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28 September 2021

CONVERTIBLE NOTE ENTITLEMENT OFFER - REPLACEMENT PROSPECTUS

The directors of Mosaic Brands Limited (ASX: MOZ) (**Company**) wish to advise that the Company has lodged a Replacement Prospectus dated 28 September 2021 for its offer of convertible notes (**Notes**), which replaces the original prospectus dated 9 September 2021.

A copy of the Replacement Prospectus and a copy of the Trust Deed are attached to this announcement. An updated Appendix 3B in relation to the Notes offered under the Replacement Prospectus was announced separately on 24 September 2021.

Set out below is the revised indicative timetable for the offers made under the Replacement Prospectus.

Key Dates for the Offers	
Announcement of the Offers	Monday, 6 September 2021
Lodgement of Original Prospectus with ASIC	Thursday, 9 September 2021
Lodgement of Original Prospectus and Appendix 3B with ASX	Friday, 10 September 2021
Ex-Date	Tuesday, 14 September 2021
Record Date for determining Entitlements	7:00pm (AEST) Wednesday, 15 September 2021
Exposure Period ends	Thursday, 23 September 2021
Lodgement of updated Appendix 3B with ASX	Friday, 24 September 2021
Lodgement of Replacement Prospectus with ASIC and ASX Prospectus and Entitlement and Acceptance Forms despatched to Eligible Shareholders	Tuesday, 28 September 2021
Opening Date	
Notice sent to ineligible Shareholders	Tuesday, 28 September 2021
Closing Date of the Entitlement Offer	5:00pm (AEST) Thursday, 7 October 2021
Notes quoted on a deferred settlement basis	Friday, 8 October 2021
Announcement of results of the Entitlement Offer	
Issue Date (issue of Notes under the Entitlement Offer and Tranche 1 of the Placement Offer)	Wednesday, 13 October 2021
Lodgement of Appendix 2A with ASX	
Deferred settlement trading ends	
Notes commence trading on ASX (normal settlement basis)	Thursday, 14 October 2021



Living our purpose with shared values and behaviours.

Key Dates for the Offers

Estimated date of issue of Notes under Tranche 2 of the Placement Offer which are not subject to Shareholder approval

Wednesday, 27 October 2021

Placement Offer closes

Estimated date of issue of Notes under Tranche 2 of the Placement Offer which are subject to Shareholder approval (if required)

Thursday, 18 November 2021

The timetable above is indicative only and may be subject to change. The Company reserves the right to amend any or all of these dates and times without notice, subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, the Company reserves the right to extend the closing date of the Entitlement Offer, to accept late applications under the Entitlement Offer (either generally or in particular cases) and to withdraw the Entitlement Offer without prior notice. Any extension of the Closing Date will have a consequential effect on the issue date of Notes. The commencement of quotation of Notes is subject to confirmation from ASX.

This announcement has been authorised for release by the board of directors of the Company.

Luka Softa

Luka Softa
Company Secretary

For further information please contact:

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Mosaic Brands Limited (ACN 003 321 579)

Replacement Prospectus – Convertible Notes

For:

- (a) a non-renounceable entitlement offer of 1 Note for every 4.39 Shares held by Eligible Shareholders at the Record Date at an issue price of \$1.00 per Note to raise approximately \$22 million (based on the number of Shares on issue as at the date of this Prospectus) (**Entitlement Offer**); and
- (b) the offer of 10 million Notes at an issue price of \$1.00 per Note to raise a further \$10 million (before costs) (**Placement Offer**),

(together, the **Offers**).

The Offers are underwritten by Wilsons Corporate Finance Limited (**Underwriter**).

The Offers are conditional on the events described in Section 2.3.

WILSONS



IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Notes offered by this Prospectus should be considered as speculative.

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Important notices

Prospectus

This replacement prospectus has been prepared by the Company (**Prospectus**) and is dated 28 September 2021 and was lodged with the ASIC on that date. This document replaces the prospectus dated 9 September 2021 that was lodged with ASIC on that date (**Original Prospectus**). The ASIC, ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Notes may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. **The Notes the subject of this Prospectus should be considered highly speculative.**

Applications for Notes offered pursuant to this Prospectus can be submitted on an original Application Form or by making payment for Notes by BPAY® (by following the instructions on the Application Form).

Transaction Specific Prospectus

This Prospectus is a transaction specific prospectus for an offer of Notes which are convertible into continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act and ASIC Corporations (Offers of Convertibles) Instrument 2016/83. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

Exposure Period

The Corporations Act prohibits the acceptance of an application for, or an issue of, the Notes in the 7 calendar day period after the date of this Prospectus. This period is the Exposure Period. The Exposure Period may be extended by ASIC by up to a further 7 days. The Company will not accept an application for, nor will it issue any Notes on the basis of, this

Prospectus during the Exposure Period. Entitlement and Acceptance Forms received prior to the expiration of the Exposure Period will not be processed until after the Exposure Period. No preference will be conferred on Entitlement and Acceptance Forms received during the Exposure Period and all Entitlement and Acceptance Forms received during the Exposure Period will be treated as if they were simultaneously received on the Opening Date.

Trading in the Notes

The Company and the Underwriter will have no responsibility, and disclaims all liability (to the maximum extent permitted by law), to persons who trade Notes they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by the Company or the Registry or otherwise, or who otherwise trade or purport to trade Notes in error or which they do not hold or to which they are not entitled.

If you are in any doubt as to these matters, you should first consult your stockbroker, accountant or other professional adviser.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

None of the Company, its Directors or the Underwriter or the other Underwriter Parties (defined below), or any other person guarantees that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the COVID-19 pandemic.

We have no intention to update or revise forward-looking statements, or to publish prospective

financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5.

Company's website

Any references to documents included on the Company's website are provided for convenience only and none of the documents or other information on the website is incorporated by reference as content of this Prospectus.

Trustee

The Trustee, Melbourne Securities Corporation Limited (AFSL 428289):

- (a) has not authorised or caused the issue, submission, dispatch or provision of this Prospectus and does not make any statement or purport to make any statement in this Prospectus or any statement on which a statement in this Prospectus is based;
- (b) nor any of their directors, employees, officers, affiliates, agents, advisors, intermediaries or related body corporate (each a "related person") assumes any responsibility for the accuracy or completeness of any information contained in this Prospectus;
- (c) to the maximum extent permitted by law expressly disclaims all liability in respect of, makes no representation or any statement regarding, and takes no responsibility for, any part of this Prospectus, or any statements in, or omissions from this Prospectus, other than the references to its name and the statement(s) (if any) specified below and included in this Prospectus with its written consent;
- (d) has given, and has not, before the lodgement of this Prospectus with ASIC withdrawn, its written consent to be named in this Prospectus in the form and context in which it is named;
- (e) has not, nor has any related person made, any representation as to the truth and accuracy of the contents of this Prospectus;
- (f) has relied on the Company for the accuracy of the contents of this Prospectus; and
- (g) has not, nor has any related person made any representation or warranty as to the performance of the Notes or the payment of interest or redemption of the Notes.

Note to Applicants

No person is authorised to give any information or make any representation in connection with the Offers which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company, any of its Directors, officers, employees, advisers, agents, partners, consultants, representatives, the Underwriter, any other Underwriter Parties (defined below) or any other person in connection with the Offers.

Electronic prospectus

Pursuant to ASIC Regulatory Guide 107, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus. If you have not, please phone the Share Registry and they will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Disclaimer

The Underwriter has acted as lead manager, bookrunner and underwriter of the Offers. The Underwriter, together with its related bodies corporate, shareholders and affiliates and each of their respective officers, directors, employees, partners, consultants, contractors, affiliates, agents and advisers (each an **Underwriter Party**) have not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Prospectus, and do not make or purport to make any statement in this Prospectus, and there is no statement in this Prospectus which is based on any statement made by an Underwriter Party. To the maximum extent permitted by law, each Underwriter Party expressly disclaims any and all liabilities (including, without limitation, any liability arising out of fault or negligence for any direct, indirect, consequential or contingent loss or damage) in respect of, and makes no representations or warranties (express or implied) regarding, and takes no responsibility for, and has not independently verified, any part of this Prospectus or the Offers (other than references to its name) and makes no representation or warranty as to the currency, accuracy, reliability, completeness or fairness of this Prospectus. The Underwriter Parties make no recommendations as to whether you or your related

parties should participate in the Offers nor do they make any representations or warranties to you concerning the Offers, and you represent, warrant and agree that you have not relied on any statements made by an Underwriter Party in relation to the Offers and you further expressly disclaim that you are in a fiduciary relationship with any of them.

The Underwriter Parties are involved in, or in the provision of, a wide range of financial services and businesses including (without limitation) securities trading and brokerage activities and providing retail, private banking, commercial and investment banking, investment management, corporate finance, securities issuing, credit and derivative, trading and research products and services, including (without limitation) to, or in connection with, persons directly or indirectly involved with the Offers or interests associated with such persons, out of which conflicting interests or duties may arise. In the ordinary course of these activities, each of the Underwriter Parties may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, including (without limitation) in debt or equity securities, loans, financing arrangements, or other financial accommodation, financial products or services, in connection with, or which rely on the performance of obligations by, interests associated with the existing Shareholders of the Company, members of the Board or other persons that may be involved in the Offers.

Replacement Prospectus

This Prospectus is a replacement prospectus and makes changes to the Original Prospectus. The material changes to the Original Prospectus to produce this Prospectus are as follows: (i) amending the Key Dates on page 3; (ii) amending the Chairman's Letter on page 4 to provide additional information as to why the Board decided that the issue of the Notes to Eligible Shareholders through the Entitlement Offer (alongside the Placement Offer) is the preferred capital raising structure; (iii) amending Sections 1.5 and 5.3 to include an additional risk titled "Lease security risk"; (iv) amending Sections 1.3, 2.8 and 5.3.2 to include clarification in relation to the ratio-based covenants which must be met before Cash Interest payments can be paid in cash; (v) amending Section 2.3 to

delete the Offer Condition relating to the Trustee receiving all necessary ASIC approvals to act as Trustee and entering into the Trust Deed with the Company, as that condition has now been satisfied; (vi) amending note 1 to the table in Section 3.1 to include additional wording in relation to the intended use of funds raised under the Offers; (vii) amending Section 3.6 to include changes to the relevant interest of Perpetual Limited and its related bodies corporate; (viii) minor clarification amendments to the wording of the Note Terms in Section 4.1; (ix) minor amendments to Section 8.1 to include ASX announcements released by the Company since 9 September 2021; (x) amending Section 8.10 to reflect that the Company has now prepared a target market determination in accordance with the DDO Obligations; and (xi) minor amendments to the wording in Sections 1.3, 6.1, 8.2, 8.4 and 8.5 and the Glossary and Corporate Directory.

Where can I obtain further information about the Company and the Notes?

The Company 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 ASX Listing Rules. In addition, the Company must notify ASX immediately (subject to certain exceptions) if it becomes aware of information about it that a reasonable person would expect to have a material effect on the price or value of its securities (i.e. its Shares and, if the Offers are successfully concluded, the Notes). Copies of documents lodged with ASIC and ASX can be obtained from, or inspected at, an ASIC office and can also be obtained from the company's website, www.mosaicbrandslimited.com.au or at www.asx.com.au.

In addition, the following information can be obtained from www.mosaicbrandslimited.com.au:

- the Company's half-yearly and annual financial reports; and
- all other general information provided by the Company to its Shareholders and investors.

Key Dates

Indicative timetable

Key Dates for the Offers ¹	
Announcement of the Offers	Monday, 6 September 2021
Lodgement of Original Prospectus with ASIC	Thursday, 9 September 2021
Lodgement of Original Prospectus and Appendix 3B with ASX	Friday, 10 September 2021
Ex-Date	Tuesday, 14 September 2021
Record Date for determining Entitlements	7:00pm (AEST) Wednesday, 15 September 2021
Exposure Period ends	Thursday, 23 September 2021
Lodgement of updated Appendix 3B with ASX	Friday, 24 September 2021
Lodgement of this Prospectus with ASIC and ASX Prospectus and Entitlement and Acceptance Forms despatched to Eligible Shareholders	Tuesday, 28 September 2021
Opening Date	
Notice sent to ineligible Shareholders	Tuesday, 28 September 2021
Closing Date of the Entitlement Offer	5:00pm (AEST) Thursday, 7 October 2021
Notes quoted on a deferred settlement basis	Friday, 8 October 2021
Announcement of results of the Entitlement Offer	
Issue Date (issue of Notes under the Entitlement Offer and Tranche 1 of the Placement Offer)	Wednesday, 13 October 2021
Lodgement of Appendix 2A with ASX	
Deferred settlement trading ends	
Notes commence trading on ASX (normal settlement basis)	Thursday, 14 October 2021
Estimated date of issue of Notes under Tranche 2 of the Placement Offer which are not subject to Shareholder approval	Wednesday, 27 October 2021
Placement Offer closes	
Estimated date of issue of Notes under Tranche 2 of the Placement Offer which are subject to Shareholder approval (if required)	Thursday, 18 November 2021
Key Dates for the Notes	
First Interest Payment Date ²	Friday, 31 December 2021
Maturity Date	Monday, 30 September 2024

Notes:

- The Directors, in consultation with the Underwriter, may vary any and all of the above dates and times without notice (including, subject to the ASX Listing Rules, extending the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date). As such the date the Notes are expected to commence trading on ASX may vary. Subject to the ASX Listing Rules and the Corporations Act, the Directors may cancel or withdraw the Offers (or any part of them) before the issue of the relevant Notes, in each case without prior notification. If the Offers (or any part of them) are withdrawn before the issue of the Notes, all Application Moneys received by the Company will be refunded (without interest) to Applicants as soon as practicable after the withdrawal. In addition, ASIC may extend the Exposure Period by up to 7 calendar days in which case the Opening Date for the Offers and other dates may be varied accordingly without notice.
- It is expected that interest payable on the First Interest Payment Date will not be paid in cash and will instead be capitalised in respect of that quarter.

Chairman's Letter

Dear Shareholder,

On behalf of the Board of Mosaic Brands Limited, I am pleased to offer you the opportunity to increase your investment in the Company by participating in a non-renounceable pro-rata entitlement offer of convertible notes (**Notes**) to raise approximately \$22 million (before costs) (**Entitlement Offer**).

Given the prolonged lockdown in New South Wales and Victoria and subsequent impact on cash flow, the Company is conducting a capital raise to provide the business with additional balance sheet support until lockdown measures are eased and stores re-open for trade.

Under the Entitlement Offer, Eligible Shareholders will have the opportunity to subscribe for 1 Note for every 4.39 Shares held as at the Record Date at an issue price of \$1.00 per Note. The terms of the Notes are set out in this Prospectus and include that:

- each Note has an initial face value of \$1.00;
- interest at a rate of 8% pa (**Cash Interest**) to be calculated quarterly in arrears and paid in cash if permitted by the Senior Debt Obligations and the Intercreditor Deed with the balance of the interest to capitalise;
- Notes will be secured by a second-ranking security behind the security granted in respect of the Senior Debt Obligations. The Senior Lender has provided consent to the issue of the Notes under the Existing Senior Debt Obligations;
- after approximately 12 months from their issue date, Notes are convertible (in whole or in part) into ordinary shares at the lower of \$0.515 and a 15% discount to the 30-day VWAP of shares (or the price of any equity raising of the Company during that period), subject to a minimum conversion price of \$0.25; and
- a 3 year term to maturity, maturing on 30 September 2024.

It is the intention of the Company that the Notes will be quoted on ASX.

Eligible Shareholders are also invited to apply for Additional Notes over and above their Entitlement under the Shortfall Offer. Applications for Additional Notes from Eligible Shareholders are capped at 50% of an Eligible Shareholder's Entitlement, such that the maximum aggregate amount of Notes an Eligible Shareholder can apply for under this Prospectus is 150% of their Entitlement.

The Prospectus also includes a separate offer of 10 million Notes at an issue price of \$1.00 per Note to raise a further \$10 million (before costs) (**Placement Offer**). The Placement Offer will comprise two tranches as follows:

- **Tranche 1:** approximately 3.6 million Notes to be issued on the Issue Date under the Company's existing ASX Listing Rule 7.1 placement capacity, to raise approximately \$3.6 million; and
- **Tranche 2:** subject to the availability of the Company's placement capacity and Shareholder approval for the issue of the Notes (to the extent required), approximately 6.4 million Notes, to raise a further approximately \$6.4 million.

The Company expects to issue approximately 2.4 million Notes under Tranche 2 of the Placement Offer as soon as it has placement capacity to do so under ASX Listing Rule 7.1A. If required, the Company will include resolutions to approve the issue of Tranche 2 of the Placement Offer (or any part of it) at its annual general meeting (proposed to be held in November 2021). Alceon Group has agreed to vote in favour of any resolution to issue Notes under Tranche 2 of the Placement Offer.

The Entitlement Offer and the Placement Offer are together referred to as the **Offers**.

The Offers are underwritten by Wilsons Corporate Finance Limited (AFSL 238383) (**Underwriter**), who is acting as the lead manager and underwriter of the Offers. The Underwriter has entered into sub-underwriting agreements with a number of investors to sub-underwrite the Entitlement Offer.

Investment trusts managed and controlled by Alceon Group Pty Ltd (**Alceon Group**) currently hold approximately 34.7 million Shares, representing combined voting power of approximately 35.9%. Alceon Group has pre-committed to taking up the investment trusts' full Entitlement under the Entitlement Offer. In addition, Alceon GT Pty Limited as trustee for the Alceon Group Trust (**AGT**), the parent entity of Alceon Group, has agreed to sub-underwrite a portion of the Shortfall. Assuming that Alceon Group takes up its full Entitlement and AGT subscribes for its full sub-underwriting commitment, and only the Notes issued to Alceon Group and AGT are converted, Alceon Group's voting power could increase from approximately 35.9% to a maximum of 63.0%¹. This is seen as an unlikely scenario as other Shareholders have committed to take up their full Entitlements. Alceon Group has informed the Company that it intends to pass the investment trusts' Entitlement through to the underlying investors within those trusts. The extent to which Alceon Group passes Entitlements through to the underlying investors within the investment trusts will decrease Alceon Group's maximum potential voting power in the Company.

The funds raised under the Offers will be used for general working capital purposes and estimated costs of the Offers.

Having considered the funding options available, the Board has decided that the issue of the Notes to Eligible Shareholders through the Entitlement Offer (alongside the Placement Offer) is the preferred capital raising structure for a number of reasons, including:

- that offering interest-bearing Notes, with second ranking security, is the most appropriate structure available to attract the necessary funds on terms acceptable to the Company and investors;
- the Conversion Period provides the potential for the capital raising to be less dilutive than an equivalent sized equity raising conducted on the same timeframe, but still allows investors to convert their Notes at a future date at a discount to the share trading price at that future date;
- an application will be made for the Notes to be listed; and
- all Eligible Shareholders have an opportunity to participate in the Entitlement Offer on a pro-rata basis, which reduces the dilution they would have experienced if the capital raising had been limited to the Placement Offer.

The Company expects to be able to meet all financial commitments under the Notes (i.e. to pay interest to the extent required under the Note Terms and to redeem the Notes as and when required under the Note Terms, subject to the terms of the Intercreditor Deed).

Full details of the Offers, including the terms of issue of the Notes, the effect of the Offers on the Company and the risks associated with an investment in the Notes, are set out in this Prospectus. I encourage you to read the entire Prospectus carefully and consider all the risks before deciding whether to participate in the Offers.

If you are uncertain whether the Notes are a suitable investment for you, please consult your professional adviser for appropriate advice.

The Directors encourage all Eligible Shareholders to participate in the Entitlement Offer.

¹ Assumes that the interest payable at the First Interest Payment Date is capitalised, no Additional Interest accrues or is capitalised and all other Cash Interest is paid in cash.

We look forward to your continued support and participation in the Company's exciting future.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'R. Facioni', with a horizontal line extending to the right.

Richard Facioni
Chairman
Mosaic Brands Limited

For personal use only

1. Investment overview

This Section is a summary only and is not intended to provide full information for Shareholders intending to apply for Notes pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

Topic	Summary	For more information
1.1 Overview of the Offers		
What is the Entitlement Offer?	<p>The Entitlement Offer is an underwritten non-renounceable entitlement offer to Eligible Shareholders of 1 convertible note (Note) for every 4.39 Shares held on the Record Date at an issue price of \$1.00 per Note to raise approximately \$22 million (before costs).</p> <p>Eligible Shareholders may apply under the Shortfall Offer for Notes in excess of their Entitlement. Applications for Additional Notes from Eligible Shareholders are capped at 50% of an Eligible Shareholder's Entitlement, such that the maximum aggregate amount of Notes an Eligible Shareholder can apply for under this Prospectus is 150% of their Entitlement.</p> <p>Entitlements which are not taken up by the Closing Date will be taken up by the Underwriter (or its nominees).</p>	Section 2.1
What is the Placement Offer?	<p>The Placement Offer is an underwritten offer to Danfin Pty Ltd (Danfin) of 10 million Notes at an issue price of \$1.00 per Note to raise a further \$10 million (before costs). The Placement Offer will comprise two tranches as follows:</p> <ul style="list-style-type: none"> • Tranche 1: approximately 3.6 million Notes to be issued on the Issue Date under the Company's existing ASX Listing Rule 7.1 placement capacity, to raise approximately \$3.6 million; and • Tranche 2: subject to the availability of the Company's placement capacity and Shareholder approval for the issue of the Notes (to the extent required), approximately 6.4 million Notes, to raise a further approximately \$6.4 million. <p>The Company expects to issue approximately 2.4 million Notes under Tranche 2 of the Placement Offer as soon as it has placement capacity to do so under ASX Listing Rule 7.1A. If required, the Company will include resolutions to approve the issue of Tranche 2 of the Placement Offer (or any part of it) at its annual general meeting (proposed to be held in November 2021). Alceon Group has agreed to vote in favour of any resolution to issue Notes under Tranche 2 of the Placement Offer.</p> <p>As at the date of this Prospectus, Danfin has a relevant interest in 1.94% of Shares² and is not a related party of the Company for the purposes of the Corporations Act. Following completion of the Offers, and assuming that only the Notes issued to Danfin are converted, Danfin would acquire maximum voting power of 30.1%³, subject to compliance with all applicable laws, including the takeover prohibition in section 606 of the Corporations Act.</p>	Sections 2.2 and 3.6
Who is making Offers?	<p>The Offers are being made by Mosaic Brands Limited, an ASX listed company that was admitted to the Official List on 11 May 2000.</p> <p>Mosaic Brands is a specialty fashion retailer group, operating predominantly in women's apparel and accessories. Our brands include Millers, Rockmans, Noni B, Rivers, Katies, Autograph, W. Lane, Crossroads and Beme, with circa 1,100 stores nationally.</p>	

² Shares are held by Fralara Pty Ltd as trustee for the Fraid Family Investment Trust, an associate of Danfin.

³ Includes Shares held by Fralara Pty Ltd as trustee for the Fraid Family Investment Trust and assumes the conversion of all Notes at the floor price of \$0.25, that the interest payable at the First Interest Payment Date is capitalised, no Additional Interest accrues or is payable and all other Cash Interest is paid in cash.

Topic	Summary	For more information
	Mosaic Brands also has a 50.1% interest in Ezibuy, a New Zealand online digital apparel brand.	
What is the purpose of the Offers?	The purpose of the Offers is to raise funds for general working capital.	Section 3.1
Are the Offers conditional?	<p>Yes, the Offers are conditional on satisfaction of the Offer Conditions set out in Section 2.3.</p> <p>If the Offer Conditions are not satisfied, the Offers will not proceed and no Notes will be issued pursuant to this Prospectus. If this occurs, all Application Moneys will be refunded (without interest) and in accordance with the Corporations Act.</p>	Section 2.3
What are the key dates of the Entitlement Offer?	Key dates of the Entitlement Offer are set out in the "Key Dates" Section on page 3.	Key Dates
Are the Offers Underwritten?	<p>Yes, the Offers are underwritten by Wilsons Corporate Finance Limited (AFSL 238383) (Underwriter), who is acting as the lead manager and underwriter of the Offers. The Underwriter has entered into sub-underwriting agreements with a number of investors to sub-underwrite the Entitlement Offer.</p> <p>Investment trusts managed and controlled by Alceon Group Pty Ltd (Alceon Group) currently hold approximately 34.7 million Shares, representing combined voting power of approximately 35.9%. Alceon Group has pre-committed to taking up the investment trusts' full Entitlements under the Entitlement Offer. In addition, Alceon GT Pty Limited as trustee for the Alceon Group Trust (AGT), the parent entity of Alceon Group has agreed to sub-underwrite a portion of the Shortfall.</p>	Sections 2.7 and 6.3
How will the expenses of the Offers be paid?	Expenses of the Offers will be paid out of the funds raised from the Offers, or otherwise borne by the Company.	Section 3.1
Is there a minimum subscription?	There is no minimum subscription.	Section 2.5
1.2 Details of the Entitlement Offer		
Who is entitled to participate?	<p>An Eligible Shareholder is a registered holder of Shares on the Company's share register as at 7:00pm (AEST) on the Record Date, with a registered address in:</p> <p>(a) Australia; or</p> <p>(b) New Zealand.</p>	Section 2.4
How can I apply?	Eligible Shareholders may apply for Notes under the Entitlement Offer by completing your personalised Entitlement and Acceptance Form accompanying this Prospectus and sending it along with the relevant Application Moneys by cheque to the Company's Share Registry, or by making the required payment by BPAY® for the appropriate Application Moneys (at \$1.00 per Note) by no later than 5:00pm (AEST) on the Closing Date.	Section 2.9
What is my Entitlement?	<p>The number of Notes that you can apply for is set out on your personalised Entitlement and Acceptance Form accompanying this Prospectus.</p> <p>If you are having difficulty accessing your personalised Entitlement and Acceptance Form, you should contact the Share Registry on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia).</p>	Section 2.9

Topic	Summary	For more information
Can I sell or transfer my Entitlements?	No. The Entitlement Offer is non-renounceable and an Eligible Shareholder's Entitlement may not be sold or transferred to another party.	Section 2.6
Can I apply for Notes in excess of my Entitlement?	<p>Yes. In addition to your Entitlement, you may apply for Additional Notes under the Shortfall Offer, subject to those applications being received by the Closing Date.</p> <p>The issue price for Notes offered under the Shortfall Offer will be \$1.00 per Note. Applications for Additional Notes from Eligible Shareholders are capped at 50% of an Eligible Shareholder's Entitlement, such that the maximum aggregate amount of Notes an Eligible Shareholder can apply for under this Prospectus is 150% of their Entitlement.</p> <p>Persons listed in ASX Listing Rule 10.11 (including Directors and related parties) may not participate in the Shortfall Offer or apply for Additional Notes.</p>	Section 2.11
How do I apply for Additional Notes?	Follow the instructions on your personalised Entitlement and Acceptance if you wish to apply for Additional Notes under the Shortfall Offer.	Section 2.9
What are my choices?	<p>You may do one of the following:</p> <ul style="list-style-type: none"> (a) take up your full Entitlement; (b) take up your full Entitlements and apply for Additional Notes under the Shortfall Offer; (c) take up only a portion of your Entitlements; or (d) do nothing. 	Section 2.9
What if I do nothing?	If Entitlements are not taken up under the Entitlement Offer, then that part of your Entitlement not taken up will form part of the Shortfall and will be dealt with in accordance with Section 2.11 and the Underwriting Agreement.	Section 2.11
Is brokerage, commission or stamp duty payable?	No brokerage or stamp duty is payable on your application for Notes under the Entitlement Offer. You may have to pay brokerage on any subsequent trading of your Notes on the ASX after the Notes have been quoted on the ASX.	
What are the tax implications of investing in Notes?	Section 7 contains a summary of the tax consequences for potential Noteholders and is based on Australian tax law and administrative practice as at the date of this Prospectus. This summary is necessarily general in nature and is not intended to be tax advice to Noteholders. Accordingly, prospective Noteholders should seek their own tax advice, which is specific to their particular circumstances, as to the tax consequences of investing in, holding and disposing of the Notes.	Sections 2.18 and 7
1.3 Key Features of the Notes		
<p>This Section contains a summary only of the Note Terms. The full terms and conditions of the Notes are set out in Section 4.1. It is important that the information in this Prospectus, which includes the Note Terms, is read in full before you decide to apply for Notes under the Offers.</p> <p>If you are unsure as to any aspect of the Offers or the Note Terms, or are unsure whether the Notes are a suitable investment for you, please consult a professional advisor.</p>		
Issue Price/Face Value	<p>The Issue Price of the Notes is \$1.00 per Note.</p> <p>The Notes will be issued with an initial face value of \$1.00 each (Face Value).</p>	Section 4.1.1(b)

Topic	Summary	For more information
Maturity Date	<p>The Company will redeem all outstanding Notes at the Note Principal Amount on 30 September 2024 (Maturity Date) unless converted earlier by the Noteholders or redeemed or cancelled by the Company. Redemption is subject to the terms of the Intercreditor Deed.</p> <p>Refer to Section 2.8 for a description of the relevant provisions of the Intercreditor Deed.</p>	Sections 2.8 and 4.1.4(a)
Interest	<p>Interest at a rate of 8% pa (Cash Interest) to be calculated quarterly in arrears on 31 March, 30 June, 30 September and 31 December, up to and including the End Date (Interest Payment Date). This Cash Interest will be payable in cash if permitted by the Senior Debt Obligations and the Intercreditor Deed. Interest will not be paid in cash for the first Interest Payment Date, being 31 December 2021, instead interest will capitalise in respect of that quarter. Whether Cash Interest will be paid for the quarter ended 31 March 2022 will depend on how quickly stores closed as a result of government health orders open, and the revenue and earnings of the Group recover. To the extent the Senior Debt Obligations and the Intercreditor Deed limit the ability for the Company to pay the Cash Interest in cash on a particular Interest Payment Date, the balance of the Cash Interest will capitalise. If permitted by the Intercreditor Deed, the Company may, at a later date, pay some or all of the capitalised Cash Interest in cash.</p> <p>Payment of Cash Interest on the Notes in cash will only be permitted by the Senior Debt Obligations and the Intercreditor Deed so long as certain financial covenant levels are achieved and the Company remains in compliance with its obligations under the Senior Debt documents both immediately prior to and after making the relevant cash payment. Refer to Section 2.8 for further details of the relevant provisions of the Intercreditor Deed that may restrict the Company's ability to pay Cash Interest in cash.</p> <p>In addition, interest at a rate of 6% pa (Additional Interest) will be calculated quarterly in arrears on each Interest Payment Date and capitalised. The Additional Interest will only be payable if an Event of Default outlined in Section 4.1.8(a)(i) or 4.1.8(a)(ii) has occurred.</p>	Sections 2.8, 4.1.2, 4.1.8(a)(i) and 4.1.8(a)(ii)
Conversion Period	The Notes are convertible from 30 September 2022 until the Maturity Date (Conversion Period).	Section 4.1.3(a)
Conversion	<p>The Notes will be convertible into Shares at the election of the Noteholder, in whole or in part (if in part, subject to a minimum Note Principal Amount of \$2,000), during the Conversion Period at the Conversion Price.</p> <p>The number of Shares to which a Noteholder will be entitled on Conversion of each Note will be equal to the Face Value of the Note plus all capitalised interest of that Note (Note Principal Amount) divided by the Conversion Price.</p> <p>The table on the following page illustrates a worked example of the number of Shares issued on Conversion of 100 Notes.</p>	Section 4.1.3

Topic	Summary	For more information
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Scenarios	A Face Value	B Total Cash Interest payable to Maturity Date Cash Interest (8% pa)	C Total Additional Interest capitalised to Maturity Date ¹ Additional Interest (6% pa)	D Total Interest payable to Maturity Date Cash Interest (8% pa) + Additional Interest (6% pa)	E Note Principal Amount at Maturity Date Face Value + all capitalised Cash Interest + all capitalised Additional Interest	F Notional Note Principal Amount at Maturity Date ¹ Face Value + all capitalised Cash Interest	G # of Shares issued at Conversion Price of \$0.25 Conversion of Notional Note Principal Amount	H # of Shares issued at Conversion Price of \$0.515 Conversion of Notional Note Principal Amount
All Cash Interest paid in cash	\$100.0	\$23.9	\$19.5	\$43.4	\$119.5	\$100.0	400	195
All Cash Interest capitalised	\$100.0	\$26.7	\$24.2	\$50.9	\$150.9	\$126.7	507	247

Note:

- The Additional Interest will only be payable if an Event of Default outlined in Section 4.1.8(a)(i) or 4.1.8(a)(ii) has occurred, in which case the Note Principal Amount will be the amount set out in column E in the table above, which will allow the Noteholder to have a higher secured claim. If no Event of Default outlined in Section 4.1.8(a)(i) or 4.1.8(a)(ii) has occurred, the Note Principal Amount of each Note will be deemed to be the Notional Note Principal Amount (column F) and the Additional Interest Rate will be deemed to be 0.00%.

The Shares to be issued upon conversion of the Notes will rank equally with all other fully paid ordinary shares in the capital of the Company on issue and the Company will apply to have those Shares listed on ASX as soon as practicable after conversion of the relevant Notes.

Conversion Price	The Conversion Price of the Notes is the lower of:	Section 4.1.3(c)
	(a) \$0.515; and	
	(b) a 15% discount to the 30-day VWAP of Shares (as traded on the ASX) prior to the Conversion Date; and	
	(c) a 15% discount to the price of any equity capital raising by MOZ that occurred in the 30-day period prior to the Conversion Date, subject to a minimum Conversion Price of \$0.25 (Minimum Price).	

Redemption	<u>Early redemption by the Company</u>	Section 4.1.4
	Subject to the Intercreditor Deed, the Company may redeem all of the Notes before their Maturity Date at their Note Principal Amount, together with any interest accrued on those Notes, by giving not less than 30 days' notice in writing to the Trustee, the Noteholders and ASX. Noteholders have a right to convert their Notes during this notice period.	
	<u>Purchase</u>	
	Subject to compliance with any applicable law or requirement of ASX the Company (or any of its related bodies corporate or any third party nominated by the Company) may, at any time, purchase Notes in the open market or otherwise and at any price. Notes purchased may be held, resold or cancelled at the discretion of the purchaser (and, if the Notes are to be cancelled, the Company).	

Topic	Summary	For more information
	<p><u>Redemption on Maturity Date</u></p> <p>Subject to the Intercreditor Deed, each Note is redeemable by the Company on the Maturity Date at its Note Principal Amount, together with any interest accrued on that Note, unless:</p> <ul style="list-style-type: none"> (a) the Note has been previously converted; (b) the Note has been previously redeemed; or (c) the Note has been purchased by the Company and cancelled. <p>Where the Intercreditor Deed restricts the ability for the Company to redeem the Notes on the Maturity Date, it will be an Event of Default under the Note Terms.</p>	
Takeover, scheme of arrangement or sale of main undertaking	<p>If:</p> <ul style="list-style-type: none"> (a) a takeover bid is made to acquire Shares and the offer under the takeover bid is, or becomes, unconditional and the bidder has acquired at any time a relevant interest in more than 50% of the Shares on issue; (b) a court approves a proposed scheme of arrangement which, when implemented, will result in a person having a relevant interest in more than 50% of the Shares on issue; or (c) there is a sale of the main undertaking of the Company that would require approval of the Shareholders in accordance with ASX Listing Rule 11.2, <p>the Noteholder may elect to:</p> <ul style="list-style-type: none"> (d) convert the Note at its Note Principal Amount; or (e) subject to the Intercreditor Deed, require the Company to redeem the Note at its Note Principal Amount, including any accrued but unpaid interest prior to the date of redemption. <p>Notes will be redeemed at their Note Principal Amount, together with any interest accrued on those Notes, within 10 business days of that election.</p>	Section 4.1.5
Trustee	<p>Melbourne Securities Corporation Limited (AFSL 428289) (Trustee) has agreed to act as the trustee pursuant to Chapter 2L of the Corporations Act for the issue of the Notes and pursuant to the terms and conditions of the Trust Deed. The Trustee will also act as security trustee in relation to the securities and pursuant to the terms and conditions of the Trust Deed.</p> <p>A summary of the Trust Deed is set out in Section 6.1.</p>	Section 6.1
Security	<p>The Notes are secured by the security interests granted by the Group to the Trustee. The security interests are second ranking behind the security granted in respect of Senior Debt Obligations.</p> <p>The Trustee will hold the rights under the security on trust for the benefit of the Trustee and the Noteholders from time to time in accordance with the terms of the Trust Deed.</p>	Section 4.1.6
What is the Intercreditor Deed?	<p>The Offers are conditional on the Group and the Trustee entering into an intercreditor deed with the Senior Lender (Intercreditor Deed). The Intercreditor Deed will provide that:</p> <ul style="list-style-type: none"> • all amounts owing in respect of the Notes and the security granted in favour of the Trustee (Transaction Security) will be subordinated to, and rank behind all amounts owing by the Group to the Senior Lender (Senior Debt) and the security granted in respect of the Senior Debt; 	Section 2.8

Topic	Summary	For more information
	<ul style="list-style-type: none"> no redemption or repayment of the Notes will be permitted until a period of up to 6 months after the Senior Debt has been finally repaid; all enforcement rights in respect of the Notes and the Transaction Security cannot be exercised by the Trustee without the Senior Lender's consent; and the payment of cash interest on the Notes will only be permitted so long as the Group can meet normalised financial covenant levels and the Group otherwise remains in compliance with its obligations under the Senior Debt documents. <p>It is anticipated that the payment of cash interest will not be permitted by the Intercreditor Deed during the first quarter as a result of store closures required by government health orders across several states as a result of the COVID-19 pandemic and the impact such store closures has on the Group's ability to meet its normal financial covenants.</p>	
Default	<p>Following the occurrence and during the continuance of an Event of Default (summarised in Section 4.1.8(a)) the Notes will immediately be repayable including accrued interest. Subject to the terms of the Intercreditor Deed, the Trustee may take enforcement action against the Company in relation to the Event of Default.</p> <p>In addition, if an Event of Default set out in Sections 4.1.8(a)(iii) to 4.1.8(a)(ix) occurs and is continuing, interest accrues on the Note Principal Amount of each Note at a sum of the Interest Rate (being 8% pa) plus a default rate of 3.00% pa while the relevant Event of Default continues. Default interest is not payable if an Event of Default outlined in Section 4.1.8(a)(i) or 4.1.8(a)(ii) is continuing (in that case, Additional Interest is payable).</p>	Sections 4.1.2(e) and 4.1.8
Negative Covenants	<p>The Company must not, without the approval of an ordinary resolution of Noteholders:</p> <ul style="list-style-type: none"> (a) incur any indebtedness, except in the limited circumstances set out in Section 4.1.7(a); (b) other than in the ordinary course of business: <ul style="list-style-type: none"> (i) create or permit to exist a security interest over any of its assets or attempt or agree to do so, except in the limited circumstances set out in Section 4.1.7(b)(i); or (ii) if the creation of a security interest cannot by law be restricted, create such a security interest over any of its assets without the holder of the security interest first entering into a deed of priority in form and substance acceptable to the Trustee; (c) declare or pay any dividends to Shareholders, unless: <ul style="list-style-type: none"> (i) such dividends are permitted under the Senior Debt Obligations; and (ii) at the time such dividends are declared, all amounts of Cash Interest that accrued on the Notes (including any amount that capitalised) have been paid or otherwise discharged; or (d) other than in respect of the Notes, redeem, purchase, cancel, reduce, return capital on or otherwise acquire any Share or other securities issued by the Company for repayment or return of capital in a winding up (Capital Reduction): <ul style="list-style-type: none"> (i) such Capital Reduction is permitted under the Senior Debt Obligations; and 	Section 4.1.7

Topic	Summary	For more information
	(ii) at the time such Capital Reduction occurs, all amounts of Cash Interest that accrued on the Notes (including any amount that capitalised) have been paid or otherwise discharged.	
ASX quotation of Notes	<p>The Company intends to apply for quotation of the Notes on the ASX, subject to satisfaction of the minimum quotation conditions under the ASX Listing Rules.</p> <p>If quotation of the Notes cannot be obtained, the Notes will remain unlisted.</p>	Section 4.1.1(f)
Ranking	<p>Each Note ranks for payment in a winding up of the Company:</p> <ul style="list-style-type: none"> (a) after all Senior Debt Obligations and any Permitted New Debt; (b) equally with each other Note; (c) ahead of all present and future unsubordinated and unsecured debt obligations of the Company (subject to the laws and principles of equity affecting creditor rights or obligations preferred by mandatory provisions of applicable law); and (d) ahead of all Shares. 	Section 4.1.6(c)
Participation rights	<p>The Notes do not carry any participation rights or entitlements and Noteholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Notes without converting the Notes into Shares.</p> <p>However, if at any time the issued capital of the Company is reconstructed, all rights of the Noteholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.</p>	Section 4.1.1(g)
Voting	<p>Noteholders do not have a right to vote at meetings of Shareholders.</p> <p>Noteholders may vote at meetings for Noteholders in accordance with the Trust Deed.</p>	Sections 4.1.1(h) and 6.1
Reorganisation of capital	Subject to the ASX Listing Rules, if there is a reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the basis for Conversion of the Notes (being the Minimum Price) will be reconstructed in the same proportion as the issued capital of the Company is reconstructed.	Section 4.1.3(g)
Summary of key terms	<ul style="list-style-type: none"> • The Notes are issued by the Company. • The Notes have a fixed term of 3 years, maturing on 30 September 2024. • Interest at a rate of 8% pa (Cash Interest) to be calculated quarterly in arrears and paid in cash if permitted by the Senior Debt Obligations and the Intercreditor Deed, with the balance of the interest to capitalise. If permitted by the Intercreditor Deed, the Company may, at a later date, pay some or all of the capitalised Cash Interest in cash. • Notes will be secured by a second-ranking security behind the security granted in respect of the Senior Debt Obligations. The Senior Lender has provided consent to the issue of the Notes under the Existing Senior Debt Obligations. • After approximately 12 months from their issue date, the Notes are convertible (in full or in part) into Shares, allowing Noteholders the opportunity to participate in any increase in the market price of Shares above Conversion Price. 	

Topic	Summary	For more information
	<ul style="list-style-type: none"> The Notes, once listed, can be sold on ASX prior to the Maturity Date. Subject to the Intercreditor Deed, the Notes must be redeemed by the Company on the Maturity Date (if the Note has not previously been converted, redeemed or purchased). 	
1.4 Effect of the Offers		
Effect on capital structure	<p>The Company currently has 96,662,930 Shares on issue.</p> <p>Under the Entitlement Offer, the Company intends to issue 22,018,890 Notes.</p> <p>Under the Placement Offer, the Company intends to issue up to 10,000,000 Notes.</p> <p>Refer to Section 3.2 for further information on the effect of the Offers on the capital structure.</p>	Section 3.2
Effect on financial position	<p>A pro forma statement of financial position has been prepared based on the Company's audited accounts as at 27 June 2021.</p> <p>The effect of the Offers will be a significant increase to cash reserves by approximately \$30,303,000 and non-current liabilities by approximately \$32,019,000 (before costs of the Offers).</p>	Section 3.3
Effect on control	<p>Assuming that the Underwriter is required to underwrite the maximum number of Notes under the Offers (being 32 million Notes), the Underwriter may acquire a voting power in the Company of approximately 57.5%⁴. The Underwriter's obligation to subscribe for Notes will reduce to the extent that Shareholders take up their Entitlements under the Entitlement Offer. The Underwriter has also entered into sub-underwriting agreements with a number of investors to sub-underwrite the Entitlement Offer.</p> <p>Investment trusts managed and controlled by Alceon Group Pty Ltd (Alceon Group) currently hold approximately 34.7 million Shares, representing combined voting power of approximately 35.9%. Alceon Group has pre-committed to taking up the investment trusts' full Entitlements under the Entitlement Offer. In addition, Alceon GT Pty Limited as trustee for the Alceon Group Trust (AGT), the parent entity of Alceon Group has agreed to sub-underwrite a portion of the Shortfall.</p> <p>Assuming that Alceon Group takes up its full Entitlement and AGT subscribes for its full sub-underwriting commitment, and only the Notes issued to Alceon Group and AGT are converted, Alceon Group's voting power could increase from approximately 35.9% to a maximum of 63.0%⁵. This is seen as an unlikely scenario as other Shareholders have committed to take up their full Entitlements. Alceon Group has informed the Company that it intends to pass the investment trusts' Entitlements through to the underlying investors within those trusts. The extent to which Alceon Group passes Entitlements through to the underlying investors within the investment trusts will decrease Alceon Group's maximum potential voting power in the Company.</p> <p>Shareholders who do not participate in the Entitlement Offer will have their shareholdings diluted if any Notes are converted into Shares.</p>	Section 3.4

⁴ Assumes that the interest payable at the First Interest Payment Date is capitalised, no Additional Interest accrues or is capitalised and all other Cash Interest is paid in cash.

⁵ Assumes that the interest payable at the First Interest Payment Date is capitalised, no Additional Interest accrues or is capitalised and all other Cash Interest is paid in cash.

Topic	Summary	For more information
1.5 Key risks		
A summary of some of the risks associated with an investment in the Notes is set out below. Refer to Section 5 for more information on the risk factors associated with investing in the Notes, including Company related, industry specific and general risks.		
What are the key risks associated with the Offers?	<p>A non-exhaustive list of potential risks associated with the Offers includes:</p> <ul style="list-style-type: none"> (a) Potential for significant dilution: On implementation of Offers, assuming that all Notes offered pursuant to this Prospectus are issued, the number of Notes on issue will increase from nil currently on issue to 32 million and this has the potential to increase the number of Shares on issue from 96,662,930 to 227,300,001⁶. This means that each Share will represent a significantly lower proportion of the ownership of the Company. (b) Termination of Underwriting Agreement: If certain conditions are not satisfied or certain events occur, the Underwriter may terminate the Underwriting Agreement. Termination of the Underwriting Agreement may have a material adverse impact on the proceeds raised under the Offers and the Company's sources of funding for its intended purpose. Termination of the Underwriting Agreement could also materially adversely affect the Company's business, cash flow, financial condition and results. (c) Shareholder approval not obtained: A portion of Tranche 2 of the Placement Offer is subject to Shareholder approval. If Shareholder approval is not obtained, then approximately \$4 million less will be raised under the Offers. If this occurs, the Company may need to consider alternative funding options, including an equity raising. There is also a risk that this may result in an event of default under the Senior Debt Obligations if alternative funding is not raised in any applicable remedy period agreed by the Senior Lender. (d) Time delay risk: Any delays in satisfying the Offer Conditions will delay completion of the Offers and the issue of the Notes. Delays may be caused by various factors including delays in obtaining necessary regulatory approvals and in the negotiation of the terms of the Intercreditor Deed. 	Section 5.2
What are the key risks associated with investing in the Notes?	<p>A non-exhaustive list of potential risks associated with taking up Notes under the Offers includes:</p> <ul style="list-style-type: none"> (a) Notes may not be suitable for all investors: Each Eligible Shareholder and other potential investors in the Notes must determine the suitability of that investment in light of their own circumstances. A potential investor should not invest in the Notes unless it has expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio. (b) Interest payments: The Company expects to make interest payments using available cash balances and cash flow from its operations. There may be insufficient cash available to the Company to make interest payments on the due date. The payment of interest in cash may only occur if permitted by the Senior Debt Obligations and the Intercreditor Deed. The Company's ability to pay Cash Interest on the Notes in cash will be subject to the Company's ability to achieve certain financial 	Section 5.3

⁶ Assumes the conversion of all Notes at the floor price of \$0.25, that the interest payable at the First Interest Payment Date is capitalised, no Additional Interest accrues or is capitalised and all other Cash Interest is paid in cash.

