



SHARE PURCHASE PLAN

OFFER DOCUMENT
15 JUNE 2020

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www.shareoffer.co.nz/aft
to apply online

A|F|T *pharmaceuticals*
Working to improve your health

This is an important document. You should read the whole document before deciding whether to subscribe for shares in AFT Pharmaceuticals Limited. If you have any doubts as to what you should do, please consult your financial adviser.

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A|FT *pharmaceuticals*
Working to improve your health

IMPORTANT INFORMATION

GENERAL INFORMATION

This document has been prepared by AFT Pharmaceuticals Limited (“**AFT**”) in connection with an offer of new ordinary shares in AFT (“**Shares**”) under a share purchase plan (“**SPP**” or “**Offer**”). The Offer is made to Eligible Shareholders under the exclusion in clause 19 of Schedule 1 of the Financial Markets Conduct Act 2013 (New Zealand) and in accordance with the relief granted in ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 (Australia) as amended by ASIC Instrument 20-0572.

This document is not a product disclosure statement, prospectus or other disclosure document and does not contain all of the information which may be required in order to make an informed investment decision about the SPP or AFT.

ADDITIONAL INFORMATION

AFT is subject to continuous disclosure obligations under the Listing Rules. Market releases by AFT, including its most recent financial statements, are available at www.nzx.com under stock code “AFT” and at www.asx.com.au under the stock code “AFP”.

AFT may, during the SPP, make additional releases to NZX and ASX. No release by AFT to NZX or ASX will permit an applicant to withdraw any previously submitted Application without AFT’s consent, whether or not there has been any permissible variation of the SPP.

The market price for the Shares may change between the Opening Date, the date you apply for Shares under the SPP, and the Allotment Date. Accordingly, the price paid for Shares issued under the SPP may be higher or lower than the price at which Shares are trading on the NZX Main Board or the ASX at the time the Shares are issued under the SPP. The market price of new Shares following allotment may be higher or lower than the Issue Price.

OFFERING RESTRICTIONS

This document is intended for use only in connection with the Offer to Eligible Shareholders with a registered address in New Zealand or Australia. This document does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such offer or invitation. No action has been taken to permit an offering of the new Shares in any jurisdiction outside New Zealand and Australia. The distribution of this document in a jurisdiction outside New Zealand and Australia may be restricted by law and persons who come into possession of it (including nominees, trustees or custodians) should seek advice on, and observe any such restrictions.

No person may subscribe for, purchase, offer, sell, distribute or deliver the Shares, or be in possession of, or distribute to any other person, any offering material or any documents in connection with the Shares, in any jurisdiction other than in compliance with all applicable

laws and regulations. Without limiting the foregoing, this document may not be sent into or distributed in the United States of America.

AFT may refuse any Application received from a person AFT does not consider may participate in the SPP.

CHANGES TO THE SPP

Subject to the Listing Rules and applicable laws, AFT reserves the right to alter the dates set out in this document. AFT reserves the right to withdraw the SPP and the issue of new Shares at any time before the Allotment Date at its absolute discretion.

NO GUARANTEE

No person named in this document (nor any other person) guarantees the Shares to be issued pursuant to the SPP or warrants the future performance of AFT or any future return on investment to be made in respect of the Shares.

DECISION TO PARTICIPATE IN THE SPP

The information in this document does not constitute a recommendation to acquire Shares or financial product advice. This document has been prepared without taking into account the investment objectives, financial, or taxation situation or particular needs of any applicant or investor.

PRIVACY

Any personal information you provide in your Application will be held by AFT and/or the Share Registrar at the addresses set out in the Directory. AFT and/or the Share Registrar may store your personal information in electronic format, including in online storage on a server or servers which may be located in New Zealand or overseas. This information will be used for the purposes of administering your investment in AFT.

This information will only be disclosed to third parties with your consent or if otherwise required by law. Under the Privacy Act 1993 (NZ) or the Privacy Act 1988 (Aus) (as applicable), you have the right to access and correct any personal information held about you.

ENQUIRIES

Enquiries about the SPP can be directed to a broker, or your solicitor, accountant or other professional adviser. If you have any questions about how to apply online, the details shown on the Application Form or how to complete the Application Form, please contact the Share Registrar as set out in the Directory.

DEFINED TERMS

Capitalised terms used in this document have the meaning given to them in the Glossary at the back of this document or in the relevant section of this document.

1. KEY INFORMATION

Eligibility	You may participate in this Share Purchase Plan ("SPP") if you are a shareholder of AFT Pharmaceuticals Limited ("AFT") at 7:00pm New Zealand time / 5:00pm Sydney time on the Record Date of 9 June, with a registered address in New Zealand or Australia. Similarly, if you hold Shares on behalf of a person who resides outside New Zealand or Australia, you may not participate in respect of that person.
Transferability	The offer made under this SPP is personal to you. It cannot be transferred to another person.
Equal participation	Each Eligible Shareholder has the right to apply for the maximum value of Shares applicable in the jurisdiction in which you reside on the same terms and conditions as each other Eligible Shareholder.
Application amount	You can apply for a dollar amount of Shares, not for a certain number of Shares. Eligible Shareholders can apply for Shares up to a maximum of NZ\$50,000 / A\$47,000.
Issue price of Shares	The Shares will be issued at NZ\$3.75 per Share, being the price paid by investors in AFT's recent Placement. If you are an Australian resident, the issue price will be determined by reference to the NZ\$:A\$ exchange rate published by the New Zealand Reserve Bank on its website at 7:00pm New Zealand time on the Closing Date.
How to apply	We encourage you to apply online at www.shareoffer.co.nz/AFT . Alternatively, you can complete a hard copy Application Form. You should read the instructions on the Application Form carefully.
Receiving your Shares	You will receive your Shares on or about 2 July 2020, unless the Closing Date is extended.
Offer size and scaling	AFT is seeking to raise up to NZ\$2 million under this SPP. AFT may accept Applications for up to NZ\$2 million of Shares in aggregate. If AFT receives Applications for Shares in excess of the total amount of the Offer, Applications will be scaled down. AFT will scale back the number of Shares to be allotted under this SPP to each Applicant having regard to the shareholders' holding of Shares at the Record Date of the Offer and otherwise at its discretion (see clause 8 of the Terms and Conditions for more information about scaling).

