ClearView

# Market Release

5 November 2020

## ClearView Wealth Limited ('ClearView') – issue of A$75,000,000 subordinated, unsecured notes ('Subordinated Notes')

### Notice under section 708A(12H)(e) of the Corporations Act 2001 (Cth) ('Act') as notionally inserted by ASIC Corporations (Regulatory Capital Securities) Instrument 2016/71 ('Instrument')

1. ClearView will today issue the Subordinated Notes. Offers of the Subordinated Notes do not require disclosure to investors under Part 6D.2 of the Act.
2. The terms and conditions of the Subordinated Notes are described on pages 49 to 84 of the Schedule to this notice.
3. ClearView intends to use A$30,000,000 of the proceeds of the Subordinated Notes to fund the Regulated Entities within the ClearView Group. The remainder of the proceeds will be used by ClearView to repay existing debt and to cover associated costs.
4. Subordinated Notes may Convert into Ordinary Shares of ClearView on the occurrence of a Non-Viability Trigger Event. The number of Ordinary Shares issued on Conversion is variable, but is limited to the Maximum Conversion Number. The Maximum Conversion Number is 147,058 Ordinary Shares per Subordinated Note, based on the Issue Date VWAP of $0.34.
5. In order to enable Ordinary Shares issued on Conversion to be sold without disclosure under Part 6D.2 of the Act, ClearView has elected to give this notice (including the Schedule) under section 708A(12H)(e) of the Act as notionally inserted by the Instrument. The Schedule forms part of this notice.
6. ClearView confirms that:
   (a) Subordinated Notes will be issued without disclosure to investors under Part 6D.2 of the Act;
   (b) the information (including the Schedule) in this notice remains current as at today's date; and
   (c) this notice (including the Schedule) complies with section 708A of the Act, as notionally modified by the Instrument.
7. Unless otherwise defined, capitalised expressions used in this notice have the meanings given to them in the Schedule.

**This notice (including the Schedule) is not a prospectus under the Act. Subordinated Notes are only intended for wholesale investors.**

ENDS

For further information, please contact:

**Investor inquiries**

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**Approval of announcement**

The Continuous Disclosure Committee have approved the release of this announcement.

**About ClearView**

ClearView is an ASX-listed diversified financial services company which partners with financial advisers to help Australians protect and build their wealth, achieve their goals and secure a comfortable financial future. The Group's three business segments: Life Insurance, Wealth Management and Financial Advice are focused on delivering quality products and services.

For more information visit **clearview.com.au**

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ABN 83 106 248 248

**ASX Code: CVW**

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# Information Memorandum

## for the issue of Subordinated Notes to raise A$45 million (with the ability to raise up to A$75 million)

Issuer

**ClearView Wealth Limited**
(ABN 83 106 248 248)

Lead Manager

**National Australia Bank Limited**
(ABN 12 004 044 937)

**23 October 2020**

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# Important Notice

## Introduction

This Information Memorandum relates to the offer by ClearView Wealth Limited (ABN 83 106 248 248) (the "**Issuer**") of subordinated, unsecured notes ("**Notes**") described in this Information Memorandum, to raise A$45 million (with the ability to raise up to A$75 million). The Issuer intends to use the proceeds of the Notes issued under this Information Memorandum for general corporate and/or capital management purposes, including to repay certain existing indebtedness of the Issuer and to fund or support the funding of Tier 2 Capital (as described in the prudential standards issued by the Australian Prudential Regulation Authority ("**APRA**")) of a Regulated Entity within the ClearView Group.

Capitalised expressions which are not otherwise defined in this Information Memorandum have the meanings given in clause 15.2 of the terms of the Notes ("**Terms**") which are set out in the section entitled "Terms of the Notes" below.

**The Terms are complex and include features to comply with APRA's requirements for instruments that fund regulatory capital of Regulated Entities within the ClearView Group. They may not be suitable for all investors and any potential investor should consider the suitability of the investment in its own circumstances. In particular, if a Non-Viability Trigger Event occurs, the Notes may be required to be Converted to Ordinary Shares or, if Conversion does not occur as required within 5 Business Days of the date of the Non-Viability Trigger Event, Written-off.**

Notes (including any amounts payable in respect of the Notes) are not:

- policy liabilities of the Issuer, ClearView Life Assurance Limited (ABN 12 000 021 581), or any other member of the ClearView Group;
- guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction; or
- guaranteed by the Issuer or any other member of the ClearView Group.

## The Issuer's responsibility

This Information Memorandum has been prepared by, and issued with the authority of, the Issuer. The Issuer accepts responsibility for the information contained in this Information Memorandum, other than the information provided by the Lead Manager and the Registrar (each as described in the section entitled "Summary" below) in relation to their respective contact details (if applicable) set out in the section entitled "Directory" below.

## Terms

This Information Memorandum summarises information regarding the issue of Notes in uncertificated registered form in the wholesale debt capital markets in Australia. The Terms are included in this Information Memorandum in the section entitled "Terms of the Notes" below.

The liabilities which are preferred by law to the claim of a holder in respect of a Note may be substantial and the Terms do not limit the amount of such liabilities which may be incurred or assumed by the Issuer from time to time.

## Documents incorporated by reference and ASX announcements

This Information Memorandum is to be read in conjunction with all documents which are deemed to be incorporated into it by reference as set out below. This Information Memorandum shall, unless otherwise expressly stated, be read and construed on the basis that such documents are so incorporated and form part of this Information Memorandum. References to "**Information Memorandum**" are to this Information Memorandum and any other document incorporated by reference and to any of them individually.

The following documents are incorporated in, and taken to form part of, this Information Memorandum:

- all amendments to this Information Memorandum prepared and issued by the Issuer from time to time;
- the published financial report of the Issuer for the period ended 30 June 2020, filed with ASX Limited (ABN 98 008 624 691) ("**ASX**") on 26 August 2020; and
- the Issuer's announcement to the ASX dated 14 October 2020 titled "ClearView FY2021 Q1 Market Update".

Any statement contained in this Information Memorandum or in any of the documents incorporated by reference in, and forming part of this Information Memorandum, shall be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement.

Except as provided above, no other information, including information on www.clearview.com.au or in any document incorporated by reference in any of the documents described above, or any document or information that is publicly filed, is incorporated by reference into this Information Memorandum.

Copies of documents incorporated by reference in this Information Memorandum may be obtained from the Issuer and the Registrar (each as defined in the section entitled "Summary" below) on request, including from their respective offices at the addresses set out in the section entitled "Directory" below.

When deciding whether or not to subscribe for, purchase or otherwise deal in any Notes or any rights in respect of any Notes, investors should:

- review, amongst other things, the documents which are incorporated by reference in this Information Memorandum; and
- have regard to the information lodged by the Issuer with ASX including in compliance with its continuous and periodic disclosure obligations (made available at www.asx.com.au), including announcements which may be made by the Issuer after release of this Information Memorandum.

**No independent verification**

The only role of the Lead Manager in the preparation of this Information Memorandum has been to confirm to the Issuer that its respective details in the sections entitled "Summary" and "Directory" below are accurate as at the Preparation Date (as defined below).

Apart from the foregoing, none of the Registrar or the Lead Manager, nor their respective related bodies corporate, has independently verified the information contained in this Information Memorandum.

Accordingly, no representation, warranty or undertaking, express or implied, is made, and no responsibility is accepted, by any of them as to the accuracy, completeness or currency of this Information Memorandum (except for confirming their respective contact details in the section entitled "Directory" below) or any further information supplied by the Issuer in connection with the Notes. Each of them expressly disclaims any duty to potential investors in respect of such matters.

Neither the Lead Manager nor its related bodies corporate, and/or their directors, officers, employees or clients act as the adviser of or owe any fiduciary or other duties to any recipient of this Information Memorandum in connection with the Notes and/or any related transaction (including, without limitation, in respect of the preparation and due execution of the transaction documents and the power, capacity or authorisation of any other party to enter into and execute the transaction documents). No reliance may be placed on the Lead Manager for financial, legal, taxation, accounting or investment advice or recommendations of any sort.

**No offer**

This Information Memorandum does not, and is not intended to, constitute an offer or invitation by or on behalf of the Issuer or the Lead Manager to any person to subscribe for, purchase or otherwise deal in any Notes. Nor is this Information Memorandum intended to be used for the purpose of offers or invitations to subscribe for, purchase or otherwise deal in any Notes.

**Restricted to professional and sophisticated investors**

Notes may only be subscribed for, purchased by or otherwise dealt in by professional or sophisticated investors (see "Subscription and Sale" below). This Information Memorandum is not intended for and should not be distributed to any person other than such professional or sophisticated investors. Its contents may not be reproduced or used in whole or in part for any purpose other than in connection with the issue or sale of the Notes in accordance with this Information Memorandum, nor furnished to any other person without the express written permission of the Issuer.

**Selling restrictions and no disclosure**

Neither this Information Memorandum nor any other disclosure document (as defined in the Corporations Act 2001 of Australia ("**Corporations Act**")) in relation to the Notes has been, or will be, lodged with the Australian Securities and Investments Commission ("**ASIC**") or any other government agency. This Information Memorandum is not a prospectus or other disclosure document for the purposes of the Corporations Act. No action has been taken which would permit an offering of the Notes in circumstances that would require disclosure under Parts 6D.2 or 7.9 of the Corporations Act. The distribution and use of this Information Memorandum, including any advertisement or other offering material, and the offer or sale of Notes, may be restricted by law in certain jurisdictions and intending purchasers and other investors should inform themselves about those laws and observe any such restrictions.

Persons into whose possession this Information Memorandum or any Notes come must inform themselves about, and observe, any such restrictions, including those set forth in the section captioned "Subscription and Sale".

This Information Memorandum does not constitute an offer of Notes in any jurisdiction in which it would be unlawful. This Information Memorandum and any other offering materials may not be distributed to any person, and the Notes may not be offered or sold, in any jurisdiction except to the extent contemplated in the section captioned "Subscription and Sale". In particular, no action has been taken by the Issuer or the Lead Manager which would permit a public offering of any Notes in any jurisdiction where action for that purpose is required.

A person may not (directly or indirectly) offer for subscription or purchase, or issue an invitation to subscribe for or buy Notes, nor distribute or publish this Information Memorandum or any other offering material or advertisement relating to the Notes, except if the offer or invitation, or distribution or publication, complies with all applicable laws, regulations and directives.

**No registration in the United States**

Neither the Notes nor the Ordinary Shares have been, nor will they be, registered under the United States Securities Act of 1933 ("**U.S. Securities Act**"). The Notes may not be offered, sold, delivered or transferred, at any time, within the United States, its territories or possessions or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act ("**Regulation S**")) except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act.

**Intending purchasers to make independent investment decision and obtain professional advice**

This Information Memorandum contains only summary information concerning the Issuer and the Notes. The information contained in this Information Memorandum is not intended to provide the basis of any credit or other evaluation in respect of the Issuer or any Notes and should not be considered or relied upon as a recommendation or a statement of opinion, or a report of either of those things, by any of the

Issuer or the Lead Manager, or their respective related bodies corporate, that any recipient of this Information Memorandum should subscribe for, purchase or otherwise deal in any Notes or any rights in respect of any Notes. Furthermore, this Information Memorandum contains only general information and does not take into account the objectives, financial situation or needs of any potential investor.

Each investor contemplating subscribing for, purchasing or otherwise dealing in any Notes or any rights in respect of any Notes should:

- make and rely upon (and shall be taken to have made and relied upon) its own independent investigation of the terms and conditions of the Notes and the rights and obligations attaching to the Notes and Ordinary Shares and of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer;

- determine for itself the relevance of the information contained in this Information Memorandum (including all information incorporated by reference and forming part of this Information Memorandum) and any other information supplied in connection with Notes;

- consult its own financial, legal, tax or other professional advisers concerning the application of any tax laws applicable to its particular situation and consult other appropriate advisers in respect of any other matters upon which it requires advice; and

- base its investment decision solely upon its own independent assessment and such investigation and consultation with advisers and such other investigations as it considers appropriate or necessary.

No accounting, regulatory, investment, legal, tax or other professional advice is given in respect of the legal or taxation treatment of investors or purchasers or any other matter in connection with an investment in any Notes or rights in respect of them and each investor is advised to consult its own professional adviser.

**No authorisation**

No person has been authorised to give any information or make any representations not contained in or consistent with this Information Memorandum in connection with the Issuer or the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Lead Manager.

**Distribution arrangements**

The Issuer has agreed to pay the Lead Manager a fee in respect of the Notes subscribed by it, and to reimburse and/or indemnify the Lead Manager for certain expenses incurred in connection with the offer and sale of Notes and will reimburse and/or indemnify the Lead Manager against certain losses and liabilities in connection with the offer and sale of Notes.

The Issuer and the Lead Manager, and their respective related bodies corporate, directors and employees may have pecuniary or other interests in the Notes and may also have interests pursuant to other arrangements and the wide range of financial services and businesses in which they are involved, including securities trading and brokerage activities and providing commercial and investment banking, investment management, corporate finance, credit and derivative, trading and research products and services, out of which conflicting interests or duties may arise. In the ordinary course of these activities, the Issuer and the Lead Manager, and their respective related bodies corporate, directors and employees may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of investors or any other party that may be involved in the issue of Notes. Without limiting the arrangements referred to above, the Lead Manager currently provides a revolving credit facility to the Issuer and the proceeds of the Notes may be used to repay some or all of the amounts currently drawn under this facility. Amounts repaid under this facility can be redrawn subject to the terms and conditions of the facility. The facility is currently due to expire on 1 April 2024. The Lead Manager may also receive fees, brokerage and commissions and may act as a principal in dealings in the Notes.

The distribution of this Information Memorandum and documents which are deemed to be incorporated by reference in this Information Memorandum and the offer or sale of Notes may be restricted by law in certain jurisdictions. None of the Issuer or the Lead Manager, nor their respective related bodies corporate, represents that this Information Memorandum or any such document may be lawfully distributed, or that any Notes may be offered, in compliance with the laws of any applicable jurisdiction or other requirements in any such jurisdiction, or under an exemption available in that jurisdiction, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Lead Manager nor their respective related bodies corporate, which would permit a public offering of any Notes or distribution of this Information Memorandum or any such document in any jurisdiction where action for that purpose is required.

**Currencies**

In this Information Memorandum references to "**A$**" or "**Australian dollars**" are to the lawful currency of the Commonwealth of Australia.

**Currency of information**

The information contained in this Information Memorandum is prepared as of its Preparation Date. Neither the delivery of this Information Memorandum nor any offer, issue or sale made in connection with this Information Memorandum at any time implies that the information contained in it is correct at any time subsequent to the Preparation Date or that any other information supplied in connection with the issue of the Notes is correct as of any time subsequent to the Preparation Date or that there has been no change (adverse or otherwise) in the financial condition, affairs or creditworthiness of the Issuer at any time subsequent to the Preparation Date.

In this Information Memorandum, "**Preparation Date**" means:

- in relation to this Information Memorandum, the date indicated on its face or, if this Information Memorandum has been amended or supplemented, the date indicated on the face of that amendment or supplement;

- in relation to financial reports incorporated by reference in this Information Memorandum, the date up to or as at the date on which such accounts relate; and

- in relation to any other item of information which is to be read in conjunction with this Information Memorandum, the date indicated on its face as being its date of release or effectiveness.

**References to website addresses**

Any website addresses provided in this Information Memorandum are for reference only and the content of any such internet site is not incorporated by reference into, and does not form part of, this Information Memorandum (unless as expressly provided in this Information Memorandum).

**Notification under Section 309B of the Securities and Futures Act (Chapter 289) of Singapore**

All Notes shall be "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in the Monetary Authority of Singapore ("**MAS**") Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

**PRIIPS REGULATION PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended the "**PRIIPs Regulation**") for offering or selling the Notes

or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

## Summary

*The following is a brief summary only and should be read in conjunction with the rest of this Information Memorandum and, in relation to the Notes, in conjunction with the Deed Poll (as defined below) and the Terms. Capitalised expressions in this section which are not otherwise defined have the meanings given in clause 15.2 of the Terms.*

| | |
|---|---|
| **Issuer**: | ClearView Wealth Limited (ABN 83 106 248 248) |
| **Lead Manager**: | National Australia Bank Limited (ABN 12 004 044 937) |
| **Registrar**: | Austraclear Services Limited (ABN 28 003 284 419) or any other person appointed by the Issuer to maintain the Register and perform any payment and other duties as specified in that agreement. |
| **Form of Notes:** | Notes will take the form of entries in a register. No certificate will be issued unless the Issuer determines that certificates should be available or are required by any applicable law. |
| **Deed Poll**: | Holders of Notes will have the benefit of a deed poll executed by the Issuer on or around the Issue Date ("**Deed Poll**") in relation to the Notes held by them. |
| **Title**: | 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 error. |
| **Maturity Date**: | 5 November 2030 or if that day is not a Business Day, the preceding Business Day. |
| **Status and Ranking of the Notes**: | Notes are not secured over the assets of any member of the ClearView Group. They are not guaranteed and are not policies with any member of the ClearView Group for the purposes of the Life Insurance Act 1995 of Australia ("**Life Insurance Act**").<br><br>The Notes constitute direct and unsecured subordinated obligations of the Issuer, ranking:<br><br>(a) ahead of the claims of all Junior Subordinated Creditors;<br><br>(b) equally without any preference among themselves;<br><br>(c) equally with the claims of all Pari Passu Subordinated Creditors; and<br><br>(d) behind the claims of Senior Creditors.<br><br>If Notes are required to be Converted on account of a Non-Viability Trigger Event (see "Conversion to Ordinary Shares of the Issuer following a Non-Viability Trigger Event" below), the position of a Holder in respect of those Notes will be as follows:<br><br>(a) if those Notes are Converted, the Holder will become a holder of the Conversion Number of Ordinary Shares, in which case the Ordinary Shares received may be worth significantly less than the Face Value of Notes held, and the Holder will rank for payment on a winding-up of the Issuer equally with other holders of Ordinary Shares; and<br><br>(b) if for any reason (including, without limitation, an Inability Event) Conversion of any Notes which are required to be Converted does not occur within 5 Business Days of the Conversion Date, then the relevant Holder's rights (including to Interest and payment of Face Value and to |

be issued with the Conversion Number of Ordinary Shares) in relation to such Notes will be immediately and irrevocably Written-off with effect on and from the Conversion Date.

Notes are claims on the Issuer. The Issuer is a non-operating holding company. A substantial majority of its assets are its investments in other members of the ClearView Group. Its claims in respect of those investments rank behind policyholders and other creditors in a winding-up of those companies.

**Interest payments:**

The Interest Payment Dates are 5 February, 5 May, 5 August and 5 November in each year and the Maturity Date or a Redemption Date with the first Interest Payment Date being 5 February 2021. If any of these dates is not a Business Day, the Interest Payment Date is the following Business Day, provided that the final Interest Payment Date falls on the Redemption Date or the Maturity Date (as adjusted if that day is not a Business Day). Payment of Interest is subject to the Solvency Condition (see below).

The Interest Rate will be calculated as follows:

**Interest Rate = Market Rate + Margin**

and expressed as a percentage per annum, where:

**Market Rate** means, for the Interest Period, the rate designated "BBSW" in respect of prime bank eligible securities having a tenor of 3 months, which ASX (or its successor as administrator of that rate) publishes through information vendors on the first Business Day of the Interest Period (or, if that rate is not published or is affected by obvious error, as determined by the Issuer having regard to comparable indices).

However, if the Issuer determines that a Rate Disruption Event has occurred, then, subject to APRA's prior written approval, the Issuer shall use as the Market Rate such Replacement Rate as it may determine and shall make such adjustments to the Terms as it determines are reasonably necessary to calculate distributions in accordance with such Replacement Rate.

In making these determinations, the Issuer:

– shall act in good faith and in a commercially reasonable manner;
– may consult with such sources of market practice as it considers appropriate; and
– may otherwise make such determination in its discretion.

*Holders should note that APRA's approval may not be given for any Replacement Rate it considers to have the effect of increasing the rate of interest contrary to applicable prudential standards.*

Broadly, a "**Rate Disruption Event**" occurs when, in the Issuer's opinion, BBSW:

– has been discontinued or otherwise ceased to be calculated or administered; or
– is no longer generally accepted in the Australian market as a reference rate appropriate to floating rate debt securities of a tenor and interest period comparable to that of the Notes.

Broadly, "**Replacement Rate**" means a rate that is generally accepted in the Australian market as the successor to the BBSW, or if the Issuer is not able, after making reasonable efforts, to ascertain such rate, or there is no such rate:

- a reference rate that is, in the Issuer's opinion, appropriate to floating rate debt securities of a tenor and interest period most comparable to that of the Notes; or
- such other rate as the Issuer determines having regard to available comparable indices; and

**Margin** means 6.00% per annum.

**Solvency Condition**:

When the Issuer is not in a winding-up:

(a) no amount is due and payable by the Issuer in respect of the Notes unless, at the time of, and immediately after, the payment, the Issuer is Solvent ("**Solvency Condition**"). A certificate signed by two directors or a director and a secretary of the Issuer is sufficient evidence as to whether or not the Issuer is Solvent unless it is proved to be incorrect; and

(b) if all or any part of an amount that otherwise would be due and payable under the Terms is not due and payable because at the time of, and immediately after, the payment the Issuer would not be Solvent then, subject to clause 3.3 of the Terms, Holders have no claim or entitlement in respect of such non-payment and such non-payment does not constitute an Event of Default.

If the Issuer does not make a payment because the Solvency Condition is not satisfied, such non-payment does not constitute an Event of Default. However, any unpaid amounts of Interest will accumulate and accrue interest until the date of payment and will be payable on the first Interest Payment Date on which the Issuer satisfies the Solvency Condition.

Interest will cease to be payable if Notes have been Converted or Written-off on account of a Non-Viability Trigger Event. This includes any Interest that has not been paid because of the Solvency Condition.

**Redemption of Notes on Maturity Date**:

The Issuer shall Redeem each Note on the Maturity Date by payment of its Face Value (together with any Interest accrued to (but excluding) the Maturity Date) unless:

(a) the Note has been previously Redeemed;

(b) the Note has been purchased by the Issuer and cancelled; or

(c) it has been Converted or Written-off.

**Early Redemption of Notes**:

Subject to certain conditions and requirements set out below, the Issuer may Redeem:

(a) all or some of the Notes on 5 November 2025 or an Interest Payment Date occurring after that date ("**Optional Redemption Date**"); and

(b) all (but not some only) Notes at any time if a Tax Event or Regulatory Event occurs,

by payment of their Face Value (together with any Interest accrued to (but excluding) the Redemption Date).

The Issuer must give at least 15 Business Days (and no more than 45 Business Days) notice to the Registrar and the Holders of any early Redemption of Notes in accordance with the Terms. Such notice must be given in accordance with the Terms and the Deed Poll and specify the Redemption Date, which must be a Business Day.

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| | The Issuer may only Redeem Notes early if:<br>(a) either:<br>(i) prior to or concurrently with Redemption, the Issuer replaces the Notes with Relevant Subordinated Instruments or Ordinary Shares and the replacement is done under conditions that are sustainable for the income capacity of the Issuer; or<br>(ii) the Issuer obtains confirmation from APRA that APRA is satisfied, having regard to the capital position of the ClearView Group, that the Issuer does not have to replace the Notes; and<br>(b) APRA has given its prior written approval of the Redemption.<br>*Holders should note that any approval is at APRA's discretion and may not be given.*<br>Notes will not be Redeemed if on the Redemption Date the Solvency Condition is not satisfied or if on or before that date Notes have been Converted or Written-off on account of a Non-Viability Trigger Event. |
| **Tax and Regulatory Events**: | **Tax Event** (as defined in the Terms) means broadly that the Directors receive an opinion that, as a result of a change in law or regulation in Australia on or after the Issue Date affecting taxation (which the Issuer did not expect on the Issue Date), there is more than an insubstantial risk which the Directors determine to be unacceptable that:<br>(a) the Issuer would be exposed to more than a de minimis adverse tax consequence in relation to the Notes;<br>(b) the Issuer would be required to pay Additional Amounts in respect of the Notes; or<br>(c) any interest payable in respect of the Notes is not or may not be allowed as a deduction for Australian income tax purposes.<br>A **Regulatory Event** (as defined in the Terms) means broadly that:<br>(a) the Directors receive an opinion that, as a result of a change in Australian law or regulation or any requirement of APRA on or after the Issue Date (which the Issuer did not expect on the Issue Date), additional requirements would be imposed on the Issuer in connection with the Notes, which the Directors determine, in their absolute discretion, would have a not insignificant adverse impact on the Issuer; or<br>(b) following a notification from, or announcement or determination by, APRA, the Directors determine in their absolute discretion that APRA objects, or will object, to the ClearView Group using, or having used, the proceeds of issue of some or all of the Notes to fund or support the funding of Tier 2 Capital of a Regulated Entity within the ClearView Group. |
| **Holders have no right to request Redemption or Conversion**: | A Holder cannot require the Issuer or any other person to Convert or Redeem (or otherwise purchase) a Note prior to the Maturity Date. |
| **Conversion to Ordinary Shares of the Issuer following a Non-** | The Issuer may be required to Convert Notes into Ordinary Shares if a Non-Viability Trigger Event occurs. This feature is required to be included so that the Issuer may use the proceeds of the issue of Notes to fund or support the funding |

**Viability Trigger Event**:

of Tier 2 Capital of a Regulated Entity within the ClearView Group.

A Non-Viability Trigger Event occurs upon:

(a) the issuance of a notice, in writing, by APRA to the Issuer that the conversion to Ordinary Shares or write-off of Relevant Subordinated Instruments in accordance with their terms or by operation of law is necessary because, without it, APRA considers that the Issuer would become non-viable; or

(b) a determination by APRA, notified in writing to the Issuer, that without a public sector injection of capital, or equivalent support, the Issuer would become non-viable.

The point of "non-viability" is entirely within the discretion of APRA. APRA has not published extensive guidance on what might constitute or amount to "non-viability". APRA has not yet made a determination of non-viability. "Non-viability" is expected to include serious impairment of the Issuer's financial position and solvency, but may not be confined to solvency measures and capital ratios and may include other matters, such as liquidity. APRA has indicated that it may regard non-viability as occurring well before an entity is at risk of becoming insolvent.

If a Non-Viability Trigger Event occurs under paragraph (b) above, all Notes will be required to be Converted. If a Non-Viability Trigger Event occurs under paragraph (a) above, the Issuer must immediately determine in accordance with APRA's determination the amount of Notes that will be Converted and the amount of other Relevant Subordinated Instruments which will be converted or written-off and the identity of the Holders at the time that the Conversion is to take effect on that date. Relevant Perpetual Subordinated Instruments (if any) would be Converted ahead of the Notes and other Relevant Term Subordinated Instruments. The relevant amount of Notes must be Converted on the Conversion Date (being the date the Non-Viability Trigger Event occurs).

On Conversion, Holders will receive the Conversion Number of Ordinary Shares. The Conversion Number of Ordinary Shares may be worth significantly less than the Face Value of Notes and a Holder may suffer a loss as a consequence of Conversion.

The Conversion Number will be calculated by the Issuer in accordance with the following formula:

$$\textbf{Conversion Number} \text{ for each Note} = \frac{\text{Face Value}}{0.99 \times \text{VWAP}}$$

subject to the Conversion Number being no greater than the Maximum Conversion Number,

where:

**VWAP** (expressed in dollars and cents) means the VWAP during the VWAP Period; and

**Maximum Conversion Number** means a number calculated according to the following formula:

$$\text{Maximum Conversion Number} = \frac{\text{Face Value}}{0.20 \times \text{Issue Date VWAP}}$$

where:

**Issue Date VWAP** means the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding but not including the Issue Date, as adjusted in accordance with the Terms.

From the Conversion Date, the Issuer shall treat the Holder in respect of the Notes as the holder of the Conversion Number of Ordinary Shares and will take all such steps, including updating any of its registers, required to record the Conversion.

