

Disclosure of movement of 1% or more in substantial holding  
or change in nature of relevant interest, or both

*Sections 277 and 278, Financial Markets Conduct Act 2013*

To NZX Limited

and

To AFT Pharmaceuticals Limited (“**AFT**”)

Relevant event being disclosed: Decrease in holding

Date of relevant event: 23 June 2016

Date this disclosure made: 23 June 2016

Date last disclosure made<sup>1</sup>: 23 December 2015

**Substantial product holder(s) giving disclosure**

Full name(s): AFT Pharmaceuticals Limited

**Summary of substantial holding**

Class of quoted voting products: Fully paid ordinary shares in AFT (ISIN: NZAFTE0001S4)  
 (“**Shares**”)

Summary for AFT

For **this** disclosure,—

- (a) total number held in class: 70,046,535
- (b) total in class: 96,834,838
- (c) total percentage held in class: 72.336%

For **last** disclosure<sup>2</sup>,—

- (a) total number held in class: 80,991,276
- (b) total in class: 96,834,838
- (c) total percentage held in class: 83.639%

**Details of transactions and events giving rise to relevant event**

Details of the transactions or other events requiring disclosure:

Pursuant to the Escrow Deeds (defined below), AFT had the qualified power to control the disposal of 80,991,276 Shares held by the various parties named in the Schedule (the **Escrowed Parties**). Pursuant to the AF Trust Escrow Deed (defined below), the Atkinson

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<sup>1</sup> Being the date of last disclosure by an Escrowed Party.

<sup>2</sup> Calculated as at the date of last disclosure by an Escrowed Party.

Family Trust (defined below) may sell or transfer to any person or persons up to 15% of the Shares subject to the AF Trust Escrow Deed, being 10,944,741 Shares (the “**Released Shares**”), at any time from the first business day following the six month anniversary of the date of quotation of AFT, being the date of this notice. As a result of the Released Shares no longer being subject to the escrow restrictions contained in the AF Trust Escrow Deed, the number of Shares in which AFT has a relevant interest has decreased by the quantity of the Released Shares.

### **Details after relevant event**

Details for AFT

Nature of relevant interest(s):

Qualified power to control the disposition of Shares pursuant to:

- (i) an escrow deed dated 26 November 2015 between AFT and the relevant parties named in the Schedule (“**Atkinson Family Trust**”) (the “**AF Trust Escrow Deed**” copy attached to the Atkinson Family Trust’s previous disclosure dated 22 December 2015);
- (ii) an escrow deed dated 26 November 2015 between AFT and the relevant parties named in the Schedule (the “**CRG Escrow Deed**” copy attached to previous disclosure of those parties dated 23 December 2015); and
- (iii) an escrow deed dated 26 November 2015 between AFT and the relevant parties named in the Schedule (the “**Director and Senior Manager Escrow Deed**” copy attached to this disclosure),

(together, the “**Escrow Deeds**”).

Under the Escrow Deeds, each of the parties named in the Schedule have unconditionally and irrevocably undertaken to AFT, NZX Limited and the Non-Interested Directors (as defined in the Escrow Deeds) not to sell or otherwise dispose of, or do or omit to do anything which could have the effect of transferring effective ownership or control of the Shares set out alongside their names in the Schedule until the first business day after AFT releases to NZX its preliminary announcement in respect of its financial results for the year ending 31 March 2017 without the prior written approval of AFT, NZX Limited and the Non-Interested Directors or subject to limited exclusions set out in the Escrow Deeds.

For that relevant interest,—

- (a) number held in class: 70,046,535
- (b) percentage held in class: 72.336%
- (c) current registered holder(s): see attached Schedule.
- (d) registered holder(s) once transfers are registered: N/A

### **Additional information**

Address(es) of substantial product holder(s): Level 1, Nielsen Building, 129 Hurstmere Road, Takapuna, Auckland 0740

Contact details: Malcolm Tubby, Chief Financial Officer

Name of any other person believed to have given, or believed to be required to give, a disclosure under the Financial Markets Conduct Act 2013 in relation to the financial products to which this disclosure relates: N/A

### **Certification**

I, Malcolm Tubby, certify that, to the best of my knowledge and belief, the information contained in this disclosure is correct and that I am duly authorised to make this disclosure by all persons for whom it is made.