KEY DATES

9 June 2020	Record Date	The date on which Eligible Shareholders are determined.
15 June 2020	SPP Opening Date	SPP opens at 7:00pm NZ time / 5:00 pm Sydney time.
26 June 2020	SPP Closing Date	SPP closes at 7:00pm NZ time / 5:00 pm, Sydney time, unless extended. Online applications or Application Forms returned by mail, and payment must be received by the Share Registrar by this time.
1 July 2020	Announce results of SPP	Announcement to be made to NZX and ASX.
2 July 2020	Allotment Date	Shares allotted.
2 July 2020	Commencement of trading on NZX Main Board	Trading of Shares under the SPP is expected to commence on the NZX Main Board.
3 July 2020	Commencement of trading on ASX	Trading of Shares under the SPP is expected to commence on the ASX.
6 July 2020	Despatch Date	Transaction confirmation despatched to participating shareholders.

AFT reserves the right to alter any dates for the SPP (subject to the Listing Rules and applicable laws).

2. CHAIRMAN'S LETTER

Dear Shareholder

On behalf of AFT's Board, I am pleased to offer you the opportunity to subscribe for new ordinary shares in AFT through this Share Purchase Plan (SPP). Eligible Shareholders are all persons who were recorded on AFT's share register at 7:00pm New Zealand time / 5:00pm Sydney time on 9 June 2020 as being a holder of AFT shares and having an address in New Zealand or Australia.

This SPP is part of AFT's equity raising that also included a successful \$10 million placement to selected institutional shareholders and retail broker firms at \$3.75 per share that was completed on 11 June 2020. The SPP is seeking to raise up to \$2 million. The proceeds of the equity raising will be used to retire one of AFT's working capital facilities, which will:

- Reduce annual interest costs by approximately \$0.85 million p.a.
- Reduce Pro-Forma Net Debt from \$37.1m to \$25.1m¹
- Reduce Net Debt to expected FY21 EBITDA² from 2.3x to 1.5x¹
- Improve Free Cash Flow and provide more flexibility to fund future anticipated growth

Concurrently with the equity raising, Capital Royalty Group (CRG) and the Atkinson Family Trust (AF Trust) sold a combined 17,000,378 shares which, alongside the equity raise increases AFT's free float from 11% to 31% of shares on issue.

CRG sold 100% of their investment in AFT. CRG has been a supportive shareholder since 2014, however their relevant funds have moved to a capital repatriation phase that included realising their investment in AFT. AFT would like to thank CRG for their longstanding support of the company.

The AF Trust is the investment vehicle associated with AFT's founders, Hartley and Marree Atkinson. The AF Trust has not sold any shares since AFT's IPO in 2015 and sold 933,333 shares in response to investor interest which represents 1.3% of the AF Trust's current holding. AF Trust will remain the largest shareholder post transaction with 69.8% and has no current intention to sell further shares.

AFT is experiencing rapid global revenue growth and strong operating cash flow generation. In FY20, AFT revenue exceeded \$100 million for the first time and was 24% up on FY19. Operating cash flow was \$14.9 million (FY19 \$1.1 million) and normalised operating profit increased 87% to \$11.4 million. AFT expects operating profit in the range of \$14-18 million in FY21, excluding any up front licensing fees that are received

on entering new international markets.

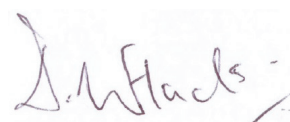
The reduction in leverage as a result of the equity raise puts AFT in a strong position to capitalise on revenue growth opportunities from licensing its existing products into new international markets, while continuing to execute on its key skill of developing and registering new products by repurposing existing molecules and formulating line extensions of existing products.

The SPP will enable all eligible New Zealand and Australian shareholders of AFT to participate in the equity raising and acquire new AFT shares at the same price that investors acquired shares under the placement, being \$3.75 per share. Each Eligible Shareholder may elect to subscribe for up to NZ\$50,000 / A\$47,000 worth of shares, subject to scaling.

Further details about the SPP, including terms and conditions of the offer and an explanation of how you can participate, are contained in this document. We encourage you to read this document carefully before you decide whether to participate. We also suggest that you seek financial, investment or other professional advice before making an investment decision.

The offer closes at 7:00pm New Zealand time / 5:00pm Sydney time on 26 June 2020.

On behalf of the Board, I thank you for your ongoing support of AFT.



David Flacks
CHAIRMAN



¹ Assumes \$2m SPP is fully subscribed.