**Write-off if Conversion does not occur when required**: If Notes which are required to be Converted following the occurrence of a Non-Viability Trigger Event are not Converted for any reason (including, without limitation, an Inability Event) within 5 Business Days of the Conversion Date, the Holders' rights (including to the Interest and the payment of Face Value and to be issued with the Conversion Number of Ordinary Shares) in relation to such Notes will be immediately and irrevocably written-off and terminated.

**Events of Default**: An Event of Default occurs in relation to the Notes if:

(a) subject to clause 2.2 of the Terms relating to the Solvency Condition, the Issuer fails to pay any amount of principal or Interest within 14 days of the due date for payment; or

(b) an:

(i) order is made by a court and the order is not successfully appealed or permanently stayed within 60 days of the making of the order, or

(ii) an effective resolution is passed,

for the winding-up of the Issuer, in each case other than for the purposes of a consolidation, amalgamation, merger or reconstruction which has been approved by a Special Resolution of the Holders or in which the surviving entity has assumed or will assume expressly or by law all obligations of the Issuer in respect of the Notes.

Non-payment because the Solvency Condition has not been satisfied does not constitute an Event of Default.

At any time after the occurrence of an Event of Default under paragraph (a) above (i.e. non-payment of principal or Interest) which continues unremedied, the Holder of any Notes may without further notice bring proceedings:

(a) to recover any amount then due and payable but unpaid on the Notes (subject to the Solvency Condition);

(b) to obtain a court order for specific performance of any other obligation in respect of the Notes; or

(c) for the winding-up of the Issuer.

At any time after the occurrence of an Event of Default under paragraph (b) above (i.e. where a court order is made or an effective resolution is passed for the winding-up of the Issuer) which continues unremedied, the Holder of any Notes may declare by notice to the Issuer that the Face Value of each Note (together with Interest accrued but unpaid to the date for payment) is payable on a date specified in the notice and, subject to clause 2.1 of the Terms, may prove in the winding-up of the Issuer for that amount but may take no further action to enforce the obligations of the Issuer for payment of any principal or Interest in respect of the Notes. For the avoidance of doubt, the Holder may not make such a declaration (or prove in any such winding-up) when Interest is not

paid because the Solvency Condition has not been satisfied.

The Holder may not exercise any other remedies (including any right to sue for damages which has the same economic effect as acceleration) as a consequence of an Event of Default or other default other than as specified in the Terms.

**Issue of Ordinary Shares to a Sale and Transfer Agent**:

If Notes are required to be Converted and:

(a) the Holder has notified the Issuer that it does not wish to receive Ordinary Shares as a result of Conversion, which notice may be given at any time on or after the Issue Date and no less than 15 Business Days prior to the Conversion Date;

(b) the Holder is an Ineligible Holder;

(c) for any reason (whether or not due to the fault of the Holder), the Issuer has not received the information required for Conversion prior to the Conversion Date and the lack of such information would prevent the Issuer from issuing the Ordinary Shares to the Holder on the Conversion Date; or

(d) FATCA Withholding is required to be made in respect of the Ordinary Shares to be issued upon Conversion,

then, on the Conversion Date, the Holder's rights (including to payments of Interest or Additional Amounts, or the repayment of principal) in relation to each such Note being Converted will be immediately and irrevocably terminated for an amount equal to the Face Value and the Issuer will apply the Face Value of each Note by way of payment for the subscription for the allotment and issue by the Issuer of the Conversion Number of Ordinary Shares to one or more Sale and Transfer Agents for no additional consideration and on terms that at the first opportunity the Sale and Transfer Agent will sell the Ordinary Shares at market value and pay the Proceeds to the relevant Holder or, in the case of a FATCA Withholding, will deal with the Ordinary Shares and any proceeds of sale as required by FATCA. Each Holder is taken to have irrevocably directed that any amount payable under the above paragraph (a) is to be applied as provided for in the above paragraph (a) and Holders do not have any right to payment in any other way.

If the Conversion of Notes to which this applies does not occur within five Business Days of the Conversion Date, then Holders' rights will be immediately and irrevocably terminated in accordance with the Terms. The Issuer has no liability to a Holder for the acts of any Sale and Transfer Agent appointed to sell the Ordinary Shares upon the occurrence of a Non-Viability Trigger Event and has no, nor owes any, duties in connection with any such sale and has no responsibility for any costs, losses, liabilities, expenses, demands or claims which arise as a result of such sale.

**Regulatory treatment of Notes**:

APRA has advised that it has no objection to the Issuer's intention to use the proceeds of the issue of the Notes to fund the issuance of Tier 2 Capital of a Regulated Entity within the ClearView Group.

**No set-off in relation to Notes**:

Neither the Issuer nor any Holder has a right to set off any amounts, merge accounts or exercise any other rights the effect of which is or may be to reduce any amount payable by the Issuer in respect of Notes held by the Holder or by the Holder to the Issuer (as applicable).

**Substitution of Approved Acquirer**:

If an Acquisition Event occurs and the bidder (or its ultimate holding company) or the person having a relevant interest in the Ordinary Shares after the scheme is implemented (or any entity that Controls the bidder or the person having the

relevant interest) is an Approved Acquirer, the Issuer may without the consent of the Holders (but with the prior approval of APRA) amend the terms of the Notes such that, unless APRA otherwise agrees, on a Conversion Date:

(a) each Note that is being Converted in whole will be automatically transferred by each Holder free from encumbrance to the Approved Acquirer on the Conversion Date;

(b) each Holder of the Notes being Converted (or a Sale and Transfer Agent, if applicable, subject to necessary changes, to such Approved Acquirer Ordinary Shares) will be issued a number of Approved Acquirer Ordinary Shares equal to the Conversion Number and the Conversion mechanics that would have otherwise been applicable to the determination of the number of Ordinary Shares shall apply (with any necessary changes) to the determination of the number of such Approved Acquirer Ordinary Shares; and

(c) as between the Issuer and the Approved Acquirer, each Note held by the Approved Acquirer as a result of the transfer will be automatically Converted into a number of Ordinary Shares the aggregate market value of which equals the prevailing principal amount of that Note.

The Issuer may make such other amendments to the Terms as in the Issuer's reasonable opinion are necessary and appropriate in order to effect the substitution of an Approved Acquirer as the issuer of the ordinary shares to be delivered upon Conversion in the manner contemplated by the Terms and consistent with the requirements of APRA in relation to Tier 2 Capital.

An "**Acquisition Event**" means:

(a) a takeover bid (as defined in the Corporations Act) is made to acquire all, or some of, the Ordinary Shares and such offer is, or becomes, unconditional and either:

    (i) the bidder has at any time during the offer period, a relevant interest in more than 50% of the Ordinary Shares on issue; or

    (ii) the directors of the Issuer, acting as a board, issue a statement that at least a majority of its directors who are eligible to do so have recommended acceptance of such offer (in the absence of a higher offer); or

(b) a court orders the holding of meetings to approve a scheme of arrangement under Part 5.1 of the Corporations Act, which scheme would result in a person having a relevant interest in more than 50% of the Ordinary Shares that will be on issue after the scheme is implemented and:

    (i) all classes of members of the Issuer pass all resolutions required to approve the scheme by the majorities required under the Corporations Act, to approve the scheme;

    (ii) an independent expert issues a report that the proposals in connection with the scheme are in the best interests of the holders of Ordinary Shares; and

    (iii) all conditions to the implementation of the scheme, including any necessary regulatory or shareholder approvals (but not including approval of the scheme by the court), have been satisfied or waived.

**Certain events that result in a Delisting Event**

If:

(a) a takeover bid is made to acquire all or some of the Ordinary Shares, acceptance of which is recommended by the Directors; or

(b) a court orders the holding of meetings to approve a scheme of arrangement with the holders of Ordinary Shares, the approval of which is recommended by the Directors,

in each case which if completed would result in a Delisting Event (and would not be an Approved Acquisition Event), then the Directors will use reasonable endeavours to procure that Holders receive or shall have received, fair offers with respect to their holdings of Notes or an entitlement to participate in the scheme.

A "**Delisting Event**" occurs when the Issuer's Ordinary Shares cease to be quoted on ASX.

**Amendments to the Terms or the Deed Poll**:

At any time and from time to time, but subject to compliance with the Corporations Act and all other applicable laws, the Issuer may, without the consent of the Holders, amend the Terms or the Deed Poll if the Issuer is of the opinion that such amendment is:

(a) of a formal or technical or minor nature;

(b) made to cure any ambiguity or correct any manifest error;

(c) necessary or expedient for the purpose of enabling the Notes to be offered for subscription or for sale under the laws for the time being in force in any place;

(d) necessary to comply with the provisions of any statute or the requirements of any statutory authority;

(e) in any other case, not materially prejudicial to the interests of the Holders as a whole,

provided that, in the case of an amendment pursuant to paragraph (c), (d) or (e), the Issuer has received an opinion of independent legal advisers of recognised standing in New South Wales that such amendment is otherwise not materially prejudicial to the interests of Holders as a whole.

For the purposes of determining whether an amendment is not materially prejudicial to the interests of Holders as a whole, the taxation and regulatory capital consequences to a Holder (or any class of Holders) and other special consequences or circumstances which are personal to a Holder (or any class of Holders) do not need to be taken into account by the Issuer or its legal advisers.

Unless the Issuer may amend the Terms without consent of the Holders, the Issuer may amend the Terms with the approval of the Holders by Special Resolution in accordance with the Deed Poll.

Prior to any amendment under the Terms, the Issuer must obtain any consent needed to the amendment and, in particular, any amendment which may cause APRA to object to ClearView Group using, or having used, the proceeds of the issue of some or all of the Notes to fund or support the funding of Tier 2 Capital of a Regulated Entity within the ClearView Group, is subject to the prior written consent of APRA.

**Austraclear**:

If Notes are lodged in the Austraclear System, the Registrar will enter

Austraclear in the Register as the Holder of those Notes. While those Notes remain in the Austraclear System, all dealings (including transfers and payments) in relation to those Notes within the Austraclear System will be governed by the regulations for the Austraclear System (but without affecting any Term which may cause APRA to object to the ClearView Group using or having used the proceeds of the Notes to fund or support the funding of Tier 2 Capital of a Regulated Entity within the ClearView Group).

Where Austraclear is recorded in the Register as the Holder, each person in whose Security Record (as defined in the Austraclear Regulations) a Note is recorded is deemed to acknowledge in favour of the Registrar and Austraclear that:

(a) the Registrar's decision to act as the Registrar of the Note does not constitute a recommendation or endorsement by the Registrar or Austraclear in relation to the Note but only indicates that such Note is considered by the Registrar to be compatible with the performance by it of its obligations as Registrar under its agreement with the Issuer to act as Registrar of the Note; and

(b) the Holder does not rely on any fact, matter or circumstance contrary to (a) above.

For the purposes of determining entitlements to Ordinary Shares on Conversion of a Note held in the Austraclear System, the person in whose Security Record that Note is held in the Austraclear System will be deemed to be the Holder of that Note.

Any Holder who is not an Austraclear Participant (being a 'Participant' as defined in the Austraclear Regulations) will have to maintain arrangements with an Austraclear Participant in order to hold an interest in Notes or to receive any Ordinary Shares issued on Conversion. The Issuer has no responsibility for these arrangements or for the performance by any Austraclear Participant of its obligations.

Transactions relating to interests in the Notes may also be carried out through the settlement system operated by Euroclear Bank S.A./N.V. ("**Euroclear**") or the settlement system operated by Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). Interests in the Notes traded in the Austraclear System may be held for the benefit of Euroclear or Clearstream, Luxembourg. In these circumstances, entitlements in respect of holdings of interests in Notes in Euroclear would be held in the Austraclear System by a nominee of Euroclear (currently HSBC Custody Nominees (Australia) Limited) while entitlements in respect of holdings of interests in Notes in Clearstream, Luxembourg would be held in the Austraclear System by a nominee of J.P. Morgan Chase Bank, N.A. as custodian for Clearstream, Luxembourg.

The rights of a holder of interests in a Note held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations for accountholders of Euroclear and Clearstream, Luxembourg, the terms and conditions of agreements between Euroclear and Clearstream, Luxembourg and their respective nominee and the rules and regulations of the Austraclear System. In addition, any transfer of interests in a Note, which is held through Euroclear or Clearstream, Luxembourg will, to the extent such transfer will be recorded on the Austraclear System, be subject to the Corporations Act and the requirements for minimum consideration as set out in the Terms.

**Governing law**: The Notes and all related documentation will be governed by the laws of New South Wales, Australia.

**Use of proceeds**: The Issuer expects to use the net proceeds of the issue of the Notes for general corporate and/or capital management purposes, including to repay certain existing indebtedness of the Issuer and to fund or support the funding of Tier 2 Capital of a Regulated Entity within the ClearView Group.

**Selling Restrictions**: The offering, sale and delivery of Notes are subject to the rules, restrictions and operating procedures which may apply in connection with the offering and sale of the Notes. See also "Subscription and Sale" below.

It is the Issuer's expectation that any Ordinary Shares issued on Conversion of Notes will be freely tradeable.

**Transfer**: Notes may only be transferred in whole but not in part.

Where Notes are not lodged in the Austraclear System, subject to the transfer restriction described below, all applications to transfer Notes must be made by lodging with the Registrar a properly completed transfer and acceptance form in the form approved by the Issuer and the Registrar signed by both the transferor and the transferee. Transfer and acceptance forms are available from any Registry Office.

Notes which are lodged in the Austraclear System will be transferable only in accordance with the Austraclear Regulations.

Notes may only be transferred:

(a) pursuant to offers received in Australia if:

(i) the aggregate consideration payable at the time of transfer is at least A$500,000 (disregarding moneys lent by the transferor or its associates) or the Notes are otherwise transferred in a manner which does not require disclosure in accordance with Part 6D.2 or Part 7 of the Corporations Act; and

(ii) the transfer does not constitute an offer to a "retail client" as defined for the purposes of section 761G of the Corporations Act; or

(b) between persons in a jurisdiction or jurisdictions other than Australia if the transfer is in compliance with the laws of the jurisdiction in which the transfer takes place and the transfer of the Notes otherwise does not require disclosure to investors in accordance with the laws of the jurisdiction in which the transfer takes place.

Notes will not be transferable on the Register so long as Austraclear Services Limited is the Registrar and Notes are lodged in the Austraclear System, except:

- for the purposes of any Conversion, Write-Off, Redemption, repurchase or cancellation of a Note, a transfer of that Note from Austraclear to the Issuer may be entered in the Register; and
- if Austraclear exercises or purports to exercise any power it may have under the Austraclear Regulations from time to time for the Austraclear System or the Terms, to require a Note to be transferred on the Register to a member of the Austraclear System, that Note may be transferred on the Register from Austraclear to the member of the Austraclear System.

In any of these cases, the Note will cease to be held in the Austraclear System.

**Taxes**: A general description of the Australian taxation consequences of investing in the Notes is set out in the section entitled "Australian Taxation" below. However, investors should obtain their own taxation advice regarding the taxation status

of investing in Notes.

**Stamp duty**: Any stamp duty incurred at the time of issue of the Notes will be for the account of the Issuer. Any stamp duty incurred on a transfer of Notes will be for the account of the relevant investors. As at the date of this Information Memorandum, no Australian stamp duty should be payable on the issue, transfer or redemption of Notes. See the section entitled "Australian taxation – Other Australian tax matters – stamp duty and other taxes" below.

**Withholding tax**: If a law requires the Issuer to withhold or deduct an amount in respect of Taxes from a payment in respect of the Notes, the Issuer will deduct the amount for the Taxes. See the sections entitled "Australian Taxation" and "U.S. Foreign Account Tax Compliance Act and OECD Common Reporting Standard" below.

**Listing**: The Notes will not be listed on any stock exchange. The Issuer will use all reasonable endeavours to list Ordinary Shares issued upon Conversion on the ASX.

**Ratings**: The Issuer is rated **BBB** by Fitch Australia Pty Ltd (ABN 93 081 339 184) ("**Fitch**").

A credit rating is not a recommendation to buy, sell or hold the Notes and may be subject to revision, variation, suspension or withdrawal at any time by the relevant assigning organisation. Each credit rating should be evaluated independently of any other credit rating. Credit ratings may not reflect the potential impact of all risks and factors that may affect the value of the Notes.

*Credit ratings are for distribution only to a person: (a) who is not a "retail client" within the meaning of section 761G of the Corporations Act and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Parts 6D.2 or 7.9 of the Corporations Act; and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive this Information Memorandum and anyone who receives this Information Memorandum must not distribute it to any person who is not entitled to receive it.*

# Description of the Issuer

***Introduction***

The Issuer, ClearView Wealth Limited ("**ClearView**"), is an ASX-listed diversified financial services company. ClearView's current operating structure comprises of three core business segments: life insurance, wealth management and financial advice.

ClearView was created in its current form in 2010 (but the origins of the company date back to 1976) with the objective of building a challenger brand given the following considerations at that time:

- consolidation in the market opened up an opportunity for a new entrant focused on third party financial advisers;
- incumbents were tied up in legacy issues – multiple systems and pricing issues on profitable back books;
- ability to cross sell to capitalise on growing convergence of life insurance and superannuation; and
- deliberate strategic decision not to participate in group life insurance or consumer credit insurance.

ClearView generates its revenue by manufacturing and distributing life insurance, superannuation and investment products, and providing licensing and support services to financial advisory practices.

**Life insurance**

ClearView manufactures products for the advised life insurance market. ClearView currently does not participate in the direct life insurance, consumer credit insurance or group life insurance market segments.

ClearView's product suite is branded 'LifeSolutions' and was launched in December 2011. It was launched to be a high-quality advice-based product suite, providing top quartile benefits and terms at market competitive prices.

LifeSolutions was on 592 approved product lists of financial advisers ("**APLs**") as at 30 June 2020 and intends to capitalise on the opening up of APLs. The advice market is starting to broaden their APLs, driven by changing client expectations, adviser demand and consolidation or closure of the larger dealer groups. Gaining access to larger licensees will materially expand ClearView's distribution footprint over time.

LifeSolutions' policies are issued by ClearView Life Assurance Limited ("**ClearView Life**") or via the ClearView Retirement Plan (ClearView's superannuation fund). Its products include term life, permanent disability, trauma and critical illness benefits, child cover, accident cover, income protection and business expense covers.

ClearView Life also has an in-force portfolio of non-advice life protection products that were previously sold through direct marketing and related channels. The products include term life, accidental death, injury cover, trauma and critical illness and funeral insurance. These products are no longer marketed to customers. The direct life insurance business was closed in May 2017.

**Wealth management**

ClearView is a provider of wealth management products in Australia's retail funds management industry.

ClearView began making a significant investment in its wealth management business in the 2015 financial year.

ClearView's wealth management solutions, which include a range of model portfolios and investment administration platforms, are only accessible through financial advisers. The products include two investment and administration platforms: WealthSolutions and WealthFoundations.

WealthSolutions is currently an outsourced investment and administration platform issued via the ClearView Retirement Plan (super and pension) and ClearView Financial Management (investor directed portfolio service). WealthSolutions includes a broad menu of investment funds, ASX-listed shares, term deposits, ClearView managed funds and Separately Managed Account ("**SMA**") offerings. It also provides a number of model portfolios managed by ClearView Group for superannuation and non-superannuation investors.

WealthFoundations is a simple superannuation and retirement income investment and administration solution issued by the ClearView Retirement Plan and underwritten by ClearView Life. It offers a range of model portfolios. Products include superannuation and allocated pension products, issued via the ClearView Retirement Plan. WealthFoundations includes a menu of investment options with transparent investment in underlying funds.

It is intended that ClearView's primary superannuation life insurance portfolio be transferred to the HUB24 Superannuation Fund (and continue to be administered by ClearView) in 1H FY21, subject to relevant trustee approvals and regulatory requirements.

ClearView also provides wealth management products via a Master Trust (life investment contracts issued by ClearView Life) and managed investment schemes ("**MIS**"). The Master Trust product is effectively a closed book with a portion of the portfolio in the pension phase. It includes ordinary savings, superannuation and allocated pension products, with the latter two provided via the ClearView Retirement Plan.

The MIS products are issued via CFML as the ASIC licensed responsible entity and include MIS products available on ClearView Group's WealthSolutions platform and external platforms.

**Financial advice**

ClearView's financial advice businesses feature:

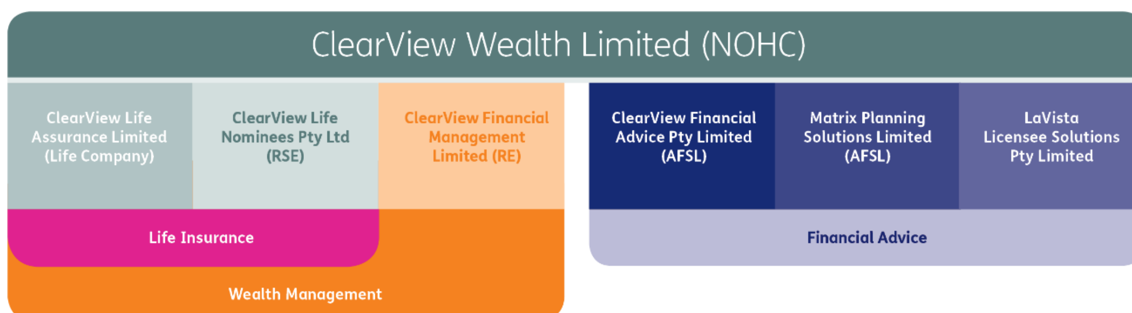
- two dealer groups, namely ClearView Financial Advice Pty Limited ("**CFA**") and Matrix Planning Solutions Limited ("**Matrix**"); and

- outsourced business-to-business ("**B2B**") licensee services to self-licensed and third party Australian Financial Services Licence ("**AFSL**") Holders providing financial advice. LaVista Licensee Solutions Pty Limited ("**LaVista Licensee Solutions**") was launched in November 2018.

CFA and Matrix provide licensing services and business support to 212 financial advisers. LaVista Licensee Solutions has 16 financial adviser practices (52 financial advisers) using its services as at 30 June 2020.

***Group structure***

ClearView Group subsidiaries currently hold a number of licences. The regulated ClearView Group entities are shown in the diagram below.




ClearView is regulated as a Non-Operating Holding Company ("**NOHC**") by APRA under the Life Insurance Act and its subsidiaries hold the following licences:

- ClearView Life – an APRA life insurance registration and AFSL authorising the issue of life insurance products;
- ClearView Life Nominees Pty Ltd ("**CLN**") – an APRA registrable superannuation entity ("**RSE**") licence and AFSL authorising it to issue superannuation products;
- ClearView Financial Management Limited ("**CFML**") – an AFSL authorising it to act as responsible entity ("**RE**") of managed investment schemes and operate Investor Directed Portfolio Services ("**IDPS**"); and
- ClearView Financial Advice Pty Limited ("**CFA**") and Matrix Planning Solutions Limited ("**MPS**") – AFSLs authorising the provision of financial advice.

ClearView Administration Services Pty Limited ("**CAS**") was incorporated to centralise the administrative responsibilities of the group which includes being the employer of all staff within the ClearView Group. CAS recoups all expenditure by virtue of a management fee from the various group companies and operates on a cost recovery basis (in accordance with an inter group agreement).

During the June 2020 financial year, the ClearView Group has undertaken a corporate re-organisation to flatten and simplify the group structure and to align with evolving regulatory requirements. In this process, ClearView Wealth Limited purchased all the shares in:

- CLN from ClearView Life for consideration of $3.6 million (net asset value); and
- CFML from ClearView Group Holdings Pty Limited for a consideration of $8.1 million (net asset value).

The proceeds from these transactions were used to provide capital funding to ClearView Life Statutory Fund No. 1. As a result of the re-organisation, both CLN (the trustee for ClearView Retirement Plan) and CFML (RE for ClearView Managed Investments and ClearView Pooled Funds) became directly owned by ClearView Wealth Limited, the ultimate parent company of the ClearView Group.

***Business focusses in the 2020 financial year***

The financial services industry continues to grapple with major challenges including unprecedented regulatory and structural change and severe underperformance, due largely to escalating income protection claims.

In the current environment, ClearView's relatively strong balance sheet and liquidity position supports its ability to continue meeting its obligations to policyholders and customers, as highlighted by the items below:

- Net shareholder cash position of $212 million as at 30 June 2020. Shareholder capital is conservatively invested in the large institutional Australian banks, with a focus on retaining a strong and conservative cash position.
- The majority of ClearView's shareholder capital is not exposed to mark-to-market movements.
- Past policy acquisition costs of $347 million are reflected on balance sheet (as at 30 June 2020) and this asset converts to cash as future premiums are collected (subject to lapse risk). This asset is not counted for regulatory capital purposes under the APRA capital standards.
- Embedded Value (**EV**) of $643.4 million or 95.3 cents per share at 30 June 2020. The EV calculation reflects the cash flow generation from the in-force portfolios.
- ClearView Life is rated BBB+, Outlook Stable IFS rating by Fitch.
- ClearView Life's LifeSolutions product range is heavily reinsured with Swiss Re Life and Heath Australia (**Swiss Re**). An incurred claims treaty is now in place to protect reinsurance recoveries for both lump sum and income protection claims to manage the counterparty risk.
- ClearView has in a place a $60 million debt funding facility with National Australia Bank Limited as the financier, which had been fully drawn down as at 30 June 2020. The facility was recently extended for a further three-year period, with a new maturity date of 1 April 2024.

The decline in the financial performance of the business for the year ended 30 June 2020 was driven by poor underlying claims performance in the Life Insurance segment ($12.5 million) and material changes to claims assumptions, including an allowance for an expected increase in COVID-19 related claims ($5.9 million). However on 14 October 2020, ClearView reported a material improvement in life insurance claims performance and solid growth in in-force premiums as part of its Q1 FY21 performance update. COVID-19 is likely to drive a further increase in income protection claims from the secondary economic impacts of the pandemic, including social and health challenges.

These results reflect broader industry trends and should be viewed in the context of overall industry performance, amidst extremely difficult market conditions. For the year ending 31 March 2020, the life insurance industry risk products lost $1.65 billion, largely attributable to a $1.4 billion loss on income protection. This extended five-year industry income protection losses to nearly $3 billion.

ClearView has taken steps to reset the business with a focus on long-term sustainability, more details of which are set out below. FY21 will be a transitional year for ClearView, as it seeks to consolidate its infrastructure and deliver fit-for-purpose products that meet customer expectations and generate sustainable returns for shareholders.

*Structural changes in the life insurance industry*

Deteriorating performance across the industry saw APRA recently intervene to start to force structural change. APRA's actions included a range of income protection sustainability measures including a review of the design and pricing of income protection products, a ban on the sale of certain income protection benefits, and a 'Pillar 2' capital charge on all life insurance participants that sell income protection products.

APRA recently completed an individual disability income insurance ("**IDII**") thematic review which involved asking companies to conduct a self- assessment in relation to strategy and governance, pricing and profitability, improving data quality and resourcing.

ClearView is supportive of APRA's measures to address the poor performance of income protection and move it to a sustainable state. The effectiveness of APRA's intervention will be important for the industry to achieve acceptable longer-term margins.

In response, ClearView has acted swiftly to address challenges presented by both deteriorating industry profitability and COVID-19.

ClearView has prepared an income protection action plan, which includes a body of work to ensure the ClearView Group's products are appropriate and satisfy the regulator's intent and requirements.

ClearView made an early decision to cease the sale of its Agreed Value income protection contracts in mid-March (earlier than required by APRA) and shifted its focus to policy retention to manage price changes and COVID-19 impacts, including providing alternatives to customers to improve premium affordability.

ClearView also implemented price changes to its flagship LifeSolutions product from April 2020 and launched a new simplified Indemnity 60 income protection option, as a cost-effective alternative to the existing indemnity payment type.

Changes have also been made to lapse and claims assumptions to allow for price increases, increased claims and reinsurance costs, and potential impacts from COVID-19.

While allowances have been made in the ClearView Group's updated claims and lapse assumptions as at 30 June 2020, the fluidity of the COVID-19 situation means actual experience relative to the revised assumptions will need to be closely monitored.