Topic	Summary	For more information
	<p>covenant levels under the Senior Debt Obligations and to remain in compliance with its obligations under the Senior Debt Obligations immediately prior to and after making any Cash Interest payment. Interest will not be paid in cash for the first Interest Payment Date, being 31 December 2021, instead interest will capitalise in respect of that quarter. Whether Cash Interest will be paid for the quarter ended 31 March 2022 will depend on how quickly stores closed as a result of government health orders open, and the revenue and earnings of the Group recover. Refer to Section 2.8 for further details.</p> <p>(c) Redemption risk: The Company expects to be able to redeem any Notes that have not been converted using the proceeds from future debt or equity raisings, cash flows from operations or proceeds from the sale of investments. There is a risk that the Company may be unable to procure or raise sufficient cash resources from its operations, future debt or equity raisings and may, in that case, have insufficient cash to redeem the Notes at the Maturity Date (or any earlier date as otherwise required under the Note Terms). Further, the Company may be prevented from redeeming the Notes on the Maturity Date under the Intercreditor Deed (for so long as it remains in force) or any replacement senior financing arrangement. Neither the Company, nor the Trustee, nor any other entity can guarantee the redemption of the Notes.</p> <p>(d) Interest rate risk: Interest on the Notes is fixed, which means that no adjustments will be made to the rate of interest paid to Noteholders in the event that market-based interest rates rise or fall.</p> <p>(e) Financial market conditions: The market price of the Notes will fluctuate due to various factors. For example, the market price of Notes may be sensitive to changes in interest rates and therefore, the Notes could trade on ASX at a price below the Issue Price. Accordingly, Shares issued on conversion of the Notes will vary in value depending on the market price of Shares, which price, compared to the Conversion Price, may rise or fall.</p> <p>(f) Market price of Shares: The Shares held by Noteholders following Conversion of their Notes will have the same rights as other Shares, which are different from the rights attaching to the Notes. The trading price of the Shares will directly affect the trading price of the Notes. The market price of the Shares may be volatile. The volatility of the market price of the Shares may cause volatility in the price of the Notes and affect the ability of Noteholders to sell their notes either at all or at an acceptable price. Additionally, this may result in greater volatility in the market price of the Notes than would be expected for non-convertible debt securities.</p> <p>(g) Liquidity: The Company will seek quotation of the Notes on the ASX to permit on-market trading of the Notes in Australia. However, the Notes are a new issue of securities for which there is currently no established trading market and one may never develop. Any trading market for the Notes may be less liquid than the market for Shares. Illiquidity may have an adverse effect on the value of the Notes. There can be no assurance that Noteholders will be able to buy or sell Notes on ASX at a price acceptable to them, or at all.</p> <p>(a) Early redemption: Notes may be redeemed early by the Company in certain circumstances. There is a risk that the redemption amount payable may be less than the previously prevailing market value of Notes or the timing of such redemption may not accord with a Noteholder's individual financial circumstances or tax position. Further, the Company may be prevented from redeeming the Notes early under the Senior Debt</p>	

Topic	Summary	For more information
	Obligations and the Intercreditor Deed (for so long as it remains in force).	
	<p>(b) No voting rights: There is a risk that Noteholders may be affected by corporate decisions made by the Company. Noteholders have no voting or other rights in relation to Shares until the Notes are Converted and Shares are issued to them. In addition, the Notes do not confer on Noteholders any right to subscribe for new securities or to participate in any new or bonus issue of securities (without first converting their Notes). The rights attaching to Shares, if Shares are issued, will be the rights attaching to the Shares at that time. Noteholders have no right to vote on or otherwise to approve any changes to the Constitution in relation to the Shares that may be issued to them upon Conversion. Therefore, Noteholders will not be able to influence decisions that may have an adverse consequence for them.</p> <p>(c) Modifications: The Company may in certain circumstances amend the Note Terms and the Trust Deed without the consent of the Noteholders (refer to Sections 4.1.12(a) and 6.1).</p> <p>(d) Ranking: If there is a shortfall of funds on winding-up, there is a risk that Noteholders will not receive a full (or any) repayment of their money invested in the Notes or payment of unpaid interest, as Noteholders will rank behind senior secured creditors of the Company and equally with other Noteholders.</p> <p>(e) Change in the Australian tax system: Any future changes in Australian tax law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of the acquisition, holding, Conversion and disposal of Notes and the market price of the Notes.</p> <p>(f) Enforcement risk: Rights under the Note Terms and the Trust Deed may generally only be enforced by the Trustee and not by the Noteholders directly. Noteholders must notify the Trustee of their claims and rely on enforcement by the Trustee, except in certain circumstances where the Trustee has failed to take action after being directed by the Noteholders to do so. Further, enforcement rights under the Note Terms and the Trust Deed are subject to the Intercreditor Deed. This means that the Intercreditor Deed may prevent the Trustee from taking enforcement action.</p> <p>(g) Lease security risk: In a receivership, there may be a risk that the receiver will not have a right to step in and run certain of the Company's stores where landlords have not provided their consent to the appointment of a receiver not being considered a change of control, therefore retaining a right to terminate the relevant lease. Leases with no such landlord consent do not form part of the current security granted in respect of the Senior Debt Obligations, nor the second-ranking security for the Notes. As a consequence, there may be a risk that a receiver could have materially less access to store footprint and would need to negotiate with the relevant landlords to keep the applicable stores open for so long as the receiver would want to run them.</p> <p>(h) Inflation rate risk: An increase in the inflation rate may erode in real terms the value of the capital invested in the Notes.</p> <p>(i) Securities risk: The market price of listed securities is affected by numerous factors including hostilities, tension and acts of terrorism, general investor sentiment and the movement of prices on local and international share markets. As a consequence, securities carry no guarantee with respect to the payment of</p>	

Topic	Summary	For more information
	<p>dividends, returns of capital or the market value of those securities.</p> <p>(j) Tax risk: Prospective investors should be aware that any future changes in Australian tax law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of the acquisition, holding and disposal of the Notes and the market price of the Notes.</p>	
What are the key risks associated with Company's business?	<p>A non-exhaustive list of potential risks associated with the Company's business include:</p> <p>(a) Covid-19: The global impact of the COVID-19 pandemic, and the advice and responses from health and regulatory authorities, is continuously developing. The COVID-19 pandemic has had and may continue to have unpredictable and significant impact on capital markets and share prices and may adversely impact the Company's business and financial performance for the foreseeable future. The Company's business is likely to continue to be affected by, among others, the geographic spread of the virus; changes in the severity of the disease; mutations in the COVID-19 virus; the duration of the pandemic (specifically if the Christmas 2021 trading period is impacted); the availability and effectiveness of vaccines; actions that may be taken by Australian federal and state governmental authorities and governmental authorities in the other jurisdictions outside Australia in which the Company operates in response to the pandemic, including actions to relax or further tighten existing restrictions (including in relation to stay at home orders and business closures). The COVID-19 pandemic and such responsive measures could also impact the Company's ability to effectively implement its strategy, risk management framework and internal controls and procedures.</p> <p>(b) Future Funding Requirements: The Company's ability to effectively implement its business and operational plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities and to meet any unanticipated liabilities or expenses which the Company may incur may depend in part on its ability to raise additional funds. The Company might require additional funding in the future in order to develop its business and to meet working capital costs. Additional equity financing may be dilutive to Shareholders and debt financing may involve restrictive covenants, which may limit the Company's operations and business strategy.</p> <p>(c) Risk of decline in foot traffic in shopping centres: The Company's growth strategy includes new store openings, particularly targeting key parts of shopping centres. Foot traffic in shopping centres fluctuates over time, and in the last 18 months has experienced volatility and a significant decline due to the impact of COVID-19. Whilst the Company has a disciplined approach to identifying, evaluating and prioritising new store locations, if a downward trend were to continue, the Company's new stores may not achieve the anticipated return on capital benchmarks and/or existing stores may generate lower revenue. Ultimately, these outcomes could result in reduced financial performance.</p> <p>(d) The Company may be unable to retain and secure suitable store sites: The Company's store footprint and portfolio are assessed on an ongoing basis and revised in order to optimise the financial and operational performance of the Company. While underperforming stores are typically closed or their leases are not renewed on expiry, store lease initial terms are generally 3-5</p>	Section 5.4

Topic	Summary	For more information
	<p>years and the rent payable under these leases can sometimes be difficult to renegotiate, despite underperformance. This may result in the Company running underperforming stores that are operating at a loss where it cannot cancel the lease or renegotiate the lease terms.</p> <p>(e) Mismatch between fashion trends and consumer preferences for the Company's products: Consumer demand for the Company's products is dependent on the decisions made (and implemented) by the Company on the range, selection and quantity of its products. There is a risk that the product ranges developed and sourced by the Company do not align with consumer preferences. Whilst the Company's product range is predominately focused on everyday apparel, sustained and material mismatches in relation to evolving fashion trends and consumer preferences can adversely affect sales levels and consumer perspectives of the Company's brands and result in a loss of market share. Further, a sustained mismatch in demand between customer preferences and the stock that the Company holds may result in stock shortages leading to lost sales, or excess stock, which would increase the Company's markdown costs and operating expenses.</p> <p>(f) Changes in Australian and New Zealand population growth: Any medium-term or permanent reduction in Australia and New Zealand's population growth (including net immigration) or the birth rate, may adversely impact the Company's future financial and operating performance. A prolonged period of COVID-19 related disruptions to international travel (including travel restrictions, quarantine programs and other associated measures) may impact on the number of people in Australia and New Zealand at any given time and therefore overall demand for the Company's products.</p> <p>(g) The value of the Company's brands may diminish: The Company's brands and reputation are very important to attracting, retaining and increasing its customer base, managing its relationship with stakeholders and implementing the Company's business strategy. The Company's brands and reputation are also very important to the Company maintaining its existing relationships with manufacturers and distributors, and also retaining and attracting a skilled and engaged workforce. Maintaining the strength of the Company's brands is integral to the Company's ability to consistently appeal to its existing customers, attract new customers and generate sales growth.</p> <p>(h) The Company's brands and their product offerings rely on maintaining and enhancing these brands: Maintaining and enhancing the Company's brands is critical to expanding the Company's customer base and suppliers. A significant portion of the customer's brand experience is dependent on third parties who supply products and other services, such as logistics, to the Company. Whilst suppliers are audited regularly and the Company has ethical sourcing and supply terms, ultimately, these third parties are outside of the Company's control.</p> <p>(i) Product sourcing may be disrupted: The Company maintains long-standing supplier relationships with international suppliers. While the Company has a diversified supplier base, the business still relies on Chinese and other Asian suppliers. Any material adverse changes related to the impact of COVID-19, adverse economic conditions, regulatory changes (e.g. export duties) or changes in the political environment in these markets may adversely impact the Company's ability to source and sell its products reliably and without material delays. Further, whilst the Company regularly audits its suppliers and has ethical sourcing</p>	

Topic	Summary	For more information
	<p>and supply terms, the Company faces a reputational risk to the extent that any foreign manufacturer or supplier from whom the Company purchases products (directly or indirectly) employs labour or engages in environmental, corruption, workplace safety or other business practices in a manner that varies from what is commonly accepted in Australia and New Zealand, the Company's reputation could be damaged by any resulting negative publicity or, in some cases, potential claims of liability.</p> <p>(j) Product failure: Australia and New Zealand have product safety standards. Whilst the Company has a strong record with regard to product safety, goods sold by the Company may in the future, be defective and/or subject to product recalls which may require the Company to immediately stop selling the affected products, remove all stock from retail outlets and recall the products from the supply chain and consumers.</p> <p>(k) Underpayment of wages and failure to comply with industry awards: The Company has a number of controls in place in an effort to ensure compliance with all employment laws, however, there is a risk underpayment of employees could occur. This could arise where employee rostering is mismanaged, employees are mischaracterised as either casual or permanent, or where payroll errors are otherwise made in relation to a high number of employees, across a national store network.</p> <p>(l) Workplace accident or incident: The Company's employees and customers are at risk of workplace accidents and incidents. Should an employee or customer be injured in the course of engaging with the Company's business (either as a result of their employment or from engaging with the Company's business as a consumer), the Company may be liable for penalties or damages as a result. If the Company were required to pay monetary penalties, this may adversely affect its financial position and reputation in the market.</p> <p>(m) Risks associated with privacy and IT system: The Company is focused on the protection of its customers' and employees' personal information. A significant breach of customer, employee or company information could attract significant media (including social media) attention, require the Company to pay fines or engage in litigation and/or damage the Company's customer relationships, brands and reputation, each of which may also negatively affect the Company's reputation and financial performance.</p> <p>(n) The Company may experience technology failure or its technology may become obsolete: The success of the Company's business relies on (among other things) the technology it has developed in respect of certain business functions including its point-of-sale, online offering, inventory management and general order processing management. If there is any decrease in the effectiveness or functionality of the information technology systems which support this technology (or if these systems are not able to be further developed and become obsolete in comparison to its competitors) then this could have a significant impact on the Company's ability to continue to deliver its services and generate revenues.</p> <p>(o) Online channel risks: The Company's customers are increasingly using computers, tablets, mobile phones and other devices to purchase products. Approximately 19% of the Company's FY21 revenue (excluding revenue attributable to Ezibuy) was generated from online sales. Maintaining and continuing to improve its online channel offering involves investment of capital and resources, integrating a number of information and management systems from different vendors,</p>	

Topic	Summary	For more information
	<p>increasing supply chain and distribution capabilities, attracting, developing and retaining qualified personnel with relevant subject matter expertise, and effectively managing and improving the customer experience.</p> <p>(p) Growth in online penetration and rate of migration to online channels: The Company's future growth strategy involves targeting growth in online sales. Across the broader retail market, growth in online sales is being driven partly by the migration of customers from a traditional offline retailing experience to online retailing platforms across a number of segments. This trend has accelerated during the period since COVID-19. There is no guarantee that the migration of customers will continue to grow in the future, or will be retained despite the historical and forecast growth patterns. If the rate of penetration and migration to the online channel does not increase in line with the Company's assumptions, this may have a material adverse effect on its financial and operational performance in the future.</p> <p>(q) Unexpected increase in operating and other expenses that may reduce profitability: The Company's operating and other expenses could increase without a corresponding increase in revenue. A number of factors which could increase operating and other expenses.</p> <p>(r) The Company's recent growth rates may not be sustainable or indicative of its future growth: The Company's recent growth rates may not be sustainable or indicative of future growth. The Company may be unable to attain further sales growth through its online channel or increase its market share or leverage its relationship with its target customer to grow sales in other categories. Alternatively, the Company may be able to maintain these growth rates in sales but have to expend significantly more resources in order to maintain the growth rates, thus reducing profitability. Should revenue growth rates materially decline or operating expenses materially increase, the Company's financial and operational performance may be adversely affected.</p> <p>(s) The Company relies on services provided by third party payment and logistics providers: The Company relies on the services provided by third party banking and payment providers such as credit card companies. It also relies on the services of third party logistic providers to deliver ordered products to customers. The Company has limited influence over these third parties and the contracts with these providers are generally short-term in nature.</p> <p>(t) Failure to effectively manage inventory: The Company may fail to accurately forecast or manage its inventory levels. This may result in the Company incurring additional costs and/or losing revenue. If the Company purchases levels of product that it cannot sell in a timely manner, this excess stock may need to be cleared at a discount, otherwise the excess stock will become obsolete and the Company may be required to recognise inventory write-down costs. Conversely, if the Company fails to maintain adequate levels of inventory it may experience "out of stock" issues, which may result in foregone sales and damage to the Company's reputation or brands which may have an adverse effect on financial performance.</p> <p>(u) Climate change, severe weather, natural disasters and seasonality may adversely affect the Company: The Company has stores based in regional areas and as such has experienced impacts from weather related and other natural disasters in the past (such as regional flooding and bushfires). The increased likelihood of natural disasters and severe weather conditions</p>	

Topic	Summary	For more information
	such as flooding and bushfires in areas in which the Company operates or in areas where the Company sources or obtains supplies or products as a result of climate change, presents a risk to the Company's business. These adverse conditions have the potential to cause supply chain disruptions, store closures and damage to the Company's stores, warehouses or products.	
What are the key risks associated with the industry?	<p>A non-exhaustive list of potential risks associated with the relevant industry of the Company's business include:</p> <ul style="list-style-type: none"> (a) Retail environment and general economic conditions may worsen: The Company's operational and financial performance are sensitive to consumer sentiment. Key factors that may adversely affect demand for the Company's products include increases in interest rates, economic shocks, increased unemployment and decreases in the asset values of homes and other dwellings. Any material reduction in consumer disposable income may reduce demand for the Company's products which may in turn result in lower levels of revenue or profitability for the Company. (b) Competitive environment: The Company operates in a competitive market and there is a risk that the Company may lose market share to new or existing competitors in the market. This loss in market share could be driven by a number of factors, such as competitors delivering superior products and customer experiences, increasing their store rollout, increasing advertising or product discounting or consolidating with other retailers to deliver enhanced scale benefits against which the Company is unable to compete. If the Company's competitive position were to deteriorate as a result of increased competition, the Company's customers may choose to purchase products from competitors rather than from the Company's brands and this may in turn reduce the Company's revenue and profit margins. Such a reduction in profitability and revenue may subsequently have an adverse impact on the Company's financial and operating performance. (c) Regulatory risk and potential for laws and regulations to change: The Company is required to comply with a range of laws and regulations in Australia, New Zealand and in the foreign jurisdictions in which it sources its products (including China). These laws and regulations include product and safety standards, fair trading and consumer protection, public health, employment, occupational health and safety, quarantine, customs and tariff and tax laws. Compliance with these laws and regulations, and the Company's ability to comply with any changes to these laws and regulations, is critical to the success of the Company's business. Any failure to comply with existing or new laws and regulations may result in a fine or penalty, loss of accreditation or brand damage, any of which could have a material and adverse effect on the Company's operations, performance and reputation. (d) The Company may be involved in disputes or litigation: The Company may be the subject of complaints, litigation, inquiries or audits initiated by a range of stakeholders including customers, employees, landlords, government agencies, regulators or other third parties. These disputes may be related to product warranties, product descriptions, industrial action, personal injury, health, environmental, safety or operational concerns, nuisance, negligence or failure to comply with applicable contracts, laws and regulations. (e) Key personnel risk: The performance of the Company is highly dependent on a number of highly skilled personnel, including the Directors, senior management and specific key management 	Section 5.5

Topic	Summary	For more information
	<p>personnel, if applicable. The loss or departure of one or more key personnel and/or the inability to hire new personnel, may have a material adverse effect on the Company's performance or ability to grow.</p> <p>(f) Industrial relations risk: There is a risk that the industrial relations management will be unsatisfactory leading to strikes or the re-opening of award negotiations resulting in higher costs, higher employee numbers and higher redundancy costs.</p>	
What are the general risk associated with investment in securities?	<p>A non-exhaustive list of general risks include:</p> <p>(a) Foreign exchange rate risk: The price of the Company's product is impacted by movements in the USD, NZD and other currencies and the exchange rate between AUD and these currencies. Movements in the exchange rate and/or these currencies may adversely or beneficially affect the Company's results or operations and cash flows.</p> <p>(b) Equity market conditions: Shares listed on the stock market can experience price and volume fluctuations often unrelated to the operating performances of such companies. The market price of Shares may fall as well as rise.</p>	Section 5.6

1.6 Further information

If, after you read this Prospectus, you have any questions regarding the Entitlement Offer or the Notes, please contact your financial adviser or other professional adviser.

You can also call the shareholder information line on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia) between 8:30am and 5:00pm (Sydney time), Monday to Friday or contact the Company via email on companysecretary@mosaicbrandsltd.com.au.

2. Details of the Offers

2.1 Entitlement Offer

The Entitlement Offer is a pro rata non-renounceable entitlement offer of 1 Note for every 4.39 Shares held by Eligible Shareholders registered at the Record Date at an issue price of \$1.00 per Note.

The number of Notes to which you are entitled is shown on the accompanying Entitlement and Acceptance Form. Fractional entitlements will be rounded down to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus (assuming no additional Shares are issued prior to the Record Date), a maximum of approximately 22 million Notes will be issued pursuant to the Entitlement Offer to raise approximately \$22 million (subject to rounding).

All of the Notes offered under the Prospectus will be issued on the terms and conditions set out in Section 4.1.

Any Shares issued on the future conversion of the Notes offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 4.2 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offers and the intended use of funds raised are set out in Section 3.1.

2.2 Placement Offer

The Placement Offer is an underwritten offer to Danfin Pty Ltd (**Danfin**) of 10 million Notes at an issue price of \$1.00 per Note to raise a further \$10 million (before costs) (**Placement Offer**). The Placement Offer will comprise two tranches as follows:

- **Tranche 1:** approximately 3.6 million Notes to be issued on the Issue Date under the Company's existing ASX Listing Rule 7.1 placement capacity, to raise approximately \$3.6 million; and
- **Tranche 2:** subject to the availability of the Company's placement capacity and Shareholder approval for the issue of the Note (to the extent required), approximately 6.4 million Notes, to raise a further approximately \$6.4 million.

The Company expects to issue approximately 2.4 million Notes under Tranche 2 of the Placement Offer as soon as it has placement capacity to do so under ASX Listing Rule 7.1A. If required, the Company will include any resolutions to approve the issue of Tranche 2 of the Placement Offer (or any part of it) at its annual general meeting (proposed to be held in November 2021). Alceon Group has agreed to vote in favour of any resolution to issue Notes under Tranche 2 of the Placement Offer.

The Underwriter is also acting as the lead manager and underwriter of the Placement Offer. The Underwriter has received a firm commitment from Danfin to subscribe for all of the Notes offered under the Placement Offer.

The Placement Offer will only be extended to Danfin. An Application Form will only be provided by the Company to this party.

All of the Notes offered under the Prospectus will be issued with disclosure on the terms and conditions set out in Section 4.1.

Any Shares issued on the future conversion of the Notes offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus and will not be subject to

any on-sale restrictions as a result of the operation of ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80. Please refer to Section 4.2 for further information regarding the rights and liabilities attaching to the Shares.

2.3 Conditions of the Offers

The Offers are subject to and conditional on:

- (a) documentation of the Senior Lender's consent to the issue of the Notes, the security and terms of the Intercreditor Deed;
- (b) documentation of a deferral of the scheduled \$10 million step down of the Existing Senior Debt Facility; and
- (c) documentation of a restructure of the current financial covenant package in respect of the Existing Senior Debt Facility to take into consideration the impact of COVID lockdowns in circumstances where lockdowns are extended beyond the current expected time frame or retail trading conditions worsen beyond what is currently anticipated,

(Offer Conditions).

In the event that the above Offer Conditions are not satisfied, the Offers will not proceed and no Notes will be issued pursuant to this Prospectus. If this occurs, all Application Moneys will be refunded (without interest) and in accordance with the Corporations Act.

2.4 Who is entitled to participate in the Entitlement Offer?

A Shareholder registered as the holder of Shares on the Company's share register as at 7:00pm (AEST) on the Record Date, whose registered address is in Australia or New Zealand, is entitled to participate in the Entitlement Offer.

2.5 Minimum subscription

There is no minimum subscription.

2.6 No trading of Entitlements

The Entitlements are non-renounceable. This means that Eligible Shareholders cannot sell their Entitlement if they do not wish to take up some or all of the Notes to which they are entitled.

2.7 Underwriting

The Offers are underwritten by Wilsons Corporate Finance Limited (AFSL 238383) (**Underwriter**), who is acting as the lead manager and underwriter of the Offers. The Underwriter has entered into sub-underwriting agreements with a number of investors to sub-underwrite the Entitlement Offer.

Investment trusts managed and controlled by Alceon Group Pty Ltd (**Alceon Group**) currently hold approximately 34.7 million Shares, representing combined voting power of approximately 35.9%. Alceon Group has pre-committed to taking up the investment trusts' full Entitlements under the Entitlement Offer. In addition, Alceon GT Pty Limited as trustee for the Alceon Group Trust (**AGT**), the parent entity of Alceon Group has agreed to sub-underwrite a portion of the Shortfall.

Further details of the Underwriting Agreement, including the circumstances in which the Underwriter may terminate its obligations, are set out in Section 6.2. A summary of the terms of the sub-underwriting agreements is set out in Section 6.3.

2.8 Intercreditor Deed

The Offers are conditional on the Group and the Trustee entering into an intercreditor deed with the Senior Lender (**Intercreditor Deed**). The Intercreditor Deed will provide that:

- all amounts owing in respect of the Notes and the security granted in favour of the Trustee (**Transaction Security**) will be subordinated to, and rank behind all amounts owing by the Group to the Senior Lender (**Senior Debt**) and the security granted in respect of the Senior Debt;
- no redemption or repayment of the Notes will be permitted until a period of up to 6 months after the Senior Debt has been finally repaid;
- enforcement rights in respect of the Notes and the Transaction Security cannot be exercised by the Trustee without the Senior Lender's consent; and
- the payment of cash interest on the Notes will only be permitted so long as the Group can meet normalised financial covenant levels and the Group otherwise remains in compliance with its obligations under the Senior Debt documents.

The effect of the Intercreditor Deed is that Cash Interest payments will not be made (and interest will capitalise) until the earnings of the business recover sufficiently to meet certain normal ratio-based covenants in the Senior Debt Obligations (and the Group continues to meet all its other obligations under the Senior Debt Obligations). The Senior Lender has agreed to some relaxation of these ratio-based covenants to provide some leeway for the Group because of the current difficult trading conditions, but those more relaxed covenants are not used to determine whether Cash Interest can be paid.

Whether the ratio-based covenants in the Senior Debt Obligations are met is calculated on 31 March, 30 June, 30 September and 31 December each year (each a **Ratio Resting Date**).

The covenants tested on each Ratio Testing Date are reflected in two principal measures. One measure calculates a ratio between the earnings of the business and the interest and rental expenses of the business for a 12 month period to the Ratio Testing Date, this ratio is referred to as the Fixed Charge Cover Ratio. The other measure calculates a ratio between the total indebtedness of the Group and the earnings of the business in the 12 months prior to the Ratio Testing Date, this ratio is referred to as the Total Financial Indebtedness Ratio. The Fixed Charge Cover Ratio covenant is currently set at 1.25x, and the Total Financial Indebtedness Ratio covenant is currently set at 1.00x.

Due to the effect of the prolonged lockdowns on store closures over the 12 months to 31 December 2021, the Company does not expect the Fixed Charge Cover Ratio covenant or the Total Financial Indebtedness Ratio covenant will be met when they are calculated on the first Ratio Testing Date after the Notes have been issued, being 31 December 2021, and Cash Interest will capitalise and not be paid in cash in respect of that quarter. That said, as noted above, the Senior Lender has agreed to some relaxation of these ratio-based covenants for the purposes of the Senior Debt Obligations, but those more relaxed covenants are not used to determine whether Cash Interest can be paid. Whether Cash Interest will be paid for the quarter ended 31 March 2022 will depend on how quickly the stores closed as a result of government health orders open and the revenue and earnings of the Group recovers. It may be that even if stores open once government health orders permit and there is a recovery in trading, that Cash Interest will not be paid in the quarter ending 31 March 2022. The longer significant numbers of stores remain closed, the longer it will take for the earnings of the business to recover sufficiently to meet these ratio-based covenants and the longer it will be before payment of Cash Interest in cash is permitted under the Senior Debt Obligations. Because the ratio-based covenants are calculated using a 12 month period of earnings,

trading needs to return to normal for a period of time before the covenants will be met and Cash Interest will be paid.

Prior to the introduction of government health order store closures in March 2020, whilst normal business operations were permitted, the Company had met all prior covenant testing required under the relevant banking facilities, from time to time.⁷

Where Cash Interest is not paid in cash for a particular quarter, it will be capitalised and therefore increase the Note Principal Amount that can be converted in accordance with the terms of the Notes.

The long-form Intercreditor Deed has not been executed at the date of this Prospectus and this description is based on the terms on which the Senior Lender has provided its consent.

2.9 Acceptance

2.9.1 Entitlement Offer Applications

Your acceptance of the Entitlement Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Other than as set out in paragraph (b) below, your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Entitlement Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form; and
 - (ii) make payment by BPAY® or attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you wish to accept your full Entitlement and apply for Additional Notes under the **Shortfall Offer**:
 - (i) complete the Entitlement and Acceptance Form;
 - (ii) follow the instructions on your personalised Entitlement and Acceptance Form if you wish to apply for Additional Notes under the Shortfall Offer; and
 - (iii) make payment by BPAY® or attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate Application Moneys (at \$1.00 per Note), or
- (c) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of Notes you wish to accept on the Entitlement and Acceptance Form; and
 - (ii) make payment by BPAY® or attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate Application Moneys (at \$1.00 per Note); or
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

⁷ Past performance of the Company cannot be relied upon as an indicator of future performance.

Taking up all of your Entitlement or taking up all of your Entitlement and participating in the Shortfall Offer

If you wish to take up all or part of your Entitlement, payment must be made by following the instructions set out on the personalised Entitlement and Acceptance Form. Payment must be received by no later than 5.00pm (AEST) on the Closing Date.

If you apply to take up all of your Entitlement, you may also apply for Additional Notes under the Shortfall Offer. Applications for Additional Notes from Eligible Shareholders are capped at 50% of an Eligible Shareholder's Entitlement, such that the maximum aggregate amount of Notes an Eligible Shareholder can apply for under this Prospectus is 150% of their Entitlement. If you apply additional Notes under the Shortfall Offer, your Application Moneys must include payment for as many additional Notes as you are applying for.

For example, if you are an Eligible Shareholder who holds 4,390 Shares at the Record Date, then your Entitlement and the maximum number of Additional Notes under the Shortfall Offer that you can apply for would be as follows:

Shares held at the Record Date	4,390
Entitlement ratio	1 Note for every 4.39 Shares held as at the Record Date
Entitlement to Notes	1,000
Maximum number of Additional Notes you can apply for under the Shortfall Offer	500
Total number of Notes you can apply for	1,500

2.9.2 Placement Offer Applications

Applications for Notes under the Placement Offer must only be made by investors invited by the Company to participate in the Placement Offer by returning a completed Placement Offer Application Form and Application Moneys (at \$1.00 per Note) in accordance with the instructions on the Placement Offer Application Form.

Tranche 2 of the Placement Offer is subject to the availability of the Company's placement capacity and Shareholder approval for the issue of the Notes (to the extent required). The Company expects to issue approximately 2.4 million Notes under Tranche 2 of the Placement Offer as soon as it has placement capacity to do so under ASX Listing Rule 7.1A. If required, the Company will include resolutions to approve the issue of Tranche 2 of the Placement Offer (or any part of it) at its annual general meeting (proposed to be held in November 2021).

The Company reserves the right to close the Placement Offer early.

2.10 Implications of an acceptance

Returning a completed Application Form or payment any Application Moneys by BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Application Form, and read them both in their entirety; and
- (b) you acknowledge that once the Application Form is returned, or a BPAY® payment is given in relation to any Application Moneys, the Application may not be varied or withdrawn except as required by law.

2.11 Shortfall Offer

Any Entitlement not taken up pursuant to the Entitlement Offer will form the Shortfall.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to 3 months after the Closing Date. The issue price for each Note to be issued under the Shortfall Offer will be \$1.00, being the price at which Notes have been offered under the Entitlement Offer.

Eligible Shareholders may apply for Additional Notes, in excess of their Entitlement, under the Shortfall Offer as described below subject to such applications being received by the Closing Date.

The allocation policy for the issue of Notes under the Shortfall Offer will be as follows:

- (a) Eligible Shareholders who wish to subscribe for Notes above their Entitlement may apply for Additional Notes under the Shortfall Offer by completing the appropriate section on their Entitlement and Acceptance Form or by making payment for such Additional Notes using BPAY® (refer to Section 2.9). Applications for Additional Notes from Eligible Shareholders are capped at 50% of an Eligible Shareholder's Entitlement, such that the maximum aggregate amount of Notes an Eligible Shareholder can apply for under this Prospectus is 150% of their Entitlement;
- (b) persons listed in ASX Listing Rule 10.11 (including Directors and related parties) will not be eligible to apply for Additional Notes;
- (c) if there is insufficient Shortfall to satisfy the Applications made in accordance with paragraph (a) above, the Applications will be scaled back pro rata to existing shareholdings by the Underwriter, in consultation with the Directors;
- (d) if any Shortfall is remaining after the Applications made in accordance with paragraph (a) above are satisfied, the Underwriter will take up the Shortfall in accordance with the Underwriting Agreement; and
- (e) no Notes will be issued to an Applicant under this Prospectus if the issue of the Notes would contravene the takeover prohibition in section 606 of the Corporations Act.

The Underwriter and Directors reserve the right at their absolute discretion, and subject to the Corporations Act and ASX Listing Rules, to place Shortfall at their discretion, to reject any application for Shortfall or to grant a lesser number of Shortfall Notes than applied for. Applicants for Notes under the Shortfall Offer will be bound to accept a lesser number of Notes allocated to them than applied for. Where the number of Notes issued is less than the number applied for, or where no issue is made, surplus Application Moneys received will be refunded without any interest to the Applicant as soon as practicable after the issue date of the Notes. Any refund will be sent by cheque to your registered address unless your nominated bank account has been provided to the Share Registry, in which case the refund will be paid by direct credit. Payments will be made in Australian dollars.

2.12 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "MOSAIC BRANDS LIMITED" and crossed "Not Negotiable".

Your completed Application Form and cheque must reach the Company's share registry by no later than 5:00pm (AEST) on the Closing Date.

2.13 Payment by BPAY®

Payment should be made using BPAY® if possible, please follow the instructions on the Application Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- For personal use only
- (a) you do not need to submit the Application Form but are taken to have made the declarations on that Application Form; and
 - (b) in respect of the Entitlement Offer, if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Notes which is covered in full by your Application Moneys.

In respect of the Shortfall Offer, if a payment is received in excess of the amount required for your full Entitlement this may be treated as an application for as many Additional Notes covered by your Application Moneys, up to a maximum of 50% of your Entitlement.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 5:00pm (AEST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any Application Moneys received for more than your final allocation of Notes (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any Application Moneys received or refunded.

The Entitlement Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

2.14 ASX listing

Application for Official Quotation of the Notes (including the Additional Notes) offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus and otherwise in accordance with the timetable set out in the “Key Dates” Section of this Prospectus.

The quotation of the Notes is conditional on the Company satisfying ASX requirements for quotation of a new class of securities (which includes, amongst other things, there being a minimum of 100,000 Notes on issue, with at least 50 holders holding a marketable parcel). The fact that ASX may grant Official Quotation to the Notes is not to be taken in any way as an indication of the merits of the Company or the Notes now offered for subscription.

The Company makes no guarantee that any such application for quotation will be successful. If the application for quotation is unsuccessful, the Notes will remain unlisted but otherwise will remain on the same terms and conditions.

2.15 Issue of Notes

Notes issued pursuant to the Offers will be issued in accordance with the ASX Listing Rules and timetable set out in the “Key Dates” Section of this Prospectus.

Where the number of Notes issued is less than the number applied for, or where no issue is made, surplus Application Moneys will be refunded without any interest to the Applicant as soon as practicable after the issue date of the Notes.

Pending the issue of the Notes or payment of refunds pursuant to this Prospectus, all Application Moneys will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Notes (including any Additional Notes) issued under the Offers will be mailed in accordance with the ASX Listing Rules.

2.16 Overseas Shareholders

This Offers do not, and are not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Notes these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offers are not being extended and Notes will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

The distribution of this Prospectus (including an electronic copy) in jurisdictions outside of Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The Corporations Act prohibits any person from passing an Entitlement and Acceptance Form to another person unless it accompanies or is included in a paper copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The Entitlements of non-eligible foreign Shareholders will form part of the Shortfall.

New Zealand Investors

These Offers to New Zealand investors are regulated offers made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

These Offers and the content of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the regulations made under that Act set out how the Offers must be made.

There are differences in how financial products (including the Notes) are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to these Offers. If you need to make a complaint about these Offers, please contact the Financial Markets Authority, New Zealand (www.fma.govt.nz). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

These Offers may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

Nominees and custodians

Eligible Shareholders holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up their Entitlement does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of such regulations. Eligible Shareholders who are nominees are therefore advised to seek independent advice as to how they should proceed.

2.17 Withdrawal

The Company reserves the right not to proceed with the Offers (or any part of them) at any time before the issue of Notes. If the Company decides not to proceed with the Offers (or any part of them), no Notes will be issued in respect of the withdrawn component of the Offers, and all relevant Application Moneys will be refunded (without interest) and in accordance with the Corporations Act.

2.18 Tax implications

Section 7 contains a summary of the tax consequences for potential Noteholders and is based on Australian tax law and administrative practice as at the date of this Prospectus. This summary is necessarily general in nature and is not intended to be tax advice to Noteholders. Accordingly, each prospective Noteholder should seek their own tax advice, which is specific to their particular circumstances, as to the tax consequences of investing in, holding and disposing of the Notes.

3. Purpose and effect of the Offers

3.1 Purpose of the Offers

The purpose of the Offers is to raise approximately \$32 million.

The funds raised from the Offers are planned to be used in accordance with the table set out below:

Source of funds	(\$)	%
Funds raised from the Placement Offer	10,000,000	31
Funds to be raised from the Entitlement Offer	22,018,890	69
Total	32,018,890	100
Items of expenditure	(\$)	%
General working capital ¹	30,303,134	95
Estimated costs of the Offers ²	1,715,756	5
Total	32,018,890	100

Notes:

1. Funds allocated to working capital will be used to fund administration and operating expenses of the Company (including payment of team salaries, payments to product suppliers, payment of third party logistics, freight and postage), whilst lockdowns remain in place and store sales generate lower levels of cash flow.
2. Refer to Section 8.6 for further details.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied.

The Directors believe that on completion of the Offers, the Company will have sufficient working capital to carry out its stated objectives.

3.2 Effect on capital structure

The effect of the Offers on the capital structure of the Company, assuming all Entitlements are accepted, is set out below.

Shares ¹	Number
Shares currently on issue	96,662,930
Total Shares on issue after completion of the Offers²	96,662,930

Notes:

1. The rights and liabilities attaching to the Shares are summarised in Section 4.2.
2. 1,873,543 Shares, which have been issued under the Director and Senior Management Share Plan, are escrowed until the expiry of the period set out in the table below and repayment of the loan used to purchase the relevant Shares:

Number of Shares	Escrowed period
980,392	27/10/2018

Number of Shares	Escrowed period
195,000	01/07/2020
550,000	01/07/2021
148,151	01/07/2022

Notes	Number
Notes currently on issue	Nil
Maximum number of Notes to be issued under the Placement Offer	10,000,000
Maximum number of Notes to be issued under the Entitlement Offer	22,018,890
Total Notes on issue after completion of the Offers	32,018,890

Notes:

- The rights and liabilities attaching to the Notes are summarised in Section 4.1.
- Up to an additional 130,637,071 Shares would be issued upon conversion of all Notes issued under the Offers, assuming:
 - all Notes offered pursuant to this Prospectus are issued;
 - no interest has been capitalised into the Notes, except for the interest payable on the First Interest Payment Date; and
 - the Notes are converted into Shares at a price of \$0.25, being the floor price for conversion of the Notes.

3.3 Pro-forma statement of financial position

To illustrate the effect of the Offers on the Company, a pro-forma statement of financial position has been prepared based on the audited financial position as at 27 June 2021.

The pro-forma statement of financial position shows the effect of the Offers as if the Notes offered under this Prospectus had been issued on 27 June 2021 and as if all Notes offered pursuant to this Prospectus are issued.

The accounting policies adopted in the preparation of the pro-forma statement of financial position are consistent with the policies adopted and as described in the Company's financial statements for the financial year ended 27 June 2021.

The significant effect of the Offers will be to increase cash reserves and non-current liabilities by approximately \$32 million (before cash expenses of the Offers which are estimated to be \$1.716 million).

The pro-forma statement of financial position has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements and has not been subject to an audit or review.

	2020	2021	Adjustments	Proforma
	\$'000	\$'000	\$'000	2021 \$'000
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	86,928	57,831	30,303	88,134
Other receivables	22,590	1,747		1,747
Inventories	102,329	110,083		110,083
Derivative financial instruments	-	576		576
Other current assets	5,812	3,982		3,982
Income tax receivable	-	5,100		5,100
TOTAL CURRENT ASSETS	217,659	179,319		209,622
NON-CURRENT ASSETS				
Plant and equipment	31,045	15,865		15,865
Right-of-use assets	140,793	70,855		70,855
Intangible assets	42,943	19,978		19,978
Deferred tax assets	117,866	80,003		80,003
Other non-current assets	24	51		51
TOTAL NON-CURRENT ASSETS	332,671	186,752		186,752
TOTAL ASSETS	550,330	366,071		396,374
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	230,660	197,646		197,646
Borrowings	41,502	16,450		16,450
Provisions	29,112	33,301		33,301
Derivative financial instruments	534	109		109
Lease liabilities	87,544	64,636		64,636
Income tax payable	145	-		-
Other current liabilities	95	43		43
Deferred consideration	9,580	9,620		9,620
Contract liabilities	15,871	13,408		13,408
TOTAL CURRENT LIABILITIES	415,043	335,213		335,213
NON-CURRENT LIABILITIES				
Borrowings	44,989	15,000	32,019	47,019
Provisions	2,828	2,042		2,042
Lease liabilities	111,013	58,643		58,643
Deferred tax liabilities	56,656	32,168		32,168
Other non-current liabilities	110	178		178
TOTAL NON-CURRENT LIABILITIES	215,596	108,031		140,050
TOTAL LIABILITIES	630,639	443,244		475,263
NET ASSETS	(80,309)	(77,173)		(78,889)
EQUITY				
Issued capital	108,034	108,034		108,034
Reserves	17,868	31,292		31,292
Accumulated losses	(206,211)	(216,499)	(1,716)	(218,215)
TOTAL EQUITY	(80,309)	(77,173)		(78,889)

3.4 Effect on control of the Company

You should consider the possible control scenarios that may flow from the Offers and in particular, the Underwriting Agreement. The Underwriter has entered into sub-underwriting agreements with a number of investors to sub-underwrite the Entitlement Offer. The Underwriting Agreement is on usual terms and the fees and termination events for the Underwriting Agreement and sub-underwriting agreements are set out in Sections 0 and 6.3.

Investment trusts managed and controlled by Alceon Group Pty Ltd (**Alceon Group**) currently hold approximately 34.7 million Shares, representing combined voting power of approximately 35.9%. Alceon Group has pre-committed to taking up the investment trusts' full Entitlements under the Entitlement Offer. In addition, Alceon GT Pty Limited as trustee for the Alceon Group Trust (**AGT**), the parent entity of Alceon Group has agreed to sub-underwrite a portion of the Shortfall.

Assuming that Alceon Group takes up its full Entitlement and AGT subscribes for its full sub-underwriting commitment, and only the Notes issued to Alceon Group and AGT are converted, Alceon Group's voting power could increase from approximately 35.9% to a maximum of 63.0%. This is seen as an unlikely scenario as other Shareholders have committed to take up their full Entitlements. Alceon Group has informed the Company that it intends to pass the investment trusts' Entitlements through to the underlying investors within those trusts. The extent to which Alceon Group passes Entitlements through to the underlying investors within the investment trusts will decrease Alceon Group's maximum potential voting power in the Company.

The maximum potential increase in the voting power of Alceon Group as a result of its participation in the Entitlement Offer and AGT's sub-underwriting arrangement is set out below:

Name	Current voting power %	Voting Power on conversion of Entitlements under the Offer ^{1,2} %	Voting power post Offer on conversion of Entitlements and sub-underwriting commitment under the Offer ^{1,3} %
Alceon Group Pty Ltd	35.9%	51.9%	63.0%

Notes:

- Assumes the Notes are converted into Shares at the floor price of \$0.25 and assuming that no interest has been capitalised into the Notes except for the interest payable on the First Interest Payment Date, no Additional Interest accrues or is capitalised and all other Cash Interest is paid in cash.
- Based on a total of 128,888,859 on issue post Offer, which assumes that:
 - all Notes offered pursuant to this Prospectus are issued;
 - Alceon Group takes up its full Entitlement under the Entitlement Offer;
 - AGT is not required to subscribe for any its sub-underwriting commitment pursuant to its sub-underwriting agreement;
 - only the Notes issued to Alceon Group are converted into Shares; and
 - the Notes issued to Alceon Group are not passed through directly to the investors in the investment trusts.
- Based on a total of 167,648,859 on issue post Offer, which assumes that:
 - all Notes offered pursuant to this Prospectus are issued;
 - Alceon Group takes up its full Entitlement under the Entitlement Offer;
 - AGT is obliged to subscribe for all of its sub-underwriting commitment pursuant to its sub-underwriting agreement;

- (d) only the Notes issued to Alceon Group and AGT are converted into Shares; and
- (e) the Notes issued to Alceon Group are not passed through directly to the investors in the investment trusts.

Alceon Group has informed the Company it is presently supportive of the Company's current direction, objectives and management.

Alceon Group has advised the Company it does not currently intend to:

- (a) make or propose any significant changes to the Company's existing business, existing financial or dividend policy;
- (b) become involved in decisions with respect to future employment, the transfer of property or the redeployment of fixed assets except to the extent such decisions require Shareholder approval under the ASX Listing Rules or as a matter of law.

The intentions and statements of future conduct set out above must also be read as being subject to the legal obligations of the Directors at the time, including any nominees of Alceon Group, to act in good faith in the best interests of Alceon Group and for proper purposes and to have regard to the interests of Shareholders.

The implementation of Alceon Group's current intentions in relation to its ownership of the Company will be subject to the law (including the Corporations Act), the ASX Listing Rules and the Constitution.

As at the date of this Prospectus, the Underwriter is neither a Shareholder nor a related party of the Company for the purposes of the Corporations Act. The extent to which Shares are issued upon the future conversion of the Notes offered under this Prospectus pursuant to the Underwriting Agreement will increase the Underwriter's voting power in the Company (which, as at the date of this Prospectus, is 0%).

