by the Trust Deed and these Terms of Issue.

9.4 Directors to register transfers

Subject to clauses 9.3 and 9.5, for so long as the Notes Register is maintained by the Issuer, the Directors will not refuse to register or fail to register or give effect to a transfer of the Notes.

9.5 Refusal to register transfers other than Proper ASTC Transfer

- (a) The Directors may refuse to register any transfer of the Notes (other than a Proper ASTC Transfer) where the Listing Rules permit the Issuer to do so.
- (b) The Directors will refuse to register any transfer of the Notes (other than a Proper ASTC Transfer) where the Corporations Act or the Listing Rules require the Issuer to do so, or the transfer is in breach of the Listing Rules.

9.6 Notice of refusal to register

- (a) Where the Directors refuse to register a transfer of the Notes under clause 9.5, the Issuer will give written notice of the refusal and the reasons for the refusal to the transferee and the person who lodged the transfer, if not the transferee, within 5 Business Days after the date on which the transfer was lodged with the Issuer.
- (b) Failure by the Issuer to give notice under clause 9.6(a) will not invalidate the refusal to register the transfer in any way.

9.7 Clearing systems

Notes or interests in Notes held through a Clearing System will be transferable only in accordance with the rules and regulations of that Clearing System. The rules and regulations of that Clearing System prevail over this clause 9 with respect to those Notes, or interest in Notes, to the extent of any inconsistency.

9.8 Registrar

If the Issuer appoints a registrar to maintain the Notes Register in accordance with the Trust Deed, then the Issuer will procure the registrar to comply with the provisions of this clause 9 as if references to 'the Issuer' or 'the Directors' were references to 'the Registrar'.

10. Joint Holders

10.1 Payment to one Holder effective discharge

If several persons are entered in the Notes Register as joint Holders in respect of a Note, the payment to any one of such persons of any monies from time to time payable to the joint Holders will be an effective discharge to the Issuer for the monies so paid.

10.2 More than three Joint Holders

Subject to the ASX Settlement Operating Rules, the Issuer will not be bound to register more than 3 persons as the joint Holders of any Notes. A Note registered in the name of more than one person is held by those persons as joint tenants.

10.3 Actions of Joint Holders

All of the joint Holders in respect of any Note must join in any transfer of the relevant Note.

11. Non resident Holders

- (a) Where the Notes are held by, or on behalf of, a person resident outside Australia, then, despite anything to the contrary contained in or implied by these Terms of Issue, it is a condition precedent to any right of the Holder to receive payment of any monies in respect of those Notes that all necessary authorisations (if any) and any other statutory requirements which may then be in existence are obtained at the cost of the Holder and satisfied.
- (b) For the purposes of clause 11(a), authorisation includes any consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, approval, direction, declaration, authority or exemption from, by or with any government or any governmental agency.

12. Indemnity to the Issuer

- (a) Whenever in consequence of:
 - (i) the death of a Holder;
 - (ii) the non-payment of any Tax payable by a Holder;
 - (iii) the non-payment of any stamp or other duty by the legal personal representatives of a Holder or their estate; or
 - (iv) any other act or thing in relation to a Note or a Holder,
 any law for the time being of any country or place, in respect of a Note, imposes or purports to impose any liability of any nature whatever on the Issuer to make any payments to any governmental agency, the Issuer will in respect of that liability be indemnified by that Holder and his legal

personal representatives and any monies paid by the Issuer in respect of that liability may be recovered from that Holder and / or the Holder's legal personal representative as a debt due to the Issuer and the Issuer shall have a lien in respect of those monies upon the Notes held by that Holder or his legal personal representatives and shall be entitled to set off those monies against any monies payable by it in respect of those Notes.

- (b) Nothing in clause 12(a) will prejudice or affect any right or remedy which any such law may confer or purport to confer on the Issuer.

13. Death or Legal Disability

13.1 Death or Legal Disability

If a Holder dies, becomes subject to a legal disability, becomes bankrupt or is liquidated, the survivor (in the case of joint Holders), the legal personal representative or the person entitled to the Notes as a result of the death, disability, bankruptcy or liquidation of the Holder or the making of vesting orders by a court or other judicial or quasi judicial body or authority will be recognised, on providing such evidence of that person's title as the Issuer thinks sufficient, as having an enforceable claim to the Notes registered in the Holder's name.