On 14 October 2020, ClearView reported a material improvement in profitability driven by strong underlying claims performance in the life insurance segment in Q1 FY21. Lapses were slightly higher than expected but retention strategies remain in place.

*IT transformation*

ClearView continues to invest in its infrastructure and, during FY20, a number of critical IT projects commenced. ClearView continues to explore the implementation of a new life insurance Policy Administration System ("**PAS**") and the implementation of a new Underwriting Rules Engine ("**URE**") has commenced. A proof of concept was successfully completed for the PAS in 2H FY20 (formal implementation assessment and plan now underway with business case approval now obtained from the relevant ClearView Group boards) and the selection of a URE provider complete (implementation phase in progress). The design, build and implementation of new customer solutions on an integrated end-to-end PAS is a key strategic focus. This platform is a key foundation to delivering high quality products supported by best-in-market customer service.

The comprehensive IT strategy review that was completed in 2H FY19 assessed the ClearView Group's technology, scoped the future technology needs of the business, and established a clear development roadmap for a robust, scalable platform that can grow as the business grows.

*Financial advice*

ClearView's financial advisory dealer groups have been consistently recognised for their commitment to advisers. In 2019, Matrix received the prestigious CoreData Licensee of the Year Award for the third consecutive year, cementing its position as a leading provider of services to financial advisers.

The key issues that continue to impact the financial performance of the segment include growing compliance costs, risks managing advice sector exposure (resulting in select growth in adviser numbers) and a general reduction in adviser productivity over time. A key priority for the business has been the repositioning and repricing of the dealer group offering to create a sustainable revenue model that better reflects the true cost of providing that support.

ClearView:

- has launched LaVista Licensee Solutions, an outsourced B2B licensee services offer to meet the needs of the growing number of self-licensed financial advisers and support services to third party dealer groups. This positions ClearView to capture opportunities arising from structural change;

- now offers comprehensive licensing and dealer services to professional financial advisers who want the backing of a well-resourced company but don't want to be aligned to a bank or institution;
- has continued investment in the rollout and enhancement of front-end compliance and monitoring technology (Lumen) across the dealer groups; and
- determined that, as part of the LaVista Licensee Solutions roll out and repositioning of its dealer groups over time, the intention is to replace the grandfathered revenue streams by building a sustainable revenue base that allows the dealer groups and LaVista Licensee Solutions to continually invest and support its financial adviser client base.

ClearView has made good progress improving its adviser footprint through its LaVista Licensee Solutions and Matrix brands. With the challenges facing advisers, ClearView considers it is well positioned due to the depth of its experience.

*Wealth management*

The current wealth management retail market continues to be impacted by platform (product) pricing and technology competition, technology cost and disintermediation (removal of rebates). ClearView's response to these issues has been a major project designed to:

- seek a modern replacement solution for its wrap technology that is well priced in the market but provides the ability for the wealth business to deliver simple and effective investment products across platforms;
- have a technology capability that is able to provide a simple master trust style product that is efficient for advisers to meet customer needs;
- address and close out the tax credit issue in its superfund. See also the section titled "CRP receivable – tax benefits on insurance premiums" in the Risks section below; and
- deliver new products to the market in the future.

ClearView has selected HUB24 Limited ("**HUB24**") as its strategic wrap platform provider following a comprehensive market review. Under the arrangement, it is intended that the funds under management in the WealthSolutions platform product will be migrated from the current WealthSolutions wrap platform to HUB24, subject to trustee and responsible entity approvals that it is in members' and unit holders' best interests, and all legal and regulatory requirements are met. The partnership is expected to deliver on ClearView's goals to seek a modern replacement solution for the wrap technology, substantially address the ClearView Retirement Plan ("**CRP**") receivable (tax benefits) issue and deliver competitive new products in the future.

ClearView's contemporary technology that runs and administers the WealthFoundations and traditional master trust style products remains with ClearView. The WealthFoundations product is focused on the need for financial advisers to drive efficiency and operate in the centre between industry funds and wrap platforms. The product is administered on the ClearView customised version of the contemporary IRESS technology system. The product strategy is driven by simplicity, transparency and efficiency. Further build out of the product will be required in FY21, including:

- upgrade of current front-end usability;
- integration into our life insurance product; and
- build out of an ordinary (non-superannuation) simple product.

***COVID-19 impact on ClearView's business***

The world is grappling with unprecedented circumstances including significant economic, social and health challenges caused by the COVID-19 pandemic. ClearView has assessed certain stress test

scenarios, as part of its response to managing risk in relation to COVID-19. These scenarios considered business impacts (both capital and profitability) from COVID-19, including direct COVID-19 claims impacts (based on assumed infection, mortality and morbidity rates), indirect claims impacts (economic downturn induced), asset value impacts, adverse impact on delivery of key projects, reduced sales and elevated lapses, and premium suspension impacts.

As a result, ClearView's COVID-19 response includes:

- focusing on customer retention (including investment in a retention team) to manage price changes and COVID-19 impacts by providing alternatives to customers to improve premium affordability;
- new product development, starting with the alternative 'Indemnity 60' life product (as described above);
- increasing claims management resourcing, deeper engagement with claimants and enhancing systems support;
- broadening distribution footprint to enter the larger addressable independent financial advisers market;
- the Simple WealthFoundations product (integrated with life) aimed at independent financial advisers seeking practice efficiency;
- a path to parity in ClearView's Financial Advice business segment to build a commercially sustainable business;
- repricing to profitable segments over time (stay ahead of the curve);
- material changes to the claims assumptions at 30 June 2020, including an allowance for shorter-term overlays to reflect expected COVID-19 related income protection claims (incidence and terminations) and an increase in complex claims; and
- changes to the lapse assumption to allow for shorter-term shock lapse overlays in response to price changes and secondary economic impacts from COVID-19.

ClearView also notes the following initiatives for customers as part of its COVID-19 response:

- no specific exclusions for claims arising from a pandemic event;
- worldwide cover, meaning our customers are covered should something happen outside Australia;
- healthcare workers are not prevented from accessing life insurance (in accordance with the Financial Services Council's Frontline Healthcare Worker initiative);
- LifeSolutions policies allow monthly premiums to be waived for up to three months, due to financial hardship caused by involuntary unemployment; and
- policyholders can put all or part of their cover on hold for up to 12 months, without having to go through the underwriting process again to reinstate cover.

***Regulatory overview and changes***

The financial services industry has faced unprecedented regulation, scrutiny and disruption over the past few years. Given the broader life insurance industry performance (in particular losses on income protection products) and extremely difficult market conditions, in response, APRA has intervened to start

forcing structural change.

ClearView is committed to meeting its obligations to all stakeholders including clients, advisers, shareholders and regulators.

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (**Royal Commission**) final report, released on 4 February 2019, contained 76 recommendations (and a range of related observations) which have significant implications for financial services entities. The proposed recommendations aim to raise the bar on ethical behaviour and accountability in financial services and rebuild trust in the sector.

The Treasurer has released an 'Implementation Roadmap' outlining a timetable for the introduction of legislative reform addressing the Royal Commission recommendations. Many reforms have been released by Treasury as draft legislation but a number are now law. ClearView has identified a number of key regulatory matters, which will have an impact on the industry including:

- design and distribution obligations and product intervention powers;
- life insurance-related reforms including the application of unfair contract terms to insurance and treating claims handling and settlement as a financial service;
- superannuation-related legislative reforms including 'Protecting Your Super', and 'Putting Members' Interests First';
- scrutiny on the management of conflicts of interest;
- increased focus on the subjective notion of fairness and community expectations; and
- advisers are now subject to a code of ethics and will need to meet higher educational requirements. This is expected to result in a certain cohort of advisers leaving the industry.

ClearView continues to push for open life insurance approved product lists to give all financial advisers autonomy to choose the most appropriate solution for their clients based on their personal circumstances, needs and goals. The industry has made some progress in this area and further progress will lead to substantial benefit for consumers, advisers and ClearView.

In response to the increasing regulatory focus on governance, culture, remuneration and accountability, the ClearView board and management are committed to uplifting the ClearView Group's Risk Management Framework to ensure robust risk management practices, that continues to embed a sound risk culture across the organisation. Over the past year, ClearView's board has set clear expectations on the delivery of the 'Group Risk and Culture Risk Transformation Program' that has been established to enhance the ClearView Group's Risk Management Framework to ensure it remains robust, fit-for-purpose for the ClearView Group's size and complexity, as well as supporting its strategy in delivering balanced and sustainable outcomes for members, policyholders and investors. This includes incorporating enhanced risk management practices and anticipating and responding to regulatory change and regulatory and community expectations.

ClearView remains subject to oversight and review by regulators. ClearView's principal regulators are APRA, ASIC, the Office of the Australian Information Commissioner and the Australian Transaction Reports and Analysis Centre ("**AUSTRAC**"), although other government agencies may have jurisdiction to regulate ClearView depending on the circumstances. The reviews and investigations conducted by regulators may be industry-wide or specific to ClearView and the outcomes of those reviews and investigations can vary and may lead, for example, to enforcement actions and the imposition of penalties, variations or restrictions to licences, the compensation of customers, enforceable undertakings or recommendations and directions.

***Shareholdings***

**Substantial shareholdings**

As at the date of this Information Memorandum, the following entities have notified ClearView that they hold a substantial holding in shares:

| Rank | Name | No. of shares as per notice | % of issue capital |
|---|---|---|---|
| 1 | CCP Bidco Pty Ltd and Associates[1] | 399,543,860 | 59.21% |
| 2 | Perpetual Corporate Trust Limited | 74,450,844 | 11.03% |
| 3 | Sony Life Insurance Co., Ltd[2] | 101,254,639 | 15.01% |

**Twenty largest shareholders**

| Rank | Name | No. of shares as per notice | % of issue capital |
|---|---|---|---|
| 1 | HSBC Custody Nominees (Australia) Limited | 138,288,639 | 20.49% |
| 2 | Perpetual Corporate Trust Limited | 66,950,844 | 9.92% |
| 3 | CCP Bidco Pty Ltd | 57,302,851 | 8.49% |
| 4 | CCP Trusco 4 Pty Limited | 43,582,632 | 6.46% |
| 5 | Citicorp Nominees Pty Limited | 36,804,456 | 5.45% |
| 6 | CCP Bidco Pty Limited | 33,786,569 | 5.01% |
| 7 | CCP Trusco 5 Pty Limited | 30,893,528 | 4.58% |
| 8 | CCP Trusco 1 Pty Limited | 28,458,809 | 4.22% |
| 9 | Portfolio Services Pty Ltd | 18,300,838 | 2.71% |
| 10 | BNP Paribas Noms Pty Ltd | 17,465,002 | 2.59% |
| 11 | CCP Trusco 3 Pty Limited | 16,262,175 | 2.41% |
| 12 | CCP Trusco 2 Pty Limited | 13,551,813 | 2.01% |
| 13 | Wintol Pty Ltd | 10,849,382 | 1.61% |
| 14 | Portfolio Services Pty Ltd | 10,304,057 | 1.53% |
| 15 | Mr Simon Swanson | 10,000,000 | 1.48% |
| 16 | Accuro Trust (Switzerland) SA | 8,235,295 | 1.22% |
| 17 | Perpetual Corporate Trust Ltd | 7,500,000 | 1.11% |
| 18 | J P Morgan Nominees Australia Pty Limited | 6,976,232 | 1.03% |
| 19 | National Nominees Limited | 6,801,710 | 1.01% |
| 20 | Avanteos Investments Limited | 5,550,000 | 0.82% |

[1] Crescent Capital Partners Management Pty Limited represent the interests of CCP Bidco Pty Limited (CCP Bidco) and Perpetual Corporate Trust Limited (Perpetual) as manager. Perpetual's 11.03% is therefore included in the 59.21% holding of CCP Bidco above.

[2] Sony Life Insurance Co., Ltd's (Sony Life) 15.01% shareholding is held through its custodian, HSBC Custody Nominees (Australia) Limited and under the Option Agreement signed with Crescent and therefore also included in the 59.21% holding of CCP Bidco above.

# Risks

**Investors must take or obtain their own advice with respect to investment and other risks.**

***This Information Memorandum describes only some of the risks of investing in the Notes. It does not describe all the risks of an investment in the Notes. If prospective investors are in any doubt about the risks associated with an investment in the Notes, they should consult their own professional, financial, legal and tax advisers about such risks and the suitability of investing in the Notes in light of their particular circumstances.***

## Risks associated with the Issuer and the ClearView Group

The ClearView Group's activities expose it to a variety of risks, both financial and non-financial. The key areas of risk include:

- asset risks, including investment market risk (interest rate risk and equity price risk), investment management risk, credit risk and liquidity risk;
- insurance risk;
- asset-liability mismatch risk;
- expense and discontinuance (lapses, withdrawals and loss of client) risks; and
- non-financial risks - regulatory environment, operational, external environment and strategic risks.

The key risks are discussed in more detail below.

***Risks associated with ClearView Assets and Policyholder Assets***

The primary asset risks borne by the ClearView Group relate to the financial assets of the ClearView Group excluding those in the non-guaranteed investment linked funds in ClearView Life's statutory fund No.4 (referred to below as **ClearView Assets**).

The primary asset risks relating to the financial assets in the non-guaranteed investment linked funds in ClearView Life's statutory fund No.4 are borne by policyholders as the investment performance on those assets is passed through, in full, to the policyholders (referred to below as **Policyholder Assets**). Nonetheless, the ClearView Group has a secondary exposure to the Policyholder Assets and off-balance sheet client funds, via the impact on the fees charged on those funds by the ClearView Group which vary with the level of policyholder and client funds under management and under administration, as well as related reputational exposure.

The key risks impacting the ClearView Assets are described below:

***Interest rate risk***

Interest rate risk arises on the ClearView Assets which are invested in fixed interest funds and cash. Interest rate risk is the risk of financial loss arising from adverse changes in interest rates. Interest rate risk is managed by the ClearView Group through:

- maintaining a level of interest rate exposure within the tolerances set by the Directors in the Risk Management Strategy ("**RMS**");
- investing the ClearView Assets in accordance with the Directors' approved Investment Policy and Guidelines; and
- holding capital reserves in accordance with the ClearView's Internal Capital Adequacy Assessment Process ("**ICAAP**") with respect to the residual interest rate risk exposure retained, in addition to the regulatory capital reserves held within ClearView Life in respect of interest rate risk.

### ***Equity price risk***

Equity price risk is the risk that the fair value of investments in equities decreases or increases as a result of changes in market prices, whether those changes are caused by factors specific to the individual share price or factors affecting all equity instruments in the market. As at 30 June 2020, the ClearView Assets were not invested in equities and therefore not exposed to equity price risk.

In contrast to this, the Policyholder Assets and other client funds under management and under administration, involve significant investment in equities. As noted above, the Policyholder Asset risks are borne by the policyholders.

The ClearView Group is exposed to secondary risks on its management and advice fees that are driven by the total funds under management and administration, as well as reputational risks from poor investment returns.

The investment of the Policyholder Assets and client monies controlled by ClearView Group is undertaken in accordance with the Investment Policy and Guidelines approved by the Directors, which stipulates, among other things, the investment allocation mix, the portfolio's risk characteristics, management response plans and the use of derivatives.

To the extent required, capital reserves are held in accordance with the ICAAP with respect to the ClearView Group's residual fee risk exposure.

### ***Credit risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the ClearView Group. Credit risk exposures arising from investment activities are assessed by the ClearView Group's internal investment management committee (the ClearView Investment Committee ("**CIC**") appointed by the Directors) prior to investing ClearView Assets into any significant financial asset. The ongoing credit standing of material investments are monitored by the CIC. The CIC is charged with maintaining the credit quality of ClearView Assets within the Directors' investment guidelines.

The large majority of debt assets invested in by the ClearView Group on behalf of policyholders and clients (including Policyholder Assets) are managed under mandates with appointed funds managers. Those mandates include credit rating, diversification and maximum counterparty exposure rules and standards that are to be met. The fund managers adherence to those requirements are subject to ongoing monitoring by the fund managers and are separately monitored by the ClearView Group's custodian. Formal compliance reporting is monitored monthly by the CIC.

Specific capital reserves are held against credit risk under the regulatory capital requirements of ClearView Life and credit risk is considered within ClearView's ICAAP.

### ***Foreign currency risk***

Foreign currency risk is the risk that the Australian dollar ("**AUD**") value of offshore investments decreases or increases in value as a result of changes in foreign currency exchange rates, whether those changes are caused by changes in the AUD value or the foreign currency. As at 30 June 2020, the ClearView Assets were not invested in foreign currency investments and therefore not exposed to foreign currency risk.

In contrast to this, the Policyholder Assets and other client funds under management and under administration, involve significant investment in offshore investments. As noted above, the Policyholder Asset risks are borne by the policyholders.

The ClearView Group is exposed to secondary risks on its management and advice fees that are driven by the total funds under management and administration, as well as reputational risks from poor investment returns.

The investment of the Policyholder Assets and client monies controlled by ClearView Group is

undertaken in accordance with the Investment Policy and Guidelines approved by the Directors, which inter alia stipulates the investment allocation mix, the portfolio's risk characteristics, management response plans and the use of derivatives.

To the extent required, capital reserves are held in accordance with the ICAAP with respect to the ClearView Group's residual fee risk exposure.

***Liquidity risk***

Liquidity risk is primarily the risk that the ClearView Group will encounter difficulty in meeting its obligations due to an inability to realise some or all of its assets in order to fund its cash flow needs, including the payment of amounts to its policyholders, members and clients. A secondary risk relates to the risk of the illiquidity of the external (including off balance sheet) funds its clients invest in, which may result in restricted fee flows to the ClearView Group and/or reputational damage via association.

The ClearView Group's cash flow requirements are reviewed and forecast daily for a one-week forward period. This assessment takes into account the timing of expected cash flows, the likelihood of significant benefit outflows over the short term and known significant one-off payments.

Under the terms of the ClearView Group's products (issued via ClearView Life and CFML) the payment of unit fund redemptions to policyholders and unit trust investors may be delayed, if necessary, until funds are available. To date, no such delays have been imposed.

***Insurance risk***

The risks under the life insurance contracts written by ClearView Life are exposed to various key variables. The table below provides an overview of the key insurance contract types and exposure variables.

| Type of contract | Detail of contract workings | Nature of compensation for claims | Key variables that affect the timing and give rise to uncertainty |
|---|---|---|---|
| Non-participating life insurance contracts with fixed terms (Term Life and Disability) | Benefits paid on death or ill health that are fixed and not at the discretion of ClearView | Benefits defined by the insurance contract are determined by the contract obligation of ClearView and are not directly affected by the performance of the underlying assets or the performance of the contracts as a whole | Mortality<br>Morbidity<br>Discontinuance rates<br>Expenses<br>Policy Terms<br>Premium Rates |

The potential financial impact of insurance risk variables on ClearView, in terms of both life insurance liabilities variation and profit/loss outcomes, can be significant.

Some of the key mitigations of the underlying inherent risks above include:

- extensive use of reinsurance;
- underwriting (i.e. policy acceptance) procedures;
- claims management policies and procedures, including management of exposure to inappropriate and fraudulent claims; and
- controls and mitigations with respect to pricing risk and terms and conditions of insurance contracts, including review of product pricing, terms and reinsurance bases by the appointed actuary of ClearView Life, annual analysis of experience and product line profitability, formal internal policy document and product disclosure statement due diligence review and sign-off

processes and the ability to re-price products (change premium rates and fees) on most products in the event of adverse claims and/or other product experience.

It is noted that similar processes and controls apply to the pricing and terms and conditions applicable to the investment products issued by ClearView Life. See below for further risk aspects affecting the investment products.

***Market competition risk***

The financial services industry in which the ClearView Group operates is becoming increasingly competitive. Factors contributing to this include increasing market competition in general, the entry of new participants, advances in technology, the development of new business models and alternative distribution methods and broader, better integrated product offerings by major competitors, the impact of competitors reducing their cost bases (for example, by increasing their scale), and the potential for shareholders of competitors pursuing lower returns on their capital.

There is a risk of market competition reducing the margin ClearView can earn on its products.

***Income protection claims experience risk***

Insurance claims experience is a significant risk to the ClearView Group, and the current adverse claims experiences with income protection businesses are noted. Various stakeholders within the income protection industry are now focused on addressing the recent poor claims experience and customer experience and feedback, including regulators such as APRA. However, there is a risk the concerns around these experiences are not satisfactorily addressed in a reasonable time frame. Competitive pricing risks are a significant consideration in addressing the current product issues.

***Expense risk***

Expense risks involve the extent to which the operational expenses of the business are not maintained at a level commensurate with premium and fee flows of the business, including the level of business growth and new business and client acquisition.

Expense risks can arise due to volumes of business being below those needed to support the business; unanticipated increases in expenses, for example to respond to regulatory or system changes; and/or as a result of wages growth or other expense for example related to inflation.

***Discontinuance risk***

Discontinuance risks involve the extent to which the rate of loss of policyholders, investment clients and other customers exceed benchmark standards and pricing targets, result in the loss of future profit margins, current period expense support, and loss of opportunity to recover historic acquisition costs incurred.

Causes of discontinuances higher than benchmark include:

- pricing (premium rates and product fee rates) becoming uncompetitive in the market leading to loss of policyholders, members and unit holders, and/or pricing related action by competitors;
- products terms not otherwise staying current with market expectations;
- economic environment (down turns) leading to customers discontinuing their policies and realising their investments;
- poor (relative) investment performance on investment products leading to loss of policyholders, members and unit holders; and
- reputational damage, and/or loss of relationships with financial advisers.

### *Investment returns & management risks*

There is a risk of low investment returns on ClearView assets (e.g. low interest earnings on shareholder capital). This directly reduces ClearView's profit.

Investment performance on policyholder and unit holder assets impacts customer returns. The risk of poor overall returns, and peer relative returns, impacts ClearView's market reputation as an investment manager and also impacts customer discontinuance rates (as above). Absolute investment returns also impact overall funds under management and under advice, which in turn impact fee levels earned.

### *Inflation risk*

In addition to the potential impact of inflation on operational expenses noted above, inflation risks can also impact the financial position and results of the ClearView Group via:

- increasing claims costs of income protection claims that have benefits linked to inflation ("**CPI**"); and
- increasing sums insured of policies that are entitled to CPI increases. The impact of future CPI rates and policyholder acceptance of CPI increases varies by type of policy (high CPI and acceptance on level premium business is generally adverse; low CPI and acceptance on stepped premium business is generally adverse; and vice-a-versa).

### *Concentration of insurance risk*

Concentration risk relates to policies written on lives with common exposures (e.g. workers in the same factory). The insurance business of ClearView Life is principally written on individual lives (not group business). Individual business is not expected to provide significant exposure to risk concentration. Nonetheless, the ClearView Group's insurance risk is concentrated to the eastern seaboard of Australia and in its capital cities.

### *CRP receivable – tax benefits on insurance premiums*

Since 2017, the income tax expenses and charges in the CRP were no longer sufficient to support the tax benefits on the insurance premiums paid by policyholders via LifeSolutions Super rollovers in full. As a result, part of the premium (tax benefit) is currently carried as a receivable by ClearView Group in the financial statements ($15.5 million as at 30 June 2020).

It is intended that ClearView's primary superannuation life insurance portfolio be transferred to the HUB24 Superfund (and continue to be administered by ClearView) in 1H FY21, subject to relevant trustee approvals and regulatory requirements. Once such transfer is completed, it is estimated that the CRP receivable will be recoverable over approximately five to six years. On transition, this will resolve any further build-up of the receivable. This will then allow for the utilisation of the assessed losses over time.

While strategies to utilise the carried forward losses in the CRP are in progress there are risks and uncertainties involved.

### *Asset-liability mismatch risk*

Asset-liability mismatch risk arises to the extent to which the assets held by the ClearView Group to back its liabilities (especially its policy liabilities and investment contract liabilities) do not closely match the nature and term of those liabilities. In practice, the market risk and credit risk exposures of the ClearView Group primarily relate to the extent that the ClearView Group retains a net exposure with respect to these risks – that is the extent to which the liabilities and their values do not mirror the variation in asset values.

Beyond credit risk, the primary current risk is the extent that the assets held to back ClearView's outstanding claims liabilities have a different duration and denomination profile (i.e. inflation linkage) to the liabilities.

As at 30 June 2020, ClearView invested $29.5 million across its CFML funds: Macquarie True Index Fund which invests in very high quality bonds, principally issued by Australian Governments; and the Vanguard Inflation Linked Fund which invests in CPI-linked, very high quality Australian government bonds. This has been done to help achieve asset/ liability matching for its disabled lives reserves. Given the growth in the claims reserves a further $14 million has been invested subsequent to year end.

***Structural subordination***

ClearView is a non-operating holding company whose assets consist primarily of ownership interests in its subsidiaries. ClearView is reliant on the financial performance of, and the continued receipt of dividends or other funding from, its subsidiaries. There is a risk that these subsidiaries may not be in a position to make funds available to ClearView to enable it to meet its obligations.

***Impact of COVID-19 pandemic***

The ongoing COVID-19 pandemic has had a significant impact in Australia and globally on the economy and the ability of individuals, businesses, and governments to operate. Travel, trade, health systems, business, working arrangements, employment levels and consumption have been materially impacted by the pandemic. There continues to be considerable uncertainty as to the duration of and further impact of the pandemic, including (but not limited to) in relation to government, regulatory or health authority actions, work stoppages, lockdowns, quarantines and travel restrictions, in addition to economic conditions and extreme market volatility. The impact of some or all of these factors could cause significant disruption to the ClearView Group's businesses, employees, financial performance, liquidity, capital resources, financial condition and prospects.

The pandemic could impact the ClearView Group's ability to offer products and ensure their viability. As a result of the pandemic, the ClearView Group could experience increased claims activity or face increased costs associated with claims under its policies, an increased number of customers experiencing difficulty paying premiums or policies not being able to lapse for specific periods of time or situation. A continuation or escalation of the COVID-19 pandemic could also materially affect risk profiles of customers and the ability of the ClearView Group to write new business.

The ClearView Group could be adversely impacted by any policies, practices, laws, or regulations introduced which require or compel insurers to defer insurance premiums, pay claims in relation to COVID-19 losses which would not otherwise be payable under the relevant policy terms or in the normal course of business. Such policies, practices, laws, or regulations could apply retroactively and require insurers to make payments to policyholders who have suffered loss in connection with the COVID-19 pandemic who were not eligible for payments under the terms of their policy. This could adversely affect the ClearView Group's balance sheet's existing provisions and claim management activities.

The pandemic has significantly impacted regulatory supervision and the timing, pace and focus of the implementation of regulatory changes. The pandemic has given rise to numerous temporary legislative measures which could adversely impact the ClearView Group's operations, including its superannuation operations, and has heightened certain risks such as cyber risk. Further, the ClearView Group's operations may be affected by delays in its ability to implement regulatory changes or to take the steps required to address commitments made to regulators. The extent of any delays will be dependent on whether and how regulators choose to adjust the prioritisation, timing and deployment of their supervisory mandate or legislative changes as well as the impacts of the pandemic on the ClearView Group more broadly.

The ClearView Group has activated its Business Continuity Plan and taken the measures detailed in its annual report for the period ended 30 June 2020 in response to the immediate impacts of the pandemic. However, the extent of the impact on the ClearView Group is largely dependent on future developments, which are highly uncertain and not predictable, including in relation to governmental action, potential taxation and government scheme or regulatory changes, work stoppages, further lockdown measures, quarantines, travel restrictions and the impact on global markets.

## Legal and regulatory risks

### *Regulatory change risks*

ClearView is exposed to changes in its regulatory environment. The risk arises from the changes themselves, changes to regulator approach and ClearView failing to adequately identify, manage and respond to regulatory change.