² Expected FY21 EBITDA of \$16.19m is pre IFRS-16 based on the midpoint of FY21 operating profit guidance and includes \$1.04m of D&A and operating lease costs of \$0.8m. Net debt calculated as FY20 drawn bank debt less cash and cash equivalents. Excludes transaction costs.

3. QUESTIONS AND ANSWERS

These Questions and Answers are a summary only and you should refer to the Terms and Conditions for further information.

1. WHAT IS THE SHARE PURCHASE PLAN (SPP)?

The SPP allows Eligible Shareholders to purchase up to NZ\$50,000 (A\$47,000) worth of additional Shares in AFT without incurring brokerage. All Shares issued under the SPP will be of the same class as, and rank equally with, Shares in AFT currently on issue. It is a term of the SPP that AFT will take any necessary steps to ensure that the Shares are, immediately after issue, quoted on the NZX Main Board and the ASX.

2. AM I ELIGIBLE TO PARTICIPATE?

You are eligible to participate in the SPP if:

- you were registered as a holder of Shares at 7:00pm NZ time / 5:00pm Sydney time on 9 June 2020 (being the Record Date);
- your address recorded on the share register is in New Zealand or Australia; and
- you do not hold Shares on behalf of another person who resides outside of New Zealand and Australia.

The SPP is also being extended to Eligible Shareholders who are Custodians to participate in the SPP on behalf of Eligible Beneficiaries on the Terms and Conditions provided in this document.

3. DO I HAVE TO PARTICIPATE?

No - participation in the SPP is entirely voluntary. There is a risk that your shareholding in AFT may be diluted if you do not participate in the SPP. If you do not wish to participate in the SPP, do nothing.

4. WHAT IS THE ISSUE PRICE OF THE SHARES AND HOW MANY SHARES CAN I PURCHASE?

The Issue Price is NZ\$3.75, being the price paid by investors in AFT's recent Placement (representing a discount of 11.1% to the 30-day VWAP up to 9 June of \$4.22).

The Issue Price determined above is a New Zealand dollar amount. If you apply for an Australian dollar amount of Shares, AFT will convert the New Zealand dollar Issue Price to Australian dollars at the NZ\$:A\$ exchange rate published by the New Zealand Reserve Bank on its website at 7:00pm New Zealand time on the Closing Date. The market price of the Shares may change between the Opening Date, the date you apply for Shares under the SPP, and the Allotment Date. The risks associated with this potential market fluctuation are described in question 8 below.

Eligible Shareholders may elect to apply for new Shares under the Offer up to a maximum value of NZ\$50,000 / A\$47,000, subject to scaling.

If you apply for an Australian dollar amount of Shares and the exchange rate varies such that the dollar amount you applied for exceeds the NZ\$50,000 regulatory limit, Shares having a total issue price equal to NZ\$50,000 will be issued to you and you will be refunded the excess cash amount, subject to scaling.

AFT is inviting Applications for up to NZ\$2 million of Shares in aggregate. AFT reserves the right to, at its absolute discretion, scale any Application for Shares under the SPP. If AFT receives Applications in excess of the total amount of the Offer, it will scale back Applications in accordance with clause 8 of the Terms and Conditions.

Any fractional Shares allocated under the SPP will be rounded down to the nearest whole number of Shares and AFT will retain any difference due to rounding.

5. WHAT IF I OWN SHARES THROUGH A TRUSTEE OR CUSTODIAN OR OWN SHARES IN MORE THAN ONE CAPACITY?

If you own Shares through a trustee or Custodian, then, subject to certain certification requirements and other conditions, you may instruct the trustee or Custodian to purchase Shares on your behalf, up to the NZ\$50,000 / A\$47,000 limit.

If you own Shares through a trustee or Custodian and also own Shares in your own name, then you may either purchase Shares yourself or instruct your trustee or Custodian to purchase Shares on your behalf. You may not do both.

The offer of the SPP is made to the trustee or Custodian as the registered holder (not the beneficiary directly). This means it is at the discretion of the trustee or Custodian whether to extend the offer to their beneficiaries.

If you receive more than one copy of this document, or if you hold Shares in more than one capacity (e.g. because you are both a sole and joint holder of Shares) you may only purchase Shares in all capacities up to the NZ\$50,000 / A\$47,000 limit in aggregate. You may not purchase some Shares on your own behalf and some Shares as a joint holder. By applying to purchase Shares under the SPP, you represent that you have not exceeded this NZ\$50,000 / A\$47,000 limit.

3. QUESTIONS AND ANSWERS CONTINUED

6. WHAT DO I DO IF I AM A TRUSTEE OR CUSTODIAN?

The SPP is being extended to Eligible Shareholders who are Custodians and who wish to apply for SPP Shares on behalf of Eligible Beneficiaries.

The SPP is being offered to Custodians as the registered Shareholder. Custodians are not required to participate on behalf of their Eligible Beneficiaries. Custodians may choose whether or not to extend the SPP to their Eligible Beneficiaries.

By applying as a Custodian on behalf of Eligible Beneficiaries to purchase Shares, you certify (amongst other things) that the Application amount for each Eligible Beneficiary has not exceeded the NZ\$50,000 / A\$47,000 limit.

