

17 NOVEMBER 2017

ASX RELEASE

CLIME CAPITAL LIMITED (ASX: CAM)

CONVERTIBLE LOAN NOTE ENTITLEMENT ISSUE OFFER DOCUMENT COMPLETE

The Directors of CAM are pleased to announce that it has today lodged the prospectus for the \$14.4 million convertible loan note issue for CAM shareholders.

The Offer Document will be dispatched to eligible Shareholders early next week.

The entitlement issue is an invitation to Eligible Shareholders to participate in a non-renounceable entitlement offer of redeemable unsecured convertible notes with a fixed interest rate of 6.25% per annum.

Indicative timetable of key dates

Key Dates for the Entitlement Offer	Date
Lodgement of Prospectus with ASIC	17 November 2017
Securities commence trading on 'ex' rights basis	22 November 2017
Record Date (to identify Eligible Shareholders)	23 November 2017
Prospectus and Entitlement and Acceptance Forms despatched to Shareholders	28 November 2017
Opening Date for the Entitlement Offer	28 November 2017
Closing Date for the Entitlement Offer	5.00pm (Sydney time) on 7 December 2017
Notes begin trading on ASX on a deferred settlement basis	8 December 2017
Issue Date of Notes Deferred settlement trading ends	14 December 2017
Holding Statements despatched	14 December 2017
Notes commence trading on ASX (normal settlement basis)	15 December 2017
Key Dates for the Notes	Date
First Interest Payment Date	28 February 2018
Maturity Date	30 November 2021

Clime Capital Limited

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Dates may change

The key dates for the Entitlement Offer are indicative only and may change without notice.

The Company, in consultation with the Underwriter, may agree (without notice to any Shareholder or other person) to vary the timetable, including by extending the Closing Date, closing the Entitlement Offer early, accepting late Applications or withdrawing the offer made under the Entitlement Offer at any time before the Notes are issued. If the offer made under the Entitlement Offer is withdrawn before the issue of the Notes, all Application Moneys received by the Company will be refunded (without interest) to Applicants as soon as practicable after the withdrawal. In addition, ASIC may extend the Exposure Period by up to seven calendar days in which case the Opening Date for the Entitlement Offer and other dates may be varied accordingly without notice. Eligible Shareholders are also invited to apply under the Top Up facility for Additional Notes over and above their Entitlement.

A copy of the Offer Document is attached.

For further information please contact:

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CLIME CAPITAL LIMITED

ACN 106 282 777

PROSPECTUS

For a fully underwritten non-renounceable entitlement offer to Eligible Shareholders of up to 14,987,632 unsecured convertible notes (**Notes**) to be issued at a price of \$0.96 per Note on the basis of 1 Note for every 6 Shares held as at the Record Date with an interest rate of 6.25% to raise approximately \$14.4 million (**Entitlement Offer**), with an ability for Eligible Shareholders to apply for further Notes under a top up facility (**Top Up Facility**).

**Eligible Shareholders may apply for Notes
in excess of their Entitlement.**

This Entitlement Offer is fully underwritten by Sanlam Private Wealth Pty Ltd.

The closing date of this Entitlement Offer is 7 December 2017.

This Prospectus provides important information about the Company and the securities being offered by the Company. You should read the entire document including the Entitlement and Acceptance Form. This Prospectus is a transaction-specific document issued in accordance with section 713 of the Corporations Act 2001 (Cth). If you have any questions about the securities being offered under this Prospectus, or any other matter relating to an investment in the Company, you should consult your professional adviser.

If you do not lodge a fully completed Entitlement and Acceptance Form by 5pm (Sydney time) on 7 December 2017, you will not be issued Notes.

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IMPORTANT NOTICE

Prospectus

This Prospectus is issued by Clime Capital Limited ACN 106 282 777 (**Company**) and is an invitation to Eligible Shareholders to participate in a non-renounceable entitlement offer of redeemable unsecured convertible notes with a fixed interest rate of 6.25% per annum (**Notes**).

Accompanying this Prospectus is your personalised Entitlement and Acceptance Form which contains details of your Entitlement.