In accordance with the terms of the Underwriting Agreement, the Underwriter will allocate the Shortfall to its sub-underwriters. In the event that there is a Shortfall under the Entitlement Offer, these sub-underwriting arrangements will have the effect of decreasing the number of Notes to be subscribed for by the Underwriter. Accordingly, the voting power of the Underwriter will be reduced to the extent that sub-underwriters subscribe for any Shortfall.

The Underwriter's present relevant interest and changes under several scenarios are set out in the table below (assuming that all Notes issued to the Underwriter are converted):

Event	Notes held by the Underwriter	Shares issued on conversion of underwritten Notes ¹	Voting power of Underwriter ² %
Date of this Prospectus	Nil	Nil	0.00%
Completion of the Entitlement Offer			
Fully subscribed	Nil	Nil	0.00%
75% subscribed	5,504,723	22,459,268	18.9%
50% subscribed	11,009,445	44,918,536	31.7%
Only Alceon Group takes up Entitlement and AGT subscribes for all of its sub-underwriting commitment ³	4,620,378	18,851,142	16.3%
0% subscribed	22,018,890	89,837,071	48.2%

Event	Notes held by the Underwriter	Shares issued on conversion of underwritten Notes ¹	Voting power of Underwriter ² %
Completion of the Offers			
0% subscribed under the Entitlement Offer and Underwriter is required to subscribe for all Notes offered under the Placement Offer	32,018,890	130,637,071	57.5%

Notes:

1. In relation to the Entitlement Offer only. Assumes the Notes are converted into Shares at the floor price of \$0.25 and assuming that no interest has been capitalised into the Notes except for the interest payable on the First Interest Payment Date, no Additional Interest accrues or is capitalised and all other Cash Interest is paid in cash.
2. Assumes that only the Notes issued to the Underwriter are converted.
3. Assumes that Alceon Group takes up its full Entitlement and AGT subscribes for its full sub-underwriting commitment.

The number of Shares held by the Underwriter and its voting power in the table above show the potential effect of the underwriting of the Offers, following conversion of all Notes issued to the Underwriter. However, it is unlikely that no Shareholders will take up their Entitlements under the Entitlement Offer, the sub-underwriters will default on their obligations under the sub-underwriting agreements and no other investors will subscribe for Notes under the Placement Offer. The underwriting obligation and therefore potential voting power of the Underwriter will reduce by a corresponding amount for the amount of Entitlements under the Entitlement Offer taken up by Shareholders and Notes subscribed for by sub-underwriters other investors under the Offers.

Any increase in voting power of the Underwriter and Alceon Group above 20% will be permitted pursuant to the "underwriting exception" in item 13 of section 611 of the Corporations Act. Other than as set out in this Section 3.4 and in Section 3.6, the Company and the Underwriter have confirmed that, no sub-underwriter nor existing Shareholder will increase its voting power to above 20% as a result of the Offers or Shortfall Offer.

3.5 Dilution

Shareholders should note that if they do not participate in the Entitlement Offer their holdings, assuming that all Notes issued under the Offers are converted into Shares at the floor price of \$0.25, would be diluted by up to approximately 57.5% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders is set out in the table below:

Holder	Holding of Shares as at Record date	% holding of Shares at Record Date	Entitlements under the Entitlement Offer	Shares issued on conversion of Entitlements under the Entitlement Offer ¹	Holdings if Entitlement Offer not taken Up	% post Offer ²
Shareholder 1	10,000,000	10.3%	2,277,904	9,293,848	10,000,000	4.40%
Shareholder 2	5,000,000	5.2%	1,138,952	4,646,924	5,000,000	2.20%
Shareholder 3	1,500,000	1.6%	341,685	1,394,075	1,500,000	0.66%
Shareholder 4	400,000	0.4%	91,116	371,753	400,000	0.18%
Shareholder 5	50,000	0.1%	11,389	46,467	50,000	0.02%

Notes:

1. Assumes a conversion price for the Notes of \$0.25 (being the floor price) and that no interest has been capitalised into the Notes except for the interest payable on the First Interest Payment Date, and no Additional Interest accrues or is capitalised and all other Cash Interest is paid in Cash.
2. Based on a total of 227,300,001 Shares on issue post Offers, which assumes that:
 - (a) all Notes offered pursuant to this Prospectus are issued;
 - (b) no interest has been capitalised into the Notes except for the interest payable on the First Interest Payment Date, and no Additional Interest accrues or is capitalised and all other Cash Interest is paid in Cash; and
 - (c) all Notes issued are converted into Shares at the floor price of \$0.25.

3.6 Details of substantial holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	Voting power ¹ %	Entitlement
Alceon Group Pty Ltd ²	34,674,472	35.9%	7,898,512
Perpetual Limited (and its related bodies corporate) ³	11,669,304	12.07%	2,658,155

Notes:

1. The voting power in the table is prior to completion of Offers.
2. Held via investment trusts which are managed by Alceon Group on behalf of its clients.
3. Based on substantial shareholder notice lodged with the ASX dated 9 September 2021.

In the event that all Entitlements are accepted, there will be no change to the substantial holders on completion of the Offers.

It is noted that Alceon Group has committed to take up its full Entitlement under the Entitlement Offer. In addition, Alceon GT Pty Limited as trustee for the Alceon Group Trust (**AGT**), the parent entity of Alceon Group has agreed to sub-underwrite a portion of the Shortfall. Refer to Section 3.4 for further details.

A substantial holder who is issued Notes under the Entitlement Offer may, at any time prior to the Maturity Date, elect to convert those Notes into Shares (refer to Section 4.1 for further details regarding the conversion of Notes). The Company notes that it is a term of the Notes that any conversion is subject to compliance with all applicable laws, including the takeover prohibition in section 606 of the Corporations Act.

The Underwriter has received a firm commitment from Danfin to subscribe for all of the Notes offered under the Placement Offer. As at the date of this Prospectus, Danfin is not a related party of the Company for the purposes of the Corporations Act. Following completion of the Offers, and assuming that only the Notes issued to Danfin are converted, Danfin would acquire maximum voting power of 31.0%⁸, subject to compliance with all applicable laws, including the takeover prohibition in section 606 of the Corporations Act.

⁸ Includes 1,873,122 Shares held by an associate of Danfin, Fralara Pty Ltd as trustee for the Fraild Family Investment Trust, and assumes the conversion of all Notes at the floor price of \$0.25, that the interest payable at the First Interest Payment Date is capitalised, no Additional Interest accrues or is payable and all other Cash Interest is paid in cash.

4. Rights and liability attaching to securities

4.1 Schedule 1 of Trust Deed – Terms and conditions of Notes

4.1.1 Form of Notes

(a) **Form**

The Notes are redeemable, convertible notes of the Company issued under the Trust Deed. Noteholders are entitled to the benefit of and are bound by the provisions of the Transaction Documents and these Note Terms.

(b) **Face Value and Issue Price**

- (i) The Notes are each issued fully paid with a face value of \$1.00 (**Face Value**).
- (ii) Each Note will be issued by the Company at an issue price of \$1.00 (**Issue Price**). The Issue Price must be paid in full on application.

(c) **Currency**

The Notes are denominated in Australian dollars.

(d) **CHESS**

For such time as the Notes are quoted on ASX, the rights of a person holding an interest in the Notes are subject to the rules and regulations of the CHESS operated by ASX Settlement Pty Ltd or any other applicable securities trading and/or clearance system.

(e) **No certificates**

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

(f) **ASX quotation of Notes**

The Company will seek quotation of the Notes in accordance with the ASX Listing Rules and the Corporations Act, subject to satisfaction of the minimum quotation conditions under the ASX Listing Rules. The Company must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure that the Notes are, and until Redeemed or Converted remain, quoted on ASX. If quotation of the Notes cannot be obtained, the Notes will remain unlisted.

(g) **No participation in the new issues**

- (i) To the maximum extent permitted by the Corporations Act, the ASX Listing Rules and any other applicable laws, there will be no participation rights or entitlements inherent in the Notes and Noteholders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Notes without converting the Notes into shares.
- (ii) However, if at any time the issued capital of the Company is reconstructed, all rights of a holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(h) **No other rights**

The Notes confer no rights on a Noteholder:

- (i) to vote at any meeting of members of the Company; or
- (ii) to otherwise participate in the profits or property of the Company, except as set out in these Note Terms or the Transaction Documents, or as required by law.

(i) **Entry in the Register**

The Company must ensure that each Noteholder's details are entered in the Register.

4.1.2 Interest

(a) **Interest rate**

Each Note bears interest on:

- (i) its Note Principal Amount from (and including) the Issue Date to (but excluding) its End Date at the Additional Interest Rate; and
- (ii) its Notional Note Principal Amount from (and including) the Issue Date to (but excluding) its End Date at the Cash Interest Rate.

(b) **Accrual and calculation**

Interest:

- (i) accrues daily and for the actual number of days elapsed; and
- (ii) is calculated on the basis of a year of a 365 day year.

(c) **Payment**

- (i) Subject to the balance of this Section 4.1.2(c)(i), Interest for the previous Interest Period is payable in arrears on each Interest Payment Date.
- (ii) In respect of Interest payable on the First Interest Payment Date, Interest will accrue from the Issue Date until the First Interest Payment Date and will be payable in arrears on the First Interest Payment Date.
- (iii) In respect of such part of the Interest that accrued on the Note Principal Amount of a Note during an Interest Period at the Additional Interest Rate (**Additional Interest Amount**), that Additional Interest Amount will be capitalised on the relevant Interest Payment Date and added as principal to the Note Principal Amount of that Note.
- (iv) Subject to Section 4.1.2(c)(v), in respect of such part of the Interest that accrued on the Notional Note Principal Amount of a Note during an Interest Period at the Cash Interest Rate (**Cash Interest Amount**), the Cash Interest Amount will be paid by the Company in cash on the relevant Interest Payment Date.
- (v) If on any Interest Payment Date, pursuant to the terms of the Intercreditor Deed, the Company is not permitted to make payment (in whole or in part) contemplated in Section 4.1.2(c)(iv):
 - (A) no Event of Default will occur as a result of such non-payment; and
 - (B) any part of the Cash Interest Amount not paid will be capitalised on the relevant Interest Payment Date and added as principal to the Note Principal Amount and Notional Note Principal Amount of the relevant Note.
- (vi) If any part of the Cash Interest Amount is capitalised as contemplated in Section 4.1.2(c)(v), the Company may, if permitted pursuant to the terms of the

Intercreditor Deed, subsequently on an Interest Payment Date pay some or all of that Cash Interest Amount in cash, in which case the Notional Note Principal Amount and Note Principal Amount is reduced by an amount equal to the cash paid.

(d) **Adjustment**

- (i) In respect of each Note, if on its End Date, no Event of Default set out in Section 4.1.8(a)(i) or Section 4.1.8(a)(ii) is continuing, then on that End Date:
 - (A) the Note Principal Amount of each Note will be deemed to be the Notional Note Principal Amount;
 - (B) the Additional Interest Rate will be deemed to be 0.00%; and
 - (C) the Company will not owe, and will not be required to pay, any Additional Interest Amount.
- (ii) If an Event of Default set out in Section 4.1.8(a)(i) or Section 4.1.8(a)(ii) occurs and is not waived or remedied within the prescribed remedy period, Section 4.1.2(d)(i) will not apply and the Note Principal Amount will not be adjusted.

(e) **Default interest**

If an Event of Default set out in Sections 4.1.8(a)(iii) to 4.1.8(a)(ix) occurs and is continuing, Interest accrues on the Note Principal Amount of each Note at a sum of the Interest Rate plus a default rate of 3.00% per annum while the relevant Event of Default continues. However, if at the same time an Event of Default in Section 4.1.8(a)(i) or Section 4.1.8(a)(ii) is continuing and Section 4.1.2(d)(ii) applies, the default rate will not be applicable.

4.1.3 Conversion

(a) **Conversion**

- (i) Subject to Sections 4.1.3(a)(iii) and 4.1.13 a Noteholder will be entitled to Convert all or some of the Notes held by that Noteholder by giving written notice to the Company (**Conversion Notice**):
 - (A) at any time during the Conversion Period;
 - (B) in accordance with Section 4.1.4(b)(iii); or
 - (C) in accordance with Section 4.1.5(a)(v)(A).
- (ii) The Company will proceed to issue to the Noteholder that number of Shares as calculated in accordance with Section 4.1.3(d), within 10 Business Days of receipt of a Conversion Notice, and will notify the Trustee accordingly.
- (iii) In order to Convert any Notes into Shares, either:
 - (A) the Note Principal Amount of the Notes the subject of a Conversion Notice must be at least equal to \$2,000; or
 - (B) the Noteholder must Convert the entire balance of their holding of Notes.
- (iv) The issue of Shares on Conversion pursuant to this Section 4.1.3 will be and will be deemed for all purposes to be in full satisfaction and discharge of the principal amount owing to the Noteholder pursuant to the Notes the subject of the Conversion Notice. However, the Conversion will in no way affect any liability of the Company for unpaid Interest accrued up to the Conversion Date which the Company will pay to the Noteholder in accordance with Section 4.1.2.

- (v) The Company will apply for official quotation by ASX of all Shares issued upon the Conversion. Such application will be made as soon as reasonably practicable after Shares are issued.
- (vi) Within 10 Business Days of the issue of Shares to a Noteholder upon the Conversion, the Company will deliver to the Noteholder a shareholding statement in respect of the Shares issued.

(b) **Conversion Notice**

- (i) A Conversion Notice must:
 - (A) be in writing (in such form as the Company may accept, acting reasonably, or as is required by the ASX Listing Rules);
 - (B) specify the number of Notes to be Converted; and
 - (C) be signed by the Noteholder or an authorised representative or officer of the Noteholder.
- (ii) Once a Conversion Notice has been given:
 - (A) the notice cannot be withdrawn without the written consent of the Company;
 - (B) the Noteholder must not deal with, transfer, dispose of or otherwise encumber any Notes the subject of the Conversion Notice; and
 - (C) the Noteholder must provide such evidence of title to the Notes the subject of the Conversion Notice as may be reasonably required by the Company and the Registrar.

(c) **Conversion Price**

Subject to Section 4.1.3(g), the **Conversion Price** of the Notes is the lower of:

- (i) \$0.515; and
- (ii) a 15% discount to the 30-day VWAP of Shares (as traded on ASX) prior to the Conversion Date; and
- (iii) a 15% discount to the price of any equity capital raising by the Company that occurred in the 30-day period prior to the Conversion Date,

subject to a minimum Conversion Price of \$0.25 (**Minimum Price**).

(d) **Conversion Rate**

Subject to Section 4.1.3(g), the number of Shares to which a Noteholder will be entitled on Conversion of each Note will be equal to the Note Principal Amount of the Note divided by the Conversion Price.

(e) **Ranking of Shares**

Shares issued on Conversion of the Notes will:

- (i) be fully paid Shares;
- (ii) in all respects rank equally with all other fully paid Shares on issue on the relevant Conversion Date, except that they will not be entitled to any dividend or any other distribution or entitlement that has not been paid as at the Conversion Date but for which the record date was prior to the Conversion Date; and
- (iii) be free of any encumbrances and freely tradable without any on-sale restrictions under the Corporations Act.

(f) **No Fractional Shares**

No fractional Shares will be issued on Conversion of a Note. If the calculation under Section 4.1.3(d) results in an entitlement to a number of Shares which includes a fraction of a Share, the number of Shares will be rounded up to the nearest whole number of Share.

(g) **Adjustments for reorganisation of capital**

Subject to the ASX Listing Rules, if there is a reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the basis for Conversion of the Notes (being the Minimum Price) will be reconstructed in the same proportion as the issued capital of the Company is reconstructed and in a manner which will not result in any additional benefits being conferred on the Noteholders which are not conferred on the Shareholders of the Company (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital) but in all other respects the terms for Conversion of the Notes will remain unchanged.

4.1.4 Redemption

(a) **Scheduled redemption on Maturity Date**

Subject to the Intercreditor Deed, each Note is Redeemable by the Company on the Maturity Date at its Note Principal Amount (together with any accrued Interest payable in accordance with Section 4.1.2(c)) unless:

- (i) the Note has been previously Converted;
- (ii) the Note has been previously Redeemed in accordance with Section 4.1.4(b) or 4.1.5; or
- (iii) the Note has been purchased by the Company and cancelled in accordance with Section 4.1.4(c).

(b) **Early Redemption by the Company**

- (i) Subject to Section 4.1.4(b)(iii), the Intercreditor Deed and compliance with any applicable law and the ASX Listing Rules, the Company may Redeem all (but not some) of the Notes in whole before their Maturity Date at their Note Principal Amount, together with any Interest accrued on those Notes up to (but excluding) the applicable Redemption Date, provided that the Company has given not less than 30 days' notice in writing to the Trustee, the Noteholders and ASX (and any other stock exchange or other relevant authority on which the Notes are quoted) of the intention of the Company to Redeem the Notes (**Early Redemption Notice**).
- (ii) Subject to Section 4.1.4(b)(iii), if an Early Redemption Notice is given by the Company under Section 4.1.4(b)(i), the notice will be effective (and Redemption will occur) on the Redemption Date as specified by the Company in the Early Redemption Notice (which must be not less than 30 days after the date of the Early Redemption Notice).
- (iii) If, no later than 5 Business Days prior to Redemption of the Notes taking place pursuant to an Early Redemption Notice, a Noteholder delivers a Conversion Notice for some or all of its Notes, the Conversion Notice will prevail for the Notes that are the subject of the Conversion Notice.

(c) **Purchase**

Subject to compliance with any applicable law, requirement of ASX (and any stock exchange or other relevant authority on which the Notes are quoted) or the Senior Debt Obligations:

- (i) the Company and any of its Related Bodies Corporate (or any third party nominated by the Company) may, at any time, purchase Notes in the open market or otherwise and at any price;
- (ii) if purchases are made by tender for the Notes by the Company or any of its Related Bodies Corporate, tenders must be available to all Noteholders alike; and
- (iii) Notes purchased under this Section 4.1.4(c) may be held, resold or cancelled at the discretion of the purchaser (and, if the Notes are to be cancelled, the Company).

4.1.5 Takeover, change of control, or sale of main undertaking

- (a) Other than as contemplated by these Note Terms, if:
 - (i) a takeover bid is made to acquire Shares and the offer under the takeover bid is, or becomes, unconditional and the bidder has acquired at any time a relevant interest in more than 50% of the Shares on issue;
 - (ii) a court approves a proposed scheme of arrangement which, when implemented, will result in a person having a relevant interest in more than 50% of the Shares on issue; or
 - (iii) there is a sale of the main undertaking of the Company that would require approval of the Shareholders in accordance with ASX Listing Rule 11.2,

at any time after the issue of the Notes and prior to the issue of a Conversion Notice in respect of such Notes, then:

 - (iv) the Company will give to each Noteholder written notice (**Sale Notice**) of the takeover bid, change of control or sale of main undertaking as soon as practicable and in any event not less than 20 Business Days prior to the relevant transaction occurring; and
 - (v) each Noteholder must within 10 Business Days after the Sale Notice is sent to Noteholders either:
 - (A) elect to Convert all the Notes held by that Noteholder to Shares in accordance with Section 4.1.3 by providing the Company with a Conversion Notice; or
 - (B) subject to the Intercreditor Deed, require the Company to Redeem all the Notes held by that Noteholder at their Note Principal Amount, together with any Interest accrued on those Notes by giving written notice to the Company.
- (b) If a Noteholder does not comply with Section 4.1.5(a)(v) within the time period specified in that Section, then the Company will Redeem all the Notes held by that Noteholder at their Note Principal Amount (together with any accrued Interest payable in accordance with Section 4.1.2(c)).
- (c) In the event that the Company is required to Redeem all Notes held by a Noteholder under Section 4.1.5(a)(v) or 4.1.5(b), the Notes will be Redeemed:
 - (i) in the event of a takeover bid in accordance with Section 4.1.5(a)(i), within 10 Business Days after the later of the close of the takeover offer and the date that the Company's Shareholders receive their consideration under the takeover bid;
 - (ii) in the event a court approves a proposed scheme of arrangement in accordance with Section 4.1.5(a)(ii), within 10 Business Days after the transfer of the Shares to the new Shareholder; and

- (iii) in the event of a sale of the main undertaking of the Company in accordance with Section 4.1.5(a)(iii), within 10 Business Days after completion of the transfer of the main undertaking.

4.1.6 Status, security and ranking

(a) **Status**

The Notes at all times constitute secured debt obligations of the Company.

(b) **Security**

- (i) The Notes are secured by the security interests granted by the Company and each of its wholly owned subsidiaries to the Trustee under the Transaction Security Interests.
- (ii) The Trustee holds the rights under the Transaction Security Interest on trust for the benefit of the Trustee and each Noteholder in accordance with the terms of the Trust Deed and the Transaction Security Interests.
- (iii) The Company will ensure that any wholly owned subsidiaries incorporated or acquired after the Issue Date grants a Transaction Security Interest to the Trustee over all of its assets and undertakings on substantially similar terms to the Transaction Security Interest executed by the Company (with such amendments as required by local law) within:
 - (A) in respect of any newly incorporated subsidiary, 45 days of incorporation; or
 - (B) in respect of any acquired subsidiary, 120 days of the acquisition.

(c) **Ranking of Notes**

- (i) Each Note ranks for payment in a Winding Up of the Company:
 - (A) after all Senior Debt Obligations and any Permitted New Debt;
 - (B) equally with each other Note;
 - (C) ahead of all present and future unsubordinated and unsecured debt obligations of the Company (subject to the laws and principles of equity affecting creditor rights or obligations preferred by mandatory provisions of applicable law); and
 - (D) ahead of all Shares.
- (ii) Without in any way limiting the Company's obligations to Redeem the Notes as set out in these Note Terms, in order to give effect to the ranking specified in Section 4.1.6(c)(i), in any Winding Up of the Company, the Noteholders agree that their claims are limited to the extent necessary to ensure that:
 - (A) all holders of Senior Debt Obligations of the Company receive payment in full before any payment is made to Noteholders; and
 - (B) Noteholders of the Notes receive payments on a pro-rata basis.
- (iii) Without in any way limiting the Company's obligations to Redeem the Notes as set out in these Note Terms, neither the Trustee nor any Noteholder has any right to prove in a Winding Up of the Company in respect of the Notes, except on the basis set out in Sections 4.1.6(c)(i) and 4.1.6(c)(ii).
- (iv) Neither the Trustee nor any Noteholder may exercise voting rights as a creditor in respect of the Notes in a Winding Up of the Company to defeat the subordination in this Section 4.1.6(c).

- (v) The ranking of Notes is not affected by the date of registration of any Noteholder in the Register.

4.1.7 Negative covenants

For so long as any of the Notes remain outstanding, the Company must not, without the approval of an Ordinary Resolution:

- (a) **(new debt)** incur any indebtedness, except:
- (i) pursuant to the Senior Debt Obligations;
 - (ii) as expressly permitted by the Senior Debt Obligations;
 - (iii) any indebtedness incurred or guaranteed after the Issue Date for the purpose of replacing, refinancing or extending the maturity of the Notes; or
 - (iv) any Permitted New Debt,
- which must not exceed \$75 million in aggregate and must be on terms that are at market levels for indebtedness of this nature;
- (b) **(Security Interests)** other than in the ordinary course of business:
- (i) create or permit to exist a Security Interest over any of its assets or attempt or agree to do so (including by entering into an indicative term sheet), except:
 - (A) Security Interests securing the Senior Debt Obligations;
 - (B) Security Interests expressly permitted by the Senior Debt Obligations;
 - (C) Security Interests securing any indebtedness incurred after the Issue Date for the purpose of replacing, refinancing or extending the maturity of the Notes; or
 - (D) Security Interests securing any Permitted New Debt; or
 - (ii) if the creation of a Security Interest cannot by law be restricted, create such a Security Interest over any of its assets without the holder of the Security Interest first entering into a deed of priority in form and substance acceptable to the Trustee;
- (c) **(dividends)** declare or pay any dividends to Shareholders unless:
- (i) such dividends are permitted under the Senior Debt Obligations; and
 - (ii) at the time such dividends are declared, all amounts of Interest that accrued on the Notes in relation to the Cash Interest Rate only (including any amount that capitalised in accordance with Section 4.1.2(c)(v)) have been paid or otherwise discharged in accordance with Section 4.1.2(c)(vi); or
- (d) **(Capital Reduction)** unless permitted under the Senior Debt Obligations, other than in respect of the Notes, redeem, purchase, cancel, reduce, return capital on or otherwise acquire any Share or other securities issued by the Company for repayment or return of capital in a Winding Up (**Capital Reduction**):
- (i) such Capital Reduction is permitted under the Senior Debt Obligations; and
 - (ii) at the time such Capital Reduction occurs, all amounts of Interest that accrued on the Notes in relation to the Cash Interest Rate only (including any amount that capitalised in accordance with Section 4.1.2(c)(v)) have been paid or otherwise discharged in accordance with Section 4.1.2(c)(vi).

4.1.8 Events of default

(a) Events of Default

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

- (i) **(insolvency)** an Insolvency Event occurs in respect of the Company;
- (ii) **(cross default):**
 - (A) any Senior Debt Obligation is not paid when due nor within any originally applicable grace period;
 - (B) ANZ or the Refinancing Financier becomes entitled to declare any Senior Debt Obligation (as applicable) due and payable prior to its specified maturity as a result of an event of default or review event (however described);
 - (C) any commitment for any Senior Debt Obligation is cancelled or suspended by ANZ or the Refinancing Financier (as applicable) as a result of an event of default or review event (however described); or
 - (D) any Senior Debt Obligation is declared to be due and payable prior to its specified maturity as a result of an event of default (however described),
and such default is not remedied within 15 Business Days;
- (iii) **(non-payment)** the Company fails to pay any amount payable by it under these Note Terms, including if the Company fails to Redeem the Notes on the Maturity Date in accordance with Section 4.1.4(a), and such default is not remedied within 15 Business Days;
- (iv) **(breach of Negative Covenants)** the Company fails to comply with Section 4.1.7 and such failure remains unremedied for a period of 15 Business Days;
- (v) **(breach of other obligations)** the Company fails to comply with any of its other material obligations under the Note Terms or the Transaction Documents and such failure remains unremedied for a period of 15 Business Days after the earlier of:
 - (A) the Company receiving written notice from the Trustee in respect of the failure to comply; and
 - (B) the Company becoming aware of the failure to comply;
- (vi) **(cessation of business)** the Company ceases or suspends (or threatens to cease or suspend) the conduct of all of its business or a substantial part of its business;
- (vii) **(unlawfulness)** at any time, it is unlawful for the Company to perform any of its payment obligations under the Notes;
- (viii) **(vitiation)** all or any rights or obligations of the Company, Noteholders or the Trustee under the Trust Deed or the Note Terms are terminated or are or become void, illegal, invalid, unenforceable or of limited force and effect; or
- (ix) **(ASX)** the Company is delisted from ASX.

(b) Notification

- (i) If an Event of Default occurs, the Company must, promptly after becoming aware of it but in any event no later than 2 Business Days after the Event of Default occurs, notify the Trustee of the occurrence of the Event of Default (specifying details of it) and use its reasonable endeavours to promptly notify the

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Noteholders and, if required, ASX (and any other stock exchange or other relevant authority on which the Notes are quoted) of the occurrence of the Event of Default.

- (ii) The Trustee is taken not to have knowledge of the occurrence of an Event of Default unless the Trustee has received written notice from the Company or a Noteholder stating that an Event of Default has occurred and describing it.
- (iii) Nothing contained in the Trust Deed imposes on the Trustee an obligation to inform any Noteholder of any breach by the Company of any provision of the Trust Deed.

(c) **Consequences of an Event of Default**

- (i) If an Event of Default occurs and is continuing in relation to the Notes, the Trustee may:
 - (A) declare by notice to the Company (with a copy to the Noteholders and the Registrar) that all the Notes are to be Redeemed at their Note Principal Amount (together with any accrued Interest) immediately (but not earlier than 10 Business Days after the date the Trustee gives notice under this Section 4.1.8(c)(i)) or on such other date specified in that notice; or
 - (B) subject to the terms of the Intercreditor Deed, take enforcement action against the Company in relation to the Event of Default in accordance with the Transaction Documents.
- (ii) The Trustee will not be bound to take the action referred to in Section 4.1.8(c)(i) to enforce the obligations of the Company in respect of the Notes or any other proceedings or action pursuant to or in connection with the Transaction Documents unless:
 - (A) it has been so directed by a Special Resolution of the Noteholders of the relevant Notes;
 - (B) it is indemnified, to its satisfaction, against all costs, charges, liabilities and expenses which may be incurred by it (including legal costs on a solicitor and own client basis) in connection with that action;
 - (C) it is first placed in funds sufficient to cover the costs that it may incur as a result of doing so; and
 - (D) it is not restricted or prohibited from taking such action by any order of any competent court or any applicable law.

If the Trustee forms the view that such action is or could be inconsistent with these Note Terms, the Transaction Documents or the Corporations Act or any applicable law, it must take steps to seek (and, if the court so determines, to obtain) as soon as reasonably practicable a court direction or order to set aside or vary the direction given by Special Resolution, and, while those steps are underway, the Trustee is not obliged to take any action or proceedings it has been directed to take by Special Resolution.

(d) **No enforcement by Noteholders**

Unless the Trustee, having become obliged to take action to enforce the rights of the Noteholders under the Transaction Documents and these Note Terms, fails to do so within 20 Business Days of being obliged to do so and such failure is continuing, the rights of each Noteholder to enforce the obligations of the Company under the Notes are limited to the exercise of its rights to enforce and seek due administration by the Trustee of the Trust Deed. In particular, unless the Trustee, having become obliged to take action to enforce the rights of the Noteholders under the Transaction Documents and these Note Terms, fails to do so within 20 Business Days of being obliged to do so

and such failure is continuing, no Noteholder may, with respect to payment of any amount due under the Notes held by it:

- (i) sue the Company;
- (ii) obtain judgment against the Company; or
- (iii) apply for or seek Winding Up of the Company.

4.1.9 Registration of transfers

(a) **Title**

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

(b) **Effect of entries in Register**

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

- (i) an unconditional and irrevocable undertaking by the Company to the Noteholder to pay principal, Interest and any other amount in accordance with these Note Terms; and
- (ii) an entitlement to the other benefits given to Noteholders under these Note Terms and the Transaction Documents in respect of the Note.

For the avoidance of doubt, an entry in the Register does not make the Noteholder a member of the Company or confer rights on a Noteholder to attend or vote at meetings of members of the Company.

(c) **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 manifest error.

(d) **Non-recognition of interests**

Except as required by law, the Company, the Trustee 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 Section 4.1.9(d) applies whether or not a Note is overdue and despite any notice of ownership, trust or interest in the Note.

(e) **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.

(f) **Transfers in whole**

The Notes may be transferred in whole but not in part.

(g) **Transfer**

A Noteholder may, subject to this Section 4.1.9, transfer any Notes:

- (i) by a proper ASTC transfer according to the ASX Settlement Operating Rules;
- (ii) by a proper transfer under any other computerised or electronic system recognised by the Corporations Act;
- (iii) under any other method of transfer which operates in relation to the trading of securities on any securities exchange outside Australia on which the Notes are quoted; or

- (iv) by any proper or sufficient instrument of transfer of marketable securities under applicable law.

The Company must not charge any fee on the transfer of a Note.

(h) **Market obligations**

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

(i) **Company must request holding lock or refuse to register transfer**

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

(j) **Notice of holding lock and refusal to register transfer**

If, in the exercise of its rights under Section 4.1.9(i), the Company requests the application of a holding lock to prevent a transfer of Notes or refuses to register a transfer of Notes, it must, within 5 Business Days after the date the holding lock is requested or the refusal to register a transfer, give written notice of the request or refusal to the Noteholder, to the transferee and the broker lodging the transfer, if any. Failure to give such notice does not, however, invalidate the decision of the Company.

(k) **Delivery of instrument**

If an instrument is used to transfer the Notes according to Section 4.1.9(g), it must be delivered to the Registrar, together with such evidence (if any) as the Company and/or the Registrar reasonably requires to prove the title of the transferor to, or right of the transferor to transfer, the Notes.

(l) **Transferor to remain Noteholder until registration**

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

(m) **Effect of transfer**

Upon registration and entry of the transferee in the Register the transferor ceases to be entitled to future benefits under the Transaction Documents and the Note Terms in respect of the transferred Notes and the transferee becomes so entitled in accordance with Section 4.1.9(b).

(n) **Estates**

A person becoming entitled to a Note as a consequence of the death or bankruptcy of a Noteholder or of a vesting order or a person administering the estate of a Noteholder 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.

(o) **Transfer of unidentified Notes**

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

4.1.10 Payments

(a) **Summary of payment provisions**

Payments in respect of the Notes will be made in accordance with this Section 4.1.10.

(b) **Payments subject to law**

All payments are subject to applicable law, but without prejudice to the provisions of Section 4.1.11.

(c) **Payments on Business Days**

If a payment:

- (i) 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
- (ii) 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 Noteholder is not entitled to any additional payment in respect of that delay.

(d) **Payments to accounts**

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

(e) **Payments by cheque**

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

(f) **Unsuccessful attempts to pay**

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

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

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

then, in each case:

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

(g) **Payment to joint Noteholders**

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

4.1.11 Deductions

(a) **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 for or in respect of Taxes, unless such withholding or deduction is required by law.

(b) **Withholding and other taxes**

- (i) The Company may withhold or deduct from any amount payable to a Noteholder in respect of the Notes an amount in respect of any Tax which a qualified legal or taxation advisor advises that it is required by law to withhold or deduct from that payment.
- (ii) The Company must pay the full amount required to be withheld or deducted to the relevant revenue authority within the time allowed for such payment (without incurring penalty under the applicable law) and must, if required by a Noteholder, deliver to that Noteholder a copy of the relevant receipt issued by the relevant revenue authority without unreasonable delay after it is received by the Company.
- (iii) If an amount is deducted or withheld under Section 4.1.11(b)(i) from a payment to a Noteholder in respect of any Tax, the full amount payable to the Noteholder will be deemed to have been duly paid and satisfied by the Company, and the Company will have no obligation to pay any additional amount to the Noteholder on account of the deduction or withholding.

4.1.12 Amendment of the Note Terms

(a) **Amendment without the approval of the Noteholders**

At any time, and from time to time, the Note Terms may be modified, altered, cancelled, amended or added to (**Modified**), without the consent of the Noteholders, if such modification, alteration, cancellation, amendment or addition (**Modification**) is:

- (i) of a formal or technical nature or made to cure any ambiguity or correct any manifest error;
- (ii) necessary to cure any ambiguity or correct or supplement any defective or inconsistent provision;
- (iii) necessary or expedient for the purpose of listing the Notes on ASX or to comply with the applicable ASX Listing Rules or the listing or quotation requirements of

any other any securities exchange on which the Company may propose to seek a listing of the Notes;

- (iv) necessary or expedient for the purpose of enabling the Notes to be offered for issue or for sale under the laws for the time being in force in any place;
- (v) necessary or expedient to comply with the provisions of any law or regulation or the requirements of any statutory authority; or
- (vi) necessary or advisable following the introduction of, or any amendment to, clarification of, or change (including any announced prospective change) in, any law or regulation of the Commonwealth of Australia or an announcement, action or decision or a proposal to introduce, amend, clarify or change any such law or regulation or any official administrative pronouncement or action or judicial decision interpreting or applying any such law or regulation which is likely to cause the Notes to cease to be treated as debt for tax or accounting purposes; and
- (vii) in respect of a Modification sought by a party in reliance on:

(A) any one of Sections 4.1.12(a)(i) to 4.1.12(a)(v) above: the Company and the Trustee have either jointly or separately obtained a legal opinion from legal advisers of recognised standing in New South Wales, which opinion is in a form satisfactory to the Company and the Trustee, as applicable (each acting reasonably) and is addressed to or is otherwise able to be relied on by each of the Company and the Trustee, as applicable, to the effect that such Modification (taken as a whole and in conjunction with all other Modifications) is:

- (I) a Modification within the scope of any one or more of Sections 4.1.12(a)(i) to 4.1.12(a)(v); and
- (II) not materially prejudicial to the interests of Noteholders of the Notes (taken as a whole); or

(B) Section 4.1.12(a)(vi) above: the Company and the Trustee have either jointly or separately obtained an opinion from an accountancy or taxation adviser of recognised standing in New South Wales, which opinion is in a form satisfactory to the Company and the Trustee, as applicable (each acting reasonably) and is addressed to or is otherwise able to be relied on by each of the Company and the Trustee, as applicable, to the effect that such Modification (taken as a whole and in conjunction with all other Modifications) is:

- (I) a Modification within the scope of Section 4.1.12(a)(vi); and
- (II) not materially prejudicial to the interests of Noteholders of the Notes (taken as a whole).

(b) **Amendment with the approval of the Noteholders**

- (i) At any time, and from time to time, but subject to Sections 4.1.12(b)(ii) and 4.1.12(b)(iii), the Note Terms may be Modified if such Modification is authorised by an Ordinary Resolution.
- (ii) If the Trustee considers the Modification will materially and adversely affect the rights of Noteholders (taken as a whole), then the Modification must be authorised by a Special Resolution.
- (iii) If a section in these Note Terms provides for Noteholders to give a direction to the Trustee by a Special Resolution, then that section may only be Modified if such Modification is authorised by a Special Resolution.

(c) **Amendment with the approval of the Noteholders but not the Trustee**

If a Modification to these Note Terms is proposed by the Company under Section 4.1.12(b) and the Trustee will not consent to the Modification, the Note Terms may be Modified in the manner proposed by the Company if such Modification is authorised by a Special Resolution, provided that such amendment does not adversely affect the rights and obligations of the Trustee.

4.1.13 Conversion to voting shares precluded

(a) **Breaches of law**

(i) Despite any other term of the Trust Deed or these Note Terms, a Noteholder is not entitled to Convert (and the Company is entitled to refuse to Convert) such number of Notes that would result in:

(A) a person acquiring voting Shares in the Company in breach of section 606 of the Corporations Act (or any equivalent provision) where none of the items in section 611 of the Corporations Act apply;

(B) a person acquiring Shares where a notification or consent being required to be sent to, or consent is required under, any legislation by which the Company and its Related Bodies Corporate are bound has not been obtained.

(ii) If a Noteholder delivers a Conversion Notice but, in accordance with Section 4.1.13(a)(i), is not entitled to Convert all of the Notes the subject of the Conversion Notice:

(A) the Company will proceed to issue to the Noteholder the maximum number of Shares that it is permitted to issue, as calculated in accordance with Section 4.1.3(d), within 10 Business Days of receipt of the Conversion Notice in accordance with Section 4.1.3(a)(i), and will notify the Trustee accordingly; and

(B) in respect of that number of Notes the subject of the Conversion Notice that the Noteholder is not entitled to Convert (**Unconverted Notes**), the Noteholder may, by giving written notice to the Company, elect to:

(I) subject to the Intercreditor Deed, require the Company to Redeem the Unconverted Notes at their Note Principal Amount, together with any Interest accrued on those Notes; or

(II) defer Conversion of the Unconverted Notes until such time as the Conversion would not result in a breach under Section 4.1.13(a)(i).

(b) **Statutory Declaration**

The Company may in its discretion require a Noteholder to provide a statutory declaration confirming that the circumstances referred to in Section 4.1.13(a) do not exist in respect of any Conversion by that Noteholder.

4.1.14 Interpretation and definitions

(a) **Interpretation**

In these Note Terms, except where the context otherwise requires:

(i) if there is inconsistency between the Note Terms and, the Trust Deed, then, to the maximum extent permitted by law, the Trust Deed will prevail;

(ii) a reference to a Section is to a section of the Note Terms;

- (iii) the Directors may exercise all powers of the Company under these Note Terms as are not, by the Corporations Act or by the Constitution, required to be exercised by the Company in a general meeting;
- (iv) if a calculation is required under these Note Terms, unless the contrary intention is expressed, the calculation will be rounded to four decimal places;
- (v) calculations, elections and determinations made by the Company under these Note Terms are binding on Noteholders in the absence of manifest error;
- (vi) if an event under these Note Terms must occur on a stipulated day which is not a Business Day, then the stipulated day will be taken to be the next Business Day;
- (vii) the singular word includes the plural, and vice versa;
- (viii) a word which suggests one gender includes the other genders;
- (ix) a reference to the place or venue of a meeting shall be taken to include any applicable electronic, online or virtual platform;
- (x) a reference to the signing or execution of any document includes signing or execution by electronic means;
- (xi) a reference to a document being in writing includes being in electronic form;
- (xii) if a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning;
- (xiii) if an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing; and
- (xiv) a reference to “dollars”, or “\$” is to an amount in Australian currency; and
- (xv) an Event of Default is continuing if it has not been remedied or waived.

(b) **Definitions**

Terms defined in the Transaction Documents have the same meanings in these Note Terms. In addition, the following terms have the following meanings unless the contrary intention appears:

Additional Interest Rate means 6.00% per annum.

ANZ means Australia and New Zealand Banking Group Limited (ABN 11 005 357 522).

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

ASTC means the ASX Settlement Pty Ltd (ABN 49 008 504 532).

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

ASX means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires.

ASX Listing Rules means the listing rules of ASX.

Business Day means a day which is a business day within the meaning of the ASX Listing Rules.

Cash Interest Rate means 8.00% per annum.

Company means Mosaic Brands Limited (ABN 96 003 321 579).

Constitution means the constitution of the Company, as amended from time to time.

Conversion means the conversion of a Note in accordance with Section 4.1.3 and the words **Convert and Converted** bear a corresponding meaning.

Conversion Date means the date (determined by the Company (in its absolute discretion) in accordance with the Note Terms) on which Shares will be issued to the Noteholder on Conversion of the Notes under Section 4.1.3.

Conversion Notice has the meaning given in Section 4.1.3(a).

Conversion Period means the period commencing on 30 September 2022 and ending on the Maturity Date.

Conversion Price has the meaning given in Section 4.1.3(c).

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

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

CS Facility Operator means the operator of a CS Facility.

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

Early Redemption Notice has the meaning given in Section 4.1.4(a)(i).

End Date means, in respect of a Note, the earliest to occur of its Maturity Date, Conversion Date or Redemption Date.

Event of Default means the happening of any event set out in Section 4.1.8.

Existing Senior Debt Obligations means all debt and other obligations owing by the Company and its subsidiaries to ANZ from time to time.

Face Value means the nominal principal amount of each Note, being \$1.00.

First Interest Payment Date means 31 December 2021.

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

Insolvency Event occurs in relation to a body corporate if:

- (i) it is (or states that it is) insolvent (as defined in the Corporations Act);
- (ii) it has a controller (as defined in the Corporations Act) appointed, or is in receivership, in receivership and management, in liquidation, in provisional liquidation, under administration or wound up or has had a receiver appointed to any part of its property;
- (iii) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute, dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the creditors);
- (iv) an Application or order has been made (and, in the case of an Application, it is not stayed, withdrawn or dismissed within 15 Business Days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (i), (ii) or (iii) above;
- (v) it is taken under section 459(F)(1) of the Corporations Act to have failed to comply with a statutory demand;

- (vi) it is otherwise unable to pay its debts when they fall due; or
- (vii) something having a substantially similar effect to (i) to (vi) happens in connection with it under the law of any jurisdiction.

Intercreditor Deed means:

- (i) initially, the document to be entered into between ANZ, the Trustee, the Company and others regulating, among other things, the priority of the Transaction Security Interests and the Security Interests granted in favour of ANZ in respect of the Existing Senior Debt Obligations; and
- (ii) in respect of any Refinancing Senior Debt Obligations, the document to be entered into between the Refinancing Financier, the Trustee, the Company and others among other things, the priority of the Transaction Security Interests and the Security Interests granted directly or indirectly in favour of Refinancing Financier in respect of the Refinancing Senior Debt Obligations.

Interest means the interest payable from time to time in respect of a Note, including interest payable under in Section 4.1.2.

Interest Payment Date means, in respect of a Note:

- (i) 31 March, 30 June, 30 September and 31 December in each year commencing after the First Interest Payment Date until the earlier of the Conversion Date, the Maturity Date and the Redemption Date;
- (ii) the Conversion Date (if the Company elects not to include the Interest accrued but unpaid on the Note in the Conversion Amount);
- (iii) the Maturity Date; and
- (iv) any Redemption Date.

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:

- (i) the first Interest Period commences on (and includes) the Issue Date; and
- (ii) the final Interest Period ends on (but excludes) the Maturity Date, Conversion Date or the Redemption Date.

Interest Rate means the aggregate of the Cash Interest Rate and the Additional Interest Rate.

Issue Date means, the date a Note is first issued under these Note Terms.

Maturity Date means, in respect of a Note, 30 September 2024.

Meeting Provisions means the rules relating to meetings of Noteholders contained in clause 20 to the Trust Deed.

Note means a redeemable, secured convertible note issued, or to be issued, by the Company on these Note Terms.

Note Principal Amount means, in respect of a Note, the Face Value for that Note plus all capitalised interest that has been added in accordance with Section 4.1.2(c).

Note Terms means the terms and conditions of issue of the Notes.

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

Notional Note Principal Amount means, in respect of a Note, the Face Value of that Note plus all Cash Interest Amounts that have capitalised and been added in

accordance with Section 4.1.2(c)(v) but, for the avoidance of doubt, does not take into account any Additional Interest Amounts.

Ordinary Resolution means:

- (i) a resolution passed at a meeting of the Noteholders duly called and held under the Meeting Provisions:
 - (A) by at least 50% of the persons voting on a show of hands (unless paragraph (B) below applies); or
 - (B) if a poll is duly demanded, then by a majority consisting of at least 50% of the votes cast; or
- (ii) a resolution passed by postal ballot or circular written resolution by Noteholders representing (in aggregate) at least 50% of the principal amount then outstanding of all of the Notes.

Permitted New Debt means indebtedness for moneys borrowed or raised pursuant to any financial accommodation not exceeding an aggregate amount of \$1,000,000.

PPS Law means the *Personal Property Securities Act 2009* (Cth).

PPS Security Interest means a security interest as defined in the PPS Act.

Redemption means the redemption of a Note in accordance with Section 4.1.4 and the words Redeem, Redeemable 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.

Refinancing Financier means any third party financier that provides financing to the Company and its subsidiaries in order to refinance the Existing Senior Debt Obligations.

Refinancing Senior Debt Obligations means all debt and other obligations owing by the Company and its subsidiaries to the Refinancing Financier from time to time.

Register means the register of Noteholders and, where appropriate, the term Register includes:

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

Registrar means Computershare Investor Services Pty Limited (ABN 48 078 279 277) or any other person appointed by the Company (with such appointment notified to the Trustee) to maintain the Register.

