

Responsible Entity  
CPT Manager Limited  
ABN 37 054 494 307



Centro Properties Limited  
ABN 45 078 590 682  
Centro Property Trust  
ARSN 091 043 793

4 June 2010

Company Announcements Office  
Australian Stock Exchange Limited  
Level 4, 20 Bridge Street  
Sydney NSW 2000

Dear Sir

**Missed redemption of exchangeable notes at 30 June 2010**

In June 2007, Centro Properties Group ("Centro") raised funds through the issue of Exchangeable Notes ("Notes") with a face value of US\$500 million and a maturity date of 30 June 2010. As at today, a face value of US\$444 million of the Notes (with a value including accreted interest of US\$513 million) remain on issue.

Centro confirms that under the terms and conditions of the Notes, it has elected not to redeem the Notes.

The effect is that the Convertible Bonds ("Bonds"), which Centro issued to the special purpose vehicle which issued the Notes will remain on issue, but former owners of the Notes will now have a direct interest in the Bonds. Any future settlement of the Bonds is entirely at Centro's discretion.

The terms of the Bonds are attached to this announcement.

Faithfully

Elizabeth Hourigan  
Company Secretary

# Terms of CNP Convertible Bonds

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These Terms set out the general terms and conditions of the nominally paid, perpetual, subordinated, deferrable and non-cumulative bonds (**Convertible Bonds**) initially issued by Centro Properties Limited and CPT Manager Limited (as responsible entity of Centro Properties Trust) to JPMorgan Australian ENF Nominees No. 1 Pty Limited (ACN 124 343 148) in its capacity as trustee of the JPMorgan Australian Exchangeable Note Funding Trust No. 1 in accordance with the CNP Preference Security Deed Poll.

## 1 Interpretation

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### 1.1 Definitions

In these Terms, the following words and expressions have the meanings indicated unless the context otherwise requires:

**Acceleration Event** means, following the occurrence of an Event of Default (as defined in the Note Conditions), the Notes becoming due and payable in accordance with Note Condition 10.

**Accreted Principal** has the meaning given in clause 2.1(c).

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

**Authorised Person** is defined in clause 6.1.

**Business Day** has the meaning given in the Note Conditions.

**CHESS** has the meaning given in the Note Conditions.

**CML** means CPT Manager Limited ACN 054 494 307, as responsible entity of CPT.

**CNP** means Centro Properties Group, the stapled group comprising CPL and CPT.

**CNP Funding Trust Preference Units** has the meaning given in the Note Conditions.

**CNP Option** means an option to subscribe for Stapled Securities (or, if the Stapled Securities are destapled, then ordinary units in CPT and ordinary shares in CPL) on the terms set out in the CNP Option Terms, granted pursuant to the CNP Option Deed.

**CNP Option Deed** means the deed dated on or about 6 June 2007 between the Issuer and JPMorgan Australian ENF Nominees No. 1 Pty Limited (ACN 124 343 148) in its capacity as trustee of the JPMorgan Australian Exchangeable Note Funding Trust No. 1.

**CNP Option Terms** means the terms and conditions of the CNP Options contained in Schedule 1 of the CNP Option Deed.

**CNP Preference Security Deed Poll** means the deed poll granted on or about 6 June 2007 by CPL and CML in favour of each person who is from time to time a Holder.

**CNP Preference Securities Subscription Agreement** means the agreement dated on or about 6 June 2007 between the Notes Issuer, CML (as responsible entity for CPT) and CPL, among others, in relation to the subscription by the Notes Issuer for the Convertible Bonds.

**Constitution** means (i) the constitution of CPL; and (ii) the constitution of CPT made on 20 January 1984 between James Aloysius Harris and Micram Pty Limited as amended by supplemental deeds dated 10 July 1997, 10 July 1997, 22 December 1999 and 3 May 2000 and replaced by the constitution lodged with the Australian Securities and Investments Commission ("**ASIC**") on 25 May 2000 which was subsequently amended by each of the supplemental deeds lodged with the ASIC on 23 September 2002, 4 July 2003, 1 June 2004, 17 September 2004, 4 July 2005, 4 November 2005 and 16 May 2006, both as further amended and supplemented from time to time.

**Conversion** means the taking effect of the rights of a Convertible Bond under clause 7.2(a), and **Convert** has a corresponding meaning.

**Conversion Date** has the meaning given in clause 7.1(a).

**Conversion Notice** means a notice given by the Issuer to the Holder under clause 7.1.

**Convertible Bond Default** means an event of default under the Terms of Issue or any other event which entitles the Holder to require or demand payment, repayment or prepayment of the Convertible Bonds (other than payments to be made in the ordinary course).

**Convertible Bond Obligations** means all debts and monetary liabilities of the Issuer to the Holder under or in relation to the Convertible Bonds and in any capacity, irrespective of whether the debts or liabilities:

- (a) are present or future;
- (b) are actual, prospective, contingent or otherwise;
- (c) are at any time ascertained or unascertained;
- (d) are owed or incurred by or on account of the Issuer alone, or severally or jointly with any other person;
- (e) are owed or incurred to or for the account of the Holder alone, or severally or jointly with any other person;
- (f) are owed or incurred as principal, interest, fees, charges, taxes, duties or other imposts, damages (whether for breach of contract or tort or incurred on any other ground), losses, costs, or expenses, or on any other account; or
- (g) comprise any combination of the above,

provided that the obligations by the Issuer to the Holder under the other Transaction Documents are not Convertible Debt Obligations notwithstanding the fact that such obligations may arise in relation to the Convertible Bonds.

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

**CPL** means Centro Properties Limited ACN 078 590 682.

**CPT** means the registered managed investment scheme known as Centro Property Trust ARSN 091 043 793.

**CPT Creditors** means all creditors of the Issuer (excluding the Holder(s) in their capacity as holder(s) of Convertible Bonds).

**CPT Debt** means all debts and monetary liabilities of the Issuer to the CPT Creditors on any account and in any capacity irrespective of whether the debts and liabilities:

- (a) are present or future;
- (b) are actual, prospective, contingent or otherwise;
- (c) are at any time ascertained or unascertained;
- (d) are owed or incurred by or on account of the Issuer alone or severally or jointly with any other person;
- (e) are owed or incurred to or for the account of the Holder above, or severally or jointly with any other person;
- (f) are owed or incurred as principal, interest, fees, charges, taxes, duties or other imposts, damages (whether for breach of contract or tort or incurred on any other ground), losses, costs, or expenses, or any other account; or

(g) comprise any combination of the above.

**CPT Default** means an event of default by the Issuer under any document which CPT Debt is provided.

**Distributable Amount** has the meaning given in clause 12.3 of the Constitution.

**Distribution Amount** means, in respect of a Distribution Period for each Convertible Bond, the Reinvestment Amount plus the Interest Amount.

**Distribution Payment Date** means:

- (a) before a Missed Redemption Event or Missed Exchange Event, the Payment Business Day prior to an Interest Payment Date determined under the Note Conditions (as adjusted in accordance with Note Condition 5(a));
- (b) after a Missed Redemption Event or Missed Exchange Event, the date that would have been the Payment Business Day prior to an Interest Payment Date determined under the Note Conditions (as adjusted in accordance with Note Condition 5(a)) if the Notes had still been outstanding.

**Distribution Period** means:

- (a) the period commencing on (and including) the Issue Date and ending on (and including) 30 June 2007;
- (b) in each half year in which a Reset, Exchange or Redemption occurs, each of:
  - (1) the period commencing on 1 January or 1 July (as the case may be) and ending on (and including) the Reset Date, Exchange Date or Redemption Date (as the case may be); and
  - (2) the period commencing on the date after (and including) the Reset Date or Exchange Date (as applicable) and ending on (and including) the relevant 30 June or 31 December (as the case may be); and
- (c) otherwise, each successive six month period commencing on (and including) 1 January and 1 July in each year and ending on (and including) 30 June and 31 December in the same year.

