

1 SERVICES TO BE PROVIDED

- 1.1 We, Somerset Smith Partners ("SSP", "we" or "us"), agree to provide to you (being the client who has signed the Agreement) general investment advisory services, Client Money or Property Services, and ancillary services in relation to the buying and selling of Financial Products, on the terms and conditions set out in these Terms and Conditions.
- 1.2 All services that we provide to you are subject to the FMCA and the Code of Professional Conduct for Financial Advice Services, as well as the NZX Rules (refer clause 14 below).
- 1.3 Unless otherwise specified by us, any investment research or information about Financial Products made available to you by us is provided for general information purposes only and does not constitute, nor should be construed as, advice whether of an investment, tax, accounting or other nature. We recommend that you seek professional advice, including tax advice before investing.
- 1.4 All investment in Financial Products and the trading of Financial Products entails risk. You should take time to understand and be aware of the risks of particular investment strategies, including market risk, liquidity risk, company, sector and country exposure risk, and currency exchange risk, economic and political risk. A more detailed description of the potential risks associated with investing in Financial Products is set out in Appendix III to these Terms and Conditions.
- 1.5 You are not permitted to reproduce, redistribute or disseminate all or part of any market commentary, reports or data provided to you under the Agreement. All rights in the market data information and reports remain the property of SSP or the relevant third party provider.

2 YOUR ACCOUNT

- 2.1 We will open an Account for you, in your name upon completion of our account opening requirements. We are unable to accept any money from you until the account opening process has been completed, including completion of anti-money laundering checks.
- 2.2 You agree to take responsibility for the activities conducted through the Account and agree to keep confidential, the Account details and all information supplied to us in connection with the Services including, without limitation, your FIN and/or CSN.
- 2.3 Where you are a trust, estate, partnership, company or business (Specified Entity) any one of the persons specified in the Agreement as trustees, executors, principals, partners, directors and/or other authorised persons (Authorised Persons) shall have the authority to operate the Account and are deemed to act with the express authority of each other. It is your responsibility to ensure that each such person complies with these Terms and Conditions when operating the Account for the relevant Specified Entity. Where any Authorised Person asserts their authority to operate the Account it is the responsibility of that person and not the responsibility of SSP to ensure they have been authorised to act on behalf of the relevant Specified Entity. You must notify us if an Authorised Person no longer has authority to operate your Account.
- 2.4 You agree to comply with all applicable laws and regulations including but not limited to the "market manipulation" and "insider trading" provisions of the FMCA and the NZX Rules. By opening the Account you represent and warrant to us that no Authorised Person is a director or senior manager of a listed issuer. Where an Authorised Person becomes a director or senior manager of a listed issuer, you must provide us and the regulatory authority written advice of the prescribed details regarding your interests in the issuer.

3 OPERATION OF ACCOUNT

Use of Account for own purposes

- 3.1 You will use the Account for trading on your own account only and for the subsequent settlement of Transactions and matters ancillary to the holding of Financial Products and your funds. You may not use the Account on behalf of another person.

Authority to use Account

- 3.2 The Account may be operated by you or Authorised Persons only and, subject to these Terms and Conditions, we will be required to accept instructions from you or Authorised Persons only.

- 3.2.1 The list of Authorised Persons may be varied by you giving to us written notice of the new, or additional, Authorised Persons. Such notice must be signed by all persons constituting you in the same manner as you sign the Agreement (or as otherwise required by law whether by physical signature or by electronic means) and also by the new, or additional, Authorised Persons so as to evidence their familiarity with, and agreement to comply with these Terms and Conditions. Until such time as we have actually received a written revocation from you of any Authorised Person's appointment and authority, we will be entitled to rely and act upon the instruction of that Authorised Person.

Accepting Instructions

- 3.3 We will accept instructions to execute a Transaction either in writing (by post or email), by telephone, by personal attendance at our offices or in such other manner (including by alternative electronic means) as we may previously have agreed with you, but in each case such instructions must be properly communicated to the person responsible for their execution. We may, at our discretion, ask you or any Authorised Person to provide personal information as specified in the Agreement in order to verify your identity. We will at all times comply with our privacy obligations as referred to in clause 20.
- 3.3.1 The provisions of clause 25 apply to the deemed time of receipt of any written instructions. Where you comprise more than one person, unless specified by you otherwise, we are entitled to rely on, and treat as an instruction received from any one of those persons.
- 3.3.2 We are under no obligation to verify the authenticity of any instruction or purported instruction and may act on any instruction without further enquiry or delay, from any person that we reasonably believe to be you or an Authorised Person.
- 3.3.3 We reserve the right to not act on a particular instruction given, or purported to be given, by you or an Authorised Person for any reason whatsoever and may defer action or seek further information as we see fit. In any such event, we will notify you and will not be liable for any price movements or fluctuations or any other loss, cost or expense suffered or incurred by you or an Authorised Person as a result of us not acting on that instruction, or otherwise arising in connection with such decision.
- 3.3.4 Once we have actioned your instructions and the relevant Financial Products have been traded or arranged to be traded, your instructions cannot be revoked although we may, in certain circumstances, at our discretion accept a modification to those instructions (other than a modification to the currency of settlement).
- 3.3.5 Where the Account is in the name of a deceased estate, or the Account holder dies, we may only accept instructions from the executors of the estate and only once probate or letters of administration have been granted. We will not close an Account until valid instructions are given in accordance with this clause 3.3.5. If your Account is held as joint tenants with another person, in the event of your death the surviving joint tenant(s) become(s) the owner(s) of the joint Account. We can continue to act on the instructions of the remaining joint account holder(s).

Implementation of Transactions

- 3.4 Subject to clause 3.3.3, instructions will be implemented by us undertaking the relevant Transactions on your behalf through our Execution and Settlement Agent (such person whom, pursuant to NZX Rules, is our Trading Participant and Delivery and Settlement Participant) in accordance with the relevant convention and rules of the market concerned from time to time in force. You acknowledge:
- 3.4.1 That, from time to time, Financial Products purchased in your name may be registered in the name of Somsmith Nominees Limited, or other affiliated custodial and client fund accounts that may be used by SSP or its agents;
- 3.4.2 That SSP or its agents including the Relevant Clearing Participant or Execution and Settlement Agent carry out the clearing and settlement of trades executed for you in accordance with the C&S Rules and the Depository Rules;
- 3.4.3 That under the C&S Rules, the Clearing and Settlement Terms of each trade executed for you will be novated in accordance with the C&S Rules and the Relevant Clearing Participant will become principal in the resulting Relevant Settlement Transaction and take on all of the Clearing and Settlement Terms for that Relevant Settlement Transaction, and you agree to this novation pursuant to, and on the terms and conditions provided for under the C&S Rules to the full extent required by law;
- 3.4.4 Your rights and obligations in relation to the clearing and settlement of a Relevant Settlement Transaction will be limited to any rights against, and any obligations to, SSP (or the Trading Participant party to a Trading Agreement with SSP) and you will

