



FLAGSHIP INVESTMENTS LIMITED

ABN 99 080 135 913

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2021 Annual General Meeting of

FLAGSHIP INVESTMENTS LIMITED (“the Company”)

will be held at

Location	McCullough Robertson Lawyers, Level 11, Central Plaza Two, 66 Eagle Street, Brisbane, QLD
Date	Wednesday 29 September 2021
Time	12:00pm (AEST)
Important message regarding COVID-19 The Company advises Shareholders that due to Queensland COVID-19 restrictions in respect of public gatherings, anyone who wishes to attend the meeting in person will be asked to check-in at the offices at Central Plaza Two. The number of persons that may attend the meeting in person, or other safety requirements will be subject to the Queensland public health orders in place at the time of the meeting. The Company will continue to monitor the guidance of public health authorities in that regard, and will notify Shareholders of any changes in arrangements for the meeting where necessary.	

VIRTUAL PRESENTATION:

The Flagship Investments Annual General Meeting (AGM) will be Live-Streamed for those who cannot attend in person.

To register for the live stream please complete the registration at:

<https://www.flagshipinvestments.com.au/agm2021/>

Please note, attendance via virtual presentation will not be deemed attendance at the AGM under the ASIC AGM Guidelines.

Shareholders who wish to exercise their rights should vote via proxy or in person.

If any Shareholders have questions, they are encouraged to submit them in advance of the meeting by emailing the questions to **contact@flagshipinvestments.com.au**

by 9.00am (AEST) on Friday 24 September 2021.



ORDINARY BUSINESS

ITEM 1

FINANCIAL STATEMENTS AND REPORTS

To receive and consider the Company's annual financial reports and the reports of the Directors and Auditor for the year ended 30 June 2021.

ITEM 2

Resolution: 1

ADOPTION OF DIRECTORS' REMUNERATION REPORT

To consider, and if in favour, to pass the following Resolution under section 250R(2) Corporations Act:

- 1 'That the Remuneration Report of the Directors for the financial year ended 30 June 2021 be adopted.'

Note:

This Resolution will be decided under section 250R(2) Corporations Act and, accordingly, the vote on this Resolution is advisory only and does not bind the Directors.

ITEM 3

Resolution: 2

ELECTION OF DIRECTOR

To consider and, if thought fit, to pass the following as an ordinary resolution:

- 2 'That Ms Angela Obree, having consented to act and being eligible, be elected as a Director of the Company.'

Note:

Information about the candidate appears in the Explanatory Memorandum.

ITEM 4

Resolution: 3

APPROVAL TO ISSUE CONVERTIBLE NOTES

To consider and, if thought fit, to pass the following as an ordinary resolution:

- 3 'That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue and allotment of up to 5,479,632 Convertible Notes by the Company on the terms and conditions set out in the Explanatory Memorandum.'

ITEM 5

Resolution: 4

APPROVAL TO ISSUE CONVERTIBLE NOTES TO DR MANNY POHL AM (DIRECTOR)

To consider and, if thought fit, to pass the following as ordinary resolution:

- 4 'That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue and allotment of up to 1,851,851 Convertible Notes by the Company to Dr Manny Pohl AM or his nominee entity, a related party of the Company by virtue of him being a Director of the Company, on the terms and conditions set out in the Explanatory Memorandum.'

ITEM 6

Resolution: 5

APPROVAL TO ISSUE CONVERTIBLE NOTES TO MS SOPHIE MITCHELL (DIRECTOR)

To consider and, if thought fit, to pass the following as ordinary resolution:

5. 'That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue and allotment of up to 18,518 Convertible Notes by the Company to Ms Sophie Mitchell or her nominee entity, a related party of the Company by virtue of her being a Director of the Company on the terms and conditions set out in the Explanatory Memorandum.'

ITEM 7

Resolution: 6

APPROVAL TO ISSUE CONVERTIBLE NOTES TO MR DOMINC MCGANN (DIRECTOR)

To consider and, if thought fit, to pass the following as ordinary resolution:

6. 'That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue and allotment of up to 18,518 Convertible Notes by the Company to Mr Dominic McGann or his nominee entity, a related party of the Company by virtue of him being a Director of the Company on the terms and conditions set out in the Explanatory Memorandum.'

ITEM 8

Resolution: 7

APPROVAL TO ISSUE CONVERTIBLE NOTES TO MRS ANGELA OBREE (ALTERNATE DIRECTOR)

To consider and, if thought fit, to pass the following as ordinary resolution:

7. 'That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue and allotment of up to 1,851 Convertible Notes by the Company to Mrs Angela Obree or her nominee entity, a related party of the Company by virtue of her being an Alternate Director of the Company on the terms and conditions set out in the Explanatory Memorandum.'

ITEM 9

Resolution: 8

APPROVAL TO ISSUE CONVERTIBLE NOTES TO MR SCOTT BARRETT (ALTERNATE DIRECTOR)

To consider and, if thought fit, to pass the following as ordinary resolution:

8. 'That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue and allotment of up to 37,037 Convertible Notes by the Company to Mr Scott Barrett or his nominee entity, a related party of the Company by virtue of him being an Alternate Director of the Company on the terms and conditions set out in the Explanatory Memorandum.'

By Order of the Board



Scott Barrett
Company Secretary
30 August 2021

VOTING EXCLUSIONS:

Resolution 1

The Company will disregard votes cast by:

- (a) Key management personnel (**KMP**) whose remuneration details are contained in the Remuneration Report (and their closely related parties) are restricted from voting on Resolution 2 under section 250R(4) Corporations Act.
- (b) KMP (or their closely related parties) appointed as a proxy must not vote on a Resolution connected directly or indirectly with the remuneration of KMP if the proxy is undirected unless:
 - (i) the proxy is the person chairing the meeting; and
 - (ii) the proxy appointment expressly authorises the person chairing the meeting to vote undirected proxies on such a resolution.

Resolution 3

The Company will disregard any votes cast in favour of this resolution by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of those persons.

However, this does not apply to a vote cast in favour of the resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holding acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolutions; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 4

The Company will disregard any votes cast in favour of this resolution by or on behalf of a person who is to receive securities in question and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a

holder of ordinary securities in the entity) or an associate of those persons.

However, this does not apply to a vote cast in favour of the resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holding acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolutions; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 5

The Company will disregard any votes cast in favour of this resolution by or on behalf of a person who is to receive securities in question and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons.

However, this does not apply to a vote cast in favour of the resolution by:

- (d) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (e) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (f) a holding acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolutions; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 6

The Company will disregard any votes cast in favour of this resolution by or on behalf of a person who is to receive securities in question and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons.

However, this does not apply to a vote cast in favour of the resolution by:

- (g) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (h) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (i) a holding acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolutions; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 7

The Company will disregard any votes cast in favour of this resolution by or on behalf of a person who is to receive securities in question and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons.

However, this does not apply to a vote cast in favour of the resolution by:

- (j) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (k) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (l) a holding acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not

excluded from voting, and is not an associate of a person excluded from voting, on the resolutions; and

- (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 8

The Company will disregard any votes cast in favour of this resolution by or on behalf of a person who is to receive securities in question and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons.

However, this does not apply to a vote cast in favour of the resolution by:

- (m) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (n) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (o) a holding acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolutions; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.



NOTES:

- (a) A Shareholder who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.
- (b) The proxy need not be a Shareholder. A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- (c) If you wish to appoint a proxy and are entitled to do so, then complete and return the **attached** proxy form.
- (d) If the proxy form specifies the way the proxy is to vote on a particular Resolution the proxy need not vote on a show of hands but if the proxy does so, it must vote as specified in the proxy form.
- (e) If the proxy has two or more appointments that specify different ways to vote on the Resolution, the proxy must not vote on a show of hands.
- (f) A corporation may elect to appoint a representative, rather than appoint a proxy, under the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.
- (g) The Company has determined under regulation 7.11.37 Corporations Regulations 2001 that for the purpose of voting at the meeting or adjourned meeting, securities are taken to be held by those persons recorded in the Company's register of Shareholders as at 7.00pm (AEST) on 20 September 2021.
- (h) If you have any queries on how to cast your votes call the Company's share registry, Boardroom Pty Limited on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) during business hours.

Proxies must be received before 12.00pm (AEST) on 27 September 2021.
by one of the following methods:

Boardroom Pty Limited

By Post:	GPO Box 3993, SYDNEY NSW 2001
By Delivery:	Level 12, 225 George Street, SYDNEY NSW 2000
By Facsimile:	+61 2 9290 9655
By Voting Online:	www.votingonline.com.au/fsiagm2021

The Company reserves the right to declare invalid any proxy not received in this manner.



FLAGSHIP INVESTMENTS LIMITED

ABN 99 080 135 913

2021 ANNUAL GENERAL MEETING

EXPLANATORY NOTES

ITEM 1

FINANCIAL STATEMENTS AND REPORTS

The Corporations Act requires that the report of the Directors, the Auditor's Report and the Financial Report be laid before the Annual General Meeting. In addition, the Company's constitution provides for these reports to be received and considered at the meeting.

Apart from the matters involving remuneration which are required to be voted upon, neither the Corporations Act nor the Company's constitution requires a vote of Shareholders at the Annual General Meeting on the Financial Statements and Reports.

Shareholders will be given reasonable opportunity at the meeting to raise questions and make comments on these reports.

In addition to asking questions at the meeting, Shareholders may address written questions to the Chairman about the management of the Company or to the Company's Auditor, Connect National Audit Pty Ltd, if the question is relevant to:

- a) the content of the Auditor's Report; or
- b) the conduct of its audit of the Annual Financial Report to be considered at the meeting.

Note:

Under section 250PA(1) Corporations Act a Shareholder must submit the question to the Company no later than the fifth business day before the day on which the annual general meeting is held.

Written questions for the auditor must be delivered by 5.00pm (AEST) on or before 24 September 2021. Please send any written questions for Connect National Audit Pty Ltd to the Company at the address listed on the proxy form attached to this Notice.

ITEM 2

RESOLUTION 1: Adoption of Directors' Remuneration Report

The Corporations Act requires that the section of the Directors' report dealing with the remuneration of Directors, and the Company Secretary (**Remuneration Report**) be put to the vote of Shareholders for adoption.

The resolution of Shareholders is advisory only and **not binding** on the Company. However, if more than 25% of the votes cast on this Resolution are against the adoption of the Remuneration Report, the Remuneration Report for the following year must either address any comments received from Shareholders or explain why no action has been taken in response to those comments.

If, at the following Annual General Meeting the Remuneration Report is voted against by 25% or more of votes cast, a 'spill resolution' will be put to Shareholders. If at least 50% of the votes cast are in favour of the 'spill resolution' a special meeting of the Company will be held within 90 days at which the Directors in office at the time of the second Annual General Meeting must resign and stand for re-election.

The Remuneration Report is in the 2021 Annual Report, which is available to be viewed on the Company's website www.flagshipinvestments.com.au

THE REPORT:

- a) explains the Board's policies on the nature and level of remuneration paid to the Directors and Company Secretary within the Company;
- b) discusses the link between the Board's policies and the Company's performance;
- c) sets out the remuneration details for each Director;
- d) provides details on any service agreements, share based compensation arrangements and related party transactions; and
- e) makes clear that the basis for remunerating non-executive Directors is distinct from the basis for remunerating executives, including executive Directors.

The Chairman will give Shareholders a reasonable opportunity to ask questions about, or to make comments on, the Remuneration Report.

As RESOLUTION 1 relates to matters including the remuneration of the Directors, the Board, as a matter of good corporate governance, and in accordance with the spirit of section 250R(4) Corporations Act, makes no recommendation regarding this resolution.

ITEM 3

RESOLUTION 2: Election of director

In accordance with rule 16.1 of the Company's constitution Sophie Mitchell has retired as a Director of the Company and will not seek re-election. This will come in to effect at the adjournment of the Meeting.

Ms Angela Obree now stands for election as a Director of the Company. Ms Obree has nominated herself for appointment in accordance with the requirements of rule 16.3 of the Company's constitution with the recommendation of the Board.

Ms Obree is currently alternate director to Ms Sophie Mitchell. She will cease this position subject to, and upon, her appointment as a Director under this Resolution 2 taking effect.