**Distribution Rate** is 5.55% per annum, subject to any change pursuant to any Reset Process in accordance with clause 4.

**Exchange** means the exchange of Convertible Bonds in accordance with these Terms.

**Exchange Date** means the Initial Reset Date.

**Exchange Property** has the meaning given in the Note Conditions.

**Final Maturity Amount** means the amount payable by the Notes Issuer (or the amount that would have been payable by the Notes Issuer if the Notes were outstanding) on redemption of a Note on the Final Maturity Date, as more fully defined in Condition 7(a)(i) of the Note Conditions.

**Final Maturity Date** means 30 June 2010.

**Fully Paid** the full satisfaction of the Subscription Price in accordance with clause 2.3(c)(2).

**Funding Trust Distribution Payment Date** has the same meaning as "Distribution Payment Date" in the terms of the CNP Funding Trust Preference Units.

**Government Agency** means any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority, tribunal, agency or entity.

**Holder** means a person whose name is for the time being entered in the Register as a holder of Convertible Bonds.

**Holder Redemption Notice** means a notice given by the Holder under clause 5.3.

**Independent Financial Adviser** means a reputable investment bank operating in Australia or an investment bank of international repute, in any such case, appointed by the Issuer and approved by the Notes Issuer (if it is the Holder at the relevant time).

**Initial Reset Date** means the Payment Business Day prior to the date on which the redemption payment is to be made on the Notes (or would have been made on the Notes if the Notes were outstanding) in respect of the Final Maturity Date in accordance with Note Condition 7(a).

**Interest Amount** has the meaning given in clause 3.3.

**Issue Date** means the Closing Date as defined in the Note Subscription Agreement.

**Issuer** means the stapled group comprising Centro Properties Limited ACN 078 590 682 and CPT Manager Limited ACN 054 494 307 (as responsible entity of Centro Properties Trust ARSN 091 043 793). All references to the 'Issuer' or 'CNP' shall be read as references to each of CML and CPL acting jointly, unless otherwise expressly specified.

**Missed Exchange Event** has the meaning given in the Note Conditions.

**Missed Redemption Event** has the meaning given in the Note Conditions.

**No Securities Election** has the meaning given in clause 5.1(f).

**Note Conditions** means the terms and conditions of the Notes as set out in schedule 4 of the Note Trust Deed.

**Note Subscription Agreement** means the subscription agreement in respect of the Notes entered into by the Notes Issuer, CPL and CML, among others, dated 9 May 2007.

**Note Trust Deed** means the note trust deed dated on or about 6 June 2007 between the Notes Issuer and The Bank of New York in its capacities as note trustee and security trustee.

**Noteholder** has the meaning given in the Note Conditions.

**Notes** means the US\$500,000,000 3.50% Fixed Rate Secured Exchangeable Notes due 2010 constituted by the Note Trust Deed.

**Notes Issuer** means JPMorgan Australia ENF Nominees No. 1 Pty Limited (ACN 124 343 148) in its capacity as trustee of the JPMorgan Australia Exchangeable Note Funding Trust No. 1.

**Payment Business Day** has the meaning given in the Note Conditions.

**Preference Security** means a preferred stapled security, which may be issued by CNP, comprising one preference share in CPL and one preference unit in CPT, having the terms scheduled to the CNP Preference Securities Subscription Agreement.

**Preference Unit Transfer Date** means the date on which all CNP Preference Units are transferred in accordance with clause 2.3(b).

**Principal Amount** means an amount equal to the Subscription Price.

**Redemption** means the redemption of a Convertible Bond in accordance with clauses 5 and 6, and **Redeem** has a corresponding meaning.

**Redemption Date** means:

- (a) in the case of Redemption under clause 5.1, the Initial Reset Date;
- (b) in the case of Redemption under clauses 5.2 the date specified in the Redemption Notice; and

- (c) in the case of a Redemption under clause 5.3 or 5.4, the date specified in the Redemption Notice or Holder Redemption Notice (as the case may be), as the date on which the Redemption is to take place, being no later than one Payment Business Day before the due date for exchange or redemption of the relevant Notes giving rise to the Redemption.

**Redemption Notice** means a notice given by the Issuer to the Holder under clause 5.

**Register** means a register or registers, including any branch register, of holders of Convertible Bonds established and maintained by or on behalf of the Issuer in accordance with the Corporations Act in which is entered the names and addresses of holders whose Convertible Bonds are carried on that register.

**Reinvestment Amount** means, in respect of a Distribution Period for each Convertible Bond, the US dollar amount calculated in accordance with the following formula:

$$RA = A \times (1 + R/2)^{d/p} - C$$

where:

**RA** is the Reinvestment Amount;

**A** is the Accreted Principal as at the immediately preceding Distribution Payment Date (or, in respect of the first Distribution Period, the Subscription Price);

**R** is 5.55% expressed as a decimal;

**d** is the number of days in the relevant Distribution Period, determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed;

**p** is 180; and

**C** is the Interest Amount in respect of the relevant Distribution Period.

**Relevant Tax Jurisdiction** means any country, or political sub-division of one or more countries, or any federation or association of countries:

- (a) in which the Issuer is either incorporated or is resident or domiciled for any tax purpose; or
- (b) from which, or through which, any payment in relation to a Convertible Bond is made.

**Reset Date** means the Initial Reset Date and any subsequent date named as a Reset Date by the Issuer.

**Reset Notice** means a notice in writing from the Issuer which satisfies the requirements of clause 4.2.

**Reset Process** has the meaning given in clause 4.1.

**Security Trustee** means The Bank of New York and all persons for the time being appointed as the security trustee under the Security Trust Deed as security trustee for the Noteholders.

**Security Trust Deed** means the security trust deed dated on or about 5 June 2007 entered into between the Notes Issuer and The Bank of New York.

**Settlement Calculation Date** has the meaning given in the Note Conditions.

**Staple, Stapled or Stapling** means, in relation to an ordinary unit in CPT and an ordinary share in CPL, being linked together so that one cannot be dealt with without the other.

**Stapled Securities** means the fully paid ordinary stapled securities of CNP listed on ASX, each comprising one ordinary unit in CPT and one ordinary share in CML.

**Subscription Price** means, for each Convertible Bond, an amount equal to the Accreted Face Value of a CNP Funding Trust Preference Unit calculated as at the Distribution

Payment Date immediately preceding an Underlying Securities Event, payable only in accordance with clause 2.3.

**Taxes** means actual or anticipated taxes, duties, deductions and charges of any kind imposed by a government, including goods and services tax (GST) or any amount included either expressly or impliedly in an amount paid or payable by the Issuer on account of GST together with interest and penalties.