- not have any rights against, or obligations to, the Relevant Clearing Participant (except where the Trading Participant is the Relevant Clearing Participant) or CHO in relation to the clearing and settlement of the Relevant Settlement Transaction;
- 3.4.5 The liability of CHO, CDO, the Depository Nominee, New Zealand Clearing and Depository Corporation Limited and NZX to any person (including you) is limited or excluded by, and is subject to, the provisions of Section 8 of the C&S Rules and Section 9 of the Depository Rules;
- 3.4.6 You grant to SSP (or the Trading Participant party to a Trading Agreement with the Client Advising Participant) at all times, full and exclusive rights, power and authority to bind you under the C&S Rules and to authorise the application of your Client Assets in accordance with Participant Rule 18.10.1 which rule effectively states that: "All Client Funds must be held upon trust by SSP and applied:
- For the purposes of the settlement of, or reimbursement in respect of the settlement of the purchase of Financial Products for a client;
 - In payment of the sale price for a Client's Financial Products transferred into SSP's Transfer Account;
 - In payment to any other person for whom Client Funds have been held in the Client Funds Account; and
 - In payment of brokerage and other charges properly payable to SSP by its clients for transactions under Rules 18.10(a) and (b)."
- 3.4.7 You may not assert against CDO or the Depository Nominee or any person acting on behalf of CDO or the Depository Nominee (or both of them), any proprietary, equitable, contingent, future or partial interest in any funds or Financial Products held in a Settlement Account or a Depository Account;
- 3.4.8 CDO and the Depository Nominee must recognise the Depository Participant in whose name a Depository Account is held as the sole beneficial owner of Financial Products or funds held in that Depository Account;
- 3.4.9 CDO and the Depository Nominee must not, except as ordered by a court of competent jurisdiction or as is otherwise expressly provided by the Depository Rules, be liable for, bound by or compelled in any way to see to the execution of any trust or equity affecting the ownership of, or incidental rights to, any funds or Financial Products held in a Depository Account, nor to recognise the Depository Participant in whose name the Depository Account is held as holding any funds or Financial Products held in a Depository Account on trust nor to recognise any proprietary, equitable, contingent, future or partial interest in any funds or Financial Products held in a Depository Account or any other right, except the beneficial right of ownership of the Depository Participant in whose name the Depository Account is held;
- 3.4.10 You shall not assert any such proprietary or equitable interest or other right against CDO, the Depository Nominee or any person acting on behalf of CDO or the Depository Nominee (or both); and
- 3.4.11 The name, telephone number and main business address of the Relevant Clearing Participants that settle Trades on behalf of SSP may be any of or any combination of:
 JARDEN SECURITIES LTD, +64 (0)4 474 4400 PO Box 3394 Wellington 6140, which company trades as JARDEN or JARDEN operating as DIRECT BROKING LTD +64 (0)4 499 6655 PO Box 1118 Wellington 6140
 NZ CLEARING LTD or NZ DEPOSITORY LTD or New Zealand Clearing and Depository Corporation Limited or NZX Limited all sharing a common contact address that is +64 (0)4 472 7599 PO Box 2959, DX: SP23501 Wellington
- 3.5 Bringing Orders to Market-NZX Markets**
NZX Rules require us, through our Execution and Settlement Agent, to submit any instructions for orders at market price or at a fixed price limit straight to market except where you authorise that we and our Execution and Settlement Agent exercise discretion with respect to the handling and execution of your order. The obligation to submit your order immediately to market at the then prevailing market price or your Limit Order at your limit price (or better) may not necessarily mean that you will obtain the best price that can ultimately be obtained. SSP and our Execution and Settlement Agent believe that by exercising appropriate judgement and discretion with respect to your orders we can achieve the Best Execution possible under the surrounding facts and circumstances. That means that we and our Execution and Settlement Agent must evaluate your order and assess the most favourable means of execution for you. The opportunity for price improvement, which is the opportunity, but not
- the guarantee, for an order to be executed at a better price than what it is currently quoted is an important factor that will be considered. Other factors include market volume, the speed and likelihood of execution and the ability to achieve Best Execution by transacting off market. Pursuant to clause 3.5 you authorise SSP and our Execution and Settlement Agent to exercise judgement and discretion in respect of all of your orders, as appropriate (which may mean accumulation or bundling of orders coming to market, delay in the execution of orders, or delay in the execution of orders to satisfy off market crossings). This authority will apply except where it is clear from your instruction in respect of any particular order that you require that order to be submitted to market immediately.**
- 3.6 Payment by You**
- 3.6.1 Where you have to pay for Financial Products bought (whether in New Zealand dollars or a foreign currency), you must immediately pay us the full amount required in respect of the relevant Transaction in cleared and immediately available funds, by agreed means. You shall immediately advise us of details of the payment.
- 3.6.2 Payments made by you to us may not be paid in cash and must be deposited into a Client Funds Account operated by SSP in accordance with NZX Rules. SSP maintain client funds trust accounts in the following currencies: NZD, AUD, GBP and USD.
- 3.6.3 Where payment is not made within 2 Business Days, we may exercise the right of setoff provided for by clause 3.6.4 against the amount owing.
- 3.6.4 In regard to any amount owing by you pursuant to any provision of these Terms and Conditions whether to SSP or any other party where SSP is undertaking the transaction, SSP has the right to deduct such sum from any moneys which it holds on your behalf pursuant to any other provision of these Terms and Conditions without notice to you. SSP however undertakes in the event of such situation arising to advise you upon the occurrence of any setoff.
- 3.6.5 You acknowledge that to the extent necessary to repay all moneys due from you to us under these Terms and Conditions, you grant us a security interest over your Financial Products and the funds in your Account.
- 3.6.6 SSP may not make payment in cash to you or a person who holds a power of attorney for you.
- 3.6.7 Unless otherwise expressly agreed, a Transaction must be settled in the currency of the market in which the Transaction was or will be effected. For the purposes of any conversion into or from New Zealand dollars, the exchange rate will be that applicable on the date on which the Transaction was effected or through to the time when the conversion was effected, at the discretion of SSP. SSP may take a margin on the exchange rate (and the exchange rate disclosed on the Contract Note will be marked-up or marked-down from the exchange rate at which SSP contracts with the relevant bank).
- 3.6.8 If payment for Financial Products bought is not made by the required date, any Financial Products registered in your name must be returned to us. You hereby grant us an irrevocable power of attorney, exercisable in the event of a non-payment by you as outlined in clause 3.6, in your name and on your behalf to take such actions and sign such documents as are necessary to register the relevant Financial Products in our name. Should it be necessary to exercise this power, interest as set out in clause 3.7 below would only apply to the extent needed to recover any incurred costs or losses.
- 3.6.9 Any recall of an electronic payment tendered in settlement of a Transaction will be treated as non-payment by you by the due date.
- 3.6.10 Before effecting any buy Transaction we may, at our discretion, require you to put the Account in funds for the full amount of the purchase price or other consideration for the Transaction, together with the amount of any applicable fees and charges payable on the Transaction. We shall be entitled not to act on any instructions where you fail to put the Account in funds despite having been requested by us to do so, or where the funds are not cleared and immediately available.
- 3.7 Interest on Account**
- We may charge, and you shall pay if so charged, interest at the Interest Rate on any debit balances on the Account, arising as a result of your non-payment by the due date of any amount payable to us under these Terms and Conditions (from the date of non-payment to the date all amounts owed are paid in full). Such interest will be calculated and charged daily.

