

Booster Investment Scheme

Swap Agreement

AGREEMENT dated 19 September 2016

PARTIES

- 1 **BOOSTER INVESTMENT MANAGEMENT LIMITED** a Company at Wellington (“**Manager**”)
- 2 **PUBLIC TRUST** a Company at Wellington (“**Supervisor**”)

1. BACKGROUND

- 1.1 The Supervisor and the Manager are (respectively) the supervisor and the manager of the Booster Investment Scheme established under an umbrella unit trust deed dated 7 February 2008 and governed by a Trust Deed dated 19 September 2016 as amended (Trust Deed).
- 1.2 Pursuant to the Trust Deed, the Supervisor and the Manager have been appointed as supervisor and manager of the Income Securities Portfolio (the Fund). The Supervisor and the Manager wish to provide certain Unit Holders of the Fund with a return on their investment in the Trust that is analogous to a fixed interest rate return. The Manager and Supervisor wish to enter into this Agreement, which will allow them to more easily execute return swaps that will form part of the Fund.
- 1.3 The Supervisor has appointed the Manager as the provider of certain services for the Booster Investment Scheme under a Management and Reporting Agreement dated 19 September 2016 as amended. It is not intended that any arrangements made under that service contract shall be altered by this Agreement.
- 1.4 This Agreement replaces all previous swap agreements entered into between the Manager and the retiring trustee, New Zealand Permanent Trustees Limited.

2. INTERPRETATION

- 2.1 In this Agreement:

Any terms in this Agreement that are not defined below, are defined in the Trust Deed.

Active Assets means the Fund assets (or portion of the Fund assets) that are recorded by the Manager as being Active Assets for the purposes of a Fixed Income Class. The Active Assets will not include the Swap that is entered into with the Supervisor in relation to a Fixed Income Class. The Active Assets may, however, be a specified percentage of certain assets of the Fund.

Active Asset Value means the Market Value of the Active Assets on the first day of the Period.

Active Return in relation to an Active Asset, means the accrued income or loss on the Active Asset (including any accrued discount or premium between the purchase cost and the redemption value) together with any realised gains and losses but shall exclude any unrealised capital gains or losses attributable to changes in the Market Value of an Active Asset when held by the Fund.

Confirmation means a notification provided to the Supervisor and recorded (either electronically or in written form) that the Manager has accepted the Supervisor's offer to enter into a Swap with the Fund. Such Confirmation shall record:

- (a) The Period of the Swap;
- (b) The Posted Rate designated by the Manager for the Fixed Income Class; and
- (c) The Active Asset Value.

Fixed Income Class means any class of Units in the Fund established in accordance with Clause 3.1.

Force Majeure means an event that is beyond the control of the Manager and/or the Supervisor (acting in its capacity as supervisor of the Income Securities Portfolio Fund), including an act of God, embargo, civil or labour disturbance, act of war, act of any government authority, moratorium, default, suspension, legal restraint and fraud which directly results in a person failing wholly or partly to perform their obligations in respect of an asset held directly or indirectly by the Fund. This includes a situation where a default on capital, interest or dividend payments, either wholly or in part, from any of the underlying security occurs

Posted Rate is the rate of return designated by the Manager as the posted rate for a Fixed Income Class.

Posted Return is the Posted Rate for the Swap multiplied by the Active Asset Value.

Swap is an agreement between the Manager and the Supervisor executed in the manner set out in clause 3.3.

2.2 Any capitalised terms not defined in this Agreement shall have meanings set out in the Trust Deed.

2.3 This Agreement shall continue until 30 days after either party gives notice that it shall terminate. Termination of this Agreement shall not affect any Swaps entered into before notice of intention to terminate has been given.

3. OBLIGATIONS UNDER THE AGREEMENT

3.1 The Supervisor agrees that the Manager will establish separate classes of Units within the Fund (each, a Fixed Income Class). The Manager will designate each Fixed Income Class, in part, by reference to a Posted Rate and will determine the Active Assets which are attributable to that Fixed Income Class.