**Terms or Terms of Issue** means these terms and conditions.

**Transaction Documents** has the meaning given in the Note Conditions.

**Transfer Preference Units** has the meaning given in clause 2.3(b).

**Underlying Securities Event** has the meaning given the Note Conditions.

**Unpaid Amounts** means an amount (expressed in US dollars) equal to:

$$A + B + C + D - E$$

where

**A** means any outstanding "Unpaid Amounts" as defined in the Note Conditions;

**B** means, to the extent not included in A above, any amount of accrued but unpaid interest which is due and payable in respect of the redemption of a Note in accordance with the Note Conditions (and the extinguishment of all claims in respect of that Note in accordance with Note Condition 6(m) or 7(e), as applicable);

**C** means, to the extent not included in A or B above, any amount of accrued but unpaid interest which was due and payable in respect of a Note in accordance with the Note Conditions immediately prior to the redemption of the Note (even if it has been extinguished in accordance with Note Condition 6(m) or 7(e), as applicable); and

**D** means, to the extent not included in A, B or C above, any Interest Amount previously scheduled to be paid under these Terms but was not paid (excluding, for the avoidance of doubt, any accrued Interest Amount that is not yet due); and

**E** means, to the extent not already deducted in calculating A, B, C or D above, the amount (expressed in US dollars) the aggregate of:

- (a) amounts paid in cash to, or for the account of the relevant Noteholder or Holder of Convertible Bonds (as applicable), in respect of the exchange or redemption of the Notes, in accordance with the Note Conditions, or the exchange or redemption of the Convertible Bonds in accordance with these Terms (as applicable); and
- (b) the value (expressed in US dollars) of any Stapled Securities which have been delivered to, or for the account of, the relevant Noteholder in accordance with the Note Conditions (the "Value"), calculated as of each relevant Exchange Date or Settlement Calculation Date (each as defined in the Note Conditions) or to, or for the account of, the relevant Holder of Convertible Bonds, calculated at the relevant Redemption Date or Exchange Date (each as defined in these Terms) in respect of the relevant Stapled Securities in accordance with the following formula:

$$\text{Value} = P \times N$$

where:

P means the Volume Weighted Average Price (as defined in the Note Conditions) for the relevant Stapled Securities on the relevant date; and

N mean the number of Stapled Securities delivered in respect of that date,

translated into US dollars at the Spot Rate (as defined in the Note Conditions) on such date (as applicable).

## **1.2 Interpretation**

In these Terms, headings and boldings are for convenience and do not affect the interpretation of these terms and, unless the context otherwise requires:

- (a) references to any provision of any statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.
- (b) words importing the singular include the plural and vice versa;
- (c) a reference to a person includes a reference to a company, partnership, joint venture, association, corporation or other body corporate and any government agency;
- (d) a reference to any thing (including any right) includes a part of that thing, but nothing in this paragraph implies that performance of part of an obligation constitutes performance of the obligation;
- (e) a reference to a condition or annexure is a reference to a condition of, and an annexure to, these terms and a reference to these terms includes any annexure;
- (f) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;
- (g) a reference to a document includes any agreement in writing, or any certificate, notice, instrument or other document of any kind;
- (h) a reference to a person includes that person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (i) a reference to dollars and US\$ is a reference to the lawful currency of the United States of America unless denominated otherwise;
- (j) a reference to a body (including an institute, association or authority), other than a party, whether statutory or not that ceases to exist or whose powers or functions are transferred to another body, is a reference to the body that replaces it or substantially succeeds to its powers or functions;
- (k) none of these terms will be construed adversely to the Issuer solely on the ground that the Issuer was responsible for preparing these terms;
- (l) if there is any inconsistency between the provisions of these Terms and any other document issued in relation to the Convertible Bonds, then, to the maximum extent permitted by law, the provisions of these Terms will prevail;
- (m) a reference to the Holder or the Holder's Convertible Bonds is a reference to the account of the Register in relation to the Holder or the Convertible Bonds registered in relation to the Holder's account; and
- (n) if the due date for any thing required to be done under these Terms falls on a day which is not a Payment Business Day or Business Day, then the due date shall be brought forward to the preceding Payment Business Day or Business Day (as applicable).



### 1.3 Interpretation consistent with Note Conditions

In the case of uncertainty or ambiguity, an interpretation of these Terms of Issue which would have the effect that they operate consistently with the Note Conditions is to be preferred to an alternative interpretation.

## 2 Issue of Convertible Bonds

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### 2.1 General

Each Convertible Bond:

- (a) is a nominally paid, perpetual, subordinated, deferrable and non-cumulative bond issued by CPL and CML on a joint and several basis which, in certain circumstances:
  - (1) can be redeemed for cash by the Issuer;
  - (2) is exchangeable for Stapled Securities on the Initial Reset Date subject to these Terms;
  - (3) is convertible into Preference Securities on election of the Issuer; and
  - (4) can only be transferred as provided in clause 9;
- (b) has no right to participate in the distribution of net proceeds to shareholders or unitholders in a winding up of CPL, CML or CPT;
- (c) has a principal amount equal to the Principal Amount which shall increase pursuant to clause 3.4(a) (**Accreted Principal**);
- (d) will be issued as nominally paid only, but can become Fully Paid in accordance with clause 2.3; and
- (e) ranks equally without priority or preference amongst all other Convertible Bonds; and
- (f) constitutes direct, subordinated and unsecured obligations of the Issuer.

### 2.2 Form of Convertible Bonds

- (a) Convertible Bonds are debt obligations of the Issuer constituted by, and owing under the CNP Preference Securities Deed Poll. The Convertible Bonds are issued in accordance with these Terms in registered form and shall be entered into the Register on the Issue Date.
- (b) No certificates will be issued in respect of any Convertible Bonds unless the Issuer determines that certificates should be available or they are required by any applicable law.
- (c) A Convertible Bond confers all of the rights attaching to Fully Paid Preference Securities, but these rights do not take effect until they are Converted. Until such time, Convertible Bonds have the rights set out in these Terms.

## 2.3 Subscription for Convertible Bonds and when Fully Paid

- (a) An initial instalment of the Subscription Price, being an amount of US\$0.01 per Convertible Bond, must be paid to the Issuer on the Issue Date in accordance with the terms of the CNP Preference Securities Subscription Agreement.
- (b) On the date of the occurrence of an Underlying Securities Event, the Notes Issuer shall with immediate effect on and from that date, hold all the CNP Funding Trust Preference Units then held by it and which are outstanding on that date on trust for CNP (**Transfer Preference Units**).
- (c) Upon the Transfer Preference Units being held on trust in accordance with clause 2.3(b):
  - (1) the Holder must transfer the Transfer Preference Units to the Issuer or its nominee; and
  - (2) the Subscription Price for the number of Convertible Bonds that equals the number of Transfer Preference Units will be deemed to have been paid in full by the Holder, such that those Convertible Bonds are Fully Paid.
- (d) If:
  - (1) the number of Convertible Bonds that become Fully Paid is less the total number of Convertible Bonds; or
  - (2) there is no Underlying Securities Event before the date that is 20 Payment Business Days after the Final Maturity Date,then the Issuer may redeem those Convertible Bonds that are not Fully Paid and remain held by the Note Issuer for an amount equal to US\$0.01 for each such Convertible Bond on the date as soon as practicable after:
  - (3) the relevant Underlying Securities Event (in the case of 2.3(d)(1)); or
  - (4) in the case of clause 2.3(d)(2), the date specified in that clause.
- (e) The Holder irrevocably appoints the Issuer to be the attorney of the Holder and the agent of the Holder with power in the name and on behalf of the Holder to do all such acts and things, including signing all documents or transfers, as may in the opinion of the Issuer be necessary or desirable to be done in order to record or perfect the transfer of the CNP Funding Trust Preference Units and the paying up of the Convertible Bonds under this clause 2.3.
- (f) If Convertible Bonds become Fully Paid in accordance with this clause 2.3, the Issuer may, entirely at its discretion:
  - (1) convert those Convertible Bonds in accordance with clause 7;
  - (2) redeem those Convertible Bonds in accordance with clause 5 and 6; or
  - (3) exchange those Convertible Bonds in accordance with clauses 5.1 and 8.

## **2.4 Subordination**

All the Convertible Bond Obligations and payment (from whatever source) of, and the rights and claims of the Holder(s) in respect of, all of the Convertible Bond Obligations will be subordinated and postponed and made subject in right of payment to all of the CPT Debt and payment (from whatever source) or, and the rights and claims of CPT Creditors in respect of, all of the CPT Debt immediately upon the occurrence of any of the following:

- (1) any CPT Default;
- (2) any Convertible Bond Default;
- (3) the issue or commencement of proceedings, or any person threatening to issue or commence proceedings for the liquidation of the Issuer; or
- (4) the Issuer being unable to pay all of its debts as and when they become due out of its own money,

provided that the Convertible Bond Obligations and payment (from whatever source) of, and the rights and claims of the Holder(s) in respect of all of the Convertible Bond Obligations will cease to be postponed and subject in right of payment as aforesaid if the relevant event set out in paragraphs 2.4(1) to (4) above is no longer continuing, but without prejudice to any future operation of this clause 2.4.

