



## CONVERTIBLE NOTE AGREEMENT

DATE

PARTIES

- 1 AUCKLAND UNISERVICES LIMITED, of Level 190, 49 Symonds Street,  
Auckland, New Zealand, company number 373821 (Investor)
- 2 [ ] LIMITED,

TERMS OF THE AGREEMENT

INTERPRETATION

1.1 Definitions: In the Agreement, unless the context requires otherwise:

Definition	Meaning
Agreement	this agreement, including any schedule attached to it.
Approved Business Plan	

	<ul style="list-style-type: none"> <li>∅ for a conversion under clause 4.3, ordinary shares in the Company; and</li> <li>∅ for a conversion under clause 4.4, ordinary shares in the Company.</li> </ul>
FMCA	Financial Markets Conduct Act 2013.
Insolvency Event	has the meaning given in clause 8.1.
Intellectual Property Rights	includes copyright and all rights anywhere in the world conferred under statute, common law or equity relating to inventions (including patents), registered and unregistered trade marks and designs, circuit layouts, data and databases, confidential information, know-how, and all other rights resulting from intellectual activity.
Interest Rate	[6%] per annum.
Tranche	The first, second or third Tranche, as applicable.
Investment Amount	[\$ <i>insert amount of the total investment</i> ] (being the sum of the first, second and third Tranches) or, where less than this amount is outstanding, the principal amount outstanding from time to time.
Liquidity Event	any of the following events: <ul style="list-style-type: none"> <li>∅ the Company or a shareholder (or shareholders) of the Company enters into a binding agreement with a third party (or a group of associated third parties) on arms' length terms under which the third party is to acquire (other than by way of a subscription for new Shares) 50% or more of the voting Shares of the Company, and that agreement becomes unconditional;</li> <li>∅ the Company enters into a binding agreement to dispose of assets comprising more than half the value of the Company's assets, and the shareholders of the Company approve the disposition of those assets;</li> <li>∅ the Company resolves to amalgamate with any other company (whether or not it is the</li> </ul>

continuing company), in a transaction that is in substance the same as those described above; or

- Ø the Company enters into a listing agreement with the New Zealand stock exchange, or other national stock exchange (which may be outside New Zealand) of similar or better standing.

Maturity Date

the date that is 24 months from the date of the offering

Shareholders' Agreement                      a shareholders' agreement (or subscription and shareholders' agreement) between the Company and all of the shareholders of the Company.

Shares    shares in the Company.

1.2 Interpretation:

**a** A reference to:

- i a clause or a schedule is to a clause in or a schedule to the Agreement;
- ii a person includes a body corporate, an association of persons (whether corporate or not), a trust, governmental or other regulatory body, authority or entity, in each case whether or not having a separate legal personality;
- iii including and similar words do not imply any limitation;
- iv a statute includes references to that statute as amended or replaced from time to time;
- v a party is a reference to a party to the Agreement, and includes that party's permitted successors and permitted assigns; and
- vi \$ or dollars are 1 0 59582T5t6/F1 9642]58 620.o96 Tf6(so)a

**2.2** Non-fulfilment: If the conditions in clause 2.1 are not satisfied or waived by both parties in writing on or before the date that is 30 days following the date of the Agreement, the Investor



Tranches, to the Company on or before the proposed date for the closing of the Qualifying Capital Raise or Liquidity Event (as applicable), and the aggregate Investment Amount shall convert in accordance with this clause 4 as if made immediately prior to the Qualifying Capital Raise or Liquidity Event (as applicable).

- 4.6 Governing documents following a Liquidity Event or the Maturity Date: Any Conversion Shares issued in accordance with clause 4.3 or 4.4 are to be issued subject to the terms of any constitution of the Company and any Shareholders' Agreement in force as at the date of issue of the Conversion Shares. Immediately following the issue of any Conversion Shares, the Investor must execute either the in force Shareholders' Agreement or a deed of accession to the in force Shareholders' Agreement, agreeing to be bound by its terms.
- 4.7 Fractional entitlements: The number of Conversion Shares to be issued to the Investor must be rounded up to the nearest whole number if there is a fractional entitlement.
- 4.8 Adjustment: If there is any bonus issue, consolidation or subdivision of any Shares or any reduction or cancellation of share capital (or any similar reorganisation of the capital of the Company), the Conversion Price must be adjusted by the Company, if necessary, to ensure that the economic effect of the Conversion remains the same.

#### INTEREST



- f** the Company commences negotiations or takes any proceedings for the general deferral, readjustment or rescheduling of its indebtedness, or a material part of its indebtedness;
  - g** the Company makes, or proposes to make, any assignment, arrangement or composition for the benefit of its creditors generally;
  - h** the Company ceases or threatens to cease to carry on all or substantially all of its business or operations; or
  - i** any event occurs that is in substance the same as any of those in clauses 8.1a to 8.1h above.
- 8.2** Acceleration: The Investor may, by notice to the Company at any time after the occurrence of an Insolvency Event, declare the Investment Amount, together with all interest accrued on it (less any tax required to be withheld by law), due and payable. Following receipt of that notice from the Investor, the Company must immediately repay the Investment Amount together with all interest accrued on it (less any tax required to be withheld by law).

#### WARRANTIES

- 9.1** Mutual warranties: Each party represents and warrants to the other that the following is true as at the date of the Agreement:
- a** if it is a company, it is duly incorporated and validly existing under the laws of New Zealand;
  - b** it has the power, and, if it is a company, has taken all necessary action (including the passing of all resolutions and obtaining any necessary consents) to enter into, execute and deliver, and exercise its rights, and perform its obligations, under the Agreement; and
  - c** it has validly executed and delivered the Agreement and its obligations under the Agreement are legal, valid and binding and the Agreement is enforceable against it in accordance with its terms.



- b** a management report covering the key discoveries, successes and learnings of the Company.

**10.2** Financial statements: The Company must ensure that it provides to the Investor, within 60 Business Days from the end of the Company's financial year, financial statements for that year prepared in accordance with accounting principles, standards and practices generally accepted in New Zealand.

#### GENERAL

**11.1** Confidentiality: Each party must keep the Agreement and information it receives about the other party and its business in connection with the Agreement (Confidential Information) confidential, and must not use or disclose that Confidential Information without the prior written consent of the other party except to the extent that:

- a** disclosure is required by law;
- b** the relevant information is already in the public domain;
- c** it is reasonably required to obtain professional advice; or
- d** it is reasonably necessary in connection with any proposed:
  - i. financing of that party;
  - ii. sale of that party's interest in the Company; or
  - iii. sale of all or part of the business of, or the shares in, that party,

and the party receiving the Confidential Information has entered into confidentiality undertakings substantially the same as those set out in this clause.

**11.2** Publicity: Neither party may use the names, trade marks or logos of the other party, its affiliates or their personnel in any publicity or marketing without the other party's written consent.

**11.3** Notices: All notices and communications given under the Agreement must be in writing and must be delivered personally, sent by post or sent by email to the address or email address set out in Schedule 1 (or at such other address as notified from time to time by the party changing its address). Where any notice of termination is sent by email, a copy of that notice must promptly be delivered personally or sent by post to the address set out in Schedule 1 (or such other address as notified from time to time by the party changing its address).



**11.10 Costs:** Except as otherwise provided in the Agreement, the parties will

SCHEDULE 1

Details for notices

Company

Contact Name: [

SCHEDULE 2

Business Plan

*[Insert]*

## SCHEDULE 3

## Conditions Precedent for each Tranche

Tranche	Conditions Precedent	Condition Date	Amount
First			
Second			
Third			