In the case of Custodians that have a registered address in Australia, if you wish to apply as a Custodian under the SPP to receive Shares for one or more Eligible Beneficiaries, you must complete an Application Form that contains or is accompanied by further certifications and details (as required under the terms of ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547) before your Application will be accepted. A Custodian will be ineligible to participate in the SPP if their participation would be in breach of ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 (as amended by ASIC Instrument 20-0572).

For further information about the Custodian application process, please contact the Share Registrar.

Each Custodian must not participate in the SPP on behalf of, and must not distribute this document or any other documents relating to this SPP to, any person in the United States of America.

7. IS THIS OFFER TRANSFERABLE TO ANOTHER PERSON?

No. This offer is personal to you. Participation in the SPP is entirely voluntary, but if you elect not to purchase any Shares under the SPP, you may not transfer your right to purchase Shares under the SPP to anyone else.

8. WHAT ARE THE RISKS TO INVESTING IN THE SPP?

The market price for the Shares may change between the Opening Date, the date you apply for Shares under the SPP, and the Allotment Date. Accordingly, the price paid for Shares issued under the SPP may be higher or lower than the price at which Shares are trading on the NZX Main Board or the ASX at the time the Shares are issued under the SPP. The Share price is quoted on the NZX website: www.nzx.com and on the ASX website: www.asx.com.au.

There is no certainty that Shares will trade at or above the Issue Price following the issue of Shares under the SPP. You should seek your own independent financial advice in relation to this Offer and your participation under the SPP.

Further information about AFT, including the most recent financial statements of AFT, can be obtained from AFT's website: www.aftpharm.com. You may obtain, free of charge, the most recent annual report and financial statements of AFT by contacting AFT (for details, please see the Directory at the end of this document), or you may download the documents from AFT's website: www.aftpharm.com. You are also recommended to monitor AFT's market announcements through the NZX website: www.nzx.com or the ASX website: www.asx.com.au.

9. HOW DO I APPLY FOR SHARES UNDER THE SPP?

If you wish to participate in the SPP, you can apply online at www.shareoffer.co.nz/AFT. Alternatively, please follow the step-by-step instructions set out on the enclosed personalised Application Form.

If you apply online, you will need your CSN / Holder Number. You must pay for your Application electronically by electronic funds transfer to AFT.

If you apply using the Application Form, scan and email your completed Application Form to the Registrar at AFT@computershare.co.nz (please put "AFT Share Purchase Plan" in the subject line for easy identification) and make payment by electronic funds transfer by 7:00pm New Zealand time / 5:00pm Sydney time on the Closing Date. If the exact amount of money is not tendered, AFT reserves the right not to accept all or part of your payment. In those circumstances, AFT will return your Application and refund all or part of your payment without interest.

If your Application is rejected, all of the amounts paid will be refunded to you. If your Application is scaled, you will receive the number of Shares in respect of which your Application is accepted at the Issue Price and receive a refund of the balance of the relevant payment amount. All refunds will be made without interest. Refunds will be issued within five Business Days following the Allotment Date. Refunds will not be paid for any difference arising solely due to rounding or where the aggregate amount of the refund payable to you is less than NZ\$5.00.

You will not be able to withdraw or revoke your Application once you have sent it in.

10. HOW LONG IS THE SPP OPEN AND WHEN WILL I RECEIVE MY SHARES?

The SPP opens on 15 June 2020 and is expected to close at 7:00pm New Zealand time / 5:00pm Sydney time on 26 June 2020, unless extended. If you want to participate, you should ensure that your Application and payment is received by 7:00pm New Zealand time / 5:00pm Sydney time on 26 June 2020. Applications received after this time may not be accepted.

Online applications are encouraged. If you are returning your Application Form by mail, please allow adequate time for mail deliveries.

You will receive Shares issued to you under the SPP on the Allotment Date, which is currently expected to be on or around 2 July 2020. A statement confirming the number of Shares issued to you under the SPP will be sent to you on the Despatch Date, currently expected to be on or around 6 July 2020.

11. FURTHER ASSISTANCE

If you have any further questions, please contact your broker, financial, investment or other professional adviser before making your investment decision.

If you have any questions about how to apply online or complete the Application Form, please contact the Share Registrar as set out in the Directory.

4. TERMS AND CONDITIONS

IMPORTANT NOTICE

If you apply to participate in the SPP by completing an online application or completing and returning an Application Form you are accepting the risk that the market price of Shares may change between the Opening Date, the date you apply for Shares under the SPP, and the Allotment Date. This means that it is possible that up to or after the Allotment Date, you may be able to buy Shares at a lower price than the Issue Price.

We encourage you to seek your own independent financial advice regarding your participation in the SPP.

1. OFFER TIMETABLE

Record Date	9 June 2020 <i>Eligible Shareholders registered at 7:00pm New Zealand time / 5:00pm Sydney time on the Record Date may participate in the SPP.</i>
Opening Date	15 June 2020 <i>The Offer opens and this document is sent to Eligible Shareholders.</i>
Closing Date	26 June 2020 <i>The Offer closes at 7:00pm New Zealand time / 5:00pm Sydney time on this date, unless extended. Applications must be received by this time. Applications may, at AFT's option, not be processed or held to be valid if they have not been received by this time.</i>
Allotment Date	2 July 2020 <i>Shares are allotted, unless the Closing Date is extended.</i>
NZX Commencement of trading	2 July 2020 <i>AFT expects the Shares will commence trading on the NZX Main Board on the Allotment Date.</i>
ASX Commencement of trading	3 July 2020 <i>AFT expects the Shares will commence trading on the ASX on 3 July 2020.</i>
Despatch Date	6 July 2020 <i>Transaction confirmation statements will be despatched to shareholders within five Business Days of the Allotment Date.</i>

These dates and the references to them throughout this document are subject to change. AFT may amend these dates without prior notice (notwithstanding that the Offer has opened or Applications have been received), subject to the Listing Rules and applicable laws.