13.2 Transfer, Transmission under clause 13.1

Subject to the Listing Rules, the Issuer need not register any transfer or transmission under clause 13.1 unless the transferee provides an indemnity in favour of the Issuer in a form determined by or satisfactory to the Issuer in respect of any consequence arising from the transfer or transmission.

13.3 Two or More Persons Jointly Entitled

Where two or more persons are jointly entitled to any Note in consequence of the death of the registered holder of that Note, for the purpose of these Terms of Issue, they will be deemed to be joint holders of that Note.

13.4 Monies Payable In Respect of the Notes

The Directors will be at liberty to retain any monies payable in respect of any of the Notes which any person under this clause 13 is entitled to until such person is registered or has duly transferred the Notes in accordance with these Terms of Issue.

14. Amendments to these Terms of Issue

These Terms of Issue may only be amended in accordance with the provisions of the Trust Deed.

15. Governing Law, Jurisdiction and Inconsistency

15.1 Governing Law

The Notes and these Terms of Issue are governed by the laws of Victoria, Australia.

15.2 Jurisdiction

The Issuer and each Holder submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in Victoria, Australia in connection with matters concerning the Notes or these Terms of Issue. The Issuer and each Holder waives any right they have to object to an action being brought in those courts, or to claim that the action has been brought in an inconvenient forum, or to claim those courts do not have jurisdiction.

15.3 Inconsistency

Any part of these Terms of Issue which is inconsistent with a provision of the Security Trust Deed or the Intercreditor Deed does not operate to the extent of the inconsistency. Any payment of interest or principal which is permitted to be made, or which is prevented from being paid, by the Security Trust Deed or the Intercreditor Deed may be paid or is prevented from being paid (as applicable) notwithstanding anything to the contrary in these Terms of Issue and such payment or non-payment will not constitute a default by the Issuer for any purpose.

16. Notices

16.1 Service of Notices

- (a) Without limiting anything else in these Terms of Issue, a notice may be given by the Issuer to any Holder, or in the case of joint Holders to the Holder whose name appears first in the Notes Register, personally, by leaving it at the Holder's registered address or by sending it by prepaid post (airmail if posted to a place outside Australia) or facsimile transmission addressed to the Holder's registered address or, in any case, by other electronic means determined by the Directors. If the notice is signed, the signature may be original or printed.
- (b) A notice given by a Holder to the Issuer must:
- (i) be in writing; and

- (ii) be left at, or sent by prepaid post (airmail if posted from a place outside Australia) to the address below or the address last notified by the Issuer, or sent by facsimile transmission to the fax number below or the fax number last notified by the Issuer:

Ground Floor
312 St Kilda Road
Melbourne VIC 3004
Facsimile: +61 3 9356 7599
Attention: Company Secretary

16.2 When Notice Considered to be Received

Any notice is taken to be given:

- (a) if served personally or left at the intended recipient's address, when delivered;
- (b) if sent by post, on the second Business Day after it is mailed in a prepaid envelope to the intended recipient's address (or the fifth Business Day if mailed to a place outside Australia); and
- (c) if sent by facsimile or other electronic transmission, on production of a report by the machine or other system by which the transmission is sent indicating that the transmission has been made in its entirety to the correct fax number or other transmission address and without error.

16.3 Notice to Transferor Binds Transferee

Every person who, by operation of law, transfer or any other means, becomes entitled to be registered as the holder of any of the Notes is bound by every notice which, prior to the person's name and address being entered in the Notes Register, was properly given to the person from whom the person derived title to those Notes.

16.4 Service on Deceased Holders

A notice served in accordance with this clause 16 is (despite the fact that the Holder is then dead and whether or not the Issuer has notice of the Holder's death) considered to have been properly served in respect of any of the Notes, whether held solely or jointly with other persons by the Holder, until some other person is registered in the Holder's place as the Holder or joint Holder. The service is sufficient service of the notice or document on the Holder's legal personal representative and any person jointly interested with the Holder in the Notes.