- 3.2 Each Unit in the Fixed Income Class will have an equal entitlement to the benefit of:
- (a) the Active Assets attributable to that Fixed Income Class; and
 - (b) the individual Swap that relates to the Fixed Income Class.
- 3.3 The Supervisor hereby offers to enter into one or more Swaps with the Manager on the terms set out in this Agreement. The Manager may accept this offer by issuing a Confirmation.
- 3.4 The Supervisor agrees that the Manager may amend the terms of the Swap at any time by issuing a further Confirmation – such Confirmation may adjust the Period of the Swap or the Active Asset Value or provide that the Active Asset Value shall vary over the Period.
- 3.5 Subject to clause 5, in respect of each Swap:
- (a) the Supervisor agrees to pay the aggregate Active Return from all the Active Assets over the relevant period to the Manager; and the Manager agrees to pay the Posted Return to the Supervisor on demand;
 - (b) Amounts payable under clause 3.5 shall be payable at the same time provided that if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party, the obligation under clause 3.5 shall be replaced by an obligation upon the party by whom the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller aggregate amount.
- 3.6 The parties may elect in respect of two or more Swaps that a net amount will be determined in respect of all amounts payable on the same date, regardless of whether such amounts are payable in respect of the same Swap agreement.
- 3.7 The Manager and the Supervisor agree that a Swap is an Authorised Investment.

4. TAXES

- 4.1 All payments made to a party under this Agreement will be made without any deduction or withholding for or on account of any Tax or shall pay such additional amount as is necessary to ensure that the net amount actually received by the other party will equal the full amount the other party would have received had no such deduction or withholding been required.
- 4.2 A party will not be required to pay an additional amount to the other party to the extent that it would not be required to be paid but for the failure by the other party to comply with any agreement or required law.

5. **EVENT OF DEFAULT AND TERMINATION EVENTS**

Force Majeure

- 5.1 If an event of Force Majeure occurs in relation to the Fund, which adversely affects the value of an asset in the Fund, the Manager may determine that the Swap will cease to apply for the affected assets, but will continue to apply for the unaffected assets pro rata to the proportion that the affected assets bear to the total assets. The arrangements under the Swap will recommence in full when the event of Force Majeure ceases, as determined by the Manager.

Event of default

- 5.2 The occurrence at any time with respect to a party of any of the following events constitutes an event of default with respect to such party:
- (a) Failure by the party to make, when due, any payment under this Agreement required to be made by it if such failure is not remedied on or before 7 days after notice of such failure is given to the party;
 - (b) Failure by the party to comply with this Agreement (other than the obligation to make payment under this Agreement as provided for in clause 5.2(a)) if such failure is not remedied on or before 14 days after notice of such failure is given to the party.

Early Termination

- 5.3 If at any time an event of default with respect to a party (the "Defaulting Party") has occurred and is then continuing, the other party (the "Non-Defaulting Party") may, by specifying the relevant event of default, designate a day as an early termination date in respect of this Agreement.

Payments on Early Termination

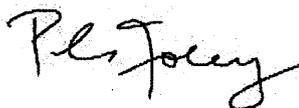
- 5.4 If an early termination date occurs, the Non-Defaulting Party shall pay to the Defaulting party all amounts owing under this Agreement and all Swap agreements.

6. **MANAGEMENT FEES**

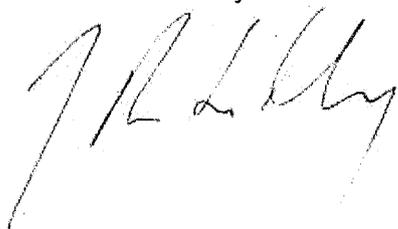
- 6.1 The Manager agrees that it will not be paid any Management Fees for managing Active Assets or Swap agreements in the Trust.

EXECUTION

SIGNED on behalf of **BOOSTER INVESTMENT MANAGEMENT LIMITED** of which we have consented to having our digital signature applied in accordance with the New Zealand Electronic Transaction Act 2002 by:

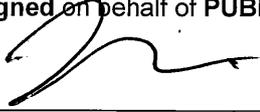


Director: Paul Foley



Director: John Selby

Signed on behalf of PUBLIC TRUST by:



Authorised Signatory

Ireen Muir
Senior Manager
Client Services
Public Trust
Wellington

Print Name

In the presence of:



Witness Signature

Harley Calder
Business Analyst
Corporate Trustee Services
Public Trust
Wellington

Print Name

Witness Occupation

Place of Residence