## **3 Distributions**

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### **3.1 When rights take effect**

The right of a Holder to receive the Distribution Amount under this clause 3 does not take effect unless and until the Convertible Bonds become Fully Paid.

### **3.2 Entitlement to Distributions**

- (a) Subject to clause 3.1 and 3.4, the Holder is entitled on each Distribution Payment Date, in priority to any entitlement of holders of Stapled Securities, to receive payment of an amount equal to the Distribution Amount multiplied by the number of Convertible Bonds held by the Holder. For the avoidance of doubt, it is intended that if the Convertible Bonds become Fully Paid part way through a Distribution Period, the Holder is entitled to a Distribution Amount in respect of the full Distribution Period, since under the terms of the CNP Funding Trust Preference Units the Holder is not entitled to receive a distribution on the CNP Funding Trust Preference Units in respect of the corresponding period.
- (b) Each Convertible Bond will cease to be entitled to the Distribution Amount:
  - (1) where the Convertible Bond is redeemed under clause 5.3(a)(4), from (but excluding) the Interest Payment Date (as defined in the Note Conditions) immediately preceding the relevant Exchange Date (as defined in the Note Conditions) or, if none, the Issue Date (subject in each case to the adjustments provided in Note Condition 6(i));
  - (2) where the Convertible Bond is redeemed under any other clause of these Terms, from (and including) the Early Maturity Date, Final Maturity Date or the

date the Notes become due and payable (each as specified in Note Condition 5(b));

- (3) where the Convertible Bond is Converted, from (and including) the Distribution Payment Date immediately preceding the Conversion Date or, if none, there will be no entitlement; and
  - (4) where the Convertible Bond is Exchanged, from (and including) the Final Maturity Date.
- (c) For the avoidance of doubt, any accrued Interest Amount that is included in the amount payable on Redemption of a Convertible Bond under clause 5.3 shall not be payable in cash under clause 3.3.

### **3.3 Interest Amount**

- (a) The '**Interest Amount**' in respect of each Convertible Bond will be calculated at the rate of 3.5% per annum of US\$100,000 and will be payable semi-annually in arrears in equal instalments of US\$1,750 per Convertible Bond, except that the Interest Amount in respect of the Distribution Period ending on 30 June 2007 will be US\$243.06 per Convertible Bond and the Interest Amount in respect of the Distribution Period ending on the Initial Reset Date will be US\$1,740.28 per Convertible Bond.
- (b) If the Interest Amount is required to be calculated for a period of less than a complete Distribution Period, the relevant day count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

### **3.4 Satisfaction of distribution entitlements**

On each Distribution Payment Date, the Issuer:

- (a) must apply the aggregate Reinvestment Amount of the Holder's aggregate Distribution Amount for the relevant Distribution Period to increase the Accreted Principal outstanding in respect of each Convertible Bond in accordance with these Terms;
- (b) may, in its absolute discretion, pay to the Holder the aggregate Interest Amount of such Holder's aggregate Distribution Amount for the relevant Distribution Period in cash; and
- (c) subject to clause 10, may pay any remaining Distributable Amount for the relevant Distribution Period in accordance with the Constitution.

### **3.5 Method of payment**

- (a) Any Interest Amount which is payable in cash to the Holder in respect of Convertible Bonds will, unless the Issuer and the Holder otherwise agree, be paid by direct credit to account(s) nominated by the Holder.
- (b) If the Holder fails to nominate such an account, the amount may be deposited by the Issuer in a bank account in the Issuer's name established for the purpose and held by the Issuer until the Holder nominates an account.
- (c) An amount so deposited shall be taken to have been duly paid to the Holder and shall not bear interest. Any interest accruing on any such account shall be paid to the Issuer.

### **3.6 No Holder rights until Distribution Amount is due and payable**

Unless and until all or any part of the Distribution Amount becomes payable in accordance with this clause 3, the Holder does not have any remedy in law or equity against the Issuer or any other person in respect of the non-payment (in whole or in part) of that amount.

### **3.7 Unpaid Amounts**

- (a) The Issuer may at any time, in its absolute discretion, elect to pay to or on behalf of the Holder(s) any Unpaid Amounts.
- (b) If any doubt arises as to the amount of Unpaid Amounts, following consultation between the Issuer and an Independent Financial Adviser in respect of such amounts, a written opinion of such Independent Financial Adviser will be conclusive and binding on all concerned, save in the case of manifest or proven error.

## **4 Reset**

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### **4.1 Issuer may adjust certain terms**

The Issuer may, in accordance with this clause 4, initiate a process (**Reset Process**) in order to adjust or specify (as the case may be) the following terms of the Convertible Bonds with effect from (and including) any Reset Date:

- (a) the Distribution Rate and Distribution Amount;
- (b) the timing of Distribution Periods and Distribution Payment Dates;
- (c) whether distributions are to be paid in cash or by way of re-investment;
- (d) the timing of the next Reset Date; and
- (e) any other terms considered appropriate by the Issuer.

### **4.2 Issue of Reset Notice**

If the Issuer initiates a Reset Process, the Issuer must issue to the Holders a notice (**Reset Notice**), no later than 40 Business Days before the relevant Reset Date, which must specify, in respect of each matter set out in clauses 4.1(a) to (e), the terms that will apply to the Convertible Bonds on and from the Reset Date to which it applies.

### **4.3 No Reset Notice**

If the Issuer does not issue a Reset Notice for any Reset Date in accordance with clause 4.2, the Issuer is deemed to have given a Reset Notice stating that the terms of the Convertible Bonds on and from that Reset Date will be unchanged from the terms of the Convertible Bonds prior to that Reset Date. The deemed date of such Reset Notice is the last day of the period prescribed by clause 4.2.

#### **4.4 Holder response to Reset Process**

- (a) A Holder may within 5 Business Days after the issue of a Reset Notice (other than a deemed notice under clause 4.3) give one of the following types of written notice to the Issuer in response to the Reset Notice:
- (1) a notice stating that it accepts each of the terms of issue proposed in the Reset Notice (**Acceptance Notice**); or
  - (2) a notice stating that it does not accept one or more of the terms of issue proposed in the Reset Notice (**Rejection Notice**).
- (b) If a Holder does not give an Acceptance Notice or a Rejection Notice within 5 Business Days after the issue of a Reset Notice, or if an Acceptance Notice or a Rejection Notice is given by a Holder within 5 Business Days after the issue of a Reset Notice but such notice is not received by the Issuer within 10 Business Days after the issue of the relevant Reset Notice, the Holder is deemed to have given an Acceptance Notice.

#### **4.5 Successful Reset Process**

If the Issuer receives an Acceptance Notice, given in accordance with clause 4.4(a), from a Holder within 10 Business Days after the issue of the relevant Reset Notice or if clause 4.4(b) deems such a notice to have been given, with effect from (and including) the relevant Reset Date until the day before the next Reset Date, the terms of issue of the Convertible Bonds specified in the Reset Notice shall apply to all issued Convertible Bonds.

#### **4.6 Unsuccessful Reset Process**

- (a) If the Issuer receives a Rejection Notice, given in accordance with clause 4.4(a) from a Holder within 10 Business Days after the issue of the relevant Reset Notice, the Issuer may at any time thereafter issue a replacement Reset Notice, which notice must comply with clause 4.2. Clause 4.4 shall apply to the acceptance or rejection of any replacement Reset Notice by a Holder.
- (b) The reset process under paragraph (a) above, may be repeated as many times as the Issuer determines until the relevant Holder agrees to the terms of issue proposed in a Reset Notice or the Holder's Convertible Bonds are exchanged, converted or redeemed.