## SCHEDULE

Name of parties	Number of escrowed Shares after relevant event
<b><i>Parties to the AF Trust Escrow Deed</i></b>	
Hartley Campbell Atkinson and Colin McKay as trustees of the Atkinson Family Trust	62,020,201 Shares
<b><i>Parties to the CRG Escrow Deed</i></b>	
Capital Royalty Partners II L.P.	7,641,872 Shares
Capital Royalty Partners II – Parallel Fund “A” L.P.	
Capital Royalty Partners II – Parallel Fund “B” (Cayman) L.P.	
Capital Royalty Partners II (Cayman) L.P.	
<b><i>Parties to the Director and Senior Manager Escrow Deed</i></b>	
David Mark Flacks and Adina Rita Betty Halpern as Trustees of the Waitemata Family Trust  Relevant Director of AFT: David Flacks	48,050 Shares
Barbara Tubby, Colin Tubby and Malcolm Tubby as Trustees of the Jembag Investment Trust  Relevant Senior Manager of AFT: Malcolm Tubby	72,106 Shares
John Douglas Wilson, Adele Joy Wilson and Tracey Michelle White as Trustees of the AJJD Trust  Relevant Director of AFT: Doug Wilson	36,022 Shares
Rivers One Limited  Relevant Director: Jon Lamb	180,234 Shares
James S Burns  Relevant Director: Jim Burns	48,050 Shares

Execution version

AFT PHARMACEUTICALS LIMITED

THE PERSONS NAMED IN THE SCHEDULE

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ESCROW DEED

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**HARMOS ■ HORTON ■ LUSK**

CORPORATE LAWYERS

*Handwritten mark*

DEED dated 26 November 2015

## PARTIES

AFT PHARMACEUTICALS LIMITED ("AFT")

THE PERSONS NAMED IN THE SCHEDULE (each a "Shareholder")

## INTRODUCTION

- A. Each Shareholder is the registered holder of the number of Series B Preferred Shares set out next to its name in the Schedule.
- B. AFT intends to raise capital through the IPO and has applied to NZX and ASX to list and to have the Ordinary Shares quoted on the NZX Main Board and the ASX.
- C. Prior to the Date of Quotation:
- (a) the Series B Preferred Shares will convert into Ordinary Shares (in a ratio of 1:1); and
  - (b) the Ordinary Shares will be split in the ratio set out in the product disclosure statement relating to the IPO.
- D. Each Shareholder has agreed that it will retain the legal and/or beneficial ownership of its Shares for the Restricted Period in accordance with the terms of this deed.

## THIS DEED RECORDS

### 1. DEFINITIONS AND INTERPRETATION

#### 1.1 Definitions: In this deed, unless the context otherwise requires:

"Affiliate" means in relation to any person, a person that directly or indirectly, through one or more intermediaries, owns or controls or is owned or controlled by or is under common ownership or control with the person and, in relation to a family trust means any beneficiary (ascertained or discretionary) of that trust.

"ASX" means ASX Limited, or the financial market operated by ASX Limited, as the context requires, also known as the Australian Stock Exchange.

"Business Day" means a day on which the NZX Main Board is open for trading.

"Date of Quotation" means the first day on which the Ordinary Shares are quoted on the NZX Main Board.

"Independent Trustee" means the following trustees in respect of the corresponding trusts:

- (a) Colin Tubby in respect of the Jembag Investment Trust;
- (b) Tracey Michelle White in respect of the AJJD Trust.

"IPO" means the initial public offering of Ordinary Shares pursuant to a product disclosure statement to be dated on or about the date of this deed.

**"Non-Interested Directors"** means, in relation to any decision, directors of AFT who are not "interested" for the purposes of the Companies Act 1993.

**"NZX"** means NZX Limited and includes its successors and assigns and as the context permits includes any duly authorised delegate of NZX.

**"NZX Main Board"** means the main board equity securities market operated by NZX.

**"Ordinary Shares"** means ordinary shares in AFT.

**"Restricted Period"** means the period from the Date of Quotation and ending on the first Business Day after the date on which AFT releases to NZX its preliminary results for the financial year ending 31 March 2017 (in accordance with the NZX Main Board/Debt Market Listing Rules).