This Prospectus provides information for Eligible Shareholders to decide if they wish to take up their Entitlement and any Additional Notes under the Top Up Facility.

The Entitlement Offer is non-renounceable which means that Eligible Shareholders who do not wish to take up all or any of their Entitlement are not permitted to sell their Entitlement. More detailed information in relation to how Eligible Shareholders may deal with their Entitlement is set out in Section 3.

The information given in this Prospectus does not constitute investment advice or financial product advice. This Prospectus is of a general nature and has been prepared without taking into account your individual investment objectives, financial situation, tax position or particular investment needs. You should seek your own investment and/or financial advice.

Before deciding to participate in the Entitlement Offer, Shareholders should read the entire Prospectus. The information contained in individual sections is not intended to and does not provide a comprehensive review of the business or the financial affairs of the Company or the Notes offered under this Prospectus. The Entitlement Offer does not take into account the investment objectives, financial situation or particular needs of the Shareholder. You should carefully consider the risks that impact on the Company in the context of your personal requirements (including your financial and taxation position) and seek professional guidance from your relevant professional adviser prior to deciding whether to invest in the Company. Some of the risks that you should consider are set out in Section 6 of this Prospectus.

Date of this Prospectus

This Prospectus is dated 17 November 2017. A copy of this Prospectus has been lodged with ASIC and has been provided to ASX Limited (**ASX**) in connection with an application to be made by the Company for the Notes to be listed on ASX.

Neither ASIC nor ASX nor any of their respective officers or employees takes any responsibility for the content of this Prospectus. The fact that ASX has admitted the Company to the official list of ASX and may decide to grant official quotation in respect of the Notes issued under this Prospectus is not to be taken in any way as an indication of the merits of the Company, the Entitlement Offer or the Notes.

The expiry date of this Prospectus is 16 December 2018. No securities will be issued on the basis of this Prospectus later than the expiry date.

Transaction Specific Prospectus

This Prospectus is a transaction specific prospectus for an entitlement offer of Notes which are convertible into continuously quoted securities (as defined in the Corporations Act). It has been prepared in accordance with section 713 of the Corporations Act and ASIC Corporations (Offers of Convertibles) Instrument 2016/83. The disclosure in this Prospectus is less than the disclosure required in an initial public offering prospectus or a prospectus prepared in accordance with section 710 of the Corporations Act.

In providing information in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisors with whom potential investors may consult.

Exposure Period

The Corporations Act prohibits the acceptance of an application for, or an issue of, the Notes in the seven calendar day period after the date of this Prospectus. This period is the Exposure Period. The Exposure Period may be extended by ASIC by up to a further seven days. The Company will not accept an application for, nor will it issue any Notes on the basis of, this Prospectus during the Exposure Period. Entitlement and Acceptance Forms received prior to the expiration of the Exposure Period will not be processed until after the Exposure Period. No preference will be conferred on Entitlement and Acceptance Forms received during the Exposure Period and all Entitlement and Acceptance Forms received during the Exposure Period will be treated as if they were simultaneously received on the Opening Date.

ASX quotation

The Company will apply to ASX within seven days after the date of this Prospectus for the Notes issued under this Prospectus to be quoted on ASX. If ASX does not grant permission for the Notes issued under this Prospectus to be quoted within three months after the date of this Prospectus, the provisions of Section 724(2) of the Corporations Act will apply.

No representations other than as set out in this Prospectus

No person is authorised to give any information or to make any representation in connection with the Entitlement Offer that is not contained in this Prospectus. Any information or representation that is not in this Prospectus may not be relied upon as having been authorised by the Company, or its associates in connection with the Entitlement Offer. Except as required by law and then only to the extent so required, none of the Company, the Trustee, the Underwriter nor any of their respective associates warrants or guarantees the future performance of the Company, the Notes or any Shares issued on conversion or exercise of the Notes or any return on any investment made pursuant to this Prospectus.