### **5 Exchange or Redemption of Convertible Bonds**

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#### **5.1 Exchange or redemption on Initial Reset Date before a Missed Exchange Event or Missed Redemption Event**

- (a) To the extent that:
- (1) the Convertible Bonds have not otherwise been redeemed, converted or exchanged in accordance with these Terms;
  - (2) the Convertible Bonds have become Fully Paid under clause 2.3; and

- (3) a Missed Exchange Event or a Missed Redemption Event has not occurred, the Convertible Bonds may be redeemed or exchanged by the Issuer on the Initial Reset Date in accordance with this clause 5.1.
- (b) Subject to clause 5.1(c), the Convertible Bonds to be redeemed on the Initial Reset Date will be redeemed at an amount equal to the aggregate Final Maturity Amount of the Notes that have not previously been purchased and cancelled, redeemed or exchanged in accordance with the Note Conditions.
- (c) Subject to clause 5.1(f), the Issuer may elect to exchange the Convertible Bonds in full or in part on the Initial Reset Date for such number of Stapled Securities per Convertible Bond as is calculated in accordance with clause 8.2, in which case the number of Convertible Bonds (or part of each Convertible Bond) to be redeemed under clause 5.1(b) and the Final Maturity Amount payable in cash under clause 5.1(b) will only relate to the Convertible Bonds or parts of the Convertible Bonds not exchanged under this clause 5.1(c).
- (d) No later than 18 Business Days prior to the Initial Reset Date, the Issuer must give to each Holder a notice which specifies:
- (1) the number of Convertible Bonds (or part of each) to be redeemed in accordance with clause 5.1(a);
  - (2) the number of Convertible Bonds (or part of each) to be exchanged for Stapled Securities in accordance with clause 5.1(c);
  - (3) the aggregate Final Maturity Amount payable to the Holder in respect of the Convertible Bonds to be redeemed or exchanged on the Initial Reset Date; and
  - (4) such other information that may reasonably be required to allow the Holder to determine the portion of the Final Maturity Amount that will be settled in Stapled Securities and the portion that will be paid in cash on the Final Maturity Date in respect of each Note.
- (e) A notice delivered to the Holder under this clause 5.1 may only be revoked by the Issuer with the consent of the Holder.
- (f) The right of the Issuer to exchange rather than redeem Convertible Bonds on the Initial Reset Date is subject to the right of any Noteholder to elect not to receive Stapled Securities pursuant to Note Condition 7(a)(iii) (**No Securities Election**).
- (g) If a Noteholder makes a No Securities Election, the Issuer may, in its absolute discretion:
- (1) redeem such number of Convertible Bonds as corresponds to the Notes held by that Noteholder so that the Final Maturity Amount payable in respect of such Noteholder would be satisfied by a cash payment; or
  - (2) do nothing.

## 5.2 Redemption after an Acceleration Event, Missed Exchange Event or Missed Redemption Event

- (a) To the extent that the Convertible Bonds have not otherwise been redeemed, converted or exchanged in accordance with these Terms, at any time after the occurrence of:
- (1) an Acceleration Event;

(2) a Missed Exchange Event; or

(3) a Missed Redemption Event,

the Issuer may redeem all (but not some) of the Convertible Bonds by giving not less than 5 Payment Business Days notice to the Holders.

- (b) A notice given under clause 5.2(a) must specify the Redemption Date. A notice, once delivered to the Holder under this clause 5.2, may only be revoked by the Issuer with the consent of the Holder.

### **5.3 Redemption at option of Holder before Missed Exchange Event or Missed Redemption Event**

- (a) If a Missed Exchange Event or Missed Redemption Event has not occurred and the Holder is the Notes Issuer, the Holder may, by issuing a notice to the Issuer (**Holder Redemption Notice**), request the redemption of Convertible Bonds on any Payment Business Day prior to the Initial Reset Date if:
- (1) an Issuer Tax Event (as defined in the Note Conditions) has occurred and the Holder has elected to redeem the Notes in accordance with Note Condition 7(c);
  - (2) the Holder has received a notice from one or more Noteholders requiring the redemption of Notes in accordance with Note Condition 7(d)(i) in respect of a Change of Control Event (as defined in the Note Conditions);
  - (3) the Holder has received a notice from one or more Noteholders requiring the redemption of Notes in accordance with Note Condition 7(d)(ii) in respect of a Delisting Event (as defined in the Note Conditions); or
  - (4) the Holder has received an Exchange Notice (as defined in the Note Conditions) from one or more Noteholders requesting exchange of Notes in accordance with Note Condition 6(a).

For the avoidance of doubt, if the Holder requests the redemption of Convertible Bonds under clause 5.3(a)(1) and receives an Exchange Notice in respect of Notes that would otherwise be redeemed as contemplated by clause 5.3(a)(1), the relevant Convertible Bonds will be taken to have been redeemed under clause 5.3(a)(4).

- (b) The Holder may exercise its right to deliver a Holder Redemption Notice to the Issuer in respect of any number of Convertible Bonds and as often as the Holder wishes subject to these Terms. A Holder Redemption Notice, once delivered to the Issuer, may only be revoked by the Holder with the consent of the Issuer.
- (c) For a Holder Redemption Notice to be effective, the Holder must give the Issuer the Holder Redemption Notice no later than:
- (1) 35 Business Days before the date on which the redemption under clause 5.3(a)(1) will occur specifying the relevant Tax Redemption Date (as defined in Note Condition 7(c));
  - (2) the 5th Business Day prior to the Change of Control Event Put Date (as defined in Note Condition 7(d)) in respect of a redemption under clause 5.3(a)(2) specifying the relevant Change of Control Event Put Date;



- (3) the 5th Business Day prior to the Delisting Put Date (as defined in Note Condition 7(d)) in respect of a redemption under clause 5.3(a)(3) specifying the relevant Delisting Put Date; and
  - (4) 3 Business Days following delivery of the relevant Exchange Notice (as defined in Note Condition 6(g)) in respect of a redemption under clause 5.3(a)(4).
- (d) Each Holder Redemption Notice delivered to the Issuer in accordance with clause 5.3(c)(1), (2) and (3) must specify:
  - (1) the Redemption Date and the number of Convertible Bonds to be redeemed; and
  - (2) the aggregate Accreted Principal Amount (as defined in the Note Conditions), accrued interest, any Unpaid Amounts (as defined in the Note Conditions) and any other amounts payable by the Holder, in its capacity as Notes Issuer, to Noteholders in connection with the redemption of Notes relating to the redemption of the Convertible Bonds,

provided that if the Holder has received an Exchange Notice in respect of Notes that would otherwise be redeemed as contemplated under clause 5.3(a)(1), the Holder will also notify the Issuer of the aggregate amount required for the exercise of the CNP Options relating to the exchange of those Notes.
- (e) Each Holder Redemption Notice delivered to the Issuer in accordance with clause 5.3(c)(4) must specify:
  - (1) the Redemption Date and the number of Convertible Bonds to be redeemed; and
  - (2) the aggregate amount required for the exercise of the CNP Options relating to the exchange of Notes in connection with the redemption of the Convertible Bonds.
- (f) Upon receiving a valid Holder Redemption Notice, the Issuer may in its absolute discretion:
  - (1) carry out the redemption in respect of some or all of the number of Convertible Bonds specified in the Holder Redemption Notice; or
  - (2) do nothing.