Angela has almost 25 years' experience in management consulting in the UK, South Africa, Ireland, and Germany. She is a highly experienced commercial mediator, negotiation expert, and corporate crisis leader.

The Directors unanimously recommend the election of Ms Obree to the Board pursuant to RESOLUTION 2.

ITEM 4

RESOLUTION 3: Approval to issues convertible notes

As announced by the Company on 30 August 2021, the Company is undertaking an offer of convertible notes (**Convertible Note Offer**) to raise up to \$20 million.

The listed, redeemable, unsecured convertible notes (**Convertible Notes**) are an invitation for new investors to take an interest in the Company's business and to provide existing Shareholders with a further avenue to benefit from their ownership in the Company.

The key terms of the Convertible Note Offer are as follows:

Issuer	Flagship Investments Limited
Security Name	Flagship Investments Unsecured Convertible Note (FSICN)
Security Price	\$2.70
Interest Rate	(a) From the Issue Date until the First Step-Up Date: Fixed at 5.50% per annum paid quarterly; and (b) From First Step-Up Date 6.50% per annum. First Step-Up Date: 30 September 2024 Step-Up will only occur if the 2 year bank bill swap rate (or its successor) as set on the First Step-Up Date, is above 1.2832%. If Step-Up does not occur, the Interest Rate will remain fixed at 5.50%.
Maturity Date	1 October 2026
Conversion Period	The Conversion Period commences on the second anniversary of the Initial Issue Date of the Securities and ends 10 Business Days prior to the Maturity Date.
Conversion Price	\$2.70, subject to adjustment for certain dilutionary and other capital transactions by FSI.
Priority Offer	Existing Shareholders of FSI
Size	\$20 million

The full terms of the Convertible Notes are set out in the prospectus released by the Company to ASX on 30 August 2021.

The FSI Convertible Notes will provide an immediate injection of capital which will be utilised by the Investment Manager in accordance with the existing Investment Mandate. Based on the since inception portfolio performance of 13.5% per annum there should be respectable uplift in Net Tangible Assets (NTA) over the note period after payment of note interest. The uplift in NTA generally culminates in an uplift in FSI's share price over time.

The issuance of the Convertible Notes is subject to the Company obtaining Shareholder approval to issue the Convertible Notes.

The purpose of Resolution 3 is for shareholders to approve, under ASX Listing Rule 7.1 and for all other purposes, the issue of 5,479,632 Convertible Notes.

ASX Listing Rule 7.1 prevents the Company from issuing more than 15% of its issued capital within a twelve month period without shareholder approval. The allotment and issue of 5,479,632 Convertible Notes (if made without shareholder approval) may exceed the 15% threshold, the issuance does not fit within any of the exceptions provided under ASX Listing Rule 7.2. Resolution 3 therefore proposes the approval of the allotment and issue of 5,479,632 Convertible Notes for the purpose of ASX Listing Rule 7.1.

If Shareholders do not approve the issuance of the 5,479,632 Convertible Notes under Resolution 3, the Company does not currently intend to issue any Convertible Notes. If the resolution is passed, the Company will proceed with the issuance, accepting the obligations of the Convertible Notes and adding the raised funds to the investment portfolio. In addition, the issuance will be excluded from the calculation of the number of equity securities that the Company can issue without shareholder approval under Listing Rule 7.1.

Further details regarding the proposed issue of the Convertible Notes are set out below.

Maximum number of Securities to be issued	Up to 5,479,632 Convertible Notes
Expected date of issue	As soon as possible and by no later than 3 months from the date of approval being granted under this resolution 3.
Issue price	\$2.70 per Convertible Note
Terms of issue	As described in this Notice of Meeting. The full terms of the Convertible Notes are set out in the prospectus released by the Company to ASX on 30 August 2021.
Allottees	Existing Shareholders of the Company and investors identified by the Joint Lead Managers to the Convertible Note Offer, Morgans Financial Limited and Taylor Collison Limited.
Intended use of funds raised	Proceeds of issuance will be used to fund further investments in securities by the Company

The Directors recommend that Shareholders vote in favour of RESOLUTION 3.

ASX Listing Rules - Approval to issue convertible notes to Directors and Alternate Directors

ASX Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- (a) a related party (Listing Rule 10.11.1);
- (b) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial holder (30%+) holder in the company (Listing Rule 10.11.2);
- (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial holder (10%+) holder in the Company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so (Listing Rule 10.11.3);
- (d) an associate of a person referred to in paragraphs (a) to (c) above (Listing Rule 10.11.4); or
- (e) a person whose relationship with the company or a person referred to in paragraphs (a) to (d) above is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders (Listing Rule 10.11.5),

unless it obtains the approval of its shareholders.

By virtue of their position as Directors of the Company, the Directors are related parties for the purposes of ASX Listing Rule 10.11.1. The proposed issuances do not fall within any of the exceptions in Listing Rule 10.12. The issuance of convertible notes to the Directors therefore requires the approval of the Company's Shareholders under ASX Listing Rule 10.11. Once approval is obtained pursuant to Listing Rule 10.11, the Company is entitled to rely on Listing Rule 7.2, Exception 14 as an exception to any requirement that may otherwise apply requiring Shareholder approval under Listing Rule 7.1.

Approval of the issue of the Convertible Notes to the Directors will enable them to participate in the Convertible Note Offer on the same terms as other unrelated party investors. The issue of Convertible Notes to the Directors is not in lieu of or form any part of the Directors' remuneration. If Shareholders do not approve the issuance of the Convertible Notes to any one or more of the Directors, that Director(s) will not be able to participate in the Convertible Note Offer.

The Directors consider that the issue and allotment of Convertible Notes to each Director will be on arms' length terms as the allotment and issue of Convertible Note to them will be made on the same terms to all other parties who participate in the Convertible Note Offer, regardless of whether they are associated with the Company or not. Accordingly, the proposed issue and allotment of Convertible Notes falls within the 'arms length terms' exemption provided by section 210 of the Corporations Act to the requirement to obtain shareholder approval under Chapter 2E of the Corporations Act.

Resolution 4: Approval to issue convertible notes to Dr Manny Pohl AM (Director)

Pursuant to, and in accordance with, the requirements of Listing Rule 10.13, the following information is provided in relation to the proposed issuance of up to 1,851,851 Convertible Notes to Dr Manny Pohl AM or his nominated entity:

Allottees	Dr Manny Pohl AM, a Director of the Company, or his nominated entity
Maximum number of Securities to be issued	1,851,851 Convertible Notes
Issue price	\$2.70 per Convertible Note
Date by which the Company will issue the Securities	As soon as possible and by no later than one month from the date of approval being granted under this resolution 4(a).
Terms of issuance of Securities	As described in this Notice of Meeting. The full terms of the Convertible Notes are set out in the prospectus released by the Company to ASX on 30 August 2021.
Intended use of funds raised	Proceeds of issuance will be used to fund further investments in securities by the Company

As RESOLUTION 4 relates to the issuance of securities to a Director, the Board, as a matter of good corporate governance, makes no recommendation regarding Resolution 4.

Resolution 5: Approval to issue convertible notes to Ms Sophie Mitchell (Director)

Pursuant to, and in accordance with, the requirements of Listing Rule 10.13, the following information is provided in relation to the proposed issuance of up to 18,518 Convertible Notes to Ms Sophie Mitchell or her nominated entity:

Allottees	Ms Sophie Mitchell, a Director of the Company, or her nominated entity
Maximum number of Securities to be issued	18,518 Convertible Notes
Issue price	\$2.70 per Convertible Note
Date by which the Company will issue the Securities	As soon as possible and by no later than one month from the date of approval being granted under this resolution 4(b).
Terms of issuance of Securities	As described in this Notice of Meeting. The full terms of the Convertible Notes are set out in the prospectus released by the Company to ASX on 30 August 2021.
Intended use of funds raised	Proceeds of issuance will be used to fund further investments in securities by the Company

As RESOLUTION 5 relates to the issuance of securities to a Director, the Board, as a matter of good corporate governance, makes no recommendation regarding Resolution 5.

Resolution 6: Approval to issue convertible notes to Mr Dominic McGann (Director)

Pursuant to, and in accordance with, the requirements of Listing Rule 10.13, the following information is provided in relation to the proposed issuance of up to 18,518 Convertible Notes to Mr Dominic McGann or his nominated entity:

Allottees	Mr Dominic McGann, a Director of the Company, or his nominated entity
Maximum number of Securities to be issued	18,518 Convertible Notes
Issue price	\$2.70 per Convertible Note
Date by which the Company will issue the Securities	As soon as possible and by no later than one month from the date of approval being granted under this resolution 4(c).
Terms of issuance of Securities	As described in this Notice of Meeting. The full terms of the Convertible Notes are set out in the prospectus released by the Company to ASX on 30 August 2021.
Intended use of funds raised	Proceeds of issuance will be used to fund further investments in securities by the Company

As RESOLUTION 6 relates to the issuance of securities to a Director, the Board, as a matter of good corporate governance, makes no recommendation regarding Resolution 6.

Resolution 7: Approval to issue convertible notes to Mrs Angela Obree (Alternate Director)

Pursuant to, and in accordance with, the requirements of Listing Rule 10.13, the following information is provided in relation to the proposed issuance of up to 1,851 Convertible Notes to Mrs Angela Obree or her nominated entity:

Allottees	Mrs Angela Obree, an Alternate Director of the Company, or her nominated entity
Maximum number of Securities to be issued	1,851 Convertible Notes
Issue price	\$2.70 per Convertible Note
Date by which the Company will issue the Securities	As soon as possible and by no later than one month from the date of approval being granted under this resolution 4(c).
Terms of issuance of Securities	As described in this Notice of Meeting. The full terms of the Convertible Notes are set out in the prospectus released by the Company to ASX on 30 August 2021.
Intended use of funds raised	Proceeds of issuance will be used to fund further investments in securities by the Company

As RESOLUTION 7 relates to the issuance of securities to a Director, the Board, as a matter of good corporate governance, makes no recommendation regarding Resolution 7.

Resolution 8: Approval to issue convertible notes to Mr Scott Barrett (Alternate Director)

Pursuant to, and in accordance with, the requirements of Listing Rule 10.13, the following information is provided in relation to the proposed issuance of up to 37,037 Convertible Notes to Mr Scott Barrett or his nominated entity:

Allottees	Mr Scott Barrett, an Alternate Director of the Company, or his nominated entity
Maximum number of Securities to be issued	37,037 Convertible Notes
Issue price	\$2.70 per Convertible Note
Date by which the Company will issue the Securities	As soon as possible and by no later than one month from the date of approval being granted under this resolution 4(c).
Terms of issuance of Securities	As described in this Notice of Meeting. The full terms of the Convertible Notes are set out in the prospectus released by the Company to ASX on 30 August 2021.
Intended use of funds raised	Proceeds of issuance will be used to fund further investments in securities by the Company

As RESOLUTION 8 relates to the issuance of securities to a Director, the Board, as a matter of good corporate governance, makes no recommendation regarding Resolution 8.

VIRTUAL PRESENTATION

Shareholders who wish to watch the AGM can do so by registering for the live stream. Prior to the AGM date please register via the link provided, an email will be sent with the login details. Please note while web chat may be enabled there is no guarantee that questions will be answered from online viewers. If you have a question for the Board, the Manager or Auditors please submit it in writing prior to the event: contact@flagshipinvestments.com.au.



All Correspondence to:

 **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

 **By Fax:** +61 2 9290 9655

 **Online:** www.boardroomlimited.com.au

 **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 12:00pm AEST on Monday 27 September 2021.**

TO VOTE ONLINE

BY SMARTPHONE

STEP 1: VISIT <https://www.votingonline.com.au/fsiagm2021>

STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)

STEP 3: Enter your Voting Access Code (VAC):



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities, your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **12:00pm AEST on Monday 27 September 2021**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

 **Online** www.votingonline.com.au/fsiagm2021

 **By Fax** + 61 2 9290 9655

 **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Flagship Investments Limited

ABN 99 080 135 913

☐

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Flagship Investments Limited** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting** (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at **McCullough Robertson Lawyers, Level 11, Central Plaza Two, 66 Eagle Street, Brisbane QLD 4000 on Wednesday 29 September 2021 at 12:00pm (AEST)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1, 3 and 4, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 1, 3 and 4 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1, 3 and 4). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that Resolution.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Adoption of Directors' Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Election of Ms Angela Obree	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval to Issue Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval to Issue Convertible Notes to Dr. Manny Pohl AM (Director)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval to Issue Convertible Notes to Ms Sophie Mitchell (Director)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval to Issue Convertible Notes to Mr Domonic McGann (Director)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval to Issue Convertible Notes to Ms Angela Obree (Alternate Director)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval to Issue Convertible Notes to Mr Scott Barrett (Alternate Director)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2021

9 Note terms

1 Form of Notes

1.1 Constitution and status

The Notes are unsecured and unsubordinated debt obligations of the Issuer constituted by, and owing under, the Trust Deed. Noteholders are entitled to the benefit of and are bound by the provisions of the Trust Deed and these Note Terms.