ClearView anticipates a significant volume of regulatory change is currently being developed, and will be subsequently announced, released and implemented. Key items include:

- the emerging outworking of the life insurance reforms implemented from 2018, which continue to change adviser commission rates which in turn may impact adviser behaviour, lapse rates and potential new business rates across the industry;
- further potential changes to commission rates as a result of ongoing regulator considerations and Royal Commission recommendations;
- various industry and regulation changes flowing from the Royal Commission. The consequences of the Royal Commission impact many of the risks noted in this section;
- new regulatory changes to be implemented by the federal government arising from the Royal Commission or otherwise. In particular, ClearView notes the extensive timetable for the introduction of legislative reform addressing the Royal Commission recommendations released by the Treasurer in August 2019;
- ongoing international regulatory changes and Australia's obligation to implement international standards, including in areas such as anti-money laundering, privacy and modern slavery, etc. These will, at a minimum, raise increased compliance risks;
- the yet-to-be implemented impacts of the design and distribution obligation regulations, the application of an unfair contract terms regime to certain contracts of insurance and ASIC's use of its new product intervention powers;
- changes in tax laws that could impact ClearView's after tax profitability and/or change the attractiveness of some of its products (e.g. changes to tax rates in super, imputation credit changes, etc.); and
- other regulation in train but not yet implemented, such as the application of the BEAR to the ClearView Group and member outcomes regulation. Risks to the ClearView Group include the increased cost of business management and non-compliance.

The industry generally, including ClearView, is also exposed to increased risks attributable to changes in regulator approach, such as the publicly stated statements by ASIC regarding its approach to enforcement action generally.

The financial services industry has faced unprecedented regulation, scrutiny and disruption over the past few years. Given the broader life insurance industry performance (in particular losses on income protection products) and extremely difficult market conditions, in response, APRA has recently intervened to start forcing structural change.

Failure to adequately anticipate and respond to future regulatory changes could have a material adverse impact on ClearView Group's business model, capital position and the performance of its businesses and strategic objectives.

### *Industry and regulatory compliance investigations*

ClearView is subject to oversight and review from time to time by regulators. ClearView's principal regulators are APRA, ASIC and AUSTRAC, although other government agencies may have jurisdiction depending on the circumstances. The reviews and investigations conducted by regulators may be industry-wide or specific to ClearView and the outcomes of those reviews and investigations can vary

and may lead, for example, to enforcement actions and the imposition of charges, penalties, variations or restrictions to licences, the compensation of customers, enforceable undertakings or recommendations and directions.

ClearView undertook remediation programs in relation to its direct life insurance business in 2018 following the closure of that business in 2017. These remediation programs are now complete.

***Accounting standards risks***

While accounting standards do not directly impact on ClearView Group's underlying business economics, they can raise risks in terms of business perception, profit reporting and regulatory positions. Changes to accounting standards therefore involve risks.

In particular, IFRS 17, the international standard on insurance accounting, is anticipated to apply to ClearView from 2023 (date subject to change) and may involve a significant change to the financial reporting of ClearView's life insurance business (i.e. to liabilities and emerging profits). The impact of the new standard and its interpretation within the Australian market remains uncertain. There is a risk of impact on the market's perception of the financial position and performance of ClearView that could arise from the change to IFRS 17.

***Capital management and reserving***

In terms of regulatory requirements:

- ClearView Life is subject to minimum regulatory capital requirements in accordance with APRA's Life Insurance Prudential Standards, in respect of the principal financial risk exposures retained by ClearView Life;
- CFML, CFA and MPS are also required to maintain minimum regulatory capital as required by ASIC; and
- CLN is required to maintain an Operational Risk Financial Requirement as determined in accordance with Superannuation Prudential Standard 114 ("**SPS 114**"). SPS 114 requires that the trustee maintains adequate financial resources to address losses arising from the operational risks that may affect the CRP.

There is a risk that changes to these standards could adversely impact ClearView's regulatory position, and the level of capital required to support the ClearView Group's business units. In certain circumstances, APRA or other regulators may require ClearView and other entities within the ClearView Group to hold a greater level of capital to support its business and/or require those entities not to pay dividends on their shares or restrict the amount of dividends that can be paid by them.

ClearView has a substantial credit exposure to Swiss Re that potentially could exceed regulatory admissibility limits from APRA.

In order to manage ClearView's financial exposure to its reinsurer ClearView entered into an incurred claims treaty with its main reinsurer Swiss Re in December 2019 for its lump sum portfolio. Under the treaty, LifeSolutions lump sum claims are settled on a comprehensive earned premium and incurred claims basis.

Subsequent to year-end ClearView also entered into an incurred claims treaty with Swiss Re Life for its income protection portfolio. Under the treaty, LifeSolutions income protection claims are substantially settled on an earned premium and incurred claims basis.

Each quarter, Swiss Re will settle the incurred but not reported claims ("**IBNR**") and reported but not admitted claims ("**RBNA**") based on best estimate assumptions, consistent with ClearView's statutory and regulatory reported results and based on the applicable Australian Accounting Standards (excluding risk margins, profit margins and capital margins). As at 30 June 2020, $35.6 million had settled under lump sum incurred claims treaty. A further $74 million has been received from Swiss Re on entering the income protection incurred claims treaty. Swiss Re will be retaining the duration and matching risk on this treaty.

ClearView pays an interest charge on the liabilities related to the settlement of the incurred liabilities. As a result of entering into the new income protection incurred claims treaty, ClearView is winding down the limits on the $70 million irrevocable letter of credit issued by Australia and New Zealand Banking Group Limited on behalf of Swiss Re. ClearView will be able to increase the dollar limit on the letter of credit in the future, subject to Swiss Re having sufficient capacity at that time.

***Tax laws***

Tax law is frequently being changed, both prospectively and retrospectively. Of particular relevance to the ClearView Group are changes to tax law affecting the financial services industry. Significant recent Australian tax law changes and current proposals for further reforms give rise to risks, as the status and precise scope of many new and proposed tax laws is not yet known.

There are risks that any changes to the tax law, including the current rate of company income tax and further changes to tax concessions, may impact on demand for financial products and services as well as shareholder returns and the level of dividend franking.

***Operational Risk***

The ClearView Group has exposure to a number of operational risks. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems. It includes:

- internal fraud;
- errors/delays in processes;
- errors in financial models upon which the management of ClearView depends (pricing model, valuation models for financial reporting, tax models, etc);
- project failure (time, cost, delivery delays/mis-estimation), and related change management risk;
- failure to maintain adequate human resources and capital, including failure to attract and retain skilled and qualified staff and key personnel; and
- failure of critical systems, including failed IT systems, business continuity and disaster recovery systems.

Losses can include direct financial loss, regulatory and compliance breaches, reputational damage and business interruption.

Given ClearView's growth, changing operational processes and evolving IT systems, ClearView inherently faces a significant amount of operational risk. Operational risks can impact an individual entity or the ClearView Group as a whole, and there is potential for contagion risk where an exposure in one part of the business impacts another. Risk exposures across the ClearView Group are overseen by the ClearView Board Risk and Compliance Committee and sufficient capital is held to ensure ClearView, and each of its entities, can meet its obligations under a wide range of circumstances including contagion risk.

***Strategic and External Environment Risk***

ClearView is exposed to a range of strategic and external environment risks.

***Distribution risks***

Distribution risk is the risk that ClearView loses access to or does not adequately maintain its distribution channels, including:

- loss of relationships with the financial adviser community, including loss of financial advisers from ClearView's financial advice business. This can adversely impact future sales and

customer discontinuance rates. Loss of financial advisers can also result in a loss of fee revenue for ClearView's financial businesses;

- reduction in overall financial adviser numbers in the industry in response to the various financial adviser focused reforms currently in progress; and
- failure to identify and expand into new distribution channels.

***External Environment Risks***

Key risks from the external environment include:

- external fraud, cyber-attacks and data security events that can result in the unavailability or loss of critical systems or third parties obtaining customer and corporate data;
- climate change, including business continuity impacts, and longer-term future mortality and disability insurance claim impacts;
- competitor behaviour (pricing, product innovation, margin expectations, etc);
- failure of outsourcing providers to the ClearView Group (including the risk that material outsourcing arrangements are not structured, managed and controlled in such a manner that the ClearView Group's market reputation, service to customers, financial performance and obligations to regulators are enhanced or preserved);
- changes to customer expectations and demands, particularly driven by advances in technology and competitive dynamics; and
- failure to maintain technology to current standards, including levels of automation and cost levels, and match competitor and new market entrant technology use. There is a risk that competitors introduce new technologies which challenge, or render redundant, the technology used by the ClearView Group.

The risk arises from the changes themselves and ClearView failing to adequately identify, manage and respond to external environment changes. Other relevant external risks include:

- overall economic environment, or systemic shocks (e.g. COVID-19 type shocks) that result in reduced sales, elevated discontinuance, poor investment returns, liquidity impacts and/or credit risk losses, and otherwise exacerbate many of the risk considered in this discussion; and
- reputational and contagion risks arising for reputational and financial damage to other participants in the industry adversely impacting ClearView's position.

There can be no certainty that any specific market disruptions will not spread, or that any future government intervention will be available, or sufficiently robust to address market contagion.

These external risks may have a material adverse impact on the financial performance and position of the ClearView Group.

***Strategy and Management Risks***

Strategy and management risk involves the risk of failure of the business to identify, respond and manage change and emerging opportunities, including in response to the various risks set out above. Strategic risk is the risk associated with the competitive positioning of the business, and the ClearView Group's ability to respond in a timely manner to changes in its competitive landscape and protect the value of the ClearView brand. Examples of strategic risks include competitor disruption, changing customer preferences, changing political and regulatory environments, and failures in business leadership or internal governance.

The Directors set the overall strategic direction of the ClearView Group as part of the strategic planning process, and execution risks are explicitly considered. The Directors also set the risk appetite and

establishes an appropriate risk culture to ensure strategic decisions and actions are appropriately governed, controlled and executed.

### *Contingent liability*

There may be outstanding claims and potential claims against the ClearView Group in the ordinary course of business. The ClearView Group does not consider that the outcomes of any such claims known to exist at the date of this report, either individually or in aggregate, is likely to have a material effect on the ClearView Group's operations or financial position.

Certain ClearView Group subsidiaries act as trustee (or responsible entity) for various trusts (or managed investment schemes). In this capacity, the subsidiaries are liable for the debts of the trusts and are entitled to be indemnified out of the trust's assets for all liabilities incurred on behalf of the trusts.

In the ordinary course of business, certain ClearView Group subsidiaries enter into various types of investment contracts that can give rise to contingent liabilities. It is not expected that any significant liability will arise from these transactions as any losses or gains are offset by corresponding gains or losses on the underlying exposure.

### *Buyback arrangements*

ClearView previously had contractual arrangements with a limited number of financial advice businesses to purchase their book of business at an agreed multiple to recurring revenues subject to certain conditions being met. This buy-back arrangement is known as Buyer of Last Resort (**BOLR**). During the financial year, ClearView's last remaining BOLR arrangement was settled and terminated. There are no other BOLR arrangements currently in existence.

## Risks associated with the Notes

### *Market price and liquidity of Notes*

The market price of the Notes may fluctuate due to various factors, including investor perceptions, Australian and international economic conditions, changes in interest rates, credit margins, foreign exchange rates, credit ratings and capital markets, and other factors that may affect the ClearView Group's financial performance and capital position. There is a risk that one or more of these factors will cause the market value of the Notes to decline and trade at a market price below the Face Value. The occurrence of a Non-Viability Trigger Event is also likely to cause the market price of the Notes to decline.

If credit spreads on debt securities widen, the Margin payable on the Notes (as determined in the Bookbuild) will be less attractive to purchasers of the Notes than at the Issue Date. Accordingly, the market price of the Notes may reduce to reflect the lower price new investors are willing to pay for the Notes given the below-market margin.

The market price of the Notes may be more sensitive to changes in interest rates and credit spreads than the price of Ordinary Shares or comparable securities issued by members of the ClearView Group or other entities.

As a result, Holders who wish to sell their Notes before the Maturity Date may incur loss if the Notes trade at a market price below the amount at which the Notes were acquired. The Issuer is unable to forecast or guarantee the market price of the Notes. Unlike Ordinary Shares, the Notes do not provide a material exposure to growth in the ClearView Group's business.

Any market for the Notes may also be less liquid than the market for Ordinary Shares or comparable securities issued by members of the ClearView Group or other entities and may be volatile.

### *Exposure to ClearView Group's financial performance and position*

There is a risk that, if ClearView Group's financial performance or position declines, or if market participants anticipate that it may decline, an investment in Notes could decline in value even if the Notes have not been Converted. Accordingly, when you evaluate whether to invest in Notes, you should carefully evaluate the investment risks associated with an investment in ClearView Group.

### *Notes are unsecured and subordinated obligations*

The Notes are unsecured and subordinated notes to be issued by the Issuer.

The Notes are not secured over any of the ClearView Group's assets. They are not policies with any member of the ClearView Group for the purposes of the Life Insurance Act.

The Notes are claims on the Issuer. The Issuer is a non-operating holding company. Most of its assets are its investments in other members of the ClearView Group. Its claims in respect of those investments rank behind policyholders and other creditors in a winding-up of those companies. Holders have no claim on any other members of the ClearView Group for payment of any amount in respect of the Notes.

On a winding-up of the Issuer (if a Non-Viability Trigger Event has not occurred), the Notes rank for payment behind Senior Creditors. Holders will lose the money invested in the Notes, and any Interest due and unpaid at that time, if there are insufficient assets to satisfy Senior Creditors and the Holders in a winding-up of the Issuer.

If a Non-Viability Trigger Event occurs and the Notes are Converted, Holders will rank equally with other holders of the Ordinary Shares for the return of any surplus assets in a winding-up of the Issuer after payment of all creditors and holders of any preference shares. If the Ordinary Shares to which certain Holders would have been entitled upon Conversion are issued to a Sale and Transfer Agent, because the Holders are either Ineligible Holders or they elected not to receive Ordinary Shares (and other reasons set out in the Terms), such Holders will have the right to receive the cash proceeds of the sale of the Ordinary Shares on market, and will have no claim against the Issuer or any other member of the

ClearView Group in respect of their Notes. If the Notes are unable to be Converted for any reason within 5 Business Days of the Non-Viability Trigger Event, they will be immediately and irrevocably Written-off and the rights of Holders under the Notes will be terminated and Holders will have no claim on the assets of the Issuer or any other member of the ClearView Group.

Although the Notes may pay a higher rate of Interest than comparable securities and instruments which are not subordinated, there is a significant risk that Holders will lose all or some of their investment in Notes should the Issuer become insolvent.

***All payments on the Notes are subject to satisfaction of the Solvency Condition***

All of the Issuer's obligations to make payments in respect of the Notes are subject to the Solvency Condition being satisfied.

If the Solvency Condition is not satisfied, that is, if the Issuer is not able to pay its debts as they become due and payable and the Issuer's assets do not exceed its liabilities, both at the time of making the payment and immediately after making the payment, no payment will be made. The Issuer’s failure to pay will not be an Event of Default and any unpaid amount will accrue interest until it is paid and will be payable on the first Interest Payment Date (in the case of Interest) or the first date (in the case of any other amount) on which the Issuer may pay the amount in compliance with the Solvency Condition. However, if a Non-Viability Trigger Event occurs and the Issuer is required to Convert the Notes, the Issuer's accrued and future obligations to make payments in respect of the Notes which are required to be Converted will cease, in which case, Holders will have no rights to recover any unpaid amounts.

***Changes in the Interest Rate***

The Interest Rate is calculated for each Interest Period by reference to the Market Rate, which is a benchmark floating interest rate for the Australian money market. The Market Rate is influenced by a number of factors and varies over time. The Interest Rate will fluctuate and may increase or decrease over time as a result of movements in the Market Rate. It is possible for the Market Rate to be negative. The Issuer does not control the Market Rate nor the means by which it is determined, which may change.

If the Issuer determines that a Rate Disruption Event has occurred, then, subject to APRA’s prior written approval, the Issuer shall use as the Market Rate such Replacement Rate as it may determine and shall make such adjustments to the Terms as it determines are reasonably necessary to calculate distributions in accordance with such Replacement Rate. See the section entitled “Summary – Interest payments” above.

As the Interest Rate fluctuates, there is a risk that it may become less attractive when compared to the rates of return available on comparable securities issued by the Issuer, other members of the ClearView Group or other entities.

***Conversion may not result in the issue of Ordinary Shares with a market value equivalent to the principal amount of Notes***

If a Non-Viability Trigger Event occurs and Notes are required to be Converted, Holders will receive a number of Ordinary Shares based on a volume-weighted average price calculation over a period of days, subject to a Maximum Conversion Number. The Ordinary Shares issued on Conversion may not be able to be sold at the same price as the VWAP basis on which the Conversion Number has been calculated, or at all. Further, there are no conditions to Conversion and the number of Ordinary Shares received may be limited to the Maximum Conversion Number, the market value of which may be much less than the amount of the Holder’s investment – see “Conversion following a Non-Viability Trigger Event” below.

***Conversion following a Non-Viability Trigger Event***

If a Non-Viability Trigger Event occurs, the Issuer may be required to Convert some or all Notes into Ordinary Shares. Relevant Perpetual Subordinated Instruments would be required to be Converted ahead of the Notes. If Conversion of Relevant Perpetual Subordinated Instruments is not sufficient to satisfy APRA that the Issuer would not become non-viable, then some or all of the Notes and any other

Relevant Term Subordinated Instruments would be required to be Converted. As at the date of this Information Memorandum, the Issuer does have Relevant Perpetual Subordinated Instruments on issue, but it has no obligation to keep them on issue while the Notes are outstanding. If there are no Relevant Perpetual Subordinated Instruments on issue and a Non-Viability Trigger Event occurs, the Notes would be required to be Converted (along with some or all of any other Relevant Term Subordinated Instruments).

Holders should be aware that a Non-Viability Trigger Event could occur at any time. It could occur on dates not previously contemplated by them or which may be unfavourable in light of then prevailing market conditions or Holders' individual circumstances. Whether or not a Non-Viability Trigger Event will occur is at the discretion of APRA and the Issuer has no obligation to take steps to avoid non-viability.

APRA has not provided guidance as to how it would determine non-viability. Non-viability would be expected to include serious impairment of the Issuer's financial position and insolvency. However, it is possible that APRA's definition of non-viability may not necessarily be constrained to solvency measures or capital ratios. In the context of authorised deposit-taking institutions ("**ADIs**"), APRA has recently indicated that it may regard non-viability as occurring well before an ADI is at risk of becoming insolvent. APRA may publish further guidance on the parameters used to determine non-viability, however, it is possible that it will not provide any further guidance and the Issuer has no control over whether it will do so.

The number of Ordinary Shares a Holder will receive is limited to the Maximum Conversion Number. The Maximum Conversion Number is the number of Ordinary Shares into which the Note would Convert assuming a price for Ordinary Shares which is the VWAP over a period of approximately 90 ASX trading days before the Issue Date multiplied by 0.2. If the market price of Ordinary Shares is less than that amount at the point of Conversion, the number of Ordinary Shares issued will be only the Maximum Conversion Number. The number of Ordinary Shares is likely to have a market value less than the principal amount of a Note, and Holders will suffer loss as a result. The Maximum Conversion Number may be adjusted to reflect a consolidation, division or reclassification, or pro rata bonus issue, of Ordinary Shares. However, no adjustment will be made to it on account of other transactions which may affect the price of Ordinary Shares, including for example rights issues, returns of capital, buy-backs or special dividends. The terms of the Notes do not limit the transactions that the Issuer may undertake with respect to its share capital and any such action may increase the risk that Holders receive only the Maximum Conversion Number and so may adversely affect the position of Holders.

Ordinary Shares issued on account of a Non-Viability Trigger Event may not be quoted on ASX.

If for any reason Conversion does not occur within 5 Business Days of the Conversion Date, they will be Written-Off and all rights of Holders in respect of Notes are immediately and irrevocably terminated on and from the Conversion Date. Holders will suffer loss as a result. The circumstances where the Issuer fails to Convert Notes would include where the Issuer is prevented by applicable law (e.g. insolvency laws) from issuing Ordinary Shares but are not limited to those circumstances.

***Ordinary Shares issued on Conversion may be issued to a Sale and Transfer Agent***

In certain circumstances, the Ordinary Shares that an investor would receive on Conversion will be issued to a Sale and Transfer Agent to sell the shares issued in respect of that investor and pay the cash amount of the net proceeds of sale to the investor. The Sale and Transfer Agent will have no duty in relation to the price or terms of such a sale.

***Risks with acquiring Ordinary Shares on Conversion***

There are provisions of Australian law that are relevant to the ability of any person to acquire interests in the Issuer beyond the limits prescribed by those laws. The sale of Ordinary Shares in the Issuer may be restricted by such provisions and as a result investors may suffer loss. Holders of Notes should take care to ensure that by acquiring any Notes which may be Converted to Ordinary Shares, they do not breach any applicable restrictions on the ownership of interests in the Issuer. If the acquisition or Conversion of such Notes by the Holder or a Sale and Transfer Agent would breach those restrictions then, in addition to other sanctions for these breaches under applicable law, the Issuer may be prevented from Converting such Notes and where Conversion is required such Notes may be required to be

Written-Off.

For a summary of the rights attached to Ordinary Shares, see below under "Additional Information – Rights and liabilities attaching to the Ordinary Shares".

***Market price and liquidity of Ordinary Shares***

Any Ordinary Shares issued on Conversion will rank equally with existing and future Ordinary Shares, so the ongoing value of Ordinary Shares received will depend on the market price of Ordinary Shares after a Conversion. The market price of Ordinary Shares may fluctuate due to various factors, including investor perceptions, Australian and international economic conditions, credit ratings and ClearView Group's financial performance and position. Investors should carefully evaluate the investment risks associated with an investment in the Issuer and the ClearView Group (see "Risks associated with the Issuer and the ClearView Group" below).

If Notes are Converted into Ordinary Shares, there may be no liquid market for Ordinary Shares at the time of Conversion, or the market at the time of Conversion may be less liquid than that for comparable securities issued by other entities. As a result, Holders of Notes who wish to sell Ordinary Shares on Conversion may be unable to do so at a price acceptable to them, or at all. There is also no guarantee that Ordinary Shares will remain continuously quoted on ASX, or that Ordinary Shares issued on Conversion will be quoted on ASX at all. Trading in ASX-listed securities may be suspended in certain circumstances, or may cease altogether.

Liquidity in Ordinary Shares may also be affected by changes in the composition of the Issuer's shareholders.

***The Issuer may redeem the Notes early in certain circumstances***

The Issuer may (subject to APRA's prior written approval, which is in its discretion and may not be given) elect to redeem:

- some or all of the Notes on 5 November 2025 or any subsequent Interest Payment Date; or
- all (but not some) of the Notes upon the occurrence of a Tax Event or a Regulatory Event (if ClearView did not expect on the Issue Date that the event would occur).

Notes will be redeemed at their Face Value of $10,000 per Note (plus any accrued and unpaid Interest). There is a risk that the amount received on redemption may be less than the then current market value of Notes. The timing of any redemption may not accord with a Holder's individual financial circumstances or tax position.

***No rights for Holders to request or require redemption or acceleration of repayment***

Holders have no right to request or require redemption or to accelerate repayment of their Notes prior to the Maturity Date (except where an order has been made or an effective resolution passed for the winding-up of the Issuer). Therefore, prior to the Maturity Date, unless the Issuer elects to redeem the Notes (subject to APRA's prior written approval, which is in its discretion and may not be given), Holders can only realise their investment in the Notes by selling them at the prevailing market price. There is a risk that the prevailing market price will be less than the Face Value of the Notes and/or that the market for the Notes may not be liquid. The Issuer does not guarantee that the Notes may be sold at an acceptable price, or at all. Brokerage fees may be incurred if the Notes are sold through a broker. Losses may be suffered as a result.

***The Issuer may fail to pay Face Value, Interest or other amounts***

There is a risk that the Issuer may not pay when scheduled or default on payment of some or all of the Face Value, Interest or other amounts payable on the Notes. If the Notes do not pay the amount owing, Holders may lose some or all of the money invested in the Notes.

The remedies of the Holders in the event of non-payment are limited. Failure to pay because the

Solvency Condition is not satisfied is not an Event of Default.

If an amount is not paid when the Solvency Condition is satisfied, that is an Event of Default and if that occurs and continues unremedied, the Holder may institute proceedings:

(a) to recover any amount then due and payable but unpaid on the Notes;

(b) to obtain a court order for specific performance of any other obligation in respect of the Notes; or

(c) institute proceedings for the winding-up of the Issuer.

The Holders are not entitled to accelerate payment on account of such non-payment or other breach by the Issuer of its obligations.

There is a risk that the entire amount owed may not be recovered even if the Holder institutes proceedings against the Issuer. Further, although the Terms may specify certain remedies (for example, seeking an order for the winding-up of the Issuer), the grant of those remedies may be in the discretion of the court, and as such may not be granted.

***No restriction on future issue or redemption of further securities***

There is a risk that the Issuer may issue other securities that may affect the return that a Holder receives on their investment in Notes. The Notes do not in any way restrict the Issuer and other members of the ClearView Group from issuing further securities, or incurring further indebtedness, including indebtedness ranking ahead of or equally with the Notes. The Notes do not in any way restrict the Issuer from buying back or redeeming other securities whether issued now or in the future including other securities which rank equally with or junior to the Notes, or from making dividend or other payments in respect of the Ordinary Shares, or from reducing its capital. The Notes also do not require the Issuer to maintain any financial ratios or specific levels of net worth, revenues, income, cash flow or liquidity.

An investment in Notes carries no right to participate in any future issue of securities (whether equity, Tier 1 Capital, Tier 2 Capital, subordinated or senior debt or otherwise) by the Issuer.

No prediction can be made as to the effect, if any, which the future issue of securities by the Issuer, or the redemption or repayment of other securities, may have on the market price or liquidity of Notes, on ClearView Group's financial position or performance or on the likelihood of the Issuer making payments on Notes.

***Acquisition of the Issuer***

There is a risk that Notes may be affected by merger and acquisition activity affecting the Issuer. The Issuer is an ASX-listed company and may be acquired by, or merge with, another company or group of companies, potentially resulting in a change of control. There may be an increase (or decrease) in the shares held by its existing shareholders. The outcome for Holders of such activity may be uncertain and they may suffer loss or face increased risks in holding the Notes.

If an Acquisition Event involving an Approved Acquirer occurs as described in “Summary – Substitution of Approved Acquirer” above, the Issuer may (but is not obliged to) without the consent of the Holders, but subject to the prior approval of APRA, amend the Terms such that the Approved Acquirer is substituted as the issuer of the ordinary shares to be delivered upon Conversion. If the Terms are amended in this way, Holders will be obliged to accept the Approved Acquirer Ordinary Shares and will not receive the Issuer’s Ordinary Shares on Conversion. The value of the Approved Acquirer Ordinary Shares and the ability of the Holder to dispose of them may differ from that of the Ordinary Shares that would have been issued had the Acquisition Event not occurred, and the effect of the substitution of the Approved Acquirer may have an adverse effect on the price of the Notes.

If the Issuer is delisted as a result of being acquired by another entity or other changes in the composition of the shareholding, and substitution of an Approved Acquirer as the issuer of the ordinary shares to be delivered upon Conversion is not effected under the Terms for whatever reason and a Non-Viability

Trigger Event occurs, the Notes may be required to be Converted into unlisted Ordinary Shares in the Issuer, which may affect the ability of Holders to sell them as well as the price at which they may be sold. Where Notes are Converted into unlisted Ordinary Shares in the Issuer, the price for conversion would reflect the last traded price of the Issuer's Ordinary Shares which may bear no relation to their value on the occurrence of a Non-Viability Trigger Event. In addition, there will be no market for unlisted Ordinary Shares, or they may not be able to be sold at their issue price, or at all.

If (a) a takeover bid is made to acquire all or some of the Ordinary Shares, acceptance of which is recommended by the Issuer's board of directors ("**Directors**") or (b) a court orders the holding of meetings to approve a scheme of arrangement with the holders of Ordinary Shares, the approval of which is recommended by the Directors, in either case which, if completed, would result in a Delisting Event (but would not be an Acquisition Event involving an Approved Acquirer), then the Directors will use reasonable endeavours to procure that Holders receive or shall have received, fair offers with respect to their holdings of Notes or an entitlement to participate in the scheme. There is no certainty or assurance that such offers will be made, or that they will be made on terms that are acceptable to Holders.