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

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

Security Interest means a charge, mortgage, pledge, lien or other security interest securing any obligation of any person or any other agreement, notice or arrangement having a similar effect. It includes any PPS Security Interest but does not include any of the foregoing which is an interest of the kind referred to in section 12(3) of the PPS Act.

Senior Debt Obligations means the Existing Senior Debt Obligations or the Refinancing Senior Debt Obligations as applicable.

Shares means an ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Special Resolution means:

- (i) a resolution passed at a meeting of the Noteholders duly called and held under the Meeting Provisions:
 - (A) by at least 75% of the persons voting on a show of hands (unless paragraph (B) below applies); or
 - (B) if a poll is duly demanded, then by a majority consisting of at least 75% of the votes cast; or
- (ii) a resolution passed by postal ballot or circular written resolution by Noteholders representing (in aggregate) at least 75% of the principal amount then outstanding of all of the Notes.

Tax means any tax, levy, impost, charge, rate, withholding or duty (including stamp and transaction duties) levied or imposed by any Government Agency together with any related interest, penalties, fines and expenses in connection with them. It includes GST.

Transaction Documents means:

- (i) the Trust Deed;
- (ii) the Note Terms;
- (iii) the Transaction Security Interest;
- (iv) the Intercreditor Deed; and
- (v) any document or agreement entered into or given under (i) to (iv) above.

Transaction Security Interest means each of:

- (i) the general security deed to be entered into between the Company, each of its wholly owned subsidiaries incorporated in Australia and the Trustee;
- (ii) the general security deed to be entered into on or about the date of this document between the Company, Noni B Holdings NZ Limited and the Trustee; and
- (iii) any other Security Interest granted to the Trustee in relation to the Secured Money.

Trustee means the person from time to time acting as the trustee of the trust constituted by the Trust Deed (acting in that capacity).

Trust Deed means the trust deed entitled 'Convertible Note Trust Deed' to be entered into between the Company and the Trustee.

VWAP has the meaning given to the term "volume weighted average market price" by chapter 19 of the ASX Listing Rules.

Winding Up means in respect of a person the appointment of a liquidator or provisional liquidator of that person (and where the appointment is made by a court, by a court of competent jurisdiction in Australia).

4.2 Shares

The following is a summary of the more significant rights and liabilities attaching to Shares, being the underlying securities of the Notes offered pursuant to this Prospectus. This

summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to the Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

4.2.1 General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

4.2.2 Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

4.2.3 Dividend rights

Subject to and in accordance with the Corporations Act, the ASX Listing Rules, the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine, may direct that any dividends be paid out of any particular fund or reserve. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose they think fit.

Subject to the ASX Listing Rules and the Corporations Act, the Directors may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as they think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

The Directors may best any specific assets, cash, shares or other securities in any trustee upon such trusts for the persons entitled to a dividend or capitalised amount as may seem expedient to the Directors.

4.2.4 Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

4.2.5 Shareholder liability

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

4.2.6 Transfer of shares

Generally, shares in the Company are freely transferable, subject to formal requirements, the transfer is not in registrable form or the refusal to register the is permitted under the ASX Listing Rules.

4.2.7 Future increase in capital

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Notes contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

4.2.8 Variation of rights

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

4.2.9 Alteration of constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

4.2.10 Preference shares

The Company may issue preference shares including preference shares which are liable to be redeemed in accordance with the Corporations Act. Each preference shares confer on its holder:

- (a) the right to payment out of the profits of the Company of a cumulative preference dividend;
- (b) the right in a winding up or reduction of capital of:
 - (i) the amount of any dividend accrued but unpaid at the date of winding up or at redemption (in the case of a redeemable preference shares);

- (ii) any amount paid up in respect of the share;
- (c) the same as holders of an ordinary shares to receive notice of and to attend a general meeting and to receive a copy of any documents to be aid at that meeting;
- (d) the right to vote at any general meeting in the following circumstances and in no others:
 - (i) on a proposal:
 - (A) to reduce the share capital of the company;
 - (B) that effects rights attached to the share;
 - (C) to wind up the Company;
 - (D) for the disposal of the whole of the property, business and undertaking of the Company; or
 - (E) to approve the terms of a share buy-back agreement where approval is required under the Corporations Act;
 - (ii) during a period during which a dividend or part of a dividend on the Share has been in arrears; or
 - (iii) during the winding up of the Company.

4.2.11 Directors

The number of Directors must be no less than 3 and no more than 12, unless the Company in general meeting determines otherwise.

4.2.12 Indemnity

To the maximum extent permitted by law, the Company may indemnify:

- (a) Every person who is or has been an officer of the Company; and
- (b) Where the board of Directors considers it appropriate to do so, any person who is or has been an officer of a Related Body Corporate of the Company,

against any liability incurred by that person in his or her capacity as an officer of the Company or of the Related Body Corporate (as the case may be).

5. Key risks

5.1 Introduction

The Notes offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for the Notes offered pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section 5, as well as other risk factors, may have a material impact on the financial performance of the Company and the market price of the Notes.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

5.2 Risks associated with the Offers

5.2.1 Potential for significant dilution

On implementation of the Offers, assuming that all Notes offered pursuant to this Prospectus are issued, the number of Notes on issue will increase from nil currently on issue to 32 million and this has the potential to increase the number of Shares on issue from 96,662,930 to 227,300,001⁹. This means that each Share will represent a significantly lower proportion of the ownership of the Company.

It is not possible to predict how many Notes may be converted and, at that time, what the value of the Company or a Share will be following the completion of the Offers being implemented and the Directors do not make any representation as to such matter.

The last trading price of Shares on ASX prior to the Prospectus being lodged of \$0.60 is not a reliable indicator as to the potential trading price of Shares and Notes after implementation of the Offers.

5.2.2 Termination of the Underwriting Agreement

The Company has entered into the Underwriting Agreement under which the Underwriter has agreed to underwrite the Offers, subject to the terms and conditions of the Underwriting Agreement. If certain conditions are not satisfied or certain events occur, the Underwriter may terminate the Underwriting Agreement. Termination of the Underwriting Agreement may have a material adverse impact on the proceeds raised under the Offers and the Company's sources of funding for its intended purpose. Termination of the Underwriting Agreement could also materially adversely affect the Company's business, cash flow, financial condition and results. Further details of the Underwriting Agreement are set out in Section 6.2.

5.2.3 Shareholder approval not obtained

A portion of Tranche 2 of the Placement Offer is subject to Shareholder approval. If Shareholder approval is not obtained, then approximately \$4 million less will be raised under the Offers. If this occurs, the Company may need to consider alternative funding options, including an equity raising. There is also a risk that this may result in an event of default under

⁹ Assumes the conversion of all Notes at the floor price of \$0.25, that the interest payable at the First Interest Payment Date is capitalised, no Additional Interest is payable and all other Cash Interest is paid in cash.

the Senior Debt Obligations if alternative funding is not raised in any applicable remedy period agreed by the Senior Lender.

5.2.4 Time delay risk

Any delays in satisfying the Offer Conditions will delay completion of the Offers and the issue of the Notes. Delays may be caused by various factors including delays in obtaining necessary regulatory approvals and in the negotiation of the terms of the Intercreditor Deed.

5.3 Risks associated with investing in Notes

5.3.1 Notes may not be suitable for all investors

Each Eligible Shareholder and other potential investor in the Notes must determine the suitability of that investment in light of their own circumstances. A potential investor should not invest in the Notes unless it has expertise (either allow or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

5.3.2 Interest payments

The Company expects to make interest payments using available cash balances and cash flow from its operations. There may be insufficient cash available to the Company to make interest payments on the due date. The Company intends to mitigate this risk by ensuring it has cash or liquid interests to make interest payment when due.

The payment of interest in cash may only occur if permitted by the Senior Debt Obligations and the Intercreditor Deed. The Company's ability to pay Cash Interest on the Notes in cash will be subject to the Company's ability to achieve certain financial covenant levels under the Senior Debt Obligations and to remain in compliance with its obligations under the Senior Debt Obligations immediately prior to and after making any Cash Interest payment. Because of the effect of the lockdowns on store closures, these covenants will not be met when they are calculated on the first Ratio Testing Date, being 30 September 2021 and interest will not be paid in cash for the first Interest Payment Date, being 31 December 2021, instead interest will capitalise in respect of that quarter. Whether Cash Interest will be paid for the quarter ended 31 March 2022 will depend on how quickly the stores closed as a result of government health orders re-open and the revenue and earnings of the Group recovers. Refer to Section 2.8 for further details.

5.3.3 Redemption risk

The Company expects to be able to redeem the Notes using the proceeds from future debt or equity raisings, cash flows from operations or proceeds from the sale of investments. There is a risk that the Company may be unable to procure or raise sufficient cash resources from its operations, future debt or equity raisings and may, in that case, have insufficient cash to redeem the Notes at the Maturity Date (or any earlier date as otherwise required under the Note Terms).

Further, redemption of the Notes is subject to the terms of the Intercreditor Deed. Under the Intercreditor Deed, no redemption or repayment of the Notes is likely to be permitted for a period of up to 6 months after the Senior Debt Obligations have been repaid. If the Intercreditor Deed remains in force as at the Maturity Date, there is a risk that the Company may be unable to redeem the Notes.

If the Company fails to make interest payments or redeem the Notes when due, the Trustee has certain rights under the Trust Deed and the Note Terms to take enforcement action against the Company. The rights of each Noteholder to enforce the obligations of the

Company under the Notes are limited to the exercise of its rights to enforce and seek due administration by the Trustee of the Trust Deed.

5.3.4 Interest rate risk

Interest on the Notes is at a fixed rate. No adjustment will be made to the rate of interest paid to Noteholders as other market-based interest rates rise or fall. The market price of the Notes on ASX may fluctuate due to changes in interest rates generally, credit spreads on other corporate securities or investor sentiment towards the Company.

5.3.5 Financial market conditions

The market price of the Notes will fluctuate due to various factors, including worldwide economic conditions, interest rates, credit spreads on other corporate securities, general movements in the Australian and international equity markets, movements in the market price of Shares, factors which may affect the Company's financial position and earnings and investor sentiment.

The market price of Notes may be more sensitive than that of the Shares to changes in interest rates and, therefore, the Notes could trade on ASX at a price below the Issue Price.

The Shares issued as a result of conversion of any Notes will, following conversion, rank equally with the existing Shares. Accordingly, their value after issue will depend upon the market price of the Shares (which price, compared to the Conversion Price, may rise or fall).

5.3.6 Market price of Shares and Notes

The Shares held by Noteholders following Conversion of their Notes will have the same rights as other Shares, which are different from the rights attaching to the Notes.

The trading price of the Shares will directly affect the trading price of the Notes. The market price of the Shares may be volatile. The volatility of the market price of the Shares may cause volatility in the price of the Notes and affect the ability of Noteholders to sell their Notes either at all or at an acceptable price. Additionally, this may result in greater volatility in the market price of the Notes than would be expected for non-convertible debt securities.

5.3.7 Liquidity

The Company will seek quotation of the Notes on the ASX to permit on-market trading of the Notes in Australia. However, the Notes are a new issue of securities for which there is currently no established trading market and one may never develop. Any trading market for the Notes may be less liquid than the market for Shares. Illiquidity may have an adverse effect on the value of the Notes. There can be no assurance that Noteholders will be able to buy or sell Notes on ASX at a price acceptable to them, or at all.

5.3.8 Early Redemption

Notes may be redeemed early by the Company in certain circumstances. There is a risk that the redemption amount payable may be less than the previously prevailing market value of Notes or the timing of such redemption may not accord with a Noteholder's individual financial circumstances or tax position. Additionally, in the event of an early redemption of Notes, Noteholders may not receive the returns they expected to achieve on your Notes (if held until maturity). Further, the Company may be prevented from redeeming the Notes early under the Senior Debt Obligations and the Intercreditor Deed (for so long as it remains in force).

5.3.9 No voting rights

There is a risk that Noteholders may be affected by corporate decisions made by the Company. Noteholders have no voting or other rights in relation to Shares until the Notes are

Converted and Shares are issued to them. In addition, the Notes do not confer on Noteholders any right to subscribe for new securities or to participate in any new or bonus issue of securities (without first converting their Notes). The rights attaching to Shares, if Shares are issued, will be the rights attaching to the Shares at that time. Noteholders have no right to vote on or otherwise to approve any changes to the Constitution in relation to the Shares that may be issued to them upon Conversion. Therefore, Noteholders will not be able to influence decisions that may have an adverse consequence for them.

5.3.10 Modifications

The Company may in certain circumstances amend the Note Terms and the Trust Deed without the consent of the Noteholders (refer to Section 4.1.12(a)).

5.3.11 Ranking

If the Company is wound-up, each Note will rank:

- (a) behind all Existing Senior Debt Obligations and any Permitted New Debt;
- (b) equally with each other Note;
- (c) ahead of all present and future unsubordinated and unsecured debt obligations of the Company (other than those mandatorily preferred at law); and
- (d) ahead of all Shares.

If there is a shortfall of funds on winding-up, there is a risk that Noteholders will not receive a full (or any) repayment of their money invested in the Notes or payment of unpaid interest.

5.3.12 Change in the Australian tax system

Any future changes in Australian tax law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of the acquisition, holding, Conversion and disposal of Notes and the market price of the Notes.

5.3.13 Enforcement risk

The Note Terms provide that rights under the Note Terms and the Trust Deed may generally only be enforced by the Trustee and not by the Noteholders directly. Noteholders must therefore notify their claims to the Trustee and rely on enforcement by the Trustee, except in certain circumstances where the Trustee has failed to take action after being directed by the Noteholders to do so.

The Trustee is not obliged to take any enforcement action unless it is indemnified and first placed in funds. The Trustee may waive any breach of the Trust Deed except for non-payment of the face value of Notes.

Noteholders may, by special resolution, amend the Note Terms in order to waive a breach of the Note Terms or for other purposes. A large Noteholder may influence the outcome of any such vote.

5.3.14 Lease security risk

In a receivership, there may be a risk that the receiver will not have a right to step in and run certain of the Company's stores where landlords have not provided their consent to the appointment of a receiver not being considered a change of control, therefore retaining a right to terminate the relevant lease. Leases with no such landlord consent do not form part of the current security granted in respect of the Senior Debt Obligations, nor the second-ranking security for the Notes. As a consequence, there may be a risk that a receiver could have materially less access to store footprint and would need to negotiate with the relevant

landlords to keep the applicable stores open for so long as the receiver would want to run them.

5.3.15 Inflation rate risk

An increase in the inflation rate may erode in real terms the value of the capital invested in the Notes.

5.3.16 Securities risk

There are risks associated with any investment in listed securities. The market price of listed securities is affected by numerous factors including hostilities, tension and acts of terrorism, general investor sentiment and the movement of prices on local and international share markets. As a consequence, securities carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities. Share markets tend to move in cycles, and individual share prices may fluctuate and underperform other asset classes over extended periods of time. Shareholders in the Company are exposed to this risk through their holding of Shares and Notes, as well as through the company's investment portfolio.

5.3.17 Tax risk

Prospective investors should be aware that any future changes in Australian tax law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of the acquisition, holding and disposal of the Notes and the market price of the Notes.

5.4 Company specific risks

5.4.1 COVID-19

The global impact of the COVID-19 pandemic, and the advice and responses from health and regulatory authorities, is continuously developing. The COVID-19 pandemic has had, and may continue to have, unpredictable and significant impact on capital markets and share prices and may adversely impact the Company's business and financial performance for the foreseeable future.

The Company may be impacted both by deterioration in macroeconomic conditions generally and specifically in relation to its operations. To date, the COVID-19 pandemic has affected amongst other things, economic conditions, employment markets, equity markets, regulatory policy and caused governmental action including, mandatory quarantine, self-isolations and other travel related restrictions.

Given the ongoing and dynamic nature of the COVID-19 pandemic, the measures implemented to try to control it and the resulting volatility in financial commodity and other markets, it is not possible to predict the impact that the COVID-19 pandemic and related measures taken to try to control the COVID-19 pandemic will have on the Company's business (or on the operations of the Company's customers, suppliers and other businesses upon which the Company relies), and the length of time of such impact. However, the Company's business is likely to continue to be affected by, among others, the geographic spread of the virus; changes in the severity of the disease; mutations in the COVID-19 virus; the duration of the pandemic (specifically if the Christmas 2021 trading period is impacted); the availability and effectiveness of vaccines; actions that may be taken by Australian federal and state governmental authorities and governmental authorities in the other jurisdictions outside Australia in which the Company operates in response to the pandemic, including actions to relax or further tighten existing restrictions (including in relation to stay at home orders and business closures). The COVID-19 pandemic and such responsive measures could also impact the Combined Group's ability to effectively implement its strategy, risk management framework and internal controls and procedures.

To the extent that the COVID-19 pandemic outbreak adversely affects the Company's business and financial performance, it may also have the effect of exacerbating many of the other risks identified in this Section 5.

5.4.2 Future funding requirements

The Company's ability to effectively implement its business and operational plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities and to meet any unanticipated liabilities or expenses which the Company may incur may depend in part on its ability to raise additional funds. Even if the Offers are completed successfully, the Company might require additional funding in the future in order to develop its business and to meet working capital costs in the medium to long term. Additional equity financing may be dilutive to Shareholders and debt financing, if available, may involve restrictive covenants, which may limit the Company's operations and business strategy.

Further, there can be no assurance that any such equity or debt funding will be available for the Company on favourable terms or at all. If adequate funds are not available on acceptable terms, there is significant uncertainty as to whether the Company can continue as a going concern. Accordingly, the Company's failure to raise capital if and when needed could delay or suspend the implementation of the Company's business strategy and could have a material adverse effect on the Company's activities and ability to continue as a going concern.

5.4.3 Risk of decline in foot traffic in shopping centres

The Company's growth strategy includes new store openings, particularly targeting key parts of shopping centres. Foot traffic in shopping centres fluctuates over time, and in the last 18 months has experienced volatility and a significant decline due to the impact of COVID-19. Whilst the Company has a disciplined approach to identifying, evaluating and prioritising new store locations, if a downward trend were to continue, the Company's new stores may not achieve the anticipated return on capital benchmarks and/or existing stores may generate lower revenue. Ultimately, these outcomes could result in reduced financial performance.

5.4.4 The Company may be unable to retain and secure suitable store sites

The Company's store footprint and portfolio are assessed on an ongoing basis and revised in order to optimise the financial and operational performance of the Company. While underperforming stores are typically closed or their leases are not renewed on expiry, store lease initial terms are generally 3-5 years and the rent payable under these leases can sometimes be difficult to renegotiate, despite underperformance. This may result in the Company running underperforming stores that are operating at a loss where it cannot cancel the lease or renegotiate the lease terms.

The Company's financial performance and future growth could be dependent on its ability to both retain existing store sites and secure new store sites in suitable locations and on acceptable terms. The Company's ability to achieve this may be impacted by a range of factors, including:

- (a) delays to store openings (including caused by COVID-19);
- (b) availability of new store sites;
- (c) profitability of new stores;
- (d) potential cannibalisation of existing stores by new store openings;
- (e) competition for acceptable new store sites with other retailers;
- (f) higher than budgeted operating costs; and
- (g) landlord disputes.

These factors may adversely affect the Company's future financial and operational performance.

5.4.5 Mismatch between fashion trends and consumer preferences for the Company's products

Consumer demand for the Company's products is dependent on the decisions made (and implemented) by the Company on the range, selection and quantity of its products. There is a risk that the product ranges developed and sourced by the Company do not align with consumer preferences. Whilst the Company's product range is predominately focused on everyday apparel, sustained and material mismatches in relation to evolving fashion trends and consumer preferences can adversely affect sales levels and consumer perspectives of the Company's brands and result in a loss of market share. Further, a sustained mismatch in demand between customer preferences and the stock that the Company holds may result in stock shortages leading to lost sales, or excess stock, which would increase the Company's markdown costs and operating expenses.

5.4.6 Changes in Australian and New Zealand population growth

Any medium-term or permanent reduction in Australia and New Zealand's population growth (including net immigration) or the birth rate, may adversely impact the Company's future financial and operating performance. A prolonged period of COVID-19 related disruptions to international travel (including travel restrictions, quarantine programs and other associated measures) may impact on the number of people in Australia and New Zealand at any given time and therefore overall demand for the Company's products.

5.4.7 The value of the Company's brands may diminish

The Company's brands and reputation are very important to attracting, retaining and increasing its customer base, managing its relationship with stakeholders and implementing the Company's business strategy. The Company's brands and reputation are also very important to the Company maintaining its existing relationships with manufacturers and distributors, and also retaining and attracting a skilled and engaged workforce. Maintaining the strength of the Company's brands is integral to the Company's ability to consistently appeal to its existing customers, attract new customers and generate sales growth.

As such, the ongoing success of the Company may be dependent on the business maintaining its strong reputation and protecting its brands.

The reputation and value associated with the Company's brands and its related intellectual property rights could be adversely impacted by a number of factors, including by a failure to provide customers with the quality of product and service standards they have come to expect, the existence of disputes or litigation with third parties such as employees, suppliers or customers, a failure to adequately protect the Company's intellectual property rights or by adverse media (including social media) coverage. Significant erosion in the reputation of or value associated with the Company's brands could have an adverse impact on customer loyalty, relationships with key suppliers, employee retention rates and demand for the relevant products, any of which could adversely impact the Company's market share, revenue and its future financial performance.

The Company's ability to benefit from its existing brands, innovative developments and expertise depends in part upon its ability to protect its intellectual property and any improvements to it, as well as the Company's confidential information. The Company relies on laws relating to trade secrets, copyright and trademarks in protecting its intellectual property portfolio. However, there is a risk of unauthorised use of, or access to, the Company's software, data, technology or platforms. In addition, there is a risk that the validity, ownership or authorised use of the Company's intellectual property may be successfully challenged by third parties. If the Company is required to bring or defend intellectual property enforcement proceedings as a consequence of unauthorised or improper use, the Company may be forced to incur significant costs and this may also result in the Company being unable to use the

intellectual property, either temporarily or permanently. Such disputes may also impact the Company's ability to integrate new or existing systems, which could adversely impact the Company's operations and financial performance.

5.4.8 The Company's brands and their product offerings rely on maintaining and enhancing these brands and require the avoidance of negative publicity and customer complaints

Maintaining and enhancing the Company's brands is critical to expanding the Company's customer base and suppliers. A significant portion of the customer's brand experience is dependent on third parties who supply products and other services, such as logistics, to the Company. Whilst suppliers are audited regularly and the Company has ethical sourcing and supply terms, ultimately, these third parties are outside of the Company's control.

If these third parties do not meet the expectations of the Company's customers, the Company's brands may suffer damage. If the Company fails to promote and maintain the Company's brands, or if it incurs excessive expenses in this effort, the Company's business and its operating and financial performance may be materially adversely affected. Maintaining and enhancing the Company's brands will depend largely on the Company's ability to provide quality products to its customers and facilitate a reliable, trustworthy and profitable sales channel to its suppliers, which it may not be able to do successfully.

Customer complaints or negative publicity about any of the Company's websites, products, online delivery times, customer data handling and security practices or customer support, especially on blogs, social media websites and the Company's own websites, could rapidly and severely diminish consumer use of the websites and consumer and supplier confidence in the Company and could result in harm to the Company's brands.

Given that the Company's products are manufactured by third party suppliers or sourced directly from manufacturers (most of whom are offshore and in less developed economies), the Company's brands and reputation are exposed to the public perceptions of these suppliers and manufacturers (and the Company's relationship with them). The Company's brands and reputation may be damaged if its suppliers or manufacturers engage in inappropriate behaviour, such as violating minimum employment standards or failing to meet environmental standards.

5.4.9 Product sourcing may be disrupted

The Company maintains long-standing supplier relationships with international suppliers. While the Company has a diversified supplier base, the business still relies on Chinese and other Asian suppliers. Any material adverse changes related to the impact of COVID-19, adverse economic conditions, regulatory changes (e.g. export duties) or changes in the political environment in these markets may adversely impact the Company's ability to source and sell its products reliably and without material delays. In particular, due to the economic relationship between Australia and China, the adoption of protectionist trade measures or changes in Chinese government policies could negatively impact the Company's manufacturing and supply arrangements. If this occurred, it could negatively impact the Company's business, prospects, financial performance or financial condition.

Further, whilst the Company regularly audits its suppliers and has ethical sourcing and supply terms, the Company faces a reputational risk to the extent that any foreign manufacturer or supplier from whom the Company purchases products (directly or indirectly) employs labour or engages in environmental, corruption, workplace safety or other business practices in a manner that varies from what is commonly accepted in Australia and New Zealand, the Company's reputation could be damaged by any resulting negative publicity or, in some cases, potential claims of liability.

Any such factor causing a disruption to the Company's ability to source its product may require that the Company purchases product from alternative sources, including domestically. This product may be of lesser quality or more expensive than the merchandise currently purchased

abroad. If any of these or other factors were to cause a disruption of trade from the countries in which the Company's suppliers are located, inventory levels may be reduced or the costs of merchandise may increase.

From a regulatory perspective, the operations of suppliers may also be impacted by increased regulation, including in order to address global concerns regarding global warming. Any such increased regulations could increase costs from the Company's suppliers in a number of forms, including the cost of raw materials, pollution control equipment and transportation of goods. Any of these identified risks may result in the increase of product sourcing costs for the Company or a reduction in the available range. This may adversely impact the Company's financial performance.

5.4.10 Product failure

Australia and New Zealand have product safety standards. Whilst the Company has a strong record with regard to product safety, goods sold by the Company may in the future, be defective and/or subject to product recalls which may require the Company to immediately stop selling the affected products, remove all stock from retail outlets and recall the products from the supply chain and consumers.

The risk and potential liability for the Company for product recalls will depend on the extent of the failure rate and the quantity of affected product in the market. Potential liability for the Company could extend to warranty claims, product recalls and other costs that the Company may be unable to fully recover from suppliers or third parties (including insurers). In addition, breaches of Australia or New Zealand's mandatory product safety laws by the Company could result in fines. To the extent that these events occur, they may have an adverse impact on the Company's business due to increased costs and reduced sales from not being able to sell recalled products or reputational damage.

5.4.11 Underpayment of wages and failure to comply with industry awards

The Company has a number of controls in place in an effort to ensure compliance with all employment laws, however, there is a risk underpayment of employees could occur. This could arise where employee rostering is mismanaged, employees are mischaracterised as either casual or permanent, or where payroll errors are otherwise made in relation to a high number of employees, across a national store networks.

Underpayment of employees could have significant consequences for the Company's reputation and a negative financial impact on the business. It may involve:

- (a) a significant financial liability related to correcting multiple years of accumulated errors;
- (b) a loss of trust in the Company resulting in reduced ability to attract and retain employees;
- (c) negative media which impacts the reputation of the Company and its brands; and
- (d) regulatory scrutiny, such as from the Fair Work Ombudsman.

5.4.12 Workplace accident or incident

The Company's employees and customers are at risk of workplace accidents and incidents. Should an employee or customer be injured in the course of engaging with the Company's business (either as a result of their employment or from engaging with the Company's business as a consumer), the Company may be liable for penalties or damages as a result. If the Company were required to pay monetary penalties, this may adversely affect its financial position and reputation in the market.

5.4.13 Risks associated with privacy and IT system

The Company is focused on the protection of its customers' and employees' personal information. A significant breach of customer, employee or company information could attract significant media (including social media) attention, require the Company to pay fines or engage in litigation and/or damage the Company's customer relationships, brands and reputation, each of which may also negatively affect the Company's reputation and financial performance.

The Company's store and online offerings are an essential part of the Company's business and rely on the use of certain point-of-sale and online technologies. Although the Company has designed its technology and systems with a primary focus on security and data protection, information technology systems can be susceptible to security issues and it is possible that hacking, cyberattacks or other exploitation of the Company's systems could cause loss, theft or corruption of data (including personal data of customers) held by or on behalf of the Company. This could occur through the deployment of viruses or malware designed to create system and service disruptions or to expose confidential information. Security or data breaches may result from human error, defects in technology or from third party service providers failing to comply with their obligations to the Company in respect of the protection of personal data.

The Company may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyberattacks. Actual or anticipated attacks could require the expansion of significant resources related to information systems and infrastructure, and could subject the Company to additional legal and financial risks, including increased investments in protection technologies, costs to deploy additional personnel, costs to train team members and engage third party experts and consultants, costs associated with implementing measures to ensure compliance with privacy laws and obligations, or expenses associated with providing customers with credit protection and potential fees and penalties from the Company's credit card processing partners, any of which could adversely affect the Company's reputation, business, results of operations and financial condition.

A security breach or failure to protect customer information (including from cyberattacks) may lead to a disruption in the availability of the Company's online offering. As a result, consumers may not be able to access the Company's online offering to purchase the Company's products, which is critical to the successful operation of the Company's business and if access is unavailable for an extended period of time, the Company may experience a significant reduction in purchases of its products and a corresponding reduction in revenues.

While the Company has a disaster recovery plan in place, a significant IT failure could adversely impact the ability of the Company's business to maintain normal operations, potentially leading to a reduction in the financial performance of the business in the short to medium term.

There is a risk that the Company may be found to be in breach of data protection laws or industry standards, which could result in penalties or fines imposed on the Company and expose it to claims by customers whose data, personal information or security has been compromised. The Company has an obligation under privacy laws (including the Privacy Act 1998 (Cth) and the Privacy Act 2020 (NZ)) to notify individuals, the Office of the Australian Information Commissioner (in Australia) and the Office of the Privacy Commissioner (in New Zealand) of certain privacy breaches.

Data protection and system security is an integral part of the design and implementation of the Company's processes, technology and systems. The Company undertakes penetration testing and engages external consultants to audit its security systems. In addition, the Company maintains insurance policies that partially mitigate against the consequences of these cybersecurity risks eventuating. However, despite these protective measures, it is possible that a security or data breach could occur. If these risks eventuate, they could have a material adverse effect on the Company's business, operating and financial performance, and/or growth and the value of the Company's securities.

5.4.14 The Company may experience technology failure or its technology may become obsolete

The success of the Company's business relies on (among other things) the technology it has developed in respect of certain business functions including its point-of-sale, online offering, inventory management and general order processing management. If there is any decrease in the effectiveness or functionality of the information technology systems which support this technology (or if these systems are not able to be further developed and become obsolete in comparison to its competitors) then this could have a significant impact on the Company's ability to continue to deliver its services and generate revenues.

There is a risk that the technology systems may experience downtime or interruption due to system failures, service outages, corruption of information technology networks or information systems as a result of computer viruses, software bugs or cyberattacks, as well as natural disasters, fire, power outages or other events outside the control of the Company. This could impact the availability of the Company's online offering and order fulfilments and result in reduced product purchasing volumes. Any systemic failure could have reputational damage and affect the Company's ability to retain existing customers and attract new customers. Any of these events could have a materially adverse impact on the Company's business, operating and financial performance and/or growth.

The Company's technology platform or product offering may also become obsolete or outdated through the investment of its peers in superior technology and/or product offerings, or general market developments. This could necessitate the Company undertaking substantial investment in updating or improving its current technology platform and product offering, which could require the Company to incur significant costs and have a material adverse impact on the Company's business, operating and financial performance and/or growth.

5.4.15 Online channel risks

The Company's customers are increasingly using computers, tablets, mobile phones and other devices to purchase products. Approximately 19% of the Company's FY21 revenue (excluding revenue attributable to Ezibuy) was generated from online sales. Maintaining and continuing to improve its online channel offering involves investment of capital and resources, integrating a number of information and management systems from different vendors, increasing supply chain and distribution capabilities, attracting, developing and retaining qualified personnel with relevant subject matter expertise, and effectively managing and improving the customer experience.

The Company's online channel operations are subject to numerous risks, including:

- (a) website operating issues, including website availability, system reliability, website operation,
- (b) internet connectivity, website errors, computer viruses, telecommunication failures, electronic break-ins or similar disruptions;
- (c) the need to keep pace with rapid technological change and maintain investments necessary;
- (d) legal compliance issues related to the online sale of products;
- (e) intellectual property litigation;
- (f) privacy and personal data security;
- (g) protection against credit card and gift card fraud;
- (h) fulfilment, inventory control and shipping issues for online channel transactions;
- (i) hiring, retention and training of personnel qualified to conduct omnichannel operations;

- (j) ability to procure adequate computer hardware and software and technology services and solutions from third party providers;
- (k) the rate of penetration and migration to the online channel by consumers, which has been accelerated as a result of COVID-19, fails to grow at the expected rate;
- (l) customer behaviour accelerates significantly beyond Management's expectations, not allowing the business to adjust capacity and capability fast enough to deal with the online demand increase resulting in possible lost sales and customers to a competitor; and
- (m) success of online channel operations may come at the cost of the success of the Company's "bricks and mortar" stores.

If the Company cannot successfully avoid, mitigate or navigate these risks then it could have a material adverse impact on the Company's business, operating and financial performance and/or growth.

5.4.16 Growth in online penetration and rate of migration to online channels

The Company's future growth strategy involves targeting growth in online sales. Across the broader retail market, growth in online sales is being driven partly by the migration of customers from a traditional offline retailing experience to online retailing platforms across a number of segments. This trend has accelerated during the period since COVID-19. There is no guarantee that the migration of customers will continue to grow in the future or will be retained despite the historical and forecast growth patterns. If the rate of penetration and migration to the online channel does not increase in line with the Company's assumptions, this may have a material adverse effect on its financial and operational performance in the future.

5.4.17 Unexpected increase in operating and other expenses that may reduce profitability

The Company's operating and other expenses could increase without a corresponding increase in revenue. A number of factors which could increase operating and other expenses include unforeseen increases in, without limitation:

- (a) freight and distribution expenses (e.g. the cost of third party delivery services);
- (b) costs associated with insurances, telecommunications and IT;
- (c) marketing, promotion and advertising expenses, including any increase in the cost of customer acquisition;
- (d) leasing costs in relation to stores, head office and distribution facilities; and
- (e) costs of products from the Company's suppliers due to input cost inflation and exchange rate pressures translating through to higher manufacturer prices which cannot be fully passed through to customers or a deterioration in the Company's relationships with its suppliers or credit limit reductions with suppliers.

The Company's profitability will be reduced if there are increases in operating and other expenses that exceed or do not correspond with increases in the Company's revenue. This may have a material adverse effect on the Company's business, financial performance and operations.

5.4.18 The Company's recent growth rates may not be sustainable or indicative of its future growth

The Company's recent growth rates may not be sustainable or indicative of future growth. The Company may be unable to attain further sales growth through its online channel or increase

its market share or leverage its relationship with its target customer to grow sales in other categories. Alternatively, the Company may be able to maintain these growth rates in sales but have to expend significantly more resources in order to maintain the growth rates, thus reducing profitability. Should revenue growth rates materially decline or operating expenses materially increase, the Company's financial and operational performance may be adversely affected.

5.4.19 The Company relies on services provided by third party payment and logistics providers

The Company relies on the services provided by third party banking and payment providers such as credit card companies. It also relies on the services of third party logistic providers to deliver ordered products to customers. The Company has limited influence over these third parties and the contracts with these providers are generally short-term in nature.

Any system or service failure that causes an interruption to the Company's ability to effect payment transactions or receive payments could adversely affect its business. A system or service failure that affects the delivery of ordered products to customers could adversely affect the customer experience and reduce the attractiveness of the Company's brand to customers and may result in cancellations or limiting future sales.

Any of these system or service failures could have an adverse impact on the reputation and brand of the Company's business which could materially adversely affect its financial performance and operations.

5.4.20 Failure to effectively manage inventory

The Company may fail to accurately forecast or manage its inventory levels. This may result in the Company incurring additional costs and/or losing revenue. If the Company purchases levels of product that it cannot sell in a timely manner, this excess stock may need to be cleared at a discount, otherwise the excess stock will become obsolete and the Company may be required to recognise inventory write-down costs. Conversely, if the Company fails to maintain adequate levels of inventory it may experience "out of stock" issues, which may result in foregone sales and damage to the Company's reputation or brands which may have an adverse effect on financial performance.

5.4.21 Climate change, severe weather, natural disasters and seasonality may adversely affect the Company

The Company has stores based in regional areas and as such has experienced impacts from weather related and other natural disasters in the past (such as regional flooding and bushfires). The increased likelihood of natural disasters and severe weather conditions such as flooding and bushfires in areas in which the Company operates or in areas where the Company sources or obtains supplies or products as a result of climate change, presents a risk to the Company's business. These adverse conditions have the potential to cause supply chain disruptions, store closures and damage to the Company's stores, warehouses or products.

Further, there is a risk that unexpectedly mild or severe weather patterns may result in fluctuations in demand for seasonal products. To the extent these fluctuations are unexpected and unaccounted for by the Company, there may be excess demand for stock resulting in "out of stock" issues or conversely an oversupply resulting in lost sales or lower margins from markdowns.

Such events may lead to an increase in operational costs or business interruption and may have a detrimental impact on the Company's financial and/or operating performance.

5.5 Industry risks

5.5.1 Retail environment and general economic conditions may worsen

The Company's operational and financial performance are sensitive to consumer sentiment. Key factors that may adversely affect demand for the Company's products include increases in interest rates, economic shocks, increased unemployment and decreases in the asset values of homes and other dwellings. Other factors that may also impact the Company's sales and earnings include government stimulus or support provided (or removed) to consumers either directly or indirectly. A sustained deterioration in economic conditions may still generally reduce consumer disposable incomes or change customer's preference or needs as to allocation of their disposable income. Any material reduction in consumer disposal income may reduce demand for the Company's products which may in turn result in lower levels of revenue or profitability for the Company.

5.5.2 Competitive environment

The Company operates in a competitive market and there is a risk that the Company may lose market share to new or existing competitors in the market. This loss in market share could be driven by a number of factors, such as competitors delivering superior products and customer experiences, increasing their store rollout, increasing advertising or product discounting or consolidating with other retailers to deliver enhanced scale benefits against which the Company is unable to compete. If the Company's competitive position were to deteriorate as a result of increased competition, the Company's customers may choose to purchase products from competitors rather than from the Company's brands and this may in turn reduce the Company's revenue and profit margins. Such a reduction in profitability and revenue may subsequently have an adverse impact on the Company's financial and operating performance.

There is also a risk that a general increase in competition may require the Company to invest in additional marketing or product development initiatives, or to lower prices paid for its products, which could decrease profitability, even where its market share remains unchanged.

A failure by the Company to offer products and services that remain competitive with new entrants and existing competitors, in a timely manner or at all, may also result in a decrease in the Company's market share, which would have an adverse impact on the Company's financial and operating performance.

5.5.3 Regulatory risk and potential for laws and regulations to change

The Company is required to comply with a range of laws and regulations in Australia, New Zealand and in the foreign jurisdictions in which it sources its products (including China). These laws and regulations include product and safety standards, fair trading and consumer protection, public health, employment, occupational health and safety, quarantine, customs and tariff and tax laws. Compliance with these laws and regulations, and the Company's ability to comply with any changes to these laws and regulations, is critical to the success of the Company's business. Any failure to comply with existing or new laws and regulations may result in a fine or penalty, loss of accreditation or brand damage, any of which could have a material and adverse effect on the Company's operations, performance and reputation.

Changes to laws and regulations in these areas may adversely impact the Company, including by increasing the Company's costs either directly (such as an increase in the amount of tax the Company is required to pay), or indirectly (including by increasing the cost to the business of adapting to and complying with changing regulatory requirements). Any such adverse effect may impact the Company's future financial performance.

In particular, the receipt of a proportion of the Company's total revenue is facilitated by the "Buy Now Pay Later" (the Company) sector (for example, the Company offers its customers options to pay by Afterpay and Zip Pay in Australia and Lay By, Afterpay and Zip Pay in New Zealand). The Company forecasts assume the continued unfettered operation of BNPL

platforms to assist the Company's customers to fund their purchases. However, the BNPL sector may be subject to increased regulation that could affect the sector's growth, functionality and customer utilisation. The Company's financial, operational performance and/or growth objectives may be adversely impacted if BNPL services were restricted in use by the Company's customers, or if the costs or ease of use were adversely altered.

5.5.4 The Company may be involved in disputes or litigation

The Company may be the subject of complaints, litigation, inquiries or audits initiated by a range of stakeholders including customers, employees, landlords, government agencies, regulators or other third parties. These disputes may be related to product warranties, product descriptions, industrial action, personal injury, health, environmental, safety or operational concerns, nuisance, negligence or failure to comply with applicable contracts, laws and regulations.

There can be no assurance that legal claims will not be made against the Company, or that the Company's insurance will be adequate to cover liabilities resulting from any such claims. Even if a claim is successfully disposed of without any direct adverse financial effects on the business, there may still be adverse effects on the Company's reputation. If the Company were to be found liable under a claim, the Company's financial position and future financial and operational performance may be adversely affected.

5.5.5 Key personnel risk

The performance of the Company is highly dependent on a number of highly skilled personnel, including the Directors, senior management and specific key management personnel, if applicable. The loss or departure of one or more key personnel and/or the inability to hire new personnel, may have a material adverse effect on the Company's performance or ability to grow.

5.5.6 Industrial relations risk

There is a risk that the industrial relations management will be unsatisfactory leading to strikes or the re-opening of award negotiations resulting in higher costs, higher employee numbers and higher redundancy costs.

5.6 General risks

5.6.1 Foreign exchange rate risk

The price of the Company's product is impacted by movements in the USD, NZD and other currencies and the exchange rate between AUD and these currencies. Movements in the exchange rate and/or these currencies may adversely or beneficially affect the Company's results or operations and cash flows.

5.6.2 Equity market conditions

Economic conditions, both domestic and global, may affect the performance of the Company. Factors such as fluctuations in currencies, commodity prices, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs and share market prices. The Company's future possible revenues and Share price can be affected by these factors, all of which are beyond the control of the Company and its Directors.

5.6.3 Equity market conditions

Shares listed on the stock market can experience extreme price and volume fluctuations that are often unrelated to the operating performances of such companies. The market price of

Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

General factors that may affect the market price of Shares include economic conditions in both Australia and internationally, investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

5.7 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Notes offered under this Prospectus.

Therefore, the Notes to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Notes, or the Shares to be issued on conversion of any Notes.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Notes pursuant to this Prospectus.

6. Material contracts

6.1 Trust Deed

The Trust Deed governs the terms and conditions on which the Notes are to be issued and is subject to the Corporations Act and ASX Listing Rules. Schedule 1 to the Trust Deed contains the terms of issue of the Notes. The Note Terms are set out in Section 4.1.

The following is a summary of the material provisions of the proposed Trust Deed. To obtain a complete understanding of the Trust Deed, it is necessary to read it in full. A copy of the Trust Deed has been released to ASX and is available from its website (www.asx.com.au). You may request a paper copy of the Trust Deed, without charge, by contacting the Company on (02) 8577 7777 or via email on companysecretary@mosaicbrandsltd.com.au.

To the extent of any inconsistency between the Note Terms, the Trust Deed and any other transaction document, then, to the maximum extent permitted by law, the order of priority is:

- (a) the Intercreditor Deed;
- (b) the Note Terms (except that in relation to the rights and obligations of the Trustee, the Trust Deed will prevail);
- (c) the Trust Deed; and
- (d) the Transaction Security Interests.

Noteholders regarded as beneficial and legal owners

Each Noteholder is regarded as the beneficial owner and legal owner of the Notes he or she holds.

Payment on Notes

The Company must make payment of the outstanding monies (which includes interest) in respect of Notes to Noteholders directly as and when due in accordance with the terms of the Notes unless the Company, with the consent of the Trustee, or at the direction of the Trustee, pays to the Trustee the outstanding monies as and when due in accordance with the terms of the Notes.

If the Trustee receives outstanding moneys as Trustee for Noteholders it must distribute those outstanding monies to Noteholders by cheque mailed to the address of each Noteholder or electronically to the account as advised by the individual Noteholders to the Trustee.

Appointment and role of Trustee

The Trust Deed provides that the Trustee holds the sum of \$10.00 and thereafter will the Trust Fund on trust for the benefit of Noteholders, which includes:

- (a) the right to enforce the Company's duty to repay the Notes;
- (b) the right to enforce any other duties that the Company has under the terms of the Notes, the Trust Deed or Chapter 2L of the Corporations Act;
- (c) the right to enforce any Transaction Security Interest granted as security for repayment of the outstanding moneys and/or performance of the Note obligations;
- (d) any other property held by the Trustee on the trust established under this Deed (including, without limitation, the proceeds of sale or enforcement of any property forming part of the Trust Fund, the benefit of any covenants, undertakings, representations, warranties, rights, powers, benefits or remedies in favour of the Trustee under the Transaction Documents); and

- (e) all other property which the Trustee receives, has vested in it or otherwise acquires to hold from time to time in respect of the Trust.

Subject to the provisions of the Trust Deed, the Trustee may at any time on behalf of Noteholders take any action or proceeding against the Company in the event of a breach by the Company of the Trust Deed or the terms of the Notes.

Except as required under Part 2L of the Corporations Act, the Trustee has no obligation to enquire as to the status or business of the Company or otherwise to take any action under or in respect of the Notes.

The Company must provide a copy of the Trust Deed to a Noteholder upon request.

Covenants by the Company

The Company covenants with the Trustee that it will comply with various covenants, including:

- (a) that the Company must carry on and conduct the business of the Company in a proper and efficient manner and will procure that each of its subsidiaries (if applicable) will carry on and conduct their businesses in a proper and efficient manner;
- (b) that the Company must convene a meeting of Noteholders if requested by Noteholders in writing to do so by persons holding Notes representing not less than 10% in value of the principal outstanding amount and otherwise in accordance with section 283EA of the Corporations Act;
- (c) the Company will not create or allow to exist a charge on the whole or any part of its present or future property, other than as permitted in the Note Terms;
- (d) unless permitted under the Senior Debt Obligations, the Company will not declare or pay any dividends to Shareholders without approval via an ordinary resolution of Noteholders;
- (e) unless permitted under the Senior Debt Obligations, other than in respect of the Notes, the Company will not redeem, purchase, cancel, reduce, return capital on or otherwise acquire any Share or other securities issued by the Company for repayment or return of capital upon appointment of a liquidator or provisional liquidator of that person (and where the appointment is made by a court, by a court of competent jurisdiction in Australia) without approval via an ordinary resolution of Noteholders; and
- (f) the Company will comply with, perform and observe all its obligations under the Transaction Documents.

Subject to the Trustee's duties under the Corporations Act, the Trustee has no obligation to monitor compliance by the Company with its covenants and obligations under the Trust Deed.

Trustee powers and duties

- (a) the Trustee:
 - (i) has all the powers that it is legally possible for a natural person or corporation to have in connection with the exercise of its powers under the Trust Deed.
 - (ii) is entitled to exercise all powers under the Transaction Security Interests (including those powers conferred on trustees generally by statute and those conferred on trustees generally by law or equity in respect of the Transaction Security Interests) as if the Trustee were the sole beneficial owner of the Transaction Security Interests; and
 - (iii) may exercise its rights and comply with its obligations under the Transaction Documents in any manner it thinks fit.