1.2 Form

The Notes are redeemable, unsecured, convertible notes of the Issuer issued in registered form by entry in the Register.

1.3 Face Value and Issue Price

- (a) Each Note is issued fully paid and with a Face Value of A\$2.70.
- (b) Each Note will be issued by the Issuer at an Issue Price of A\$2.70. The Issue Price must be paid in full on application.

1.4 Currency

The Notes are denominated in Australian dollars.

1.5 Quotation of Notes

The Issuer must use all reasonable endeavours and furnish any documents, information and undertakings as may be reasonably necessary in order to procure official quotation of:

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

on the ASX and to ensure such quotation of Notes is maintained until Redeemed, Converted or purchased by the Issuer and cancelled.

1.6 Clearing System

So long as the Notes are quoted on the ASX, the rights of a person holding an interest in the Notes are subject to the rules and regulations of the Clearing System.

1.7 Evidence of holdings

- (a) The Issuer or the Registrar (as applicable) must issue to each Noteholder a Statement of Holding in respect of the Notes inscribed in the Register in the relevant Noteholder's name, as soon as reasonably practicable after the Issue Date for those Notes. A Statement of Holding is no assurance or guarantee that any amounts will be paid to the Noteholder.
- (b) Certificates in respect of the Notes will not be issued unless the Issuer determines that certificates should be made available or are required to be made available by law.

1.8 **Provision of Information by Noteholders**

If requested by the Issuer, the Noteholders must provide information required by the Issuer or the Trustee in order to comply with any applicable law.

1.9 **Unsecured notes**

The Notes are unsecured notes for the purposes of section 283BH of the Corporations Act.

1.10 **No other rights**

Subject to these Note Terms and the Trust Deed, the Notes confer no rights on a Noteholder:

- (a) to become a Member of the Issuer;
- (b) to attend or vote at any meeting of Members of the Issuer, unless provided for by the ASX Listing Rules or the Corporations Act;
- (c) to subscribe for or participate in any new issue of securities by the Issuer; or
- (d) to otherwise participate in the profits or property of the Issuer, except as set out in these Note Terms or the Trust Deed.

2 **Interest**

2.1 **Interest**

Subject to and in accordance with this clause 2, each Note bears interest at the Interest Rate.

2.2 **Period of accrual of Interest**

Subject to clause 2.6, Interest accrues on the Face Value of each Note on and from the Issue Date for the Note at the applicable Interest Rate, and ceases to accrue Interest on the Maturity Date for the Note (or if the Note is Redeemed or Converted earlier, on the date the Note is so Redeemed or Converted).

2.3 **Calculation of Interest payable**

The Interest payable on each Note in respect of each Interest Period is the amount calculated in accordance with the following formula:

$$\text{Interest} = \frac{I \times \text{Face Value} \times N}{365}$$

Where:

N means the number of days in the Interest Period; and

I means the Interest Rate in respect of the Interest Period, subject to adjustment in accordance with clause 2.6,

provided that in respect of any Interest Period during which an LTV Ratio Event or an Event of Default has occurred or ceased to occur, the Interest Rate in respect of that Interest Period will be determined through the use of straight-line interpolation by reference to two rates based on the relevant Interest Rate, one of which shall be determined as if 'N' were the number of days in the relevant Interest Period prior to the occurrence (or ceasing to

occur) of the relevant LTV Ratio Event or Event of Default (as applicable), and the other of which shall be determined as if 'N' were the number of days in the relevant Interest Period from and including the occurrence (or ceasing to occur) of the relevant LTV Ratio Event or Event of Default (as applicable).

2.4 Interest payments

The Interest payable in respect of each Interest Period is payable in arrears on the Interest Payment Date on which the relevant Interest Period ends. Any Interest payable on the Redemption Date or Conversion Date of a Note, will be payable as part of the Redemption Price or Conversion Amount (as applicable), for such Note.

2.5 Determination and notification of Interest Rate, Interest payable and other items

- (a) The Issuer must provide notice to the Trustee, the Registrar and the ASX of the following:
 - (i) the amount of Interest payable in respect of each Interest Period, which notice must not be less than 4 Business Days before the Record Date in relation to the payment of that Interest; and
 - (ii) any amendment to the amount referred to in clause 2.5(a)(i) above arising from any extension or reduction in an Interest Period or calculation period, which notice must be provided as soon as practicable after the relevant amendment.
- (b) The Issuer may amend its calculation or determination of any amount, item or date (or make appropriate alternative arrangements by way of adjustment) as a result of the extension or reduction of any Interest Period or calculation period without prior notice but must notify the Trustee, the Registrar and the ASX after doing so.

2.6 Default interest

- (a) Other than where clause 2.6(b) applies, if an LTV Ratio Event occurs and is continuing, Interest accrues on the Face Value of each Note at the sum of the most recent Interest Rate plus a default rate of 2.00% per annum while the LTV Ratio Event continues.
- (b) If an Event of Default occurs and is continuing, Interest accrues on the Face Value of each Note at the sum of the most recent Interest Rate plus a default rate of 2.00% per annum while the relevant Event of Default continues.

2.7 Determination final

The determination by the Issuer of all amounts, rates and dates to be calculated or determined by it under these Note Terms is, in the absence of manifest or proven error, final and binding on the Issuer, the Trustee and each Noteholder.

2.8 Rounding

For the purposes of any calculations required under these Note Terms:

- (a) all percentages resulting from the calculations must be rounded, if necessary, to the nearest ten-thousandth of a percentage point (with 0.00005% being rounded up to 0.0001%);

- (b) all figures resulting from the calculations must be rounded to four decimal places (with 0.00005 being rounded up to 0.0001); and
- (c) all amounts that are due and payable to a Noteholder in respect of the Noteholder's aggregate holding of Notes must be rounded to the nearest one Australian cent (with 0.5 of a cent being rounded up to one cent).

3 Conversion

3.1 Conversion Right into Ordinary Shares

Subject to these Note Terms, each Noteholder has the right (**Conversion Right**) to convert any Note that it holds into a number of Ordinary Shares determined by the application of the following formula:

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

Where:

- A** means the Conversion Amount in relation to the relevant Note; and
- B** means the Conversion Price.

3.2 Conversion at Noteholder's election

- (a) Subject to clauses 3.2(b), 3.3 and 3.4, on any Business Day during the Conversion Period or after a Tax Redemption Notice has been given by the Issuer, a Noteholder may elect in its absolute discretion to convert some or all of the Notes held by it into Ordinary Shares by giving the Issuer (with a copy to the Registrar and the Trustee) a notice in writing (**Conversion Notice**):
 - (i) specifying its intention to convert some or all of the Notes held by it; and
 - (ii) in the form set forth in Schedule 4 of the Trust Deed or as otherwise determined by the Issuer or required by the ASX Listing Rules.
- (b) The aggregate Face Value of Notes which are the subject of a Conversion Notice given by a Noteholder must be at least A\$10,000, or the aggregate Face Value of all Notes held by that Noteholder.

3.3 Conversion Notice

- (a) A Conversion Notice must:
 - (i) be in writing;
 - (ii) specify the number of Notes to be converted; and
 - (iii) be signed by the Noteholder or an authorised representative or officer of the Noteholder.
- (b) Once a Conversion Notice has been given by a Noteholder:
 - (i) the notice cannot be withdrawn without the written consent of the Issuer;

- (ii) the Noteholder must not deal with, transfer, dispose or otherwise encumber any Notes which are the subject of the Conversion Notice; and
- (iii) the Noteholder must provide such evidence of title to the Notes which are the subject of the Conversion Notice as may be reasonably required by the Issuer and the Registrar.

3.4 **Restrictions on Conversion Notices**

- (a) Following receipt by a Noteholder of a Noteholder Redemption Event Notice or an Issuer Redemption Event Notice, a Noteholder may only give a Conversion Notice (for some or all of its Notes) if the relevant notice is:
 - (i) a Noteholder Redemption Event Notice that specifies a Change of Control Event or a Delisting Event; or
 - (ii) a Tax Redemption Notice.
- (b) A Conversion Notice received by the Issuer 10 or more Business Days before an Interest Payment Date will be effective on such date as may be determined by the Issuer (in its absolute discretion), provided such date is no later than the Interest Payment Date immediately following the date on which the Issuer has received the Conversion Notice.
- (c) If a Conversion Notice is received by the Issuer less than 10 Business Days before an Interest Payment Date, the Conversion Notice will be effective on such date as may be determined by the Issuer (in its absolute discretion), provided such date is no later than the second Interest Payment Date after the date on which the Issuer has received the Conversion Notice.
- (d) In no circumstances will a Conversion Notice be effective if:
 - (i) prior to the Noteholder giving the Conversion Notice, a Noteholder has received a Tax Redemption Notice and the Conversion Notice is received by the Issuer less than 10 Business Days before the earlier of the last day of the Conversion Period and the Redemption Date specified in such Tax Redemption Notice;
 - (ii) prior to the Noteholder giving the Conversion Notice a Noteholder has exercised its rights under clause 4.6(a) to require the Notes to be Redeemed following a Change of Control Event or a Delisting Event, and the Conversion Notice is received by the Issuer less than 10 Business Days before the earlier of the last day of the Conversion Period and the relevant Noteholder Redemption Event Date; or
 - (iii) otherwise, the Conversion Notice is received by the Issuer less than 10 Business Days before the last day of the Conversion Period.

3.5 **Effect of Conversion**

On the Conversion Date of a Note held by a Noteholder:

- (a) the Note will be taken to have been Redeemed, and the Noteholder will be taken to have paid the Conversion Amount for that Note to the Issuer by way of subscription for the number of new Ordinary Shares into which the Notes are to be converted in accordance with clause 3.1 (Conversion Shares) at an issue price per Conversion Share that is equal to the Conversion Price in effect on the relevant Conversion Date;

- (b) the Issuer will be taken to have issued to the Noteholder, and must register the Noteholder as the Holder of, the Conversion Shares, and will notify the Trustee and Registrar accordingly;
- (c) the Noteholder will be deemed to have consented to be registered as the holder of the Conversion Shares in the register of Members;
- (d) the Issuer (or the Registrar, on the Issuer's behalf) will send a holding notice in respect of the Conversion Shares to the Noteholder at the address for the Noteholder shown in the Register at the close of business on the day which is five Business Days before the Conversion Date;
- (e) the Issuer must use all reasonable endeavours to procure and maintain quotation of the Conversion Shares on the ASX; and
- (f) upon issue of the Conversion Shares, all other rights conferred or restrictions imposed by the Note under these Note Terms will no longer have effect.

3.6 **Ranking of Conversion Shares**

Each Conversion Share Issued on a Conversion Date will be fully paid and rank pari passu in all respects with all other fully paid Ordinary Shares on issue on the relevant Conversion Date, except the holder of the Conversion Share will not be entitled to any dividend or other distribution to which holders of Ordinary Shares are entitled that has not been paid as at the Conversion Date, where the applicable record date for determining such entitlements or other distributions occurred prior to the Conversion Date.

3.7 **No fractional shares**

No fractional Ordinary Shares will be issued on Conversion of a Note and no cash adjustment will be made. If the calculation under this clause 3 results in an entitlement to a number of Ordinary Shares which includes a fraction of a Share, the fraction will be disregarded.

3.8 **Adjustments to Conversion Price for bonus issues**

- (a) Subject to clause 3.8(b), if the Issuer makes a bonus issue of Ordinary Shares to the Shareholders generally, the Conversion Price will be adjusted immediately under the following formula:

$$CP = CPo \times \frac{RD}{(RD + RN)}$$

Where:

- CP** means the Conversion Price applying immediately after the application of this formula;
- CPo** means the Conversion Price applying immediately before the application of this formula;
- RD** means the number of Ordinary Shares on issue immediately before the issue of new Ordinary Shares under the bonus issue; and
- RN** means the number of Ordinary Shares issued under the bonus issue.