***Regulatory classification and prudential supervision***

There is a risk that the position of Holders may be adversely affected due to the regulatory capital treatment of the Notes. APRA has advised that it has no objection to the Issuer's intention to use the proceeds of the issue of the Notes to fund the issuance of Tier 2 Capital of a Regulated Entity within the ClearView Group.

In order to obtain this regulatory capital treatment, the Terms contain features which may have adverse consequences for Holders. Among other things:

- claims on the Notes rank behind the claims of Senior Creditors;
- all payments on the Notes are subject to satisfaction of the Solvency Condition;
- the remedies of the Holders in the event of non-payment are limited. Failure to pay because the Solvency Condition is not satisfied is not an Event of Default;
- Holders have no right to request or require Redemption or to accelerate repayment of their Notes prior to the Maturity Date (except where an order has been made or an effective resolution passed for the winding-up of the Issuer);
- the Issuer may be required to Convert Notes into Ordinary Shares or Write-Off the Notes if a Non-Viability Trigger Event occurs;
- APRA's current treatment of the Notes may change and that may give rise to a Regulatory Event entitling the Issuer, with APRA's approval, to Redeem the Notes.

APRA also has the power under applicable law to direct the Issuer or members of the ClearView Group to (amongst other things) direct the Issuer not to make payments to Holders. In addition, APRA may, in certain circumstances, require the Issuer to transfer all or part of its business to another entity under the Financial Sector (Transfer and Restructure) Act 1999 of Australia (**Transfer and Restructure Act**).

***Relevant provisions of the Life Insurance Act, powers of a statutory manager and APRA secrecy rules***

In certain circumstances APRA may appoint a statutory manager (a Life Insurance Act statutory manager) to take control of the business of an authorised non-operating holding company ("**NOHC**") of a life company, such as the Issuer.

Those circumstances are defined in the Life Insurance Act to include, among other things, where a statutory manager has taken control of a life company which is a subsidiary of the NOHC (or APRA intends that this occur) and APRA either:

- considers the NOHC provides services or conducts business essential to the capacity of the life company to maintain its operations; or

- considers that this is necessary to facilitate the resolution of the life company or one or more of its related bodies corporate.

The grounds on which APRA may appoint a statutory manager to the life company include:

- where a statutory manager has taken control of a body related to the life company;
- where the life company's financial position is deteriorating rapidly, or is likely to deteriorate rapidly, and failure to respond quickly to the deterioration would be likely to prejudice the interests of policyholders of the life company;
- where it is likely that the life company will be unable to carry on life insurance business in Australia consistently with the stability of the financial system in Australia; or
- an external administrator has been appointed to a holding company of the life company and the appointment poses a significant threat to the operation or soundness of the life company, the interests of its policy holders or the stability of the financial system.

The powers of a Life Insurance Act statutory manager include the power to alter a NOHC's constitution, to issue, cancel or sell shares (or rights to acquire shares) in the NOHC and to vary or cancel rights or restrictions attached to shares in a class of shares in the NOHC. A Life Insurance Act statutory manager is authorised to do so despite the Corporations Act, the NOHC's constitution, any contract or arrangement to which the NOHC is party or the ASX Listing Rules. The Life Insurance Act statutory manager may also dispose of the whole or part of a NOHC's business.

If a Life Insurance Act statutory manager is appointed to the Issuer in the future, these broad powers may be exercised in a way which adversely affects the rights attaching to the Notes and the position of Holders.

APRA may also, in certain circumstances, require the Issuer to transfer all or part of its business to another entity under the Transfer and Restructure Act.
A transfer under the Transfer and Restructure Act overrides anything in any contract or agreement to which the Issuer is party and thus may have an adverse effect on the Issuer's ability to comply with its obligations under the Notes and the position of Holders.

In addition, Holders should be aware that secrecy obligations may apply to action taken by APRA. This means that information about action taken by APRA (including in exercise of its powers under the Insurance Act) may not be publicly disclosed.

***Australian taxation***

The summary of the taxation treatment for certain Holders may not apply in the circumstances of particular Holders, and the tax laws on which it is based may change. Changes in tax law may be unfavourable for Holders. In particular, they may affect the taxation of Interest, the return of the amount invested or Ordinary Shares issued on Conversion. They may affect the Issuer so as to give rise to a Tax Event, entitling the Issuer, with APRA's approval, to redeem the Notes.

***Amendments to the Terms***

The Terms may be amended as described in "Summary – Amendments to Terms" above. Holders are bound by amendments made in accordance with the Terms even if the Holder does not agree to the changes.

***Changes to credit ratings***

The Issuer and ClearView Group's cost of funds, margins, access to capital markets and competitive position and other aspects of its performance may be affected by their credit ratings (including any long-term credit ratings or the ratings assigned to any class of the Issuer's securities). Credit rating agencies may withdraw, revise or suspend credit ratings or change the methodology by which securities are rated. Such changes could adversely affect the market price, liquidity and performance of the Notes.

***No rights to vote***

There is a risk that Holders may be affected by corporate decisions made by the Issuer.

Holders have no voting or other rights in relation to Ordinary Shares until Ordinary Shares are issued to them. In addition, the Notes do not confer on Holders any right to subscribe for new securities in the Issuer or to participate in any bonus issue of securities. The rights attaching to Ordinary Shares, if Ordinary Shares are issued, will be the rights attaching to Ordinary Shares at that time. Holders have no right to vote on or otherwise to approve any changes to the Constitution in relation to the Ordinary Shares that may be issued to them upon Conversion. Therefore, Holders will not be able to influence decisions that may have adverse consequences for them.

## Terms of the Notes

*The following are the Terms of the Notes. Each Holder, and any person claiming through or under a Holder, is deemed to have notice of and is bound by these Terms, the Deed Poll (as defined in these Terms) and this Information Memorandum. Copies of each of these documents are available for inspection by the holder of any Note at the offices of the Issuer and the Registrar at each of their respective addresses set out in the section entitled "Directory" below.*

# 1 Form of Notes

### 1.1 Constitution under Deed Poll

ClearView Subordinated Notes (the **Notes**) are unsecured, subordinated debt obligations of the Issuer constituted by, and owing under, the Deed Poll. The Notes (including any amounts payable in respect of each Note) are not guaranteed by the Issuer or a Related Entity of the Issuer or any other person.

### 1.2 Form

The Notes are issued in registered form by entry in the Register.

### 1.3 Face Value

(a) The Notes have a Face Value of A$10,000 and are issued fully paid.

(b) No person shall subscribe for the Notes in Australia unless:

(i) the aggregate consideration payable to the Issuer by the subscriber is at least A$500,000 (disregarding moneys lent by the Issuer or its associates) or the Notes are otherwise issued in a manner which does not require disclosure in accordance with Part 6D.2 or Chapter 7 of the Corporations Act; and

(ii) the offer or invitation from which the issue results does not constitute an offer to a "retail client" as defined for the purposes of section 761G of the Corporations Act.

### 1.4 Currency

The Notes are denominated in Australian dollars.

### 1.5 No certificates

No certificates will be issued to Holders unless the Issuer determines that certificates should be available or are required by any applicable law.

### 1.6 No other rights

The Notes confer no rights on a Holder:

(a) to vote at any meeting of shareholders of the Issuer;

(b) to subscribe for new securities or to participate in any bonus issues of securities of the Issuer; or

(c) to otherwise participate in the profits or property of the Issuer,

except as set out in these Terms or the Deed Poll.

## 2 Status and subordination

### 2.1 Subordination

(a) The Notes constitute direct and unsecured subordinated obligations of the Issuer, ranking:

(i) ahead of the claims of all Junior Subordinated Creditors;

(ii) equally without any preference among themselves;

(iii) equally with the claims of all Pari Passu Subordinated Creditors; and

(iv) behind the claims of Senior Creditors.

(b) In a winding-up of the Issuer in any jurisdiction, a claim by a Holder, or any other person on behalf of the Holder, for an amount owing by the Issuer in connection with a Note, is subordinated to the claims of Senior Creditors in that:

(i) all claims of Senior Creditors must be paid in full before the Holder's claim is paid; and

(ii) until the Senior Creditors have been paid in full, the Holder must not claim in the winding-up in competition with the Senior Creditors so as to diminish any distribution, dividend or payment which, but for that claim, the Senior Creditors would have been entitled to receive.

(c) Each Holder irrevocably acknowledges and agrees that:

(i) this clause 2 is a debt subordination for the purposes of section 563C of the Corporations Act;

(ii) it must not, and is taken to have waived, to the fullest extent permitted by law, any right to, prove in a winding-up of the Issuer as a creditor in respect of the Notes so as to diminish any distribution, dividend or payment that any Senior Creditor would otherwise receive;

(iii) it must not exercise its voting rights (as a creditor in respect of the Notes) in a winding-up of the Issuer so as to defeat the subordination in this clause 2.

(iv) it must pay or deliver to the liquidator any amount or asset received on account of its claim in the winding-up of the Issuer in connection with a Note in excess of its entitlement under clause 2.1(b) above;

(v) the debt subordination effected by this clause 2 is not affected by any act or omission of the Issuer or a Senior Creditor which might otherwise affect it at law or in equity; and

(vi) there is no limit on the amount of debt or other obligations which rank equally with or ahead of the Notes that may be incurred or assumed by the Issuer.

(d) Neither the Issuer nor any Holder shall be entitled to set-off any amounts, merge accounts or exercise any other rights the effect of which is or may be to reduce any amount payable by the Issuer in respect of the Notes held by the Holder or by the Holder to the Issuer (as applicable).

(e) For the avoidance of doubt, all amounts payable under these Terms are subject to clause 2.2.

(f) Nothing in clause 2 shall be taken:

(i) to require the consent of any Senior Creditor to any amendment of these Terms;

(ii) to create a charge or security interest over any right of a Holder.

### 2.2 Solvency test

When the Issuer is not in a winding-up:

(a) no amount is due and payable by the Issuer in respect of the Notes unless, at the time of, and immediately after, the payment, the Issuer is Solvent (**Solvency Condition**). A certificate signed by two directors or a director and a secretary of the Issuer is sufficient evidence as to whether or not the Issuer is Solvent unless it is proved to be incorrect; and

(b) if all or any part of an amount that otherwise would be due and payable under these Terms is not due and payable because at the time of, and immediately after, the payment the Issuer would not be Solvent then, subject to clause 3.3, Holders have no claim or entitlement in respect of such non-payment and such non-payment does not constitute an Event of Default.

### 2.3 No consent of Senior Creditors

Nothing in this clause 2 shall be taken to require the consent of any Senior Creditor to any amendment of these Terms.

### 2.4 Not policies under Life Insurance Act

The Notes are not:

(a) policies with any member of the ClearView Group for the purposes of the Life Insurance Act;

(b) guaranteed or insured by the Australian Government or under any compensation scheme of the Australian Government, or by any other government, under any other compensation scheme or by any government agency or any other party; nor

(c) investments in any superannuation or other fund managed by a member of the ClearView Group.

## 3 Interest

### 3.1 Interest

Each Note bears interest (**Interest**) on its Face Value from (and including) its Issue Date to (but excluding) its Maturity Date or any Redemption Date at the Interest Rate.

Interest is payable in arrear on each Interest Payment Date.

### 3.2 Interest Rate determination

The Interest Rate payable in respect of a Note must be calculated by the Issuer in accordance with these Terms.

The Interest Rate applicable to a Note for each Interest Period is calculated according to the following formula:

**Interest Rate = Market Rate + Margin**

and expressed as a percentage per annum, where:

**Market Rate** means:

(a) subject to paragraph (b) below:

(i) for an Interest Period, the rate (expressed as a percentage per annum) designated "BBSW" in respect of prime bank eligible securities having a tenor of 3 months, which ASX (or its successor as administrator of that rate) publishes through information vendors at approximately 10:30am Sydney time (or such other time at which such rate is accustomed to be so published) on the first Business Day of the Interest Period; and

(ii) if the Issuer determines that such rate as is described in paragraph (i) above:

(A) is not published by midday (or such other time that the Issuer considers appropriate on that day); or

(B) is published, but is affected by an obvious error,

such other rate (expressed as a percentage per annum) that the Issuer determines having regard to comparable indices then available; and

(b) if the Issuer determines that a Rate Disruption Event has occurred, then, subject to APRA's prior written approval, the Issuer:

(i) shall use as the Market Rate such Replacement Rate as it may determine;

(ii) shall make such adjustments to these Terms as it determines are reasonably necessary to calculate Interest in accordance with such Replacement Rate; and

(iii) in making the determinations under paragraphs (i) and (ii) above:

(A) shall act in good faith and in a commercially reasonable manner;

(B) may consult with such sources of market practice as it considers appropriate; and

(C) may otherwise make such determination in its discretion.

***Holders should note that APRA's approval may not be given for any Replacement Rate it considers to have the effect of increasing the rate of Interest contrary to applicable prudential standards;***

**Margin** means 6.00% per annum;

**Rate Disruption Event** means that, in the Issuer's opinion, the rate described in paragraph (a) of the definition of "Market Rate":

(a) has been discontinued or otherwise ceased to be calculated or administered; or

(b) is no longer generally accepted in the Australian market as a reference rate appropriate to floating rate debt securities of a tenor and interest period comparable to that of the Notes; and

**Replacement Rate** means a rate (expressed as a percentage per annum) other than the rate described in paragraph (a) of the definition of "Market Rate" that is generally accepted in the Australian market as the successor to the Market Rate, or if the Issuer is not able, after making reasonable efforts, to ascertain such rate, or there is no such rate:

(a) a reference rate that is, in the Issuer's opinion, appropriate to floating rate debt securities of a tenor and interest period most comparable to that of the Notes; or

(b) such other rate as the Issuer determines having regard to available comparable indices.

### 3.3 Cumulative Interest

Provided that a Note has not been Redeemed, Converted or Written-off:

(a) Interest shall accrue at the Interest Rate in the manner provided in this clause 3 on:

(i) any amount of principal which is not paid by virtue of clause 2.2(a); and

(ii) any amount of principal, the payment of which is improperly withheld or refused when due and payable;

(b) any amount of Interest which is not paid by virtue of clause 2.2(a), or payment of which is improperly withheld or refused when due and payable, accumulates and accrues Interest at the Interest Rate (as if it were an amount of Face Value) as provided in this clause 3; and

(c) any amounts not paid by virtue of clause 2.2(a) and any amount accumulating under this clause 3.3 remains a debt owing and is due and payable:

(i) in the case of Interest, on the first Interest Payment Date; and

(ii) in the case of any other amount, on the first date,

on which amounts may be paid in compliance with the Solvency Condition.

## 4 General provisions applicable to Interest

### 4.1 Calculation of Interest amount

The Issuer must, as soon as practicable after calculating the Interest Rate in relation to each Interest Period for each Note, calculate the amount of Interest payable for the Interest Period in respect of the Face Value of each Note.

The amount of Interest payable on each Note for an Interest Period is calculated according to the following formula:

$$\textbf{Interest payable} = \frac{\textbf{Interest Rate} \times \textbf{Face Value} \times \textbf{N}}{365}$$

where:

**N** means, in respect of:

(a) the first Interest Payment Date in respect of a Note, the number of days from, and including, its Issue Date to, but excluding, that first Interest Payment Date; and

(b) each subsequent Interest Payment Date, the number of days from, and including, the preceding Interest Payment Date to, but excluding, that Interest Payment Date or, in the case of the last Interest Period, the Maturity Date or Redemption Date.

### 4.2 Notification of Interest Rate, Interest payable and other items

(a) In relation to each Interest Period, the Issuer must procure that the Calculation Agent notifies the Registrar (where the Calculation Agent is not the Registrar) and the Holders of the Interest Rate and the amount of Interest payable on each Note.

(b) The Issuer must give notice under this clause 4.2 as soon as practicable after it makes its calculations and, in any event, by no later than the fourth day of the relevant Interest Period.

(c) The Issuer may amend its calculation of any amount (or make appropriate alternative arrangements by way of adjustment) as a result of the extension or reduction of an Interest Period without prior notice, but must notify the Holders and the Registrar promptly after so doing.

### 4.3 Determination final

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

### 4.4 Calculations

For the purposes of any calculations required under these 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 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 Holder in respect of the Holder'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).

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## 5 Redemption and purchase

### 5.1 Scheduled Redemption

The Issuer shall Redeem each Note on the Maturity Date by payment of its Face Value (together with, pursuant to clause 4, any Interest accrued to (but excluding) the Maturity Date) unless:

(a) the Note has been previously Redeemed;

(b) the Note has been purchased by the Issuer and cancelled; or

(c) it has been Converted or Written-off.

### 5.2 Early Redemption: Tax Event or Regulatory Event

If a Tax Event or Regulatory Event occurs, the Issuer may, subject to clause 5.5, Redeem all (but not some) Notes by payment of their Face Value (together with, pursuant to clause 4, any Interest accrued to (but excluding) the Redemption Date).

### 5.3 Early Redemption of a Note at the option of the Issuer

Subject to clause 5.5, the Issuer may Redeem all or some of the Notes on 5 November 2025 or an Interest Payment Date occurring after that date by payment of their Face Value (together with, pursuant to clause 4, any Interest accrued on those Notes to (but excluding) the Redemption Date).

### 5.4 Partial Redemptions

If only some of the Notes are to be Redeemed under clause 5.3, the proportion of the Notes that are to be Redeemed will be specified in the notice given under clause 5.5(a) and the Issuer will endeavour to treat Holders on an approximately proportionate basis (although it may discriminate to take account of the effect on marketable parcels and other logistical considerations).

### 5.5 Notice of early Redemption; supporting opinions; consent of APRA

(a) The Issuer must give at least 15 Business Days (and no more than 45 Business Days) notice to the Registrar and the Holders of any early Redemption of Notes in accordance with this clause 5. Such notice must be given in accordance with clause 14 and the Deed Poll and specify the Redemption Date, which must be a Business Day.

(b) The Issuer may only Redeem Notes under clause 5.2 if the Issuer did not expect the Tax Event or Regulatory Event to occur as at the Issue Date.

(c) The Issuer may only Redeem Notes under clause 5.2 or 5.3 if:

(i) either:

(A) prior to or concurrently with Redemption, the Issuer replaces the Notes with Relevant Subordinated Instruments or Ordinary Shares and the replacement is done under conditions that are sustainable for the income capacity of the Issuer; or

(B) the Issuer obtains confirmation from APRA that APRA is satisfied, having regard to the capital position of the ClearView Group, that the Issuer does not have to replace the Notes; and

(ii) APRA has given its prior written approval of the Redemption.

*Holders should note that any approval is at APRA's discretion and may not be given.*

(d) Any Redemption under this clause 5 is subject to clause 2.2.

### 5.6 Effect of notice of Redemption

Any notice of Redemption given under this clause 5 is irrevocable unless a Non-Viability Trigger Event occurs after the giving of such notice, in which case, such notice will be taken to be revoked immediately and automatically and clause 6 shall apply.

### 5.7 No Holder option for early Redemption

A Holder cannot require the Issuer or any other person to Redeem (or otherwise purchase) a Note prior to the Maturity Date.

### 5.8 Late payment

If an amount is not paid under this clause 5 when due, then Interest continues to accrue on the unpaid amount (both before and after any demand or judgment) in accordance with clause 3.3.

### 5.9 Purchase

Subject to APRA's prior written approval, the Issuer or any member of the ClearView Group may purchase Notes at any time and at any price. Any Note purchased by or on behalf of the Issuer shall be cancelled.

*Holders should note that any approval is at APRA's discretion and may not be given.*

# 6 Conversion on Non-Viability Trigger Event

## 6.1 Non-Viability Trigger Event

(a) A **Non-Viability Trigger Event** occurs upon:

(i) the issuance of a notice, in writing, by APRA to the Issuer that the conversion to Ordinary Shares or write-off of Relevant Subordinated Instruments in accordance with their terms or by operation of law is necessary because, without it, APRA considers that the Issuer would become non-viable; or

(ii) a determination by APRA, notified in writing to the Issuer, that without a public sector injection of capital, or equivalent support, the Issuer would become non-viable.

A notice given or determination made by APRA under this clause 6.1(a) is a **Non-Viability Determination**.

(b) If a Non-Viability Trigger Event occurs, the Issuer must convert or write-off:

(i) unless clause 6.1(b)(ii) applies, all Relevant Subordinated Instruments; or

(ii) where clause 6.1(a)(i) applies, such amount of Relevant Subordinated Instruments which is required to enable APRA to conclude that the Issuer is viable without further conversion or write-off.

## 6.2 Consequences of a Non-Viability Trigger Event

(a) If a Non-Viability Trigger Event occurs:

(i) on that date, whether or not that day is a Business Day (the **Conversion Date**), the Issuer must immediately determine in accordance with APRA's determination under clause 6.1:

(A) the amount of Notes that will be Converted and the amount of other Relevant Subordinated Instruments which will be converted or written-off; and

(B) the identity of the Holders at the time that the Conversion is to take effect on that date (and in making that determination, the Issuer may make any decisions with respect to the identity of the Holders at that time as may be necessary or desirable to ensure Conversion occurs in an orderly manner, including disregarding any transfers of Notes that have not been settled or registered at that time);

(ii) subject only to clause 6.3 and despite any other provision in these Terms, on the Conversion Date the relevant amount of Notes will be Converted, and the relevant amount of other Relevant Subordinated Instruments will be converted or written-off, in each case immediately and irrevocably; and

(iii) the Issuer must give notice to the Holders of the occurrence of a Non-Viability Trigger Event (a **Non-Viability Trigger Event Notice**) as soon as practicable stating that Conversion has occurred together with the Conversion Date, the amount of Notes which were Converted and the relevant amount of Relevant Subordinated Instruments which were converted or written-off.

(b) If in accordance with clause 6.1(b)(ii) the Issuer is required to convert or write-off only an amount of Relevant Subordinated Instruments, the Issuer will determine the amount of Notes which will be Converted and other Relevant Subordinated Instruments which will be converted or written-off as follows:

(i) first, the Issuer will convert or write-off all Relevant Perpetual Subordinated Instruments before Converting the Notes;

(ii) second, if conversion or write-off of Relevant Perpetual Subordinated Instruments is less than the amount sufficient to satisfy APRA that the Issuer would be viable (and provided that APRA has not withdrawn the Non-Viability Determination as a result of the conversion or write-off of the Relevant Perpetual Subordinated Instruments), the Issuer will Convert some or all of the Notes and the Issuer will convert or write-off other Relevant Term Subordinated Instruments in an aggregate amount which when added to the amount of Relevant Perpetual Subordinated Instruments converted or written-off will satisfy APRA that the Issuer would be viable; and

(iii) in Converting the relevant Notes or converting or writing-off other Relevant Term Subordinated Instruments the Issuer will endeavour to treat Holders and holders of other Relevant Term Subordinated Instruments on an approximately proportionate basis, but may discriminate to take account of the effect on marketable parcels and other logistical considerations and the need to effect the Conversion immediately.

(c) None of the following shall prevent, impede or delay the Conversion of Notes as required by this clause 6.2:

(i) any failure or delay in the conversion or write-off of any other Relevant Subordinated Instruments;

(ii) any failure or delay in giving a Non-Viability Trigger Event Notice;

(iii) any failure or delay in quotation of the Ordinary Shares to be issued on Conversion;

(iv) any decision as to the identity of Holders whose Notes are to be Converted in accordance with clause 6.2(a)(i)(B); or

(v) any requirement to select or adjust the amount of Notes to be Converted in accordance with clause 6.2(b)(iii).

(d) From the Conversion Date, but subject to clause 6.3 and clause 14.3(b), the Issuer shall treat the Holder in respect of the Notes as the holder of the Conversion Number of Ordinary Shares and will take all such steps, including updating any of its registers, required to record the Conversion.

### 6.3 Write-off where Conversion does not occur

(a) Notwithstanding any other provisions of these Terms, if for any reason (including, without limitation, an Inability Event) Conversion of any Notes which are required to be Converted does not occur within 5 Business Days of the Conversion Date, then the relevant Holder's rights (including to Interest and payment of Face Value and to be issued with the Conversion Number of Ordinary Shares) in relation to such Notes are immediately and irrevocably written-off and terminated (**Written-off**) with effect on and from the Conversion Date.

(b) The Issuer may, but is not required to, seek advice from reputable legal counsel as to whether an Inability Event has occurred and is subsisting. An Inability Event is taken to have occurred and subsist if the Issuer receives advice to that effect from such counsel. The seeking of advice by the Issuer under this clause 6.3(b) shall not delay or impede the Write-Off of the Notes when required under clause 6.3(a).

(c) The Issuer must give notice to Holders if Conversion has not occurred by operation of this clause 6.3 but failure to give that notice shall not affect the operation of this clause 6.3.

### 6.4 Consent to receive Ordinary Shares and other acknowledgements

Subject to clause 6.3, each Holder irrevocably:

(a) upon receipt of the Conversion Number of Ordinary Shares following Conversion of Notes in accordance with this clause 6 and clause 7, consents to becoming a member of the Issuer and agrees to be bound by the constitution of the Issuer, in each case in respect of Ordinary Shares issued on Conversion;

(b) acknowledges and agrees that, unless it has given notice in accordance with clause 7.11 that it does not wish to receive Ordinary Shares as a result of Conversion, it is obliged to accept Ordinary Shares on Conversion notwithstanding anything that might otherwise affect a Conversion of Notes including:

(i) any change in the financial position of the Issuer or the ClearView Group since the Issue Date;

(ii) it being impossible or impracticable to list the Ordinary Shares on the ASX;

(iii) it being impossible or impracticable to sell or otherwise dispose of the Ordinary Shares;

(iv) any disruption to the market or potential market for Ordinary Shares or capital markets generally;

(v) any breach by the Issuer of any obligation in connection with the Notes; or

(vi) the occurrence of a Regulatory Event or a Tax Event;

(c) acknowledges and agrees that:

(i) Conversion is not subject to any conditions other than those expressly provided for in this clause 6 and clause 7;

(ii) Conversion must occur immediately on the Conversion Date and that may result in disruption or failures in trading or dealings in the Notes;

(iii) it will not have any rights to vote in respect of any Conversion; and

(iv) notwithstanding clause 7.9, Ordinary Shares issued on Conversion may not be quoted at the time of Conversion or at all;

(d) acknowledges and agrees that where clause 6.3 applies, no other conditions or events will affect the operation of that clause and it will not have any rights to vote in respect of any termination under that clause;

(e) acknowledges and agrees that it has no right to determine whether Notes are Converted; and

(f) acknowledges and agrees that it has no remedies on account of the failure of the Issuer to issue Ordinary Shares in accordance with this clause 6 other than, subject to clause 6.3, to seek specific performance of the Issuer's obligation to issue Ordinary Shares.

### 6.5 No Conversion at the option of Holders

Holders do not have a right to request Conversion of their Notes at any time.

# 7 Conversion Mechanics

## 7.1 Conversion

On the Conversion Date, subject to clauses 6.3 and 7.11, the following shall occur:

(a) The Issuer shall allot and issue the Conversion Number of Ordinary Shares to the Holders for each such Note held by the Holder.

The Conversion Number will be calculated by the Issuer in accordance with the following formula:

$$\textbf{Conversion Number} \text{ for each Note} = \frac{\text{Face Value}}{0.99 \times \text{VWAP}}$$

subject always to the Conversion Number being no greater than the Maximum Conversion Number.

where:

**VWAP** (expressed in dollars and cents) means the VWAP during the VWAP Period; and

**Maximum Conversion Number** means a number calculated according to the following formula:

$$\text{Maximum Conversion Number} = \frac{\text{Face Value}}{0.20 \times \text{Issue Date VWAP}}$$

(b) Each Holder's rights in relation to each Note that is being Converted as determined in accordance with clauses 6.1 and 6.2(b) will be immediately and irrevocably terminated for an amount equal to the Face Value and the Issuer will apply the Face Value of each Note by way of payment for the subscription for the Ordinary Shares to be allotted and issued under clause 7.1(a). Each Holder is taken to have irrevocably directed that any amount payable under this clause 7.1 is to be applied as provided for in this clause 7.1 and Holders do not have any right to payment in any other way.