#### **5.4 Redemption at option of Issuer before Missed Exchange Event or Missed Redemption Event**

- (a) If a Missed Exchange Event or Missed Redemption Event has not occurred, the Issuer may, by issuing an Redemption Notice to the Holder, require the redemption of Convertible Bonds on any Payment Business Day prior to the Initial Reset Date if:
  - (1) the Issuer wishes to cause the redemption of Notes in accordance with Note Condition 7(b);
  - (2) a CNP Tax Event (as defined in the Note Conditions) has occurred and the Issuer wishes to cause redemption of the Notes in accordance with Note Condition 7(c) (provided that the Issuer has satisfied the conditions of redemption in Note Condition 7(c), including providing any legal opinions or certifications reasonably required by the Holder).

- (b) The Issuer must give the Holder a Redemption Notice under clause 5.4(a) no more than 65 and no less than 35 Business Days before the date on which the Buy Back will occur specifying the Optional Redemption Date (as defined in Note Condition 7(b)) under clause 5.4(a)(1) or the Tax Redemption Date (as defined in Note Condition 7(c)) under clause 5.4(a)(2), as the case may be.
- (c) A Redemption Notice delivered to the Holder under clause 5.4(a)(1) must specify the Redemption Date and the number of Convertible Bonds to be redeemed. A Redemption Notice, once delivered to the Holder under this clause 5.4, may only be revoked by the Issuer with the consent of the Holder.
- (d) Within 3 Business Days after receiving a Redemption Notice from the Issuer under clause 5.4(a), the Holder will notify the Issuer of the aggregate Accreted Principal Amount (as defined in the Note Conditions), accrued interest, any Unpaid Amounts (as defined in the Note Conditions) and any other amounts payable by the Holder, in its capacity as Notes Issuer or Security Trustee (as applicable), to Noteholders in connection with the redemption of the Notes (including but not limited to any amounts payable under Note Condition 6(i)), provided that if the Holder has received an Exchange Notice in respect of Notes that would otherwise be redeemed as contemplated under clause 5.4(a) the Holder will also notify the Issuer of the aggregate amount required for the exercise of the CNP Options relating to the exchange of those Notes.
- (e) For the avoidance of doubt, if the Issuer requires the Redemption of Convertible Bonds under clause 5.4(a) and the Holder receives an Exchange Notice in respect of Notes that would otherwise be redeemed as contemplated by clause 5.4(a), the relevant Convertible Bonds will be taken to have been redeemed under clause 5.3(a)(4).

## 5.5 Notices

- (a) If the Convertible Bonds have become Fully Paid and the Holder delivers, or procures that the relevant Paying, Transfer and Exchange Agent (as defined in the Note Conditions) delivers, to the Issuer a copy of:
  - (1) any notice received from a Noteholder in accordance with the Note Conditions which requires the redemption or exchange of all or some of the Notes (including, without limitation, an Exchange Notice, Change of Control Event Notice or Delisting Put Notice, each as defined in the Note Conditions); or
  - (2) any draft notice proposed to be given by the Holder, in its capacity as Notes Issuer, to the Noteholders in accordance with the Note Conditions for the redemption of all or some of the Notes,
 then the Holder is deemed to have requested the Redemption of the corresponding number of Convertible Bonds in accordance with these Terms.
- (b) If the Holder has received a Redemption Notice from the Issuer, it will give notice to the Noteholders in accordance with the Note Conditions for the redemption of the corresponding number of Notes.

## 6 Redemption

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### 6.1 Redemption process

The Holder irrevocably appoints the Issuer, CML and CPL (each an **Authorised Person**) severally to be the attorney of the Holder and the agent of the Holder with power in the name and on behalf of the Holder to do all such acts and things, including signing all documents or transfers as may in the opinion of the Authorised Person be necessary or desirable to be done in order to record or perfect the redemption of any Convertible Bonds under this clause 6.

### 6.2 Amounts payable on redemption

- (a) The amounts payable for redemption of Convertible Bonds under clause 5.1 are specified in that clause 5.1.
- (b) In respect of Convertible Bonds redeemed by the Issuer under clause 5.2, the Issuer will pay to the Holder(s) (or as the Holder(s) direct) within 5 Payment Business Day of giving the notice to the Holder(s) under clause 5.2 an amount equal to the aggregate:
  - (1) Accreted Principal calculated as if the Redemption Date was a Distribution Payment Date;
  - (2) accrued Interest Amounts (if any);
  - (3) any Unpaid Amounts (as defined in these Terms),of the Convertible Bonds being redeemed, in each case calculated in respect of the Redemption Date set by the Issuer under clause 5.2.
- (c) Subject to clause 6.2(f), in respect of Convertible Bonds redeemed by the Issuer under clauses 5.3(a)(1), (2) or (3), the Issuer will pay to the Holder (or as the Holder directs) on or before the Payment Business Day prior to the Tax Redemption Date, Change of Control Event Put Date or Delisting Put Date, as applicable, an amount equal to the aggregate:
  - (1) Accreted Principal Amount (as defined in the Note Conditions);
  - (2) accrued interest on the relevant Notes;
  - (3) any Unpaid Amounts (as defined in the Note Conditions); and
  - (4) any other amounts payable by the Holder, in its capacity as Notes Issuer or Security Trustee (as applicable), in respect of the relevant Notes,of the relevant Notes being redeemed, in each case calculated in respect of the due date for redemption of those Notes.
- (d) In respect of Convertible Bonds redeemed by the Issuer under clause 5.3(a)(4), the Issuer will pay to the Holder (or as the Holder directs) on the Payment Business Day prior to the relevant Exchange Date (as defined in the Note Conditions), an amount equal to:
  - (1) the amount required to exercise the CNP Options in connection with the exchange of Notes; and

- (2) any other amounts payable by the Holder, in its capacity as Notes Issuer or Security Trustee (as applicable), in respect of the relevant Notes (including but not limited to any amounts payable under Note Condition 6(i)).
- (e) Subject to clause (f), in respect of Convertible Bonds redeemed by the Issuer under clause 5.4(a)(1) or (2), the Issuer will pay to the Holder (or as the Holder directs) on or before the Payment Business Day prior to the relevant Optional Redemption Date or Tax Redemption Date, as applicable, an amount equal to the aggregate:
- (1) Accreted Principal Amount (as defined in the Note Conditions);
  - (2) accrued interest;
  - (3) any Unpaid Amounts (as defined in the Note Conditions); and
  - (4) any other amounts payable by the Holder, in its capacity as Notes Issuer, in respect of the relevant Notes (including but not limited to any amounts payable under Note Condition 6(i)),
- of the relevant Notes being redeemed, in each case calculated in respect of the date fixed for redemption of those Notes.
- (f) If the Holder has received an Exchange Notice in respect of Notes that would otherwise be redeemed as contemplated by clause 5.3(a)(1) or 5.4(a), then in respect of the Convertible Bonds being redeemed in connection with those Notes, the Issuer will instead pay an amount equal to the amount required to exercise the CNP Options in connection with the exchange of those Notes.
- (g) Nothing in this clause or in the definition of "Unpaid Amount" is intended to require the Issuer to pay or incur any Interest Amount or Reinvestment Amount more than once in respect of the same period. If any calculation in this clause 6.2 has that effect, the duplicated amount must be deducted from the relevant calculation.

### 6.3 Due dates for Redemption

If the due date for redemption of the relevant Notes would otherwise fall on a day which is not a Payment Business Day, then pursuant to the Note Conditions the due date for redemption will be brought forward to the preceding Payment Business Day and the Issuer's obligations under these Terms will be brought forward accordingly.

## 7 Conversion

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### 7.1 When Issuer may issue a Conversion Notice

The Issuer may, by giving 5 Business Days notice to the Holder, elect to Convert all but not some only of the Convertible Bonds. A notice delivered under this clause 7.1:

- (a) must specify the date on which Conversion will take place (**Conversion Date**); and
- (b) is irrevocable.