2. ELIGIBLE SHAREHOLDERS

- 2.1 You may participate in the SPP if you are an Eligible Shareholder.
- 2.2 An Eligible Shareholder is a person who, at 7:00pm New Zealand time / 5:00pm Sydney time on the Record Date, was recorded in the share register of AFT as being a registered holder of Shares and having a registered address in New Zealand or Australia unless that person holds Shares on behalf of another person who resides outside New Zealand and Australia. For the avoidance of doubt, shareholders who are in the United States of America or who hold Shares on behalf of persons who are in the United States of America are not entitled to participate in the SPP.
- 2.3 Joint holders of Shares are taken to be a single registered holder of Shares for the purposes of determining whether they are an Eligible Shareholder and the certification on the online application or Application Form is taken to have been given by all of them.
- 2.4 If you are an Eligible Shareholder, your rights under this Offer are personal to you and are non-renounceable, so you may not transfer them.

3. ISSUE PRICE AND NUMBER OF SHARES

- 3.1 The Issue Price for Shares under the SPP is NZ\$3.75 per Share, being the price paid by investors in AFT's recent Placement (representing a discount of 11.1% to the 30-day VWAP up to 9 June of NZ\$4.22).
- 3.2 The Issue Price is a New Zealand dollar amount. If you apply for an Australian dollar amount of Shares, AFT will convert the New Zealand dollar Issue Price to Australian dollars at the NZ\$:A\$ exchange rate published by the New Zealand Reserve Bank on its website at 7:00pm New Zealand time / 5:00pm Sydney time on the Closing Date.
- 3.3 You should refer to the answer under question 8 in the "Questions and Answers" section of this SPP for further information about the relationship between the Issue Price under the SPP and the market price of Shares.
- 3.4 Subject to clause 4.1, if you are an Eligible Shareholder (unless you are a Custodian to whom clause 4.1 applies), you may:
- (a) subscribe for your full entitlement of Shares, being Shares having a value of up to NZ\$50,000 or A\$47,000; **OR**
 - (b) subscribe for less than your full entitlement of Shares by selecting a parcel value of Shares on the online application or Application Form.
- 3.5 Any Application for Shares having a value greater than NZ\$50,000 or A\$47,000 will be deemed to be an Application for Shares having a value of NZ\$50,000 or A\$47,000 (as applicable). If you apply for an Australian dollar amount of Shares and the exchange rate varies such that the dollar amount you applied for exceeds the NZ\$50,000 regulatory limit, Shares having a total issue price equal to NZ\$50,000 will be issued to you and you will be refunded the excess cash amount, subject to scaling.
- 3.6 Eligible Shareholders may apply only for Shares having a maximum value of NZ\$50,000 or A\$47,000 and may make only one Application. This applies to all Eligible Shareholders (other than Custodians to whom clause 4.1 applies), including those who receive more than one offer under the SPP (for example, because they hold Shares in more than one capacity) and including whether the Eligible Shareholder is applying through a Custodian or on his or her own behalf.
- 3.7 If you own Shares through a trustee or Custodian and also own Shares in your own name, then you may either purchase Shares yourself or instruct your trustee or Custodian to purchase Shares on your behalf. You may not do both.

4. CUSTODIANS

- 4.1 Custodians may subscribe for Shares having a value greater than NZ\$50,000 / A\$47,000 but only up to the total value of Shares applied for on

behalf of each beneficial owner (who must be an Eligible Beneficiary) for whom the Custodian acts as a Custodian (treating joint beneficial owners as one beneficial owner). Custodians must confirm to AFT that they are holding Shares as a Custodian for beneficial owners who are Eligible Beneficiaries by providing the written certification to AFT described in clause 4.2 below and set out in the Application Form. Each beneficial owner may only direct the Custodian to apply on behalf of that beneficial owner for one of the options described in clause 3.4. A separate online application or Application Form must be completed for each beneficial owner.

- 4.2 If a Custodian applies to subscribe for Shares on behalf of a beneficial owner, the Custodian must certify to AFT in writing by completing the online application or Application Form:
- (a) that the Custodian held Shares on behalf of:
 - (i) one or more other persons that are not Custodians; and/or
 - (ii) another Custodian ("Downstream Custodian") that holds beneficial interests in Shares on behalf of one or more other persons to which those interests relate,
 - on 9 June 2020 at 7:00pm New Zealand time / 5:00pm Sydney time (each, a "Participating Beneficiary") who are Eligible Beneficiaries and who have subsequently instructed the Custodian, and/or the Downstream Custodian, to apply for Shares under the SPP on their behalf;
 - (b) the number of Participating Beneficiaries and their names and addresses;
 - (c) the number of Shares that the Custodian holds on behalf of each Participating Beneficiary;
 - (d) the dollar amount of Shares that each Participating Beneficiary has instructed the Custodian, either directly or indirectly through a Downstream Custodian, to apply for on their behalf;
 - (e) that there are no Participating Beneficiaries in respect of which the total of the application price for the following exceeds NZ\$50,000 / A\$47,000:
 - (i) the application price for new Shares applied for on their behalf under the SPP;
 - (ii) the application price for any other Shares issued to the Custodian (as a result of an instruction given to the Custodian or a Downstream Custodian) for that Participating Beneficiary under any arrangement similar to the SPP in the 12 months prior to the application for new Shares under the SPP;
 - (f) that a copy of this document was given to each Participating Beneficiary;
 - (g) where the Custodian holds Shares on