(c) If the total number of Ordinary Shares to be allotted and issued in respect of a Holder's aggregate holding of Notes includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded.

(d) Subject to clause 7.11, where Notes are Converted, the Issuer will allot and issue the Ordinary Shares to the Holder on the basis of the Holder's name and address provided to the Issuer for entry into any register of title and receipt of any certificate or holding statement in respect of any Ordinary Shares issued on Conversion unless:

   (i) a Holder has notified the Issuer of a different name and address; and

   (ii) a Holder has provided such other information as is reasonably requested by the Issuer (including, without limitation, details of the Holder's account to which the Ordinary Shares issued on Conversion are to be credited),

which notice may be given at any time on or after the Issue Date and no less than 15 Business Days prior to the Conversion Date.

## 7.2 Adjustments to VWAP generally

For the purposes of calculating VWAP under clause 7.1:

(a) where, on some or all of the Business Days in the relevant VWAP Period, Ordinary Shares have been quoted on ASX as cum dividend or cum any other distribution or

entitlement and Notes will be Converted into Ordinary Shares after that date and those Ordinary Shares will no longer carry that dividend or that other distribution or 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 other distribution including, if the dividend or distribution is franked, the amount that would be included in the assessable income of a recipient of the dividend or distribution who is a natural person resident in Australia under the Tax Legislation;

(ii) in the case of any entitlement that is not a dividend or other distribution for which adjustment is made under clause 7.2(a)(i) which is traded on ASX on any of those Business Days, the volume weighted average price of all such entitlements sold on ASX during the VWAP Period on the Business Days on which those entitlements were traded (excluding trades of the kind that would be excluded in determining VWAP under the definition of that term); or

(iii) in the case of other entitlements for which adjustment is not made under clause 7.2(a)(i) or clause 7.2(a)(ii), the value of the entitlement as reasonably determined by the Issuer; and

(b) where, on some or all of the Business Days in the VWAP Period, Ordinary Shares have been quoted as ex dividend or ex any other distribution or entitlement, and Notes will be Converted into Ordinary Shares which would be entitled to receive the relevant dividend, distribution or entitlement, the VWAP on the Business Days on which those Ordinary Shares have been quoted ex dividend or ex any other distribution or entitlement will be increased by the Cum Value.

## 7.3 Adjustments to VWAP for capital reconstruction

(a) Where during the relevant VWAP Period there is a change to the number of Ordinary Shares on issue because the Ordinary Shares are reconstructed, consolidated, divided or reclassified (in a manner not involving any cash payment to or by holders of Ordinary Shares) (**Reclassification**) into a lesser or greater number, the daily VWAP for each day in the VWAP Period which falls before the date on which trading in Ordinary Shares is conducted on a post Reclassification basis will be adjusted by multiplying the VWAP applicable on the Business Day immediately before the date of any such Reclassification by the following formula:

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

where:

**A** means the aggregate number of Ordinary Shares immediately before the Reclassification; and

**B** means the aggregate number of Ordinary Shares immediately after the Reclassification.

(b) Any adjustment made by the Calculation Agent in accordance with clause 7.3(a) will be effective and binding on Holders under these Terms and these Terms will be construed accordingly. Any such adjustment must be promptly notified to all Holders.

## 7.4 Adjustments to Issue Date VWAP generally

For the purposes of determining the Issue Date VWAP under clause 7.1, adjustments to the VWAP will be made by the Calculation Agent in accordance with clauses 7.2 and 7.3 during the VWAP Period for the Issue Date VWAP. On and from the Issue Date, adjustments to the Issue

Date VWAP:

(a) may be made by the Calculation Agent in accordance with clauses 7.5, 7.6 and 7.7; and

(b) if so made, will be effective and binding on Holders under these Terms and these Terms will be construed accordingly. Any such adjustment must be promptly notified to all Holders.

## 7.5 Adjustments to Issue Date VWAP for bonus issues

(a) Subject to clauses 7.5(b) and 7.5(c), if the Issuer makes a pro-rata bonus issue of Ordinary Shares to holders of Ordinary Shares generally (in a manner not involving any cash payment to or by holders of Ordinary Shares), the Issue Date VWAP will be adjusted immediately in accordance with the following formula:

$$V = Vo \times RD / (RD + RN)$$

where:

**V** means the Issue Date VWAP applying immediately after the application of this formula;

**Vo** means the Issue Date VWAP applying immediately prior to the application of this formula;

**RD** means the number of Ordinary Shares on issue immediately prior to the allotment of new Ordinary Shares pursuant to the bonus issue; and

**RN** means the number of Ordinary Shares issued pursuant to the bonus issue.

(b) Clause 7.5(a) does not apply to Ordinary Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan, share purchase plan or a dividend reinvestment plan.

(c) For the purposes of this clause 7.5, an issue will be regarded as a bonus issue notwithstanding that the Issuer does not make offers to some or all holders of Ordinary Shares with registered addresses outside Australia, where the issue on such terms is in compliance with the ASX Listing Rules.

(d) No adjustments to the Issue Date VWAP will be made under this clause 7.5 for any offer of Ordinary Shares not covered by clause 7.5(a), including a rights issue or other essentially pro rata issue. The fact that no adjustment is made for an issue of Ordinary Shares except as covered by clause 7.5(a) shall not in any way restrict the Issuer from issuing Ordinary Shares at any time on such terms as it sees fit nor be taken to constitute a modification or variation of rights or privileges of Holders or otherwise requiring any consent or concurrence of the Holders.

## 7.6 Adjustments to Issue Date VWAP for capital reconstruction

(a) If at any time after the Issue Date there is a change to the number of Ordinary Shares on issue because of a Reclassification (in a manner not involving any cash payment to or by holders of Ordinary Shares) into a lesser or greater number, the Issue Date VWAP will be adjusted by multiplying the Issue Date VWAP applicable on the Business Day immediately before the date of any such Reclassification by the following formula:

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

where:

**A** means the aggregate number of Ordinary Shares on issue immediately before the Reclassification; and

**B** means the aggregate number of Ordinary Shares on issue immediately after the Reclassification.

(b) Each Holder acknowledges that the Issuer may consolidate, divide or reclassify securities so that there is a lesser or greater number of Ordinary Shares at any time in its absolute discretion without any such action constituting a modification or variation of rights or privileges of Holders or otherwise requiring any consent or concurrence.

### 7.7 No adjustment to Issue Date VWAP in certain circumstances

Despite the provisions of clauses 7.5 and 7.6, no adjustment will be made to the Issue Date VWAP where any such adjustment (rounded if applicable) would be less than one per cent of the Issue Date VWAP then in effect.

### 7.8 Announcement of adjustments to Issue Date VWAP

The Issuer may determine an adjustment to the Issue Date VWAP under clauses 7.5 and 7.6. Such an adjustment will be notified to the Holders (an **Adjustment Notice**) within 10 Business Days of the Issuer determining the adjustment. The adjustment set out in the Adjustment Notice will be final and binding.

### 7.9 Status and listing of Ordinary Shares

(a) The Issuer agrees that Ordinary Shares issued on Conversion will rank equally with all other fully paid Ordinary Shares.

(b) The Issuer agrees to use all reasonable endeavours to list the Ordinary Shares issued on Conversion on ASX.

### 7.10 Information for Conversion

Where a Note is required to be Converted under these Terms, a Holder wishing to receive Ordinary Shares must in a Holder Details Notice to be given no later than the Conversion Date have provided to the Issuer:

(a) its name and address (or the name and address of any person in whose name it directs the Ordinary Shares to be issued) for entry into any register of title and receipt of any certificate or holding statement in respect of any Ordinary Shares;

(b) the security account details in CHESS or such other account to which the Ordinary Shares may be credited; and

(c) such other information as is reasonably requested by the Issuer for the purposes of enabling it to issue the Conversion Number of Ordinary Shares to such Holder.

The Issuer has no duty to seek or obtain such information.

### 7.11 Conversion where the Holder does not wish to receive Ordinary Shares or is an Ineligible Holder

(a) If Notes are required to be Converted and:

(i) the Holder has notified the Issuer that it does not wish to receive Ordinary Shares as a result of Conversion, which notice may be given at any time on or after the Issue Date and no less than 15 Business Days prior to the Conversion Date; or

(ii) the Holder is an Ineligible Holder; or

(iii) for any reason (whether or not due to the fault of the Holder), the Issuer has not received the information required by clause 7.10 prior to the Conversion Date and the lack of such information would prevent the Issuer from issuing the Ordinary Shares to the Holder on the Conversion Date; or

(iv) FATCA Withholding is required to be made in respect of the Ordinary Shares to be issued upon Conversion,

then, on the Conversion Date, the Holder's rights (including to payments of Interest or Additional Amounts, and the repayment of principal) in relation to each such Note being Converted are immediately and irrevocably terminated for an amount equal to the Face Value and the Issuer will apply the Face Value of each Note by way of payment for the subscription for the allotment and issue by the Issuer of the Conversion Number of Ordinary Shares to one or more Sale and Transfer Agents for no additional consideration and on terms that at the first opportunity the Sale and Transfer Agent will sell the Ordinary Shares at market value and pay the Proceeds to the relevant Holder or, in the case of a FATCA Withholding, will deal with the Ordinary Shares and any proceeds of sale as required by FATCA. Each Holder is taken to have irrevocably directed that any amount payable under this clause 7.11(a) is to be applied as provided for in this clause 7.11(a) and Holders do not have any right to payment in any other way.

(b) If the Conversion of Notes to which this clause 7.11 applies fails to take effect within five Business Days of the Conversion Date, then Holders' rights will be immediately and irrevocably terminated in accordance with clause 6.3.

(c) The Issuer has no liability to a Holder for the acts of any Sale and Transfer Agent appointed to sell the Ordinary Shares upon the occurrence of a Non-Viability Trigger Event and has no, nor owes any, duties in connection with any such sale and has no responsibility for any costs, losses, liabilities, expenses, demands or claims which arise as a result of such sale.

## 7.12 Power of attorney

(a) Each Holder appoints each of the Issuer, its officers and any External Administrator of the Issuer (each an **Attorney**) severally to be the attorney of the Holder with power in the name and on behalf of the Holder to sign all documents and transfers and do any other thing as may in the Attorney's opinion be necessary or desirable to be done in order for the Holder to observe or perform the Holder's obligations under these Terms including, but not limited to, effecting any transfers of the Notes, Conversion, Write-Off or Redemption, making any entry in the Register or the register of any Ordinary Shares or exercising any voting power in relation to any consent or approval required for Conversion, Write-Off or Redemption.

(b) The power of attorney given in this clause 7.12 is given for valuable consideration and to secure the performance by the Holder of the Holder's obligations under these Terms and is irrevocable.

## 7.13 No right of Holders to require Conversion

No Notes can, or will, be Converted at the option of a Holder.

## 7.14 Conversion if amounts not paid

For the avoidance of doubt, Conversion may occur even if an amount is not paid to a Holder as a consequence of clause 2.2.

## 7.15 Conversion after winding-up commences

If a Non-Viability Trigger Event occurs, then Conversion shall occur (subject to clause 6.3) in accordance with clauses 6 and 7 notwithstanding that an order is made by a court, or an

effective resolution is passed, for the winding-up of the Issuer.

# 8 Events of Default

## 8.1 Events of Default

An **Event of Default** occurs in relation to the Notes if:

(a) subject to clause 2.2, the Issuer fails to pay any amount of principal or Interest within 14 days of the due date for payment; or

(b) an:

(i) order is made by a court and the order is not successfully appealed or permanently stayed within 60 days of the making of the order, or

(ii) an effective resolution is passed,

for the winding-up of the Issuer, in each case other than for the purposes of a consolidation, amalgamation, merger or reconstruction which has been approved by a Special Resolution of the Holders or in which the surviving entity has assumed or will assume expressly or by law all obligations of the Issuer in respect of the Notes.

## 8.2 Notification

If an Event of Default occurs, the Issuer must, promptly after becoming aware of it, notify the Holders and the Registrar of the occurrence of that Event of Default (specifying details of it) and use its reasonable endeavours to promptly notify the Holders of the occurrence of that Event of Default.

## 8.3 Enforcement

(a) At any time after an Event of Default under clause 8.1(a) occurs and continues unremedied, then the Holder of any Notes may without further notice bring proceedings:

(i) to recover any amount then due and payable but unpaid on the Notes (subject to clause 2.2);

(ii) to obtain a court order for specific performance of any other obligation in respect of the Notes;

(iii) for the winding-up of the Issuer; or

(b) At any time after an Event of Default under clause 8.1(b) occurs and continues unremedied, then the Holder of any Notes may declare by notice to the Issuer that the Face Value of each Note (together with all Interest accrued but unpaid to the date for payment) is payable on a date specified in the notice and, subject to clause 2.1, may prove in the winding-up of the Issuer for that amount, but may take no further action to enforce the obligations of the Issuer for payment of any principal or Interest in respect of the Notes. For the avoidance of doubt, the Holder may not make such a declaration (or prove in any such winding-up) when Interest is not paid by virtue of the circumstances set out in clause 2.2.

(c) The Holder may not exercise any other remedies (including any right to sue for damages which has the same economic effect as acceleration) as a consequence of an Event of Default or other default other than as specified in this clause 8.3.

# 9 Title and transfer of Notes

## 9.1 Title

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

## 9.2 Effect of entries in Register

Each entry in the Register in respect of a Note constitutes:

(a) an unconditional and irrevocable undertaking by the Issuer to the Holder to pay principal, Interest and any other amount subject to, and in accordance with, these Terms; and

(b) an entitlement to the other benefits given to Holders under these Terms and the Deed Poll in respect of the Note.

## 9.3 Register conclusive as to ownership

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 error.

## 9.4 Non-recognition of interests

Except as required by law, the Issuer and the Registrar must treat the person whose name is entered in the Register as the holder of a Note as the absolute owner of that Note. This clause 9.4 applies whether or not a Note is overdue and despite any notice of ownership, trust or interest in the Note.

## 9.5 Joint holders

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.

## 9.6 Austraclear

(a) If Notes are lodged in the Austraclear System, the Registrar will enter Austraclear in the Register as the Holder of those Notes. While those Notes remain in the Austraclear System, all dealings (including transfers and payments) in relation to those Notes within the Austraclear System will be governed by the regulations for the Austraclear System (but without affecting any Term which may cause APRA to object to the ClearView Group using or having used the proceeds of the Notes to fund or support the funding of Tier 2 Capital of a Regulated Entity within the ClearView Group).

(b) Where Austraclear is recorded in the Register as the Holder, each person in whose Security Record (as defined in the Austraclear Regulations) a Note is recorded is deemed to acknowledge in favour of the Registrar and Austraclear that:

  (i) the Registrar's decision to act as the Registrar of the Note does not constitute a recommendation or endorsement by the Registrar or Austraclear in relation to the Note but only indicates that such Note is considered by the Registrar to be compatible with the performance by it of its obligations as Registrar under its agreement with the Issuer to act as Registrar of the Note; and

  (ii) the Holder does not rely on any fact, matter or circumstance contrary to clause 9.6(b)(i).

## 9.7 Transfers in whole

Notes may be transferred in whole but not in part.

### 9.8 Transfer

(a) Where Notes are not lodged in the Austraclear System, subject to clause 9.9, all applications to transfer Notes must be made by lodging with the Registrar a properly completed transfer and acceptance form in the form approved by the Issuer and the Registrar signed by both the transferor and the transferee. Transfer and acceptance forms are available from any Registry Office.

(b) Notes lodged in the Austraclear System will be transferable only in accordance with the Austraclear Regulations.

### 9.9 Limit on Transfer

(a) The Notes may only be transferred pursuant to offers received in Australia if:

(i) the aggregate consideration payable at the time of transfer is at least A$500,000 (disregarding moneys lent by the transferor or its associates) or the Notes are otherwise transferred in a manner which does not require disclosure in accordance with Part 6D.2 or Part 7 of the Corporations Act; and

(ii) the transfer does not constitute an offer to a “retail client” as defined for the purposes of section 761G of the Corporations Act.

(b) Notes may only be transferred between persons in a jurisdiction or jurisdictions other than Australia if the transfer is in compliance with the laws of the jurisdiction in which the transfer takes place and the transfer of the Notes otherwise does not require disclosure to investors in accordance with the laws of the jurisdiction in which the transfer takes place.

### 9.10 Austraclear Services Limited as Registrar

If Austraclear Services Limited is the Registrar and Notes are lodged in the Austraclear System, despite any other provision of these Terms, those Notes are not transferable on the Register, and the Issuer may not, and must procure that the Registrar does not, register any transfer of those Notes issued by it and no member of the Austraclear System has the right to request any registration of any transfer of the relevant Notes, except:

(a) for the purposes of any Conversion, Redemption, repurchase or cancellation of the relevant Note, a transfer of the relevant Note from Austraclear to the Issuer may be entered in the Register; and

(b) if Austraclear exercises or purports to exercise any power it may have under the Austraclear Regulations from time to time for the Austraclear System or these Terms, to require the relevant Note to be transferred on the Register to a member of the Austraclear System, the relevant Note may be transferred on the Register from Austraclear to the member of the Austraclear System.

In any of these cases, the relevant Note will cease to be held in the Austraclear System.

### 9.11 Delivery of instrument

If an instrument is used to transfer Notes according to clause 9.8, it must be delivered to the Registrar, together with such evidence (if any) as the Registrar reasonably requires to prove the title of the transferor to, or right of the transferor to transfer, the Notes.

### 9.12 Refusal to register

The Issuer may only refuse to register a transfer of any Notes if such registration would contravene or is forbidden by any applicable law, Austraclear Regulations or the Terms.

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.

### 9.13 Transferor to remain Holder until registration

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

### 9.14 Effect of transfer

Upon registration and entry of the transferee in the Register the transferor ceases to be entitled to future benefits under the Deed Poll in respect of the transferred Notes and the transferee becomes so entitled in accordance with clause 9.2.

### 9.15 Estates

A person becoming entitled to a Note as a consequence of the death or bankruptcy of a Holder or of a vesting order or a person administering the estate of a Holder may, upon producing such evidence as to that entitlement or status as the Registrar considers sufficient, transfer the Note or, if so entitled, become registered as the holder of the Note.

### 9.16 Transfer of unidentified Notes

Where the transferor executes a transfer of less than all 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.

## 10 Payments

### 10.1 Summary of payment provisions

Payments in respect of Notes will be made in accordance with this clause 10.

### 10.2 Payments subject to law

All payments are subject to applicable law, but without prejudice to the provisions of clause 11.

### 10.3 Payments on Business Days

If a payment:

(a) is due on a Note 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, the Holder is not entitled to any additional payment in respect of that delay.

Nothing in this clause applies to any payment referred to in clause 7.1(b), which occurs on the Conversion Date as provided in clause 7.1.

### 10.4 Payment of principal

Payments of principal will be made to each person registered at 10:00am Sydney time on the date fixed for redemption as the holder of a Note.

### 10.5 Payment of Interest

Payments of Interest in respect of a Note will be made to each person registered at the close of business on the Record Date as the holder of that Note.

### 10.6 Payments to accounts

Monies payable by the Issuer to a Holder may be paid in any manner in which cash may be paid as the Issuer decides, including by any method of direct credit determined by the Issuer to the Holder or Holders shown on the Register or to such person or place directed by them.

### 10.7 Payments by cheque

The Issuer may decide that payments in respect of the Note will be made by cheque sent by prepaid post on the payment date, at the risk of the registered Holder, to the Holder (or to the first named joint holder of the Note) at its address appearing in the Register at the close of business on the Record Date. Cheques sent to the nominated address of a Holder will be taken to have been received by the Holder on the payment date and, no further amount will be payable by the Issuer in respect of the Notes as a result of the Holder not receiving payment on the due date.

### 10.8 Unsuccessful attempts to pay

Subject to applicable law, where the Issuer:

(a) decides that an amount is to be paid to a Holder by a method of direct credit and the Holder has not given a direction as to where amounts are to be paid by that method;

(b) attempts to pay an amount to a Holder by direct credit, electronic transfer of funds or any other means and the transfer is unsuccessful;

(c) has made reasonable efforts to locate a Holder but is unable to do so; or

(d) has issued a cheque which has not been presented within six months of its date, then the Issuer may cancel such cheque,

then, in each case, the amount is to be held by the Issuer for the Holder in a non-interest bearing deposit with a bank selected by the Issuer until the Holder or any legal personal representative of the Holder claims the amount or the amount is paid by the Issuer according to the legislation relating to unclaimed moneys.

### 10.9 Payment to joint Holders

A payment to any one of joint Holders will discharge the Issuer’s liability in respect of the payment.

## 11 Taxation

### 11.1 No set-off, counterclaim or deductions

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

### 11.2 Withholding tax

Subject to clause 11.3, if a law requires the Issuer to withhold or deduct an amount in respect of Taxes from a payment in respect of the Notes such that the Holder would not actually receive on the due date the full amount provided for under the Notes, then:

(a) the Issuer agrees to deduct the amount for the Taxes (and any further withholding or deduction applicable to any further payment due under paragraph (b) below); and

(b) if the amount deducted or withheld is in respect of Taxes imposed within Australia, the amount payable is increased so that, after making the deduction and further deductions applicable to additional amounts payable under this clause 11.2, each Holder is entitled to receive (at the time the payment is due) the amount it would have received if no deductions or withholdings had been required to be made.

### 11.3 Withholding tax exemptions

No Additional Amounts are payable under clause 11.2(b) in respect of any Note:

(a) to, or to a third party on behalf of, a Holder who is liable to such Taxes in respect of such Note by reason of the person having some connection with Australia other than the mere holding of such Note or receipt of payment in respect of the Note provided that a Holder shall not be regarded as having a connection with Australia for the reason that the Holder is a resident of Australia within the meaning of the Tax Legislation where, and to the extent that, such taxes are payable by reason of section 128B(2A) of the Tax Legislation;

(b) to, or to a third party on behalf of, a Holder 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;

(c) to, or to a third party on behalf of, a Holder who is an Offshore Associate of the Issuer 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; or

(d) to, or to a third party on behalf of an Australian resident Holder or a non-resident Holder carrying on business in Australia at or through a permanent establishment of the non-resident in Australia, if the Holder has not supplied an appropriate tax file number, an Australian business number or other exemption details.

### 11.4 FATCA

The Issuer may withhold or make deductions from payments or from the issue of Ordinary Shares to a Holder where it is required to do so under or in connection with FATCA, or where it has reasonable grounds to suspect that the Holder or a beneficial owner of Notes may be subject to FATCA, and may deal with such payment, and any Ordinary Shares in accordance with FATCA. If any withholding or deduction arises under or in connection with FATCA, the Issuer will not be required to pay any further amounts and the Issuer will not be required to issue any further Ordinary Shares on account of such withholding or deduction or otherwise reimburse or compensate, or make any payment to, a Holder or a beneficial owner of Notes for or in respect of any such withholding or deduction. A dealing with such payment and any Ordinary Shares in accordance with FATCA satisfies the Issuer's obligations to that Holder to the extent of the amount of that payment or issue of Ordinary Shares.

## 12 Amendment

### 12.1 Amendments without consent

At any time and from time to time, but subject to compliance with the Corporations Act and all other applicable laws, the Issuer may, without the consent of the Holders, amend these Terms or the Deed Poll if the Issuer is of the opinion that such amendment is:

(a) of a formal or technical or minor nature;

(b) made to cure any ambiguity or correct any manifest error;

(c) necessary or expedient for the purpose of enabling the Notes to be offered for subscription or for sale under the laws for the time being in force in any place;

(d) necessary to comply with the provisions of any statute or the requirements of any statutory authority;

(e) in any other case, not materially prejudicial to the interests of the Holders as a whole,

provided that, in the case of an amendment pursuant to paragraph (c), (d) or (e), the Issuer has received an opinion of independent legal advisers of recognised standing in New South Wales that such amendment is otherwise not materially prejudicial to the interests of Holders as a whole.

For the purposes of determining whether an amendment is not materially prejudicial to the interests of Holders as a whole, the taxation and regulatory capital consequences to a Holder (or any class of Holders) and other special consequences or circumstances which are personal to a Holder (or any class of Holders) do not need to be taken into account by the Issuer or its legal advisers.

### 12.2 Amendment or Substitution of Approved Acquirer

At any time and from time to time, the Issuer may, without the consent of the Holders, amend these Terms as contemplated by clause 13.

### 12.3 Amendment with consent

Where clause 12.1 or clause 12.2 does not apply, the Issuer may amend these Terms with the approval of the Holders by Special Resolution in accordance with the Deed Poll.

### 12.4 Consents

Prior to any amendment under this clause 12, the Issuer must obtain any consent needed to the amendment and, in particular, any amendment which may cause APRA to object to ClearView Group using, or having used, the proceeds of the issue of some or all of the Notes to fund or support the funding of Tier 2 Capital of a Regulated Entity within the ClearView Group, is subject to the prior written consent of APRA.

### 12.5 Notification of amendments

The Issuer must notify the Holders of any amendments made in accordance with this clause 12.

### 12.6 Interpretation

In this clause 12, "**amend**" includes modify, cancel, amend, waive or add to, and "**amendment**" has a corresponding meaning.

## 13 Substitution of Approved Acquirer

### 13.1 Acquisition Event

Each Holder by acquiring a Note agrees that:

(a) where either of the following occurs:

(i) a takeover bid (as defined in the Corporations Act) is made to acquire all, or some of, the Ordinary Shares and such offer is, or becomes, unconditional and either:

(A) the bidder has at any time during the offer period, a relevant interest in more than 50% of the Ordinary Shares in issue; or

(B) the directors of the Issuer, acting as a board, issue a statement that at least a majority of its directors who are eligible to do so have recommended acceptance of such offer (in the absence of a higher offer); or

(ii) a court orders the holding of meetings to approve a scheme of arrangement under Part 5.1 of the Corporations Act, which scheme would result in a person having a relevant interest in more than 50% of the Ordinary Shares that will be in issue after the scheme is implemented and:

(A) all classes of members of the Issuer pass all resolutions required to approve the scheme by the majorities required under the Corporations Act, to approve the scheme;

(B) an independent expert issues a report that the proposals in connection with the scheme are in the best interests of the holders of Ordinary Shares; and

(C) all conditions to the implementation of the scheme, including any necessary regulatory or shareholder approvals (but not including approval of the scheme by the court), have been satisfied or waived,

(each an **Acquisition Event**); and

(b) the bidder (or its ultimate holding company) or the person having a relevant interest in the Ordinary Shares in the Issuer after the scheme is implemented (or any entity that Controls the bidder or the person having the relevant interest) is an Approved Acquirer,

without the consent of the Holders (but with the prior written approval of APRA):

(c) the Issuer may amend the terms of the Notes such that, unless APRA otherwise agrees, on any Conversion Date:

(i) each Note that is being Converted in whole will be automatically transferred by each Holder free from encumbrance to the Approved Acquirer on the Conversion Date;

(ii) each Holder (or a Sale and Transfer Agent in accordance with Clause 7.11, which provisions shall apply, subject to necessary changes, to such Approved Acquirer Ordinary Shares) of the Note being Converted will be issued a number of Approved Acquirer Ordinary Shares equal to the Conversion Number and the Conversion mechanics that would have otherwise been applicable to the determination of the number of Ordinary Shares shall apply (with any necessary changes) to the determination of the number of such Approved Acquirer Ordinary Shares; and

(iii) as between the Issuer and the Approved Acquirer, each Note held by the Approved Acquirer as a result of the transfer will be automatically Converted into a number of Ordinary Shares the aggregate market value of which equals the prevailing principal amount of that Note (determined on the basis as set out in Clause 7 using a VWAP calculated on the basis of the last period of 5 Business Days on which trading in Ordinary Shares took place preceding, but not including, the Conversion Date (whether such period occurred before or after the Acquisition Event occurred) and subject in all cases to the Maximum Conversion Number); and

(d) the Issuer may make such other amendments as in the Issuer's reasonable opinion are necessary and appropriate in order to effect the substitution of an Approved Acquirer as the issuer of the ordinary shares to be delivered upon Conversion in the manner

contemplated by these Terms and consistent with the requirements of APRA in relation to Tier 2 Capital, including, without limitation:

(i) to any one or more of the definitions of “Conversion,” “Inability Event,” “Ordinary Shares,” “Relevant Subordinated Instruments” and “Non-Viability Trigger Event” and to the procedures relating to Conversion and Write-Off as contemplated in these Terms to reflect the identity of the Approved Acquirer as the issuer of the ordinary shares to be delivered upon Conversion;

(ii) to cause any necessary adjustment to be made to the Maximum Conversion Number and to any relevant VWAP or Issue Date VWAP consistent with the principles of adjustment set out in clause 7; and

(iii) to these Terms such that any right of Holders to require delivery of ordinary shares of the Approved Acquirer is consistent with the limited right of Holders to require delivery of Ordinary Shares following a Conversion as set out in these Terms.