## 7.2 Conversion process

- (a) On the Conversion Date:
  - (1) the Issuer will issue to the Holder, and the Holder, will accept, one Preference Security for each Convertible Bond held by the Holder; and
  - (2) the Issuer will issue a statement to the Holder of the Preference Securities issued under this clause 7 that the Holder is the holder of those Preference Securities.
- (b) On (and including) the Conversion Date all other rights or restrictions conferred on a Convertible Bond that has Converted under these Terms will no longer have effect.
- (c) The Holder irrevocably appoints the Authorised Persons severally to be the attorney of the Holder and the agent of the Holder with power in the name and on behalf of the Holder to do all such acts and things, including signing all documents as may in the opinion of the Authorised Person be necessary or desirable to be done in order to record or perfect the Conversion of any Convertible Bond under this clause 7.

## 7.3 Ranking on Conversion

Each Preference Security issued on Conversion of Convertible Bonds:

- (a) will be issued as:
  - (1) fully paid (in accordance with the terms of the Preference Securities) if Conversion occurs on or after the Convertible Bonds become Fully Paid in accordance with clause 2.3; or
  - (2) nominally paid (in accordance with the terms of the Preference Securities) if Conversion occurs before the Convertible Bonds become Fully Paid in accordance with clause 2.3.
- (b) will (except in any such case for any right excluded by mandatory provisions of applicable law) rank *pari passu* with:
  - (1) the fully paid Preference Securities on issue on the date on which the Conversion occurs (in the case of clause 7.3(a)(1)); and
  - (2) the nominally paid Preference Securities on issue on the date on which Conversion occurs (in the case of clause 7.3(a)(2)).

# 8 Exchange

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## 8.1 Exchange Process

- (a) Exchange of the Convertible Bonds (which can only occur before a Missed Redemption Event or Missed Exchange Event if the Issuer elects to exchange the Convertible Bonds under clause 5.1(c) and issues a notice under clause 5.1(d)) must take place on the Exchange Date in accordance with the following process (the **Exchange Process**):

- (1) the Holder must transfer the Convertible Bonds to the Issuer or its nominee;
  - (2) the Issuer must acquire or cause its nominee to acquire the Convertible Bonds;
  - (3) the Issuer must issue to the Holder (or as the Holder directs) the required number of Stapled Securities calculated in accordance with clause 8.2.
- (b) The Holder irrevocably appoints the Authorised Persons severally to be the attorney of the Holder and the agent of the Holder with power in the name and on behalf of the Holder to do all such acts and things, including signing all documents or transfers as may in the opinion of the Authorised Person be necessary or desirable to be done in order to record or perfect the Exchange of any Convertible Bond under this clause 8.
- (c) If the Stapled Securities are destapled at the time of Exchange, each Convertible Bond will be exchangeable into that number of Ordinary Shares (as defined in the Note Conditions) and Units (as defined in the Note Conditions) which, immediately prior to the destapling, were constituted by the number of Stapled Securities into which such Convertible Bond would have been exchangeable immediately prior to destapling.

## **8.2 Exchange Number**

The number of Stapled Securities to be issued or transferred in accordance with the Exchange Process for each Convertible Bond is equal to such number of Stapled Securities equal to the aggregate Daily Securities Amount of the Stapled Securities as calculated for each Business Day in the Settlement Calculation Period (as defined in the Note Conditions) in accordance with the formula set out in Condition 7(a)(ii) of the Note Conditions, where:

F = the portion of each Convertible Note being Exchanged; and

N = the total number of Convertible Notes being Redeemed or Exchanged on the Initial Reset Date.

## **8.3 Transfer Settlement Option**

The Issuer may, at its sole election and subject to any applicable regulatory approvals, satisfy its obligations to a Holder to issue any Stapled Securities in respect of the Exchange of any Convertible Bonds by causing Stapled Securities to be transferred to the Holder rather than issuing new Stapled Securities. Such Stapled Securities will be deemed, for all purposes under these Terms, to be issued by the Issuer to the Holder or its nominee on the date on which they are transferred to the Holder or its nominee.

## **8.4 Delivery of Stapled Securities**

- (a) Fractions of Stapled Securities due as a consequence of Exchange under this clause 8 will be compensated in cash, calculated in accordance with Note Condition 7(a)(ii) and shall be paid by the third Business Day after the Settlement Calculation Period (as defined in the Note Conditions).
- (b) Stapled Securities to be delivered in accordance with this clause 8 will be delivered through CHESS (or any successor licensed clearance and settlement facility applicable to the Stapled Securities) to the account specified by the relevant Holder in accordance with the standard market procedures for the settlement of transactions in CHESS (or such successor facility), by the third Business Day after each Settlement Calculation Date.

## 8.5 Ranking on Exchange

The Issuer must ensure that Stapled Securities issued upon Exchange:

- (a) will be issued as fully paid;
- (b) will not be entitled to any rights, distributions or other payments the record date or other due date for the establishment or entitlement for which falls prior to the date those Stapled Securities are issued; and
- (c) will in all other respects (except in any such case for any right excluded by mandatory provisions of applicable law) rank *pari passu* with the fully paid Stapled Securities on issue on the date such Stapled Securities are issued.

## 9 Title and Transfer of Convertible Bonds

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- (a) Title to a Convertible Bond passes when details of the transfer are entered in the Register.
- (b) Each entry in the Register in respect of a Convertible Bond constitutes:
  - (1) an unconditional and irrevocable undertaking by the Issuer to the Holder to pay principal, interest and any other amount in accordance with these Terms; and
  - (2) an entitlement to the other benefits given to Holders under these Terms in respect of the Convertible Bonds.
- (c) Entries in the Register in relation to a Convertible Bond constitute conclusive evidence that the person so entered is the absolute owner of the Convertible Bond subject to correction for fraud or error.
- (d) Except as required by law, the Issuer must treat the person whose name is entered in the Register as the holder of a Convertible Bond as the absolute owner of that Convertible Bond. No notice of any trust or other interest in, or claim to, any Convertible Bond will be entered in the Register.
- (e) Each Convertible Bond may be transferred in whole but not in part in accordance with these Terms.
- (f) Subject to clause 8(g), a Holder may not transfer any Convertible Bonds it holds except:
  - (1) to a Noteholder as Exchange Property in accordance with the Note Conditions;
  - (2) to the Security Trustee or its nominee in accordance with the terms of the Security Trust Deed;
  - (3) if the Holder is the Security Trustee, if the transfer is to a third party in connection with the exercise of its rights under the Security Trust Deed; or
  - (4) if the Holder is a former Noteholder that received the Convertible Bonds as Exchange Property, if the transfer is to a third party.
- (g) Subject to the provisions of the Transaction Documents, Convertible Bonds may only be transferred if:

- (1) the offer, sale or invitation giving rise to the transfer does not constitute an offer, sale or invitation for which disclosure is required to be made to investors under Parts 6D.2 or 7.9 of the Corporations Act;
  - (2) the transfer is not to a person who is a 'retail client' for the purposes of under Chapter 7 of the Corporations Act;
  - (3) the transfer is to an Australian resident or a non-resident carrying on business at or through a permanent establishment in Australia or to a person to whom interest can be paid without any withholding or deduction pursuant to any applicable Double Tax Convention as implemented pursuant to the International Tax Agreements Act 1953 of Australia (as amended);
  - (4) the transfer complies with any applicable law or directive of the jurisdiction where the transfer takes place; and
  - (5) the transfer is in accordance with the provisions of these Terms.
- (h) Application for the transfer of a Convertible Bond must be made by the lodgement of a transfer form with the Issuer at its registered office. To be valid, a transfer form must be:
- (1) in the form provided by the Issuer;
  - (2) duly completed and signed by, or on behalf of, the transferor and the transferee; and
  - (3) accompanied by any evidence the Issuer may require to establish that the transfer form has been duly signed.
- No fee is payable to register a transfer.
- (i) Upon registration and entry of the transferee in the Register the transferor ceases to be entitled to future benefits under these Terms in respect of the transferred Convertible Bonds and the transferee becomes so entitled in accordance with this Condition 7.