17. Interpretation and defined terms

17.1 Interpretation

In these Terms of Issue, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (d) a reference to \$ or dollars is to Australian currency;
- (e) a reference to time is to Melbourne, Australia time;
- (f) a reference to a person includes a reference to the person's executors, administrators, successors and permitted assigns and substitutes;
- (g) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (h) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (i) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;
- (j) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally; and
- (k) subject to clause 6.5, if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

17.2 Defined Terms

The following defined terms apply in these Terms of Issue:

Accounting Standards	The equivalent to the International Financial Reporting Standards in the jurisdiction of incorporation of a Security Group Member or, absent those, generally accepted accounting standards in the jurisdiction of incorporation of that Security Group Member.
Additional Capex Facility	Has the meaning given to it in the Security Trust Deed.
Additional Leasing Facility	Has the meaning given to it in the Intercreditor Deed.
Adjusted EBITDA	<p>In respect of a period, consolidated operating profit (or loss) of the Security Group from ordinary operations for that period after adjustment to exclude (to the extent not already excluded and without double counting):</p> <ul style="list-style-type: none">(a) any deduction or contribution in respect of corporate Taxes and other Taxes on income or gains during that period;(b) Net Interest Expense incurred (including capitalised and suspended interest) during that period;(c) any contribution or deduction in respect of individually significant (and non-recurring) or extraordinary items during the period (but cash items will not be excluded from Adjusted EBITDA under this paragraph (c) to the extent that the relevant event has an impact on Adjusted EBITDA in

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- subsequent quarters);
- (d) any amortisation or impairment of goodwill, intangible assets and acquisition costs during that period;
 - (e) any depreciation or amortisation of fixed assets (including any leasehold property) during that period;
 - (f) any costs related to any stock option incentive plan or any other similar share based employee compensation;
 - (g) any loss or gain against book value arising from the disposal of any asset (not being disposals made in the ordinary course of trading) during that period and any increment or decrement relating to the revaluation of any asset during that period which goes through the profit and loss account;
 - (h) the extent of any net profits or losses during that period of any entity which have been consolidated within consolidated profit during that period but are attributable to outside equity interests (not being a Security Group Member);
 - (i) transaction and one-off costs and expenses in connection with any acquisition (whether or not consummated) incurred by any Security Group Member during that period not exceeding A\$5,000,000 (or its equivalent) in any Financial Year;
 - (j) any restructuring costs incurred by a Security Group Member;
 - (k) any unrealised exchange gains and losses and any unrealised gains or losses on derivative financial instruments;
 - (l) any management fees which are permitted to be paid after mandatory prepayment of the Senior Facilities from Excess Cashflow under the Senior Facility Agreement (including that all interest (including suspended interest) due and payable under any Subordinated Finance Document or subordinated shareholder loans has been paid) and any directors' fees;
 - (m) Adjusted EBITDA for the period of any entity or business sold, transferred or otherwise disposed of by any Security Group Member during such period;
- plus:
- (n) pro-forma Adjusted EBITDA adjustments for entities acquired by the Security Group during the previous 12 months of the Security Group on a full year run rate basis;
 - (o) pro-forma cost savings for entities acquired by the Security Group during the previous 12 months on a full year run rate basis;
 - (p) pro-forma Adjusted EBITDA adjustments for Growth Capital Expenditure of the Security Group prior to completion of the relevant project (but no pro forma adjustment shall be made for Growth Capital Expenditure on a project more than 9 months before the scheduled completion of that project as set out in the board paper relating to that project) equal to the Relevant Proportion of the expected Adjusted EBITDA for that project for the first 12 months (as set out in the board paper relating to that project based on forecasts prepared with due care
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	and having regard to historical figures for similar brownfields projects), where " Relevant Proportion " means the proportion which that Growth Capital Expenditure represents of the total Growth Capital Expenditure budgeted for that project;
	(q) pro-forma Adjusted EBITDA adjustments for Growth Capital Expenditure of the Security Group in relation to a project completed during the previous 12 months equal to the expected Adjusted EBITDA for that project for the relevant 12 months (as set out in the board paper relating to that project based on forecasts prepared with due care and having regard to historical figures for similar brownfields projects) less the actual Adjusted EBITDA relating to that Growth Capital Expenditure for the relevant period, provided that the Adjusted EBITDA adjustments under this paragraph are not negative; and
	(r) dividends received from any entity which have not been consolidated within consolidated operating profit (or loss) during that period.
Application Form	Has the meaning given to it in clause 3.3(b)(ii).
ASIC	The Australian Securities and Investments Commission.
ASX	ASX Limited (ABN 98 008 624 691) or the market it operates.
ASX Settlement	ASX Settlement Pty Ltd (ABN 49 008 504 532).
ASX Settlement Operating Rules	The settlement rules of ASX Settlement as amended or replaced from time to time.
Authorisations	(a) any consent, authorisation, registration, filing, lodgement, agreement, notarisation, certificate, permission, licence, approval, authority or exemption from, by or with a Government Agency or stock exchange; or (b) in relation to anything which will be fully or partly prohibited or restricted by law if a Government Agency or stock exchange intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.
Bookbuild	The process conducted by, or on behalf of, the Issuer prior to the opening of the offer of the Notes whereby certain institutional investors and brokers who wish to obtain a firm allocation of the Notes (whether for themselves or their clients) lodge bids for the Notes and, on the basis of those bids, the Issuer (or another party on its behalf) determines the Interest Rate and announces its determination prior to the opening of such offer.
Business Day	Has the same meaning as in the Listing Rules.
Capital Expenditure	Payment for expenditure on the acquisition, development, maintenance, refurbishment or upgrading (including the purchase of new assets to replace obsolete assets) of equipment, machinery, fixed assets, real property improvements, Authorisations, software and information systems or other capital assets (including any costs incurred in connection with that expenditure) and any other expenditure, in each case, that under Accounting Standards is regarded as capital expenditure.
Clearing System	(a) the Clearing House Electronic Subregister System (CHES) operated by ASTC;