- (b) For the purpose of clause 3.8(a), an issue will be regarded as a bonus issue notwithstanding that the Issuer does not make offers to some or all Shareholders

with registered addresses outside Australia, provided that in so doing the Issuer is not in contravention of the applicable ASX Listing Rules.

- (c) Such adjustment shall become effective on the date of the relevant bonus issue.

3.9 Adjustments to Conversion Price for off market buy-backs

- (a) Subject to clause 3.9(b), if the Issuer undertakes an off market buy-back under a buy-back scheme which but for any applicable restrictions on transfer would be generally available to Shareholders (or otherwise cancels Ordinary Shares for consideration), the Conversion Price will be adjusted immediately using the following formula:

$$CP = CPo \times \frac{1}{P} \times \frac{(BD \times P) - (BN \times A)}{(BD - BN)}$$

Where:

- CP** means the Conversion Price applying immediately after the application of this formula;
- CPo** means the Conversion Price applying immediately before the application of this formula;
- P** means the VWAP during the 20 Business Days before the announcement to the ASX of the buy-back (or cancellation);
- BD** means the number of Ordinary Shares on issue immediately before the buyback (or cancellation);
- BN** means the number of Ordinary Shares bought back (or cancelled); and
- A** means the buy-back (or cancellation) price per Ordinary Share.

- (b) No adjustment to the Conversion Price will occur if P exceeds A.
- (c) Such adjustment shall become effective on the date of the relevant buy-back (or cancellation).

3.10 Adjustment to Conversion Price for issues at less than current market price

- (a) If and whenever the Issuer will issue (otherwise than as mentioned in clauses 3.8 or 3.11) any Ordinary Shares (other than Conversion Shares issued or other Ordinary Shares issued on the exercise of any rights of conversion into, or exchange or subscription for or purchase of, Ordinary Shares) wholly for cash or for no consideration at a price per Ordinary Share which is less than 90% of the VWAP during the five Business Days immediately preceding the date of the first public announcement of the terms of such issue, the Conversion Price will be adjusted immediately using the following formula:

$$CP = CPo \times \frac{1}{P} \times \frac{(RD \times P) - (RN \times A)}{(RD - RN)}$$

Where:

- CP** means the Conversion Price applying immediately after the application of this formula;
- CPo** means the Conversion Price applying immediately before the application of this formula;
- P** means the VWAP during the five consecutive Business Days up to the announcement of the terms of such issue or grant to the ASX;
- RD** means the number of Ordinary Shares on issue immediately before the issue of new Ordinary Shares under the rights or bonus issue;
- RN** means the number of Ordinary Shares issued at a price per Ordinary Share which is less than 90% of the VVWAP during the five Business Days immediately preceding the date of the first public announcement of the terms of such issue or grant; and
- A** means the subscription price per Ordinary Share for the issue.

- (b) Such adjustment shall become effective on the date of the relevant issue of Ordinary Shares.

3.11 **Adjustment to Conversion Price for issues under a share purchase plan or dividend reimbursement plan at a discount**

- (a) If and whenever the Issuer will issue any new Ordinary Shares under a share purchase plan or dividend reinvestment plan where the pricing of new Ordinary Shares under that plan is expressly calculated as a discount to a market price and that discount is greater than 10%, the Conversion Price will be adjusted immediately using the following formula:

$$CP = CPo \times \frac{(RD + ((1-D) \times RN))}{(RD - RN)}$$

Where:

- CP** means the Conversion Price applying immediately after the application of this formula;
- CPo** means the Conversion Price applying immediately before the application of this formula;
- RD** means the number of Ordinary Shares on issue immediately before the issue of new Ordinary Shares under the share purchase plan or dividend reinvestment plan;
- RN** means the number of Ordinary Shares issued under the plan; and
- D** means the discount at which new Ordinary Shares are issued under the plan.

- (b) Such adjustment shall become effective on the date of the relevant issue of new Ordinary Shares.

3.12 **Adjustment to Conversion Price for return of capital**

- (a) If the Issuer makes a pro rata return of capital to holders of Ordinary Shares without cancellation of any Ordinary Shares, the Conversion Price will be adjusted

under the following formula:

$$CP = CPo \times \frac{P+C}{P}$$

Where:

- CP** means the Conversion Price applying immediately after the application of this formula;
 - CPo** means the Conversion Price applying immediately before the application of this formula;
 - P** means the VWAP during the period from (and including) the first Business Day after the announcement to the ASX of the return of capital up to and including the last Business Day of trading cum the return of capital (or if there is no period of cum return of capital, an amount reasonably determined by the Directors as representing the value of an Ordinary Share cum the return of capital); and
 - C** means with respect to a return of capital (other than by way of extraordinary distribution, special dividend (being a dividend that is paid other than in accordance with the Issuer's dividend policy from time to time), or special distribution), the amount of the cash and/or the value (as reasonably determined by the Directors) of any other property distributed to holders of Ordinary Shares per Ordinary Share (or such lesser amount such that the difference between P and C is greater than zero).
- (b) Such adjustment shall become effective on the date of the relevant return of capital, or if later, the first date upon which the amount of the relevant cash and/or the value of property distributed to holders of Ordinary Shares is capable of being determined as provided in this clause 3.12.

3.13 Adjustments for a Change of Control Event

Where a Change of Control Event occurs, then upon any exercise of Conversion Rights where the Conversion Date falls during the Change of Control Period, the Conversion Price will be the Change of Control Conversion Price, as calculated using the following formula:

$$COCCP = \frac{SSP}{(1 + (\text{Premium} \times c/t))}$$

Where:

- COCCP** means the Change of Control Conversion Price;
- SSP** means the Conversion Price in effect on the relevant Conversion Date, disregarding the application of this clause 3.13;
- Premium**
(expressed as a decimal) means the premium of 0.15;
- c** means the number of days from (and including) the date the Change of Control Event occurs to (but excluding) the Maturity Date; and

t means the number of days from (and including) the Initial Issue Date to (but excluding) the Maturity Date.

3.14 **Notice of amendment**

Any adjustment of the Conversion Price under this clause 3 will be notified to the Trustee, the Noteholders and the ASX promptly after such adjustment has been determined.

3.15 **On market buy-backs**

No adjustment to the Conversion Price shall occur as a result of an on market buy-back of Ordinary Shares.

4 Redemption and buy-back

4.1 **Redemption on Maturity Date**

Each Note must be Redeemed by the Issuer on the Maturity Date by payment of the Redemption Price unless:

- (a) the Note has been previously Converted;
- (b) the Note has been previously Redeemed; or
- (c) the Note has been purchased by the Issuer under clause 4.2 and cancelled.

4.2 **Buy-back**

Subject to compliance with any applicable law or requirement of the ASX:

- (a) the Issuer may at any time purchase Notes in the open market or otherwise and at any price;
- (b) the Notes purchased under this clause 4.2 may be held, resold, dealt with or cancelled at the discretion of the Issuer; and
- (c) the Notes so purchased, while held by or on behalf of the Issuer, will not entitle the Noteholder to vote at any meetings of the Noteholders and will not be taken to be outstanding for certain purposes set out in clause 7 and the Meeting Provisions, including without limitation, calculating quorums at meetings of the Noteholders.

4.3 **Redemption at the option of the Issuer- Optional Early Redemption**

The Issuer may on the First Step-up Date or on any Interest Payment Date after the First Step-up Date, elect to Redeem all (but not some) of the Notes in whole before the Maturity Date at the Redemption Price for each such Note by giving not less than 15 nor more than 45 days' notice in writing of such Redemption (an **Optional Early Redemption Notice**) to the Noteholders, the Trustee, the Registrar and the ASX, nominating the Redemption Date upon which the Issuer proposes to Redeem the relevant Notes.

4.4 **Redemption at the option of the Issuer - Tax Event**

- (a) If a Tax Event occurs prior to the Maturity Date, the Issuer may elect to Redeem all (but not some) of the Notes in whole before the Maturity Date at the Redemption Price for each such Note by giving not less than 15 nor more than

45 days' notice in writing of such Redemption (a Tax Redemption Notice) to the Noteholders, the Trustee, the Registrar and the ASX, nominating the Redemption Date upon which the Issuer proposes to Redeem the Notes.

- (b) Prior to the giving of any Tax Redemption Notice pursuant to this clause 4.4, the Issuer will deliver to the Trustee:
 - (i) a certificate signed by two directors of the Issuer specifying details of the relevant Tax Event; and
 - (ii) an opinion of independent legal or tax advisors of recognised standing in Australia, and experienced in such matters, confirming that the Tax Event has occurred.
- (c) The Trustee will be entitled to accept and conclusively rely upon such certificate and opinion as sufficient evidence thereof in which event it will be conclusive and binding on the Noteholders. Upon the expiry of the Tax Redemption Notice, the Issuer must redeem the Notes at the Redemption Price.

4.5 **Redemption at the option of the Issuer. Clean-Up Event**

If a Clean-Up Event occurs prior to the Maturity Date, the Issuer may elect to Redeem all (but not some) of the Notes in whole before the Maturity Date at the Redemption Price for each such Note by giving not less than 15 nor more than 45 days' notice in writing of such Redemption (a **Clean-Up Event Redemption Notice**) to the Noteholders, the Trustee, the Registrar and the ASX, nominating the Redemption Date upon which the Issuer proposes to Redeem the Notes.

4.6 **Noteholder Redemption Event**

- (a) If a Noteholder Redemption Event occurs:
 - (i) a Noteholder may require the Issuer to Redeem all (but not some) of the Notes held by that Noteholder in whole; and
 - (ii) where the relevant Noteholder Redemption Event is a Change of Control Event, the Issuer may Redeem all (but not some) of the Notes, on the Noteholder Redemption Event Date at the applicable Redemption Price for each such Note.
- (b) As soon as reasonably practicable after the occurrence of a Noteholder Redemption Event, the Issuer must give notice of the Noteholder Redemption Event to the Trustee with a copy to the Noteholders, the Registrar and the ASX (Noteholder Redemption Event Notice). The Noteholder Redemption Event Notice must contain:
 - (i) a statement informing Noteholders of:
 - (A) their entitlement to require the Notes to be Redeemed pursuant to this clause 4.6 or Converted pursuant to clause 3.2; or
 - (B) where the relevant Noteholder Redemption Event Is a Change of Control Event, whether the Issuer will elect to Redeem the Notes, and will also specify:
 - (ii) details of the relevant Noteholder Redemption Event;

- (iii) the closing price of the Notes on the day that the Notes were trading on the ASX immediately prior to the occurrence of the relevant Noteholder Redemption Event; and
 - (iv) the last day of the Noteholder Redemption Event Period.
- (c) A Noteholder may exercise its rights under clause 4.6(a) to require the Notes to be Redeemed by delivering a Noteholder Redemption Election Notice to the Issuer at any time on or prior to the last day of the Noteholder Redemption Event Period.
 - (d) If a Noteholder delivers a Noteholder Redemption Election Notice to the Issuer In accordance with clause 4.6(c), the Issuer must Redeem all Notes the subject of the Noteholder Redemption Election Notice on the relevant Noteholder Redemption Event Date.

4.7 Effect of notice

Any notice given under this clause 4 is irrevocable once given. The accidental or inadvertent failure to give notice to an individual Noteholder will not invalidate a Noteholder Redemption Event Notice or an Issuer Redemption Event Notice.

4.8 Failure to Redeem

If the Issuer fails to Redeem the Notes when due, Interest will continue to accrue on the Notes at the rate applicable to them on their Redemption Date and must be paid to the relevant Noteholders upon Redemption of the Notes.

4.9 Cancellation

Notes that have been Redeemed will be cancelled by the Issuer and may not be resold.

5 Status and ranking

5.1 Status

The Notes at all times constitute direct, unsubordinated and (subject to clause 6.1) unsecured obligations of the Issuer.

5.2 Ranking

- (a) The Notes rank equally with each other and without any preference amongst themselves and at least equally with all other present and future unsubordinated and unsecured obligations of the Issuer (other than any obligations preferred by mandatory provisions of applicable law).
- (b) The ranking of Notes is not affected by the date of registration of any Noteholder in the Register.