4. TERMS AND CONDITIONS CONTINUED

behalf of a Participating Beneficiary indirectly, through one or more Downstream Custodians, the name and address of each Downstream Custodian; and

- (h) that the beneficial owner on whose behalf the Custodian is submitting an Application Form is not making an application as an Eligible Shareholder for Shares under the SPP, and no other Custodian is submitting an Application Form under the SPP for that beneficial owner.
- 4.3 AFT will issue Shares to a Custodian only if AFT is reasonably satisfied that the total issue price of Shares issued to any beneficial owner is not more than NZ\$50,000 / A\$47,000, whether those Shares are issued through a Custodian or, if the beneficial owner is also a shareholder in AFT, in that beneficial owner's own right as a shareholder.
- 4.4 Each Custodian must not participate in the SPP on behalf of, and must not distribute this document or any other documents relating to this SPP to, any person in the United States of America.

5. COMPLETING THE APPLICATION FORM AND PAYING FOR SHARES

- 5.1 If you wish to participate in the SPP, you must complete an online application at www.shareoffer.co.nz/AFT and make payment in accordance with the instructions provided. Alternatively, complete and return the printed Application Form together with electronic payment in accordance with the instructions on the Application Form.
- 5.2 Eligible Shareholders should make an electronic funds transfer for the dollar amount of Shares applied for.
- 5.3 To be valid, Applications must be received by the Share Registrar before 7:00pm New Zealand time / 5:00pm Sydney time on 26 June 2020 (being the Closing Date). Applications received after that date will only be accepted at AFT's discretion. Shareholders applying via the Application Form, should scan and email their completed Application Form to the Share Registrar at AFT@computershare.co.nz (please put "AFT Share Purchase Plan" in the subject line for easy identification).
- (c) your electronic funds transfer is not for the exact amount of the parcel value that you have applied for;
- (d) it appears that you are applying to subscribe for Shares with a value greater than NZ\$50,000 / A\$47,000 including as a result of Shares you hold directly, jointly or through a Custodian or nominee arrangement (except if you are a Custodian applying on behalf of more than one beneficial owner in accordance with clause 4);
- (e) your Application or payment is received after 7:00pm New Zealand time / 5:00pm Sydney time on the Closing Date. While AFT has discretion to accept late Applications and payment, there is no assurance that it will do so. Late Applications and payment, if not processed, will be returned to you at your registered address. No interest will be paid on money returned;
- (f) AFT believes that you are not an Eligible Shareholder or Custodian; or
- (g) AFT considers that your Application does not otherwise comply with these Terms and Conditions or any applicable laws or regulatory requirements, or the acceptance of which would cause AFT to breach any applicable laws or regulatory requirements.
- 6.2 AFT reserves the right to scale back at its absolute discretion any Application for Shares under the SPP. AFT reserves the right to terminate the Offer and reject all Applications at any time prior to the issue of the Shares on the Allotment Date.
- 6.3 If an Application is rejected, all of the relevant amounts will be refunded to the Applicant. If Applications are scaled back, the Applicant will receive the number of Shares at the Issue Price in respect of which the Application is accepted and a refund of the balance of the relevant Application payment. All refunds will be made without interest. Any difference less than NZ\$5.00 due to scaling or rounding will be retained by AFT and not refunded. Refunds will be made in the manner you have elected any dividend payments be made. Refunds will be issued within five business days following the Allotment Date.

6. AFT'S DISCRETION TO ACCEPT OR REJECT APPLICATIONS

- 6.1 AFT has complete discretion to accept or reject your Application to subscribe for Shares under the SPP, including (without limitation) if:
- (a) your online application or Application Form is incorrectly completed, incomplete or otherwise determined by AFT to be invalid;
- (b) your payment is dishonoured or has not been completed correctly;

7. SIGNIFICANCE OF SENDING IN AN APPLICATION

- 7.1 If you apply to participate in the SPP, by completing and returning the Application Form or completing an online application:
- (a) you agree that your Application, on these Terms and Conditions, will be irrevocable and unconditional (i.e. it cannot be withdrawn);
- (b) you certify to AFT that you are an Eligible Shareholder entitled to apply for Shares under these Terms and Conditions;