	<p>(b) the Austraclear system owned and operated by Austraclear Limited (ABN 94 002 060 773); or</p> <p>(c) any other securities trading and / or clearance system.</p>
Completion of the IPO	The issue and/or transfer of securities pursuant to the IPO as contemplated by the IPO Disclosure Document.
Corporations Act	The <i>Corporations Act 2001</i> (Cth).
Debt Service Cover Ratio	<p>On any date, the ratio of A:B where:</p> <p>A = Adjusted EBITDA of the Security Group in respect of the 12 month period ending on that date:</p> <p>(a) minus the amount of Net Capital Expenditure paid in cash;</p> <p>(b) minus all corporate Taxes or other Taxes on income or gains of the Security Group paid by a Security Group Member in cash (net of cash Tax refunds or other Tax receipts received); and</p> <p>(c) plus the amount of any decrease, or minus the amount of any increase, as the case may be, of the Working Capital of the Security Group (excluding changes in Working Capital relating to acquisitions),</p> <p>In each case, for the same period; and</p> <p>B = the aggregate of:</p> <p>(a) Net Interest Expense (excluding capitalised and suspended interest);</p> <p>(b) scheduled repayments of Senior Debt Facilities; and</p> <p>(c) the principal or capital payments on finance leases and hire purchase agreements,</p> <p>in each case, for the same period.</p>
Delisting Event	<p>Will occur if:</p> <p>(a) the Notes cease to be quoted or admitted to trading on ASX; or</p> <p>(b) trading of the Notes on ASX is suspended for a period of more than 15 consecutive Business Days.</p>
Delisting Redemption Date	The Business Day that is 20 Business Days after the expiry of the Delisting Redemption Period.
Delisting Redemption Period	The period beginning on the date the Issuer provides the notification described in clause 4.4(c) and ending on the Business Day 20 Business Days after that Date.
Director	A Director of the Issuer.
Early Redemption Amount	<p>In respect of any Note:</p> <p>(a) in respect of any Early Redemption Date falling from (and including) the date that is 12 months after the Issue Date to (and including) the date that is 24 months after the Issue Date, 105% of the principal amount of such Note on such day;</p> <p>(b) in respect of any Early Redemption Date falling from (but excluding) the date that is 24 months after the Issue Date to (and including) the date</p>