6 Covenants

6.1 Negative pledge

For so long as any Notes remain outstanding, the Issuer must not create or permit to subsist any Security Interest upon the whole or any part of its present or future assets to secure any Financial Indebtedness other than a Permitted Security Interest, unless in any such case, before or at the same time as the creation of the Security Interest

- (a) all amounts payable by the Issuer under the Notes and the Trust Deed are secured equally and rateably with the Financial Indebtedness; or
- (b) such other Security Interest is provided in respect of all amounts payable by the Issuer under the Notes and the Trust Deed as the Trustee shall in its absolute discretion determine to be not materially less beneficial to the interests of the Noteholders as a whole.

6.2 **Limit on the Incurrence of Financial Indebtedness**

For so long as any Notes remain outstanding, the Issuer must not, without the approval of the Noteholders by way of Special Resolution, incur any Financial Indebtedness other than Permitted Financial Indebtedness.

6.3 **Limit on making Distributions**

For so long as any Notes remain outstanding, the Issuer must not without the approval of the Noteholders by way of Special Resolution make:

- (a) any In-specie Distribution;
- (a) any return of capital to ordinary shareholders; or
- (b) any other Distribution which would result in an LTV Ratio Event immediately after such Distribution.

6.4 **Other covenants**

So long as any Notes remain outstanding, the Issuer must:

- (a) do everything necessary to maintain its corporate existence;
- (b) do everything necessary to maintain the authorisations it is required to maintain in order to conduct its business;
- (c) comply with all laws binding on it where a failure to comply would have a Material Adverse Effect; and
- (d) not, without the approval of the Noteholders by way of Special Resolution, substantially change its core business activity of being a listed investment company with the value of the unlisted Marketable Securities that it holds, as at the time of their acquisition, being no greater than 15% of the value of all Marketable Securities then held by the Issuer.

7 **Events of Default**

7.1 **Events of Default**

An Event of Default occurs and is continuing in relation to the Notes if:

- (a) **(non-payment)** the Issuer fails to pay or repay any amount payable by it under these Note Terms within 10 Business Days after the date on which it is due and where the sole reason for the default is a technical or administrative difficulty within the banking system being used to effect payment, such default is not remedied within five Business Days;

- (b) **(non-issue of Ordinary Shares)** the Issuer fails to issue Ordinary Shares on Conversion in accordance with these Note Terms within 10 Business Days after the date on which such issue is to be made;
- (c) **(breach of other obligations)** the issuer fails to comply with any of its other material obligations under these Note Terms 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;
- (d) **(cross default)** any debt of the Issuer greater than A\$500,000 (or its equivalent in any other currencies) becomes due and payable before its stated maturity due to the occurrence of a default in the observance by the Issuer of any of the terms of that debt;
- (e) **(insolvency)** an Insolvency Event occurs in respect of the Issuer;
- (f) **(unlawfulness)** at any time, it is unlawful for the Issuer to perform any of its payment obligations under the Notes; or
- (g) **(vitiation)** all or any obligations of the Issuer or rights of the Noteholders or the Trustee under the Trust Deed or these Note Terms are terminated or are or become void, illegal, invalid, unenforceable or of limited force and effect.

7.2 Notification

If an Event of Default occurs, the Issuer must, promptly after becoming aware of it, notify the Noteholders, the Trustee, the Registrar and the ASX of the occurrence of the Event of Default.

7.3 Consequences of an Event of Default

- (a) If an Event of Default occurs and is continuing in relation to the Notes, the Trustee may declare, by written notice to the Issuer (with a copy to the Noteholders), that the Face Value (together with any accrued and unpaid Interest) of each Note is due and payable immediately or on such other date as specified in that notice.
- (b) The Trustee will not be bound to take any action referred to in clause 7.3(a) above or any other proceedings or action to enforce the obligations or covenants of the Issuer pursuant to or in connection with the Trust Deed or these Note Terms unless:
 - (i) it is directed to take such action by a Noteholder Resolution (or, If required by, a Special Resolution) (ignoring any Notes held by or on behalf of the Issuer and not cancelled);
 - (ii) it is indemnified and/or pre-funded to its satisfaction as contemplated by the Trust Deed;
 - (iii) its liability for taking such action is limited in a manner consistent with section 283DC of the Corporations Act;
 - (iv) such action is permitted under the Trust Deed and these Note Terms; and
 - (v) it is not restricted or prohibited from taking such action by any order of any competent court or any applicable law.
- (c) If the Trustee forms the view that such action is or could be inconsistent with the Trust Deed, these Note Terms, the Corporations Act, the ASX Listing Rules or any

applicable law, it must take steps to seek (and, if the court so determines, to obtain) as soon as reasonably practicable a court direction or order to set aside or vary the direction given by Noteholder Resolution (or, if required, by Special Resolution), and, while those steps are underway, the Trustee is not obliged to take any action or proceedings it has been directed to take by such Noteholder Resolution or Special Resolution (as applicable).

7.4 Noteholders' right to take action

No Noteholder is entitled to commence action or proceedings directly against the Issuer to enforce any right, power or remedy under these Note Terms or the Trust Deed unless, subject to clause 7.3(c):

- (a) the Trustee, having become bound to proceed in accordance with the Trust Deed and these Note Terms, fails to do so within 14 days of being obliged to do so and such failure is continuing; or
- (b) each of:
 - (i) 30 Business Days have lapsed since the date on which one or more Noteholders gave notice to the Trustee that they intend to commence such action or proceedings (with such notice to specify the details, including legal basis for, such action or proceedings, and to be copied to the Issuer); and
 - (ii) the Trustee has not commenced such action or proceedings (it being acknowledged that the Trustee is only required to commence such action or proceeding where bound to so proceed in accordance with the Trust Deed and these Note Terms),

in which case any such Noteholder may itself institute such actions or proceedings against the Issuer to the same extent (but not further or otherwise) that the Trustee would have been entitled to do so. Any such proceedings must be brought in the name of the Noteholders that gave such notice and not in the name of the Trustee.

8 Title and transfer of Notes

8.1 Title

Title to a Note passes when details of the transfer are entered in the Register.

8.2 Effect of entries in Register

- (a) Each entry in the Register in respect of a Note constitutes:
 - (i) an unconditional and irrevocable undertaking by the issuer to the Noteholder to pay principal, Interest and any other amount in accordance with these Note Terms;
 - (ii) an entitlement to the other benefits given to the Noteholders under these Note Terms and the Trust Deed in respect of the Note; and
 - (iii) (subject to rectification for fraud or manifest or proven error) conclusive evidence of validly issued Note under the Trust Deed, regardless of any noncompliance by the Issuer with the provisions of the Trust Deed.

- (b) For the avoidance of doubt, an entry in the Register does not make the Noteholder a member of the Issuer or confer rights on a Noteholder to become a member of the Issuer or to attend or vote at meetings of members of the Issuer.

8.3 No certificates

Except to the extent required by law or otherwise determined by the Issuer, no certificates in respect of the Notes will be issued by the Issuer, the Registrar or the Trustee.

8.4 Register conclusive as to ownership

Notes are regarded as issued or transferred to a person if and when the person's name is recorded in the Register as the Noteholder in accordance with the Trust Deed. Entries in the Register in relation to a Note constitute conclusive evidence that the person so entered is the absolute owner of the Note subject to correction for fraud or manifest or proven error.

8.5 Non-recognition of Interests

Except as required by law, the Issuer, the Trustee and the Registrar must treat the person whose name is entered in the Register as the Noteholder as the absolute owner of that Note. This clause 8.5 applies whether or not a Note is overdue and despite any notice of ownership, trust or Interest in the Note.

8.6 Joint holders

- (a) Where two or more persons are entered in the Register as the joint holders of a Note then they are taken to hold the Note as joint tenants with rights of survivorship, but the Registrar is not bound to register more than four persons as joint holders of any Note.
- (b) On the death of a joint holders, the survivor or survivors are the only person or persons whom the Issuer or the Trustee will recognise as having any title to the Notes (but the Issuer or the Trustee may require any evidence of death which it thinks fit).
- (c) The joint holders are counted as a single Noteholder of the Note for the purposes of calculating the number of Noteholder or requisitioners who have requested a Meeting of Noteholders.
- (d) The giving of notice to, or receipt of notice for, any one of the joint holders is taken to be the giving of notice to, or receipt of notice for, all of the joint holders.
- (e) Any one of the joint holders may give an effective receipt for payment on the Notes and a payment to any one of the joint holders will discharge the Issuer's liability with respect to that payment.
- (f) The Registrar is not bound to register more than four persons as joint holders of any Note

8.7 Transfers in whole

A Note may be transferred in whole but not in part.

8.8 **Transfer**

- (a) A Noteholder may, subject to this clause 8.8, transfer any Notes:
 - (i) if the Notes are quoted on the ASX, by a transfer in accordance with the rules of the Clearing System;
 - (ii) by a proper transfer under any other computerised or electronic system recognised by the Corporations Act; or
 - (iii) by any proper or sufficient instrument of transfer of marketable securities under applicable law.
- (b) The Issuer must not charge any fee on the transfer of a Note.

8.9 **Market obligations**

The Issuer must comply with all Applicable Regulations and any other relevant obligations imposed on it in relation to the transfer of a Note.

8.10 **Issuer may request holding lock or refuse to register transfer**

If the Notes are quoted on ASX, and if permitted to do so by the ASX Listing Rules and the Corporations Act, the Issuer may:

- (a) request the CS Facility Operator or the Registrar, as the case may be, to apply a holding lock to prevent a transfer of Notes approved by and registered on the CS Facility Operator's electronic sub-register or Notes registered on an issuer sponsored sub-register, as the case may be; or
- (b) refuse to register a transfer of Notes.

8.11 **Issuer must request holding lock or refuse to register transfer**

- (a) The Issuer must request the CS Facility Operator or the Registrar, as the case may be, to apply a holding lock to prevent a transfer of Notes approved by and registered on the CS Facility Operator's electronic sub-register or Notes registered on an issuer-sponsored sub-register, as the case may be, if the Corporations Act, the ASX Listing Rules or the terms of a Restriction Agreement require the Issuer to do so.
- (b) The Issuer must refuse to acknowledge a disposal (including registering any transfer) of Notes if the Corporations Act, the ASX Listing Rules or the terms of a Restriction Agreement require the Issuer to do so.
- (c) In the event of a breach of the ASX Listing Rules relating to Restricted Securities, or a breach of a Restriction Agreement, the Noteholder of the Restricted Securities is not entitled to any Interest (or other distribution on), or voting rights in respect of, the Restricted Securities.

8.12 **Notice of holding lock and refusal to register transfer**

If, in the exercise of its rights under clause 8.10 and 8.11 the Issuer requests the application of a holding lock to prevent a transfer of Notes or refuses to register a transfer of Notes, it must, within five Business Days after the date it requests the holding lock or the date it refuses to register a transfer, give written notice of the request or refusal to the Noteholder, to the transferee and the broker lodging the transfer. Any failure to give such notice does not, however, invalidate the exercise by the Issuer of its rights.

8.13 Delivery of instrument

If an instrument is used to transfer the Notes according to clause 8.8, it must be delivered to the Registrar, together with such evidence (if any) as the Issuer or the Registrar reasonably requires to prove the title of the transferor to, or right of the transferor to transfer, the Notes.

8.14 Refusal to register transfers

- (a) The Issuer may only refuse to register a transfer of any Notes if such refusal is required or permitted by Applicable Regulation or these Note Terms.
- (b) If the Issuer refuses to register a transfer, the Issuer must give the lodging party notice of the refusal and the reasons for it within five Business Days after the date on which the transfer was delivered to the Registrar.

8.15 Transferor to remain Noteholder until registration

A transferor of a Note remains the Noteholder in respect of that Note until the transfer is registered and the name of the transferee is entered in the Register.

8.16 Effect of transfer

Upon registration and entry of the transferee in the Register, the transferor ceases to be entitled to future benefits under the Trust Deed and these Note Terms in respect of the transferred Notes and the transferee becomes so entitled in accordance with clause 8.8.