**"Series B Preferred Shares"** means Series B preferred shares in AFT.

**"Shares"** means all of the Ordinary Shares of which a Shareholder is the registered holder at the Date of Quotation, other than those Ordinary Shares that are acquired by that Shareholder under the IPO.

**"Takeovers Code"** means the takeovers code approved under the Takeovers Code Approval Order 2000.

1.2 **Interpretation:** In this deed, unless the context otherwise requires, or specifically stated otherwise:

- (a) headings are to be ignored in construing this deed;
- (b) the singular includes the plural and vice versa;
- (c) references to time of day or dates are to New Zealand times and dates;
- (d) each schedule or other attachment forms part of this deed;
- (e) a right or power may be exercised from time to time and at any time;
- (f) any word or expression cognate with a definition in this deed has a meaning corresponding or construed to the definition;
- (g) reference to a section, clause, sub-clause, schedule or a party is a reference to that section, clause, sub-clause, schedule or party in this deed; and
- (h) reference to a party, person or entity includes:
  - (i) an individual, partnership, firm, company, body corporate, corporation, association, trust, estate, state, government or any agency thereof, municipal or local authority and any other entity, whether incorporated or not (in each case whether or not having a separate legal personality); and
  - (ii) an employee, agent, successor, permitted assign, executor, administrator and other representative of such party, person or entity.

## 2. ESCROW

2.1 **Undertaking:** Each Shareholder unconditionally and irrevocably undertakes to the Non-Interested Directors, AFT and NZX that (subject to clauses 2.2 and 3) it will not:

- (a) sell, transfer, assign or otherwise dispose of, or offer or agree to sell, transfer assign or otherwise dispose of, its right and title to, and legal or beneficial interest in, any of its Shares in the Restricted Period; or
- (b) do, or omit to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of its Shares in the Restricted Period,

without first giving not less than 5 Business Days' written notice to, and obtaining the prior written approval (at their respective discretions but subject to clause 3) of, each of the Non-Interested Directors, AFT and NZX.

2.2 **Security interests:** Notwithstanding clause 2.1, the Shareholder may grant a security interest over or in respect of its Shares in favour of any bona fide lender to the Shareholder from time to time.

2.3 **Other restrictions may apply:** The right of a Shareholder to deal with Shares is also subject to any other restrictions which may be applicable, including under the NZX Main Board/Debt Market Listing Rules and the Financial Markets Conduct Act 2013.

## 3. EXCEPTIONS

3.1 **Exceptions:** Notwithstanding the restrictions set out in clause 2.1 of this deed, a Shareholder may transfer all or part of its Shares to an Affiliate or Affiliates, provided that the Affiliate(s) must enter into a deed with AFT in relation to the Shares transferred on the same terms as this deed for the remainder of the Restricted Period (with such deed to also require and permit such person to transfer the applicable part of the Shares back to the Shareholder if it ceases to be an Affiliate of the Shareholder).

3.2 **Takeovers:** Clause 2.1 of this deed will not apply in relation to any full or partial takeover offer made under the Takeovers Code or similar scheme or arrangement, provided that any such takeover offer or similar scheme or arrangement is not made, whether directly or indirectly, by the relevant Shareholder or an Affiliate of it. For clarity, if a full or partial takeover offer is made or proposed to be made during the Restricted Period, directly or indirectly by a person who is not the relevant Shareholder or an Affiliate of it, then the Shareholder may sell, or agree, or offer to sell all or any part of its Shares to the offeror under that offer.

## 4. GENERAL

4.1 **Equitable relief:** Each Shareholder acknowledges that damages alone would be an inadequate remedy for breach of its obligations under this deed and the appropriate remedies for such a breach will include orders for specific performance, injunctive relief, any other equitable relief and/or damages.

4.2 **Contracts (Privity) Act 1982:** The provisions of this deed are for the benefit of, and are intended to be enforceable by, any of the Non-Interested Directors, the other shareholders of AFT and NZX under the Contracts (Privity) Act 1982.

4.3 **Severability:** If a Court or administrative body decides that part of this deed is illegal, void or cannot be enforced, that decision will not make the rest of this deed invalid.