- 3.7.1 Any interest earned on funds held in a Client Funds Account will be retained by SSP for its own benefit. Otherwise we are not able to use your funds for our benefit or for the benefit of any other person.
- Delivery of Financial Products by You**
- 3.8 You shall deliver to us (or, where appropriate, to our Execution and Settlement Agent as the case may be) all necessary documentation and information to settle a sale Transaction by the due date specified on the Contract Note. If you do not deliver all documentation and information by the due date or if any documentation or information is at variance with details on the Contract Note:
- 3.8.1 we may buy back Financial Products of the same type as those for which all necessary documentation and information was not delivered and retain any profit on the buy back; and
- 3.8.2 you shall be liable to us for all costs and liabilities incurred as a result. Where there is a profit those costs and liabilities may be deducted from the same and the balance paid to you. Where there is no profit you shall be liable to reimburse us for the costs and liabilities we have incurred; and
- 3.8.3 for your information, unless otherwise advised, our Trading Participant execution agent for transactions in equity and certain debt securities on the markets provided by NZX is Jarden Securities Ltd (Jarden), and our Delivery and Settlement Participant agent for transactions in equity and certain debt securities on the markets provided by NZX is Jarden. We also use Jarden trading as Direct Broking Ltd as a Trading Participant and Delivery and Settlement Participant for transactions in equity and debt securities. For the avoidance of any doubt, the relevant agent performs the execution and broker to broker settlement process, while SSP performs the broker to client function. Transactions in overseas securities may be executed and settled by an agent appointed by SSP, Jarden or Direct Broking. Such agents will be regulated by the relevant authority in the market concerned. While this represents the present position, SSP reserves the right to alter these procedures at its discretion; however, all agents will be regulated by the relevant authority in the market concerned.
- 3.8.4 Proceeds from the sale of Financial Products will not be paid to you or otherwise be available to cover any other obligations owed by you until the transfer of Financial Products is complete.
- Irregularities in Account of Statement**
- 3.9 You must notify us within 10 Business Days of receiving a Contract Note if you become aware of any irregularities in the Account, and must also notify us within 10 Business Days of receiving a Statement from the registrar if you become aware of any irregularities in that Statement. Unless you raise any irregularity within such timeframe, the Contract Note shall be conclusive and binding on you.
- 3.9.1 Except where an irregularity in the account of statement exists that has been notified within the timeframe in 3.9, any inadvertent or accidental failure to send you a Contract Note shall not release you from any of your obligations in respect of the Transaction or otherwise under these Terms and Conditions.
- 4 TRANSACTION DISPUTES**
- 4.1 If you dispute any details of a Transaction as recorded on a Contract Note or the details of any instructions given or alleged to have been given, you must notify us in writing of the dispute, giving the following information:
- 4.1.1 the amount and nature of the disputed Transaction; and
- 4.1.2 the date and approximate time (if known) on which the disputed Transaction occurred.
- 4.2 We will investigate the issue(s) in dispute and advise you of the outcome of this investigation within 30 Business Days of receiving the complaint.
- 4.3 In investigating a dispute, we may refer to any relevant telephone recording in accordance with clause 18.
- 4.4 Clause 22 of these Terms and Conditions sets out our complaints process.
- 5 CLIENT INDEMNITY**
- 5.1 You will on demand indemnify us and our related companies, partners, affiliated persons, officers and employees against any and all losses, costs, claims, damages, penalties, fines, expenses and liabilities which we may incur or suffer as a result of:
- 5.1.1 any breach of these Terms and Conditions on your part, or on the part of any person for whom you are responsible in terms of this Agreement;
- 5.1.2 any failure by you to provide us with any notice or instructions required under these Terms and Conditions;
- 5.1.3 us relying in good faith on, and implementing, instructions given by an Authorised Person unless there were reasonable grounds for us to doubt the identity or authority of that person;
- 5.1.4 us having to pay funds to any other person in settlement of a Transaction where you have failed to place us in funds for that Transaction by the due date;
- 5.1.5 us having to deliver Financial Products to any other person in settlement of a Transaction where you have failed to deliver Financial Products to us (or an agent) for the Transaction by the due date.
- 5.1.6 the provision of Custodial Services under the Agreement (including any liability for taxes of any nature relating to the Custodial Services) to the extent that the relevant loss arises in relation to the proper performance of SSP's or the custodial company's obligations to you in providing the Custodial Services.
- 6 BANK ACCOUNT**
- 6.1 There shall be only one Bank Account (including all suffixes on that bank account number) used in the operation of the Account.
- 6.2 Any changes to the Bank Account details should be notified to us in writing by you and evidenced by a certified copy of a recent bank statement or an original online bank statement for the Bank Account or other suitable identification of the Bank Account provided by the relevant bank.
- 7 CASH MANAGEMENT FACILITIES**
- SSP may, from time to time, assist clients by acting as an intermediary for term deposits and call and cash management accounts in accordance with this clause 7.
- BNZ Term Deposits and Call and Cash Management Accounts**
- 7.1 When instructed by you, SSP will deposit funds in your BNZ Term Deposit and/or Call and Cash Management accounts (as applicable) under your name or if Clause 8 is applicable under your nominee service account name. By asking us to deposit funds you agree to the following terms:
- 7.1.1 all funds will be deposited through the BNZ Term Deposit, Call and Cash Management account facility on an unsecured basis and subject to any period of notice for withdrawal as may be required by BNZ;
- 7.1.2 funds deposited may be combined with other funds deposited by SSP under the BNZ Term Deposit or Call Account arrangements with BNZ from time to time;
- 7.1.3 you understand that the rate of interest paid by BNZ varies from time to time, and may do so without reference to you;
- 7.1.4 upon your instruction SSP will withdraw all or any part of your funds deposited with BNZ under the BNZ Term Deposit or Call and Cash Management account facility and pay them to you or use those funds to clear debit balances in your trading Accounts with SSP;
- 7.1.5 SSP accepts no liability for any delay or failure on the part of BNZ to repay the funds and/or interest, and that in making deposits on your behalf SSP are acting as your broker/adviser, not as an agent of BNZ; and
- 7.1.6 by opening a BNZ account for the purposes of this clause 7, you agree to all conditions of these accounts and understand that while the funds are held in your name or your nominee service account name with BNZ, SSP holds your authority to access these accounts. Accordingly SSP are acting as your authorised agent in this instance, and any queries and instructions should be directed to SSP rather than BNZ.
- 8 CUSTODY AND NOMINEE SERVICE**
- If you have requested and we have confirmed that, we agree to provide a custodial and nominee service upon the terms set out in Appendix I of these Terms and Conditions.**
- 9 PORTFOLIO REPORTING AND VALUATION SERVICE**
- If you have requested and we have confirmed that, we agree to provide a portfolio reporting and valuation service upon the terms set out in Appendix II of these Terms and Conditions.**
- 10 FEES**
- 10.1 You shall pay us on demand:
- 10.1.1 brokerage and any other fees, agency fees, charges, duties, costs and tax at the rate or rates notified by us to you from time to time either generally or in respect of a particular Transaction;
- 10.1.2 any agency fees and other charges incurred in effecting an overseas Transaction;
- 10.1.3 any charges or penalties imposed by another broker or by a stock exchange including, without limitation, charges or penalties imposed as a result of late or non delivery of scrip, holder

identification particulars or any other information or requirements.

11 WE MAY ACT FOR BOTH PARTIES

We and/or our Execution and Settlement Agent may act as agent for both you as a buyer or seller of Financial Products and also for the corresponding seller or buyer of those Financial Products, and may also act as principal for our own respective account in a Transaction.

12 AGGREGATION OF ORDERS

Subject to clause 3.5 we and/or our Execution and Settlement Agent may combine your order with our own orders and orders for other clients. Whilst orders will only be aggregated where this is reasonably believed to be in the overall best interests of clients, aggregating may on some occasions result in you obtaining a less favourable price than separate execution.

13 OUR LIABILITY AND FORCE MAJEURE

13.1 We will use our best endeavours to perform our obligations under these Terms and Conditions. Except in the case of (i) negligence or wilful default on our part or on the part of any of our employees, (ii) fraud or dishonesty on the part of any of our employees, or (iii) failure to comply with our duties under the FMCA (including any applicable regulations) we will not be liable to you or any other person in contract or tort or on any other basis for any loss, damage, cost or expense arising directly or indirectly from any act, omission, default, error or delay by us or any of our employees or agents (including any overseas broker or agent) in the performance of our obligations under these Terms and Conditions. If we are finally, judicially determined to have liability to you, in all circumstances the liability we may have to you will be limited to the direct losses suffered or incurred by you, excluding any consequential loss and any loss of income, business, profit or saving as a result of your or any other person's inability to complete another transaction or honour another obligation.

13.2 We will not be liable for any failure to perform our obligations under these Terms and Conditions if such failure is caused by any event of force majeure beyond our reasonable control or the reasonable control of our employees or agents or system providers. For the purposes of this clause, an event of force majeure includes, but is not in anyway limited to any inability to communicate with market makers or with other brokers or financial market participants, financial intermediaries or any stock exchange or financial market, issuer of financial products or Registry, failure of any computer dealing or settlement system or information system, inability to obtain any necessary supplies for the proper conduct of business, and the actions or failures of any counterparty or any other broker or agent (including overseas brokers and agents) or system provider or information provider or of the systems of that broker or agent or system provider or information provider.

14 NZX RULES

14.1 We acknowledge that we, as NZX Accredited, are bound by the NZX Rules.

14.2 These Terms and Conditions will be deemed amended as necessary to reflect any amendments to the NZX Rules. We will advise you if any such amendment materially affects you but we will not be liable for any accidental failure to advise you of any such amendment.

15 CHANGES IN PROCEDURES AND ALTERNATIVE METHODS OF TRADING FINANCIAL PRODUCTS

15.1 Where there are any substantial changes in procedures or conditions for trading and/or arranging Transactions in Financial Products, we will publish these on our website or where we consider such changes may affect you directly, will notify you in writing (including by electronic means). We may also, from time to time, publish new information on our trading procedures by way of updates to existing procedures.

15.2 These Terms and Conditions are to be read subject to any applicable alternative methods of trading financial products (for example, but not limited to, trading restrictions or conventions applicable to a particular Financial Product or market, trading of unlisted securities, paper based or electronic trading). In any such case, these Terms and Conditions shall be deemed to be amended to the extent necessary to comply with such alternative trading methods and/or market conventions.

15.3 Without limiting clause 15.2, you acknowledge that the procedures for the trading of financial products applicable in overseas jurisdictions may differ from those reflected in these Terms and Conditions. You will observe relevant requirements of

any overseas trading procedures. These Terms and Conditions is deemed to be amended to the extent necessary in the context of a particular Transaction, to comply with overseas trading requirements.

16 ADVICE DISCLAIMER

16.1 If we have entered into an agreement with you to provide an Execution Only Service, we will not advise you about the merits of a particular Transaction and will only deal in Financial Products in accordance with your instructions on an execution only basis.