8.17 Death, legal disability

- (a) If a Noteholder dies, becomes subject to a legal disability, becomes bankrupt or is liquidated the legal representative or the person entitled to Notes as a result of bankruptcy or liquidation, will be recognised as being entitled to require the transfer to it of Notes registered in the Noteholder's name.
- (b) The Issuer need not register any transfer or transmission under this clause 8.17 unless the transferee provides evidence of its entitlement satisfactory to the Issuer and an indemnity in favour of the Issuer in a form determined by the Issuer in respect of any consequence arising from the transfer or transmission.

8.18 Transfer of unidentified Notes

Where the transferor executes a transfer of less than all the Notes registered in its name, and the specific Notes to be transferred are not Identified, the Registrar may register the transfer in respect of such of the Notes registered in the name of the transferor as the Registrar thinks fit, provided the aggregate of the Face Value of all the Notes registered as having been transferred equals the aggregate of the Face Value of all the Notes expressed to be transferred in the transfer.

9 Payments

9.1 Summary of payment provisions

Payments in respect of the Notes will be made in accordance with this clause 9.

9.2 **Record Date**

All payments under or in respect of a Note will be made only to those persons registered as the Noteholder at the nominated time on the relevant Record Date.

9.3 **Payments subject to applicable laws**

All payments are subject to applicable laws, but without prejudice to the provisions of these Note Terms relating to the payments of Additional Amounts. If a payment cannot lawfully be made by the Issuer to a particular Noteholder due to any circumstance or matter affecting the Noteholder without the approval of a Government Agency or the satisfaction of some other condition, then the Noteholder is not entitled to receive that payment, and the Issuer is not obliged to make that payment, unless that approval has been obtained or that other condition is satisfied. The Issuer is not obliged to pay any further interest to the affected Noteholder in such circumstances on account of the delay.

9.4 **Payment delays**

If the Issuer has determined that a person other than a Noteholder is or may be entitled to be registered as a Noteholder and receive a payment in respect of a Note, the Issuer may withhold the payment until it has established the respective entitlements of that person to its satisfaction and (if applicable) the person so entitled has been registered as Noteholder and provided details for the payment to be made to the satisfaction of the Issuer. The Issuer is not obliged to pay any further interest on account of the delay.

9.5 **Payments on Business Days**

If a payment:

- (a) is due on a day which is not a Business Day then the due date for payment will be postponed to the first following day that is a Business Day; or
- (b) is to be made to an account on a Business Day on which banks are not open for general banking business in the place in which the account is located, then the due date for payment will be the first following day on which banks are open for general banking business in that place, and in either case, no Noteholder is entitled to any interest or amount in respect of that delay.

9.6 **Payments to accounts**

Moneys payable by the Issuer to a Noteholder may be paid in any manner the Issuer decides, including by direct credit into a nominated account of the Noteholder at an Australian branch of a financial institution.

9.7 **Unsuccessful attempts to pay**

Subject to applicable law and the ASX Listing Rules, where the Issuer:

- (a) decides that an amount is to be paid to a Noteholder by a method of direct credit and the Noteholder has not nominated an account to which amounts are to be paid by that method;
- (b) attempts to pay an amount to a Noteholder by direct credit, electronic transfer of funds or any other means and the transfer is unsuccessful;
- (c) has made reasonable efforts to locate a Noteholder but is unable to do so; or

- (d) has issued a cheque which has not been presented within six months of its date and, as a consequence, the Issuer has cancelled such cheque,

then, in each case:

- (e) the amount will be taken to have been duly paid to the Noteholder and will not bear Interest; and
- (f) the amount will be held by the Issuer for the Noteholder in a non-interest bearing deposit with a bank selected by the Issuer until the Noteholder (or any legal personal representative of the Noteholder) nominates an account for payment or otherwise claims the amount or the amount is paid by the Issuer according to the legislation relating to unclaimed moneys.

9.8 Payment to joint Noteholders

A payment to any one of the joint Noteholders of a Note will discharge the Issuer's liability in respect of the payment.

9.9 Fractions

For the purposes of making any payment to a Noteholder in respect of its aggregate holding of Notes, any fraction of a cent will be disregarded.

10 Taxation

10.1 No set-off, counterclaim or deductions

All payments in respect of the Notes must be made in full without set-off or counterclaim, and will be made free and clear of, and without any withholding or deduction in respect of Taxes, unless such withholding or deduction is required by applicable law.

10.2 Withholding tax

Subject to clause 10.3, if a law requires the Issuer to withhold or deduct an amount for Taxes imposed in connection with a payment on a Note such that the Noteholder would not actually receive on the due date the full amount provided for under the Notes, then:

- (a) the Issuer agrees to withhold or deduct the amount for the Taxes; and
- (b) if the amount deducted or withheld is in respect of Taxes imposed in Australia, the Issuer will pay an additional amount (Additional Amount) so that, after making the deduction or withholding, the Noteholder is entitled to receive (at the time the payment is due) the amount it would have received if no deduction or withholding had been required to be made from a payment in respect of a Note.

10.3 Gross-up exceptions

- (a) No Additional Amounts are payable under clause 10.2 in respect of any Note:
 - (i) to, or to a third party on behalf of, a Noteholder who is liable to such Taxes in respect of such Note by reason of having some connection with Australia other than the mere holding of or receipt of payment in respect of such Note;
 - (ii) to, or to a third party on behalf of, a Noteholder who could lawfully avoid (but has not so avoided) such Taxes by complying or procuring that any

third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or similar case for exemption to any Tax Authority;

- (iii) to, or to a third party on behalf of, a Noteholder who is an Offshore Associate and not acting in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme within the meaning of the Corporations Act;
 - (iv) to, or to a third party on behalf of, a Noteholder that is not the beneficial owner of such Notes to the extent that the beneficial owner thereof would not have been entitled to the payment of such Additional Amounts had such beneficial owner been the Noteholder of such Notes;
 - (v) to, or to a third party on behalf of, a Noteholder where such withholding or deduction is required to be made pursuant to a notice or direction issued by the Commissioner of Taxation under section 255 of the Tax Act or section 260-5 of Schedule 1 to the *Taxation Administration Act 1953* (Cth) or any similar law;
 - (vi) to, or to a third party on behalf of, a Noteholder, if that person has not supplied an appropriate Australian tax file number, an Australian business number or other exemption details from these requirements before the Record Date; or
 - (vii) in respect of any combination of any or all of clauses 10.3(a)(i) to (vi) above.
- (b) Notwithstanding any other provision of these clauses, if the Issuer, any agent, or any other person through whom payments on the Notes are made, is required to withhold or deduct amounts under or in connection with applicable law, the Issuer or that other person will be permitted to make such withholding or deduction, and the Noteholders and beneficial owners of Notes will not be entitled to receive any gross up, additional amount or other amount for such withholding or deduction had payment been made on the due date.

11 Amendments and waivers of Note Terms

11.1 Amendments without the consent of the Noteholders

Subject to the Trust Deed and compliance with the Corporations Act and all other applicable laws, the Issuer may at any time and from time to time, with the approval of the Trustee, but without the consent of the Noteholders, amend these Note Terms or the Trust Deed if the Trustee agrees with the Issuer that such amendments are:

- (a) of a formal or minor or technical nature;
- (b) made to cure any ambiguity or correct any manifest error;
- (c) necessary to facilitate the listing or quotation of the Notes on the ASX;
- (d) necessary to comply with any laws, regulations, legislation or the ASX Listing Rules; or
- (e) not materially prejudicial to the interests of Noteholders as a whole.

11.2 Amendments with the consent of the Noteholders

Without limiting clause 11.1, subject to the Trust Deed and compliance with the Corporations Act and all other applicable laws, the Issuer may at any time and from time to time, amend these Note Terms or the Trust Deed if a Noteholder Resolution or (where required under the Meeting Provisions) a Special Resolution is passed in favour of such amendment. If the amendment sought alters or conflicts with any of the personal rights or obligations of the Trustee, it will not be effective without the prior written consent of the Trustee.

11.3 Interpretation

In this clause 11, 'amend' Includes modify, waive, vary, cancel, amend or add to and 'amendment' has a corresponding meaning.

12 Time limit for claims

A claim against the Issuer for a payment under the Notes is void unless made within five years after the date on which payment first became due and payable.

13 Notices

All notices and other communications to the Noteholders in connection with the Trust Deed or the Notes must be made in accordance with the notice provisions set out in clause 19 (Notices) of the Trust Deed.

14 Further issues of Notes

14.1 Issuer may issue further Notes

Subject to clauses 6.2, 14.2 and the ASX Listing Rules, the Issuer may from time to time create and issue additional Notes after the Initial Issue Date having the same terms and conditions as the Notes issued on the Initial Issue Date in all respects (or in all respects other than in respect of the Issue Date, the Issue Price, the date on which the additional Notes commence bearing Interest or the date of the first interest payment in respect of the additional Notes). Any Notes issued pursuant to this clause 14 will be consolidated and form part of the same single class as the Notes issued on the Initial Issue Date, and will be treated as such including for the purposes of voting and taking all other actions by the Noteholders, except as otherwise specified in the Trust Deed or these Note Terms.

References in these Note Terms to the Notes include (unless the context requires otherwise) any additional Notes issued pursuant to this clause 14 that form a single class with the Notes issued on the Initial Issue Date.

14.2 Notice of further issues

The Issuer must provide prior notice to the Trustee and the Noteholders of any additional Notes to be issued under clause 14.1, and execute such supplemental documents as the Trustee may require in connection with the issue of such Notes.

15 General

15.1 Reporting

In addition to any requirements of the Corporations Act and the ASX Listing Rules, each Noteholder (if requested by that Noteholder) will be provided with copies of all annual and half yearly reports and financial statements provided to Shareholders.

15.2 Further documents

The Issuer may request the Trustee to execute (and the Trustee may agree to execute), on behalf of all Noteholders, such documents as the Issuer considers necessary or desirable provided that the Trustee is indemnified to its satisfaction, acting reasonably, against any Taxes, fees, costs, charges, expenses or liabilities (including solicitor and client as well as party and party costs) which it may suffer or incur as a result of doing so.

15.3 Governing law and jurisdiction

- (a) These Note Terms and the Notes are governed by the laws of Queensland, Australia.
- (b) The Issuer and each Noteholder submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in Queensland, Australia in connection with matters concerning the Notes or these Note Terms.
- (c) The Issuer and each Noteholder 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.

16 Interpretation and definitions

16.1 Interpretation

In these Note Terms:

- (a) if there is any inconsistency between the provisions of these Note Terms and the Trust Deed, then, to the maximum extent permitted by law, the provisions of these Note Terms will prevail;
- (b) calculations, elections and determinations made by the Issuer under these Note Terms are binding on Noteholders in the absence of manifest error;
- (c) if an event under these Note Terms must occur on a stipulated day which is not a Business Day, then the stipulated day will be taken to be the succeeding Business Day;
- (d) the singular includes the plural and vice versa, and a gender includes the other gender;
- (e) another grammatical form of a word or expression defined in these Note Terms has a corresponding meaning;
- (f) a reference to a document (including these Note Terms) includes all schedules, annexures, attachments or exhibits to it;
- (g) a reference to a clause or clauses is to a clause or clauses of these Note Terms;

- (h) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time and all schedules, annexures, attachments or exhibits to it;
- (i) a reference to Australian dollars, A\$, dollars, \$ or cents is a reference to the lawful currency of Australia;
- (j) a reference to time is to Brisbane time;
- (k) a reference to a person includes:
 - (i) a reference to the person's executors, administrators, successors and permitted assigns and substitutes; and
 - (ii) any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person, including a natural person, partnership, joint venture, Government Agency, association, corporation or other body corporate;
- (l) a reference to a statute, ordinance, code, rule, directive or law (however described) includes a constitutional provision, a statutory provision, treaty, decree, convention, statute, regulation, ordinance, code, by-law, judgment, rule of common law or equity, whether inside or outside Australia, and is a reference to that law as amended, extended, re-enacted consolidated or replaced;
- (m) the meaning of general words is not limited by specific examples introduced by words 'such as', 'including', 'particularly' including, 'for example' or other similar expressions;
- (n) headings (including those in brackets at the beginning of clauses) and footnotes are for convenience only and do not affect the interpretation of these Note Terms;
- (o) an Event of Default is subsisting until it has been remedied or waived in writing by the Trustee on behalf of the Noteholders;
- (p) if a payment is required to be made under these Note Terms, unless the contrary intention is expressed, the payment will be made in Australian dollars; and
- (q) 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.