- (b) In addition to the powers arising under the Corporations Act, the Trustee may:
- (i) as between itself and the Noteholders, determine all questions and matters of doubt arising in relation to any of the provisions of the Trust Deed and every such determination whether made upon a question actually raised or implied in the acts or proceedings of the Trustee will be conclusive unless a court of competent jurisdiction otherwise orders;
 - (ii) appoint in writing from time to time a delegate to undertake, perform or discharge any of the duties, powers, discretions or other functions of the Trustee under the Trust Deed; and
 - (iii) apply to the court under section 283HA or section 283HB of the Corporations Act for directions in relation to any question and assent to, approve of or oppose any application to the court made by or at the instance of any Noteholder.
- (c) The Trustee has the following duties under the Corporations Act and the Trust Deed:
- (i) duties to ensure the Company complies with Chapter 2L of the Corporations Act;
 - (ii) notification to ASIC as soon as practicable after it becomes aware that the Company has not complied with sections 283BE, 283BF or subsection 318(1) or (4) of the Corporations Act;
 - (iii) notification to ASIC and the Company if the Trustee is unable to act as Trustee under section 283AC of the Corporations Act; and
 - (iv) duties to comply with directions of a meeting of Noteholders called under sections 283EA, 283EB or 283EC of the Corporations Act unless:
 - (A) the Trustee is of the opinion that the direction is inconsistent with the terms of the Notes, the provisions of the Trust Deed or the Corporations Act or is otherwise objectionable; and
 - (B) has either obtained, or is in the process of obtaining, an order from the court under section 283HA of the Corporations Act setting aside or varying the direction.

If the Trustee is required at any time to:

- (a) undertake duties which relate to the enforcement of the terms of a Transaction Document upon occurrence of a default of any other party to that Transaction Document; or
- (b) undertake duties which are of an exceptional nature or otherwise outside the scope of normal duties of the Trustee,

then the Trustee is entitled to charge an additional fee calculated at its usual hourly rate and the Company must pay any such properly incurred fees so demanded.

Trustee's liability

To the maximum extent permitted by section 283DB of the Corporations Act, the Trustee's liability is limited to and can be enforced against the Trustee only to the extent to which it can be satisfied out of:

- (a) its right to enforce the Company's duty to repay the Notes;
- (b) the right to enforce any other duties that the Company has under the terms of the Notes, the Trust Deed and Chapter 2L of the Corporations Act;
- (c) the amount of \$10 referred to in the Trust Deed;

- (d) the right to enforce any Transaction Security Interest granted as security for repayment of the Outstanding Moneys and/or performance of the Note obligations;
- (e) any other property held by the Trustee on the Trust established under the Trust Deed (including, without limitation, the proceeds of sale or enforcement of any property forming part of the Trust Fund, the benefit of any covenants, undertakings, representations, warranties, rights, powers, benefits or remedies in favour of the Trustee under the Transaction Documents); and
- (f) any other property which the Trustee receives, has vested in it or otherwise acquires to hold from time to time in respect of the Trust,

together the Trust Fund, out of which the Trustee is actually indemnified for the liability.

No attorney, agent or delegate appointed in accordance with the Trust Deed has authority to act on behalf of the Trustee in any way which exposes the Trustee to any personal liability and no act or omission of any such person will be considered a breach or non-performance by the Trustee of any of its obligations under the Trust Deed or a breach of section 283DA of the Corporations Act.

The Trustee is not obliged to do or refrain from doing anything under the Trust Deed or any other Transaction Document (including incur any liability) unless the Trustee's liability is limited in the same manner as set out in the Trust Deed.

Trustee's indemnity

- (a) The Trustee, its officers, directors, employees and attorneys are entitled to be indemnified by the Company in respect of all costs, liabilities, demands or claims suffered or properly incurred by the Trustee in the execution of the Trust or the exercise or purported exercise of any of the powers, authorities or discretions vested in the Trustee under the Trust Deed and any other Transaction Documents or otherwise in connection with the Trust but this indemnity does not extend to:
 - (i) any such costs, liabilities, demands or claims to the extent arising out of a Trustee Default (as defined in the Trust Deed); or
 - (ii) any taxes imposed on the Trustee's remuneration for its services as Trustee.
- (b) The Trustee may retain and pay out of any monies in its hand (or any other property of the Trust Fund) in priority to any claim by a Noteholder, all sums necessary to effect and satisfy an amount due and payable to the Trustee under the Trust Deed or any other amount due and payable to the Trustee by the Company under the Trust Deed or any other Transaction Document.

Trustee's remuneration, costs and expenses

The Company will pay to the Trustee by way of remuneration for its services as trustee the following fees:

- (a) a cash payment of \$20,000 (excluding GST) as an initial trustee engagement fee (**Initial Trustee Engagement Fee**), to be paid in the following allotments:
 - (i) \$10,000 (excluding GST) of the Initial Trustee Engagement Fee is to be paid up front upon execution of the Initial Trustee's Engagement Letter; and
 - (ii) \$10,000 (excluding GST) of the Initial Trustee Engagement Fee is to be paid upon the execution of the Trust Deed by all parties; and
- (b) an ongoing trustee fee of \$80,000 (excluding GST) per annum, payable quarterly in arrears plus scaled fees to the value of the total number of Notes on issue subject to agreed threshold amounts (**Ongoing Trustee Fee**).

The Ongoing Trustee Fee is payable quarterly in arrears and is calculated in reference to the aggregate calendar month-end Notes on issue, with the first quarter commencing from the issue of the first Notes.

The Ongoing Trustee Fee's will be increased annually in line with CPI as notified by the Trustee to the Company in writing, and may be reviewed by the Trustee, acting reasonably, having regard to all costs.

In addition, the Company must pay to the Trustee on demand all reasonable costs, charges and expenses properly incurred, payable, or paid by or on behalf of the Trustee in relation to the Trustee performing its duties under the Trust Deed.

Reporting to Trustee

- (a) The Company must use reasonable efforts to make available to the Trustee, within seven days of issue, copies of all reports and releases made by the Company to the ASX.
- (b) The Company must notify the Trustee of an Event of Default under the Trust Deed in accordance with the Note Terms.

Events of Default

The **Events of Default** are detailed in the Note Terms (refer to Section 4.1.8).

Trustee will be entitled where an Event of Default has occurred:

- (a) to call a meeting of Noteholders where the Trustee may:
 - (i) appoint a person to be the chairperson of the meeting;
 - (ii) inform Noteholders of the Event of Default;
 - (iii) submit proposals for protection of Noteholder's interests; and
 - (iv) ask for directions from Noteholders in relation to the Event of Default;
- (b) subject to the Intercreditor Deed:
 - (i) commence action against the Company or any other obligor in relation to the Event of Default in accordance with the Transaction Documents;
 - (ii) declare by notice (with a copy to the Registry) that all Notes are to be Redeemed at their Note Principal Amount (together with any accrued Interest) immediately (but not earlier than 10 Business Days of receipt of the Trustee's notice);
 - (iii) take other action relating to enforcement of payment of outstanding moneys to Noteholders;
 - (iv) prove in any liquidation of the Company (irrespective of when that liquidation commenced) subject to the Trust Deed; and
 - (v) take an enforcement in accordance with the Transaction Documents.

Liquidation

Upon the Company entering liquidation:

- (a) each Note will be due to be redeemed for an amount equal to the Redemption Amount of the Note calculated as at the date of the Company entering liquidation;
- (b) no Noteholder nor the Trustee will be entitled to receive payment from the liquidator or the Company (including by way of set off or counterclaim) of any

outstanding monies until any Permitted Finance Arrangement has been discharged in full;

- (c) any proof of debt or other claim (including by way of set off) made by a Noteholder or the Trustee in respect of a Note obligation will be made subject to the Noteholder or the Trustee acknowledging the priority for payment of a Permitted Finance Arrangement and will be limited to the Redemption Amount;
- (d) upon a liquidation event, any amounts received by the Trustee from the Company will be received by it on trust to be applied:
 - (i) firstly, in or towards payment or satisfaction of the costs, charges, expenses and liabilities incurred by it in the execution of the trusts of the Trust Deed (including any unpaid remuneration);
 - (ii) secondly, in or towards payment of the claims of a holder of any Permitted Finance Arrangement to the extent that those claims have been admitted to proof in the liquidation (and have not been satisfied out of the other resources of the Company) but excluding interest accruing on those claims after the commencement of the liquidation;
 - (iii) thirdly, in or towards payment pari passu and rateably the Redemption Amount of all Notes remaining unpaid and any other obligations of the Company which rank pari passu with the Note obligations; and
 - (iv) fourthly, the balance, if any in payment to the liquidator.

The Trust may be performed by the Trustee or any Noteholder paying over to the liquidator for the time being the relevant amounts received by the Trustee or the Noteholder on terms that the liquidator is to distribute those amounts in accordance with the ranking of priority or payment set out in the Trust Deed. The receipt of the liquidator will be a good discharge to the Trustee or any Noteholder for the performance of that trust.

General discretion

Subject to the Note Terms and section 283DA(h) of the Corporations Act, where the Trustee has a discretion to act under the Transaction Documents (including by way of an exercise of a power or granting a waiver) it is not required to exercise that discretion unless:

- (a) it has first sought instructions from the Noteholders by way of:
 - (i) a special resolution, if required; or
 - (ii) in all other cases, an ordinary resolution; and
- (b) it is indemnified to its satisfaction.

Administrator appointed to obligor

If:

- (a) the Trustee is notified by the Company, a Noteholder or any other person that under the Corporations Act or the Companies Act 1993 (NZ) that an administrator has been appointed (other than by the Trustee) to an obligor; and
- (b) the Trustee is entitled under section 441A of the Corporations Act or 239ABL of the Companies Act 1993 (NZ) (as applicable) to enforce a Transaction Security Interest over that obligor's property within the decision period provided for under that section,

then, subject to the Intercreditor Deed:

- (c) the Trustee shall promptly notify the Noteholders and seek instructions as to whether or not it should enforce that Transaction Security Interest within that decision period; and

- (d) unless it receives instructions from sufficient Noteholders not to enforce by a time which it considers to be the latest time by which instructions should be received in order for it to be able to arrange the enforcement of the Transaction Security Interest within that period, then the Trustee may enforce that Transaction Security Interest but need not do so (and is not liable to the Noteholders if it does not do so).

Retirement, Removal and Appointment of new Trustee

The Trustee may retire at any time (with or without giving any reason for its retirement) after giving the Company 60 days' notice in writing. The retirement will not take effect until a new trustee who complies with the requirements in the Corporations Act has been appointed and has taken office as the new trustee in accordance with the Trust Deed.

The Company may, subject to the provisions of the Trust Deed, the Corporations Act, and by at least 60 days' written notice to the Trustee, remove the Trustee from office if:

- (a) the Company reasonably believes that any of the things referred to in section 283BD of the Corporations Act have occurred, which include the Trustee ceasing to comply with the requirements under the Corporations Act;
- (b) the Trustee has:
 - (i) not paid any monies required to be paid by the Trustee in relation to the Trust Deed within 10 Business Days of receipt of all relevant information (including bank account details, if applicable) necessary for the Trustee to effect payments; or
 - (ii) not observed or performed any of its material obligations under the Trust Deed or has otherwise acted fraudulently or with gross negligence or is in wilful default (and, if such is capable of rectification, it is not rectified within 10 Business Days of notice to the Trustee of its occurrence);
- (c) the Trustee ceases to be a trustee company;
- (d) a special resolution of Noteholders determines that the Trustee should be removed;
- (e) the Trustee ceases to carry on business (other than in its capacity as trustee of another trust), enters into a scheme of arrangement (other than for the purposes of or in connection with a solvent reconstruction or amalgamation) or goes into liquidation, provisional liquidation or administration or has a receiver or receiver and manager appointed over any part of the assets or undertakings of the Trustee (not being assets or undertakings of the Trustee held in its capacity as trustee of another trust) which is not removed or withdrawn within thirty (30) days after the date of the appointment; or
- (f) the Trustee defaults in performance or observing any of its obligations under the Trust Deed and:
 - (i) that default is incapable of remedy and has had or is likely to have a material adverse effect on the ability of the Company to perform or observe its obligations to Noteholders; or
 - (ii) if that default is a material default and is capable of remedy, that default has not been remedied within 10 Business Days of receiving written notice of the default from the Company requiring that default to be remedied.

Amendment without Noteholder consent

The Company and the Trustee are entitled without any authority or assent on the part of the Noteholders to amend or add to the Trust Deed if in the opinion of the Trustee such amendment or addition:

- (a) is of a formal, minor or technical nature, or is made to correct a manifest error;

- (b) is expedient or requisite to enable the Notes to be listed or remain listed for quotation on the ASX or to be offered for subscription or sale under the laws for the time being in force in any place;
- (c) is not likely (taken as a whole and in conjunction with all other modifications, if any, to be made contemporaneously therewith) to be materially prejudicial to the interests of the Noteholders and two Directors of the Company on behalf of the board of Directors of the Company have so certified to the Trustee. The Trustee in determining whether or not such amendment or addition is materially prejudicial to the interests of the Noteholders may act upon the advice or the opinion of or any information obtained from an expert (at the expense of the Company) and will not be responsible for any loss occasioned by its acting or declining to act on such advice, opinion or information;
- (d) is necessary and expedient to enable the Company to claim any deduction or rebate for income tax purposes in respect of interest payable on any Notes provided that the amendment is not materially prejudicial to the interests of Noteholders as a whole;
- (e) is necessary to comply with the provisions of any statute or the requirements of any statutory authority or the ASX Listing Rules; or
- (f) is otherwise not materially prejudicial to the interests of Noteholders generally or not, and is not likely to become, taken as a whole and in conjunction with all other amendments to be made contemporaneously with that amendment, materially prejudicial to Noteholders generally.

Amendment with Special Resolution

An amendment or waiver of any term of the Trust Deed or any other Transaction Document (other than the Note Terms) that has the effect of that has the effect of changing or which relates directly to the following clauses:

- (a) (*undertaking to pay*);
- (b) (*amendment with special resolution*);
- (c) (*meeting of Noteholders*);
- (d) (*governing law*),

cannot not be made without the authority of a special resolution, provided that such special resolution does not adversely affect the rights and obligations of the Trustee.

Amendment with Noteholder consent but not Trustee consent

If an amendment to the Note Terms is proposed by the Company and the Trustee will not consent to any such amendment, the Note Terms may be amended in the manner proposed by the Company if such amendment is authorised by a special resolution, provided that such amendment does not adversely affect the rights and obligations of the Trustee.

Meetings

Each registered Noteholder is entitled to at least 14 days' notice of, and to attend and vote at, meetings of Noteholders in which an ordinary resolution is proposed, and at least 21 days' notice of, and to attend and vote at, meetings of Noteholders in which a special resolution is proposed.

Noteholders with at least 10% of the principal amount outstanding of the Notes may give a written direction to the Company to convene a meeting of Noteholders, and the Company must convene a meeting in accordance with section 283EA of the Corporations Act.

There will be a quorum for a meeting of Noteholders if two or more Noteholders are present (in person or by proxy or attorney) and the Noteholders who are present hold at least 10% of the principal amount outstanding of the Notes.

Each Noteholder (or proxy or attorney of a Noteholder) present at the meeting is entitled to one vote on a show of hands, and on a poll is entitled to one vote for each Note held.

The meeting of Noteholders has the following powers exercisable by Special Resolution only:

- (a) power to sanction any modification or compromise or arrangement in respect of the rights of Noteholders against the Company whether such rights will arise under the Trust Deed, the Note Terms or otherwise;
- (b) power to assent to any modification of the Trust Deed or the Note Terms, any supplemental deed, or the conditions of issue of the Notes, provided that such modification does not adversely affect the rights and obligations of the Trustee;
- (c) power to give any sanction, direction or request which is required to be given with the consent of the Noteholders;
- (d) power to release the Trustee from anything done or omitted to be done;
- (e) power to discharge or release any property subject to a Security Interest under a Transaction Security Interest;
- (f) power to release an Obligor from its obligations under a Transaction Security Interest; and
- (g) power to remove the Trustee.

The Trust Deed is comprised of terms and conditions that are otherwise considered standard for a document of this nature.

6.2 Underwriting Agreement

The Offers are being underwritten by the Underwriter pursuant to the Underwriting Agreement. Under the Underwriting Agreement, the Underwriter has agreed to act as sole lead manager, bookrunner and underwriter for the Offers.

Commissions, fees and expenses

The Company must pay to the Underwriter, in accordance with the Underwriting Agreement, a management and selling fee of 1% of the proceeds raised under the respective Offers and an underwriting fee of 1% of the proceeds raised under the respective Offers, with the relevant fees payable on the settlement date for each of the respective Offers.

The Company may, in its absolute discretion, also pay to the Underwriter an incentive fee of up to 0.5% of the proceeds of the Offers.

The Underwriter may appoint sub-underwriters, co-managers and brokers to the Offers and will be responsible for paying all commissions and other fees payable to them.

Termination events

In accordance with the provisions of the Underwriting Agreement, the Underwriter may terminate its obligations under the Underwriting Agreement by notice in writing to the Company if any of the following events occur:

- (a) the S&P/ASX All Ordinaries Index closes for two consecutive trading days during the Offers, or closes on the trading day prior to 2.00pm on the date for final settlement under the last component of the Offers (**Final Settlement Date**), lower than 90% of the level of that index as at the close of normal trading on ASX on the trading day immediately preceding the date of the Underwriting Agreement;

- (b) if:
- (i) the Prospectus becomes misleading or deceptive or is likely to mislead or deceive (including misleading within the meaning in section 728(2) of the Corporations Act) or omits any information it is required to contain (in particular having regard to section 713 of the Corporations Act and any other applicable requirements) or there are no reasonable grounds for the making of any statement in the Prospectus relating to future matters; or
 - (ii) a new circumstance has arisen since the date of the Prospectus, which would have been required by the Corporations Act to be included in the Prospectus if the matter had arisen before the date;
- (c) any material statement or estimate in any offer document prepared in respect of the Offers (**Offer Document**) which relates to a future matter is or becomes incapable of being met;
- (d) the sequence of any event specified in the timetable for the Offers which occurs on or prior to the Final Settlement Date is delayed for two or more Business Days (other than a delay required by ASIC as a result of the extension of the exposure period for the Prospectus under section 727(3) of the Corporations Act or a delay to the second quotation approval date, Second Settlement Date or Second Issue Date (each as defined in the Underwriting Agreement)) without the prior written approval of the Underwriter (following consultation with the Company);
- (e) any person (other than the Underwriter) gives a notice in accordance with section 730 of the Corporations Act;
- (f) any person (other than the Underwriter) whose consent to the issue of an Offer Document is required by section 716 or 720 of the Corporations Act does not provide that consent in a form acceptable to the Underwriter (acting reasonably) or any person who has previously consented to the issue of an Offer Document withdraws such consent or any person otherwise named in an Offer Document with their consent (other than the Underwriter) withdraws such consent;
- (g) ASIC:
- (i) applies for an order under section 1324 or 1325, of the Corporations Act, or an order under Part 9.5 of the Corporations Act, in relation to the Offers or any Offer Document, except where such application or order does not become publicly known and is withdrawn within three Business Days of being made (or if it is made within three Business Days prior to the Final Settlement Date it has been withdrawn prior to 12.00pm on the day before the Final Settlement Date);
 - (ii) holds, or gives notice of intention to hold, a hearing or investigation in relation to the Offer or any Offer Document under the Corporations Act or the ASIC Act, except where such notice does not become publicly known and is withdrawn within three Business Days of being made (or if it is made within three Business Days prior to the Final Settlement Date it has been withdrawn prior to 12.00pm on the day before the Final Settlement Date);
 - (iii) prosecutes or gives notice of an intention to prosecute, except where such prosecution or notice does not become publicly known and is withdrawn within three Business Days of being made (or if it is made within three Business Days prior to the Final Settlement Date it has been withdrawn prior to 12.00pm on the day before the Final Settlement Date); or
 - (iv) commences proceedings against, or gives notice of an intention to commence proceedings against, the Company or any of its officers, employees or agents in relation to the Offers or any Offer Document, except where such proceedings or notice does not become publicly known and is withdrawn within three Business Days of being made (or if it is made

within three Business Days prior to the Final Settlement Date it has been withdrawn prior to 12.00pm on the day before the Final Settlement Date);

- (h) there is an application to the Takeovers Panel for an order, declaration or other remedy in connection with the Offers or any agreement entered into in connection with the Offers and the application is not withdrawn or rejected by the Takeovers Panel by the Business Day prior to the Final Settlement Date;
- (i) criminal proceedings are brought against the Company or any officer of the Company in relation to any fraudulent, misleading or deceptive conduct relating to the Company whether or not in connection with the Offers or civil proceedings are brought against such persons in relation to fraudulent conduct relating to such matters;
- (j) the Company withdraws the Offers or the invitations to apply for Notes under the Offer Documents;
- (k) a supplementary prospectus is in the reasonable opinion of the Underwriter required under the Corporations Act to be lodged with ASIC or the Company lodges a supplementary prospectus without the prior written approval of the Underwriter, in each case, to avoid a contravention of, or commission of an offence under, the Corporations Act;
- (l) the Company is prevented from issuing the Notes in accordance with the Underwriting Agreement;
- (m) a closing certificate is not furnished when required to be furnished by the Company under the Underwriting Agreement;
- (n) the Company ceases to be admitted to the official list of ASX;
- (o) trading in Shares on the financial market operated by ASX is halted or suspended (other than a trading halt contemplated by the Underwriting Agreement or with the prior written consent of the Underwriter), or the Shares cease to be officially quoted;
- (p) ASX advises the Company in writing that official quotation of the Notes will not be granted, or such official quotation is granted but subsequently withdrawn, qualified or withheld or ASX suspends trading in the Notes which, for the avoidance of doubt, does not include the trading halt required in respect of the Offers or a trading halt or suspension otherwise implemented with the consent of the Underwriter to facilitate the Offers;
- (q) the Company or any member of the Group breaches, or defaults under, any provision, undertaking, covenant or ratio of a material debt or financing arrangement (including the debt facility agreement with the Senior Lender) or any related documentation to which that entity is a party which has or is likely to have a material adverse effect on the Group; or an event of default or event which gives a lender or financier the right to accelerate or require repayment of the debt or financing, or other similar material event occurs under or in respect to any such debt or financing arrangement or related documentation which has or is likely to have a material adverse effect on the Group;
- (r) other than as disclosed to the Underwriter prior to the date of the Offers, a change in the Directors is announced or occurs;
- (s) other than as disclosed to the Underwriter prior to the date of the Underwriting Agreement, a change in chief executive officer of the Company is announced or occurs;
- (t) a member of the Group is or becomes insolvent; and

- (u) if:
- (i) a Director is charged with a criminal offence relating to any financial or corporate matter; or
 - (ii) any Director is disqualified under the Corporations Act from managing a corporation.

Termination subject to materiality

The Underwriter may terminate the Underwriting Agreement by notice in writing to the Company, if the Underwriter has reasonable grounds to believe that:

- (a) the event has had, or could be expected to have, individually or in aggregate, a material adverse effect on:
 - (i) the success or outcome of the Offers;
 - (ii) the ability of the Underwriter to market or promote or settle the Offer; or
 - (iii) the market price of the Shares or the Notes; or
- (b) the Underwriter will contravene, or be involved in a contravention of, or incur a liability under, the Corporations Act or any other applicable law as a result of the event.

These events include:

- (a) civil proceedings are brought against the Company or any officer of the Company in relation to any misleading or deceptive conduct relating to the Company whether or not in connection with the Offers;
- (b) any regulatory body commences any public action against the Company or any of the Directors or publicly announces that it intends to take any such action;
- (c) a statement in a closing certificate delivered to the Underwriter under the Underwriting Agreement is untrue incorrect or misleading or deceptive;
- (d) there is introduced into the parliament of the Commonwealth of Australia or any State or Territory of Australia a law or any new regulation is made under any law, or a Government Agency or the Reserve Bank of Australia announces and implements a new policy, or there is any official announcement on behalf of the Government of the Commonwealth of Australia or any State or Territory of Australia or a Government Agency that such a law or regulation will be introduced (as the case may be);
- (e) the due diligence committee report is or becomes misleading or deceptive or likely to mislead or deceive whether by omission or otherwise;
- (f) a representation or warranty made or given, or deemed under the Underwriting Agreement to have been made or given, by the Company under the Underwriting Agreement proves to be, or has been, or becomes, untrue or incorrect;
- (g) the Company fails to comply with any of its obligations under the Underwriting Agreement;
- (h) a Government Agency withdraws, revokes or amends any regulatory approvals, including an ASX confirmation, required for the Company to perform its obligations under the Underwriting Agreement or to carry out the transactions contemplated by the offer documents;
- (i) in respect of any one or more of Australia, the United States of America, any member state of the European Union, the Peoples Republic of China or South Korea:

- (i) hostilities not presently existing commence (whether or not war has been declared);
 - (ii) a major escalation in existing hostilities occurs (whether or not war has been declared);
 - (iii) a declaration is made of a national emergency or war,
 - (iv) or a significant act of terrorism is perpetrated anywhere in the world;
- (j) the Australian federal government or any Australian state or territory government
 - (i) extends the controls on the freedom of movement of persons (**Restrictions**) beyond the periods expected as at the date of the Underwriting Agreement or (ii) implements further unexpected wide ranging restrictions, which, in each case, would materially impact the Company's Christmas trading;
- (k) any of the following occurs:
 - (i) any adverse change or disruption to financial markets of Australia, the United Kingdom, the United States of America, Hong Kong, the Peoples Republic of China;
 - (ii) a general moratorium on commercial banking activities in Australia, the United Kingdom, the United States of America, Hong Kong or the Peoples Republic of China is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or
 - (iii) trading in all securities quoted or listed on ASX, the London Stock Exchange, the New York Stock Exchange, is suspended for at least one trading day; and
- (l) there is an adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Group including:
 - (i) any adverse change in the earnings or future prospects of the Group from those disclosed to ASX in accordance with the ASX listing rules prior to the date of the Underwriting Agreement or in the Offer Documents; or
 - (ii) any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Group from those disclosed to ASX in accordance with the ASX listing rules prior to the date of the Underwriting Agreement or in the Offer Documents.

Indemnity

Subject to certain exclusions relating to, among other things, fraud, wilful misconduct or gross negligence by an indemnified party, the Company agrees to keep the Underwriter and certain affiliated parties indemnified from losses suffered or incurred directly or indirectly arising out of or in connection with the Offers or the annual general meeting.

Conditions, warranties, undertakings and other terms

The Underwriting Agreement contains certain standard representations, warranties and undertakings by the Company to the Underwriter (as well as common conditions precedent), including provision of final due diligence reports and sign-offs to the Underwriter, in a form and substance satisfactory to the Underwriter. The representations and warranties given by the Company include, but are not limited to, matters such as power and authorisations, compliance with applicable laws and the ASX listing rules, accounts, post balance date events, information contained in the Offer Documents, the conduct of the Offers and the due diligence process and encumbrances.

The Company provides undertakings under the Underwriting Agreement which include, but are not limited to, notifications of breach of any obligation, representation or warranty or undertaking and that it will not, during the period following the date of the Underwriting Agreement until 120 days after completion, issue or agree to issue any securities or other securities without the consent of the Underwriter (such consent not to be unreasonably withheld or delayed), other than as referred to in the offer document or grants or issues under an employee securities or option plan.

6.3 Sub-underwriting Agreement

The Underwriter has entered into sub-underwriting agreements with a number of investors, including Alceon GT Pty Limited as trustee for the Alceon Group Trust (AGT), the parent entity of Alceon Group Pty Ltd (Alceon Group), a substantial shareholder of the Company.

Set out below is a summary of the material terms of the sub-underwriting agreements:

- (a) each sub-underwriting agreement is on customary terms for a sub-underwrite of this nature and includes customary acknowledgements and indemnities in favour of the Underwriter.
- (b) Each sub-underwriter agrees to be bound by the ECM Master Terms dated 8 March 2021.
- (a) No fees will be paid to sub-underwriters by the Underwriter.
- (b) In the event of a Shortfall, the sub-underwriters are required to subscribe for Notes, in respect the total number of Securities for which sub-underwriting commitments are received by the Underwriter, in accordance with a specified formula.
- (c) sub-underwriting participation will automatically lapse and no sub-underwriter will receive any Notes if:
 - the sub-underwriter does not validly accept its commitment under the sub-underwriting agreement;
 - the Entitlement Offer does not proceed or is withdrawn by the Company;
 - the Underwriting Agreement is terminated in accordance with its terms, or the Underwriting Agreement otherwise ceases, including as a result of a condition not being satisfied for any reason and the Underwriter does not waive such non-satisfaction;
 - the Company does not pay to the Underwriter the fees due to it under the Underwriting Agreement;
 - the sub-underwriter breaches any terms of the sub-underwriting agreement and the Underwriter gives a notice of the termination of this sub-underwriting agreement; or
 - the Underwriter exercises its right to terminate.
- (d) The sub-underwriters have no right to terminate the sub-underwriting agreement.
- (e) Each sub-underwriter's allocation may be scaled back proportionally if the Shortfall at the close of the Entitlement Offer is below the amount of the sub-underwriting pool.

7. Australian tax implications

7.1 Introduction

The following is a summary of the Australian tax consequences for certain Noteholders who subscribe for Notes under Offers and who hold Notes and Shares acquired on conversion of Notes on capital account for Australian tax purposes.

This summary is not intended to be exhaustive and it does not reflect the Australian tax consequences unique to each Noteholder's particular circumstances. Further, the summary does not address the taxation consequences of holding Notes under the laws of any jurisdiction other than the laws of Australia. You should seek advice from your own taxation adviser, financial adviser or other professional adviser before deciding to invest in the Notes.

This summary does not consider the tax consequences for Noteholders who:

- acquire the Notes otherwise than under the Entitlement Offer and the Placement Offer;
- hold their Notes and Shares acquired on Conversion of Notes on revenue account;
- carry on a business of trading in shares or securities;
- are a non-resident that has a permanent establishment in Australia for tax purposes; or
- are subject to the "taxation of financial arrangements" provisions in Division 230 of the Income Tax Assessment Act 1997 (the **1997 Act**); or
- are an "associate", "associated persons" or "related persons" (as defined for Australian income tax and stamp duty purposes) of the Company.

This summary is not intended to be, nor should it be construed as being, investment, legal or tax advice to any particular Noteholder. This summary is based on Australian tax laws and regulations, interpretations of such laws and regulations, and administrative practices as at the date of this Prospectus.

The Company, its agents, officers and advisors do not accept any liability or responsibility for any of the tax consequences related to this Prospectus or the acquisition, holding, disposal, redemption or conversion of a Note or any Share in the Company. Accordingly, each prospective Noteholder should seek their own tax advice, which is specific to their particular circumstances, as to the Australian and any applicable foreign tax consequences of investing in, holding and disposing of the Notes.

7.2 Entitlement Offer

On the basis that the Entitlements cannot be traded, transferred, assigned, or otherwise dealt with by the Shareholders (and are therefore distinguishable from the rights considered in *Commissioner of Taxation v McNeil* [2007] HCA 5), and will lapse for no value if not exercised, the value of the non-renounceable right received by a Shareholder pursuant to the Entitlement Offer should not be required to be included in the assessable income of the Shareholder as ordinary income. The receipt of the Entitlements by a Shareholder should not give rise to a capital gain or loss for capital gains tax (**CGT**) purposes.

7.3 Tax treatment of Notes

The Notes should be classified as a debt interest for the purposes of the Income Tax Assessment Act 1936 (the **1936 Act**) and Division 974 of the 1997 Act and also as "traditional securities" for the purposes of sections 26BB and 70B of the 1936 Act.

7.4 Interest payable on Notes

Australian tax residents

As the Notes should be classified as debt interests for the purposes of the 1936 Act and the 1997 Act, distributions on the Notes should not be frankable. Accordingly, Australian resident Noteholders should include the interest on the Notes in their assessable income in the year of income in which the interest is derived from them. Generally, taxpayers will derive interest income at the time of payment either in cash or in kind.

Non-Australian tax residents

In circumstances where:

- a Noteholder is a non-resident of Australia for tax purposes; and
- the Noteholder does not hold Notes through a permanent establishment in Australia,

then the interest payments received in respect of the Notes should not be included in the Australian assessable income of the Noteholder.

Normally, interest payable to non-residents would be subject to Australian withholding tax. However, it is intended that the Notes are issued in a manner which will cause the interest payable to be exempt from Australian withholding tax under section 128F of the 1936 Act.

If the exemption under section 128F does not apply and an interest payment to a non-resident Noteholder is subject to withholding tax, in accordance with 4.1.11(b) of the Note Terms, the Company has no obligation to pay an additional amount to the Noteholder to compensate for the withholding tax.

If a non-resident Noteholder does hold Notes through a permanent establishment in Australia, then interest payments will be included in the assessable income of the Noteholder for Australian taxation purposes. Interest withholding tax will not apply to interest payments paid to such a Noteholder.

7.5 Disposal of Notes prior to the Conversion or Redemption

Australian resident Noteholders

Where a Noteholder disposes of a Note prior to the Conversion or Redemption of that Note, any gain over the Issue Price should be included in the Noteholder's assessable income under Section 26BB of the 1936 Act. Noteholders will not be eligible for the CGT discount on any gains made in these circumstances.

Where a Noteholder disposes of a Note prior to the Conversion or Redemption of that Note for less than its Issue Price, the loss should ordinarily be deductible under Section 70B of the 1936 Act.

However, in certain circumstances set out in section 70B of the 1936 Act, a loss realised will not be deductible and will be treated as a capital loss for Australian taxation purposes. Whether the loss arising on Conversion or Redemption is tax deductible or is a capital loss will depend on the circumstances of the Noteholder and Noteholders that realise a loss on the disposal of their Notes should seek their own independent tax advice in this regard.

The disposal of the Notes will also constitute a taxable CGT event under the CGT provisions. To avoid double taxation, the amount of any capital gain on the disposal of a Note will be reduced to the extent the gain is included in a Noteholder's assessable income under section 26BB of the 1936 ACT, and any capital loss will be reduced by the amount of the loss deductible under section 70B of the 1936 Act.

Non-resident Noteholders

Non-resident Noteholders should not be subject to Australian tax on the disposal of the Notes provided the source of the income on the disposal of a Note is not in Australia.

Whether a gain on the disposal of Notes is from Australian sources depends on the relative importance of various factors, including, but not limited to, the place of contract to acquire and dispose of the Notes. In this regard, non-resident Noteholders should be aware that the Australian Taxation Office (ATO) has previously taken the view in a published (non-binding) interpretative decision that any gain from the sale of listed securities on the ASX through an Australian stockbroker has an Australian source on the basis that the sale contract is formed in Australia.

Notwithstanding the above, non-resident Noteholders who are resident in a country which has a double tax agreement with Australia may, subject to the terms of the relevant tax treaty, be exempt from any Australian income tax on Australian sourced gains attributable to the disposal of their Notes.

In addition, non-resident Noteholders may be subject to tax on the disposal of the Notes in their respective tax jurisdictions.

Non-resident Noteholders should obtain their own independent advice as to the Australian and foreign taxation consequences of disposing of their Notes.

7.6 Conversion Notes to Shares

Australian resident Noteholders

Where an Australian resident Noteholder elects to convert their Notes into Shares, any assessable gain made or deductible loss incurred by the Noteholder should be disregarded under section 26BB or 70B of the 1936 Act (as applicable). Similarly, no capital gain or loss should arise for CGT purposes at the time of conversion.

Non-resident Noteholders

As with Australian resident Noteholders, non-resident Noteholders should not be subject to Australian tax on the conversion of the Notes to Shares. However, non-resident Noteholders may be subject to tax on the conversion of the Notes to Shares in their respective tax jurisdictions.

7.7 Cost Base and Disposal of the Shares resulting from the Conversion of the Notes

Australian resident Noteholders

Where a Noteholder elects to Convert their Notes into Shares, the first element of the cost base and reduced cost base in the Shares for CGT purposes should be determined by apportioning the cost base or reduced cost base (as applicable) of the Notes over the Shares on a reasonable basis.

For CGT purposes, Noteholders should be deemed to have acquired the Shares at the time of conversion of the Notes.

The subsequent disposal of Shares by an Australian tax resident should give rise to a capital gain or capital loss. Broadly, a capital gain should arise if the capital proceeds from the disposal of the Shares by the Noteholder exceed the cost base of the Shares while a capital loss should arise if the capital proceeds from the disposal of the Shares are less than the reduced cost base of the Shares.

Certain taxpayers such as an individual, a complying superannuation entity or a trustee Noteholder may be entitled to a discount on the amount of the assessable capital gain (after

application of any available capital losses) arising from the disposal of the Shares if the Shares have been held for at least 12 months from the date of their acquisition for CGT purposes (the **CGT discount**). The CGT discount percentage is 50% for individuals and trusts and 33.33% for complying superannuation entities. An Australian resident corporate tax entity is not able to obtain the CGT discount.

Non-resident Noteholders

Non-resident Noteholders should broadly only be subject to Australian CGT on the disposal of Shares where they, together with "associates" hold 10% or more of the issued capital of the Company and the Shares are an "indirect Australian real property interest". The determination of whether a Share is an indirect Australian real property interest is made at the time of the relevant CGT event.

Where a non-resident is subject to Australian CGT upon disposal of a Share the consequences are broadly the same as outlined above for residents, subject to the operation of any relevant double tax agreement, with the exception that the CGT discount is not generally available to non-residents.

7.8 Redemption of Notes by the Company (at Maturity Date or earlier)

Australian resident Noteholders

Where the Company Redeems the Notes and the Redemption proceeds exceed the apportioned issue price, the Noteholder should realise an assessable gain on the Redemption. In accordance with Section 26BB of the 1936 Act, the gain should be included in the Noteholder's assessable income in the income year in which the disposal or redemption takes place.

Non-resident Noteholders

Non-resident Noteholders may be subject to tax on the redemption of the Notes in their respective tax jurisdictions. Non-resident Noteholders should obtain their own independent advice as to the taxation consequences of the redemption of their Notes.

7.9 GST

There should be no Australian GST payable in respect of the issue or receipt of the Notes on the basis that the supply of the Notes should either be an input taxed financial supply (in the case of Australian resident Noteholders) or a GST-free supply (in the case of non-resident Noteholders). Furthermore, the payment of interest, the Redemption of the Notes and the disposal of the Notes, should not give rise to any Australian GST liability.

Noteholders should seek their own independent advice as to whether any GST on costs they incur in relation to acquiring the Notes would be recoverable.

7.10 Stamp duty

Under current law, no stamp duty should be payable by Noteholders on the issue, receipt, transfer or Redemption of the Notes. Where the Notes are Converted into Shares, stamp duty may arise on the conversion. The Noteholder should obtain professional stamp duty advice prior to the Conversion of the Notes.

7.11 Tax File Numbers (TFN) and Australian Business Numbers (ABN)

The Company will be required to withhold an amount of Australian tax at the highest marginal tax rate plus Medicare Levy (currently 47%) on payments of interest under the Notes and remit the relevant amount withheld to the ATO unless the Noteholder has provided the Company with either:

- their Australian TFN;
- for investors who acquire and hold their Notes in the course of carrying on an enterprise, their ABN; or
- the relevant investor is otherwise exempt from providing this information (e.g. where an investor is a non-resident and the interest would otherwise be subject to interest withholding tax but for the exemption in section 128F of the 1936 Act described above).

If interest under the Notes is subject to TFN/ABN withholding, Australian resident Noteholders should be able to claim the amount withheld as a credit against their Australian income tax liability in their tax return.

8. Additional information

8.1 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Headline
27/09/2021	Change of AGM Date
24/09/2021	Update - Proposed issue of securities - MOZ
10/09/2021	Update - Proposed issue of securities - MOZ
10/09/2021	MOZ - Convertible Note Trust Deed
10/09/2021	MOZ - Prospectus - Convertible rights note issue
09/09/2021	Change in substantial holding from PPT
08/09/2021	Update - Proposed issue of securities - MOZ
06/09/2021	Proposed issue of securities - MOZ
06/09/2021	Reinstatement to Official Quotation
06/09/2021	MOZ - Capital Raise Presentation
06/09/2021	MOZ- Announcement - removal of trading halt
03/09/2021	Suspension from Official Quotation
01/09/2021	Trading Halt
31/08/2021	MOZ - Market Update FY2021 - updated
31/08/2021	MOZ - FY2021 Investor Presentation
31/08/2021	MOZ - FY2021 Market Update
31/08/2021	MOZ - FY2021 Annual Report

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

8.2 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The Notes to be issued under the Offers are intended to be a new class of quoted security in the Company and as such have no previous trading history.

The highest, lowest and last market close prices of the Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	\$0.63	7 September 2021
Lowest	\$0.455	27 & 31 August 2021, 1 to 3 September 2021
Last	\$0.60	27 September 2021

8.3 Directors' interests, benefits and related party transactions

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offers.

8.3.1 Directors' interests in securities

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below:

Director	Shares	Voting power ¹ (%)	Entitlement	\$
Richard Facioni	1,800,000	1.86	410,022	410,022
Scott Evans	4,788,869	4.95	1,090,858	1,090,858
David Wilshire	Nil	Nil	Nil	Nil
Jacqueline Frank	Nil	Nil	Nil	Nil

Note:

1. Based on 96,662,930 Shares currently on issue.

The Board recommends all Shareholders take up their Entitlement. The Company will advise ASX of Director participation in accordance with the Listing Rules.

8.3.2 Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$750,000 per annum in aggregate.

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine

where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to current Directors.

Director	Financial year ending 27 June 2022 ¹	Financial year ended 27 June 2021 ²
Richard Facioni	\$185,000	\$338,586
Scott Evans	\$1,198,000	\$1,488,312 ³
David Wilshire	\$100,000	\$100,000
Jacqueline Frank	\$110,000	\$103,167

Notes:

1. Includes salary and fees as well as superannuation, but does not include any bonuses that may be earned in accordance with the LTI / bonus scheme or equity settlement provisions
2. Includes salary and fees, non-monetary benefits, superannuation, long service leave benefits and share based payments. Further details are set out in the remuneration report contained in the Company's annual report announced on 31 August 2021.
3. Includes one-off annual leave entitlement payout, resulting from COVID workthrough.

8.4 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers; or
- (f) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offers.

Melbourne Securities Corporation Limited has agreed to act as Trustee under the Trust Deed. The fees payable by the Company to the Trustee are set out in Section 6.1. During the 24

months preceding lodgement of this Prospectus with ASIC, the Trustee has not been paid any fees by the Company.

Wilsons Corporate Finance Limited has agreed to act as Underwriter and lead manager to the Offers. The Company has agreed to pay to the Underwriter the amounts set out in Section 6.2.

Alceon Group Pty Ltd as trustee for the Alceon Group Private Equity Trust (**AGPET**) (a related entity of Alceon Group) has acted as financial adviser in respect of the Offers. The Company estimates that it will pay AGPET an amount equal to 1.5% of the funds raised under the Offers, being \$480,283 (excluding GST), for financial advisory services provided to the Company in connection with the Offers. During the 24 months preceding lodgement of this Prospectus with the ASIC, Alceon GT Pty Ltd as trustee for The Alceon Group Trust (the parent company of Alceon Group) has been paid fees totalling \$240,000 by the Company for services provided to the Company in connection with ongoing financial, strategic and tactical advice in relation to a broad range of matters including potential corporate activity and debt and equity funding requirements of the Company.

Deloitte Private Pty Ltd (ACN 120 167 455) (**Deloitte**) has acted as tax adviser in respect of the Company and the Offers. The Company estimates that it will pay Deloitte \$40,000 (excluding GST and disbursements) for these services.

Hamilton Locke Pty Ltd has acted for the Company as its Australian legal adviser in respect of the Offers. The Company estimates that it will pay Hamilton Locke Pty Ltd \$300,000 (excluding GST and disbursements) for these services.

Quigg Partners has acted for the Company as its New Zealand legal adviser in respect of the Offers. The Company estimates that it will pay Quigg Partners \$1,000 (excluding GST and disbursements) for these services.

8.5 Consents to be named and to the inclusion of information

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Notes), the Directors, the persons named in the Prospectus with their consent as proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus, although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Melbourne Securities Corporation Limited has given its written consent to being named as the Trustee in this Prospectus, in the form and context in which it is named. The Trustee has not withdrawn its consent prior to the lodgement of the Prospectus with ASIC.

Wilsons Corporate Finance Limited has given its written consent to being named as the underwriter to the Offers in this Prospectus, in the form and context in which it is named. Wilsons Corporate Finance Limited has not withdrawn its consent prior to the lodgement of the Prospectus with ASIC. Wilsons Corporate Finance Limited (including its related entities) is not a Shareholder of the Company.

Alceon GT Pty Limited as trustee for the Alceon Group Trust (**AGT**) has given its written consent to being named as a sub-underwriter of the Entitlement Offer in this Prospectus, in the form and context in which it is named. AGT has not withdrawn its consent prior to the lodgement of the Prospectus with ASIC. Investment trusts managed and controlled by Alceon Group Pty Ltd, a related entity of AGT, is a Shareholder of the Company and currently has a relevant interest in 34,674,742 Shares.

Deloitte has given its written consent to being named as the tax advisers in respect of the Company and the Offers in this Prospectus, in the form and context in which it is named. Deloitte has not withdrawn its consent prior to the lodgement of the Prospectus with ASIC.

Hamilton Locke Pty Ltd has given its written consent to being named as the Australian legal advisers in respect of the Company and the Offers in this Prospectus, in the form and context in which it is named. Hamilton Locke Pty Ltd has not withdrawn its consent prior to the lodgement of the Prospectus with ASIC.

Quigg Partners has given its written consent to being named as the New Zealand legal advisers in respect of the Company and the Offers in this Prospectus, in the form and context in which it is named. Quigg Partners has not withdrawn its consent prior to the lodgement of the Prospectus with ASIC.

BDO Audit Pty Ltd has given its written consent to being named as the auditor to the Company in this Prospectus, in the form and context in which it is named, and to the inclusion of the audited statement of financial position in Section 3.3. BDO Audit Pty Ltd has not withdrawn its consent prior to the lodgement of the Prospectus with ASIC.

Computershare Investor Services Pty Limited has given its written consent to being named as the Share Registry in this Prospectus, in the form and context in which it is named. Computershare Investor Services Pty Limited has not withdrawn its consent prior to the lodgement of the Prospectus with ASIC.