16.2 If we have agreed to provide you with advice, we will use reasonable care and skill to ensure our advice is accurate and current, but this advice is necessarily based on information provided to us by you and/or other people and may not have been independently verified by us. It is your responsibility to make enquiries before making a decision to trade in any Financial Products and we will not have any liability to you in this regard. When giving advice we are only able to act on the basis of information provided by you in determining whether such advice is appropriate to your particular investment needs and financial circumstances.

16.3 Before we provide you with any advice we must give you a copy of our disclosure statement, which will contain further detail on our obligations to you in relation to that advice. We must also comply with our obligations under the Code of Professional Conduct for Financial Advice Services.

16.4 Where we give advice under the Agreement, we shall exercise due skill, care and diligence but do not guarantee the repayment of capital or the performance of your investments, Account or any particular Transaction.

16.5 Except where otherwise agreed in writing between us, you acknowledge that we are not required to manage your investments.

16.6 You acknowledge that we are not required to record your investments, unless requested to do so pursuant to clause 9 of these Terms and Conditions.

17 DISCLOSURE OF INTERESTS

17.1 SSP, its partners and employees and certain persons associated with them are "Prescribed Persons" under the NZX Rules. SSP is required to have written conflict management procedures in place to identify and manage any conflicts of interest that may arise between Prescribed Persons and clients and to disclose such conflicts (or potential conflicts) to you. In particular:

- a) One or more Prescribed Persons may have an interest in a Financial Product recommended to you by SSP or its advisors, which you buy or sell or in which you are otherwise interested;
- b) SSP may be Acting as Principal in any Transaction (meaning SSP is acting in a transaction in which it is the beneficial owner of all or part of the Financial Products at any stage in the transaction) where you buy or sell Financial Products or are otherwise interested;
- c) SSP may act for both the buyer and seller in a Transaction and may charge fees to both parties for executing the Transaction;
- d) SSP may from time to time provide Client Money and Property Services, underwriting, advisory or other financial and ancillary services to companies and other entities in whose Financial Products we may give you advice on or deal on your behalf. The provision of such services does not affect our obligations to you or any advice provided by us to you.

18 RECORDING OF TELEPHONE CALLS

You authorise us to record telephone conversations between us for the purposes of carrying out your instructions and assisting in resolving any misunderstandings. These records will be and will remain in our sole property and will be held in accordance with the terms of our Privacy Statement. Where records exist these will be made available to you on request at any time for such a period as SSP is required to hold these records.

19 CONSUMER GUARANTEES ACT

You agree that where our Services are acquired for business purposes, or where you hold yourself out as acquiring our Services for business purposes, the Consumer Guarantees Act 1993 will not apply to Services supplied by us under the Agreement.

20 PRIVACY ACT

20.1 SSP will comply with our obligations under the Privacy Act 2020. SSP's Privacy Statement is published on our website and may be

- updated from time to time. A hard copy will be provided on request.
- 20.2 We collect and hold your personal information (including your FIN and bank account details) for the purposes of carrying out your instructions, administering the Account and for informing you about investment opportunities and other matters relevant to the Account and the ancillary services provided under the Agreement. You consent to the collection, retention and use of your personal information by us in accordance with the terms of the Privacy Statement.
- 20.3 If you provide us with the personal information of any Authorised Persons or other individuals, you confirm that you have their permission to provide us with this information and for us to use it for the purposes in these Terms and Conditions or our Privacy Statement.

21 FASTER IDENTIFICATION NUMBER (FIN) / AUTHORISATION CODE

- 21.1 Your FIN will be retained in a secure encrypted form in SSP's systems solely for the purpose of the settlement of relevant Transactions on your Account by authorised SSP staff. Your FIN will also be encrypted in our Execution and Settlement Agent's systems for the same purpose.
- 21.2 SSP authorised staff and the authorised staff of our Execution and Settlement Agent will have unlimited access to the encrypted FIN for the above purpose.
- 21.3 SSP authorised staff and the authorised staff of our Execution and Settlement Agent will at all times use all reasonable endeavours to protect your FIN from unauthorised use or access.
- 21.4 We are required by NZX Rules to warn you that the possible consequences of unauthorised use of your FIN could include the unauthorised transfer of Financial Products out of your name or other unauthorised use of those Financial Products. In the unlikely event that this was to occur, you would be protected for loss but only to the extent referred to in clause 13.1 or subject to 13.1.

22 COMPLAINTS

- 22.1 In the event that you wish to make a complaint about our service, you should contact us. We have an internal complaints process and undertake to investigate your concerns promptly and fairly. You may contact us to make a complaint by telephone, by e-mail or in writing to the person you normally deal with or to our Compliance Officer.
- 22.2 We are a member of an independent approved dispute resolution scheme operated by Financial Services Complaints Limited (FSCL). We have 30 days to respond to your complaint and if you are not satisfied with our response you may refer the matter at no cost to you to FSCL whose access details can be obtained on their website www.fscl.org.nz. You also have the right to address your complaint to NZX.

23 TERMINATION

You or we may terminate the Agreement by no less than 2 Business Days' written notice to the other, but without prejudice to any pre-existing rights or obligations of the parties including, for the avoidance of doubt, completion of any matter to effect and settle a Transaction and payment of any amount due to us or you on that Transaction.

24 JOINT LIABILITY/ ASSIGNMENT

- 24.1 Where you comprise more than one person, then each person constituting you is jointly and severally liable for your performance of the Agreement.
- 24.2 You agree that these Terms and Conditions bind you personally and that you may not assign any of your rights or obligations under the Agreement.

25 NOTICES

- 25.1 Any notice or other communication given by either of us to the other, to the address or number specified in the agreement or, to the address or number specified at the end of this clause (as the case may be) and which is sent:
- 25.1.1 by email, shall be deemed to have been received by the intended recipient on the Business Day on which it was sent, provided the sender can produce a copy of the email showing the email was sent to the correct email address, and unless an automatically generated "out of office" email response is received (but if sent after 3pm it shall be deemed to have been received on the immediately succeeding Business Day);
- 25.1.2 by mail in a correctly addressed prepaid envelope, shall be deemed to have been received by the intended recipient on the fifth(?) Business Day after the date it is mailed (in the case of mailing from within New Zealand) and on the tenth Business Day

after the date on which it is mailed (in the case of mailing from overseas).

The addresses for any notice to us are:

NAPIER:
PO Box 90, Napier 4140
Ph: 06 835 3126
Email: napier@somsmith.co.nz

HAVELOCK NORTH
PO Box 8771, Havelock North 4157
Ph: 06 835 3126
Email: havelock@somsmith.co.nz

(Depending on which of our offices you deal with)

- 25.2 You shall give us written notice within five Business Days of any change in your name, address, email, telephone number or other material circumstance affecting your Account.
- 25.3 By executing the Agreement you authorise us to communicate to you from time to time, when appropriate, by email or other electronic means.

26 INTERPRETATION

26.1 Definitions

"Account" means your account with us, opened and maintained pursuant to clause 2.

"Agreement" means the client agreement between us for the provision of Services and that incorporates the Terms and Conditions (and any Appendices thereto) as may be amended from time to time.

"Authorised Person" means a person listed in the Agreement as an Authorised Person or who has become an Authorised Person in accordance with clause 3.2.

"Best Execution" means dealing for a client at the best available price for the size and kind of Transaction concerned.

"Bank Account" means your bank account in New Zealand as described in the Agreement.

"Business Day" means any day other than a Saturday, Sunday or statutory holiday in New Zealand.

"Client Funds Account" means the trust account held by SSP for the purpose of holding your funds in connection with the Services being provided, and operated in accordance with the NZX Rules.

"Client Money or Property Service" is the receipt of client money or client property by SSP (or its nominee) and the holding, payment, or transfer of that client money or client property, and includes a Custodial Service, as further defined in section 431W of the FMCA.

"Contract Note" means the Contract Note or other confirmation note to be sent by us to you confirming each Transaction, showing details of price, number of Financial Products traded, brokerage and any other fee or charges applicable.

"CDO" means New Zealand Depository Limited (or its predecessors, successors or assigns).

"CHO" means New Zealand Clearing Limited (the operator of the central counterparty Clearing House in accordance with the C&S Rules) (or its predecessors, successors or assigns).

"C&S Rules" means the Clearing and Settlement Rules published by NZX from time to time.

"CSN" means Common Shareholder Number (New Zealand).

"Custodial Service" means the holding of client money or client property by SSP (or its nominee) in trust for, or on behalf of, a client in accordance with these Terms and Conditions, as further defined in section 431W of the FMCA.

"Depository" means the depository operated by CDO in accordance with the Depository Rules.

"Depository Rules" means the Depository Operating Rules published by NZX from time to time.