	<p>that is 36 months after the Issue Date, 104% of the principal amount of such Note on such day;</p> <p>(c) in respect of any Early Redemption Date falling from (but excluding) the date that is 36 months after the Issue Date to (and including) the date that is 48 months after the Issue Date, 103% of the principal amount of such Note on such day; and</p> <p>(d) in respect of any Early Redemption Date falling from (but excluding) the date that is 48 calendar months after the Issue Date to (and including) the Maturity Date, 100% of the principal amount of such Note on such day.</p>
Early Redemption Date	Any day on which Notes are redeemed prior to the Maturity Date in accordance with clause 4.3 or clause 4.4.
Event of Default	<p>Any of the following:</p> <p>(a) the Issuer fails to pay within three Business Days after the due date any principal on any Note;</p> <p>(b) the Issuer fails to pay within 14 Business Days after the due date any interest on any Note;</p> <p>(c) the Issuer fails to comply with any of its other obligations under these Terms of Issue or the Trust Deed and such failure remains unremedied for a period of 30 Business Days after the Issuer has received written notice from the Trustee in respect of the failure;</p> <p>(d) the occurrence of an Insolvency Event with respect to the Issuer or any other Obligor; or</p> <p>(e) any Finance Debt greater than A\$15,000,000 (or its equivalent in any other currency) of any Obligor becomes due and payable or can be made due and payable before its stated maturity due to the occurrence of an event of default (however described).</p>
Excess Cashflow	<p>For any period, Adjusted EBITDA for that period (without double counting):</p> <p>(a) minus all corporate Taxes or other Taxes on income or gains of the Security Group paid by a Security Group Member in cash during that period (net of cash Tax refunds or other Tax receipts received);</p> <p>(b) minus Net Interest Expense (including capitalised and suspended interest that has been paid) paid in cash during that period;</p> <p>(c) minus any permanent prepayment or repayment of principal (and, if the facility is revolving, where there is a contemporaneous and equal reduction in the commitment in respect of the facility that has been repaid), during that period;</p> <p>(d) minus the amount of Net Capital Expenditure paid in cash during that period;</p> <p>(e) minus unspent Capital Expenditure which can be carried forward to the next year as permitted under the Senior Facility Agreement in relation to that period;</p> <p>(f) plus any amount of Capital Expenditure that was carried forward from a previous period and not spent in the relevant period;</p>

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- (g) plus the amount of any realised (net of applicable Tax) cash gain received (or minus if cash cost incurred) by a Security Group Member in respect of any individually significant (and non-recurring) or extraordinary items or any disposal of assets (not being disposals in the ordinary course of business) during that period, but excluding any cash gain that is:
 - (i) permitted under the Senior Finance Documents to be retained or applied for another purpose within any required time period; or
 - (ii) used to prepay the Senior Debt Facilities;
 - (h) minus distributions, directors' fees and any management fees paid in cash during that period in accordance with the Senior Finance Documents;
 - (i) minus the amount of cash transaction and one-off set-up costs and expenses, and any costs relating to any acquisition (whether or not consummated) by any Security Group Member during that period not exceeding A\$5,000,000 (or its equivalent) in any Financial Year;
 - (j) minus any restructuring costs paid in cash;
 - (k) minus any cash costs related to unrealised exchange gains or losses and any realised or unrealised gains or losses on derivative financial instruments;
 - (l) minus pro-forma Adjusted EBITDA adjustments for entities acquired by the Security Group during the previous 12 months of the Security Group on a full year run rate basis;
 - (m) minus pro-forma cost savings for entities acquired by the Security Group during the previous 12 months on a full year run rate basis;
 - (n) minus pro-forma Adjusted EBITDA adjustments for Growth Capital Expenditure of the Security Group prior to completion of the relevant project (but no pro forma adjustment shall be made for Growth Capital Expenditure on a project more than 9 months before the scheduled completion of that project as set out in the board paper relating to that project based on forecasts prepared with due care and having regard to historical figures for similar brownfields projects) equal to the Relevant Proportion of the expected Adjusted EBITDA for that project for the first 12 months (as set out in the board paper relating to that project), where "**Relevant Proportion**" means the proportion which that Growth Capital Expenditure represents of the total Growth Capital Expenditure budgeted for that project;
 - (o) minus pro-forma Adjusted EBITDA adjustments for Growth Capital Expenditure of the Security Group in relation to a project completed during the previous 12 months equal to the expected Adjusted EBITDA for that project for the relevant 12 months (as set out in the board paper relating to that project based on forecasts prepared with due care and having regard to historical figures for similar brownfields projects) less the actual Adjusted EBITDA relating to that Growth Capital Expenditure for the relevant period, provided that the Adjusted EBITDA adjustments under this paragraph are not negative;
 - (p) plus or minus, as the case may be, the change in Working Capital of the Security Group during that period (excluding changes in Working Capital
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	relating to acquisitions); and
	(q) minus any non-cash items in Adjusted EBITDA not otherwise adjusted for in paragraphs (a) to (p) above.
Exchange Notice	Has the meaning given to it in clause 3.2(a).
Exchange Right	Has the meaning given to it in clause 3.1.
Exercised Holding	Has the meaning given to it in clause 3.3(b)(i).
Final Deposit Date	Has the meaning given to it in clause 3.3(c).
Finance Debt	Has the meaning given to it in the Intercreditor Deed.
Finance Lease	A lease constituting a finance lease or a capital lease under the Accounting Standards.
Financial Year	Each 12 month period ending on 30 June.
Growth Capital Expenditure	All Capital Expenditure other than Maintenance Capital Expenditure (and, for the avoidance of doubt, includes expenditure on leasehold properties).
Guarantee	Has the meaning given to it in the Security Trust Deed.
Government Agency	Has the meaning given to it in the Security Trust Deed.
Healthscope Group	Each of Healthscope Hospitals Holdings Pty Ltd (ACN 144 840 639), Healthscope Pathology Holdings Pty Ltd (ACN 145 250 157) and CT HSP (Dutch) Coöperatief U.A. and their subsidiaries and the business conducted by them as described in Section 4 of the prospectus under which the Notes are initially offered, as the context requires.
Hedging Agreement	Has the meaning given to it in the Security Trust Deed.
Holder	In relation to any Note, a person whose name is for the time being registered in the Notes Register as the holder of that Note.
Insolvency Event	Has the meaning given in the Intercreditor Deed.
Intercreditor Deed	The Intercreditor Deed dated 22 September 2010 (as amended) made between, among others, Healthscope Finance Pty Ltd (ACN 145 126 067), the Senior Agent and the Security Trustee.
Interest Payment Dates	In relation to a Note: <ul style="list-style-type: none"> (a) 25 March, 25 June, 25 September and 25 December, commencing on 25 June 2013 and ending on the Maturity Date; and (b) the Maturity Date, unless earlier redeemed or exchanged in accordance with these Terms of Issue.
Interest Period	In respect of a Note: <ul style="list-style-type: none"> (a) the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date; and (b) thereafter, the period from (and including) each Interest Payment Date to (but excluding) the first to occur of:

	(i) the next Interest Payment Date; and (ii) the final Redemption Date in respect of that Note.
Interest Rate	10.25% per annum.
Interest Suspension Financial Covenant	In respect of any period, a Debt Service Cover Ratio of more than 1.10:1 at all times.
IPO	A public offering of: (a) shares in the Issuer, or any Related Body Corporate of the Issuer or any other entity in the Healthscope Group, or any special purpose vehicle established by any such entity; and / or (b) units in a trust, that (in either case, or together) owns or will own directly or indirectly a significant portion of the business currently conducted by the Healthscope Group, for the purposes of the quotation of the relevant shares and / or units on ASX (or any other Australian securities exchange).
IPO Disclosure Document	Has the meaning given to it in clause 3.2(a).
IPO Exchange Amount	In respect of an Exercised Holding, the principal amount outstanding plus any Suspended Interest as at the date of issue or transfer of the relevant Listed Securities.
Issue Date	The date of issue of the Notes.
Issuer	Healthscope Notes Limited (ACN 147 250 780).
Listed Securities	In respect of any IPO, the securities issued or transferred pursuant to such IPO.
Listing Rules	The listing rules of ASX, as amended or replaced from time to time.
Maintenance Capital Expenditure	Payment for non-discretionary expenditure on the maintenance or refurbishment of equipment, machinery, fixed assets, real property, improvements, Authorisations, software and information systems or any other capital assets (including any costs incurred in connection with that expenditure) required to maintain the existing operations and earnings of the Security Group.
Material Disposal	The sale by any Security Group Member of a material business unit of the Security Group or the entry into by a Security Group Member of a sale and leaseback transaction in respect of any real property, the impact of which would be a pro forma decrease, assuming that the sale or sale and leaseback transaction became effective on the first day of the previous 12 months, of at least 20% in the Adjusted EBITDA for the previous 12 months prior to the sale or sale and leaseback transaction becoming effective.
Maturity Date	25 March 2018.
	At any time:
Maximum Leverage Level	(a) prior to Material Disposal, 5.00x; and (b) on or after a Material Disposal, 4.25x.
Net Capital Expenditure	For any period, Capital Expenditure during that period not funded by:

	<ul style="list-style-type: none"> (a) a drawdown under Facility C of the Senior Facility Agreement; (b) amounts received which are permitted to be applied towards reinvestment in assets or to fund additional Capital Expenditure in accordance with the mandatory prepayment provisions of the Senior Facility Agreement or any other amounts received or receivable in respect of Permitted Disposals; (c) an equity raising or additional debt that is subordinated to the Senior Facilities; (d) any Excess Cashflow following any voluntary or mandatory prepayments of the Senior Facilities; or (e) any amount under the Additional Leasing Facility or the Additional Capex Facility.
Net Interest Expense	<p>For a period, an amount equal to all interest, margin, discount and other recurring payments of a similar nature paid by a Security Group Member in relation to any Finance Debt and any receivables purchase facility to which a Security Group Member is a party (or any replacement of that facility) (after taking into account the net effect of any difference payments under any Hedging Agreements) including fees payable for any Guarantee or letter of credit and the interest element of Finance Leases but excluding:</p> <ul style="list-style-type: none"> (a) capitalised interest and suspended interest; (b) any distribution (or similar payment) in respect of equity contributions; and (c) any amounts payable to another Security Group Member, <p>net of any interest received by the Security Group for that period.</p>
Notes	The subordinated notes to be Issued by the Issuer on these Terms of Issue.
Notes Register	<p>The register of Holders (established and maintained in accordance with the Trust Deed) and, where appropriate, includes:</p> <ul style="list-style-type: none"> (a) a sub-register conducted by or for the Issuer pursuant to the Corporations Act, the Listing Rules or ASTC Settlement Rules; and (b) any branch register.
Obligor	Any Security Group Member which grants Security and includes each 'Obligor' as defined in the Intercreditor Deed.
Outstanding Interest	<p>In relation to a Note at any time, the aggregate of:</p> <ul style="list-style-type: none"> (a) any Suspended Interest in respect of that Note at that time; and (b) any other unpaid interest which is due and payable in respect of that Note at that time (including any interest accrued or compounded under clause 2.4).
Permitted Disposals	Has the meaning given to it in the Intercreditor Deed.
Permitted Finance Debt	<p>The following types of Finance Debt:</p> <ul style="list-style-type: none"> (a) any Finance Debt owed under a Senior Finance Document or a Subordinated Finance Document; (b) any Finance Debt owed by a Security Group Member to an Obligor or,

- up to in aggregate at any time of A\$10,000,000 (or its equivalent), to a Security Group Member who is not an Obligor;
- (c) any Finance Debt under interest rate hedging arrangements and foreign exchange dealings entered into in the ordinary course of business or as approved by the Senior Agent;
 - (d) any Finance Debt under transactional banking facilities up to in aggregate at any time of A\$60,000,000 (or its equivalent);
 - (e) any Finance Debt under leasing facilities (including Additional Leasing Facilities) or capital expenditure facilities (including Additional Capex Facilities);
 - (f) any subordinated shareholder debt;
 - (g) any Finance Debt that is subordinated to the Senior Facilities, provided that incurring such Finance Debt does not cause the Total Leverage Ratio on such day to exceed the Maximum Leverage Level;
 - (h) any other Finance Debt in the ordinary course of business where the total amount outstanding does not exceed \$10,000,000 (or its equivalent) in aggregate for the Security Group;
 - (i) any other additional Finance Debt not exceeding A\$10,000,000 (or its equivalent) in aggregate at any time which is incurred if there is no Senior Event of Default (as defined in the Intercreditor Deed) or Senior Potential Event of Default (as defined in the Intercreditor Deed) subsisting;
 - (j) any Finance Debt for the purposes of refinancing any other Permitted Finance Debt on terms consistent with the Intercreditor Deed;
 - (k) any existing Finance Debt of a Security Group Member agreed by the Senior Agent in writing;
 - (l) a Guarantee pursuant to Part 2M.6 of the Corporations Act or its equivalent; or
 - (m) any Finance Debt incurred with the prior written consent of the Senior Agent, provided that incurring such Finance Debt does not cause the Total Leverage Ratio on such day to exceed the Maximum Leverage Level.

Potential Event of Default	Any event or circumstance which would, with the expiry of a grace period or the giving of notice, or both, be an Event of Default.
Proper ASTC Transfer	Has the meaning given in regulation 1.0.02 of the <i>Corporations Regulations 2001</i> (Cth).
Ratio Testing Date	The last day of each calendar quarter commencing on 31 March 2013 .
Record Date	In relation to an Interest Period, the date that is 7 days (or such other period as determined by the Directors from time to time in accordance with the Listing Rules) before the Interest Payment Date in respect of that Interest Period.
Redemption Date	In respect of any Note, the date for redemption of that Note in accordance with the Terms of Issue, including any Early Redemption Date and any date of exchange determined in accordance with clause 3.