8.6 Expenses of the Offers

The total expenses of the Offers are estimated to be approximately \$1.716 million (excluding GST and assuming full subscription) and are expected to be applied towards items set out in the table below:

	\$
Underwriter's fees ¹	800,473
Financial advisory fees ²	480,283
Tax, legal, regulatory, Trustee and other expenses	435,000
Total	1,715,756

Notes:

1. Refer to Section 6.2 for a summary of the terms of the Underwriting Agreement.
2. Payable to Alceon Group Pty Ltd as trustee for the Alceon Group Private Equity Trust (a related entity of Alceon Group).

8.7 Litigation

As at the date of this Prospectus, so far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse impact on the business or financial position of the Company.

A third party which owns a trademark registration for Crocs is currently disputing the sale by Rivers of a particular shoe product. The Company does not accept the third party's allegations and intends to continue to assert its right to sell the shoe in the manner in which it currently does. Court proceedings were served on 30 August 2021 and the Company intends to defend any such claims which may be brought against it and intends to cross claim to remove the registration of the trademark it is alleged that the Company has breached.

8.8 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

8.9 CHESS and Issuer Sponsorship

The Company will not be issuing Note certificates. The Company is a participant in CHESS, for those Eligible Shareholders who have, or wish to have, a sponsoring stockbroker. Eligible Shareholders who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to Eligible Shareholders. Instead, Eligible Shareholders will be provided with a statement (similar to a bank account statement) that sets out the number of Notes allotted to them under this Entitlement Offer. The notice will also advise holders of their Holder Identification Number or Securityholder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

8.10 Design and distribution obligations

From 5 October 2021, the new product design and distributions obligations (**DDO Obligations**) take effect. The design and distribution obligations are intended to help consumers obtain appropriate financial products by requiring issuers and distributors to have a consumer-centric product. The DDO Obligations require product issuers to make publicly available a target market determination that explains the target market for the Offer, any distribution conditions, and any information related to reviewing and monitoring conduct in relation to the target market determination.

The Company has prepared a target market determination which is available on the Company's website www.mosaicbrandslimited.com.au or you can request a paper copy by contacting the Company on (02) 8577 7777 or companysecretary@mosaicbrandsltd.com.au.

8.11 Privacy disclosure statement

Company

If you complete an Application for Notes, you will be providing personal information to the Company (directly or by Registry). The Company collects, holds and will use that information to assess your Application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or the Registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Application for Notes, the Company may not be able to accept or process your Application.

Trustee

Information provided to the Trustee will primarily be used for the purpose of providing trustee or security trust services to the Company and for ancillary purposes detailed in the Trustee's Privacy Policy. The Trustee may disclose your personal information, such as, your name and contact details, along with your account information to its related bodies corporate, the Company, professional advisers, the land titles office and/or as otherwise instructed by the Company. The Trustee is not likely to disclose your personal information to overseas recipients. Your personal information will be used in accordance with the Trustee's Privacy Policy. The Trustee's Privacy Policy contains information about how you may access or correct your personal information held by the Trustee and how you may complain about a breach of the Australian Privacy Principles. You may obtain a copy of the Trustee's Privacy Policy at www.msc.group/privacy-policy.

9. Approval

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

A handwritten signature in blue ink, appearing to read 'R. Facioni', with a long horizontal stroke extending to the right.

Richard Facioni
Chairman
For and on behalf of
Mosaic Brands Limited

Glossary

\$ or A\$	Australian dollar.
Additional Notes	Notes applied for in excess of an Eligible Shareholder's Entitlement.
AEST	Australian Eastern Standard Time.
AFSL	Australian Financial Services Licence.
Alceon Group	Alceon Group Pty Ltd (ACN 122 365 986).
Applicant	an Eligible Shareholder or other party who applies for Notes under an Offer.
Application	an application to subscribe for Notes under this Prospectus.
Application Form	means an Entitlement and Acceptance Form, Placement Offer Application Form or Shortfall Application Form as the context requires.
Application Moneys	means money submitted by Applicants in respect of Applications.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited (ABN 98 008 624 691) or the financial market operated by it, as the context requires.
ASX Listing Rules	the listing rules of ASX.
ASX Settlement Operating Rules	the settlement rules of ASX Settlement Pty Limited (ABN 49 008 504 532).
Australian Accounting Standards	for a person: (a) all accounting standards or principles that it is required to comply with by an Australian law and the Australian Accounting Standards Board; and (b) except to the extent inconsistent with paragraph (a), generally accepted accounting principles
Board	the board of directors of the Company.
Business Day	has the meaning given to that term in the ASX Listing Rules.
CHESS	Clearing House Electronic Sub-register System.
Closing Date	the date specified in the timetable set out at the commencement of this Prospectus (unless extended).
Company	Mosaic Brands Limited (ACN 003 321 579).
Constitution	the constitution of the Company as at the date of this Prospectus.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Danfin	Danfin Pty Ltd (ACN 602 537 182).
DDO Obligations	has the meaning given to that term in Section 8.10.
Deloitte	Deloitte Private Pty Ltd (ACN 120 167 455)
Director	a director of the Company as at the date of this Prospectus.
Eligible Shareholders	a Shareholder with a registered address in Australia or New Zealand whose details appear on the Company's register of Shareholders as at the Record Date.
Entitlement	the number of Notes an Eligible Shareholder is entitled to subscribe for on the basis of the number of Shares held as at the Record Date.

Entitlement and Acceptance Form	the entitlement and acceptance form either attached to or accompanying this Prospectus.
Entitlement Offer	the non-renounceable entitlement offer the subject of this Prospectus.
Existing Senior Debt Obligations	has the meaning given in Section 4.1.14.
Exposure Period	the period of 7 days after the date of lodgement of this Prospectus with ASIC, which period may be extended by ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.
Government Authority	any government or any governmental, semi- governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity.
Group	the Company and its wholly owned subsidiaries from time to time.
GST	Goods and Services Tax.
HIN	Noteholder Identification Number.
Holding Statement	a statement issued by the Registry to Noteholders, which sets out the number of Notes issued to that Noteholder.
Intercreditor Deed	has the meaning given to that term in Section 2.8.
Issue Date	the date specified in the timetable set out at the commencement of this Prospectus.
Law	any law, or any administrative guideline, directive, regulation, request or policy of any Government Authority whether or not having the force of law and, if not having the force of law, the observance of which is in accordance with the practice of responsible banks or financial institutions, and without limitation to the generality of the foregoing, Law expressly includes the requirements of Part 2L of the Corporations Act.
Note	a convertible note (the terms of which are set out in Section 4.1 of this Prospectus), offered pursuant to this Prospectus.
Note Terms	the terms and conditions of issue of the Notes (which terms form Schedule 1 to the Trust Deed and are set out in Section 4.1).
Noteholder	a registered holder of one or more Notes.
Offers	the Entitlement Offer, the Placement Offer and the Shortfall Offer.
Offer Period	the period from the Opening Date to the Closing Date.
Official Quotation	official quotation on ASX.
Opening Date	the date specified in the timetable set out at the commencement of this Prospectus.
Original Prospectus	the prospectus issued by the Company and dated 9 September 2021, which is replaced in full by this replacement Prospectus.
Permitted Finance Arrangement	<p>indebtedness:</p> <ul style="list-style-type: none"> (a) pursuant to the Senior Debt Obligations; (b) as expressly permitted by the Senior Debt Obligations; (c) any indebtedness incurred or guaranteed after the Issue Date for the purpose of replacing, refinancing or extending the maturity of or the Notes; or (d) any Permitted New Debt, <p>which must not exceed \$75 million in aggregate and must be on terms that are at market levels for indebtedness of this nature</p>

Permitted New Debt	indebtedness for moneys borrowed or raised pursuant to any financial accommodation not exceeding an aggregate amount of \$1,000,000.
Placement Offer	the placement offer the subject of this Prospectus.
Placement Offer Application Form	the Placement Offer application form either attached to or accompanying this Prospectus.
Prospectus	this replacement prospectus issued by the Company and dated 28 September 2021 (which replaced in full the Original Prospectus) as modified or varied by any replacement or supplementary prospectus issued by the Company and lodged with ASIC from time to time.
Record Date	the date specified in the timetable set out at the commencement of this Prospectus.
Redemption Amount	of a Note means the face value of the Note plus interest which has accrued but which has not become due, plus unpaid interest up to the date of redemption of the Note.
Registry or Share Registry	Computershare Investor Services Pty Limited (ABN 48 078 279 277).
Related Body Corporate	has the meaning given in the Corporations Act.
Section	a section of this Prospectus.
Senior Debt Obligations	has the meaning given in Section 4.1.14.
Senior Lender	Australia and New Zealand Banking Group Limited (ABN 11 005 357 522).
Share	a fully paid ordinary share in the capital of the Company.
Shareholder	a holder of one or more Shares in the Company.
Shortfall	the Notes not applied for under the Entitlement Offer (if any).
Shortfall Offer	the offer of the Shortfall on the terms and conditions set out in Section 2.11.
Shortfall Application Form	the Shortfall application form either attached to or accompanying this Prospectus.
Transaction Security	has the meaning given to the term in Section 2.8.
Transaction Security Interest	has the meaning given in Section 4.1.14.
Trust	the trust established under the Trust Deed.
Trust Deed	the trust deed (including the Note Terms set out in Schedule 1) to be entered into between the Company and the Trustee as summarised in Section 6.1 and includes any document or documents supplemental to the Trust Deed or executed pursuant to the Trust Deed signed by the Trustee.
Trust Fund	together: <ul style="list-style-type: none"> (a) its right to enforce the Company's duty to repay the Notes; (b) the right to enforce any other duties that the Company has under the terms of the Notes, the Trust Deed and Chapter 2L of the Corporations Act; (c) the amount of \$10 referred to in the Trust Deed; and (d) any other property held by the Trustee on the trust established under the Trust Deed (including, without limitation, the benefit of any covenants, undertakings, representations, warranties, rights, powers, benefits or remedies in favour of the Trustee under the transaction documents).

Trustee	Melbourne Securities Corporation Limited (ACN 160 326 545, AFSL 428289).
Underwriter	Wilson's Corporate Finance Limited (ACN 057 547 323, AFSL 238383).
Underwriting Agreement	the underwriting agreement dated 6 September 2021 under which the Company appoints the Underwriter to underwrite the Offers, summarised in Section 6.2.

Corporate Directory

Directors

Richard Facioni, *Non-Executive Chairman*
Scott Graham Evans, *Managing Director and CEO*
Jacqueline A Frank, *Non-Executive. Director*
David Wilshire, *Non-Executive Director*

Company Secretary

Luke Anthony Softa

ASX code: MOZ

Company's Registered Office

61 Dunning Avenue
Rosebery NSW 2018

Telephone: (02) 8577 7777

Email: companysecretary@mosaicbrandsltd.com.au

Website: www.mosaicbrandslimited.com.au

Trustee*

Melbourne Securities Corporation Limited
AFSL 428289
Level 2
395 Collins Street
Melbourne VIC 3000

Auditor*

BDO Audit Pty Ltd
1 Market Street
Sydney NSW 2000

Share Registry*

Computershare Investor Services Pty Limited
Level 5
115 Grenfell Street
Adelaide SA 5000

Australian Legal Adviser

Hamilton Locke Pty Ltd
Level 42, Australia Square
264 George Street
Sydney NSW 2000

New Zealand Legal Adviser

Quigg Partners
Level 7, The Bayleys Building
36 Brandon Street
Wellington 6140
New Zealand

Underwriter

Wilsons Corporate Finance Limited
AFSL 238383
Level 12
8 Exhibition Street
Melbourne VIC 3000

Shareholder Enquires:

1300 556 161 (within Australia) +61 3 9415 4000 (outside Australia)

8.30am to 5.00pm (AEST), Monday to Friday

Email: companysecretary@mosaicbrandsltd.com.au

*These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus.

Convertible Note Trust Deed

Mosaic Brands Limited
(ACN 003 321 579)

Melbourne Securities Corporation Ltd
(ACN 160 326 545)

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Date: September 2021

Parties

Company	Name	Mosaic Brands Limited
	ACN	003 321 579
	Address	61 Dunning Avenue, Rosebery NSW 2018
	Email	Luka.Softa@mosaicbrandsltd.com.au
	Attention	Luka Softa
Trustee	Name	Melbourne Securities Corporation Ltd
	ACN	160 326 545
	AFSL	428289
	Address	Level 2, 395 Collins Street, Melbourne VIC 3000
	Email	trustee@msc.group
	Attention	Company Secretary

Background

- (A) The Company proposes to issue convertible notes in accordance with the provisions of this Deed.
- (B) The Company has agreed to enter into this Deed in order to make provision for the appointment of a trustee for Noteholders.
- (C) The Trustee has agreed to act as trustee of the trust constituted under this Deed on the terms contained in this Deed.

Operative provisions

1. Definitions and interpretation

1.1 Definitions

Terms defined in the Note Terms have the same meanings in this Deed. In addition, the following terms have the following meanings unless the contrary intention appears:

In this Deed:

Administrator has the same meaning as in the Corporations Act.

ASIC means the Australian Securities and Investments Commission.

ASIC Instrument means ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82.

Auditor means the auditor or firm of auditors appointed from time to time by the Company as required by the Corporations Act.

Authorisation means:

- (a) any consent, registration, filing, agreement, notice of non-objection, notarisation, certificate, licence, approval, permit, authority or exemption; or

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- (b) in relation to anything which a Government Authority may prohibit or restrict within a specific period, the expiry of that period without intervention or action or notice of intended intervention or action.

CHESS means the Clearing House Electronic Subregister System, operated in accordance with the Corporations Act.

Conversion Rate means the rate set out in clause 3.4 of the Note Terms.

Date of Conversion means the date on which fully paid ordinary Shares are issued to the Noteholder in accordance with clause 3.1 of the Note Terms consequent upon the issue of a Conversion Notice.

Date of Redemption means the date on which a Note is redeemed in accordance with clause 4 of the Note Terms by payment of the Redemption Amount.

Deed or **Trust Deed** means this trust deed (including the Note Terms set out in Schedule 1) between the Company and the Trustee and includes any document or documents supplemental to the Trust Deed or executed pursuant to the Trust Deed signed by the Trustee and any schedules or appendices to the Trust Deed.

Delegate means a person appointed to act as a delegate of the Trustee for the purposes of the Trust Deed under clause 11.9.

Delisting Event will occur if:

- (a) the Shares cease to be quoted on ASX;
- (b) the Notes cease to be quoted on ASX; or
- (c) trading of the Shares or Notes on the ASX is suspended for a period of more than 20 consecutive Business Days.

Early Redemption means redemption of the Notes by the Company as set out in clause 4.2 of the Note Terms.

Engagement Letter means the letter dated 2 September 2021 between the Company and the Trustee in accordance with which the Company agrees to pay certain fees to the Trustee as remuneration for its services as trustee on the terms set out in that letter.

Income Tax Assessment Act means *Income Tax Assessment Act 1936* (Cth).

Intercreditor Deed has the meaning given to that term in the Note Terms.

Law means:

- (a) any law; or
- (b) any administrative guideline, directive, regulation, request or policy of any Government Authority whether or not having the force of law and, if not having the force of law, the observance of which is in accordance with the practice of responsible banks or financial institutions, and without limitation to the generality of the foregoing, Law expressly includes the requirements of Part 2L of the Corporations Act.

Liabilities means all liabilities and provisions including, without limitation, liabilities and provisions in respect of:

- (a) income and other taxes;

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- (b) annual and long service leave of employees; and
- (c) dividends recommended, declared or accrued but unpaid.

Liquidation includes winding up, dissolution, deregistration, administration, amalgamation, receivership, assignment for the benefit of creditors, arrangement or compromise with creditors or bankruptcy.

Liquidator means the liquidator, provisional liquidator, trustee, administrator, manager, receiver, receiver and manager or other officer who is appointed to administer or implement the Liquidation.

Note Obligations means all Liabilities of the Company to Noteholders, and of the Company to the Trustee on behalf of Noteholders, under the Note Terms, including the Principal Amount Outstanding, interest on the Principal Amount Outstanding but does not include any Liabilities of the Company to the Trustee for the costs, fees and expenses of the Trustee in respect of its duties under the Trust Deed.

Noteholder Resolution has the meaning given to the term defined as "Ordinary Resolution" in the Note Terms.

Note Terms means, in respect of a Note, the terms and conditions of issue of that Note (as set out in Schedule 1).

Obligor means the Company and each person that grants a Transaction Security Interest.

Outstanding Moneys means the Principal Amount Outstanding and any interest payable on the Notes (in accordance with clause 3.1 of the Note Terms) and any other moneys payable to the Trustee or the Noteholders (including damages) under or in respect of the Trust Deed or the Notes and, in relation to a Noteholder, means that portion of those moneys which is owing to that Noteholder.

Permitted Finance Arrangement means indebtedness:

- (a) pursuant to the Senior Debt Obligations;
- (b) as expressly permitted by the Senior Debt Obligations;
- (c) any indebtedness incurred or guaranteed after the Issue Date for the purpose of replacing, refinancing or extending the maturity of or the Notes; or
- (d) any Permitted New Debt,

which must not exceed \$75 million in aggregate and must be on terms that are at market levels for indebtedness of this nature

Permitted New Debt has the meaning given to that term in the Note Terms.

Power means a power, right, authority, discretion or remedy which is conferred on a person:

- (a) under any Transaction Document; or
- (b) by law in relation to any Transaction Document

Principal Amount Outstanding means the principal amount outstanding from time to time under the Notes.

Quarter means each period of 3 calendar months (ending on 31 December, 31 March, 30 June and 30 September in each year) which ends on or before the Maturity Date and the period of less than 3 calendar months ending on the Maturity Date.

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Redeemed has the meaning given to that term in the Note Terms.

Redemption Amount of a Note means the face value of the Note plus interest which has accrued but which has not become due, plus unpaid interest up to the Date of Redemption of the Note.

Registry means Computershare Investor Services Pty Limited (ABN 48 078 279 277) or any other person appointed by the Company (with such appointment notified to the Trustee) to maintain the Note register.

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

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

Senior Debt Obligations has the meaning given to that term in the Note Terms.

Special Resolution has the meaning given to it in the Note Terms.

Transaction Documents has the meaning given to that term in the Note Terms.

Transaction Security Interest has the meaning given to that term in the Note Terms.

Trust means the trust constituted by this Deed.

Trust Fund means:

- (a) the right to enforce the Company's duty to repay the Notes;
- (b) the right to enforce any other duties that the Company has under the terms of the Notes, this Deed and Chapter 2L of the Corporations Act;
- (c) the amount of A\$10 referred to in clause 4.4;
- (d) the right to enforce any Transaction Security Interest granted as security for repayment of the Outstanding Moneys and/or performance of the Note Obligations;
- (e) any other property held by the Trustee on the trust established under this Deed (including, without limitation, the proceeds of sale or enforcement of any property forming part of the Trust Fund, the benefit of any covenants, undertakings, representations, warranties, rights, powers, benefits or remedies in favour of the Trustee under the Transaction Documents); and
- (f) any other property which the Trustee receives, has vested in it or otherwise acquires to hold from time to time in respect of the Trust.

Trustee Default means, in respect of the Trustee, and subject to clause 13.3, fraud, gross negligence, wilful default or breach of section 283DA of the Corporations Act.

Trustee Company means a body corporate which would be entitled to act as a trustee for the Notes under section 283AC of the Corporations Act.

Voting Share has the meaning given to that expression in section 9 of the Corporations Act.

1.2 Interpretation

In this Deed unless the context otherwise requires:

- (a) if there is inconsistency between the Note Terms, the Trust Deed and any other Transaction Document, then, to the maximum extent permitted by law, the order of priority of application is:
- (i) the Intercreditor Deed;
 - (ii) the Note Terms (except that in relation to the rights and obligations of the Trustee, the Trust Deed will prevail);
 - (iii) this Deed; and
 - (iv) the Transaction Security Interests.
- (b) headings are for convenience only and do not affect its interpretation;
- (c) no provision of this Deed will be construed adversely to a party because that party was responsible for the preparation of this Deed or that provision;
- (d) specifying anything after the words “include” or “for example” or similar expressions does not limit what else is included;
- (e) and, unless the context otherwise requires:
- (f) an obligation or liability assumed by, or a right conferred on, two or more parties binds or benefits all of them jointly and each of them severally;
- (g) the expression person includes an individual, the estate of an individual, a corporation, an authority, an association or joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (h) a reference to any party includes that party’s executors, administrators, successors and permitted assigns, including any person taking by way of novation;
- (i) a reference to a body, other than a party to this Deed whether statutory or not:
- (i) which ceases to exist; or
 - (ii) whose powers or functions are transferred to another body,
- (j) is a reference to the body which replaces it or substantially succeed its powers or functions;
- (k) a reference to any document (including this Deed) is to that document as varied, novated, ratified or replaced from time to time;
- (l) a reference to information is to information of any kind in any form or medium, whether formal or informal, written or unwritten, for example, computer software or programs, concepts, data, drawings, ideas, knowledge, procedures, source codes or object codes, technology or trade secrets;
- (m) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (n) words importing the singular include the plural (and vice versa) and words indicating a gender include every other gender;

- (o) references to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this Deed and a reference to this Deed includes any schedule, exhibit or annexure to this Deed;
- (p) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (q) a reference to time is to Australian Eastern Standard Time as observed in Sydney, New South Wales;
- (r) if a period of time is specified and dates from a given day or the day of an event, it is to be calculated exclusive of that day;
- (s) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (t) a reference to the place or venue of a meeting shall be taken to include any applicable electronic, online or virtual platform;
- (u) a reference to the signing or execution of any document includes signing or execution by electronic means;
- (v) a reference to a document being in writing includes being in electronic form;
- (w) if an act prescribed under this Deed to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day;
- (x) where an action is required to be undertaken on a day that is not a Business Day it shall be undertaken on the next Business Day;
- (y) a reference to a payment is to a payment by bank cheque or such other form of cleared funds the recipient otherwise allows in the relevant lawful currency specified;
- (z) a reference to \$ or dollar is to the lawful currency of the Commonwealth of Australia; and
- (aa) a reference to a party using or an obligation on a party to use reasonable endeavours or its best endeavours does not oblige that party to:
- (i) pay money:
 - (A) in the form of an inducement or consideration to a third party to procure something (other than the payment of immaterial expenses or costs, including costs of advisers, to procure the relevant thing); or
 - (B) in circumstances that are commercially onerous or unreasonable in the context of this Deed;
 - (ii) provide other valuable consideration to or for the benefit of any person; or
 - (iii) agree to commercially onerous or unreasonable conditions.

2. Benefit and Burden of Deed

2.1 Noteholders

- (a) Each Noteholder (and any person claiming through or under a Noteholder) is bound by, and is taken to have notice of, each Transaction Document. The Noteholders are

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taken to have authorised the Trustee to enter into each Transaction Document in its capacity as trustee of the Trust.

- (b) It is a fundamental condition of receiving any of the rights or benefits under a Note that a Noteholder must perform all of the obligations and comply with all restrictions and limitations applicable to it under the Transaction Documents (including, for the avoidance of doubt, the Note Terms) in respect of the Notes.

2.2 Limit on Noteholder's rights

All of the rights against the Company in connection with the Notes are held by the Trustee for the Noteholders. Accordingly:

- (a) no Noteholder is entitled to directly enforce any rights, powers or remedies in connection with the Notes (whether under this Deed or the other Transaction Documents) directly against the Company or any other Obligor; and
- (b) the rights, powers and remedies of the Trustee under and in respect of the Transaction Documents are exercisable and enforceable by the Trustee only. No Noteholder may exercise any of them (whether in its own name or the Trustee's name).

3. Trust Deed

3.1 Trust Deed

This Deed:

- (a) is the trust deed for the Trust; and
- (b) is the trust deed in respect of the Notes required by section 283AB of the Corporations Act.

3.2 Consistency with section 283DB(1) of the Corporations Act

This Deed is to be interpreted so as not to give rise to the operation of section 283DB(1) of the Corporations Act.

3.3 Constitution and status

The Notes are debt obligations of the Company constituted by, and owing under, this Deed and issued on the terms set out in this Deed. The obligations of the Company in respect of each Note:

- (a) constitute separate and independent acknowledgements of the indebtedness of the Company;
- (b) are subject to the terms of this Deed;
- (c) are direct, secured and subordinated pursuant to the Intercreditor Deed; and
- (d) rank equally and without any preference amongst themselves as described in the terms of this Deed.

3.4 Undertaking to pay

- (a) In respect of each Note, the Company undertakes to the Trustee (on behalf of the relevant Noteholder), to pay the amounts due and payable in respect of the Notes under and in accordance with the Transaction Documents.

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- (b) The Trustee directs the Company to pay such amounts under this Deed directly to the Noteholders, unless:
- (i) an Event of Default occurs;
 - (ii) the Company is directed by the Trustee to make the payments to the Trustee by the giving of notice to that effect not less than five Business Days before the scheduled date for the making of the payment; or
 - (iii) the Company advises the Trustee that it is not likely to meet its obligations under this Deed,
- in which event the payment must be made to the Trustee.
- (c) The payment of an amount due under a Note to either the Noteholder or the Trustee discharges the obligation of the Company to pay that amount under that Note to each of the Noteholders and the Trustee.

4. Appointment of Trustee

4.1 Appointment of Trustee

The Trustee is hereby appointed as trustee and agrees for the consideration expressed in this Deed to perform the obligations imposed on it by this Deed for the benefit of Noteholders.

4.2 Noteholders regarded as beneficial owners of Trust Fund

Subject to the rights of the Trustee, the Noteholders are the persons beneficially entitled to the Trust Fund from time to time in accordance with the terms of the Transaction Documents. They hold that beneficial entitlement as equitable tenants in common.

4.3 Constitution of Trust

The Trust is constituted on the execution of this Deed by the Company and the Trustee.

4.4 Declaration of Trust

The Trustee declares that, on execution of this Deed, it holds the sum of \$10 and thereafter will hold:

- (a) any Transaction Security Interest in favour of the Trustee and any obligations expressed to be given by an Obligor in favour of the Trustee under the Transaction Security Interests; and
 - (b) all other assets forming part of the Trust Fund from time to time,
- on trust for the benefit of itself and the persons who are Noteholders from time to time on the terms of this Deed.

4.5 Name of Trust

The trust established under this Deed will be known as the "Mosaic Brands Limited Trust".

4.6 Commencement and termination of Trust

The Trust commences on the date of this Deed and unless determined earlier ends on the earlier of:

- (a) the day occurring immediately before the 80th anniversary of the date of this Deed; and
- (b) the date being six (6) months after the date that each of the following is satisfied:
 - (i) the redemption in full of all Notes or the conversion of all of the Notes;
 - (ii) the payment of all Note Obligations; and
 - (iii) the payment of all costs, charges and expenses incurred by the Trustee under or in connection with the Transaction Documents.

4.7 Perpetuity period

The perpetuity period applicable to the Trust is the period of 80 years commencing on the date of this Deed.

4.8 Receipt of moneys

All money received by the Trustee in respect of amounts payable under this Deed must be applied by the Trustee in accordance with clause 6.

5. Notes

5.1 Issue of Notes

The Company may from time to time issue Notes in accordance with and subject to the terms and conditions in this Deed.

5.2 Conditions of issue

Each Note will be issued subject to the Note Terms.

5.3 Conditions and this Deed binding

The Transaction Documents including the Note Terms will be binding on the Company, the Trustee, the Noteholders and all persons claiming through or under them and Noteholders will be entitled to the benefit of, will be bound by and will be deemed to have notice of, all the provisions of the Transaction Documents and the Note Terms.

5.4 Validity of Notes

- (a) Neither the Trustee nor any Noteholder will be concerned or obliged to enquire whether any Note has been issued in contravention of this Deed or the Note Terms.
- (b) Each Note issued for valuable consideration will be deemed to have been validly issued and constituted under this Deed and entitled to the benefit of the provisions of this Deed and the Note Terms, notwithstanding that it may subsequently be determined that the issue of such Note was in breach of any provision of this Deed or the Note Terms (but without prejudice to the Trustee's rights under or pursuant to this Deed against the Company in relation to such breach).

5.5 Registration of Notes

- (a) The Company will not issue certificates in respect of the Notes unless the Company determines that certificates should be available or are required by any applicable law. The Company (or its share registry) will provide Noteholders with a statement that sets out the number of Notes issued to a Noteholder.

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- (b) When Notes are issued to a Noteholder the Company will include in the Register the particulars required by clause 17.1.

5.6 Equal ranking

All Notes will rank equally.

5.7 Security

The Notes will be secured and subordinated to existing Senior Debt Obligations pursuant to the terms and conditions in the Intercreditor Deed.

5.8 Fees relating to issue of Notes

The Company may pay to any person a commission, brokerage or procuration or other fees in relation to the issue or purchase of Notes (including, without limitation, for underwriting the issue or purchase of Notes).

5.9 Purchase by Company

The Company may from time to time and in accordance with the Note Terms purchase issued Notes on market or by private treaty and may cancel or re-issue any of those Notes so purchased subject to any necessary shareholder or regulatory approvals.

6. Payment on Notes

6.1 Payment of Outstanding Moneys

Subject to clause 3.4 and the Note Terms the Company irrevocably undertakes to make all payments of the Principal Amount Outstanding and interest in respect of Notes to Noteholders directly as and when due in accordance with the Note Terms and to duly and punctually observe, fulfil, perform and comply with all the obligations imposed on it under the Transaction Documents.

6.2 Receipt and Distribution by Trustee

- (a) If the Trustee is required to pay amounts to the Noteholders as opposed to payments by the Company and if the Trustee receives any Outstanding Moneys paid to it under clause 6.1 as trustee for Noteholders, it must distribute those Outstanding Moneys to Noteholders in respect of Notes by cheque mailed to the address of each Noteholder as specified in the Register or electronically to the account as advised by the individual Noteholders to the Trustee.
- (b) Subject to clause 6.3, payment of the Outstanding Moneys to the Trustee will satisfy the Company's obligations in respect of those moneys to Noteholders in accordance with the Note Terms.

6.3 Return of Outstanding Moneys

- (a) If for any reason any amount to be distributed under clause 6.1 or 6.2 is unable to be distributed within six (6) months of the date the Company or the Trustee sought to make the distribution to the Noteholders, at the expiration of that six (6) months the relevant amount will be provided to the Trustee by the Company or retained by the Trustee as the case may be (**Retained Amounts**) so that clause 6.2 will not apply in respect of Retained Amounts.
- (b) Where the Trustee is holding Retained Amounts, it will make payment to a Noteholder entitled to the Outstanding Moneys on demand by the Noteholder at any

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time before expiration of six (6) years following the date the relevant Retained Amount was originally distributed to the Noteholder under clause 6.1 or paid to the Trustee for distribution under clause 6.1 (as the case may be).

- (c) After the expiration of six (6) years following the date the relevant Retained Amount was originally paid to the Trustee for distribution under clause 6.1, any Retained Amounts held by the Trustee will be paid to the Company.

6.4 Interest accruing on Outstanding Moneys

Any interest which accrues on any Outstanding Moneys which have become Retained Amounts will accrue to the benefit of the Company and not to any Noteholder until such time as those moneys are distributed to Noteholders in accordance with clauses 6.1, 6.2 or 6.3.

7. Obligations of Company

7.1 Section 283BF – quarterly report

- (a) The Company must, as soon as possible after each issue of Notes, specify a day for the purpose of section 283BF(2) of the Corporations Act.
- (b) The directors of the Company must provide to the Trustee (and lodge a copy with the ASIC) within one month of the end of a Quarter a report of the Company which must include confirmation as to the amount of cash at bank it has in accounts that it controls and must set out in detail any matter relating to that Quarter adversely affecting the security or the interests of Noteholders and otherwise include the matters referred to in section 283BF of the Corporations Act (as it may be amended from time to time).

7.2 Section 2L.2 Company Duties

The Company must comply with all the duties of a borrower as set out in Part 2L.2 of the Corporations Act and, in particular, provide to the Trustee all information and accounts at the relevant time as specified under that Part 2L.2.

7.3 ASX reporting

The Issuer must:

- (a) comply with the applicable ASX Listing Rules and the ASX Settlement Operating Rules; and
- (b) to the extent not already provided under this clause 7, use reasonable efforts to make available to the Trustee, within seven days of issue, copies of all reports and releases made by the Issuer to the ASX.

7.4 Notice of default

The Company must notify the Trustee in writing of the occurrence of any Event of Default in accordance with clause 8.2 of the Note Terms, in each case stating what action it is taking to cure the default and procure its directors to notify the Trustee immediately when they are aware that any condition of this Deed or the Note Terms cannot be fulfilled or has been breached.

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7.5 Details of charge

The Company undertakes to the Trustee that it will not create or allow to exist a charge on the whole or any part of its present or future property, other than as permitted in the Note Terms.

7.6 Dividends

The Company undertakes to the Trustee that, in accordance with clause 7(c) of the Note Terms, unless permitted under the Senior Debt Obligations, it will not declare or pay any dividends to Shareholders without approval via a Noteholder Resolution.

7.7 Capital reduction

The Company undertakes to the Trustee that, in accordance with clause 7(d) of the Note Terms, unless permitted under the Senior Debt Obligations, other than in respect of the Notes, it will not redeem, purchase, cancel, reduce, return capital on or otherwise acquire any Share or other securities issued by the Company for repayment or return of capital upon appointment of a liquidator or provisional liquidator of that person (and where the appointment is made by a court, by a court of competent jurisdiction in Australia) without approval via a Noteholder Resolution.

7.8 Information at reasonable request of Trustee

- (a) The Company agrees to provide the Trustee such information as the Trustee reasonably requests about the Company and any of its Subsidiaries to enable the Trustee to carry out its duties under this Deed and the Corporations Act, including, subject to confidentiality and commercial or price sensitive information, making available for inspection its financial records required to carry out its duties under this Deed and the Corporations Act and providing any reasonable explanation, information or other assistance in relation to those records.
- (b) Where the information requested in clause 7.8(a) relates to financial information, the Trustee may request the Company to:
 - (i) provide an Auditor's certificate stating that the Auditor has reviewed that financial information and acknowledges that based on the Auditor's reasonable enquiries nothing has come to the Auditor's attention which causes the Auditor to believe that the information provided to the Trustee may be incorrect or incomplete; or
 - (ii) arrange for the Auditor to meet with the Trustee and the Company must promptly arrange such meeting (or virtually, if not practicable to meet in person).

7.9 Compliance with Deed and Law

- (a) The Company undertakes to the Trustee to comply with this Deed and to comply with the Law.
- (b) The Trustee declares and acknowledges that the benefit of the undertaking of the Company set out in clause 7.9(a) is held for the Trustee and separately on trust by the Trustee for the benefit of the Noteholders.

7.10 Representations and Warranties

The Company represents and warrants to the Trustee that:

- (a) **status:** it is duly incorporated in its place of incorporation and is validly existing under the laws of that jurisdiction with power to own its assets and carry on its business;
- (b) **corporate authority:** it has taken all necessary action to authorise the execution, delivery and performance of the Transaction Documents;
- (c) **documents binding:** the Transaction Documents constitute legal, valid and binding obligations enforceable against it in accordance with their terms;
- (d) **transactions permitted:** the execution, delivery and performance of the Transaction Documents did not and will not:
- (i) contravene its constitution, any law, authorisation, agreement or obligation binding upon it or applicable to its assets or revenues;
 - (ii) cause any limitation on its powers or the powers of its directors to be exceeded;
 - (iii) result in the creation of any security interest over any of its assets or revenues;
 - (iv) result in the acceleration or cancellation of any agreement or obligation in respect of its indebtedness; or
 - (v) involve any act, matter or thing which constitutes (or which would, with the giving of notice, the passage of time or the fulfilment of any other condition, constitute) an event of default or prepayment, cancellation or similar event under any agreement or obligation relating to its indebtedness;
- (e) **Authorisations:** all authorisations necessary or advisable from any person for or in connection with the execution, delivery and performance by it and the validity and enforceability against it of the Transaction Documents have been obtained and are in full force and effect and it is not necessary in order to ensure the validity, enforceability or admissibility in evidence of the Transaction Documents in any relevant jurisdiction that the Transaction Documents or any other document be filed or registered with any person or stamped;
- (f) **accuracy of information:** all information given to the Trustee by or with its authority in connection with the Transaction Documents, at the time it was given, was true and correct in all material respects and if the information was given prior to the date of this Deed, at the date of this Deed, or, if the information was given later, when provided, in the light of the circumstances subsisting at the time and all expressions of expectation, intention belief and opinion contained in that information were given honestly and on reasonable grounds after due and careful enquiry;
- (g) **no litigation:** no proceeding or other procedure for the resolution of disputes is currently taking place, pending or, to the best of the Company's knowledge, threatened against the Company or the business, assets or revenues of the Company (other than as publicly disclosed by the Company prior to the date of this Deed);
- (h) **other default:** it is not in default in any material respect under any law, authorisation, agreement or obligation binding upon it or applicable to its business, assets or revenues;
- (i) **Accounts:** the most recent financial statements of the Company for the time being were prepared in accordance with applicable accounting standards and show a true and fair view of the financial position of the Company as at the end of, and the results of its operations for, the financial period to which they relate and the Company has no

indebtedness or other liabilities which have not been disclosed in those financial statements;

- (j) **no adverse change:** except as disclosed in writing by the Company to the Trustee prior to the date of this Deed, since the date of the financial statements referred to in paragraph (i) of this clause, no material change in the financial or business affairs of any member of the Company;
- (k) **not a trustee:** it is not the trustee of any trust;
- (l) **no immunity:** neither the Company nor any of its assets or revenues have any immunity from jurisdiction, suit, execution, attachment or other legal process in any jurisdiction in which its assets are located or business is carried;
- (m) **completeness:** there is no fact known to it which has not been disclosed in writing by it to the Trustee which materially and adversely affects it;
- (n) **ranking:** its obligations in respect of the Notes are subordinated to the existing Senior Debt Obligations pursuant to the terms and conditions in the Intercreditor Deed and rank in priority to all its other unsecured and unsubordinated obligations other than any Permitted Finance Arrangement and those mandatorily preferred by law;
- (o) **Event of Default:** no Event of Default has occurred which has not been remedied or waived in writing to the satisfaction of the Trustee; and
- (p) **solvency:** it is solvent (as that term is defined in the Corporations Act).

7.11 Repetition of Representations and Warranties

Each representation and warranty in this Deed will be repeated on each day whilst the Trustee acts as trustee pursuant to this Deed with reference to the facts and circumstances then subsisting, as if made on each such day.

7.12 Reliance

The Company acknowledges that the Trustee has each entered into this deed in reliance on the representations and warranties in, or given under, this deed, by the Company including under this clause 7.

8. Covenants by Company

The Company hereby covenants with the Trustee that it will comply with the following covenants.

8.1 Conduct of business

The Company will carry on and conduct the business of the Company in a proper and efficient manner and will procure that each of its subsidiaries will carry on and conduct their businesses in a proper and efficient manner.

8.2 Meeting convened by Noteholders

The Company must convene a meeting of Noteholders if called by Noteholders in accordance with clause 20.1.

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8.3 Transaction Documents

The Company will comply with, perform and observe all its obligations under the Transaction Documents.

9. Events of Default

9.1 Events

Each of the events of default detailed in Schedule 1, clause 8.1 of the Note Terms is an Event of Default.

9.2 Notification

If an Event of Default occurs, the Company must notify the Trustee in accordance with clause 8.2 of the Note Terms.

9.3 Action upon an Event of Default

- (a) Nothing in this clause 9.3 prevents the Trustee from taking any action permitted by clause 9.5 or 9.6 or bringing proceedings or taking any other action from time to time to recover moneys owing to it.
- (b) The Trustee will be entitled where an Event of Default has occurred:
 - (i) to call a meeting of Noteholders where the Trustee may:
 - (A) appoint a person to be the chairperson of the meeting;
 - (B) inform Noteholders of the Event of Default;
 - (C) submit proposals for protection of Noteholder's interests; and
 - (D) ask for directions from Noteholders in relation to the Event of Default; and
 - (ii) subject to the terms of the Intercreditor Deed:
 - (A) to commence enforcement proceedings action against the Company or any other Obligor in relation to the Event of Default in accordance with the Transaction Documents, but the proceeds of any such enforcement action must be dealt with in accordance with either clause 9.6 or as set out in the relevant Transaction Security Interest as applicable;
 - (B) to declare by notice (with a copy to the Registry) that all Note are to be Redeemed at their Note Principal Amount (together with any accrued Interest) immediately (but not earlier than 10 Business Days after the date the Trustee gives notice under this clause 9.3(b)(ii)(B));
 - (C) to take other action relating to enforcement of payment of Outstanding Moneys to Noteholders;
 - (D) to prove in any Liquidation of the Company (irrespective of when that Liquidation is commenced) subject to this Deed, and in particular to the provisions set out in clause 9.6; and
 - (E) to take enforcement action in accordance with the Transaction Documents.

- (c) Notwithstanding any other provision in this Deed, the Company must also notify the Noteholders that an Event of Default has occurred promptly following its occurrence.
- (d) The Trustee will not be bound to take the action referred to in section 9.3(b)(ii) to enforce the obligations of the Company in respect of the Notes or any other proceedings or action pursuant to or in connection with the Transaction Documents unless:
- (i) it has been so directed by a Special Resolution of the Noteholders of the relevant Notes;
 - (ii) it is indemnified, to its satisfaction, against all costs, charges, liabilities and expenses which may be incurred by it (including legal costs on a solicitor and own client basis) in connection with that action;
 - (iii) it is first placed in funds sufficient to cover the costs that it may incur as a result of doing so; and
 - (iv) it is not restricted or prohibited from taking such action by any order of any competent court or any applicable law.
- (e) If the Trustee forms the view that such action is or could be inconsistent with these Note Terms, the Transaction Documents or the Corporations Act or any applicable law, it must take steps to seek (and, if the court so determines, to obtain) as soon as reasonably practicable a court direction or order to set aside or vary the direction given by Special Resolution, and, while those steps are underway, the Trustee is not obliged to take any action or proceedings it has been directed to take by Special Resolution.
- (f) Any proceeds received by the Trustee as a result of an enforcement action being taken under a Transaction Security Interest pursuant to clause 9.3(b)(ii)(E) will be applied by the Trustee as set out in that Transaction Security Interest.

9.4 No enforcement

- (a) Unless the Trustee, having become obliged to take action to enforce the rights of the Noteholders under the Transaction Documents and the Note Terms, fails to do so within 20 Business Days of being obliged to do so and such failure is continuing, then the rights of each Noteholder to enforce the obligations of the Company under the Notes are limited to the exercise of its rights to enforce and seek due administration by the Trustee of the Trust Deed.
- (b) Whether or not an Event of Default has occurred, no Noteholders may demand, plead or seek to enforce, directly or indirectly, including by way of set off or counterclaim, or in any other manner, the payment of any obligations of the Company in respect of the Notes other than as provided for in this clause 9.

9.5 Permitted actions by Trustee

Nothing in this Deed will exclude, limit, defer or otherwise prejudicially affect:

- (a) the right of the Trustee to seek directions from a court, pursuant to section 283HA or section 283HB of the Corporations Act or to take any other proceedings seeking the directions or guidance of any court, tribunal or other authority as to the performance of its functions and duties pursuant to this Deed;
- (b) any proceedings taken by the Trustee and/or any Noteholder at any time seeking a judgment or order declaratory of the rights or obligations of any Noteholder or any of the parties to this Deed;

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- (c) the right to take proceedings in respect of any breach or threatened breach of, or to compel or enforce performance of, any of the covenants, undertakings and obligations of the Company hereunder other than in relation to the payment of Note Obligations prior to the Company entering Liquidation;
- (d) the right to take proceedings under the Constitution; or
- (e) the right to take proceedings for the Liquidation of the Company for failure to redeem a Note, in any circumstances where the Note Terms or this Deed specifically give that power to the Trustee.

9.6 Liquidation

Upon the Company entering Liquidation:

- (a) subject to the provisions of this clause 9.6, each Note will be due to be redeemed for an amount equal to the Redemption Amount of the Note calculated at the date of the Company entering Liquidation;
- (b) no Noteholder nor the Trustee will be entitled to receive payment from the Liquidator or the Company (including by way of set off or counterclaim) of any Outstanding Moneys until any Permitted Finance Arrangement has been discharged in full. If any such payment or benefit by way of set off is received by a Noteholder or constitutes a voidable preference, the amount or benefit received will be held upon trust by the Noteholder for the Trustee and will be paid by the Noteholder to the Trustee upon trust for the purpose of being applied as provided in clause 9.6(d);
- (c) any proof of debt or other claim (including by way of set off) made by a Noteholder or the Trustee in respect of a Note Obligation will be made subject to the Noteholder or the Trustee acknowledging the priority for payment of a Permitted Finance Arrangement and will be limited to the Redemption Amount;
- (d) any amounts received by the Trustee from the Company under clause 9.6(b) will be received by it on trust to be applied:
 - (i) firstly, in or towards payment or satisfaction of the costs, charges, expenses and Liabilities incurred by it in the execution of the trusts of this Deed (including any unpaid remuneration);
 - (ii) secondly, in or towards payment of the claims of a holder of any Permitted Finance Arrangement to the extent that those claims have been admitted to proof in the Liquidation (and have not been satisfied out of the other resources of the Company) but excluding interest accruing on those claims after the commencement of the Liquidation;
 - (iii) thirdly, in or towards payment pari passu and rateably the Redemption Amount of all Notes remaining unpaid and any other obligations of the Company which rank pari passu with the Note Obligations; and
 - (iv) fourthly, the balance, if any in payment to the Liquidator.
- (e) The trust mentioned in clause 9.6(d) may be performed by the Trustee or any Noteholder paying over to the Liquidator for the time being the relevant amounts received by the Trustee or the Noteholder on terms that the Liquidator is to distribute those amounts in accordance with the ranking of priority or payment set out in this Deed. The receipt of the Liquidator will be a good discharge to the Trustee or any Noteholder for the performance of that trust.

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9.7 Judgment to be entered in the name of Trustee

Any judgment or amount obtained by or on behalf of Noteholders in respect of the Outstanding Moneys as a result of the proceedings referred to in clause 9.6 must be entered or held in the name of the Trustee and will be held by or on behalf of the Trustee under and for application in accordance with the provisions of this Deed.

9.8 Enforcement rights of Noteholders correspond with those of Trustee

No Noteholder will take action or institute any proceedings against the Company for the enforcement of any provision of this Deed (including in particular recovery of Outstanding Moneys and including without limitation applying for Liquidation or lodging a proof or claim or seeking damages) unless the Trustee would in similar circumstances be entitled to take such action or institute such proceedings under this Deed.