To the extent that this Prospectus contains forward looking statements which may (but need not) be identified by words such as 'may', 'could', 'believe', 'estimate', 'expects', 'intends', 'anticipates', 'project', 'foresee', 'likely', 'should', 'target', 'plan', 'consider', 'aim', 'will' and other similar words that import risks and uncertainties, these forward looking statements are not guarantees of future performance and are subject to various known and unknown assumptions, uncertainties and risk factors that are beyond the control of the Company and could cause the Company's actual results to differ materially from those expressed, implied or anticipated in those statements.

These and other risk factors are set out in Section 6. The Company cannot and does not give any assurance that results, performance or achievements expressed or implied by forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on such forward looking statements.

In addition, the information in this Prospectus on the past performance of the Company should not be relied upon as an indication of the likely future performance of the Company.

Company's website

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

Offering restrictions

This Prospectus and an Entitlement and Acceptance Form do not constitute an offer in any place or country in which, or to any person to whom, it would not be lawful to make such an offer.

The Prospectus and Entitlement and Acceptance Form will be sent only to Eligible Shareholders with registered addresses in Australia and New Zealand.

The Entitlement Offer is not being extended, and Notes will not be issued, to Shareholders with a registered address which is outside Australia and New Zealand. It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than New Zealand) having regard to the number of overseas Shareholders, the number and value of Notes these Shareholders would be offered and the cost to the Company of complying with regulatory requirements in each relevant jurisdiction. This Prospectus may not be distributed in any country outside Australia and New Zealand.

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

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

Warning to New Zealand Shareholders

Warning statement

The Entitlement Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and regulations made under the Corporations Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

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

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

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

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

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

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

Additional warning statement: currency exchange risk

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

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

Additional warning statement: trading on financial product market

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

Enquiries

If you have any questions in relation to the Entitlement Offer or the Notes, please call the Company on 1300 788 568 between 8.30am and 5.30pm (Sydney time), Monday to Friday, or contact the company via email on info@clime.com.au, or alternatively contact your professional adviser.

Defined words and expressions

Some capitalised words and expressions used in this Prospectus have defined meanings. The Glossary in Section 9 defines these words and expressions.

The definitions specific to the Notes are in clause 14.3 of the Note Terms in Section 8. If there is any inconsistency in definitions between the Prospectus and the Note Terms, the definitions in the Note Terms prevail.

A reference to time in this Prospectus is to Sydney time unless otherwise stated. A reference to \$, A\$, dollars and cents is to Australian currency unless otherwise stated. Some numbers in this Prospectus have been rounded.

Trading in the Notes

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

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

Holding statements confirming Applicants' allocations under the Entitlement Offer are expected to be sent to successful Applicants on or around 14 December 2017.

Taxation considerations

Section 5 of this Prospectus contains a summary of the tax consequences for potential Noteholders and is based on Australian tax law and administrative practice as at the date of this Prospectus. This summary is necessarily general in nature and is not intended to be tax advice to Noteholders. Accordingly, each prospective Noteholder should seek their own tax advice, which is specific to

their particular circumstances, as to the tax consequences of investing in, holding and disposing of the Notes.

Trustee

The Trustee, Equity Trustees Limited:

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

Privacy Disclosure

Refer to the information in the privacy statement in Section 7.8.

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

The Company is a disclosing entity for the purposes of the Corporations Act and as a result is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. In addition, the Company must notify ASX immediately (subject to certain exceptions) if it becomes aware of information about it that a reasonable person would expect to have a material effect on the price or value of its securities (i.e. its Shares and, if the Entitlement Offer is successfully concluded and the Notes). Copies of documents lodged with ASIC and ASX can be obtained from, or inspected at, an ASIC office and can also be obtained from the company's website, <https://www.climecapital.com.au/performance/> or at www.asx.com.au.

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

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

CHAIRMAN'S LETTER

17 November 2017

Dear Shareholder,

*On behalf of Clime Capital Limited (**Company**), I am pleased to offer you the opportunity to increase your investment in the Company by participating in a non-renounceable entitlement offer of redeemable, unsecured convertible notes with a term expiring 30 November 2021 (a term of approximately 4 years) and a fixed interest rate of 6.25% per annum payable quarterly in arrears (**Notes**) (**Entitlement Offer**).*

Each Note will have a Face Value of \$0.96 and will be convertible into one Share.