16.2 References to particular terms

Unless the contrary intention appears, in these Note Terms:

- (a) any reference to 'principal' is taken to include the aggregate principal amount of the Notes outstanding, any Additional Amounts in respect of principal which may be payable under these Note Terms and any other amount in the nature of principal payable in respect of the Notes under these Note Terms; and
- (b) any reference to 'interest' is taken to include any Additional Amounts in respect of interest and any other amount in the nature of interest payable in respect of the Notes under these Note Terms.

16.3 **Inconsistency with ASX Listing Rules**

So long as the Notes are quoted on the ASX, these Note Terms are to be interpreted in a manner consistent with the ASX Listing Rules.

16.4 **Definitions**

Unless the contrary intention appears, in these Note Terms:

Additional Amount has the meaning given to it in clause 10.2.

Applicable Regulations means such provisions of the ASX Listing Rules, the rules of the applicable Clearing System or the Corporations Act, and any regulations or rules under or pursuant to any such provisions, as may be applicable to the transfer of a Note and includes any Restriction Agreement.

ASX means ASX Limited (ABN 98 003 624 691) or the securities market operated by it, as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement means ASX Settlement Pty Ltd (ABN 49 008 504 532), the body which administers CHESS.

ASX Settlement Operating Rules means the settlement rules of ASX Settlement as amended or replaced from time to time.

Australian Accounting Standards means the Australian Accounting Standards issued by the Australian Accounting Standards Board.

Business Day means a day which is a business day within the meaning of the ASX Listing Rules but where used in connection with any Redemption, Conversion or payment on the Notes, excludes a day on which major trading banks are not open for business in Sydney.

Cash and Cash Equivalents means, at any time, the aggregate amount in Australian dollars of cash and cash equivalents held by the Issuer as at such time, as determined in accordance with the Australian Accounting Standards, but excluding the amount of such cash or cash equivalents which are the subject of a Security Interest.

Change of Control Event means the occurrence of any of the following:

- (a) the investment management agreement between the investment manager and the Issuer lapses or is terminated and no replacement investment management agreement has been entered into by the investment manager and the Issuer on, or as soon as reasonably practicable after, such lapse or termination;
- (b) a takeover bid is made to acquire all of the Ordinary Shares and the offer under the takeover bid is, or becomes, unconditional and:
 - (i) the bidder has acquired at any time during the offer period a relevant interest in more than 50 per cent of the Ordinary Shares on issue; or
 - (ii) the Directors of the Issuer unanimously recommend the acceptance of the offer under the takeover bid, and acceptance of that offer would result in the bidder having a relevant interest in 100 per cent of the Ordinary Shares on issue; or

- (c) a court approves a proposed scheme of arrangement which, when implemented, will result in a person having a relevant interest in more than 50 per cent of the Ordinary Shares on issue.

CHESS means the Clearing House Electronic Sub-register System operated by ASX Settlement.

Clean-Up Event means at any time the aggregate principal amount of the Notes outstanding is less than A\$5 million.

Clean-Up Event Redemption Notice means a notice provided by the Issuer in accordance with clause 4.5.

Clearing System means CHESS or any other applicable securities trading or clearance system through which the Notes are cleared and/or settled.

Conversion means the conversion of a Note in accordance with clause 3 and the words **Convert**, **Convertible**, **Converting** and **Converted** bear a corresponding meaning.

Conversion Amount means in relation to a Note the subject of a Conversion Notice, the Face Value of the Note, together with any accrued (but unpaid) Interest on the Note up to (but excluding) the Conversion Date for the Note.

Conversion Date in relation to a Note means the date (determined by the Issuer (in its absolute discretion) in accordance with these Note Terms) on which Ordinary Shares will be issued to the relevant Noteholder on the Conversion of that Note under clause 3.

Conversion Notice means a notice of Conversion given in accordance with clause 3.2 or as otherwise determined by the Issuer or required by the ASX Listing Rules.

Conversion Period in respect of a Note means the period commencing on the second anniversary of the Initial Issue Date and ending on (and including) the date that is 10 Business Days prior to the Maturity Date.

Conversion Price means A\$2.70 or such other price as is determined in accordance with clauses 3.8 to 3.13.

Conversion Right means the right of a Noteholder to convert principal and accrued but unpaid Interest due under a Note into Ordinary Shares in accordance with clause 3.1.

Conversion Shares has the meaning given to it in clause 3.5.

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

CS Facility has the same meaning as 'prescribed CS Facility' in the Corporations Act.

CS Facility Operator means the operator of a CS Facility.

a **Delisting Event** will occur if:

- (a) the Ordinary Shares or Notes cease to be quoted on the ASX; or
- (b) trading of the Ordinary Shares or Notes on the ASX is suspended for a period of more than 20 consecutive Business Days, in each case, other than as a result (directly or indirectly) of a Change of Control Event.

Directors means some or all of the directors of the Issuer acting as a board.

Distribution means a distribution to Shareholders in any form whatsoever, including without limitation, by way of dividend (whether in cash or in specie), share buy-back, reduction of capital, bonus securities issue or otherwise.

Early Redemption Notice means any of the following:

- (a) an Optional Early Redemption Notice;
- (b) a Tax Redemption Notice;
- (c) a Clean-Up Event Redemption Notice; or
- (d) a Noteholder Redemption Event Notice.

Event of Default means any event specified in clause 7.1.

Face Value means the nominal principal amount of each Note, being A\$2.70.

Financial Indebtedness means, without double counting, any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised under any acceptance credit, or bill acceptance, discount or endorsement facility;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with any applicable generally accepted accounting practices, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any redeemable shares where the holder has the right, or the right in certain conditions, to require redemption;
- (g) any amount raised under any other transaction (including any forward sale or purchase agreement) of a type not referred to in any other paragraph of this definition having the commercial effect of a borrowing;
- (h) consideration for the acquisition of assets (excluding inventory bought in the ordinary course of business) or services payable more than 180 days after acquisition;
- (i) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (j) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i) inclusive above, but excluding any increase or possible increase in Financial Indebtedness resulting from changes to accounting definitions.

First Step-up Date means, provided that a First Step-Up Event occurs, 30 September 2024.

First Step-Up Event means an event where the 2 year Bank Bill Swap Rate (or its successor) as set on the First Step-Up Date, is above 1.2832%% per annum. If this event does not occur, the Interest Rate will remain fixed at 5.50% per annum.

First Step-Up Interest Rate means, provided that a First Step-Up Event occurs, an Interest Rate of 6.50% per annum.

Fixed Interest Rate means an interest rate of 5.50% per annum.

Government Agency means a government, a government department or a governmental, semi-governmental, statutory, administrative, parliamentary, provincial, public, municipal, local, judicial or quasi-judicial body.

Initial Issue Date means the date on which Notes are first issued under these Note Terms.

Insolvency Event occurs in relation to a body corporate if:

- (a) it is (or states that it is) insolvent (as defined in the Corporations Act); or
- (a) it is in liquidation, in provisional liquidation, under administration (other than in circumstances where the appointment of the administrator or liquidator is stayed, withdrawn, dismissed or terminated within 30 Business Days) or wound up (each as defined in the Corporations Act).

In-specie Distribution means any non-cash Distribution of the Issuers' Investment Assets, direct or indirect, for the benefit of a Shareholder.

Interest means the interest payable from time to time on a Note under these Note Terms.

Interest Payment Date in relation to a Note means:

- (a) 31 March, 30 June, 30 September and 31 December in each year during the term of the Note, with the first Interest Payment Date being 31 December 2021, or if any such date is not a Business Day, the following Business Day;
- (b) where a Conversion Right attached to the Note has been exercised prior to the Redemption Date in respect of the Note, the Conversion Date in respect of the Note; and
- (c) the Redemption Date in respect of the Note.

Interest Period means in respect of a Note, each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date. However:

- (a) the first Interest Period commences on (and includes) the Issue Date in respect of the Note; and
- (b) the final Interest Period ends on (but excludes) the first to occur in respect of the Note:
 - (i) the Maturity Date;
 - (ii) any other Redemption Date; and

- (iii) where the Conversion Right attached to the Note has been exercised prior to the Redemption Date in respect of the Note, the Conversion Date in respect of the Note.

Interest Rate means:

- (a) in respect of each Interest Period that commences during the period from (and including) the Initial Issue Date to (but excluding) the First Step-Up Date, the Fixed Interest Rate;
- (b) in respect of each Interest Period that commences during the period from (and including) the First Step-Up Date to (but excluding) the Maturity Date, the First Step-Up Interest Rate; and
- (c) (without double-counting) where no First Step-Up Event occurs, in respect of each Interest Period that commences during the period from (and including) the Initial Issue Date to (but excluding) the Maturity Date, the Fixed Interest Rate.

Investment Assets means the assets owned by the Issuer which may include, without limitation, any of the following:

- (a) securities, including, without limitation, equity and debt securities of all types, whether subordinated or unsubordinated, secured or unsecured, quoted or unquoted, rated or unrated, denominated in any currency;
- (b) deposits and currencies of all kinds;
- (c) any other debt and equity instruments, including without limitation, loans (and participations therein), warrants, trade claims and promissory notes; and
- (d) derivative instruments and other synthetic products, including, but not limited to, foreign exchange options and forwards (including on a non-deliverable basis), bond options and forwards (including on a non-deliverable basis), interest rate and currency swaps, forward rate agreements, total return swaps, credit default swaps and equity derivatives and in credit and/or convertibility linked notes; and pooled investment vehicles of any description.

Issue Date in relation to a Note means the date on which the Note is issued.

Issue Price has the meaning given to it in clause 1.3.

Issuer means Flagship Investments Limited ABN 99 080 135 913.

Issuer Redemption Event Notice means any of the following:

- (a) an Optional Early Redemption Notice;
- (b) a Tax Redemption Notice; or
- (c) a Clean-Up Event Redemption Notice.

LTV Ratio means, at any time, the loan-to-value ratio for the Issuer calculated as follows:

$$A = B/C$$

Where:

A = the LTV Ratio (expressed as a percentage) as at such time:

B = the Total Debt less the Cash and Cash Equivalents as at such time; and

C = the Market Value of all Marketable Securities held by or on behalf of the Issuer as such time.

LTV Ratio Event means the LTV Ratio exceeds 50%.

Market Value in relation to a Marketable Security means, at any time:

- (a) where that Marketable Security is listed on the ASX, the most recent traded price listed for such Marketable Security on the ASX; and
- (b) where that Marketable Security is not listed on the ASX, the redemption price (however described) specified in the terms for such Marketable Security unless there is no redemption price so specified, in which case the Market Value for such Marketable Security will be determined by reference to the higher of:
 - (i) the most recent price at which a marketable security comprising the same class as that Marketable Security was redeemed by the Issuer;
 - (ii) the most recent price (if any) at which the Issuer purchased that Marketable Security or purchased marketable securities comprising the same class as that Marketable Security (whichever purchase occurred most recently); and
 - (iii) the most recent price at which the Issuer sold marketable securities comprising the same class as that Marketable Security (whether together with other Marketable Securities or individually or whether in a single transaction or series of transactions) provided the aggregate purchase price for such marketable securities exceeded A\$1,000,000, provided that if the Market Value of an unlisted Marketable Security cannot be reasonably determined in accordance with paragraph (b) above, the Market Value of such Marketable Security will be determined by the reasonable estimate of the Issuer as is supported by reasonable calculations any other reasonable documentation.

Marketable Securities means:

- (a) any debentures, stocks, shares or bonds of any Government Agency, local government authority, body corporate, association or society, and includes any right or option in respect of shares in any body corporate and any Interest in a managed investment scheme; and
- (b) any unit (whatsoever called) or interest in a trust estate which represents a legal or beneficial interest in any of the income or assets of that trust estate and includes any options to acquire any units as described.

Material Adverse Effect means an event or circumstance which has, or would reasonably be expected to have, a material adverse effect on the ability of the Issuer to meet its obligations under these Note Terms or the Trust Deed.

Maturity Date means 1 October 2026.

Meeting Provisions means the provisions for meetings of the Noteholders set out in Schedule 3 of the Trust Deed.

Member or Shareholder means a person holding Ordinary Shares and entered in the register of members as a member, for the time being, of the Issuer.