- (c) you agree to be bound by the constitution of AFT;
 - (d) you certify to AFT that your acceptance of the SPP will not be, or cause, a breach of any law in any jurisdiction;
 - (e) you agree to pay the applicable Issue Price per Share up to a maximum amount equivalent to the parcel value you specified in your Application;
 - (f) you certify to AFT that the total application price applicable to you for the following does not exceed NZ\$50,000 / A\$47,000:
 - (i) the Shares the subject of the Application submitted by you;
 - (ii) any other Shares applied for, or issued to you, under the SPP or any similar arrangement in the 12 months before the date of your Application for Shares under the SPP;
 - (iii) any other Shares which you have instructed a Custodian to acquire on your behalf under the SPP; and
 - (iv) any other Shares issued to a Custodian under an arrangement similar to the SPP in the 12 months before the date of your Application for Shares under the SPP as a result of an instruction given by you to that Custodian or another Custodian and which resulted in you holding the beneficial interest in the Shares;
 - (g) you authorise AFT (and its officers or agents) to correct any error in, or omission from, your Application and to complete the Application by the insertion of any missing details;
 - (h) you acknowledge that AFT may at any time determine that your Application is valid, in accordance with these Terms and Conditions, even if the Application is incomplete, contains errors or is otherwise defective;
 - (i) you accept the risk associated with any refund that may be despatched to you by cheque to your address shown on AFT's share register or that may be direct credited to the bank account showing in the details held by the Share Registrar;
 - (j) you acknowledge that AFT may disclose any information in or relating to your Application to the Share Registrar in connection with its management of the SPP;
 - (k) you acknowledge that none of AFT, its advisers or agents has provided you with investment advice or financial product advice, and that none of them has an obligation to provide advice concerning your decision to apply for and subscribe for Shares under the SPP;
 - (l) you acknowledge the risk that the market price for the Shares may change between the Opening Date, the date you apply for Shares under the SPP, and the Allotment Date. A change in market price during these periods may affect the value of the Shares you receive under the SPP;
 - (m) you acknowledge that AFT is not liable for any exercise of its discretions referred to in these Terms and Conditions; and
 - (n) you irrevocably and unconditionally agree to these Terms and Conditions and agree not to do any act or thing which would be contrary to the spirit, intention or purpose of the SPP.
- 7.2 If a Custodian applies to subscribe for Shares under the SPP for a beneficial owner pursuant to clause 4, the certification referred to in clause 7.1(f) will be taken to be given by each beneficial owner on whose behalf the Custodian is applying to subscribe for Shares.
- ## 8. SCALING AND ROUNDING
- 8.1 If you apply for Shares under the SPP, you will apply for a certain dollar amount rather than a certain number of Shares. The number of Shares you will receive will be determined by dividing the dollar amount of Shares you have applied for by the Issue Price, unless your Application has been scaled back in accordance with clauses 8.3 or 8.4.
- 8.2 If your Application has been scaled back, the number of Shares you receive will be determined by dividing the dollar amount of the Shares you have applied for (as scaled back) by the Issue Price. If this calculation produces a fractional number, the number of Shares you will be allotted will be rounded down to the nearest whole number of Shares.
- 8.3 If AFT receives Applications in excess of NZ\$2 million, it will scale back Applications having regard to the number of AFT Shares held by the Applicant (or, in the case of an Application made by a Custodian, the relevant beneficial owner(s) named in the schedule submitted with the Application) on the Record Date and otherwise at its discretion.
- 8.4 Your Application may also need to be scaled so as to not exceed regulatory limits. The offer under the SPP needs to comply with the conditions imposed by the Listing Rules (subject to the NZX Waiver) and ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 (as amended by ASIC Instrument 20-0572). Under these laws and regulatory requirements, the maximum amount that Eligible Shareholders may apply for is up to NZ\$50,000. In order not to exceed this amount, AFT has set the maximum Australian dollar application amount at A\$47,000 to allow for NZ\$:A\$ exchange rate movements up to the Closing Date. However, if the NZ\$:A\$ exchange rate varies such that the dollar amount you apply for exceeds a regulatory limit, your Application may need to be scaled so that the relevant regulatory limit is not exceeded.

4. TERMS AND CONDITIONS CONTINUED

- 8.5 If your Application is scaled, your application monies will be greater than the value of the Shares you will be allotted. The difference between the value of the Shares you are allotted and your application monies will be refunded to you in the manner you have elected any dividend payments be made. No interest will be paid on any application monies returned to you. Any difference less than NZ\$5.00 will be retained by AFT and not refunded. Refunds will be issued within five business days following the Allotment Date.

9. THE SHARES

- 9.1 Shares issued under the SPP will rank equally with, and have the same voting rights, dividend rights and other entitlements as existing fully paid ordinary Shares in AFT quoted on the NZX Main Board and the ASX.
- 9.2 Applicants for Shares will be bound by AFT's constitution and the terms of the Offer set out in this document.
- 9.3 The Shares to be issued under the SPP have been accepted for quotation on the NZX Main Board and the ASX, with effect on or shortly after the Allotment Date. AFT will take any necessary steps to ensure that the Shares issued are, immediately after the issue, quoted on the NZX Main Board and the ASX. You cannot trade in any Shares issued to you pursuant to the SPP, either as principal or agent, until official quotation on the NZX Main Board and ASX. AFT expects the Shares issued under the SPP will commence trading on the NZX Main Board on the Allotment Date and the ASX on the next trading day after the Allotment Date. Neither NZX nor ASX accepts any responsibility for any statement in this document.
- 9.4 The issue of Shares under the SPP up to a maximum value of NZ\$50,000 / A\$47,000 per Eligible Shareholder (or per beneficial owner, in the case of holdings held by Custodians) is being undertaken pursuant to NZX Listing Rule 4.3.1 (Share Purchase Plans) as modified by the NZX Waiver, which, among other things, increased the maximum consideration payable for equity securities in an SPP to NZ\$50,000 / A\$47,000 per registered holder.
- 9.5 The issue of Shares under the SPP up to a maximum value of NZ\$50,000 per Eligible Shareholder (or per beneficial owner, in the case of holdings held by Custodians) in Australia, is being undertaken pursuant to ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 as amended by ASIC Instrument 20-0572, which, among other things, increased the maximum consideration payable for equity securities in the SPP to NZ\$50,000 per registered holder.