10. Remuneration of Trustee

10.1 Fee

The Company will pay to the Trustee by way of remuneration for its services as trustee the following fees:

- (a) a cash payment of \$20,000 (excluding GST) as an initial trustee engagement fee (**Initial Trustee Engagement Fee**), to be paid in the following allotments:
 - (i) \$10,000 (excluding GST) of the Initial Trustee Engagement Fee is to be paid up front upon execution of the Trustee's Engagement Letter; and
 - (ii) \$10,000 (excluding GST) of the Initial Trustee Engagement Fee is to be paid upon the execution of this Trust Deed by all parties; and
- (b) an ongoing trustee fee of \$80,000 (excluding GST) per annum, payable quarterly in arrears plus scaled fees to the value of the total number of Notes on issue subject to the following thresholds:
 - (i) where the total value of Notes on issue is less than \$25,000,000, the Trustee is entitled to the base \$80,000 (excluding GST) (**Base**);
 - (ii) where the total value of Notes on issue is between \$25,000,000 and \$150,000,000, the Trustee is entitled to the Base plus a cash payment equivalent to 0.05% of the value of Notes on issue between \$25,000,000 and \$150,000,000 (**Tier 1 Fee**); and
 - (iii) where the total value of Notes on issue is greater than \$150,000,000, the Trustee is entitled to the Base plus the Tier 1 Fee plus a cash payment equivalent to 0.03% of the value of Notes on issue greater than \$150,000,000,

(together, the **Ongoing Trustee Fee**),

The Ongoing Trustee Fee is payable quarterly in arrears and is calculated in reference to the aggregate calendar month-end Notes on issue, with the first quarter commencing from the issue of the first Notes.

The Ongoing Trustee Fee's will be increased annually in line with CPI as notified by the Trustee to the Company in writing, and may be reviewed by the Trustee, acting reasonably, having regard to all costs.

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10.2 Expenses

Without limiting the generality of the other provisions of this Deed the Company will indemnify the Trustee on demand against all costs charges liabilities and expenses which are properly incurred by the Trustee, or its Delegate properly appointed under clause 11.9 (other than costs, charges, liabilities and expenses which are of an overhead or administrative nature) including, without limitation, legal costs and any stamp or other duty;

- (a) in or about the preparation, execution and amendment of the Transaction Documents;
- (b) in or in connection with the carrying out by the Trustee or a Delegate of any right, power or privilege conferred by the Transaction Documents or by law conferred on the Trustee or upon any Noteholder, (including without limitation in respect of any waiver or consent sought by the Company);
- (c) in or in connection with the transfer of Notes;
- (d) in or in connection with any breach or default in the observance or performance by the Company of the covenants, obligations and conditions of the Transaction Documents;
- (e) in or in connection with the convening, holding and carrying out of any directions or resolutions of any meeting of Noteholders;
- (f) in or in connection with any actual or contemplated legal proceedings (including without limitation any application for directions) brought by or against the Trustee, or in which the Trustee is otherwise involved or any advice sought by the Trustee in relation to any such legal proceedings from any legal, accounting or other professional advisers;
- (g) in connection with any licensing requirements; or
- (h) in or in connection with any enquiry or investigation from or by a government or judicial body.

10.3 Additional and Exceptional Duties

If the Trustee is required at any time to:

- (a) undertake duties which relate to the enforcement of the terms of a Transaction Document by the Trustee upon the occurrence of a default by any other party under the terms of that Transaction Document; or
- (b) undertake duties which are of an exceptional nature or otherwise outside the scope of the normal duties of the Trustee,

then the Trustee is entitled to charge an additional fee in respect of such duties calculated at its usual hourly rate and the Company must pay any such properly incurred fees so demanded.

10.4 Costs of Enforcement

If the Company defaults under the terms of this Deed and the Trustee is required to take any enforcement action on behalf of Noteholders, the costs associated with the taking of any such enforcement action are to be borne by the Company. If an Administrator, Liquidator or Receiver is appointed to the Company, the Trustee is entitled to receive from them sums on account of its costs of enforcement.

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10.5 Priority of Trustee entitlements

All remuneration and payments referred to in this clause 10 will be paid in priority to any claim by any Noteholder and will continue to be payable until the trusts of this Deed are finally wound up and whether or not the trusts of this Deed are in the course of administration by or under the order of any court and the Trustee may retain and pay to itself in priority to any claim by any Noteholder all such remuneration and payments out of any moneys for the time being in its hands on the trusts of this Deed.

11. Trustee's Powers and Duties**11.1 Powers**

- (a) Subject to this Deed, the Trustee has all the powers that it is legally possible for a natural person or corporation to have in connection with the exercise of its powers under this Deed.
- (b) Subject to clauses 11.4 and 11.13, the Trustee:
 - (i) is entitled to exercise all Powers under the Transaction Security Interests (including those Powers conferred on trustees generally by statute and those conferred on trustees generally by law or equity in respect of the Transaction Security Interests) as if the Trustee were the sole beneficial owner of the Transaction Security Interests; and
 - (ii) may exercise its rights and comply with its obligations under the Transaction Documents in any manner it thinks fit.

11.2 Extent of obligations

The Trustee has no obligations except those expressly set out in the Transaction Documents to which it is a party and those arising under the Corporations Act (including chapter 2L of the Corporations Act). The obligations of the Trustee to act, or refrain from acting, are at all times subject to the Corporations Act.

11.3 Excluded roles and duties

The appointment as trustee does not mean that the Trustee:

- (a) is a trustee for the benefit of;
- (b) is a partner of; or
- (c) has a fiduciary duty to, or other fiduciary relationship with,

any Noteholder, the Company or any other person, except as provided in the Transaction Documents.

11.4 Role of the Trustee

Other than as required by the Corporations Act or as expressly provided in the Transaction Documents to which it is a party, the Trustee:

- (a) is not required to take any action or exercise any right, power or discretion in connection with any Transaction Document or the Company or any other related matter, fact or circumstance;

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- (b) is not in any way involved in the day to day running, management or decision making process of the Company; and
- (c) has no duty, obligation or liability to the Noteholders or the Company.

11.5 Binding nature of relationship

Each Noteholder is bound by anything properly done or not done by the Trustee in accordance with the Transaction Documents, whether or not on instructions, and whether or not the Noteholder gave an instruction or approved of the thing done or not done.

11.6 Determination by Trustee

The Trustee may as between itself and the Noteholders determine all questions and matters of doubt arising in relation to any of the provisions of this Deed and every such determination whether made upon a question actually raised or implied in the acts or proceedings of the Trustee will be conclusive unless a court of competent jurisdiction otherwise orders.

11.7 Waiver and application to Court

The Trustee may whenever it thinks fit and so long as it is not detrimental to the interests of the Noteholders:

- (a) subject to clause 16 (*Power of Amendment*), waive on any terms or conditions any breach by the Company of any of the covenants or obligations binding upon the Company under this Deed or the Note Terms; and
- (b) apply to any court for directions under section 283HA or section 283HB of the Corporations Act or in relation to any question of law or fact and assent to and approve of or oppose any application to any court made by or at the instance of any Noteholder.

11.8 Trustee may act on advice

The Trustee may in relation to this Deed act or decline to act on the advice or opinion of or any information obtained from any barrister, solicitor, accountant, valuer, surveyor, broker, auctioneer or other expert and the Trustee will not be responsible or liable for any loss incurred by its acting or declining to act in good faith on any such advice, opinion or information.

11.9 Appointment of Delegates

The Trustee may appoint in writing from time to time a Delegate to undertake, perform or discharge any of the duties, powers, discretions or other functions of the Trustee under this Deed. Where more than one corporation is appointed as the delegate of the Trustee to undertake, perform or discharge the same duty, power, discretion or other function of the Trustee under this Deed, the corporations so appointed will act jointly and severally.

11.10 Dealing with Delegates

The Trustee may by the terms of any appointment of a Delegate under clause 11.9 include provisions for the protection and convenience of persons dealing with that Delegate as the Trustee thinks fit. The Delegate may be a Related Body Corporate of the Trustee. A Delegate who is not a Related Body Corporate of the Trustee may be appointed only with the prior written consent of the Company. Notwithstanding those provisions, the Trustee will be liable, for any act or omission of any Delegate who is a Related Body Corporate of the Trustee but not in any other case.

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11.11 Meetings convened by Trustee

Subject to the Note Terms, the Trustee may at any time convene a meeting of the Noteholders for any purpose, or otherwise seek from the Noteholders a direction or instruction (in the form of any Noteholder Resolution or Special Resolution (as applicable)) or in any other form or type of resolution provided for under the Transaction Documents or otherwise in relation to any matter it thinks appropriate.

11.12 Trustee may take action

Subject to the provisions of this Deed, the Trustee may at any time on behalf of Noteholders take any action or proceeding against the Company in the event of a breach by the Company of this Deed, and the Note Terms in relation to a Noteholder's Notes.

11.13 Trustee's duties

- (a) Notification to ASIC for non-compliance with ss 283BE, 283BF, 318

The Trustee must notify ASIC as soon as practicable if it becomes aware that the Company has not complied with section 283BE, 283BF or subsection 318(1) or (4).

- (b) Notification to ASIC if cannot be trustee

The Trustee must notify ASIC and the Company as soon as practicable if the Trustee discovers that it cannot be a trustee under section 283AC of the Corporations Act.

- (c) Duty to apply to the Court

The Trustee may apply to the Court for an order under section 283HB of the Corporations Act.

- (d) Duty to comply with directions

- (i) The Trustee must comply with any directions given to it at a meeting called under sections 283EA, 283EB or 283EC of the Corporations Act unless:

- (A) the Trustee is of the opinion that the direction is inconsistent with the terms of the Notes, the provisions of this Deed or the Corporations Act or is otherwise objectionable; and
- (B) has either obtained, or is in the process of obtaining, an order from the Court under section 283HA of the Corporations Act setting aside or varying the direction.

- (ii) The Trustee is not liable for anything done or omitted to be done in accordance with a direction given by the Noteholders at any meeting called under sections 283EA, 283EB or 283EC of the Corporations Act.

11.14 No notice of execution

The Trustee is not bound to give notice to any person or persons of the execution of this Deed and the Trustee is not bound to take any steps to ascertain whether any event has happened upon the happening of which the Notes hereby constituted become immediately payable.

11.15 No notice of default

The Trustee is not obliged to notify the Noteholders:

- (a) of the occurrence of any Event of Default; or

- (b) of the occurrence or existence of any contravention or non-observance of any provision of this Deed.

11.16 No representation

Each Noteholder is taken to acknowledge that the Trustee has not made any representation or given any warranty upon which the Noteholder has relied, except to the extent expressly set out in this deed. Without limitation, each Noteholder is taken to acknowledge that its decision to acquire any Note and the terms on which it made the acquisition was made without reliance on any statement, opinion, forecast or other representation (including a representation by omission) by the Trustee.

11.17 No negotiations

Each Noteholder acknowledges that the Trustee has not negotiated and is not under any obligation to negotiate the Note Terms, this deed or any other Transaction Document on behalf of or in the best interests of any Noteholder.

11.18 Permitted Reliance

- (a) The Trustee is entitled to accept a certificate or report signed by any 2 directors of the Company on behalf of the Board of directors or a resolution of the Board of directors of the Company to the effect that any particular dealing or transaction or step or thing is in the opinion of the directors of the Company commercially desirable and not detrimental to the Noteholders as sufficient evidence that it is so and the Trustee is in no way bound to call for further evidence or to enquire as to the accuracy thereof or be responsible for any loss that may be occasioned by its relying thereupon.
- (b) The Trustee is entitled to accept as conclusive and act upon any information, report, balance sheet, account certificate, and statement supplied by the Company or any duly authorised officer.
- (c) The Trustee is entitled to accept and act upon the statements contained in any document, certificate, report, balance sheet, or account given by the Company or any duly authorised officer pursuant to this Deed as conclusive evidence of the facts therein stated.
- (d) In relation to any Transaction Document, and any exercise of its rights or powers thereunder, the Trustee may rely:
 - (i) on any communication or document it has had no reasonable grounds to believe is not genuine and correct and to have been signed or sent by the appropriate person; and
 - (ii) as to legal, accounting, taxation or other professional matters, on opinions and statements received by it from any legal, accounting, taxation or professional advisers engaged or appointed by it, provided that it has acted in good faith in engaging or appointing such adviser.

12. Discretion of Trustee

12.1 General discretion

- (a) Subject to paragraph (b), the Trustee has, as regards all the powers and authorities and discretions vested in it by this Deed, an absolute and uncontrolled discretion as to the exercise of that discretion in all respects and, in the absence of its fraud, gross negligence or wilful default (or the fraud, gross negligence or wilful default of any

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attorney, employee, agent or person (including, subject to clause 11.10, a Delegate) appointed by it under this Deed), the Trustee will not be in any way responsible for any loss, damage, cost or expense that may result from the exercise or non-exercise of that discretion.

- (b) Subject to the Note Terms and section 283DA(h) of the Corporations Act, where the Trustee has a discretion to act under the Transaction Documents (including by way of an exercise of a Power or granting a waiver) it is not required to exercise that discretion unless:
 - (i) it has first sought instructions from the Noteholders by way of:
 - (A) a Special Resolution where this Deed requires a Special Resolution; or
 - (B) in all other cases, a Noteholder Resolution; and
 - (ii) is indemnified to its satisfaction in accordance with clause 14.

12.2 Administrator appointed to Obligor

If:

- (a) the Trustee is notified by the Company, a Noteholder or any other person that under the Corporations Act or the Companies Act 1993 (NZ) that an Administrator has been appointed (other than by the Trustee) to an Obligor; and
- (b) the Trustee is entitled under section 441A of the Corporations Act or 239ABL of the Companies Act 1993 (NZ) (as applicable) to enforce a Transaction Security Interest over that Obligor's property within the decision period provided for under that section,

then, subject to the Intercreditor Deed:

- (c) the Trustee shall promptly notify the Noteholders and seek instructions as to whether or not it should enforce that Transaction Security Interest within that decision period; and
- (d) unless it receives instructions from sufficient Noteholders not to enforce by a time which it considers to be the latest time by which instructions should be received in order for it to be able to arrange the enforcement of the Transaction Security Interest within that period, then the Trustee may enforce that Transaction Security Interest but need not do so (and is not liable to the Noteholders if it does not do so).

13. Trustee's Liability

13.1 Limitation of liability

- (a) Subject to paragraph (c) and clause 13.2, a liability or obligation arising under or in connection with this Deed or another Transaction Document is limited to and can be enforced against the Trustee only to the extent to which it can be satisfied out of the Trust Fund out of which the Trustee is actually indemnified for the liability.
- (b) No person may sue the Trustee in any capacity other than as trustee of the Trust, including seeking the appointment of a receiver (except in relation to the Trust Fund), a liquidator, an administrator or any other similar person to the Trustee or prove in any administration or liquidation of or affecting the Trustee (except in relation to the Trust Fund).

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- (c) If any person does not receive the full amount of any money owing to it arising from the non-performance by the Company of any of its obligations, or non-payment by the Company of any of its liabilities, under or in respect of any Transaction Document, by enforcing the rights referred to in paragraph (b), that person may not (except in the case of a Trustee Default) seek to recover the shortfall by:
- (i) bringing proceedings against the Trustee in its personal capacity; or
 - (ii) applying to have the Trustee wound up, put into administration or applying to have a receiver or similar person appointed to the Trustee or proving in the administration or winding up of the Trustee.
- (d) The Noteholders and the parties other than the Trustee waive their rights and release the Trustee from any personal liability whatsoever, in respect of any loss or damage:
- (i) which they may suffer as a result of any:
 - (A) breach by the Trustee of any of its obligations; or
 - (B) non-performance by the Trustee of its obligations; and
 - (ii) which cannot be paid or satisfied out of the Trust Fund of which the Trustee is entitled to be indemnified in respect of any liability incurred by it as trustee of the Trust.
- (e) No attorney, agent or delegate appointed in accordance with this Deed has authority to act on behalf of the Trustee in any way which exposes the Trustee to any personal liability and no act or omission of any such person will be considered a breach or non-performance by the Trustee of any of its obligations under this Deed or a breach of section 283DA of the Corporations Act for the purposes of this clause 13.1.
- (f) This limitation of liability clause applies to the maximum extent permitted by section 283DB of the Corporations Act despite any other provision of this Deed or of any other Transaction Document, any provisions of equity or law to the contrary (other than clause 14) and extends to all liabilities and obligations of the Trustee in any way connected with any representation, warranty, conduct, omission, document or transaction related to this Deed or any other Transaction Document.
- (g) This clause 13 applies despite any other provision in this Deed or any other Transaction Document and extends to all liabilities and obligations of the Trustee in any way connected with any representations, warranty, conduct, omission, agreement or transaction related to this Deed or any other Transaction Document.
- (h) The Trustee is not obliged to do or refrain from doing anything under this Deed or any other Transaction Document (including incur any liability) unless the Trustee's liability is limited in the same manner as set out in this clause 13.1.

13.2 Trustee Default

The provisions of clause 13.1 do not apply to any liability of the Trustee to the extent that it is not satisfied because, under the Transaction Documents or by operation of Law there is a reduction in the extent of the Trustee's indemnification out of the Trust Fund, as a result of a Trustee Default.

13.3 Failure by the Company

No act or omission of the Trustee (including any related failure to satisfy its obligations or breach of representation or warranty under the Transaction Documents) will be considered a

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Trustee Default for the purposes of the Transaction Documents to the extent to which the act or omission was caused or contributed to by any failure, act or omission by the Company.

13.4 Evidence of claims

The Trustee will be entitled and is authorised by the Company to call for (and will be entitled to accept as conclusive evidence thereof) a certificate from any receiver, administrator or liquidator of the Company as to:

- (a) the amounts of the claims of the creditors which have been admitted in any liquidation, dissolution or other winding up and which will not have been satisfied in full out of the other assets of the Company; and
- (b) the persons entitled to those assets and their respective entitlements.

13.5 Certificate

Save in the case of manifest or proven error, any certificate given by any receiver, administrator or liquidator of the Company will be conclusive and binding on the Trustee and all Noteholders.

13.6 No monitoring obligation

Notwithstanding any other provisions of the Transaction Documents, but subject to the Trustee's obligations under the Corporations Act, the Company acknowledges that the Trustee has no obligation to monitor compliance by the Company with its covenants and obligations under the Transaction Documents or any obligation or duty to enquire as to any other activities or status of the Company whatsoever.

13.7 Noteholder capacity

The Trustee's duties and obligations to Noteholders are owed to Noteholders only in their capacity as Noteholders.

13.8 Knowledge of the Trustee

The Trustee will only be considered to have knowledge or awareness of a thing, or grounds or reason to believe anything, by virtue of the officers of the Trustee having the day to day responsibility for the administration of the Trust, having actual knowledge, actual notice or actual awareness of that thing, or actual grounds or reason to believe that thing (and similar references will be interpreted in this way). In addition, notice, knowledge or awareness of a default or breach of this Deed means actual knowledge, notice or awareness of the events or circumstances constituting the default or breach.

13.9 Acting on directions

To the extent permitted by Law, the Trustee is not liable to a Noteholder or any other person for acting in accordance with any Noteholder Resolution or Special Resolution or any other direction given by any Noteholder or Noteholders in accordance with this Deed or the terms with which the Trustee is required to comply.

14. Trustee Indemnity

14.1 Corporations Act

The Trustee's right of indemnity and any limitation on the Trustee's liability under the Transaction Documents is subject to the Corporations Act.

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14.2 Indemnity

- (a) The Trustee, its officers, directors, employees and attorneys (together included in the defined term "Trustee" for the purposes of this clause) are entitled to be indemnified by the Company, without limitation, out of the property of the Trust Fund in respect of all costs, liabilities, demands or claims suffered or properly incurred by the Trustee in the execution of the Trust or the exercise or purported exercise of any of the powers, authorities or discretions vested in the Trustee under this Deed and any other Transaction Document or otherwise in connection with the Trust and the Transaction Documents, but this indemnity does not extend to:
- (i) any such costs, liabilities, demands or claims to the extent arising out of a Trustee Default; or
 - (ii) any taxes imposed on the Trustee's remuneration for its services as Trustee.
- (b) The Trustee may retain and pay out of any moneys in its hand (or any other property of the Trust Fund) in priority to any claim by a Noteholder, all sums necessary to effect and satisfy an amount due and payable to the Trustee under this clause or any other amount due and payable to the Trustee by the Company under this Deed or any other Transaction Document.

14.3 Indemnity additional

Any indemnity to which the Trustee is entitled under this Deed is in addition to, and without prejudice to, any indemnity allowed by Law or equity to the Trustee.

14.4 No obligation to act

The Trustee is not obliged to carry out any act or refrain from doing any act (including incurring any liability) under any Transaction Document until such time as it is placed in funds or is otherwise indemnified to its satisfaction against any expense or liability which it may incur as a result of doing so.

14.5 Survival

The provisions of this clause shall survive the termination of this Deed and any other Transaction Document and where the Trustee ceases for any reason to be trustee of the Trust.

15. Retirement and removal of Trustee and appointment of new Trustee**15.1 Retirement**

The Trustee may retire at any time (with or without giving any reason for its retirement) after the expiration of not less than sixty (60) days' notice in writing to the Company of its intention so to do or such shorter period as is agreed to by the Company. The retirement will not take effect until a new trustee has been appointed in accordance with the provisions of this clause 15 and has taken office.

15.2 Appointment of new Trustee

Subject to clause 15.3 the power of appointing a new trustee of this Deed is vested in the Company but a trustee of this Deed must not be appointed unless:

- (a) the new trustee is a Trustee Company; and

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- (b) it has undertaken to the Company or any other party in whose favour the undertaking is to be made or acknowledgment is to be given to comply with any undertakings or confirm any acknowledgments previously given by a Trustee under this Deed.

15.3 Appointment by Trustee

If when the period of notice referred to in clause 15.1 expires a new trustee has not been appointed, the Trustee may at any time thereafter and so long as an appointment has not been made by the Company under clause 15.2 appoint by deed under its seal a Trustee Company willing to act as new trustee of this Deed and that appointment will be effective without the need for approval of the Noteholders.

15.4 Removal

The Company may, subject to the provisions of this clause 15 and the Corporations Act, and by at least sixty (60) days' prior written notice to the Trustee in accordance with clause 23, remove the Trustee from office if:

- (a) the Company reasonably believes that any of the things referred to in section 283BD of the Corporations Act have occurred, which include:
 - (i) the Trustee ceasing to exist; or
 - (ii) the Trustee had not been validly appointed; or
 - (iii) the Trustee cannot be a trustee as required under Section 283AC of the Corporations Act; or
 - (iv) the Trustee has failed or refused to act as the trustee;
- (b) the Trustee has:
 - (i) not paid any moneys required to be paid by the Trustee in relation to the Trust Deed within 10 Business Days of receipt of all relevant information (including bank account details, if applicable) necessary for the Trustee to effect payments; or
 - (ii) not observed or performed any of its material obligations under this Deed or has otherwise acted fraudulently or with gross negligence or is in wilful default (and, if such is capable of rectification, it is not rectified within 10 Business Days of notice to the Trustee of its occurrence);
- (c) the Trustee ceases to be a Trustee Company;
- (d) the Trustee ceases to hold any licence, consent, authorisation or similar thing the Trustee is required to hold to carry out its obligations under this Deed is revoked or is not renewed;
- (e) a Special Resolution of Noteholders determines that the Trustee should be removed;
- (f) the Trustee ceases to carry on business (other than in its capacity as trustee of another trust), enters into a scheme of arrangement (other than for the purposes of or in connection with a solvent reconstruction or amalgamation) or goes into liquidation, provisional liquidation or administration or has a receiver or receiver and manager appointed over any part of the assets or undertakings of the Trustee (not being assets or undertakings of the Trustee held in its capacity as trustee of another trust) which is not removed or withdrawn within thirty (30) days after the date of the appointment; and

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- (g) the Trustee defaults in performing or observing any of its obligations under this Deed and:
- (i) that default is incapable of remedy and has had or is likely to have a material adverse effect on the ability of the Company to perform or observe its obligations to Noteholders; or
 - (ii) if that default is a material default and is capable of remedy, that default has not been remedied within 10 Business Days of receiving written notice of the default from the Company requiring that default to be remedied.

15.5 No removal without new appointment

- (a) The Company may not remove the Trustee pursuant to clause 15.4 until the Company has appointed a new trustee of this Deed which is a Trustee Company.
- (b) The Company must take all reasonable steps to replace the Trustee as soon as practicable after a Special Resolution has been passed to remove the Trustee.

15.6 Trustee covenant

Notwithstanding anything contained in this clause 15 the Trustee covenants with the intent that the benefit of the covenant will ensure for the Noteholders that it will not cease to be the Trustee until a corporation qualified to act pursuant to section 283AC of the Corporations Act has been appointed as trustee in its stead.

15.7 Outgoing Trustee discharged

On the retirement or removal of the Trustee taking effect:

- (a) the successor trustee succeeds to the position of the retiring or removed Trustee;
- (b) the retiring or removed Trustee is discharged from any further obligations under this Deed, but without affecting any accrued rights or obligations;
 - (i) the Indemnities under this Deed In favour of the retiring or removed Trustee survive concerning matters occurring before the appointment of the successor trustee, and the retiring or removed Trustee continues to have the benefit of this clause 15; and
 - (ii) the successor trustee, the Company and the Noteholders have the same rights and obligations as if the successor trustee had been a party to this Deed.

15.8 ASIC to be advised of new Trustee

The Company must advise ASIC of the name of the new Trustee, and any other information as required under section 283BC of the Corporations Act, within 14 days after the appointment of the new Trustee.

16. Power of Amendment

16.1 Amendment without Noteholder consent

The Company and the Trustee are entitled without any authority or assent on the part of the Noteholders to amend or add to this Deed (other than the Note Terms) if in the opinion of the Trustee such amendment or addition:

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- (a) is of a formal, minor or technical nature;
- (b) is made to correct a manifest error;
- (c) is expedient or requisite to enable the Notes to be listed or remain listed for quotation on the ASX or to be offered for subscription or sale under the laws for the time being in force in any place;
- (d) is not likely (taken as a whole and in conjunction with all other modifications, if any, to be made contemporaneously therewith) to be materially prejudicial to the interests of the Noteholders and two directors of the Company on behalf of the board of directors of the Company have so certified to the Trustee. The Trustee in determining whether or not such amendment or addition is materially prejudicial to the interests of the Noteholders may act upon the advice or the opinion of or any information obtained from an expert (at the expense of the Company) and will not be responsible for any loss occasioned by its acting or declining to act on such advice, opinion or information;
- (e) is necessary and expedient to enable the Company to claim any deduction or rebate for income tax purposes in respect of interest payable on any Notes provided that the amendment is not materially prejudicial to the interests of Noteholders as a whole;
- (f) is necessary to comply with:
- (i) the provisions of any statute or the requirements of any statutory authority; or
 - (ii) the ASX Listing Rules or the listing or quotation requirements of any stock exchange on which the Company may propose to seek a listing or quotation of Notes,
 - (iii) and, otherwise not materially prejudicial to the interests of Noteholders generally; or
 - (iv) not, and is not likely to become, taken as a whole and in conjunction with all other amendments to be made contemporaneously with that amendment, materially prejudicial to Noteholders generally.

16.2 Amendment with Noteholder consent

The Company and the Trustee may, except as otherwise provided in clause 16.1 above and clause 16.3 below, amend a provision of this Deed (other than the Note Terms) if authorised by a Noteholder Resolution, provided that such amendment does not adversely affect the rights and obligations of the Trustee.

16.3 Amendment with Special Resolution

An amendment or waiver of any term of this Deed or any other Transaction Document (other than the Note Terms) that has the effect of changing or which relates directly to:

- (a) clause 3.4 (*Undertaking to pay*);
- (b) this clause 16;
- (c) clause 20 (*Meeting of Noteholders*);
- (d) clause 26 (*Governing Law*),

shall not be made without the authority of a Special Resolution, provided that such Special Resolution does not adversely affect the rights and obligations of the Trustee.

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16.4 Amendment with Noteholder consent but not Trustee consent

If an amendment to the Note Terms is proposed by the Company under section 12.2 of the Note Terms, and the Trustee will not consent to any such amendment, the Note Terms may be amended in the manner proposed by the Company if such amendment is authorised by a Special Resolution, provided that such amendment does not adversely affect the rights and obligations of the Trustee.

16.5 Amendment to a provision of the Note Terms

Where the amendment is to a provision of the Note Terms, the amendment must be in accordance with clause 12 of the Note Terms.

17. Register of Noteholders**17.1 Maintenance of Register**

The Company must establish and maintain or cause to be established and maintained a Register in accordance with section 168 of the Corporations Act and there must be entered into the Register all information required by section 171 of the Corporations Act.

17.2 Alteration of Register

The Register will be altered accordingly on receipt of details of any change of name or address of Noteholder notified in writing to the Company and accompanied in the case of change of name by any evidence which the Company may reasonably require.

17.3 Register to be kept open

Subject to clause 17.4 and to any instrument of exemption granted by the ASIC to the Company from the provisions of section 168 ("Instrument of Exemption") the Register will remain open at all reasonable times during normal business hours for inspection by the Trustee and each Noteholder or any person authorised in writing by either of them. Upon requisition from a Noteholder, the Company must provide that Noteholder within 14 days with a document setting out that Noteholder's registry entry in the Register (a **Noteholder Statement**). This Trust Deed constitutes an acknowledgment of openness in respect of all the Notes on issue at any time. A Noteholder Statement does not constitute a certificate of title or an acknowledgment of debt. The Company must provide the Trustee with a copy of the Register in machine readable form within two Business Days of a request by the Trustee (or such lesser time as is necessary to enable the Trustee to comply with its obligations under this Deed).

17.4 Closure of Register

On giving a notice by advertisement or otherwise as may be required by Law the Company may from time to time close any Register for any period or periods not exceeding 30 days in aggregate in any calendar year.

17.5 No trust

No notice of any trust express implied or constructive will be entered in any Register.

17.6 Compliance with conditions

The Company agrees to comply with all conditions relating to the Registers which may be imposed on it under the terms of any Instrument of Exemption granted to it.

17.7 Delegation

The Company may delegate any of its powers and obligations in respect of the Registers.

18. General Trust Provisions**18.1 Interference by Trustee in conduct of Company's business**

Subject to the Transaction Documents, the Trustee must not interfere with the conduct of the business of the Company.

18.2 Appointment of attorneys by Company

The Company severally and irrevocably appoints the Trustee and its Directors and Secretary for the time being severally to be its attorney and in its name and on its behalf upon the Trustee determining that the Notes will have become immediately repayable under this Deed to sign and do all assurances, deeds, instruments, acts and things which the Company ought to execute, sign and do under the covenants contained in this Deed and generally to use the name of the Company in the exercise of all or any of the powers hereby conferred on the Trustee.

18.3 Liability of Noteholders to taxes

Whenever in consequence of the death of a Noteholder any law of the Commonwealth or any State or any other country or place imposes an immediate, future or possible liability on the Company to make any payments to any government or taxation authority, with respect to any Notes held by the Noteholder, the Company is in respect of such liability indemnified by such Noteholder, its executors and administrators. Any moneys paid by the Company in respect of any such liability may be recovered by action from such Noteholder, its executors and administrators as a debt due to the Company and the Company has a lien in respect of such moneys upon the principal sum represented by the Notes held by such Noteholder, its executors and administrators and upon the interest on such sum.

18.4 Taxation

To the maximum extent permitted by Law the provisions of this Deed in relation to any Note must be construed and have effect so as to choose that construction permitting compliance with any requirement under or pursuant to the Income Tax Assessment Act, as amended, which must be satisfied in order to enable the Company to claim a deduction from its assessable income in respect of the interest paid on that Note, in the manner most conducive to the preservation of the availability of such a deduction.

19. Confidentiality**19.1 Non-disclosure**

All information and other matters provided to or obtained by the Trustee, a Delegate or any officer, employee, professional adviser or other consultant of the Trustee on a confidential basis:

- (a) under, in connection with or related to this Deed; or
- (b) in the performance of any obligation, duty or power of the Trustee under this Deed,

(collectively the **Information**) is confidential to the Company and may not be disclosed to any person other than as set out in clause 19.2.

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19.2 Permitted disclosure

Information which is in the public domain is not required to be kept confidential. Information may be disclosed:

- (a) as (but only to the extent) required by this Deed or in connection with any obligation, duty or power of the Trustee under this Deed, a law or any judicial or regulatory body or authority;
- (b) to those officers, employees, Delegates and professional advisers of the Trustee to whom it is necessary to reveal the Information or any part of it;
- (c) to a person approved of in writing by the Company; or
- (d) if the Company is listed on ASX, to ASX to enable the Company or the Trustee to comply with the ASX Listing Rules.

19.3 Confidentiality

The Trustee is required to use reasonable endeavours to ensure that every person to whom Information is given under clause 19.2(b) keeps that Information confidential.

20. Meetings of Noteholders

The Trustee or the Company may call a meeting of Noteholders in the manner provided in this clause 20 and those meetings will be conducted and have the powers as are set out in this clause 20.

20.1 Convening meetings

- (a) The Trustee or the Company may at any time summon a meeting of Noteholders.
- (b) The Company must summon a meeting of Noteholders if requested in writing to do so by persons holding Notes representing not less than 10% in value of the Principal Amount Outstanding in accordance with section 283EA of the Corporations Act.
- (c) Meetings are to be held in Sydney or at such other place as the Trustee and the Company may agree.

20.2 Notice

- (a) Noteholders and the Auditor must be given at least 14 days' notice of a meeting by the Company but if the meeting is to consider a Special Resolution, 21 days' notice of the meeting will be required to be given by the Company.
- (b) The period of notice is to be determined exclusive of the day on which the notice is served or deemed to be served and of the day for which it is given.

20.3 Provision of notices

- (a) Notices to Noteholders may be given:
 - (i) to a Noteholder personally;
 - (ii) by sending it by post to the address for the Noteholder in the register of Noteholders;
 - (iii) by sending it by email to the email address nominated by the Noteholder; or

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- (iv) by any other means that the Company and the Trustee agree in writing and notify to the Noteholder.
- (b) A notice of meeting must specify the place day and hour of meeting and the general nature of the business to be transacted but it is not necessary to specify in the notice the precise terms of the resolutions to be proposed.
- (c) A copy of the notice of meeting must be promptly sent by post or email to the Trustee unless the meeting has been convened by the Trustee and to the Company unless the meeting has been convened by the Company.

20.4 Failure to give notice does not invalidate

The accidental omission to give notice to or the non-receipt of notice by any of the Noteholders does not invalidate the proceedings at any meeting but where notice of a meeting convened by the Company or Trustee is not received by the other of them all business transacted and all resolutions passed at the meeting will be void and of no effect unless such notice is waived by such other of them.

20.5 Quorum

At any meeting a quorum for the transaction of business will be formed by 2 Noteholders present in person or by proxy or being a corporation by proxy or duly authorised representative holding Notes in aggregate representing at least 10% in value of the Principal Amount Outstanding.

20.6 Adjournment in the absence of quorum

- (a) If within 30 minutes from the time appointed for the meeting a quorum is not present the meeting convened upon the requisition of Noteholders will be dissolved. In any other case it will stand adjourned to such day and time not being less than 14 days thereafter or in the case of an adjourned meeting of Noteholders at which a Special Resolution is to be submitted 21 days thereafter and to such place as may be appointed by the Chairman.
- (b) At an adjourned meeting in accordance with clause 20.6(a), the Noteholders present and entitled to vote whatever the value of the Notes held by them will be a quorum for the transaction of business including the passing of Special Resolutions.
- (c) Notice of any adjourned meeting of Noteholders at which a Special Resolution is to be submitted must be given in the same manner as of an original meeting and such notice must state that the Noteholders present at the adjourned meeting whatever their number and the amount of Notes held by them will form a quorum.

20.7 Chairman

- (a) The Trustee or some other person nominated in writing by the Trustee and independent of the Company may be Chairman at every meeting but if no such person is nominated or if at any meeting the person nominated will not be present within 15 minutes after the time appointed for holding the meeting the Noteholders present may choose one of their number to be Chairman.
- (b) The Trustee and the solicitors to the Trustee and any director or officer of a corporation being the Trustee and any director and the secretary and solicitors of the Company and any other person authorised by the Company, may attend any meeting and be heard.

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20.8 Adjournment by chairman

The Chairman may with the consent of any meeting at which a quorum is present (such consent being obtained if the Trustee so requires on a poll) and must if directed by the meeting so resolving on a poll, adjourn the meeting from time to time and from place to place but no business may be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.

20.9 Voting

- (a) At any meeting a resolution put to the vote of the meeting will be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman, the Trustee or the Company or in writing by one or more Noteholders present in person or by proxy and holding or representing 5% in value of the Principal Amount Outstanding.
- (b) Unless a poll is so demanded in accordance with clause 20.9(a), a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

20.10 Casting vote

In the case of an equality of votes whether on a show of hands or on a poll the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded is entitled to a casting vote in addition to the votes (if any) to which he may be entitled as a Noteholder.

20.11 Poll demands

- (a) A poll demanded on the election of a Chairman or on a question of adjournment is to be taken at the meeting without adjournment.
- (b) A poll demanded on any question other than as set out in clause 20.11(a) is to be taken either immediately or at such time (not being more than thirty days from the date of the meeting) and place as the Chairman may direct. No notice need be given of a poll not taken immediately.
- (c) The demand for a poll will not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.
- (d) The result of a poll will be deemed to be the resolution of the meeting at which the poll was demanded.

20.12 Voting entitlements

On a show of hands every Noteholder who being an individual is present in person or by proxy or attorney or being a corporation is present by proxy or attorney or by its authorised representative has one vote and on a poll every Noteholder who is present in person or by proxy has one vote for every Note with respect to which he is the registered holder.

20.13 Joint holders

In the case of joint registered holders of Notes the vote of the senior who tenders a vote whether in person or by proxy is to be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority is determined by the order in which the names appear in the Register of Noteholders in respect of the joint holding.

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20.14 Noteholder entitled to more than one vote

On a poll votes may be given either personally or by proxy and a Noteholder entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

20.15 Noteholder which is a corporation

A Noteholder which is a corporation may be represented at a meeting of Noteholders or may vote at the meeting or on a poll or in relation to any resolution of Noteholders by proxy or by attorney or by representative appointed in accordance with the provisions of section 250D of the Corporations Act as if references to "member" or "members" in that section were references to "Noteholder" or "Noteholders".

20.16 Proxy

- (a) The instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under its Common Seal or under the hand of an officer or attorney so authorised and need not be witnessed.
- (b) A person appointed to act as proxy need not be a Noteholder.
- (c) The proxy will be deemed to include the right to demand or join in demanding a poll.
- (d) Unless the contrary is stated on the instrument of proxy, a proxy is valid for any adjournment of the meeting to which it relates.

20.17 Deposit of proxies

- (a) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of the power or authority, must be deposited at such place as the Trustee or the Company may in the notice convening the meeting direct, or if no such place is appointed, then at the registered office of the Company not less than 24 hours before the time appointed for holding the meeting or adjourned meeting (or in the case of a poll before the time appointed for taking of the poll) at which the person named in the instrument proposes to vote and in default the instrument of proxy will not be treated as valid. A proxy may be deposited with the Company by sending it by email to the email address nominated by the Company or the Trustee (as applicable) in the notice convening the meeting.
- (b) No instrument appointing a proxy is valid after the expiration of 12 months from the date named in it as the date of its execution.

20.18 Proxy Voting

A vote given in accordance with the terms of an instrument of proxy is valid notwithstanding the previous death or insanity of the principal, revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Notes in respect of which the proxy is given, provided that no notice in writing of such death, insanity, revocation, or transfer has been received by the Company at its registered office before the commencement of the meeting or adjourned meeting at which the proxy is used.

20.19 Powers of meeting of Noteholders

Without limiting the rights of Noteholders, the Company and the Trustee pursuant to the Trust Deed, a meeting of the Noteholders has in addition to all other powers, the following powers exercisable by Special Resolution only:

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- (a) power to sanction any modification or compromise or any arrangement in respect of the rights of the Noteholders against the Company whether such rights will arise under the Trust Deed, the Note Terms or otherwise;
- (b) power to assent to any modification of the provisions contained in this Deed or the Note Terms and to authorise the Trustee to concur in and execute any supplemental deed embodying any such modification, provided that such modification does not adversely affect the rights and obligations of the Trustee;
- (c) power to give any sanction, direction or request which under any of the provisions of this Deed is required to be given with the consent of Noteholders;
- (d) power to give a release in respect of anything done or omitted to be done by the Trustee;
- (e) power to discharge or release any property subject to a Security Interest under a Transaction Security Interest;
- (f) power to release an Obligor from its obligations under a Transaction Security Interest; and
- (g) power to remove a Trustee.

20.20 Resolutions binding

Any Noteholder Resolution or Special Resolution passed at a meeting of the Noteholders duly convened and held in accordance with this Deed is binding upon all the Noteholders whether or not present at the meeting and each Noteholder is bound to give effect to it accordingly.

20.21 Minutes

Minutes of all resolutions and proceedings at every meeting must be made and duly entered in the books to be from time to time provided for that purpose by the Company and any minute if purporting to be signed by the Chairman of the meeting at which a resolution was passed or proceedings were held or by the Chairman of the next succeeding meeting of Noteholders is prima facie evidence of the matters stated in it.

20.22 Written Resolution

Notwithstanding any other provision of this clause 20, a written resolution signed by all Noteholders will be binding upon all Noteholders without the requirement to hold a meeting.

21. Transfer of Notes

21.1 Transfer must comply with this clause

Subject to this Deed, each Note is transferrable in whole but not in part in accordance with this clause but not otherwise.

21.2 Form of transfers

A Noteholder may transfer all or any of the Notes the Noteholder holds by:

- (a) where, at any time, a Note is quoted on the Official List, by an instrument in writing in any usual form or in any other form that the Company approves, provided it complies with the requirements of the Corporations Act and ASX Listing Rules (in respect of an off market transfer);

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- (b) where, at any time, a Note is quoted on the Official List, in accordance with the ASX Listing Rules or the ASX Settlement Operating Rules (as applicable), and recognised under the Corporations Act (in respect of an on market transfer); and
- (c) where, at any time, a Note is not quoted on the Official List, by a written instrument of transfer in a form that the Company approves, provided it complies with the requirements of the Corporations Act.

21.3 Registration of transfer

A transferor of Notes remains the owner of the Notes transferred until the transfer is registered and the name of the transferee is entered in the Register in respect of the Notes, and the transferee of Notes on being entered on the Register shall have all the rights and obligations which the transferor had and all the rights and obligations of a Noteholder under this Deed.

21.4 Company to register transfers

Subject to clause 21.5, the Company will not refuse to register or fail to register or give effect to a transfer of Notes.

21.5 Refusal to register transfers other than Proper ASTC Transfers

- (a) **(refusal to register transfers)** The Company may refuse to register any transfer of Notes (other than a Proper ASTC Transfer) where the Corporations Act, ASX Listing Rules or ASX Settlement Operating Rules permit the Company to do so.
- (b) **(breach of ASX Listing Rules)** The Company will refuse to register any transfer of Notes (other than a Proper ASTC Transfer) where the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules require the Company to do so.

21.6 Notice of refusal to register

- (a) **(notice to transferee)** Where the Company refuses to register a transfer of Notes under clause 21.5, the Company will give written notice of the refusal and the reasons for the refusal to the transferee and the person who lodged the transfer, if not the transferee, within such period of time required by the Corporations Act.
- (b) **(failure to notify)** A failure by the Company to give notice under clause 21.6(a) will not invalidate the refusal to register the transfer in any way.

21.7 Participation in transfer systems

The Company may determine that the Notes which are quoted on the official list of ASX will participate in the CHESS or any other computerised or electronic system of transfer or registration and may create rules to facilitate such participation which may be additional to or may override this clause 21.

21.8 Death and legal disability

- (a) **(legal personal representative)** The legal personal representative of a deceased Noteholder (not being a joint Noteholder) will be the only person recognised by the Company as having any title to that Noteholder's Notes. Any person becoming entitled to Notes in consequence of the death or liquidation of any Noteholder may, on producing such evidence of that person's title as the Company requires be registered as the holder of the Notes or may transfer those Notes. The Company may retain the Face Value and interest payments and any other money payable in respect of any Notes which any person under this clause is entitled to or to transfer until that

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person is registered or has transferred the Notes. Nothing in this clause will prejudice the rights of any person to vote in respect of that Note at any meeting or on a poll.

- (b) **(joint Noteholders)** In the case of the death of any one joint Noteholder, the survivors will be the only persons recognised by the Company as having any title to or interest in the Notes registered in their names jointly.

21.9 Transfer and transmission under clause 21.8

The Company need not register any transfer or transmission under clause 21.8 unless the transferee provides an indemnity in favour of the Company in a form determined by or satisfactory to the Company in respect of any consequence arising from the transfer or transmission.

21.10 Two or more persons jointly entitled

Where two or more persons are jointly entitled to any Note in consequence of the death of the registered holder of that Note, they will be regarded as joint holders of that Note.

21.11 Moneys payable in respect of Notes

The Company may retain any moneys payable in respect of any Notes which any person under this clause 21 is entitled to or to transfer until such person is registered or has duly transferred the Notes.

22. Inspection of Trust Deed

- (a) On receipt of a request from a Noteholder or the Trustee for a copy of this Deed, the Company must provide that Noteholder or the Trustee with a copy of the Deed within 5 Business Days after the date that request is made.
- (b) Copies of this Deed will be provided to the Noteholder at the Company's registered office unless the Company otherwise agrees and to the Trustee at its address for notices in clause 23.
- (c) The Trustee is not liable for any loss or damage suffered by any Noteholder in relation to the provision by the Trustee of certified copies of, or the original of, this deed including any loss or damage suffered by a Noteholder who has requested the original of this deed which is at that time produced to a court in connection with a proceeding or action brought by another Noteholder.

23. Notices

23.1 Requirements for notice

Each notice authorised or required to be given to a Party shall be in writing and may be delivered personally or sent by properly addressed and prepaid mail or email in each case addressed to the Party at its address set out in clause 23.2, or as the case may be to such other address as it may from time to time notify to the other Parties pursuant to clause 23.3.

23.2 Address of Parties

The initial address of the Parties shall be as follows:

In the case of the Company:

61 Dunning Avenue

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Rosebery
NSW 2018
Email: Luka.Softa@mosaicbrandsltd.com.au
Attention: Luka Softa

In the case of the Trustee:

Level 2, 395 Collins Street
Melbourne
VIC 3000
Email: trustee@msc.group
Attention: Company Secretary

23.3 Change of Address

Each Party may from time to time change its address by giving notice pursuant to clause 23.1 to the other Parties.

23.4 Receipt of notice

Any notice given pursuant to clause 23.1 will be conclusively deemed to have been received:

- (a) in the case of personal delivery, on the actual day of delivery if delivered prior to 5:00 pm (AEST) on a Business Day or on the next following Business Day if delivered after 5:00 pm (AEST) on a Business Day or on a day other than a Business Day;
- (b) if sent by mail, on the second clear Business Day after the day of posting; or
- (c) if sent by email, on the day the email was sent provided the sender does not receive any evidence that the email has not been sent or received.