Note means a debt obligation denominated in Australian dollars and issued, or to be issued, by the Issuer which is constituted by, and owing under, the Trust Deed, the details of which are recorded in, and evidenced by, entry in the Register.

Note Terms means, in relation to a Note, these clauses.

Noteholder means the person from time to time whose name is entered on the Register as the holder of a Note.

Noteholder Redemption Election Notice means a notice provided by the Noteholder in accordance with clause 4.6(c) in the form set forth in Schedule 5 of the Trust Deed or as otherwise determined by the Issuer or required by the ASX Listing Rules.

Noteholder Redemption Event means each of the following events:

- (a) a Delisting Event; or
- (b) a Change of Control Event.

Noteholder Redemption Event Date means the date that is the 20th Business Day after the expiry of the Noteholder Redemption Event Period.

Noteholder Redemption Event Notice means a notice provided by the Issuer in accordance with clause 4.6(b).

Noteholder Redemption Event Period means the period beginning on the date the Issuer provides a Noteholder Redemption Event Notice and ending 30 Business Days from that date.

Noteholder Resolution means:

- (a) a resolution passed at a meeting of the Noteholders duly called and held under the Meeting Provisions:
 - (i) by more than 50% of the persons voting on a show of hands (unless paragraph (ii) below applies): or
 - (ii) if a poll is duly demanded, then by a majority consisting of more than 50% of the votes cast; or
- (b) a resolution passed by postal ballot or written resolution, then by Noteholders representing (in aggregate) more than 50% of the principal amount of the Notes outstanding as at the Notification Date or (in the case of resolutions passed by postal ballot) outstanding as at the date determined by the Issuer, with the Trustee's approval.

Officer means a director or secretary of the Issuer or any other person authorised by the Issuer as an Officer of the Issuer for the purposes of these Note Terms.

Offshore Associate means an 'associate' (as defined in section 128F(9) of the Tax Act) of the Issuer that is either:

- (a) a non-resident of Australia that, if it acquires the Notes or an interest in the Notes, would not acquire the Notes or an interest in the Notes in carrying on a business at or through a permanent establishment of the associate in Australia: or
- (b) a resident of Australia that, if it acquires the Notes or an interest in the Notes, would acquire the Notes or an interest in the Notes in carrying on a business in a

country outside Australia at or through a permanent establishment of the associate in that country, and which does not acquire a Note or an interest in the Notes in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme.

Optional Early Redemption Notice means a notice given by the Issuer to the Trustee under clause 4.3.

Ordinary Share means an ordinary share in the capital of the Issuer.

Permitted Financial Indebtedness means any of the following Financial Indebtedness:

- (a) the Financial Indebtedness constituted by the Notes issued on the Initial Issue Date;
- (b) any Financial Indebtedness incurred or guaranteed after the Initial Issue Date for the purpose of replacing, refinancing or extending the maturity of any other Permitted Financial Indebtedness;
- (c) any Financial Indebtedness:
 - (i) that does not result in the Issuer's total Financial Indebtedness exceeding A\$35,000,000; and
 - (ii) does not result in an LTV Ratio Event,in each case, immediately after the incurrence of such Financial Indebtedness; or
- (d) any other Financial Indebtedness approved by the Noteholders by way of Special Resolution.

Permitted Security Interest means any of the following:

- (a) any Security Interests securing Financial Indebtedness or other obligations which do not exceed A\$5,000,000 in aggregate;
- (b) any Security Interest that is a deemed security interest under the PPSA that does not, in substance, secure payment or performance of an obligation;
- (c) any Security Interest arising by operation of law and in the ordinary course of trading so long as the Financial Indebtedness secured by that Security Interest is paid when due or contested in good faith and appropriately provisioned;
- (d) any Security Interest over the assets of the Issuer after the Initial Issue Date if:
 - (i) the Security Interest was not created in contemplation of the acquisition of that asset by the Issuer;
 - (ii) the principal amount secured has not been increased in contemplation of, or since, the acquisition of that asset by the Issuer; and
 - (iii) the Security Interest is removed or discharged within six months of the date of acquisition of such asset;
- (e) any netting and set-off arrangements arising in the ordinary course of the Issuer's banking arrangements for the purpose of netting debit and credit balances;

- (f) any title retention arrangement entered into by the Issuer in the ordinary course of trading on the supplier's usual terms of sale (or on terms more favourable to the Issuer) so long as the debt it secures is paid when due or contested in good faith and sufficient reserves of liquid assets have been set aside to pay the debt if the contest is unsuccessful;
- (g) any Security Interest over goods (and related insurance contracts) under, and relating to, documentary credit transactions arising or created in the ordinary course of business;
- (h) deposits or pledges to secure contracts in the ordinary course of business, other than by way of security for Financial Indebtedness;
- (i) any Security Interest over and limited to the interest in, or assets of, a joint venture owned by the Issuer to support the obligations of the Issuer in respect of any joint venture; and
- (j) any other Security Interest approved by the Noteholders by way of Special Resolution.

Prospectus means a prospectus under which Notes are offered for issue as supplemented from time to time and includes any replacement prospectus in respect of such prospectus.

Record Date means, in relation to any payment to be made under or in respect of the Notes:

- (a) subject to paragraphs (b) and (c) below, the date which is eight calendar days before the applicable due date for payment;
- (b) such other date as is determined by the Issuer in its absolute discretion, and communicated to the ASX not less than eight calendar days before the Record Date which would have been determined under paragraph (a) above; or
- (c) such other date as may be required by, or agreed with, the ASX.

Wherever it is necessary to determine the Noteholder as at a Record Date, such determination will be made as of such time as the Issuer reasonably determines.

Redemption means the redemption of a Note by payment of its Redemption Price in accordance with these Note Terms and the words Redeem, Redeemable and Redeemed have a corresponding meaning.

Redemption Date in relation to a Note means the date for Redemption of that Note in accordance with these Note Terms.

Redemption Price means:

- (a) in respect of any Note to be Redeemed under clause 4.3, an amount equal to 100% of the Face Value of the Note together with any accrued (but unpaid) Interest on the Note up to (but excluding) the Redemption Date for the Note;
- (b) in respect of any Note to be Redeemed under clause 4.4, an amount equal to 101% of the Face Value of the Note together with any accrued (but unpaid) Interest on the Note up to (but excluding) the Redemption Date for the Note;
- (c) in respect of any Note to be Redeemed under clause 4.5, an amount equal to 100% of the Face Value of the Note together with any accrued (but unpaid) Interest on the Note up to (but excluding) the Redemption Date for the Note;

- (d) in respect of any Note to be Redeemed under clause 4.6(a)(i) as a result of the occurrence of a Change of Control Event, an amount equal to 101% of the Face Value of the Note together with any accrued (but unpaid) Interest on the Note up to (but excluding) the Redemption Date for the Note; and
- (e) in respect of any other Note to be Redeemed on its Maturity Date or otherwise, an amount equal to 100% of the Face Value of the Note together with any accrued (but unpaid) Interest up to (but excluding) the Redemption Date for the Note.

Register means the register of Noteholders established and maintained under the Trust Deed and, where appropriate, includes:

- (a) a sub-register maintained by or for the Issuer under the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules; and
- (b) any branch register.

Registrar means Boardroom Ply Limited (ABN 14 003 209 836) or any other person appointed by the Issuer to maintain the Register and perform any payment and other duties in relation to the Notes.

Related Bodies Corporate has the meaning given to it in the Corporations Act.

Restricted Securities has the same meaning as in the ASX Listing Rules and extends to Notes which are subject to voluntary restrictions by agreement between the Issuer and one or more Noteholders.

Restriction Agreement means an agreement which is required to be concluded under Chapter 9 of the ASX Listing Rules or in voluntarily concluded between the Issuer and one or more Noteholders.

Security Interest means any mortgage, pledge, lien or charge or any security or preferential interest or arrangement of any kind or any other right of, or arrangement with, any creditor to have its claims satisfied in priority to other creditors with, or from the proceeds of, any asset. It includes any retention of title other than in the ordinary course of trading and a deposit of money by way of security but it excludes a charge or lien arising in favour of a Government Agency by operation of statute unless there is default in payment of moneys secured by that charge or lien.

Special Resolution means:

- (a) a resolution passed at a meeting of the Noteholders duly called and held under the Meeting Provisions:
 - (i) by more than 66½% of the persons voting on a show of hands (unless paragraph (ii) below applies); or
 - (ii) if a poll is duly demanded, then by a majority consisting of more than 66½% of the votes cast; or
- (b) a resolution passed by postal ballot or written resolution, then by Noteholders representing (in aggregate) more than 66½% of the principal amount of the Notes outstanding as at the Notification Date or (in the case of resolutions passed by postal ballot) outstanding as at the date determined by the Issuer, with the Trustee's approval.

Statement of Holding means a statement of holding (in the form determined by the Issuer and the Registrar from time to time) which sets out details of the number of Notes inscribed in the Register in the Noteholder's name as at the date specified in the statement.

Subsidiary has the meaning given to it in the Corporations Act, but an entity will also be taken to be a Subsidiary of an entity if it is controlled by that entity (as defined in section 50M of the Corporations Act) and, without limitation:

- (a) a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share; and
- (b) an entity may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation.

Tax means any tax (including any consumption tax, goods and services tax (including GST) and value added tax), levy, impost, charge, withholding, deduction, fee or duty (including stamp and transaction duties) assessed, levied, imposed or collected by a government authority and any related interest, penalty, fine or expense in connection with it, except if imposed on, or calculated having regard to, the net income of a Noteholder or the Trustee.

Tax Act means the *Income Tax Assessment Act 1936* (Cth) or the *Income Tax Assessment Act 1997* (Cth), as the context requires.

Tax Authority means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official, having power to tax.

Tax Event occurs where, on or after the Issue Date for a Note, the Issuer receives an opinion of a nationally recognised legal counsel or tax adviser in Australia, experienced in such matters, that as a result of a change in a law or in the application or interpretation of a law there is a more than insubstantial risk that:

- (a) any payment to a Noteholder under the Note will 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
- (b) payment of an amount of Interest on the Note will not be, or will cease to be, allowed as a deduction for Australian tax purposes.

Tax Redemption Notice has the meaning given to it in clause 4.4(a).

Total Debt means, at any time, the outstanding principal amount of all Financial Indebtedness of the Issuer as at such time.

Trust Deed means the trust deed entitled Trust Deed relating to the 'FSI Convertible Note Trust (2021)' dated on or about 30 August 2021, and entered into by the Issuer and the Trustee.

Trustee means Equity Trustees Limited ACN 004 031 298 in its capacity as trustee of the Trust or any successor or such other person appointed in accordance with the Trust Deed as trustee of the Trust.

VWAP for the purpose of determining adjustments to the Conversion Price in respect of a Note to be Converted means the average of the daily volume weighted average sale prices of the Ordinary Shares sold on the ASX during the period specified in these Note Terms, excluding any transaction defined in the applicable Clearing System rules as 'special', crossings prior to the commencement of normal trading, crossings during the after-hours adjust phase and any overseas trades or exchange traded option exercises, subject to the following adjustments:

- (a) where, on some or all of the Business Days in the relevant period, Ordinary Shares have been quoted on the ASX as cum dividend or cum any other distribution or entitlement which is not extended to a Noteholder, and the Note will convert into Ordinary Shares after the date those Ordinary Shares no longer carry that entitlement, then the VWAP on the Business Days on which those Ordinary Shares have been quoted cum dividend, or cum any other distribution or entitlement will be reduced by an amount (Cum Value) equal to:
- (i) in the case of a dividend or other distribution, the amount of that dividend or distribution (with no value included for any franking credits);
 - (ii) in the case of an entitlement which is traded on the ASX on any of those Business Days, the volume weighted average price of all such entitlements sold on the ASX during the relevant period on the Business Days on which those entitlements were traded; or
 - (iii) in the case of an entitlement not traded on the ASX during the relevant period, the value of the entitlement as reasonably determined by the Directors.
- (b) where, on some or all of the Business Days in the relevant period, Ordinary Shares have been quoted ex dividend, ex distribution or ex entitlement, and the Note will convert into Ordinary Shares which carry entitlements for the holders of those Ordinary Shares to receive the relevant dividend, distribution or entitlement, the VWAP on the Business Days on which those Ordinary Shares have been quoted ex dividend, ex distribution or ex entitlement will be increased by the Cum Value.