## 10 Distribution and Capital Stopper

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- (a) This clause 10 applies if:
- (1) there are any Unpaid Amounts outstanding which have not been paid to, or on behalf of, Holders; or
  - (2) a Missed Exchange Event or Missed Redemption Event under the Note Conditions occurs.
- (b) If clauses 10(a)(1) or 10(a)(2) applies, each of CML and CPL undertakes that it shall not:
- (1) declare or pay any distribution or dividend or make any other payment on, and will procure that no Distribution (as defined in the Note Conditions) or other payment is made on, any Stapled Security or other equivalent security of CPT or CPL; or



- (2) redeem, purchase, cancel, reduce or otherwise acquire any Stapled Security or other equivalent security of CPT or CPL (excluding the CNP Funding Trust Preference Units and the Preference Securities),  
(the **Distribution and Capital Stopper**).
- (c) The Distribution and Capital Stopper shall remain in force until:
  - (1) in the case of clause 10(a)(1), the earlier of the day on which all Unpaid Amounts have been received in full by, or on behalf of, the relevant Holders and the day which is two Payment Business Days after the Principal Paying Agent or the Note Trustee or the Security Trustee (as applicable) has notified Holders that it has received Unpaid Amounts in full; and
  - (2) in the case of clause 10(a)(2), the day on which the CNP Convertible Bonds have been Redeemed or exchanged into Stapled Securities, in each case, in full by the Issuer and the obligations of CPT and CPL under the CNP Options have been satisfied or expired.

## **11 Notices of events and record dates**

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### **11.1 Record Dates**

Distribution entitlements arising under clause 3.2 and any other payments under these Terms are only payable or distributable to those persons named on the Register as Holders on the relevant Record Date (as defined in the Note Conditions).

### **11.2 Irregularity**

Where the Issuer is required to give a notice in relation to any act, matter or determination, the accidental omission to give that notice does not affect the validity of that act, matter or determination.

## **12 Limitation of liability**

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### **12.1 Liability of CML limited to trust property**

CML issues the Convertible Bonds only in its capacity as responsible entity of CPT and in no other capacity. CML's liability under these Terms (or any transaction in connection with them) is limited to the extent to which the liability can be satisfied out of the trust assets of CPT to which the liability relates by CML exercising its right of indemnity out of the trust assets.

### **12.2 Limitation does not apply if fraud, negligence or breach of duty**

The provisions of this clause 12 do not apply to any liability of CML to the extent that it is not satisfied because there is a reduction in the extent of CML's indemnification out of the

assets of CPT either as a result of CML's fraud, negligence or wilful default, or by operation of law.

### **12.3 This Condition applies to entire Terms**

All of the terms, clauses and conditions of these Terms are subject to this clause 12.

## **13 General**

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### **13.1 Warranty by Holder**

The Holder is deemed, when Convertible Bonds are Converted or redeemed, to warrant and represent to the Issuer that the Holder owns such Convertible Bonds, that they are free and unencumbered (other than any security interest in the Convertible Bonds created pursuant to the Transaction Documents) and that the Holder has not sold, alienated, donated or otherwise disposed of such Convertible Bonds.

### **13.2 Notices, reports, meetings and voting rights**

- (a) All notices, requests and statements (**communications**) given or made under these Terms must be in writing.
- (b) All communications to a Holder shall be validly given if:
  - (1) mailed to them at their registered address as recorded in the Register; or
  - (2) published in a daily newspaper of general circulation (i) in Asia (which is expected to be the Asian Wall Street Journal) and (ii) Europe (which is expected to be the Financial Times).

Any such communication shall be deemed to have been given on the earlier of the date two Business Days after the mailing of the notice or the date of the first publication as provided above.

- (c) In the case of communications given under clause 13.2(b)(1), such communications take effect from the time they are taken to be received unless a later time is specified in them.
- (d) If sent by post, communications are taken to be received three days after posting (or seven days after posting if sent to or from a place outside Australia).
- (e) Despite clause 13.2(d), if communications are received after 5.00 pm in the place of receipt or on a non-Business Day, they are taken to be received at 9.00 am on the next Business Day.
- (f) Subject to clause 13.3, the Holder has no voting rights in respect of the Convertible Bonds except to the extent required by law.

### **13.3 Amendments to these Terms**

- (a) Subject to complying with all applicable laws, the Issuer may, without the authority, assent or approval of the Holder, amend or add to these Terms if the Issuer reasonably considers that the amendment or addition is:

- (1) not (when taken as a whole and in conjunction with all other amendments or modifications to be made contemporaneously) materially prejudicial to the interests of the Holder;
- (2) of a formal, minor or technical nature;
- (3) made to correct a manifest error which derogates from the obvious meaning intended; or
- (4) made to comply with any law or requirement of ASX.

Unless otherwise agreed between the Issuer and the Holder (including under clause 13.10), the Issuer must give the Holder at least 30 Business Days advance notice of any amendment of or addition to these Terms pursuant to this clause 13.3(a).

- (b) Subject to clause 4 (Reset) and clause 13.3(a), the rights attached to the Convertible Bonds may not be varied or abrogated except by resolution passed by at least 75% by aggregate Accreted Principal of the Convertible Bonds held by the Holders who vote or otherwise give instructions to the Issuer in relation to the relevant matter.

### **13.4 No recognition of interests**

Subject to the Transaction Documents, the Issuer need only recognise the Holder on the Register as the person entitled to Convertible Bonds and need not, unless required by a court, recognise any equitable or other interest in Convertible Bonds.

### **13.5 Deductions, withholding and gross up**

- (a) Subject to clause 13.5(b) below, all payments in respect of a Convertible Bond must be made in full without set-off or counterclaim, and without any withholding or deduction in respect of Taxes, unless prohibited by law.
- (b) If a law requires the Issuer to withhold or deduct an amount in respect of Taxes from a payment in respect of a Convertible Bond such that the Holder would not actually receive on the due date the full amount provided for under these Terms, then:
- (1) the Issuer agrees to deduct the amount for the Taxes and remit the amount to the appropriate Government Agency in accordance with all applicable laws; and
  - (2) if the amount deducted is in respect of Taxes imposed by a Relevant Tax Jurisdiction, the amount payable is increased so that, after making the deduction and further deductions applicable to additional amounts payable under this clause, the Holder is entitled to receive (at the time the payment is due) the amount it would have received if no deductions had been required.

### **13.6 Stamp duties**

The Issuer agrees to pay any stamp, issue, documentary, registration or other duty or tax including interest and penalties, payable in respect of the creation, issue, offering, redemption, exchange or Conversion of the Convertible Bonds and any transfer of the Convertible bonds by the Notes Issuer.

### **13.7 Governing law**

- (a) These Terms are governed by, and are to be construed in accordance with, the laws of Victoria.
- (b) The Issuer and each Holder irrevocably submits to the non-exclusive jurisdiction of the courts of Victoria and waives any objection to the venue of any legal process on the basis that the process has been brought in an inconvenient forum.

### **13.8 Quotation**

The Convertible Bonds will not be quoted on the ASX or any other financial market.

### **13.9 Right to purchase Convertible Bonds**

The Holder acknowledges that nothing in these Terms affects the rights of any member of CNP to purchase and hold (on its own account) Convertible Bonds.

### **13.10 Further assurances**

The parties acknowledge that it is intended that these Convertible Bonds are intended to give effect to the Note Conditions to the extent they apply after an Underlying Securities Event. If there is any defect in timing or the mechanics for payments or satisfaction of other obligations under these Terms of Issue, the parties will agree such amendments as are necessary and will use all reasonable endeavours as to ensure that these Terms of Issue operate consistently with the Note Conditions.