Refinancing Event	The completion of the refinancing of the outstanding indebtedness of the Obligors under the Senior Facilities.
Related Body Corporate	Has the meaning given to it in the Corporations Act.
Security	Has the meaning given to it in the Security Trust Deed.
Security Group	The corporate group comprising: <ul style="list-style-type: none"> (b) Healthscope Hospitals Holdings No. 2 Pty Limited ACN 145 126 094 and each of its subsidiaries; (c) Healthscope Pathology Holdings No.2 Pty Limited ACN 146 342 832 and each of its subsidiaries; and (d) CT HSP Holdings (Dutch) B.V. (company number 34308383) and each of its subsidiaries.
Security Group Member	A member of the Security Group.
Security Trust Deed	The Security Trust Deed dated 22 September 2010 (as amended) made between, among others, Healthscope Finance Pty Ltd ACN 145 126 067 and the Security Trustee (as amended or restated from time to time).
Security Trustee	The security trustee pursuant to the Security Trust Deed, being initially Westpac Banking Corporation.
Senior Agent	The agent for the senior lenders appointed under the Senior Facility Agreement, being initially Westpac Banking Corporation.
Senior Creditor	Has the meaning given to it in the Security Trust Deed.
Senior Debt	Has the meaning given to it in the Intercreditor Deed.
Senior Debt Facilities	The Senior Facilities, transactional banking facilities permitted to be provided to an Obligor and any leasing (including Additional Leasing Facilities) or Additional Capex Facilities.
Senior Facilities	Facility A, Facility B, Facility C and Facility D referred to in the Senior Facility Agreement.
Senior Facility Agreement	The Senior Syndicated Facility Agreement dated 22 September 2010 (as amended) between, among others, Healthscope Finance Pty Ltd ACN 145 126 067, the Senior Agent and the Security Trustee.
Senior Finance Documents	Has the meaning given to it in the Security Trust Deed.
Subordinated Finance Document	Has the meaning given to it in the Security Trust Deed.
Suspended Interest	At any time, any interest deferred under clause 2.3(a) which has not been paid at that time.
Suspension Condition	In respect of any payment of interest on any Interest Payment Date or any Redemption Date: <ul style="list-style-type: none"> (a) the relevant payment would cause a breach of the Interest Suspension Financial Covenant; (b) an 'event of default' or 'potential event of default' under the Senior Finance Documents subsists; or (c) any other condition referred to in clause 3.2(b) of the Intercreditor Deed

	is not satisfied.
Tax	Any charge, deduction, duty (including stamp duty, financial institutions duty, transaction duty and bank account debt tax), fee, impost, levy, tax (including any consumption tax, goods and services tax and value added tax) and withholding (together with any interest, penalties, fines and expenses in connection with any of them).
Tax Event	<p>Occurs where, on or after the Issue Date, the Issuer receives an opinion of a nationally recognised legal counsel or other tax adviser in a relevant tax jurisdiction, experienced in such matters that, as a result of a tax event:</p> <p>(a) any payment of interest, the principal amount outstanding or the Early Redemption Amount is, or may be, subject to an amount of withholding or deduction in respect of any Taxes or other governmental charges for which the Issuer must pay an additional amount; or</p> <p>(b) payment of interest is not, or may not, be allowed as a deduction for the purposes of the Issuer's Australian tax purposes or the tax purposes of any other relevant tax jurisdiction.</p>
Terms of Issue	These terms and conditions of issue.
Total Leverage Ratio	<p>On any date, the ratio calculated as follows:</p> <p>Total Leverage Ratio = A + B, where:</p> <p>A = the aggregate amount outstanding on that date under all Finance Debt of the Security Group on a consolidated basis (other than any contingent Finance Debt, the exposure under any Hedging Agreement, shareholder debt and intra-group liabilities or indebtedness, each in the Australian dollar equivalent where applicable) less cash or cash equivalents of the Security Group on that date; and</p> <p>B = Adjusted EBITDA of the Security Group in respect of the 12 month period ending on that date.</p>
Trust Deed	The Trust Deed dated 4 March 2013 between the Issuer and the Trustee as amended from time to time.
Trustee	The Trust Company (Australia) Limited ACN 000 000 993
Working Capital	<p>(a) The sum of:</p> <p>(i) debtors less provision for doubtful debts;</p> <p>(ii) sundry debtors;</p> <p>(iii) prepayments;</p> <p>(iv) other current assets; and</p> <p>(v) inventory less inventory reserve,</p> <p>(b) minus the sum of:</p> <p>(i) accounts payable;</p> <p>(j) accrued compensation;</p> <p>(k) other accrued liabilities; and</p> <p>(l) accrued provisions.</p>