24. Notice to Noteholders

- (a) Notices to Noteholders may be given:
 - (i) to a Noteholder personally;
 - (ii) by sending it by post to the address for the Noteholder in the Register;
 - (iii) by the Company posting, at the request of the Trustee, the notice on its website or by the Trustee posting such notice on its website; or
 - (iv) by any other means that the Company and the Trustee agree in writing and notify to the Noteholder.
- (b) If an Insolvency Event occurs in respect to the Company, the Company must promptly do all things reasonably necessary to assist the Trustee to post a notice of the occurrence of the Insolvency Event and periodic updates in relation to the same on the Trustee's website.
- (c) A notice sent to a Noteholder is taken to be given 3 days after it is posted if posted within Australia (or 7 days after it is posted if posted to or from a place outside Australia), or on the next Business Day if sent by email or other electronic means.

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25. Further Assurance

Each Party shall sign, execute and do all deeds, acts, documents and things as may reasonably be required by the other Party to effectively carry out and give effect to the terms and intentions of this Deed.

26. Governing Law

This Deed shall be governed by and construed in accordance with the law from time to time in the State of New South Wales and the Parties agree to submit to the non-exclusive jurisdiction of the courts of New South Wales and the courts which hear appeals therefrom.

27. Variation

No modification or alteration of the terms of this Deed shall be binding unless made in writing dated subsequent to the date of this Deed and duly executed by the Parties.

28. Costs

28.1 Stamp Duty

All stamp duty assessed on or in respect of this Deed shall be paid by the Company.

28.2 Legal Costs

The Company shall bear all legal costs of and incidental to the preparation, negotiation and execution of this Deed, including the legal costs and expenses of the Trustee.

29. Electronic signatures and counterparts

This Deed may be signed in counterparts and by email copy and all counterparts (including emailed copy counterparts) taken together constitute one document.

29.1 Electronic signature

Each party warrants that immediately prior to entering into this deed, it has unconditionally consented to:

- (a) the requirement for a signature under any law being met; and
- (b) any other party to this deed executing it,

by any method of electronic signature that other party uses (at that other party's discretion), including signing on an electronic device or by digital signature. The parties intend that any copy so signed will constitute an executed original counterpart, and any print-out of the copy with the relevant signatures appearing will also constitute an executed original counterpart.

29.2 Counterparts

This deed may be executed in any number of counterparts by or on behalf of a party and by the parties in separate counterparts. Each counterpart constitutes the deed of each party who has executed and delivered that counterpart.

For personal use only

29.3 Electronic communication

Without limitation, the parties agree that this deed may be exchanged by hand, post, facsimile or any electronic method that evidences a party's execution of this deed, including by a party forwarding a copy of its executed counterpart by hand, post, facsimile or electronic means to the other party.

30. Miscellaneous**30.1 Severance**

If any provision of this Deed is invalid and not enforceable in accordance with its terms, all other provisions which are self-sustaining and capable of separate enforcement without regard to the invalid provision, shall be and continue to be valid and forceful in accordance with their terms.

30.2 Entire Agreement

This Deed shall constitute the sole understanding of the Parties with respect to the subject matter and replaces all other agreements with respect thereto.

30.3 Conflict of interest

The Trustee's rights and indemnities under this deed may be exercised even if this involves a conflict of duty or the Trustee has a personal interest in their exercise.

30.4 Remedies cumulative

The rights and remedies of the Trustee under this deed are in addition to other rights and remedies given by law independently of this deed.

30.5 Indemnities

Any indemnity in this deed is a continuing obligation, independent of the Company's other obligations under this deed and continues after this deed ends. It is not necessary for the Trustee to incur expense or make payment before enforcing a right of indemnity under this deed.

30.6 Rights and obligations are unaffected

Rights given to the Trustee under this deed and the liabilities of the Company under this deed are not affected by any law that might otherwise adversely affect them.

30.7 Inconsistent law

To the extent permitted by law, this deed prevails to the extent it is inconsistent with any law.

30.8 Supervening legislation

Any present or future legislation which operates to vary the obligations of the Company in connection with this deed with the result that the Trustee's rights, powers or remedies are adversely affected (including by way of delay or postponement) is excluded except to the extent that its exclusion is prohibited or rendered ineffective by law.

30.9 Counterparts

This Deed may be executed in any number of counterparts each of which shall be deemed for all purposes to be an original and all such counterparts taken together shall be deemed to constitute one and the same instrument.

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30.10 Time

Time shall be of the essence in this Deed in respect of the Company's obligations under this Deed.

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Schedule 1 – Notes Terms

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Convertible Note Terms

1. FORM OF NOTES

1.1 Form

The Notes are redeemable, convertible notes of the Company issued under the Trust Deed. Noteholders are entitled to the benefit of and are bound by the provisions of the Transaction Documents and these Note Terms.

1.2 Face Value and Issue Price

- (a) The Notes are each issued fully paid with a face value of \$1.00 (**Face Value**).
- (b) Each Note will be issued by the Company at an issue price of \$1.00 (**Issue Price**). The Issue Price must be paid in full on application.

1.3 Currency

The Notes are denominated in Australian dollars.

1.4 CHESS

For such time as the Notes are quoted on ASX, the rights of a person holding an interest in the Notes are subject to the rules and regulations of the CHESS operated by ASX Settlement Pty Ltd or any other applicable securities trading and/or clearance system.

1.5 No certificates

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

1.6 ASX quotation of Notes

The Company will seek quotation of the Notes in accordance with the ASX Listing Rules and the Corporations Act, subject to satisfaction of the minimum quotation conditions under the ASX Listing Rules. The Company must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure that the Notes are, and until Redeemed or Converted remain, quoted on ASX. If quotation of the Notes cannot be obtained, the Notes will remain unlisted.

1.7 No participation in the new issues

- (a) To the maximum extent permitted by the Corporations Act, the ASX Listing Rules and any other applicable laws, there will be no participation rights or entitlements inherent in the Notes and Noteholders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Notes without converting the Notes into shares.
- (b) However, if at any time the issued capital of the Company is reconstructed, all rights of a holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

1.8 No other rights

The Notes confer no rights on a Noteholder:

- (a) to vote at any meeting of members of the Company; or
- (b) to otherwise participate in the profits or property of the Company, except as set out in these Note Terms or the Transaction Documents, or as required by law.

1.9 Entry in the Register

The Company must ensure that each Noteholder's details are entered in the Register.

2. INTEREST

2.1 Interest rate

Each Note bears interest on:

- (a) its Note Principal Amount from (and including) the Issue Date to (but excluding) its End Date at the Additional Interest Rate; and
- (b) its Notional Note Principal Amount from (and including) the Issue Date to (but excluding) its End Date at the Cash Interest Rate.

2.2 Accrual and calculation

Interest:

- (a) accrues daily and for the actual number of days elapsed; and
- (b) is calculated on the basis of a year of a 365 day year.

2.3 Payment

- (a) Subject to the balance of this section 2.3, Interest for the previous Interest Period is payable in arrears on each Interest Payment Date.
- (b) In respect of Interest payable on the First Interest Payment Date, Interest will accrue from the Issue Date until the First Interest Payment Date and will be payable in arrears on the First Interest Payment Date.
- (c) In respect of such part of the Interest that accrued on the Note Principal Amount of a Note during an Interest Period at the Additional Interest Rate (**Additional Interest Amount**), that Additional Interest Amount will be capitalised on the relevant Interest Payment Date and added as principal to the Note Principal Amount of that Note.
- (d) Subject to section 2.3(e), in respect of such part of the Interest that accrued on the Notional Note Principal Amount of a Note during an Interest Period at the Cash Interest Rate (**Cash Interest Amount**), the Cash Interest Amount will be paid by the Company in cash on the relevant Interest Payment Date.
- (e) If on any Interest Payment Date, pursuant to the terms of the Intercreditor Deed, the Company is not permitted to make payment (in whole or in part) contemplated in section 2.3(d):
 - (i) no Event of Default will occur as a result of such non-payment; and
 - (ii) any part of the Cash Interest Amount not paid will be capitalised on the relevant Interest Payment Date and added as principal to the Note Principal Amount and Notional Note Principal Amount of the relevant Note.
- (f) If any part of the Cash Interest Amount is capitalised as contemplated in section 2.3(e), the Company may, if permitted pursuant to the terms of the Intercreditor Deed, subsequently on an Interest Payment Date pay some or all of that Cash Interest Amount in cash, in which case the Notional Note Principal Amount and Note Principal Amount is reduced by an amount equal to the cash paid.

2.4 Adjustment

- (a) In respect of each Note, if on its End Date, no Event of Default set out in section 8.1(a) or section 8.1(b) is continuing, then on that End Date:



- (i) the Note Principal Amount of each Note will be deemed to be the Notional Note Principal Amount;
 - (ii) the Additional Interest Rate will be deemed to be 0.00%; and
 - (iii) the Company will not owe, and will not be required to pay, any Additional Interest Amount.
- (b) If an Event of Default set out in section 8.1(a) or section 8.1(b) occurs and is not waived or remedied within the prescribed remedy period, section 2.4(a) will not apply and the Note Principal Amount will not be adjusted.

2.5 Default interest

If an Event of Default set out in sections 8.1(c) to 8.1(i) occurs and is continuing, Interest accrues on the Note Principal Amount of each Note at a sum of the Interest Rate plus a default rate of 3.00% per annum while the relevant Event of Default continues. However, if at the same time an Event of Default in section 8.1(a) or section 8.1(b) is continuing and section 2.4(b) applies, the default rate will not be applicable.

3. CONVERSION

3.1 Conversion

- (a) Subject to sections 3.1(c) and 13, a Noteholder will be entitled to Convert all or some of the Notes held by that Noteholder by giving written notice to the Company (**Conversion Notice**):
 - (i) at any time during the Conversion Period;
 - (ii) in accordance with section 4.2(c); or
 - (iii) in accordance with section 5(a)(v)(A).
- (b) The Company will proceed to issue to the Noteholder that number of Shares as calculated in accordance with section 3.4, within 10 Business Days of receipt of a Conversion Notice, and will notify the Trustee accordingly.
- (c) In order to Convert any Notes into Shares, either:
 - (i) the Note Principal Amount of the Notes the subject of a Conversion Notice must be at least equal to \$2,000; or
 - (ii) the Noteholder must Convert the entire balance of their holding of Notes.
- (d) The issue of Shares on Conversion pursuant to this section 3 will be and will be deemed for all purposes to be in full satisfaction and discharge of the principal amount owing to the Noteholder pursuant to the Notes the subject of the Conversion Notice. However, the Conversion will in no way affect any liability of the Company for unpaid Interest accrued up to the Conversion Date which the Company will pay to the Noteholder in accordance with section 2.
- (e) The Company will apply for official quotation by ASX of all Shares issued upon the Conversion. Such application will be made as soon as reasonably practicable after Shares are issued.
- (f) Within 10 Business Days of the issue of Shares to a Noteholder upon the Conversion, the Company will deliver to the Noteholder a shareholding statement in respect of the Shares issued.



3.2 Conversion Notice

- (a) A Conversion Notice must:
- (i) be in writing (in such form as the Company may accept, acting reasonably, or as is required by the ASX Listing Rules);
 - (ii) specify the number of Notes to be Converted; and
 - (iii) be signed by the Noteholder or an authorised representative or officer of the Noteholder.
- (b) Once a Conversion Notice has been given:
- (i) the notice cannot be withdrawn without the written consent of the Company;
 - (ii) the Noteholder must not deal with, transfer, dispose of or otherwise encumber any Notes the subject of the Conversion Notice; and
 - (iii) the Noteholder must provide such evidence of title to the Notes the subject of the Conversion Notice as may be reasonably required by the Company and the Registrar.

3.3 Conversion Price

Subject to section 3.7, the **Conversion Price** of the Notes is the lower of:

- (a) \$0.515; and
- (b) a 15% discount to the 30-day VWAP of Shares (as traded on ASX) prior to the Conversion Date; and
- (c) a 15% discount to the price of any equity capital raising by the Company that occurred in the 30-day period prior to the Conversion Date,

subject to a minimum Conversion Price of \$0.25 (**Minimum Price**).

3.4 Conversion Rate

Subject to section 3.7, the number of Shares to which a Noteholder will be entitled on Conversion of each Note will be equal to the Note Principal Amount of the Note divided by the Conversion Price.

3.5 Ranking of Shares

Shares issued on Conversion of the Notes will:

- (a) be fully paid Shares;
- (b) in all respects rank equally with all other fully paid Shares on issue on the relevant Conversion Date, except that they will not be entitled to any dividend or any other distribution or entitlement that has not been paid as at the Conversion Date but for which the record date was prior to the Conversion Date; and
- (c) be free of any encumbrances and freely tradable without any on-sale restrictions under the Corporations Act.

3.6 No Fractional Shares

No fractional Shares will be issued on Conversion of a Note. If the calculation under section 3.4 results in an entitlement to a number of Shares which includes a fraction of a Share, the number of Shares will be rounded up to the nearest whole number of Share.

3.7 Adjustments for reorganisation of capital

Subject to the ASX Listing Rules, if there is a reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the basis for Conversion of the Notes (being the Minimum Price) will be reconstructed in the same proportion as the issued capital of the Company is reconstructed and in a manner which will not result in any additional benefits being conferred on the Noteholders which are not conferred on the Shareholders of the Company (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital) but in all other respects the terms for Conversion of the Notes will remain unchanged.

4. REDEMPTION

4.1 Scheduled redemption on Maturity Date

Subject to the Intercreditor Deed, each Note is Redeemable by the Company on the Maturity Date at its Note Principal Amount (together with any accrued Interest payable in accordance with section 2.3) unless:

- (a) the Note has been previously Converted;
- (b) the Note has been previously Redeemed in accordance with section 4.2 or 5; or
- (c) the Note has been purchased by the Company and cancelled in accordance with section 4.3.

4.2 Early Redemption by the Company

- (a) Subject to section 4.2(c), the Intercreditor Deed and compliance with any applicable law and the ASX Listing Rules, the Company may Redeem all (but not some) of the Notes in whole before their Maturity Date at their Note Principal Amount, together with any Interest accrued on those Notes up to (but excluding) the applicable Redemption Date, provided that the Company has given not less than 30 days' notice in writing to the Trustee, the Noteholders and ASX (and any other stock exchange or other relevant authority on which the Notes are quoted) of the intention of the Company to Redeem the Notes (**Early Redemption Notice**).
- (b) Subject to section 4.2(c), if an Early Redemption Notice is given by the Company under section 4.2(a), the notice will be effective (and Redemption will occur) on the Redemption Date as specified by the Company in the Early Redemption Notice (which must be not less than 30 days after the date of the Early Redemption Notice).
- (c) If, no later than 5 Business Days prior to Redemption of the Notes taking place pursuant to an Early Redemption Notice, a Noteholder delivers a Conversion Notice for some or all of its Notes, the Conversion Notice will prevail for the Notes that are the subject of the Conversion Notice.

4.3 Purchase

Subject to compliance with any applicable law, requirement of ASX (and any stock exchange or other relevant authority on which the Notes are quoted) or the Senior Debt Obligations:

- (a) the Company and any of its Related Bodies Corporate (or any third party nominated by the Company) may, at any time, purchase Notes in the open market or otherwise and at any price;
- (b) if purchases are made by tender for the Notes by the Company or any of its Related Bodies Corporate, tenders must be available to all Noteholders alike; and
- (c) Notes purchased under this section 4.3 may be held, resold or cancelled at the discretion of the purchaser (and, if the Notes are to be cancelled, the Company).



5. TAKEOVER, CHANGE IN CONTROL, OR SALE OF MAIN UNDERTAKING

- (a) Other than as contemplated by these Note Terms, if:
- (i) a takeover bid is made to acquire Shares and the offer under the takeover bid is, or becomes, unconditional and the bidder has acquired at any time a relevant interest in more than 50% of the Shares on issue;
 - (ii) a court approves a proposed scheme of arrangement which, when implemented, will result in a person having a relevant interest in more than 50% of the Shares on issue; or
 - (iii) there is a sale of the main undertaking of the Company that would require approval of the Shareholders in accordance with ASX Listing Rule 11.2,
- at any time after the issue of the Notes and prior to the issue of a Conversion Notice in respect of such Notes, then:
- (iv) the Company will give to each Noteholder written notice (**Sale Notice**) of the takeover bid, change of control or sale of main undertaking as soon as practicable and in any event not less than 20 Business Days prior to the relevant transaction occurring; and
 - (v) each Noteholder must within 10 Business Days after the Sale Notice is sent to Noteholders either:
 - (A) elect to Convert all the Notes held by that Noteholder to Shares in accordance with section 3 by providing the Company with a Conversion Notice; or
 - (B) subject to the Intercreditor Deed, require the Company to Redeem all the Notes held by that Noteholder at their Note Principal Amount, together with any Interest accrued on those Notes by giving written notice to the Company.
- (b) If a Noteholder does not comply with section 5(a)(v) within the time period specified in that section, then the Company will Redeem all the Notes held by that Noteholder at their Note Principal Amount (together with any accrued Interest payable in accordance with section 2.3).
- (c) In the event that the Company is required to Redeem all Notes held by a Noteholder under section 5(a)(v) or 5(b), the Notes will be Redeemed:
- (i) in the event of a takeover bid in accordance with section 5(a)(i), within 10 Business Days after the later of the close of the takeover offer and the date that the Company's Shareholders receive their consideration under the takeover bid;
 - (ii) in the event a court approves a proposed scheme of arrangement in accordance with section 5(a)(ii), within 10 Business Days after the transfer of the Shares to the new Shareholder; and
 - (iii) in the event of a sale of the main undertaking of the Company in accordance with section 5(a)(iii), within 10 Business Days after completion of the transfer of the main undertaking.

6. STATUS, SECURITY AND RANKING

6.1 Status

The Notes at all times constitute secured debt obligations of the Company.



6.2 Security

- (a) The Notes are secured by the security interests granted by the Company and each of its wholly owned subsidiaries to the Trustee under the Transaction Security Interests.
- (b) The Trustee holds the rights under the Transaction Security Interest on trust for the benefit of the Trustee and each Noteholder in accordance with the terms of the Trust Deed and the Transaction Security Interests.
- (c) The Company will ensure that any wholly owned subsidiaries incorporated or acquired after the Issue Date grants a Transaction Security Interest to the Trustee over all of its assets and undertakings on substantially similar terms to the Transaction Security Interest executed by the Company (with such amendments as required by local law) within:
 - (i) in respect of any newly incorporated subsidiary, 45 days of incorporation; or
 - (ii) in respect of any acquired subsidiary, 120 days of the acquisition.

6.3 Ranking of Notes

- (a) Each Note ranks for payment in a Winding Up of the Company:
 - (i) after all Senior Debt Obligations and any Permitted New Debt;
 - (ii) equally with each other Note;
 - (iii) ahead of all present and future unsubordinated and unsecured debt obligations of the Company (subject to the laws and principles of equity affecting creditor rights or obligations preferred by mandatory provisions of applicable law); and
 - (iv) ahead of all Shares.
- (b) Without in any way limiting the Company's obligations to Redeem the Notes as set out in these Note Terms, in order to give effect to the ranking specified in section 6.3(a), in any Winding Up of the Company, the Noteholders agree that their claims are limited to the extent necessary to ensure that:
 - (i) all holders of Senior Debt Obligations of the Company receive payment in full before any payment is made to Noteholders; and
 - (ii) Noteholders of the Notes receive payments on a pro-rata basis.
- (c) Without in any way limiting the Company's obligations to Redeem the Notes as set out in these Note Terms, neither the Trustee nor any Noteholder has any right to prove in a Winding Up of the Company in respect of the Notes, except on the basis set out in sections 6.3(a) and 6.3(b).
- (d) Neither the Trustee nor any Noteholder may exercise voting rights as a creditor in respect of the Notes in a Winding Up of the Company to defeat the subordination in this section 6.3.
- (e) The ranking of Notes is not affected by the date of registration of any Noteholder in the Register.

7. NEGATIVE COVENANTS

For so long as any of the Notes remain outstanding, the Company must not, without the approval of an Ordinary Resolution:

- (a) **(new debt)** incur any indebtedness, except:
 - (i) pursuant to the Senior Debt Obligations;
 - (ii) as expressly permitted by the Senior Debt Obligations;



- (iii) any indebtedness incurred or guaranteed after the Issue Date for the purpose of replacing, refinancing or extending the maturity of the Notes; or
- (iv) any Permitted New Debt,

which must not exceed \$75 million in aggregate and must be on terms that are at market levels for indebtedness of this nature;

- (b) **(Security Interests)** other than in the ordinary course of business:
 - (i) create or permit to exist a Security Interest over any of its assets or attempt or agree to do so (including by entering into an indicative term sheet), except:
 - (A) Security Interests securing the Senior Debt Obligations;
 - (B) Security Interests expressly permitted by the Senior Debt Obligations;
 - (C) Security Interests securing any indebtedness incurred after the Issue Date for the purpose of replacing, refinancing or extending the maturity of the Notes; or
 - (D) Security Interests securing any Permitted New Debt; or
 - (ii) if the creation of a Security Interest cannot by law be restricted, create such a Security Interest over any of its assets without the holder of the Security Interest first entering into a deed of priority in form and substance acceptable to the Trustee;
- (c) **(dividends)** declare or pay any dividends to Shareholders unless:
 - (i) such dividends are permitted under the Senior Debt Obligations; and
 - (ii) at the time such dividends are declared, all amounts of Interest that accrued on the Notes in relation to the Cash Interest Rate only (including any amount that capitalised in accordance with section 2.3(e)) have been paid or otherwise discharged in accordance with section 2.3(f); or
- (d) **(Capital Reduction)** unless permitted under the Senior Debt Obligations, other than in respect of the Notes, redeem, purchase, cancel, reduce, return capital on or otherwise acquire any Share or other securities issued by the Company for repayment or return of capital in a Winding Up (**Capital Reduction**):
 - (i) such Capital Reduction is permitted under the Senior Debt Obligations; and
 - (ii) at the time such Capital Reduction occurs, all amounts of Interest that accrued on the Notes in relation to the Cash Interest Rate only (including any amount that capitalised in accordance with section 2.3(e)) have been paid or otherwise discharged in accordance with section 2.3(f).

8. EVENTS OF DEFAULT

8.1 Events of Default

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

- (a) **(insolvency)** an Insolvency Event occurs in respect of the Company;
- (b) **(cross default):**
 - (i) any Senior Debt Obligation is not paid when due nor within any originally applicable grace period;
 - (ii) ANZ or the Refinancing Financier becomes entitled to declare any Senior Debt Obligation (as applicable) due and payable prior to its specified maturity as a result of an event of default or review event (however described);



- (iii) any commitment for any Senior Debt Obligation is cancelled or suspended by ANZ or the Refinancing Financier (as applicable) as a result of an event of default or review event (however described); or
- (iv) any Senior Debt Obligation is declared to be due and payable prior to its specified maturity as a result of an event of default (however described),

and such default is not remedied within 15 Business Days;

- (c) **(non-payment)** the Company fails to pay any amount payable by it under these Note Terms, including if the Company fails to Redeem the Notes on the Maturity Date in accordance with section 4.1, and such default is not remedied within 15 Business Days;
- (d) **(breach of Negative Covenants)** the Company fails to comply with section 7 and such failure remains unremedied for a period of 15 Business Days;
- (e) **(breach of other obligations)** the Company fails to comply with any of its other material obligations under the Note Terms or the Transaction Documents and such failure remains unremedied for a period of 15 Business Days after the earlier of:
 - (i) the Company receiving written notice from the Trustee in respect of the failure to comply; and
 - (ii) the Company becoming aware of the failure to comply;
- (f) **(cessation of business)** the Company ceases or suspends (or threatens to cease or suspend) the conduct of all of its business or a substantial part of its business;
- (g) **(unlawfulness)** at any time, it is unlawful for the Company to perform any of its payment obligations under the Notes;
- (h) **(vitiation)** all or any rights or obligations of the Company, Noteholders or the Trustee under the Trust Deed or the Note Terms are terminated or are or become void, illegal, invalid, unenforceable or of limited force and effect; or
- (i) **(ASX)** the Company is delisted from ASX.

8.2 Notification

- (a) If an Event of Default occurs, the Company must, promptly after becoming aware of it but in any event no later than 2 Business Days after the Event of Default occurs, notify the Trustee of the occurrence of the Event of Default (specifying details of it) and use its reasonable endeavours to promptly notify the Noteholders and, if required, ASX (and any other stock exchange or other relevant authority on which the Notes are quoted) of the occurrence of the Event of Default.
- (b) The Trustee is taken not to have knowledge of the occurrence of an Event of Default unless the Trustee has received written notice from the Company or a Noteholder stating that an Event of Default has occurred and describing it.
- (c) Nothing contained in the Trust Deed imposes on the Trustee an obligation to inform any Noteholder of any breach by the Company of any provision of the Trust Deed.

8.3 Consequences of an Event of Default

- (a) If an Event of Default occurs and is continuing in relation to the Notes, the Trustee may:
 - (i) declare by notice to the Company (with a copy to the Noteholders and the Registrar) that all the Notes are to be Redeemed at their Note Principal Amount (together with any accrued Interest) immediately (but not earlier than 10 Business Days after the date the Trustee gives notice under this section 8.3(a)) or on such other date specified in that notice; or



- (ii) subject to the terms of the Intercreditor Deed, take enforcement action against the Company in relation to the Event of Default in accordance with the Transaction Documents.
- (b) The Trustee will not be bound to take the action referred to in section 8.3(a) to enforce the obligations of the Company in respect of the Notes or any other proceedings or action pursuant to or in connection with the Transaction Documents unless:
 - (i) it has been so directed by a Special Resolution of the Noteholders of the relevant Notes;
 - (ii) it is indemnified, to its satisfaction, against all costs, charges, liabilities and expenses which may be incurred by it (including legal costs on a solicitor and own client basis) in connection with that action;
 - (iii) it is first placed in funds sufficient to cover the costs that it may incur as a result of doing so; and
 - (iv) it is not restricted or prohibited from taking such action by any order of any competent court or any applicable law.

If the Trustee forms the view that such action is or could be inconsistent with these Note Terms, the Transaction Documents or the Corporations Act or any applicable law, it must take steps to seek (and, if the court so determines, to obtain) as soon as reasonably practicable a court direction or order to set aside or vary the direction given by Special Resolution, and, while those steps are underway, the Trustee is not obliged to take any action or proceedings it has been directed to take by Special Resolution.

8.4 No enforcement by Noteholders

Unless the Trustee, having become obliged to take action to enforce the rights of the Noteholders under the Transaction Documents and these Note Terms, fails to do so within 20 Business Days of being obliged to do so and such failure is continuing, the rights of each Noteholder to enforce the obligations of the Company under the Notes are limited to the exercise of its rights to enforce and seek due administration by the Trustee of the Trust Deed. In particular, unless the Trustee, having become obliged to take action to enforce the rights of the Noteholders under the Transaction Documents and these Note Terms, fails to do so within 20 Business Days of being obliged to do so and such failure is continuing, no Noteholder may, with respect to payment of any amount due under the Notes held by it:

- (a) sue the Company;
- (b) obtain judgment against the Company; or
- (c) apply for or seek Winding Up of the Company.

9. REGISTRATION OF TRANSFERS

9.1 Title

Title to a Note 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 Company to the Noteholder to pay principal, Interest and any other amount in accordance with these Note Terms; and
- (b) an entitlement to the other benefits given to Noteholders under these Note Terms and the Transaction Documents in respect of the Note.

For the avoidance of doubt, an entry in the Register does not make the Noteholder a member of the Company or confer rights on a Noteholder to attend or vote at meetings of members of the Company.

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 manifest error.

9.4 Non-recognition of interests

Except as required by law, the Company, the Trustee 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 section 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 Transfers in whole

The Notes may be transferred in whole but not in part.

9.7 Transfer

A Noteholder may, subject to this section 9, transfer any Notes:

- (a) by a proper ASTC transfer according to the ASX Settlement Operating Rules;
- (b) by a proper transfer under any other computerised or electronic system recognised by the Corporations Act;
- (c) under any other method of transfer which operates in relation to the trading of securities on any securities exchange outside Australia on which the Notes are quoted; or
- (d) by any proper or sufficient instrument of transfer of marketable securities under applicable law.

The Company must not charge any fee on the transfer of a Note.

9.8 Market obligations

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

9.9 Company must request holding lock or refuse to register transfer

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

9.10 Notice of holding lock and refusal to register transfer

If, in the exercise of its rights under section 9.9, the Company requests the application of a holding lock to prevent a transfer of Notes or refuses to register a transfer of Notes, it must,



within 5 Business Days after the date the holding lock is requested or the refusal to register a transfer, give written notice of the request or refusal to the Noteholder, to the transferee and the broker lodging the transfer, if any. Failure to give such notice does not, however, invalidate the decision of the Company.

9.11 Delivery of instrument

If an instrument is used to transfer the Notes according to section 9.7, it must be delivered to the Registrar, together with such evidence (if any) as the Company and/or the Registrar reasonably requires to prove the title of the transferor to, or right of the transferor to transfer, the Notes.

9.12 Transferor to remain Noteholder until registration

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

9.13 Effect of transfer

Upon registration and entry of the transferee in the Register the transferor ceases to be entitled to future benefits under the Transaction Documents and the Note Terms in respect of the transferred Notes and the transferee becomes so entitled in accordance with section 9.2.

9.14 Estates

A person becoming entitled to a Note as a consequence of the death or bankruptcy of a Noteholder or of a vesting order or a person administering the estate of a Noteholder 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.

9.15 Transfer of unidentified Notes

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

10. PAYMENTS

10.1 Summary of payment provisions

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

10.2 Payments subject to law

All payments are subject to applicable law, but without prejudice to the provisions of section 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 Noteholder is not entitled to any additional payment in respect of that delay.

10.4 Payments to accounts

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

10.5 Payments by cheque

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

10.6 Unsuccessful attempts to pay

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

- (a) decides that an amount is to be paid to a Noteholder by a method of direct credit and the Noteholder has not nominated an account to which amounts are to be paid by that method;
- (b) attempts to pay an amount to a Noteholder by direct credit, electronic transfer of funds or any other means and the transfer is unsuccessful;
- (c) has made reasonable efforts to locate a Noteholder but is unable to do so; or
- (d) has issued a cheque which has not been presented within six months of its date and, as a consequence, the Company has cancelled such cheque,

then, in each case:

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

10.7 Payment to joint Noteholders

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

11. DEDUCTIONS

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 for or in respect of Taxes, unless such withholding or deduction is required by law.

11.2 Withholding and other taxes

- (a) The Company may withhold or deduct from any amount payable to a Noteholder in respect of the Notes an amount in respect of any Tax which a qualified legal or taxation advisor advises that it is required by law to withhold or deduct from that payment.
- (b) The Company must pay the full amount required to be withheld or deducted to the relevant revenue authority within the time allowed for such payment (without incurring



penalty under the applicable law) and must, if required by a Noteholder, deliver to that Noteholder a copy of the relevant receipt issued by the relevant revenue authority without unreasonable delay after it is received by the Company.

- (c) If an amount is deducted or withheld under section 11.2(a) from a payment to a Noteholder in respect of any Tax, the full amount payable to the Noteholder will be deemed to have been duly paid and satisfied by the Company, and the Company will have no obligation to pay any additional amount to the Noteholder on account of the deduction or withholding.

12. AMENDMENT OF THE NOTE TERMS

12.1 Amendment without the approval of the Noteholders

At any time, and from time to time, the Note Terms may be modified, altered, cancelled, amended or added to (**Modified**), without the consent of the Noteholders, if such modification, alteration, cancellation, amendment or addition (**Modification**) is:

- (a) of a formal or technical nature or made to cure any ambiguity or correct any manifest error;
- (b) necessary to cure any ambiguity or correct or supplement any defective or inconsistent provision;
- (c) necessary or expedient for the purpose of listing the Notes on ASX or to comply with the applicable ASX Listing Rules or the listing or quotation requirements of any other any securities exchange on which the Company may propose to seek a listing of the Notes;
- (d) necessary or expedient for the purpose of enabling the Notes to be offered for issue or for sale under the laws for the time being in force in any place;
- (e) necessary or expedient to comply with the provisions of any law or regulation or the requirements of any statutory authority; or
- (f) necessary or advisable following the introduction of, or any amendment to, clarification of, or change (including any announced prospective change) in, any law or regulation of the Commonwealth of Australia or an announcement, action or decision or a proposal to introduce, amend, clarify or change any such law or regulation or any official administrative pronouncement or action or judicial decision interpreting or applying any such law or regulation which is likely to cause the Notes to cease to be treated as debt for tax or accounting purposes; and
- (g) in respect of a Modification sought by a party in reliance on:
 - (i) any one of sections 12.1(a) to 12.1(e) above: the Company and the Trustee have either jointly or separately obtained a legal opinion from legal advisers of recognised standing in New South Wales, which opinion is in a form satisfactory to the Company and the Trustee, as applicable (each acting reasonably) and is addressed to or is otherwise able to be relied on by each of the Company and the Trustee, as applicable, to the effect that such Modification (taken as a whole and in conjunction with all other Modifications) is:
 - (A) a Modification within the scope of any one or more of sections 12.1(a) to 12.1(e); and
 - (B) not materially prejudicial to the interests of Noteholders of the Notes (taken as a whole); or
 - (ii) section 12.1(f) above: the Company and the Trustee have either jointly or separately obtained an opinion from an accountancy or taxation adviser of recognised standing in New South Wales, which opinion is in a form satisfactory to the Company and the Trustee, as applicable (each acting



reasonably) and is addressed to or is otherwise able to be relied on by each of the Company and the Trustee, as applicable, to the effect that such Modification (taken as a whole and in conjunction with all other Modifications) is:

- (A) a Modification within the scope of section 12.1(f); and
- (B) not materially prejudicial to the interests of Noteholders of the Notes (taken as a whole).

12.2 Amendment with the approval of the Noteholders

- (a) At any time, and from time to time, but subject to sections 12.2(b) and 12.2(c), the Note Terms may be Modified if such Modification is authorised by an Ordinary Resolution.
- (b) If the Trustee considers the Modification will materially and adversely affect the rights of Noteholders (taken as a whole), then the Modification must be authorised by a Special Resolution.
- (c) If a section in these Note Terms provides for Noteholders to give a direction to the Trustee by a Special Resolution, then that section may only be Modified if such Modification is authorised by a Special Resolution.

12.3 Amendment with the approval of the Noteholders but not the Trustee

If a Modification to these Note Terms is proposed by the Company under section 12.2 and the Trustee will not consent to the Modification, the Note Terms may be Modified in the manner proposed by the Company if such Modification is authorised by a Special Resolution, provided that such amendment does not adversely affect the rights and obligations of the Trustee.

13. CONVERSION TO VOTING SHARES PRECLUDED

13.1 Breaches of law

- (a) Despite any other term of the Trust Deed or these Note Terms, a Noteholder is not entitled to Convert (and the Company is entitled to refuse to Convert) such number of Notes that would result in:
 - (i) a person acquiring voting Shares in the Company in breach of section 606 of the Corporations Act (or any equivalent provision) where none of the items in section 611 of the Corporations Act apply;
 - (ii) a person acquiring Shares where a notification or consent being required to be sent to, or consent is required under, any legislation by which the Company and its Related Bodies Corporate are bound has not been obtained.
- (b) If a Noteholder delivers a Conversion Notice but, in accordance with section 13.1(a), is not entitled to Convert all of the Notes the subject of the Conversion Notice:
 - (i) the Company will proceed to issue to the Noteholder the maximum number of Shares that it is permitted to issue, as calculated in accordance with section 3.4, within 10 Business Days of receipt of the Conversion Notice in accordance with 3.1(a), and will notify the Trustee accordingly; and
 - (ii) in respect of that number of Notes the subject of the Conversion Notice that the Noteholder is not entitled to Convert (**Unconverted Notes**), the Noteholder may, by giving written notice to the Company, elect to:
 - (A) subject to the Intercreditor Deed, require the Company to Redeem the Unconverted Notes at their Note Principal Amount, together with any Interest accrued on those Notes; or
 - (B) defer Conversion of the Unconverted Notes until such time as the Conversion would not result in a breach under section 13.1(a).

13.2 Statutory declaration

The Company may in its discretion require a Noteholder to provide a statutory declaration confirming that the circumstances referred to in section 13.1 do not exist in respect of any Conversion by that Noteholder.

14. INTERPRETATION AND DEFINITIONS

14.1 Interpretation

In these Note Terms, except where the context otherwise requires:

- (a) if there is inconsistency between the Note Terms and, the Trust Deed, then, to the maximum extent permitted by law, the Trust Deed will prevail;
- (b) a reference to a section is to a section of the Note Terms;
- (c) the Directors may exercise all powers of the Company under these Note Terms as are not, by the Corporations Act or by the Constitution, required to be exercised by the Company in a general meeting;
- (d) if a calculation is required under these Note Terms, unless the contrary intention is expressed, the calculation will be rounded to four decimal places;
- (e) calculations, elections and determinations made by the Company under these Note Terms are binding on Noteholders in the absence of manifest error;
- (f) if an event under these Note Terms must occur on a stipulated day which is not a Business Day, then the stipulated day will be taken to be the next Business Day;
- (g) the singular word includes the plural, and vice versa;
- (h) a word which suggests one gender includes the other genders;
- (i) a reference to the place or venue of a meeting shall be taken to include any applicable electronic, online or virtual platform;
- (j) a reference to the signing or execution of any document includes signing or execution by electronic means;
- (k) a reference to a document being in writing includes being in electronic form;
- (l) if a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning;
- (m) if an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing; and
- (n) a reference to “dollars”, or “\$” is to an amount in Australian currency; and
- (o) an Event of Default is continuing if it has not been remedied or waived.

14.2 Definitions

Terms defined in the Transaction Documents have the same meanings in these Note Terms. In addition, the following terms have the following meanings unless the contrary intention appears:

Additional Interest Rate means 6.00% per annum.

ANZ means Australia and New Zealand Banking Group Limited (ABN 11 005 357 522).

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



ASTC means the ASX Settlement Pty Ltd (ABN 49 008 504 532).

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

ASX means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires.

ASX Listing Rules means the listing rules of ASX.

Business Day means a day which is a business day within the meaning of the ASX Listing Rules.

Cash Interest Rate means 8.00% per annum.

Company means Mosaic Brands Limited (ABN 96 003 321 579).

Constitution means the constitution of the Company, as amended from time to time.

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

Conversion Date means the date (determined by the Company (in its absolute discretion) in accordance with the Note Terms) on which Shares will be issued to the Noteholder on Conversion of the Notes under section 3.

Conversion Notice has the meaning given in section 3.1.

Conversion Period means the period commencing on 30 September 2022 and ending on the Maturity Date.

Conversion Price has the meaning given in section 3.3.

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

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

CS Facility Operator means the operator of a CS Facility.

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

Early Redemption Notice has the meaning given in section 4.1(a).

End Date means, in respect of a Note, the earliest to occur of its Maturity Date, Conversion Date or Redemption Date.

Event of Default means the happening of any event set out in section 8.

Existing Senior Debt Obligations means all debt and other obligations owing by the Company and its subsidiaries to ANZ from time to time.

Face Value means the nominal principal amount of each Note, being \$1.00.

First Interest Payment Date means 31 December 2021.

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

Insolvency Event occurs in relation to a body corporate if:

- (a) it is (or states that it is) insolvent (as defined in the Corporations Act);
- (b) it has a controller (as defined in the Corporations Act) appointed, or is in receivership, in receivership and management, in liquidation, in provisional liquidation, under administration or wound up or has had a receiver appointed to any part of its property;



- (c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute, dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the creditors);
- (d) an Application or order has been made (and, in the case of an Application, it is not stayed, withdrawn or dismissed within 15 Business Days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (a), (b) or (c) above;
- (e) it is taken under section 459(F)(1) of the Corporations Act to have failed to comply with a statutory demand;
- (f) it is otherwise unable to pay its debts when they fall due; or
- (g) something having a substantially similar effect to (a) to (f) happens in connection with it under the law of any jurisdiction.

Intercreditor Deed means:

- (a) initially, the document to be entered into between ANZ, the Trustee, the Company and others regulating, among other things, the priority of the Transaction Security Interests and the Security Interests granted in favour of ANZ in respect of the Existing Senior Debt Obligations; and
- (b) in respect of any Refinancing Senior Debt Obligations, the document to be entered into between the Refinancing Financier, the Trustee, the Company and others among other things, the priority of the Transaction Security Interests and the Security Interests granted directly or indirectly in favour of Refinancing Financier in respect of the Refinancing Senior Debt Obligations.

Interest means the interest payable from time to time in respect of a Note, including interest payable under in section 2.

Interest Payment Date means, in respect of a Note:

- (a) 31 March, 30 June, 30 September and 31 December in each year commencing after the First Interest Payment Date until the earlier of the Conversion Date, the Maturity Date and the Redemption Date;
- (b) the Conversion Date (if the Company elects not to include the Interest accrued but unpaid on the Note in the Conversion Amount);
- (c) the Maturity Date; and
- (d) any Redemption Date.

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, Conversion Date or the Redemption Date.

Interest Rate means the aggregate of the Cash Interest Rate and the Additional Interest Rate.

Issue Date means, the date a Note is first issued under these Note Terms.

Maturity Date means, in respect of a Note, 30 September 2024.

Meeting Provisions means the rules relating to meetings of Noteholders contained in clause 20 to the Trust Deed.

Note means a redeemable, secured convertible note issued, or to be issued, by the Company on these Note Terms.



Note Principal Amount means, in respect of a Note, the Face Value for that Note plus all capitalised interest that has been added in accordance with section 2.3.

Note Terms means the terms and conditions of issue of the Notes.

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

Notional Note Principal Amount means, in respect of a Note, the Face Value of that Note plus all Cash Interest Amounts that have capitalised and been added in accordance with section 2.3(e) but, for the avoidance of doubt, does not take into account any Additional Interest Amounts.

Ordinary Resolution means:

- (a) a resolution passed at a meeting of the Noteholders duly called and held under the Meeting Provisions:
 - (i) by at least 50% of the persons voting on a show of hands (unless paragraph (ii) below applies); or
 - (ii) if a poll is duly demanded, then by a majority consisting of at least 50% of the votes cast; or
- (b) a resolution passed by postal ballot or circular written resolution by Noteholders representing (in aggregate) at least 50% of the principal amount then outstanding of all of the Notes.

Permitted New Debt means indebtedness for moneys borrowed or raised pursuant to any financial accommodation not exceeding an aggregate amount of \$1,000,000.

PPS Law means the Personal Property Securities Act 2009 (Cth).

PPS Security Interest means a security interest as defined in the PPS Act.

Redemption means the redemption of a Note in accordance with section 4 and the words Redeem, Redeemable 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.

Refinancing Financier means any third party financier that provides financing to the Company and its subsidiaries in order to refinance the Existing Senior Debt Obligations.

Refinancing Senior Debt Obligations means all debt and other obligations owing by the Company and its subsidiaries to the Refinancing Financier from time to time.

Register means the register of Noteholders and, where appropriate, the term Register includes:

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

Registrar means Computershare Investor Services Pty Limited (ABN 48 078 279 277) or any other person appointed by the Company (with such appointment notified to the Trustee) to maintain the Register.

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

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

Security Interest means a charge, mortgage, pledge, lien or other security interest securing any obligation of any person or any other agreement, notice or arrangement having a similar effect. It includes any PPS Security Interest but does not include any of the foregoing which is an interest of the kind referred to in section 12(3) of the PPS Act.

Senior Debt Obligations means the Existing Senior Debt Obligations or the Refinancing Senior Debt Obligations as applicable.

Shares means an ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Special Resolution means:

- (a) a resolution passed at a meeting of the Noteholders 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 circular written resolution by Noteholders representing (in aggregate) at least 75% of the principal amount then outstanding of all of the Notes.

Tax means any tax, levy, impost, charge, rate, withholding or duty (including stamp and transaction duties) levied or imposed by any Government Agency together with any related interest, penalties, fines and expenses in connection with them. It includes GST.

Transaction Documents means:

- (a) the Trust Deed;
- (b) the Note Terms;
- (c) the Transaction Security Interest;
- (d) the Intercreditor Deed; and
- (e) any document or agreement entered into or given under (a) to (e) above.

Transaction Security Interest means each of:

- (a) the general security deed to be entered into between the Company, each of its wholly owned subsidiaries incorporated in Australia and the Trustee;
- (b) the general security deed to be entered into on or about the date of this document between the Company, Noni B Holdings NZ Limited and the Trustee; and
- (c) any other Security Interest granted to the Trustee in relation to the Secured Money.

Trustee means the person from time to time acting as the trustee of the trust constituted by the Trust Deed (acting in that capacity).

Trust Deed means the trust deed entitled 'Convertible Note Trust Deed' to be entered into between the Company and the Trustee.

VWAP has the meaning given to the term "volume weighted average market price" by chapter 19 of the ASX Listing Rules.

Winding Up means in respect of a person the appointment of a liquidator or provisional liquidator of that person (and where the appointment is made by a court, by a court of competent jurisdiction in Australia).

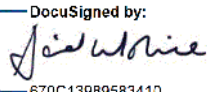
Executed as a deed

Company)

Executed by)
Mosaic Brands Limited ACN 003 321)
579 pursuant to Section 127 of the)
Corporations Act 2001 (Cth) :)

David Oliver Wilshire

Director

DocuSigned by:

670C13989583410...

Director/Company Secretary

Richard Facioni

Print Name

DocuSigned by:

0783A779E090454...

Print Name Director

Trustee

Executed by)
Melbourne Securities Corporation Ltd)
ACN 160 326 545 pursuant to Section 127 of)
the Corporations Act 2001 (Cth) :)



Signature of director

Matthew Fletcher

Name of director



Signature of director/company secretary*

Lauree Blair

Name of director/company secretary*

Annexure A – Form of Conversion Notice

To: The Directors
Mosaic Brands Limited

NOTICE OF CONVERSION OF CONVERTIBLE NOTES

I/WE _____
Name of Noteholder

of _____
Name of Noteholder

hereby request conversion of _____ Notes into fully paid ordinary shares in the capital of Mosaic Brands Limited in accordance with the terms of the Convertible Note Trust Deed dated [insert] 2021.

I/WE agree to be bound by the constitution of Mosaic Brands Limited.

DATED:

EXECUTED by [INSERT COMPANY NAME])
ACN [INSERT ACN])
in accordance with Section 127 of the)
Corporations Act 2001 (Cth):)

Signature of director

Signature of director/company secretary*

Name of director

Name of director/company secretary*

OR

SIGNED by [INSERT NAME OF INDIVIDUAL])
in the presence of:)
)

Signature of witness

Signature

Name of witness