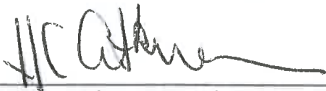
- 4.4 **De-listing:** This deed will be void and of no effect if AFT is not listed, and the Ordinary Shares are not quoted, on the NZX Main Board before 31 December 2015 or if AFT is de-listed by NZX.
- 4.5 **Amendment or termination:** Any variation to, or termination of, this deed requires the written agreement of all parties to this deed and AFT shall not agree to any amendment or termination without prior written approval of NZX. AFT will provide NZX with notice immediately in the event that it becomes aware of a breach or a likely breach of this deed.
- 4.6 **Governing law:** This deed is governed by, and construed in accordance with New Zealand law and the parties agree to submit to the jurisdiction of the New Zealand courts.
- 4.7 **Notices:**
- (a) Any notice or other communication given under this deed to a party will be in writing addressed to that party at the address from time to time notified by that party in writing to the other party. Until any other address of a party is notified, they will be as specified in the Schedule.
  - (b) Delivery may be effected by hand, by post with postage prepaid, or by email.
  - (c) A notice or other communication delivered by hand will be deemed to have been received at the time of delivery. However, if the delivery is not made on a Business Day or is made after 4.30 pm on a Business Day, then the notice or other communication will be deemed to have been delivered on the next Business Day.
  - (d) A notice or other communication delivered by pre-paid post will be deemed to have been received on the second Business Day after posting.
  - (e) A notice or other communication sent by email will be deemed to have been received on the date and time at which it enters the addressee's information system (as shown in a confirmation of delivery report from the sender's information system, which indicates that the email was sent to the email address of the addressee notified for the purpose of this clause). However, if that date is not a Business Day or the email is sent after 4.30 pm on a Business Day then the notice or other communication will be deemed to have been given on the next Business Day after the date of the email was sent.
- 4.8 **Counterparts:** This deed may be signed in any number of counterparts, including facsimile or scanned copies, all of which will together constitute one and the same instrument and a binding and enforceable deed between the parties. Any party may execute this deed by signing any such counterpart.
- 4.9 **Independent legal advice:** Each Shareholder acknowledges that it has had the opportunity to obtain independent legal advice with respect to this deed.
- 4.10 **Independent Trustee limitation of liability:** The liability of each Independent Trustee under or in connection with the transactions contemplated by this deed is limited to those assets of the relevant trust of which he or she is a trustee at the time the liability is enforced, which are in the hands of the Independent Trustee as trustee and available to the Independent Trustee by way of indemnity.
- 4.11 **Change in trustee:** Notwithstanding clause 2 of this deed, an Independent Trustee may transfer its shareholding to any new or replacement trustee of the relevant trust


provided that the new or replacement trustee first enters into a deed with AFT in relation to the Shares on the same terms as set out in this deed.




**SIGNED AS A DEED**


**AFT PHARMACEUTICALS LIMITED** by:

  
 \_\_\_\_\_  
 Signature of director  
**MARTLEY ATKINSON**  
 \_\_\_\_\_  
 Name of director

  
 \_\_\_\_\_  
 Signature of director  
**Maurice Atkinson**  
 \_\_\_\_\_  
 Name of director

**SIGNED** by **DAVID MARK FLACKS** as trustee of the **WAITEMATA FAMILY TRUST** in the presence of:

  
 \_\_\_\_\_  
 D M Flacks

  
 \_\_\_\_\_  
 Signature of witness  
 \_\_\_\_\_  
 Name of witness  
 \_\_\_\_\_  
 Occupation  
 \_\_\_\_\_  
 City/town of residence