After a substitution, as described herein, the Approved Acquirer may without the authority, approval or assent of the Holder of Notes, effect a further substitution as described herein (with necessary changes).

### 13.2 Further substitution

After a substitution, as described in this clause 13, the Approved Acquirer may without the authority, approval or assent of the Holder of Notes, effect a further substitution as described in this clause 13 (with necessary changes).

### 13.3 No further rights

A Holder has no right:

(a) to require the Issuer to make any such amendment or to effect any such substitution; or

(b) to vote upon, or otherwise require that its approval is obtained prior to the occurrence of, any Acquisition Event,

and acknowledges and agrees that there is no provision for any automatic adjustment to these Terms or the Deed Poll on account of an Acquisition Event other than by an Approved Acquirer in this clause 13.

### 13.4 No right or remedy against the Issuer

If an Acquisition Event occurs and the Issuer does not make any such amendment or substitution prior to the occurrence of a Non-Viability Trigger Event, Holders will remain entitled to Ordinary Shares in the Issuer upon Conversion, calculated on the basis of the VWAP for the five Business Days on which trading in Ordinary Shares last took place (subject to clause 6.3) and Holders shall have no right or remedy against the Issuer on account of such Acquisition Event occurring or as a result of any subsequent inability to further adjust the VWAP in the manner and at the times set out below.

### 13.5 Certain events that result in a Delisting Event

If:

(a) a takeover bid is made to acquire all or some of the Ordinary Shares, acceptance of which is recommended by the Directors; or

(b) a court orders the holding of meetings to approve a scheme of arrangement with the holders of Ordinary Shares, the approval of which is recommended by the Directors,

in each case which if completed would result in a Delisting Event (and would not be an Approved Acquisition Event), then the Directors will use reasonable endeavours to procure that Holders receive or shall have received, fair offers with respect to their holdings of Notes or an entitlement to participate in the scheme.

# 14 General

## 14.1 Notices

(a) **Notices to Holders**

All notices and other communications by the Issuer to a Holder must be in writing and sent by fax or prepaid post (airmail if appropriate) to or left at the address of the Holder (as shown in the Register at the close of business on the day which is three Business Days before the date of the notice or communication) or sent by email or electronic message to the electronic address (if any) nominated by that person and may also be given:

(i) by an advertisement published in *The Australian Financial Review*, *The Australian* or any other newspaper of national circulation in Australia; or

(ii) where Notes are lodged in the Austraclear System, by delivery to the Austraclear System for communication by the Austraclear System to the persons shown in its records as having interests therein.

(b) **Delivery of certain notices**

Notwithstanding clause 14.1(a), a notice under clause 4.2 ("Notification of Interest Rate, Interest payable and other items"), a Non-Viability Trigger Event Notice or a notice of change of Specified Office may each be given to Holders by the Issuer publishing the notice on the Issuer's website.

(c) **Notices**

All notices and other communications to the Issuer, the Registrar or any other person (other than Holders) must be in writing and may be sent by fax or electronic messages to the electronic address (if any) of the addressee or by prepaid post (airmail if appropriate) to or may be left at the Specified Office of the Issuer, the Registrar or such other person.

(d) **When effective**

Notices and other communications the subject of this clause 14.1 take effect from the time they are taken to be received unless a later time is specified in them.

(e) **Receipt – publication in newspaper or via Austraclear System**

If published in a newspaper, a notice or other communication is taken to be received on the first date that publication has been made in all the required newspapers or, where Notes are lodged in the Austraclear System, on the fourth Business Day after delivery to the Austraclear System.

(f) **Deemed receipt – postal, fax or email**

(i) If sent by post, notices or other communications the subject of this clause 14.1 are taken to be received three days after posting (or seven days after posting if sent to or from a place outside Australia).

(ii) If sent by fax, notices or other communications the subject of this clause 14.1 are taken to be received at the time shown in the transmission report as the time that the whole fax was sent.

(iii) If sent by email, notices or other communications the subject of this clause 14.1 are taken to be received when:

(A) the sender receives an automated message confirming delivery; or

(B) four hours after the time sent (as recorded on the device from which the sender sent the email), provided that the sender does not receive an automated message within those four hours that the email has not been delivered.

(g) **Deemed receipt - general**

Despite clause 14.1(f), if notices or other communications the subject of this clause 14.1 are received after 5.00 pm in the place of receipt or on a non-Business Day, they are taken to be received at 9.00 am on the next Business Day in the place of receipt.

(h) **Copies of notices**

If these Terms or the Deed Poll requires a notice or other communication to be copied to another person, a failure to so deliver the copy will not invalidate the notice or other communication.

### 14.2 Time limit for claims

A claim against the Issuer for a payment under a Note is void unless made within 10 years (in the case of principal) or 5 years (in the case of Interest and other amounts) from the date on which payment first became due.

### 14.3 Voting

(a) The Deed Poll contains provisions for convening meetings of the Holders to consider any matter affecting their interests including certain variations of these Terms which require the consent of the Holders.

(b) A Holder has no right to attend or vote at any general meeting of the shareholders of the Issuer.

### 14.4 Further issues

The Issuer may from time to time, without the consent of any Holder, issue any securities ranking equally with the Notes (on the same terms or otherwise) or ranking in priority or junior to the Notes, or incur or guarantee any indebtedness upon such terms as it may think fit in its sole discretion.

### 14.5 Governing law

These Terms and the Notes are governed by the laws in force in New South Wales.

## 15 Interpretation and definitions

### 15.1 Interpretation

In these Terms, except where the context otherwise requires:

(a) the singular includes the plural and vice versa, and a gender includes other genders;

(b) another grammatical form of a defined word or expression has a corresponding meaning;

(c) a reference to a document includes all schedules or annexes to it;

(d) a reference to a clause or paragraph is to a clause or paragraph of these Terms;

(e) a reference to a document or instrument includes the document or instrument as novated, amended, supplemented or replaced from time to time;

(f) a reference to "Australia" includes any political sub-division or territory in the Commonwealth of Australia;

(g) a reference to "Australian dollars", "A$" or "Australian cent" is a reference to the lawful currency of Australia;

(h) a reference to time is to Sydney, Australia time;

(i) other than in relation to a Non-Viability Trigger Event and a Conversion on a Conversion Date and as provided in the definition of Maturity Date, if these Terms require an event to occur on a Business Day, and the date specified by these Terms for the occurrence of that event is not a Business Day, then that event is taken to occur on the next Business Day following that date;

(j) a reference to a person includes a reference to the person's executors, administrators, successors and permitted assigns and substitutes;

(k) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;

(l) a reference to a statute, ordinance, code, rule, directive or law (however described) includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;

(m) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;

(n) any agreement, representation or warranty by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;

(o) an Event of Default is subsisting if it has not been remedied or waived in writing;

(p) headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of these Terms;

(q) if the principal securities exchange on which Ordinary Shares are listed becomes other than ASX, unless the context otherwise requires, a reference to ASX shall be read as a reference to that principal securities exchange and a reference to the ASX Listing Rules, ASX Settlement Rules or any term defined in any such rules, shall be read as a reference to the corresponding rules of that exchange or corresponding defined terms in such rules (as the case may be);

(r) any provisions which refer to the requirements of APRA or any other prudential regulatory requirements will apply to the Issuer only if the Issuer is an entity subject to regulation and supervision by APRA at the relevant time;

(s) any provisions which require APRA's consent or approval (written or otherwise) will apply unless APRA has notified the Issuer in writing that it no longer requires that such consent or approval be given at the relevant time;

(t) a reference to "Tier 1 Capital", "Tier 2 Capital" or "Related Entity" shall, if either term is replaced or superseded in any of APRA's applicable prudential regulatory requirements or standards, be taken to be a reference to the replacement or equivalent term;

(u) any provisions in these Terms requiring the prior approval of APRA for a particular course of action to be taken by the Issuer do not imply that APRA has given its consent or approval to the particular action as of the Issue Date or that it will at any time give its consent or approval to the particular action; and

(v) a reference to the 'conversion' of a Relevant Subordinated Instrument includes an exchange or other method by which holders come to be issued with Ordinary Shares in place of the Relevant Subordinated Instrument.

## 15.2 Definitions

In these Terms, these meanings apply unless the contrary intention appears:

**Acquisition Event** has the meaning specified in clause 13.1;

**Additional Amount** means an additional amount payable by the Issuer under clause 11.2(b);

**Additional Tier 1 Capital** means Additional Tier 1 capital as defined by APRA in accordance with the Prudential Standards from time to time;

**Adjustment Notice** has the meaning specified in clause 7.8;

**APRA** means the Australian Prudential Regulation Authority;

**Approved Acquirer** means the ultimate holding company of the Issuer (whether incorporated in Australia or elsewhere) arising as a result of an Approved Acquisition Event;

**Approved Acquisition Event** means an Acquisition Event in respect of which each of the following conditions is satisfied:

(a) the entity which has or is to become the Approved Acquirer has assumed all of the Issuer's obligations to Convert the Notes into Ordinary Shares by undertaking to convert such Notes into Approved Acquirer Ordinary Shares on a Non-Viability Trigger Event in respect of the Approved Acquirer;

(b) the Approved Acquirer Ordinary Shares are listed on ASX or another recognised exchange; and

(c) the Issuer, in its sole and absolute discretion, has determined that the arrangements for the issuance of Approved Acquirer Ordinary Shares to Holders following a Non-Viability Trigger Event are in the best interests of the Issuer having regard also to the interests of the Holders and are consistent with applicable law and regulation (including, but not limited to, the guidance of APRA or any other applicable regulatory authority);

**Approved Acquirer Ordinary Share** means a fully paid ordinary share in the capital of the Approved Acquirer;

**ASX** means ASX Limited (ABN 98 008 624 691), the securities market operated by it or any of its related bodies corporate, as the context requires;

**ASX Listing Rules** means the listing rules of ASX;

**ASX Operating Rules** means the market operating rules of ASX as amended, varied or waived (whether in respect of the Issuer or generally) from time to time;

**Attorney** has the meaning given in clause 7.12;

**Austraclear** means Austraclear Limited (ABN 94 002 060 773);

**Austraclear Participant** means a Participant as defined in the Austraclear Regulations;

**Austraclear Regulations** means the regulations known as the 'Regulations and Operating Manual' established by Austraclear (as amended from time to time) to govern the use of the Austraclear System;

**Austraclear System** means the system operated by Austraclear for holding the Notes and the electronic recording and settling of transactions in those Notes between members of that system;

**Business Day** means for the purposes of calculation or payment of Interest or any other amount, a day on which banks are open for business in Sydney, New South Wales;

**Calculation Agent** means the Issuer or such other person as the Issuer may appoint to act as calculation agent for the purposes of a provision of these Terms;

**CHESS** means the Clearing House Electronic Sub-register System operated by ASX Settlement Pty Limited (ABN 49 008 504 532) or any system that replaces it relevant to the Ordinary Shares or the Conversion of the Notes;

**ClearView Group** means the Issuer and its Controlled Entities;

**Control** has the meaning given in the Corporations Act;

**Controlled Entity** means, in respect of the Issuer, an entity the Issuer Controls;

**Conversion** means the conversion of all or some Notes into the Conversion Number of Ordinary Shares in accordance with and subject to clauses 6 and 7. "**Convert**", "**Converting**" and "**Converted**" bear the corresponding meanings;

**Conversion Date** has the meaning specified in clause 6.2;

**Conversion Number** has the meaning specified in clause 7.1(a);

**Corporations Act** means the Corporations Act 2001 of Australia;

**Costs** includes costs, charges and expenses;

**Cum Value** has the meaning specified in clause 7.2(a);

**Deed Poll** means the deed entitled "ClearView Subordinated Notes Deed Poll" dated on or before the Issue Date;

**Delisting Event** occurs when the Issuer's Ordinary Shares cease to be quoted on ASX;

**Directors** means some of all of the directors of the Issuer acting as a board;

**External Administrator** means, in respect of a person:

(a) a liquidator, a provisional liquidator, an administrator or a judicial manager of that person; or

(b) a receiver, or a receiver and manager, in respect of all or substantially all of the assets and undertakings of that person,

or in either case any similar official;

**Event of Default** means the happening of any event set out in clause 8.1;

**Face Value** means the principal amount of each Note, being A$10,000;

**FATCA** means:

(a) sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 or any associated regulations;

(b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or

(c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the U.S. Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other jurisdiction;

**FATCA Withholding** means any deduction or withholding made for or on account of FATCA;

**Foreign Holder** means a Holder:

(a) whose address in the Register is a place outside Australia; or

(b) who the Issuer otherwise believes may not be a resident of Australia,

and the Issuer is not satisfied that the laws of the Holder's country of residence would permit the offer to, or the holding or acquisition of Ordinary Shares by, the Holder (but the Issuer will not be bound to enquire into those laws), either unconditionally or after compliance with conditions which the Issuer, in its absolute discretion, regards as acceptable and not unduly onerous;

**Holder** means, in respect of a Note:

(a) for the purposes of determining the person entitled to be treated as the holder of Ordinary Shares or to be allotted and issued Ordinary Shares under these Terms and purposes incidental thereto (including, without limitation, for the purposes of clauses 6.2(d), 6.4, 7.1, 7.10 and 7.11), or where Ordinary Shares are to be issued to a Sale and Transfer Agent, the Proceeds of sale of Ordinary Shares and the amount of their entitlements, for so long as a Note is held in the Austraclear System and Ordinary Shares are not able to be lodged in the Austraclear System, a person who is the relevant Austraclear Participant; and

(b) for all other purposes, the person whose name is entered on the Register as the holder of that Note;

**Holder Details Notice** means a notice in the form available from the Registrar;

**Inability Event** means the Issuer is prevented by applicable law, or order of any court, or action of any government authority (including regarding the insolvency, winding-up or other external administration of the Issuer) or any other reason from Converting the Notes;

**Ineligible Holder** means:

(a) a Holder who is prohibited or restricted by any applicable law or regulation in force in Australia (including but not limited to Chapter 6 of the Corporations Act, the Foreign Acquisitions and Takeovers Act 1975 of Australia, the Financial Sector (Shareholdings) Act 1998 of Australia, Part IV of the Competition and Consumer Act 2010 of Australia and the Insurance Acquisitions and Takeovers Act 1991 of Australia) from being offered, holding or acquiring Ordinary Shares (provided that if the relevant prohibition

or restriction only applies to the Holder in respect of some of its Notes, it shall only be treated as an Ineligible Holder in respect of those Notes and not in respect of the balance of its Notes). The Issuer shall be entitled to treat a Holder as not being an Ineligible Holder unless the Holder has otherwise notified it after the Issue Date and prior to the Conversion Date; or

(b) a Foreign Holder;

**Information Memorandum** means the Information Memorandum relating to the offering and issuance of the Notes dated on or about 23 October 2020;

**Interest** has the meaning given in clause 3.1;

**Interest Payment Date** means, in respect of a Note, 5 February, 5 May, 5 August and 5 November in each year and the Maturity Date or a Redemption Date with the first Interest Payment Date being 5 February 2021. If any of these dates is not a Business Day, the Interest Payment Date is the following Business Day, provided that the final Interest Payment Date falls on the Redemption Date or the Maturity Date (as adjusted if that day is not a Business Day) (as the case may be);

**Interest Period** means, for 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; and

(b) the final Interest Period ends on (but excludes) the Maturity Date or the Redemption Date;

**Interest Rate** means, in respect of an Interest Period, for a Note, the interest rate (expressed as a percentage per annum) payable in respect of that Note calculated or determined in accordance with clause 3.2;

**Issue Date** means, in respect of a Note, the date on which that Note is issued;

**Issue Date VWAP** means the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding but not including the Issue Date, as adjusted in accordance with clause 7;

**Issuer** means ClearView Wealth Limited (ABN 83 106 248 248);

**Junior Subordinated Creditors** means in respect of the Notes, creditors of the Issuer whose claims against the Issuer arise under instruments issued by the Issuer as Relevant Perpetual Subordinated Instruments or whose claims are in respect of a shareholding including the claims described in section 563AA and in section 563A of the Corporations Act;

**Life Insurance Act** means the Life Insurance Act 1995 of Australia;

**Margin** means the margin determined in accordance with clause 3.2;

**Market Rate** has the meaning given in clause 3.2;

**Maturity Date** means 5 November 2030 or if that day is not a Business Day, the preceding Business Day;

**Maximum Conversion Number** has the meaning given in clause 7.1(a);

**Meeting Provisions** means the provisions for meetings of the Holders set out in schedule 2 to the Deed Poll;

**Non-Viability Determination** has the meaning given in clause 6.1(a);

**Non-Viability Trigger Event** has the meaning specified in clause 6.1(a);

**Non-Viability Trigger Event Notice** has the meaning specified in clause 6.2(a)(iii);

**Note** has the meaning given in clause 1.1;

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

(a) a non-resident of Australia which does not acquire the Notes in carrying on a business at or through a permanent establishment in Australia; or

(b) a resident of Australia that acquires the Notes in carrying on a business at or through a permanent establishment outside Australia;

**Ordinary Share** means a fully paid ordinary share in the capital of the Issuer;

**Pari Passu Subordinated Creditors** means creditors of the Issuer (other than Holders) whose claims against the Issuer arise under instruments issued by the Issuer as Relevant Term Subordinated Instruments;

**Proceeds** means the net proceeds of a sale of Ordinary Shares actually received by the Sale and Transfer Agent calculated after deduction of any applicable brokerage, stamp duty and other taxes (including, without limitation, FATCA Withholding) and charges, including the Sale and Transfer Agent's reasonable out of pocket Costs properly incurred by or on its behalf in connection with such sale from the sale price of the Ordinary Shares;

**Prudential Standards** means the prudential standards and guidelines of APRA applicable to a Regulated Entity within the ClearView Group from time to time;

**Reclassification** has the meaning given in clause 7.3(a);

**Record Date** means, for payment of Interest, the date which is eight calendar days before the applicable Interest Payment Date;

**Redemption** means the redemption of a Note in accordance with clause 5 and the words **Redeem** and **Redeemed** bear their corresponding meanings;

**Redemption Date** means, in respect of a Note, the date, other than the Maturity Date, on which the Note is Redeemed in whole;

**Register** means the register of Holders (established and maintained under clause 2.3(a) of the Deed Poll);

**Registrar** means Austraclear Services Limited (ABN 28 003 284 419) or any other person appointed by the Issuer to maintain the Register and perform any payment and other duties as specified in that agreement;

**Registry Agreement** means the agreement entitled "ASX Austraclear Registry and IPA Services Agreement" dated on or about 21 October 2020 between ClearView Wealth Limited and Austraclear Services Limited (ABN 28 003 284 419);

**Registry Office** means the office of the Registrar as specified in the Registry Agreement or such other office which is notified by the Issuer to Holders from time to time;

**Regulated Entity** means a registered life insurance company under the Life Insurance Act or other prudentially regulated entity;

**Regulatory Event** means:

(a) the receipt by the Directors of an opinion from a reputable legal counsel that, as a result of any amendment to, clarification of or change (including any announcement of a change that will be introduced) in any law or regulation applicable in the Commonwealth of Australia or any State or Territory of Australia or any directive, order, standard, requirement, guideline or statement of APRA (whether or not having the force of law), which applies to the Issuer (a **Regulation**) or any official administrative pronouncement or action or judicial decision interpreting or applying such Regulation which amendment, clarification or change is effective, or pronouncement, action or decision is announced, on or after the Issue Date (and which the Issuer does not expect, as at the Issue Date, may come into effect), additional requirements would be imposed on the Issuer in relation to or in connection with Notes which the Directors determine, in their absolute discretion, would have a not insignificant adverse impact on the Issuer; or

(b) following a notification from, or announcement or determination by, APRA, the Directors determine in their absolute discretion that APRA objects, or will object, to the ClearView Group using, or having used, the proceeds of issue of some or all of the Notes to fund or support the funding of Tier 2 Capital of a Regulated Entity within the ClearView Group;

**Related Entity** means in respect of the Issuer, any parent entity of the Issuer or any entity over which the Issuer or any parent entity of the Issuer exercises control or significant influence, as determined by APRA from time to time;

**Relevant Perpetual Subordinated Instrument** means:

(a) a perpetual subordinated instrument (whether in the form of a note, preference share or other security or obligation) issued by the Issuer or another member of the ClearView Group not being a Regulated Entity which:

    (i) in accordance with its terms or by operation of law, is capable of being converted into Ordinary Shares or written-off where APRA makes a determination as referred to in clause 6.1(a); and

    (ii) has been confirmed in writing by APRA to the Issuer as constituting as at the date of its issue an instrument the proceeds of which APRA does not object to the ClearView Group using to fund Additional Tier 1 Capital of a Regulated Entity within the ClearView Group; and

(b) an instrument constituting Additional Tier 1 Capital of a Regulated Entity which in accordance with its terms or by operation of law, is capable of being converted into Ordinary Shares or written-off where APRA makes a determination as referred to in clause 6.1(a);

**Relevant Subordinated Instruments** means Relevant Perpetual Subordinated Instruments and Relevant Term Subordinated Instruments;

**Relevant Term Subordinated Instrument** means:

(a) a term subordinated instrument (whether in the form of a note, preference share or other security or obligation) issued by the Issuer or another member of the ClearView Group not being a Regulated Entity which:

    (i) in accordance with its terms or by operation of law, is capable of being converted into Ordinary Shares or written-off where APRA makes a determination as referred to in clause 6.1(a); and

(ii) has been confirmed in writing by APRA to the Issuer as constituting as at the date of its issue an instrument the proceeds of which APRA does not object to the ClearView Group using to fund or support the funding of Tier 2 Capital of a Regulated Entity within the ClearView Group; and

(b) an instrument constituting Tier 2 Capital of a Regulated Entity which in accordance with its terms or by operation of law, is capable of being converted into Ordinary Shares or written-off where APRA makes a determination as referred to in clause 6.1(a),

and includes the Notes;

**Sale and Transfer Agent** means each nominee (who cannot be a member of the ClearView Group or a Related Entity of the Issuer) appointed by the Issuer under a facility established for the sale or transfer of Ordinary Shares issued on Conversion on behalf of:

(a) Holders who do not wish to receive Ordinary Shares on Conversion; or

(b) Holders who are Ineligible Holders,

in accordance with clause 7.11. For the avoidance of doubt the Issuer may appoint more than one Sale and Transfer Agent in respect of the Conversion of Notes;

**Senior Creditors** means all creditors of the Issuer other than:

(a) Holders;

(b) Pari Passu Subordinated Creditors; and

(c) Junior Subordinated Creditors;

**Solvency Condition** has the meaning given in clause 2.2;

a person is **Solvent** if:

(a) it is able to pay its debts when they fall due; and

(b) its assets exceed its liabilities,

in each case, determined on an unconsolidated stand-alone basis;

**Special Resolution** means:

(a) a resolution passed at a meeting of the Holders duly called and held under the Meeting Provisions:

(i) by at least 75% of the persons voting on a show of hands (unless paragraph (b) below applies); or

(ii) if a poll is duly demanded, then by a majority consisting of at least 75% of the votes cast; or

(b) a resolution passed by postal ballot or written resolution under the Meeting Provisions, then by Holders representing (in aggregate) at least 75% of the principal amount outstanding of all of the Notes;

**Specified Office** means, for a person, that person's office specified in the Information Memorandum or any other address notified to Holders from time to time;

**Taxes** means taxes, levies, imposts, charges and duties (including stamp and transaction duties) imposed by any authority together with any related interest, penalties, fines and expenses in connection with them, except if imposed on, or calculated having regard to, the net income of the Holder;

**Tax Event** means the receipt by the Directors of an opinion from a reputable legal counsel or other tax adviser in Australia, experienced in such matters to the effect that, as a result of:

(a) any amendment to, clarification of, or change (including any announcement of a change that will be introduced), in the laws or treaties or any regulations of Australia or any political subdivision or taxing authority of Australia affecting taxation;

(b) any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations) affecting taxation (**Administrative Action**); or

(c) any amendment to, clarification of, or change in an Administrative Action that provides for a position that differs from the current generally accepted position,

in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification, change or Administrative Action is made known, which amendment, clarification, change or Administrative Action is effective, or which pronouncement or decision is announced, on or after the Issue Date and which is not expected by the Issuer on the Issue Date, there is more than an insubstantial risk which the Directors determine (having received all approvals they consider in their absolute discretion to be necessary (including from APRA)) at their absolute discretion to be unacceptable that:

(a) the Issuer would be exposed to more than a de minimis adverse tax consequence in relation to the Notes;

(b) the Issuer would be required to pay Additional Amounts in respect of the Notes; or

(c) any interest payable in respect of the Notes is not or may not be allowed as a deduction for Australian income tax purposes;

**Tax Legislation** means:

(a) the Income Tax Assessment Act 1936 of Australia, the Income Tax Assessment Act 1997 of Australia or the Taxation Administration Act 1953 of Australia (and a reference to any section of the Income Tax Assessment Act 1936 includes a reference to that section as rewritten in the Income Tax Assessment 1997);

(b) any other law setting the rate of income tax payable; and

(c) any regulation made under such laws,

**Terms** means these terms and conditions;

**Tier 1 Capital** means Tier 1 capital as defined by APRA in accordance with the Prudential Standards from time to time;

**Tier 2 Capital** means Tier 2 capital as defined by APRA in accordance with the Prudential Standards from time to time;

**VWAP** means the average of the daily volume weighted average prices of Ordinary Shares traded on ASX during the relevant VWAP Period, subject to any adjustments made under clause 7 (such average being rounded to the nearest full cent) but does not include any “Crossing” transacted outside the “Open Session State” or any “Special Crossing” transacted at any time,

each as defined in the ASX Operating Rules, or any overseas trades pursuant to the exercise of options over Ordinary Shares;

**VWAP Period** means:

(a) in the case of the Issue Date VWAP, the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Issue Date; or

(b) otherwise, the period of five Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Conversion Date; and

**Written-off** has the meaning given in clause 6.3. "**Write-Off**" bears the corresponding meaning.

# Subscription and Sale

Pursuant to the Subscription Agreement dated on or around 23 October 2020 ("**Subscription Agreement**"), Notes will be offered by the Issuer through the Lead Manager. The Issuer will have the sole right to accept any such offers to purchase Notes and may reject any such offer in whole or (subject to the terms of such offer) in part. The Lead Manager will have the right, in its discretion reasonably exercised, to reject any offer to purchase Notes made to it in whole or (subject to the terms of such offer) in part.

The Lead Manager has acknowledged that no action has been or will be taken in any country or jurisdiction by the Issuer or the Lead Manager that would permit a public offering of Notes, or possession or distribution of any offering material in a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required.

By its purchase and acceptance of Notes issued under the Subscription Agreement, the Lead Manager will be required to agree that it will observe all applicable laws, regulations and directives in any jurisdiction in which it may offer, sell, or deliver Notes and that it will not directly or indirectly offer, sell, resell, re-offer or deliver Notes in any country or jurisdiction except under circumstances that will result in compliance with all applicable laws and directives.

## 1 General

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Information Memorandum or any other offering material, in any country or jurisdiction where action for that purpose is required.