Under the Entitlement Offer, Eligible Shareholders will be entitled to subscribe for 1 Note for every 6 Shares held at 23 November 2017. Eligible Shareholders are also invited to apply for Additional Notes over and above their Entitlement under the Top Up Facility.

The Entitlement Offer is underwritten and managed by Sanlam Private Wealth Pty Ltd.

The Company intends to raise up to \$21.4 million by undertaking the Entitlement Offer and the Placement. The Company intends to use the proceeds of the Placement and Entitlement Offer to invest in securities on the ASX, recognised international exchanges and selected unlisted investments.

The Company expects to be readily able to meet all financial commitments under the Notes (i.e. to pay interest and to redeem the Notes as and when required under the Note Terms).

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

The Entitlement Offer is scheduled to close on 7 December 2017.

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

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

If you have any questions about the Entitlement Offer, please call the Company on 1300 788 568 between 8.30am and 5.30pm (Sydney Time), Monday to Friday or contact the Company via email on info@clime.com.au.

Shareholders should be advised that those choosing not to participate in the Entitlement Offer may suffer a significant dilution of their interests in, and potentially the value in, the Company as and when Notes are converted. Shareholders should seek the guidance of professional advisors regarding the impact of the Entitlement Offer on their shareholding in the Company.

The Directors encourage all Eligible Shareholders to participate in the Entitlement Offer and the Directors intend to take up their Entitlements.

Yours sincerely



John Abernethy
Chairman
Clime Capital Limited

KEY DATES

Indicative timetable of key dates

Key Dates for the Entitlement Offer	Date
Lodgement of Prospectus with ASIC	17 November 2017
Securities commence trading on 'ex' rights basis	22 November 2017
Record Date (to identify Eligible Shareholders)	23 November 2017
Prospectus and Entitlement and Acceptance Forms despatched to Shareholders	28 November 2017
Opening Date for the Entitlement Offer	28 November 2017
Closing Date for the Entitlement Offer	5.00pm (Sydney time) on 7 December 2017
Notes begin trading on ASX on a deferred settlement basis	8 December 2017
Issue Date of Notes Deferred settlement trading ends	14 December 2017
Holding Statements despatched	14 December 2017
Notes commence trading on ASX (normal settlement basis)	15 December 2017
Key Dates for the Notes	Date
First Interest Payment Date ¹	28 February 2018
Maturity Date	30 November 2021

Dates may change

The key dates for the Entitlement Offer are indicative only and may change without notice.

The Company, in consultation with the Underwriter, may agree (without notice to any Shareholder or other person) to vary the timetable, including by extending the Closing Date, closing the Entitlement Offer early, accepting late Applications or withdrawing the offer made under the Entitlement Offer at any time before the Notes are issued. If the offer made under the Entitlement Offer is withdrawn before the issue of the Notes, all Application Moneys received by the Company will be refunded (without interest) to Applicants as soon as practicable after the withdrawal. In addition, ASIC may extend the Exposure Period by up to seven calendar days in which case the Opening Date for the Entitlement Offer and other dates may be varied accordingly without notice. Eligible Shareholders are also invited to apply under the Top Up facility for Additional Notes over and above their Entitlement.

¹ Interest is scheduled to be paid in arrears on the 10th Business Day following the quarterly periods ending 28 February, 31 May, 31 August and 30 November each year during the term of the Notes). The final Interest Period will end on the earlier of the Redemption Date, the Maturity Date and the Conversion Date. If any of the scheduled Interest Payment Dates is not a Business Day, then the due date for payment of Interest will be postponed to the next Business Day. If that occurs, the Noteholder is not entitled to any additional payment in respect of that delay.

1. INVESTMENT OVERVIEW

IMPORTANT NOTICE

This Section provides a summary of the key features and risks of the Entitlement Offer and the Notes. This Section is not intended to provide full information for Shareholders considering whether to take up their Entitlement.