"Execution and Settlement Agent" or "Relevant Clearing Participant" means the person or persons from time to time that SSP has contracted to perform certain execution and/or back office functions including the clearing and settlement of Transactions.

"Execution Only Service" means the service where we implement your instructions in relation to the buying and selling of Financial Products as communicated to SSP.

"FASTER Trading System" or "Legal Title Transfer System" means the systems, facilities and services provided by NZX, CHO, or CDO for lodging quotations and orders for trading and settling Financial Products.

"FIN" means the FASTER Trading Identification Number or Authorisation Code issued by a Registry to you in any given holding of Financial Products.

"Financial Product" means any financial product which we agree to buy or sell on your behalf, including a "Financial Product" as defined in the FMCA, and "Financial Products" shall be construed accordingly.

"FMCA" means the Financial Markets Conduct Act 2013 and includes any regulations or other subordinate legislation made in accordance with that Act (and includes any amendments to the Act or subordinate legislation from time to time).

"Interest Rate" means the rate of interest, calculated on a daily basis that is the aggregate of the 90 day bank bill bid rate plus a margin of 2% per annum, with the minimum charge of \$25.

"Limit Order" means an instruction to buy or sell a Security at a specific price.

"NZX" means NZX Limited and includes its successors.

"NZX Markets" means markets for the trading of Financial Products provided and regulated by NZX.

"NZX Rules" means the NZX Listing Rules and the NZX Participant Rules as applicable (as amended from time to time).

"Registry" means the particular share Registry which maintains the register of Financial Products holders for the particular listed entity the Financial Products of which are to be traded by you pursuant to this Agreement.

"Services" means any services provided by SSP to you pursuant to the Agreement.

"SSP" means Somerset Smith Partners and its associated companies, partners and affiliated persons.

"Statement" means the Statement sent by you to the Registry updating your holding every time you buy or sell Financial Products.

"Terms and Conditions" means these terms and conditions as amended or updated from time to time.

"Transaction" means a Transaction effected or to be effected by us pursuant to your instructions.

26.2. General Interpretation

- In these Terms and Conditions:
- 26.2.1. unless the context otherwise requires, references "we", "us" and "our" are to Somerset Smith Partners (including its successors and assigns) and references to "you" and "your" are references to the person or persons whose name appears on the Agreement as the client, including that person or person's administrators, executors and successors;
 - 26.2.2. unless otherwise stated, a reference to a clause is a reference to a clause of these Terms and Conditions.
 - 26.2.3. words in the plural include the singular and vice versa;
 - 26.2.4. headings are inserted for convenience only and do not affect the interpretation of these Terms and Conditions;
 - 26.2.5. expressions referring to writing shall be constructed as including references to words printed, typewritten or otherwise traced, copied or reproduced.

26.3. Governing Law

The Agreement shall be governed by New Zealand Law.

27. CHANGES TO THE TERMS AND CONDITIONS

SSP reserves the right to amend the Terms and Conditions at any time. Notification of these changes may be advised by to you within 14 days of the intended implementation by either notification on our website, direct communication with you by telephone, post or email or through any other medium that we determine appropriate in the circumstances. In such an event, you will have the option exercisable within 14 days from the date on which you receive notification of the change to terminate your relationship with us if you do not wish to move onto the new or amended terms and conditions. Our failure to notify you of any changes does not limit the application of those revisions to the terms and conditions.

28. ANTI-MONEY LAUNDERING

- 28.1. In order to comply with any laws in New Zealand or overseas we will, where required, need to identify you and any Authorised Persons or Beneficial Owners. We may also ask any of these persons to reconfirm their identity to ensure that the required information is up to date.
- 28.2. We comply with all applicable New Zealand anti-money laundering laws and regulations and may seek identification and then verification of such identity, references and /or details of the source or destination of funds as appropriate. If this information is not provided we may not be able to provide the requested Services.

- 28.3. Any personal information collected by us in accordance with this clause 29 will be held and used in accordance with the terms of our Privacy Policy.

APPENDIX I (clause 8)

1 CUSTODIAL AND NOMINEE SERVICE

- 1.1 You agree to appoint SSP (or its nominee company from time to time) to hold your Custodial Investments as bare trustee and to provide you with Custodial Services in accordance with these Terms and Conditions.
- 1.2 Except where Financial Products are purchased by SSP on your behalf, you shall deliver to us all necessary documentation and information to enable SSP to transfer Financial Products into custody at SSP.
- 1.3 You represent and warrant that you are the beneficial owner of the Custodial Investments, or you have the authority to act on behalf of the beneficial owner and that the Custodial Investments are free from any lien, charge, right of retention or sale or other encumbrance or impediment.
- 1.4 SSP shall not transfer, exchange, exercise rights attached to or otherwise deal with Custodial Investments except pursuant to these Terms and Conditions or on your instructions or those of an Authorised Person.
- 1.5 Your Custodial Investments will generally be held in unique accounts using your SSP account number as the unique identifier. However, we reserve the right to hold all Custodial Investments in a pooled account. This means that the legal title to the investment is registered in a single name, with individual client's assets identified only within our custody records.
- 1.6 In accordance with the FMCA, Custodial Investments held by SSP on your behalf shall be recorded and held in a separate account in its books segregated from assets belonging to SSP. Any agents used by SSP shall be directed to so record and hold (so far permitted by law, regulations or market practice) all Custodial Investments as identifiable for the account of clients or otherwise to the order of clients as the Agent may think proper for the purpose of providing for their safe keeping.
- 1.7 SSP or any Agent may in its discretion refuse to accept (in whole or in part) any deposit of Custodial Investments under this Appendix.
- 1.8 For the avoidance of doubt, the Agreement shall not be deemed to terminate solely as a result of any change in the Custodial Investments held from time to time or because no investments are held at any given time.

2 ACCEPTING INSTRUCTIONS

- 2.1 SSP shall at its discretion and without any liability on its part, rely and act upon instructions from you or an Authorised Person to deal with all or part of the Custodial Investments, and you shall be bound by those instructions.
- 2.2 Instructions for the transfer of Custodial Investments out of custody into your name must be in writing and signed by you or an Authorised Person.

3 REGISTRATION OF INVESTMENTS

- 3.1 New Zealand and Australian investments will usually be registered in the name of Somsmith Nominees Ltd as nominee.
- 3.2 Other overseas investments will usually be held in an omnibus account in the name of a nominee company controlled by a custodian appointed by SSP as Agent.
- 3.3 In exceptional circumstances, overseas investments may be registered in the name of a custodian or SSP or a related company of SSP. This will only occur where, due to law or market practice of the overseas jurisdiction, it is in your best interests or it is not feasible to do otherwise. Where investments are so held, your investments may not be segregated from the custodian's or SSP's own investments and, in the event of default of the custodian or SSP you may not be as well protected.
- 3.4 SSP will reconcile holdings in accordance with the FMCA.

4. SUB-CUSTODIANS, NOMINEES, DELEGATES AND AGENTS

- 4.1 SSP may appoint any other person as its sub custodian, nominee or Agent to perform any of the duties and/or functions of SSP as custodian on its behalf and may delegate any of its powers under this Appendix to such a person and, provided that SSP exercises reasonable care in the selection of any such person, SSP shall not be liable for any act or omission of such person. Where used, SSP shall have no liability whatsoever for or in respect of any Clearance System. Persons described in this Clause 4.1 may be connected with SSP.
- 4.2 In the unlikely event of a default by an Agent used by SSP there may be an irreconcilable shortfall and clients may share that shortfall on a pro rata basis.

5 RECORDS

- 5.1 SSP will maintain accounting records showing the ownership, receipt, disbursement and other movements of Custody Investments. You may inspect details of your Transactions during normal business hours. We hold records for seven years (or as otherwise required by law).
- 5.2 Where Custodial Investments are held in a unique client account SSP will hold statements from the relevant registries that show all movements of Financial Products for your custodial account. All purchases and sales will also be recorded through our internal ledger accounts.

6 TRANSACTIONS AFFECTING CUSTODIAL INVESTMENTS

- 6.1 SSP will keep you informed of certain important events that affect your Custodial Investments and act in accordance with your instructions in this regard.
- 6.2 SSP shall have no duty or responsibility as regards attendance at meetings or voting in respect of any of the Custodial Investments or in respect of proxies received by it or any of its Agents in respect of any Custodial Investments and/or for sending any proxies or giving any notice of the receipt of such proxies to you. However, SSP will act in accordance with your written instructions in this regard.
- 6.3 Any investments or other consideration received by SSP in respect of Custodial Investments shall, unless SSP agrees otherwise, be held subject to this Appendix.
- 6.4 SSP will advise you of all material changes in Financial Products or funds held on your behalf as soon as practicable after changes have occurred. You agree that our notification to you may be immediate or it may be on the next reporting date in our absolute discretion. This clause does not apply to normal market fluctuations.
- 6.5 You agree to advise us in writing when material changes occur in your circumstances which would affect this Appendix and our respective obligations under it.