**Henry John Calms  
Solicitor  
Auckland**

**SIGNED** by **ADINA RITA BETTY HALPERN** as trustee of the **WAITEMATA FAMILY TRUST** in the presence of:

  
A R B Halpern

  
\_\_\_\_\_  
Signature of witness

\_\_\_\_\_  
Name of witness

\_\_\_\_\_  
Occupation

\_\_\_\_\_  
City/town of residence

**Henry John Cairns**  
**Solicitor**  
**Auckland**

**SIGNED** by **BARBARA TUBBY** as trustee of the **JEMBAG INVESTMENT TRUST** in the presence of:

\_\_\_\_\_  
B Tubby

\_\_\_\_\_  
Signature of witness

\_\_\_\_\_  
Name of witness

\_\_\_\_\_  
Occupation

\_\_\_\_\_  
City/town of residence

**SIGNED** by **COLIN TUBBY** as trustee of the **JEMBAG INVESTMENT TRUST** in the presence of:

\_\_\_\_\_  
C Tubby

\_\_\_\_\_  
Signature of witness

\_\_\_\_\_  
Name of witness

\_\_\_\_\_  
Occupation

\_\_\_\_\_  
City/town of residence



**SIGNED by ADINA RITA BETTY HALPERN** as trustee of the **WAITEMATA FAMILY TRUST** in the presence of:

\_\_\_\_\_  
A R B Halpern

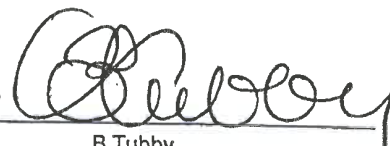
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Signature of witness

\_\_\_\_\_  
Name of witness

\_\_\_\_\_  
Occupation

\_\_\_\_\_  
City/town of residence

**SIGNED by BARBARA TUBBY** as trustee of the **JEMBAG INVESTMENT TRUST** in the presence of:

  
\_\_\_\_\_  
B Tubby

\_\_\_\_\_  
Signature of witness

*Terry Orr*  
\_\_\_\_\_  
Name of witness

\_\_\_\_\_  
Occupation

*Student*  
\_\_\_\_\_  
Occupation

\_\_\_\_\_  
City/town of residence

*Takapuna, Auckland*  
\_\_\_\_\_  
City/town of residence

\_\_\_\_\_  
City/town of residence

**SIGNED by COLIN TUBBY** as trustee of the **JEMBAG INVESTMENT TRUST** in the presence of:

\_\_\_\_\_  
C Tubby

\_\_\_\_\_  
Signature of witness

\_\_\_\_\_  
Name of witness

\_\_\_\_\_  
Occupation

\_\_\_\_\_  
City/town of residence

**SIGNED by ADINA RITA BETTY HALPERN** as trustee of the **WAITEMATA FAMILY TRUST** in the presence of:

\_\_\_\_\_  
A R B Halpern

\_\_\_\_\_  
Signature of witness

\_\_\_\_\_  
Name of witness

\_\_\_\_\_  
Occupation

\_\_\_\_\_  
City/town of residence

**SIGNED by BARBARA TUBBY** as trustee of the **JEMBAG INVESTMENT TRUST** in the presence of:

\_\_\_\_\_  
B Tubby

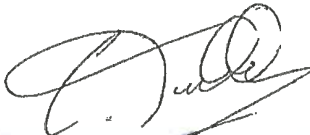
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Signature of witness

\_\_\_\_\_  
Name of witness

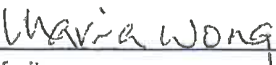
\_\_\_\_\_  
Occupation

\_\_\_\_\_  
City/town of residence

**SIGNED by COLIN TUBBY** as trustee of the **JEMBAG INVESTMENT TRUST** in the presence of:

  
\_\_\_\_\_  
C Tubby

  
\_\_\_\_\_  
Signature of witness

  
\_\_\_\_\_  
Name of witness

  
\_\_\_\_\_  
Occupation

  
\_\_\_\_\_  
City/town of residence

**SIGNED** by **MALCOLM TUBBY** as trustee of the **JEMBAG INVESTMENT TRUST** in the presence of:

M Tubby

*Mark Branley*

Signature of witness

*Mark Branley*

Name of witness

*Chartered Accountant*

Occupation

*Auckland*

City/town of residence

**SIGNED** by **JOHN DOUGLAS WILSON** as trustee of the **AJJD TRUST** in the presence of:

J D Wilson

Signature of witness

Name of witness

Occupation

City/town of residence

*NA*

**SIGNED by MALCOLM TUBBY as trustee of the JEMBAG INVESTMENT TRUST in the presence of:**

\_\_\_\_\_  
M Tubby

\_\_\_\_\_  
Signature of witness

\_\_\_\_\_  
Name of witness

\_\_\_\_\_  
Occupation

\_\_\_\_\_  
City/town of residence

**SIGNED by JOHN DOUGLAS WILSON as trustee of the AJJD TRUST in the presence of:**

  
\_\_\_\_\_  
J D Wilson

  
\_\_\_\_\_  
Signature of witness

ANGELA PURKISS  
\_\_\_\_\_  
Name of witness

OFFICE ADMINISTRATOR  
\_\_\_\_\_  
Occupation

PERTH WA  
\_\_\_\_\_  
City/town of residence



SIGNED by ADELE JOY WILSON as trustee of the AJJD TRUST in the presence of:

A J Wilson  
A J Wilson

[Signature]

Signature of witness

JENNIFER MARIYN HERRICK

Name of witness

RETIRED

Occupation

TAUPO

City/town of residence

SIGNED by TRACEY MICHELLE WHITE as trustee of the AJJD TRUST in the presence of:

T M White  
T M White

Signature of witness

Name of witness

Occupation

City/town of residence

RIVERS ONE LIMITED by:

Signature of director

Signature of director

Name of director

Name of director

SIGNED by ADELE JOY WILSON as trustee of the AJJD TRUST in the presence of:

\_\_\_\_\_  
A J Wilson

\_\_\_\_\_  
Signature of witness

\_\_\_\_\_  
Name of witness

\_\_\_\_\_  
Occupation

\_\_\_\_\_  
City/town of residence

SIGNED by TRACEY MICHELLE WHITE as trustee of the AJJD TRUST in the presence of:

  
\_\_\_\_\_  
T M White

  
\_\_\_\_\_  
Signature of witness

Evelyn White  
\_\_\_\_\_  
Name of witness

Semi Retired  
\_\_\_\_\_  
Occupation

Taupo  
\_\_\_\_\_  
City/town of residence

RIVERS ONE LIMITED by:

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Name of director

\_\_\_\_\_  
Name of director

**SIGNED** by **ADELE JOY WILSON** as trustee of the **AJJD TRUST** in the presence of:

\_\_\_\_\_  
A J Wilson

\_\_\_\_\_  
Signature of witness

\_\_\_\_\_  
Name of witness

\_\_\_\_\_  
Occupation

\_\_\_\_\_  
City/town of residence

**SIGNED** by **TRACEY MICHELLE WHITE** as trustee of the **AJJD TRUST** in the presence of:

\_\_\_\_\_  
T M White

\_\_\_\_\_  
Signature of witness

\_\_\_\_\_  
Name of witness

\_\_\_\_\_  
Occupation

\_\_\_\_\_  
City/town of residence

**RIVERS ONE LIMITED** by:

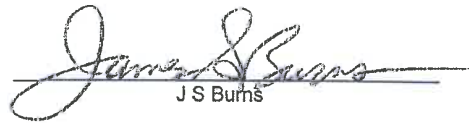
  
\_\_\_\_\_  
Signature of director

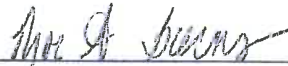
**JON LAMB**  
\_\_\_\_\_  
Name of director

  
\_\_\_\_\_  
Signature of director

**LAWREEN LAMB**  
\_\_\_\_\_  
Name of director

SIGNED by JAMES S BURNS in the presence of:

  
J S Burns

  
Signature of witness

THOR A. BURNS  
Name of witness

Occupation

Hilton Head Island, SE, USA  
City/town of residence

## SCHEDULE

## Shareholders

Shareholder	Address	Number of Series B Preferred Shares
David Mark Flacks and Adina Rita Betty Halpern as Trustees of the Waitemata Family Trust Relevant Director of AFT: David Flacks	47 Market Road, Remuera, Auckland 1050, New Zealand	775
Barbara Tubby, Colin Tubby and Malcolm Tubby as Trustees of the Jembag Investment Trust Relevant Senior Manager of AFT: Malcolm Tubby	4 Grove Road, Narrow Neck, Auckland 0624, New Zealand	1,163
John Douglas Wilson, Adele Joy Wilson and Tracey Michelle White as Trustees of the AJJD Trust Relevant Director of AFT: Doug Wilson	423 Gillespie Place, Rd 5, Taupo 3385, New Zealand	581
Rivers One Limited Relevant Director: Jon Lamb	c/- Walker & Co Limited, Level 3, 12 Kent St, Newmarket, Auckland, New Zealand	2,907
James S Burns Relevant Director: Jim Burns	60 Yorkshire Drive, Hilton Head Island, SC 29928, USA	775