If you wish to take up your Entitlement, it is important that you first read the Prospectus in full and it is recommended that you seek professional advice which takes into account your particular investment objectives, financial situation and needs from a professional adviser who is licensed by ASIC to give such advice.

Topic	Summary	Where to find more information
1.1 Overview of the Entitlement Offer		
What is the Entitlement Offer?	<p>The Entitlement Offer is a fully underwritten non-renounceable entitlement offer to Eligible Shareholders of up to 14,987,632 unsecured convertible notes (Notes) to be issued at an issue price of \$0.96 per Note, on the basis of 1 Note for every 6 Shares held on the Record Date to raise approximately \$14.4 million.</p> <p>Eligible Shareholders may apply under the Top Up Facility for Notes in excess of their Entitlement.</p>	Section 2.1
Who is making the Entitlement Offer?	<p>Clime Capital Limited ACN 106 282 777 (Company).</p> <p>The Company was initially listed on ASX on 2 February 2004. It is a listed investment company.</p> <p>The Company is primarily focused on consistently delivering strong risk adjusted returns for Shareholders.</p>	Section 4.1
What is the purpose of the Entitlement Offer?	<p>The funds raised pursuant to this Entitlement Offer will be used to invest in securities listed on the ASX, recognised international exchanges and selected unlisted investments.</p>	Section 4.2
What are the Notes?	<p>The securities offered by the Company under the Entitlement Offer are redeemable, unsecured convertible notes (Notes) with a term expiring 30 November 2021 (a term of approximately 4 years) and a fixed interest rate of 6.25% per annum payable quarterly in arrears.</p> <p>The Notes are:</p> <ul style="list-style-type: none"> • fully paid – the Issue Price of \$0.96 per Note must be paid to the Company before the Notes are issued; • redeemable – any Notes not converted or redeemed prior to the maturity date will be automatically redeemed at their Face Value; • Unsecured – the Notes are unsecured; and • convertible – each Note is convertible by 	Section 8

Topic	Summary	Where to find more information
	<p>the Noteholder into one Share .</p> <p>Set out below in Section 1.2 is a detailed summary of the terms of the Notes.</p> <p>A full copy of the Note Terms is set out in Section 8.</p> <p>Rights and liabilities attaching to the Notes may also arise under the Corporations Act, the ASX Listing Rules and other applicable laws.</p>	
Who is the Trustee?	<p>Equity Trustees Limited has agreed to act as the trustee in relation to the Notes pursuant to the terms of the Trust Deed. The Notes are issued subject to the terms and conditions contained in the Trust Deed.</p> <p>Summaries of the Trust Deed are set out in Section 7.4.</p> <p>The interest payments on the Notes are obligations of the Company and are not guaranteed by the Trustee or any of its directors, employees, officers, affiliates, agents, advisers, intermediaries, related body corporate or any other entity.</p> <p>The obligation to redeem the Notes in accordance with the Note Terms is a direct obligation of the Company. Neither the Trustee nor any of its directors, employees, officers, affiliates, agents, advisers, intermediaries, related body corporate or any other entity guarantees the redemption of or prepayment of any principal under the Notes.</p> <p>The Trustee is not responsible for monitoring the Company's compliance with the Trust Deed nor the Company's business.</p>	Section 7.4
ASX Quotation	<p>The Company will apply to ASX within seven days after the date of this Prospectus for the Notes issued under this Prospectus to be quoted on ASX.</p> <p>If ASX does not grant permission for the Notes issued under this Prospectus to be quoted within three months after the date of this Prospectus, the provisions of Section 724(2) of the Corporations Act will apply.</p> <p>If the Notes issued under this Prospectus are accepted for quotation on ASX, the Company expects to issue the Notes on or about 14 December 2017.</p>	Section 2.8
Important matters to be aware of	<p>You should seek professional guidance from your financial or other professional adviser before deciding whether to invest.</p>	Section 7.11
<p>1.2 Key Features of the Notes</p>		
<p><i>As this Section contains a summary only of the Note Terms, it is important that you read the information in the Prospectus (including the Note Terms) in full before you decide whether to apply for Notes. If you are unclear in relation to any aspect of the Entitlement Offer or the Note Terms, or if you are uncertain whether the Notes are a suitable investment for you, you should consult your professional adviser.</i></p>		