10. FINANCIAL STATEMENTS

- 10.1 You may obtain free of charge the most recent annual report and financial statements of AFT by contacting AFT, or you may download the reports from AFT's website: www.aftpharm.com. AFT's contact details are in the Directory.

11. AMENDMENTS TO THE SPP AND WAIVER OF COMPLIANCE

- 11.1 Notwithstanding any other term or condition of the SPP and/or the Application Form, AFT may, at its discretion:
- make non-material modifications to the SPP or these Terms and Conditions without notice (in which case Applications for Shares under the SPP will remain binding on all Applicants notwithstanding such modification and irrespective of whether an Application Form was received by the Share Registrar before or after such modification is made); and/or
 - suspend or terminate the SPP at any time before the issue of the Shares under the SPP. If the SPP is terminated, application monies received will be refunded to Applicants without interest.
- 11.2 AFT reserves the right to waive compliance with any provision of these Terms and Conditions (either generally or in respect of a particular Applicant or Applicants).

12. GOVERNING LAW

- 12.1 These Terms and Conditions shall be governed by and construed in accordance with the laws of New Zealand.

13. DISPUTES

- 13.1 If any dispute arises in connection with the SPP, AFT may settle it in any manner it thinks fit. It may do so generally or in relation to any particular participant, Application or Share. AFT's decision will be final and binding.

14. INCONSISTENCY

- 14.1 Unless otherwise determined by the directors of AFT, in the event of any inconsistency between these Terms and Conditions and:
- the "Questions and Answers" section of this SPP, the Terms and Conditions prevail; or
 - AFT's constitution, AFT's constitution prevails.

5. GLOSSARY

AFT	AFT Pharmaceuticals Limited
Allotment Date	On or around 2 July 2020, unless the Closing Date is extended
Applicant	An applicant for Shares in the SPP
Application	An application made for Shares under the Offer made using an Application Form or an online application made through www.shareoffer.co.nz/AFT
Application Form	The personalised application form relating to the SPP which you received with this Offer, including the instructions on the form
ASX	ASX Limited or the market it operates (as the context requires)
ASX Listing Rules	The official listing rules of the ASX
Australian Eligible Shareholder	An Eligible Shareholder with a registered address in Australia on the Record Date
Business Day	Has the meaning given to that term in the NZX Listing Rules
Closing Date	26 June 2020, unless extended
Custodian	<ul style="list-style-type: none"> · An Eligible Shareholder with a registered address in New Zealand on the Record Date that: <ul style="list-style-type: none"> ○ is a trustee corporation or a nominee company and holds Shares by reason only of acting for another person in the ordinary course of business of that trustee corporation or nominee company; or ○ holds Shares by reason only of being a bare trustee of a trust to which the Shares are subject, and is permitted to operate as a custodian under all relevant laws; or · an Australian Eligible Shareholder that: <ul style="list-style-type: none"> ○ holds an Australian financial services licence that covers the provision of a custodial or depositary service; or ○ is exempt from the requirement to hold an Australian financial services licence for the provision of a custodial or depositary service; or ○ holds an Australian financial services licence covering the operation of an IDPS (as defined in ASIC Class Order CO/13/763) or is a responsible entity of an IDPS-like scheme (as defined in ASIC Class Order CO/13/763); or ○ is a trustee of a self-managed superannuation fund or superannuation master trust; or ○ is the registered holder of Shares and is noted on the register of members of AFT as holding the Shares on account of another person.
Despatch Date	On or around 6 July 2020, unless extended
Downstream Custodian	See clause 4.2 of the Terms and Conditions for the definition of “Downstream Custodian”
Eligible Beneficiary	A person on whose behalf a Custodian is holding Shares at the Record Date, with a registered address in either Australia or New Zealand, provided that such person is not in the United States of America.
Eligible Shareholder	A person who, at 7:00pm New Zealand time / 5:00pm Sydney time on the Record Date, was recorded in AFT’s share register as being a registered holder of Shares and having a registered address in New Zealand or Australia unless that person holds Shares on behalf of another person who resides outside New Zealand and Australia
Issue Price	NZ\$3.75 per Share (being the price paid by investors in AFT’s recent Placement).

5. GLOSSARY CONTINUED

Listing Rules	The NZX Listing Rules and the ASX Listing Rules, as applicable
NZX	NZX Limited
NZX Listing Rules	The NZX Main Board listing rules in force from time to time
NZX Main Board	The main board financial product market operated by NZX
NZX Waiver	The class waiver and ruling issued by NZX Regulation dated 19 March 2020
Opening Date	15 June 2020
Participating Beneficiary	See clause 4.2 of the Terms and Conditions for the definition of “Participating Beneficiary”
Placement	The placement of Shares announced to NZX on 10 June 2020
Record Date	9 June 2020
Share	A fully paid ordinary share in AFT
Share Registrar	Computershare Investor Services Limited
SPP or Offer	The share purchase plan detailed in this document
Terms and Conditions	The terms and conditions of the SPP detailed in this document

6. DIRECTORY

ISSUER

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Auckland 0622

www.aftpharm.com

SHARE REGISTRAR

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