7 DIVIDENDS AND INCOME

- 7.1 Where accounts are held in New Zealand and Australia and instructions are given, we will arrange for income (including dividends, interest and other distributions of any kind) and principal repayments to be direct credited by the company registrar to your nominated account. Otherwise SSP will collect income (including dividends and distributions of any kind) and principal (including the proceeds of any disposal) in respect of any Custody Investments, and unless instructed otherwise, shall treat all monies received by it in accordance with NZX Rules governing the segregation of client money.
- 7.2 Unless otherwise agreed to by SSP, or where an Australian bank account has been nominated, all dividends and interest received in a foreign currency may be converted into New Zealand dollars at the time of receipt by SSP.
- 7.3 Where Financial Products are held in the unique account holdings, taxation is generally deducted at source by the company's registrars and not by SSP. However, SSP may deduct taxation from any payment of income if it is obligated to do so under New Zealand law. You are solely responsible for all taxes or similar liabilities levied on or arising out of any Custody Investments and any payment due to you. SSP shall have no responsibility or liability with regard to your tax status or position in any jurisdiction.
- 7.4 You shall provide SSP with such information regarding your tax status as reasonably requested by SSP from time to time.
- 7.5 SSP is required to obtain certain information to establish how the New Zealand withholding tax rules apply to dividends and interest that you receive. SSP may also make this information available to registrars and issuers of the Custody Investments. In this regard, you must complete the Taxation Details section in the Agreement or a Tax Residency Self-Certification form. SSP will be unable to provide the service without this information.
- 7.6 You undertake to notify SSP immediately in writing should any of the taxation information specified by you in the Agreement or the Tax Residency Self-Certification form changes.

8 REGULAR REPORTS

- 8.1 SSP reports include a Statement of Custody investments that will be sent to you at least every six months pursuant to FMCA . Each report will be sent to your postal address or in accordance with your instructions no later than 20 working days after six-month (or shorter) reporting period.

9 PORTFOLIO VALUATIONS

- 9.1 Where instructed by you, SSP will send you a valuation of your portfolio.

Custodial Investments

- 9.2 Your portfolio valuation will include Custodial Investments administered on your behalf by SSP under this Appendix.

External Holdings

- 9.3 Where instructed by you or an Authorised Person, or by provision from you of a holdings statement or advice note issued to you by a registry or another financial institution showing the ownership of assets by you acquired other than through SSP we shall include non-custodial holdings/assets owned by you in your portfolio. Such holdings/assets will be included in the valuation and not removed by SSP until instructed by you or by provision from you of a holdings statement or advice note issued to you by a registry or another financial institution.
- 9.4 Notwithstanding any statement in 9.3 you acknowledge that SSP are not required to take responsibility for the accuracy of any statement of holdings which you give us and which are not in our custody. You also acknowledge that SSP will not be liable to you or to any third party in respect of such valuations and you and any third party may not rely on such valuations without our specific authority to do so.

Basis of Valuation

- 9.5 The cost price of Custodial Investments will be calculated as at the date such investments were added to your portfolio or at the acquisition date as notified by you. If no cost is notified, the cost price of holdings will be zero. Where investments are shown in a currency other than New Zealand dollars, the cost price will be shown in the applicable overseas currency on the valuation. The basis for the valuation of listed securities will be as at last recorded market prices or as per SSP's best information for unlisted securities or for those securities where there is no market.

Form and Frequency of Valuation

- 9.6 Your portfolio valuation will usually be provided to you in written form.
- 9.7 Valuations will be sent to you not less than six monthly pursuant to the FMCA.

10 FEES

- 10.1 You shall pay SSP on demand such fees and charges as SSP may from time to time prescribe and notify to you in connection with the Custodial and Nominee Service (and where required by you, the portfolio valuation service) provided by it or any Agents under or in connection with the Appendix. You authorise SSP to debit your Account at SSP with the annual custodial service fee prescribed, as amended from time to time, and portfolio valuation fees, where charged. An invoice will be sent to you prescribing what action, if any, that you may be required to take in regard to the debit on your SSP account.

11 OTHER MATTERS

- 11.1 Unless instructed otherwise and subject to Clause 6, SSP shall have no obligation to forward or take any other action whatsoever in connections with reports, notices, proxies and other communications received in respect of any Custody Investments.
- 11.2 You authorise SSP to execute as custodian such certificates of ownership, declarations or other certificates as SSP shall be obliged to do under and pursuant to applicable law.
- 11.3 Where requested you shall perform such acts and sign and execute all such agreements, proxies, authorities or documents as may be required by SSP for the performance or implementation of this Appendix.
- 11.4 You shall be deemed to have notice and accept the terms of any trust deeds in relation to those trust assets which constitute Custody Investments.

12 OUR EXCLUSION OF LIABILITY

- 12.1 SSP shall not be liable for losses of any kind which may be incurred by you as a result of the provision of the Custodial and Nominee Service by SSP in accordance with your instructions or those of any Authorised Person nor, in any other case, unless due to the gross negligence or wilful default of SSP. Any liability we may have to you will be limited to the direct loss suffered or incurred by you, excluding any consequential loss and any loss of income, business, profit or saving or any other cost or expense arising as a result of you and or any other persons inability to complete another transaction or honour another obligation, or otherwise arising in connection therewith. In no circumstance shall the liability of SSP under this Appendix exceed the market

value of the Custodial Investments held by it on your behalf in respect of which such liability arose.

13 TERMINATION AND REDELIVERY

13.1 SSP may at any time redeliver all or any Custodial Investments to you without terminating the Custodial Services provided under the Agreement.

13.2 You or SSP may terminate the Custodial Services by not less than 2 Business Days' written notice to the other and require redelivery of the Custodial Investments but without prejudice to any pre existing rights or obligations of the parties including, for the avoidance of doubt, completion of any matter to effect and settle a Transaction and payment of any amount due to us on that Transaction.

13.3 As soon as reasonably practicable after notice of such a termination, we shall deliver to you in person, or by registered post to your address as notified to SSP, or by transfer to your bankers or agents, or otherwise as you may direct, the balance of all Custodial Investments held by SSP.

13.4 Our obligations under sub-clause 13.3 and in any other event when you request a transfer of the Custodial Investments to be made subject to:-

13.4.1 compliance with applicable law or regulatory requirements;
13.4.2 reasonable notice having been given to and received by SSP; and
13.4.3 the rules and requirements of any relevant investment exchange, clearing system, sub custodian or other person referred to in Clause 4 of this Appendix provided that SSP may make such arrangements as it deems appropriate and where applicable, at your expense in order that prompt delivery is made.

13.5 If you are indebted in any way to SSP in respect of Custodial Investments (for example, without limitation, in respect of unpaid fees or any payment made to you by SSP on Account of interest, dividends or other income not yet collected by SSP) SSP may decline to redeliver such Custodial Investments until such debt has been discharged.

13.6 You further acknowledge that your indebtedness and liability to SSP shall be continuing until such time as SSP is satisfied that it has received full and final settlement of payment due on the Investments in respect of those amounts paid to you. You shall fully indemnify SSP in the event of non-payment or part payment only.

13.7 You shall bear all costs and risks of delivery to you for your order, whether upon termination or otherwise.

14 INTERPRETATION

14.1 Definitions for Appendix 1

(the following definitions relate to specific terms used in this Appendix 1. The definitions in clause 26 in the Terms and Conditions will also apply to this Appendix 1)

"**Agent**" means any sub-custodian, nominee, delegate or agent (other than a Clearance System) appointed by SSP any time pursuant to Clause 4.

"**Clearance System**" means recognised central clearing or depository system and other clearing agency, settlement system or depository as may be used under these Terms and Conditions from time to time.

"**Cost Price**" in relation to Custodial Investments means the price actually paid for those investments including any applicable brokerage, agency or other charges. Where holdings have been transferred to the Custodial Service, or records of holdings have been supplied to us, as opposed to having been purchased through SSP, the cost price will be zero unless advised by you.