Persons into whose hands this Information Memorandum comes are required by the Issuer and the Lead Manager to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell, resell, reoffer or deliver Notes or have in their possession or distribute or publish this Information Memorandum or other offering material and to obtain any authorisation, consent, approval or permission required by them for the purchase, offer, sale, reoffer, resale or delivery by them of any Notes under the applicable law, directive or regulation in force in any jurisdiction to which they are subject or in which they make such purchases, offers, sales, reoffers, resales or deliveries, in all cases at their own expense, and neither the Issuer nor the Lead Manager has responsibility for such matters. In accordance with the above, any Notes purchased by any person which it wishes to offer for sale or resale may not be offered in any jurisdiction in circumstances which would result in the Issuer or the Lead Manager being obliged to register any further prospectus or corresponding document relating to the Notes in such jurisdiction.

In particular, there are restrictions on the distribution of this Information Memorandum and the offer or sale of Notes in Australia, the United Kingdom, the United States of America, the European Economic Area, Hong Kong, Singapore, Japan and New Zealand as set out below.

## 2 Australia

No prospectus or other disclosure document (as defined in the Corporations Act) in relation to the issue and sale of Notes has been, or will be, lodged with ASIC. The Lead Manager has represented and agreed that it:

(a) has not made or invited, and will not make or invite, an offer of the Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and

(b) has not distributed or published and will not distribute or publish, this Information Memorandum or any other offering material or advertisement relating to the Notes in Australia,

unless:

(i) the aggregate consideration payable by each offeree is a minimum of A$500,000 (or its equivalent in an alternative currency and, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation does not otherwise require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act;

(ii) the offer or invitation does not constitute an offer to a "**retail client**" as defined for the purposes of section 761G of the Corporations Act;

(iii) such action complies with all applicable laws and directives (including, without limitation, the licensing requirements of Chapter 7 of the Corporations Act); and

(iv) such action does not require any document to be lodged with, or registered by, ASIC.

## 3 The United Kingdom

In addition to the requirements of paragraph 5 below ("Prohibition of Sales to EEA Retail Investors and UK Retail Investors"), the Lead Manager has represented and agreed that:

(a) it has complied, and will comply, with all applicable provisions of the Financial Services and Markets Act 2000 (UK) ("**FSMA**") with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom; and

(b) it has only communicated, or caused to be communicated, and will only communicate, or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of such Notes in circumstances in which section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer.

## 4 The United States of America

*Regulation S; Category 2*

Neither the Notes nor the Ordinary Shares have been, nor will they be, registered under the U.S. Securities Act, the securities laws of any state of the United States or the securities laws of any other jurisdiction and the Notes may not be offered, sold, pledged, delivered, transferred or otherwise disposed of, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or in transactions not subject to, the registration requirements of the U.S. Securities Act. Terms used in the preceding sentence and the following paragraph, have the meaning given to them by Regulation S under the U.S. Securities Act.

The Lead Manager has represented and agreed that it will not offer, sell or deliver any Notes, (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date of the Notes ("**Distribution Compliance Period**"), within the United States or to, or for the account or benefit of, U.S. persons. The Lead Manager has agreed that it will send to each further lead manager (if any) to which it sells any Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S persons.

In addition, during the Distribution Compliance Period, an offer or sale of any Notes within the United States by a lead manager that is not participating in the offering may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in reliance upon an applicable exemption from the registration requirements under the U.S. Securities Act.

## 5 Prohibition of Sales to EEA Retail Investors and UK Retail Investors

The Lead Manager has represented and agreed that it will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Information Memorandum in relation thereto to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in the Prospectus Regulation; and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

## 6 Hong Kong

The Lead Manager has represented and agreed that:

(a) the Notes have not been authorised by the Hong Kong Securities and Futures Commission;

(b) it has not offered, sold, delivered or transferred, and will not offer, sell, deliver or transfer in Hong Kong, by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong ("**SFO**")) other than:

(i) to "professional investors" within the meaning of the SFO and any rules made under the SFO; or

(ii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) (as amended) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(c) unless it is a person permitted to do so under the applicable securities laws of Hong Kong, it has not issued or had in its possession for the purposes of issue, and will not issue, or have in its possession for the purpose of issue, (in each case, whether in Hong Kong or elsewhere) any advertisement, invitation or other offering material or other document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are, or are intended to be, disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the SFO and any rules made under the SFO.

## 7 Singapore

The Lead Manager has acknowledged that this Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore, as modified or amended from time to time (the "**SFA**").

Accordingly, the Lead Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Notes, whether directly or indirectly, to any person in Singapore other than:

(a) to an institutional investor (as defined in Section 4A of the SFA, pursuant to Section 274 of the SFA;

(b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or

(c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(A) to an institutional investor or to a relevant person, or to any person arising from offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(B) where no consideration is or will be given for the transfer;

(C) where the transfer is by operation of law;

(D) as specified in Section 276(7) of the SFA; or

(E) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

## 8 Japan

The Lead Manager has acknowledged that the Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**") and that disclosure under the FIEA has not been and will not be made with respect to the Notes.

The Lead Manager has agreed that it has not, directly or indirectly, offered, sold, resold, or otherwise transferred and will not, directly or indirectly, offer, sell, resell or otherwise transfer any Notes or any interest therein, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering, resale or otherwise transferring, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and all other applicable laws, directives and guidelines promulgated by the relevant Japanese governmental and regulatory authorities.

## 9 New Zealand

The Lead Manager has acknowledged that this Information Memorandum has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (New Zealand) (the "**FMC Act**").

The Lead Manager has represented and agreed that it has not offered or sold and agrees it will not, directly or indirectly, offer, sell or deliver any Notes in New Zealand or distribute any information memorandum (including this Information Memorandum) or other offering memorandum or any advertisement in relation to any offer of Notes in New Zealand other than to a “wholesale investor” within the meaning of clause 3(2) of Schedule 1 to the FMC Act, being:

(a) a person who is:

(i) an “investment business”;

(i) “large”; or

(ii) a “government agency”,

in each case as defined in Schedule 1 to the FMC Act; or

(b) in other circumstances where there is no contravention of the FMC Act, provided that (without limiting paragraph (a) above) the Notes may not be offered or transferred to any "eligible investors" (as defined in the FMC Act) or any person that meets the investment activity criteria specified in clause 38 of Schedule 1 to the FMC Act..

# Australian Taxation

## 1 Introduction

The following is a summary of the Australian tax consequences of investing in the Notes under the Income Tax Assessment Acts of 1936 and 1997 (together, "**Australian Tax Act**") and the Taxation Administration Act 1953, at the date of this document, and certain other Australian tax matters.

This summary applies to Holders that are:

(a) residents of Australia for tax purposes that do not hold their Notes in the course of carrying on a business at or through a permanent establishment outside of Australia, and non-residents of Australia for tax purposes that hold their Notes in the course of carrying on a business at or through a permanent establishment in Australia ("**Australian Holders**"), and

(b) non-residents of Australia for tax purposes that do not hold their Notes in the course of carrying on a business at or through a permanent establishment in Australia, and Australian tax residents that hold their Notes in the course of carrying on a business at or through a permanent establishment outside of Australia ("**Non-Australian Holders**").

This summary is not exhaustive and, in particular, does not deal with the position of certain classes of Holders (including, without limitation, dealers in securities, custodians or other third parties who hold Notes on behalf of any person). In addition, unless expressly stated, the summary does not consider the Australian tax consequences for persons who hold interests in the Notes through Austraclear.

This summary is not intended to be, nor should it be construed as legal or tax advice to any particular holder of Notes. Each Holder should seek professional tax advice in relation to their particular circumstances.

## 2 Australian income tax

***Interest payments***

Australian Holders will be required to include any Interest in respect of their Notes in their Australian assessable income.

Whether the Interest should be recognised as assessable income on a realisation or accruals basis will depend on the individual circumstances of the Australian Holder (see also the *"taxation of financial arrangements"* summary below).

Non-Australian Holders should not be subject to Australian income tax in respect of Interest payments received on their Notes. This is on the basis that the Issuer intends to satisfy the requirements of section 128F of the Australian Tax Act in respect of Interest paid on Notes (see summary below).

***Gain on disposal or redemption of the Notes***

Australian Holders will be required to include any gain or loss on disposal or redemption of Notes in their assessable income. Depending on the circumstances of the Australian Holder, either the rules relating to "traditional securities" (in sections 26BB and 70B of the Australian Tax Act) or "taxation of financial arrangements" (see summary below) should apply.

In relation to a traditional security, for the purpose of calculating the gain or loss of an Australian resident Holder that is not subject to the "taxation of financial arrangements" rules on disposal or redemption of Notes:

- the cost of a Note should generally be its Face Value for Holders who acquire Notes under this document (plus any relevant costs associated with the acquisition, the disposal or the redemption);
- the consideration for a disposal or redemption will generally be the gross amount received by the Holder in respect of the disposal or redemption of Notes; and
- if the Notes are redeemed by the Issuer, the consideration for the redemption may be taken to exclude any parts of the redemption amount paid to Holders that are referable to any accrued and unpaid Interest on Notes. Those Interest amounts may be treated in the same manner as Interest payments received during the term of Notes. Again, Holders should seek their own taxation advice in relation to the application of the Australian Tax Act to their particular circumstances.

Non-Australian Holders that are non-residents of Australia should not be subject to Australian income tax on gains made on the disposal or redemption of Notes, provided:

- if the Non-Australian Holder is not a resident of a country with which Australia has entered into a comprehensive double tax treaty – such gains do not have an Australian source; or
- if the Non-Australian Holder is a resident of a country with which Australia has entered into a comprehensive double tax treaty – the Non-Australian Holder is fully entitled to the benefits of the double tax treaty to exclude Australia's jurisdiction to tax the income.

A gain arising on the sale of Notes by a Non-Australian Holder that is a non-resident of Australia to another non-resident of Australia where Notes are sold outside Australia and all negotiations are conducted, and documentation executed, outside Australia should not be regarded as having an Australian source.

If a gain realised by a Non-Australian Holder is subject to Australian income tax, depending on the circumstances of the Holder, either the rules relating to "traditional securities" or "taxation of financial arrangements" should apply.

***No gain on Conversion of the Notes***

Holders (whether an Australian Holder or a Non-Australian Holder) should not make any taxable gain or loss if Notes are Converted into Ordinary Shares. This is because any gain or loss on the Conversion should be disregarded under the Australian Tax Act.

Ordinary Shares acquired as a consequence of the Conversion should generally be treated as having a cost base and reduced cost base for Australian capital gains tax ("**CGT**") purposes equal to the cost base of the relevant Notes at the time of Conversion. For Australian CGT purposes, the acquisition date of the Ordinary Shares should generally be the time of Conversion. This will be relevant in the event that an Australian Holder subsequently disposes of the Ordinary Shares.

In the case of a Non-Australian Holder that is a non-resident of Australia, any capital gain or loss made by that Holder from any subsequent disposal of Ordinary Shares is likely to be disregarded for Australian CGT purposes. This is because the Ordinary Shares are not likely to be "taxable Australian property" (as defined under the Australian Tax Act) at the time of disposal.

Holders should seek their own taxation advice if their Notes are converted into Ordinary Shares.

## 3 Australian interest withholding tax

### *Interest withholding tax*

For Australian interest withholding tax ("**IWT**") purposes, "interest" is defined in section 128A(1AB) of the Australian Tax Act to include amounts in the nature of, or in substitution for, interest and certain other amounts. The Interest paid on Notes should be "interest" as defined in the Australian Tax Act.

Australian Holders should not be subject to Australian IWT in respect of Interest payments on Notes.

Non-Australian Holders may be subject to Australian IWT at a rate of 10 per cent of the gross amount of Interest paid by the Issuer to the Non-Australian Holder unless an exemption is available.

### *Section 128F exemption from IWT*

An exemption from IWT is available in respect of Interest paid on Notes if the requirements of section 128F of the Australian Tax Act are satisfied.

The Issuer intends to issue the Notes in a manner which will satisfy the requirements of section 128F of the Australian Tax Act.

In broad terms, the requirements are as follows:

(a) the Issuer is a resident of Australia and a company (as defined in section 128F(9) of the Australian Tax Act) when it issues the Notes and when interest is paid; and

(b) the Notes are issued in a manner which satisfies the "public offer" test in section 128F of the Australian Tax Act.

In relation to the Notes, there are five principal methods of satisfying the public offer test. In summary, the five methods are:

(i) offers to 10 or more unrelated persons carrying on a business of providing finance, or investing or dealing in securities, in the course of operating in financial markets;

(ii) offers to 100 or more investors of a certain type;

(iii) offers of listed Notes;

(iv) offers via publicly available information sources; or

(v) offers to a dealer, manager or underwriter who offers to sell the Notes within 30 days by one of the preceding methods;

(c) the Issuer does not know, or have reasonable grounds to suspect, at the time of issue, that the Notes (or interests in those Notes) were being, or would later be, acquired, directly or indirectly, by an "associate" of the Issuer, except as permitted by section 128F(5) of the Australian Tax Act (see below); and

(d) at the time of the payment of Interest, the Issuer does not know, or have reasonable grounds to suspect, that the payee is an "associate" of the Issuer, except as permitted by section 128F(6) of the Australian Tax Act (see below).

An "associate" of the Issuer for the purposes of section 128F of the Australian Tax Act includes, when the Issuer is not a trustee:

- a person or entity which holds more than 50 per cent of the voting shares of, or otherwise controls, the Issuer;
- an entity in which more than 50 per cent of the voting shares are held by, or which is otherwise controlled by, the Issuer;
- a trustee of a trust where the Issuer is capable of benefiting (whether directly or indirectly) under that trust; and
- a person or entity who is an "associate" of another person or company which is an "associate" of the Issuer under the first bullet point above.

However, for the purposes of sections 128F(5) and (6) of the Australian Tax Act (see paragraphs (c) and (d) above) an "associate" of the Issuer does not include a Non-Australian Holder that is acting in the capacity of:

- in the case of section 128F(5) only, a dealer, manager or underwriter in relation to the placement of the relevant Notes, or a clearing house, custodian, funds manager or responsible entity of a registered managed investment scheme (for the purposes of the Corporations Act), or
- in the case of section 128F(6), a clearing house, paying agent, custodian, funds manager or responsible entity of a registered managed investment scheme (for the purposes of the Corporations Act).

***Exemptions under certain double tax conventions***

Exemptions from IWT are also available for certain non-residents of Australia under double tax conventions.

The Australian government has signed new or amended double tax conventions ("**Specified Treaties**") with a number of countries (each a "**Specified Country**") which provide for certain exemptions from Australian IWT.

Broadly, the Specified Treaties effectively prevent IWT applying to interest derived by:

- the governments of the Specified Countries and certain governmental authorities and agencies in a Specified Country; and
- a "financial institution" resident in a Specified Country which is unrelated to and dealing wholly independently with the Issuer. The term "financial institution" refers to either a bank or any other enterprise which substantially derives its profits by carrying on a business of raising and providing finance. However, interest paid under a back-to-back loan or an economically equivalent arrangement will not qualify for this exemption.

***Payment of additional amounts***

As set out in more detail in clause 11 of the Terms, if the Issuer is at any time required by law to deduct or withhold an amount in respect of any withholding taxes imposed within Australia in respect of Notes, the Issuer must, subject to certain exemptions contained in clause 11.3 of the Terms, pay such additional amounts as may be necessary in order to ensure that the net amounts received by the Holders of those Notes after such deduction or withholding are equal to the respective amounts which would have been received had no such deduction or withholding been required.

## 4 Other Australian tax matters

Under Australian laws as presently in effect:

(a) **taxation of financial arrangements** – Division 230 of the Australian Tax Act contains tax timing rules for certain taxpayers to bring to account gains and losses from "financial arrangements". The rules do not alter the rules relating to the imposition of IWT nor override the IWT exemption available under section 128F of the Australian Tax Act.

A number of elective tax timing methods are available under Division 230. If none of the tax timing elections are made, the default accruals/realisation methods should apply to the taxpayer. Under the default methods, if the gains or losses from a financial arrangement are sufficiently certain, they should be brought to account for tax on an accruals basis. Otherwise, they should be brought to account for tax when they are realised.

Division 230 does not apply to certain taxpayers or in respect of certain short term "financial arrangements". Division 230 should not, for example, generally apply to Holders of Notes which are individuals and certain other entities (eg certain superannuation entities and managed investment schemes) which do not meet various turnover or asset thresholds, unless they make an election that the rules apply to their "financial arrangements". Potential Holders should seek their own tax advice regarding their own personal circumstances as to whether such an election should be made;

(b) **stamp duty and other taxes** – no ad valorem stamp, issue, registration or similar taxes are payable in Australia on:

(i) the issue, transfer or redemption of any Notes; or

(ii) the issue or transfer of Ordinary Shares (including an issue of Ordinary Shares as a result of a Conversion) provided that:

(i) if all the shares in the Issuer are quoted on ASX at the time of issue or transfer of the Ordinary Shares, no person, either directly or when aggregated with interests held by associates of that person, obtains an interest in the Issuer of 90% or more; or

(ii) if not all the shares in the Issuer are quoted on ASX at the time of issue or transfer of the Ordinary Shares, no person, either directly or when aggregated with interests held by associates of that person, obtains an interest in the Issuer of 50% or more.

The stamp duty legislation generally requires the interests of associates to be added in working out whether the relevant threshold is reached. In some circumstances, the interests of unrelated entities can also be aggregated together in working out whether the relevant threshold is reached;

(c) **TFN/ABN withholding** – withholding tax is imposed on the payment of interest on certain registered securities unless the relevant payee has quoted an Australian tax file number ("**TFN**"), (in certain circumstances) an Australian Business Number ("**ABN**") or proof of some other exception (as appropriate). A withholding rate of 47 per cent currently applies. Assuming the requirements of section 128F of the Australian Tax Act are satisfied with respect to the Notes, then withholding will not apply to payments to a Non-Australian Holder that is a non-resident for Australian tax purposes. Payments to other Holders in respect of Notes may be subject to a withholding where the Holder does not quote a TFN, ABN or provide proof of an appropriate exemption (as appropriate);

(d) **dividend withholding tax —** Non-Australian Holders may be subject to dividend withholding tax ("**DWT**") on certain distributions paid on equity interests in Australian resident entities (such as Ordinary Shares). A Non-Australian Holder should consider the application of DWT in the event the Holder's Notes are converted into Ordinary Shares. DWT is generally imposed to the extent "franking credits" do not attach to the relevant distribution or the distribution is not declared to be "conduit foreign income". Australian DWT is imposed at a general rate of 30 per cent but the rate may be reduced under an applicable double tax treaty. The Issuer does not "gross-up" distributions on its Ordinary Shares to account for the imposition of DWT;

(e) **additional withholdings from certain payments to non-residents** – the Governor-General may make regulations requiring withholding from certain payments to non-residents of Australia (other than payments of interest and other amounts which are already subject to the current IWT rules or specifically exempt from those rules). Regulations may only be made if the responsible Minister is satisfied the specified payments are of a kind that could reasonably relate to assessable income of foreign residents. The possible application of any future regulations to the proceeds of any sale of Notes will need to be monitored;

(f) **garnishee directions by the Commissioner of Taxation** – the Commissioner may give a direction requiring the Issuer to deduct from any payment to a Holder of Notes or the holder of an Ordinary Share any amount in respect of Australian tax payable by the Holder. If the Issuer is served with such a direction, then the Issuer will comply with that direction and will make any deduction required by that direction;

(g) **supply withholding tax** – payments in respect of the Notes can generally be made free and clear of any "supply withholding tax"; and

(h) **goods and services tax** – neither the issue nor receipt of Notes will give rise to a liability for goods and services tax ("**GST**") in Australia on the basis that the supply of Notes will comprise either an input taxed financial supply or (in the case of an offshore subscriber that is a non-resident) a GST-free supply. Furthermore, neither the payment of Face Value or Interest by the Issuer, nor the disposal or redemption of Notes, would give rise to any GST liability in Australia.

# U.S. Foreign Account Tax Compliance Act and OECD Common Reporting Standard

## FATCA

Under sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**"), a 30% withholding ("**FATCA withholding**") may be required if (i)(A) an investor does not provide information sufficient for the Issuer or any non-U.S. financial institution ("**FFI**") through which payments on the Notes are made to determine the Holder's status under FATCA, or (B) an FFI to or through which payments on the Notes are made is a "non-participating FFI"; and (ii) the Notes are treated as debt for U.S. federal income tax purposes and the payment is made in respect of Notes issued or modified after the date that is six months after the date on which final regulations defining the term "foreign passthru payment" are filed with the U.S. Federal Register, or the Notes are treated as equity for U.S. federal income tax purposes or do not have a fixed term, whenever issued.

FATCA withholding is not expected to apply on payments made before the date that is two years after the date on which final regulations defining the term "foreign passthru payment" are filed with the U.S. Federal Register.

Reporting Australian Financial Institutions ("**RAFIs**") under the Australia–U.S. FATCA Intergovernmental Agreement dated 28 April 2014 ("**Australian IGA**") must comply with specific due diligence procedures. In general, these procedures seek to identify their account holders and provide the Australian Taxation Office ("**ATO**") with information on financial accounts held by U.S. persons and recalcitrant account holders. The ATO is required to provide such information to the U.S. Internal Revenue Service. Consequently, Holders may be requested to provide certain information and certifications to the Issuer and to any financial institutions through which payments on the Notes are made. A RAFI that complies with its obligations under the Australian IGA will not be subject to FATCA withholding on amounts it receives, and will not be required to deduct FATCA withholding from payments it makes, other than in certain prescribed circumstances.

In the event that any amount is required to be withheld or deducted from a payment on the Notes as a result of FATCA, pursuant to the terms and conditions of the Notes, no additional amounts will be paid by the Issuer as a result of the deduction or withholding.

## Common Reporting Standard

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information ("**CRS**") requires certain financial institutions to report information regarding certain accounts (which may include the Notes) to their local tax authority and follow related due diligence procedures. Holders may be requested to provide certain information and certifications to ensure compliance with the CRS. A jurisdiction that has signed a CRS Competent Authority Agreement may provide this information to other jurisdictions that have signed the CRS Competent Authority Agreement. The Australian Government has enacted legislation amending, among other things, the Taxation Administration Act 1953 of Australia to give effect to the CRS.

## Additional Information

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|---|---|
| **Effect on the Issuer of the offer of the Notes**: | The proceeds of the issuance of the Notes will be used for general corporate and/or capital management purposes, including to repay certain existing indebtedness of the Issuer and to fund or support the funding of Tier 2 Capital of a Regulated Entity within the ClearView Group. This will satisfy the regulatory capital requirements of such Regulated Entity and maintain the diversity of their sources and types of capital funding.<br><br>The proceeds, less the costs of the issue, will be classified as debt in the financial reports of the Issuer. The issue of the Notes will not have a material impact on the Issuer's financial position, affairs or creditworthiness. |
| **Rights and liabilities attaching to the Notes**: | See "Terms of the Notes" from pages 49 to 84 of this Information Memorandum. |
| **Effect on the Issuer of the issue of the Ordinary Shares when the Notes are Converted**: | The issuance of Ordinary Shares on Conversion of the Notes will result in an increase in the Issuer's shareholders' equity. The number of Ordinary Shares issued on Conversion is limited to the Maximum Conversion Number. |
| **Rights and liabilities attaching to the Ordinary Shares**: | Holders will receive Ordinary Shares on Conversion of the Notes, unless Conversion does not occur for any reason (including without limitation an Inability Event). The rights and liabilities attaching to the Ordinary Shares are set out in the constitution of the Issuer and are also regulated by the Corporations Act, ASX Listing Rules and the general law.<br><br>This section summarises the key rights attaching to the Ordinary Shares. It is not intended to be an exhaustive summary of the rights and obligations of holders of Ordinary Shares. Investors who wish to inspect the Issuer's constitution may do so in accordance with the instructions set out below.<br><br>**Dividends**<br><br>Holders of Ordinary Shares are entitled to receive such dividends on Ordinary Shares as may be determined by the directors of the Issuer in their discretion. Dividends are payable to holders of Ordinary Shares in proportion to the amount paid on the Ordinary Shares that they hold.<br><br>Dividends must only be paid in accordance with applicable laws and the Issuer's constitution. Under the Corporations Act, as at the date of this Information Memorandum, the Issuer is restricted from paying dividends unless:<br><br>• the Issuer's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;<br><br>• the payment of the dividend is fair and reasonable to the Issuer's shareholders as a whole; and<br><br>• the payment of the dividend does not materially prejudice the Issuer's ability to pay its creditors.<br><br>The Issuer may also be restricted from paying dividends on Ordinary Shares by prudential standards of APRA, or potentially in particular circumstances by the terms of certain of its regulatory capital instruments. |

**Meetings and voting rights**

Holders of Ordinary Shares are entitled to receive notice of, attend and vote at general meetings of the Issuer. However, a member is not entitled to vote at a general meeting unless all calls and other sums payable by that member in respect of their share in the Issuer has been paid. Each holder of an Ordinary Share present at a general meeting (whether in person or by proxy or representative) is entitled to one vote on a show of hands or one vote for each Ordinary Share held (or a fraction of a vote in proportion to the amount paid up on that Ordinary Share) on a poll.

**Winding-up of the Issuer**

Subject to the preferential entitlement (if any) of preference shareholders, on a winding-up of the Issuer, holders of Ordinary Shares are entitled to participate equally in the distribution of assets of the Issuer (both capital and surplus), subject to the Issuer's constitution and any amounts unpaid on the Ordinary Share.

The Issuer's constitution provides that:

- if the Issuer is wound up, the liquidator may, with the sanction of a special resolution, divide among the members in kind the whole or any part of the property of the Issuer and may for that purpose set such value as it considers fair upon any property to be so divided and may determine how the division is to be carried out as between the members or different classes of members; and
- the liquidator may, with the sanction of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no member is compelled to accept any shares or other securities in respect of which there is any liability.

**Transfers**

Transfers of Ordinary Shares are not effective until registered or otherwise effected in accordance with the ASX Settlement Operating Rules. The Issuer may refuse to register a transfer where permitted to do so by the ASX Listing Rules and must refuse to register a transfer if required to do so by the ASX Listing Rules. However, the ASX Listing Rules substantially restrict when the Issuer may refuse to register a transfer. The Issuer may refuse to register a transfer where the transfer is not in registrable form. If the Issuer refuses to register any transfer of shares, it must give to the transferee and to the stockbroker (if any) by whom the transfer was lodged for registration, written notice stating that the Issuer has so refused and the reasons for the refusal.

Unless otherwise required by law, the Issuer is not required to recognise any interest in Ordinary Shares other than the interest of registered holders of Ordinary Shares.

**Issue of further Ordinary Shares**

The directors control the issue of Ordinary Shares. Subject to the Issuer's constitution, the Corporations Act and the ASX Listing Rules, the directors of the Issuer may issue or grant shares or options over shares in and other securities of the Issuer with such preferred, deferred or other special rights or such restrictions as they determine.

**Other information**: The Issuer is a disclosing entity for the purposes of the Corporations Act and, as a result, is subject to regular reporting and disclosure obligations

under the Corporations Act and the ASX Listing Rules. The Issuer must notify ASX immediately (subject to certain exceptions) if it becomes aware of information about the Issuer that a reasonable person would expect to have a material effect on the price or value of its listed securities, including the Ordinary Shares.

Copies of documents lodged with ASIC can be obtained from, or inspected at, an ASIC office and the Issuer's ASX announcements may be viewed on www.asx.com.au.

Copies of the following documents are available at https://www.clearview.com.au/about-clearview/corporate-governance, https://www.clearview.com.au/about-clearview/reports-and-presentations/asx-announcements, https://www.clearview.com.au/about-clearview/reports-and-presentations/financial-reports and/or www.asx.com.au and the Issuer will provide a copy of any of the following documents free of charge to any person who requests a copy:

- the Issuer's half-yearly and annual financial reports for the 2020 financial year;
- any continuous disclosure notices given by the Issuer after the lodgement of the ClearView Group's 2020 Annual Report, but before the date of this notice; and
- the Issuer's constitution,

in person from, or by request made in writing to, the Issuer at:

Address: GPO Box 4232 Sydney NSW 2001Attention: Athol

ChiertE-mail: ir@clearview.com.au

# Directory

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Attention: Manager, Clearing and Settlement Operations