"**Custodial Investments**" and "**Investments**" means any of the following of which you are the legal or beneficial owner and that SSP may in accordance with your instructions or those of an Authorised Person from time to time hold on your behalf in accordance with this Appendix:

- (i) non-cash assets held in the markets listed in 14.2 of this Appendix, including shares, bonds, debentures, notes and other securities or financial products;
- (ii) account balances held in relation or deriving from any non-cash assets;
- (iii) any other certificates, receipts, warrants, puts, calls and other instruments evidencing ownership of or representing rights to receive, acquire, and subscribe for non-cash assets described in (i) above or evidencing or representing other rights and interests in securities or financial products; and
- (iv) any other type of Financial Product or asset as may be specifically agreed to by SSP "External Holdings/assets" means any holding notified by you to SSP for inclusion in your portfolio valuation pursuant to clause 9.3.

14.2 Markets in which SSP provide the Custodial and Nominee Service: Australia, Canada, France, Germany, Hong Kong, Italy, Japan, Netherlands, New Zealand, Singapore, Spain, Switzerland, United Kingdom, United States.

APPENDIX II (clause 9)

1 PORTFOLIO REPORTING AND VALUATION SERVICE

1.1 We may from time to time, supply a valuation of your portfolio according to our records.

1.2 These valuations are based on transactions undertaken through SSP and information you supply to us.

1.3 The basis for the valuation of listed securities will be as at last recorded market prices or as per SSP's best information for unlisted securities or for those securities where there is no market.

1.4 SSP accepts no responsibility for the accuracy or completeness of these records unless your securities are held in our Custodial and Nominee Service.

1.5 You accept that it is your sole responsibility to advise us of any discrepancies or changes to your holdings in order for our records to be accurate.

1.6 SSP may provide you with market commentary, reports and recommendations based on this information. However, SSP advises that this reporting process is conducted in conjunction with you and that it is your sole responsibility if you take action in this process. For clarity, you accept that SSP's reporting process does not mean that SSP is managing your portfolio.

1.7 SSP expressly advises that this information is for your records alone, and should not be supplied to third parties, or be used to purport your financial position, without SSP's permission.

1.10 You agree to advise us in writing when material changes occur in your circumstances which would affect this agreement and our respective obligations under it.

2 FEES

2.1 You shall pay SSP on demand such fees and charges as SSP may from time to time prescribe and advise to you in connection with the Portfolio Reporting and Valuation Service provided by it or any Agents under or in connection with the Agreement. You authorise SSP to debit your Account at SSP with the annual Portfolio Reporting Service fee prescribed, as amended from time to time. An invoice will be sent to you prescribing what action, if any, that you may be required to take in regard to the debit on your SSP account.

3 OUR EXCLUSION OF LIABILITY

3.1 SSP shall not be liable for losses of any kind which may be incurred by you as a result of the provision of the Portfolio Reporting and Valuation Service by SSP in accordance with your instructions or those of any Authorised Person nor, in any other case, unless due to the gross negligence or wilful default of SSP. This is because you are responsible for the validity of the information which you give to us as to the extent of your portfolio, since pursuant to these terms and conditions we are not required to validate the information which you give us, and we accept no responsibility to any third party in respect of this service and such third parties are not entitled to rely on the Portfolio Reporting and Valuation Service unless SSP has specifically agreed for them to do so.

APPENDIX III

GENERIC RISK DISCLOSURE AND WARNING STATEMENT FOR TRANSACTIONS IN FINANCIAL PRODUCTS, INCLUDING WARRANTS, DERIVATIVE INSTRUMENTS AND MARGIN TRADING.

This notice is provided to you as an investor for general information purposes in order to assist your understanding of the potential risks involved in undertaking transactions in financial products, warrants, margin trading (also called "leveraged equities" transactions) and derivative instruments. This notice cannot disclose all the risks and other significant aspects of warrants, margin trading or transactions in derivatives such as futures, options, and contracts for differences. You should not deal in these products unless you understand their nature and the extent of your exposure

to risk and financial loss. You should also be satisfied that the product is suitable for you in light of your circumstances, financial position, investment objectives and tolerance for risk.

You are cautioned to carefully note the risk factors contained in the relevant warrants, margin trading or derivative instrument product particulars (if any) and to seek advice before making a decision to invest or trade in these types of products. Different investments involve different levels of risk and in deciding whether to trade in such instruments you should be aware of the points below. Certain strategies, such as a "spread" position or a "straddle", may be as risky as a simple "long" or "short" position.

This disclosure covers both products offered by SSP and products which may in the future be offered by SSP. These comments do not purport that SSP currently act in these areas and specific advice and consideration is required by you before acting in any way. Any decision to so act is at your discretion as advised by the terms and conditions specified above.

1. General Investment Risk Warning

All investment in financial products and the trading of financial products entails risk. You should take time to understand and be aware of the risks of particular investment strategies.

The price, value and income derived from investments may fluctuate in that values can go down as well as up and investors may get back less than originally invested (possibly a total loss of capital).

The risk of loss may occur by reason of movements in the market generally. These can be caused by a number of factors including political, economic, taxation, or legislative factors.

Specific examples are changes in interest rates, changes in taxation or superannuation laws, international crises or natural disasters. A company or investment may be vulnerable to international events or market factors. These would include, for example, movements in exchange rates, changes in tariff policies or changes in international stock markets.

Sector specific factors may include demand for the product a company produces, commodity prices, the economic cycle of industry, changes in consumer demands, competition, lifestyle changes and changes in technology.

Equity securities specific factors may include changes to the company's directors, the strength of the company's management and the significance of key personnel, profit history, its tangible asset base and debt levels. Litigation, profits or losses on particular contracts, business lines or drill results may also be included as equity securities specific factors.

Past performance is no guarantee or indication of future results, and undue reliance should not be placed on past performance or anticipated future performance.

You must make your own investment decisions in light of your investment objectives, risk profile, and circumstances and seek advice as may be necessary. Although you may request advice from us about all of these things the decision to invest is ultimately yours and any advice that we may give is subject to the limitations set out in this agreement.

2. Advice

SSP will only provide financial advice once information has been gathered from you to establish your goals, needs and risk tolerance and it has been agreed in writing. Until agreed in writing between SSP and yourself, then the service provided to you is limited to an Execution Only Service being the transactional implementation of your instructions from time to time and you accept that the investment decisions as communicated to SSP are made by you of your own volition without reliance on any advice provided by us or our advisers.

All advice will be provided in accordance with the terms of our Disclosure Statement (which will be provided to you before any advice is given) and the Code of Professional Conduct for Financial Services.

SSP is a member of Financial Services Complaints Limited, an approved dispute resolution scheme. This dispute resolution service can deal with complaints made about SSP and its financial advisers.

3. Warrants

A Warrant is a time-limited right to subscribe for shares, debentures, loan stock or government securities and is exercisable against the original issuer of the underlying securities. A relatively small movement in the price of the underlying security results in a disproportionately large movement, favourable or unfavourable, in the price of the warrant. The prices of warrants can therefore be volatile.

It is essential for anyone who is considering purchasing warrants to understand that the right to subscribe which a warrant confers is invariably limited in time with the consequence that if the investor fails to exercise this right within the pre-determined time-scale then the investment becomes worthless.

You should not buy a warrant unless you are prepared to sustain a total loss of the money you have invested plus any commission or other transaction charges. Although warrants can be utilised for the management of investment risk, warrants are unsuitable for many investors.

Some other instruments are also called warrants but are actually options (for example, a right to acquire securities which is exercisable against someone other than the original issuer of the securities, often called a 'covered warrant').

4. Off-Exchange Warrant Transactions

Transactions in off exchange warrants may involve greater risk than dealing in exchange traded warrants because there is no exchange market through which to liquidate your position, or to assess the value of the warrant or the exposure to risk. Bid and offer prices need not be quoted, and even when they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what a fair price is.

5. Futures

Transactions in futures involve the obligation to make, or to take delivery of the underlying asset of the contract at a future date, or in some cases to settle the position with cleared funds. They carry a high degree of risk.

The 'gearing' or 'leverage' often obtainable in futures trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionally much larger movement in the value of your investment, and this can work against you as well as for you.

Futures Transactions have a contingent liability, and you should be aware of the implications of this, in particular the margining requirements, which are set out in paragraph (18) below.

6. Options

There are many different types of options with different characteristics subject to the following conditions.

Buying options: Buying options involves less risk than selling options because, if the price of the underlying asset moves against you, you can simply allow the option to lapse. The maximum loss is limited to the premium, plus any commission or other transaction charges. However, if you buy a call option on a futures contract and you later exercise the option, you will acquire the future. This will expose you to the risks described under 'futures' and 'contingent liability transactions'.

Writing options: If you write an option, the risk involved is considerably greater than buying options. You may be liable for margin to maintain your position and a loss may be sustained well in excess of the premium received. By writing an option, you accept a legal obligation to purchase or sell the underlying asset if the option is exercised against you, however far the market price has moved away from the exercise price. If you already own the underlying asset which you have contracted to sell (known as 'covered call options') the risk is reduced. If you do not own the underlying asset (known as 'uncovered call options') the risk can be unlimited. Only experienced persons should contemplate writing uncovered options, and then only

after securing full details of the applicable conditions and potential risk exposure.

Certain options markets operate on a margined basis, under which buyers do not pay the full premium on their option at the time they purchase it. In this situation you may subsequently be called upon to pay margin on the option up to the level of your premium. If you fail to do so as required, your position may be closed or liquidated in the same way as a futures position.

7. Contracts for differences

Futures and options contracts can also be referred to as a contract for differences. These can be options and futures on a market index, as well as currency and interest rate swaps. However, unlike other futures, and options, these contracts can only be settled in cleared funds. Investing in a contract for differences carries the same risks as investing in a future or an option and you should be aware of these as set out in paragraphs (5) and (6) respectively. Transactions in contracts for differences may also have a contingent liability and you should be aware of the implications of this as set out in paragraph (10) below.

8. Off exchange derivative transactions

It may not always be apparent whether or not a particular derivative is effected on exchange or in an off exchange derivative transaction. SSP must make it clear to you if you are entering into an off exchange derivative transaction.

While some off-exchange markets are highly liquid, transactions in off-exchange or 'non transferable' derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid and offer prices need not be quoted, and, even when they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what a fair price is.

9. Foreign Markets

Foreign markets will involve different risks from the NZ Markets. In some cases the risk will be greater. On request, SSP will provide an explanation of the relevant risks and protections (if any) will operate in any foreign markets, including the extent to which SSP will accept liability for any default of a foreign firm through whom SSP deals. The potential for profit loss from transactions on foreign markets or in foreign denominated contracts will be affected by fluctuations in foreign exchange rates.

10. Contingent Liability Transactions

Contingent liability transactions, which are margined, require you to make a series of payments against the purchase price, instead of paying the whole purchase price immediately.

If you trade in futures, contracts for differences or sell options you may sustain a total loss of the margin you deposit with SSP to establish or maintain a position. If the market moves against you, you may be called upon to pay substantial additional margin at short notice to maintain the position. If you fail to do so within the time required, your position may be liquidated at a loss and you will be responsible for the resulting deficit.

Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when you entered the contract.

SSP may only carry out margined or contingent liability transactions for you if they are traded on or under the rules of a recognised or designated investment exchange. Contingent liability transactions, which are not so traded, may expose you to substantially greater risk.

11. Limited Liability Transactions

Before entering into a limited liability transaction you should obtain from SSP a formal written statement confirming that the extent of your loss liability on each transaction will be limited to an amount agreed by you prior to entering into the transaction.

The amount you can lose in limited liability transactions will be less than in other margined transactions, which have no predetermined loss limit. Nevertheless, even though the extent of your loss will be subject to the agreed limit, you may sustain the loss in a relatively short time. Your loss may be limited, but

the risk of sustaining a total loss to the amount agreed is substantial.

12. Collateral

If you deposit collateral as security with SSP, the way it will be treated will vary according to the type of transaction and where it is traded. There could be significant differences in the treatment of your collateral depending on whether you are trading on a recognised or designated investment exchange, with the rules of that exchange (and associated clearing house) applying, or trading off exchange.

Deposited collateral may lose its identity as your property once deals on your behalf are undertaken. Even if your dealings should ultimately prove profitable, you may not get back the same assets, which you deposited and may have to accept payment by means other than cleared funds. You should ascertain from SSP how your collateral would be dealt with.

13. Commissions

Before you begin to trade, you should obtain details of all commissions and other charges for which you will be liable, if any charges are not expressed in money terms (but, for example, as a percentage of contract value), you should obtain a clear and written explanation, including appropriate examples, to establish what such charges are likely to mean in specific monetary terms. Payments made to SSP must include all commissions and other charges associated with the methods of payment.

In the case of futures, when commission is charged as a percentage, it will normally be as a percentage of the total contract value, and not simply as a percentage of your initial payment.

14. Suspensions of Trading

Under certain trading conditions it may be difficult to impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted. Placing a stop-loss order will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price.

15. Clearing house protections

On many exchanges, the performance of a transaction, SSP (or third parties with whom SSP is dealing on your behalf) is 'guaranteed' by the exchange or clearing house. However, this guarantee is unlikely in most circumstances to cover you, the customer, and may not protect you if SSP or another party defaults on its obligations to you. On request, SSP will explain any protection provided to you under the clearing guarantee applicable to any on-exchange derivatives in which you are dealing. There is normally no clearing house for off-exchange instruments, which are not traded under the rules of a recognised or designated investment exchange.

16. Liquidation of position

Positions may be liquidated or closed out without your consent in the event you fail to meet a margin call. Additionally, the insolvency or default of any broker involved in your Transaction may lead to positions being liquidated or closed out without your consent. In certain circumstances, you may not get back the actual assets which you lodged as collateral and you may have to accept any available payment by means other than cleared funds.

17. Insolvency

Insolvency or default by SSP, or that of any other brokers involved with your transaction, may lead to positions being liquidated or closed out without your consent. In certain circumstances, you may not get back the actual assets which you lodged as collateral and you may have to accept any available payments by means other than cleared funds. On request SSP will provide an explanation of the extent to which it will accept liability for any insolvency of, or default by, other firms involved with your transactions.

18. Margin Trading: Borrowing Money to Pay for Shares

Margin trading is borrowing money from a margin product provider to buy shares and using your investment as collateral. Investors generally use margin to increase their purchasing power so that they can own more shares without fully paying for them. However, margin exposes investors to the potential for higher losses.

19. Understand How Margin Works

For example, let's say you buy a share for \$50 and the price of the share rises to \$75. If you bought the share in your broker account and paid for it in full, you'll earn a 50 percent return on your investment. But if you bought the share on margin-paying \$25 in cleared funds and borrowing \$25 from a margin product provider-you'll earn a 100 percent return on the money you invested. Of course you'll still owe the lender \$25 plus interest.

The downside to using margin is that if the share price falls, substantial losses can mount quickly. For example, let's say the share you bought for \$50 falls to \$25. If you fully paid for the share, then you'll lose 50 percent of your money. But if you bought on margin, you'll lose 100 percent, and you still must come up with the interest you owe on the loan.

In volatile markets, investors who put up an initial margin payment for shares may, from time to times, be required to provide additional cleared funds or securities if the price of the shares falls. You should be aware that the margin trading product provider might be able to sell your securities without notice to you when you don't have sufficient equity in your margin account. Understand that your position may be liquidated at a loss and you will be responsible for paying the resulting deficit.

20. Recognise the Risks

Margin trading represents a high degree of risk and is not suitable for everyone. Before undertaking transactions using a margin trading facility, you should fully understand that:

- You can lose more money than you have invested;
- You may have to deposit additional cleared funds or securities in your account on short notice to cover market losses;
- You may be forced to sell some or all of your securities when falling share prices reduce the value of your securities, and
- The margin trading product provider may be able to sell some or all of your securities without consulting you to pay off the loan it made to you.
- Be aware of the costs you will be charged on money you borrow from the margin trading product provider and how these costs affect your overall return.

You can protect yourself by knowing how margin trading works and what happens if the price of the shares purchased on margin declines. Know that the product provider charges you interest for borrowing money and how that will affect the total return on your investments.

21. Read Your Margin Agreement

To open a margin trading facility, the product provider is required to obtain your signature. You are cautioned to carefully review the agreement, and seek advice if you don't understand it, before you sign it.

As with most loans, the margin agreement explains the terms and conditions of the margin account. The agreement describes how the interest on the loan is calculated, how you are responsible for repaying the loan, how the securities you purchase serve as collateral for the loan and risk factors.

Carefully review the agreement to determine what notice, if any, the product provider must give you before selling your securities to repay the money you have borrowed.

22. Understand Margin Calls

If your margin account has a shortfall (i.e. the loan balance is not covered by the value of cleared funds and/or securities held as security against the loan) the product provider will make a margin call on you to deposit more cleared funds or securities into your account. If you are unable to meet the margin call, the product provider may enforce the margin call and sell your securities to increase the equity in your account up to or above the level required.