Topic	Summary	Where to find more information
Issue Price/Face Value	\$0.96 per Note.	Clause 1.2 of Section 8
Maturity Date	Unless earlier converted or redeemed, the Company will redeem all outstanding Notes at Face Value on the Maturity Date.	Clause 5.1 of Section 8
Interest Rate	6.25% per annum, payable quarterly in arrears (on the 10th Business Day following the quarterly periods ending 28 February, 31 May, 31 August and 30 November) until and including the Maturity Date (or if earlier the Conversion Date or Redemption Date).	Clause 2.1 of Section 8
Conversion Rights	The Noteholder has the right to convert some or all of their Notes to Shares at any time before the Maturity Date on the basis set out below.	Clause 4.1 of Section 8
Conversion Basis	The Noteholder has the right to convert some or all of its Notes into Shares on a one for one basis.	Clause 4.2 of Section 8
Event of Default	Enforcement action by the Trustee following an Event of Default that remains unremedied can include a redemption of all Notes at their Face Value (together with any accrued Interest).	Clause 8.3 of Section 8
Security	The Notes are not secured by any assets of the Company.	Clause 6.2 of Section 8
Ranking	<p>Each Note ranks for payment in a Winding Up of the Company:</p> <ul style="list-style-type: none"> • behind secured creditors of the Company; • equally amongst themselves and at least equally with all other unsecured and unsubordinated debt obligations of the Company, other than those obligations mandatorily preferred by law; and • ahead of ordinary equity of the Company and any of the Company's obligations that are subordinated to the Notes. <p>On conversion, the resulting shares will rank equally with all other issued ordinary shares in the capital of the Company.</p>	Clause 6.3 of Section 8
Trustee	Equity Trustees Limited has agreed to act as the trustee in relation to the Notes pursuant to the terms of the Trust Deed.	Section 7.4
Negative Covenants	For so long as any of the Notes remain outstanding, the Company must not, without the approval of Noteholders by ordinary resolution, incur any indebtedness that would cause the Company's total indebtedness to exceed 40% of the Company's total assets.	Clause 7 of Section 8
Events of	If certain events of default occur (as set out in the	Clause 8.1 of

Topic	Summary	Where to find more information
Default	Note Terms), the Trustee may require the Company to redeem the Notes immediately at their Face Value and may take enforcement action against the Company in accordance with the Trust Deed.	Section 8
Voting	<p>Noteholders do not have a right to vote at meetings of Ordinary Shareholders.</p> <p>Noteholders may vote at meetings of Noteholders in accordance with the Trust Deed.</p>	Clauses 1.8 and 13.3 of Section 8
Key Terms	<ul style="list-style-type: none"> • Issued by the Company. • Term expiring 30 November 2021 (a term of approximately 4 years). • Fixed interest rate of 6.25% per annum, payable quarterly in arrears. • Interest paid quarterly in arrears (on the 10th Business Day following the quarterly periods ending 28 February, 31 May, 31 August and 30 November). • Interest paid as 100% cash. • Interest is not deferrable by the Company and interest payments are not discretionary. • Must be redeemed by the Company at maturity • Each Note is convertible at any time by the Noteholder into 1 Share. • The Notes may be traded on ASX prior to maturity. 	Section 8
1.3 Effect of the Entitlement Offer		
Effect on capital structure	<p>The Company currently has 89,925,793 existing Shares on issue.</p> <p>Under the Entitlement Offer, the Company intends to issue up to 14,987,632 Notes.</p> <p>Under the Placement, the Company intends to issue up to 7,291,667 Notes.</p> <p>The effect of the Entitlement Offer on the capital structure of the Company is set out in a table in Section 4.2(c).</p>	Section 4.2(c)
Effect on financial position	<p>To illustrate the effect of the Entitlement Offer and the Placement on the Company, a pro-forma statement of financial position has been prepared based on the financial position as at 30 June 2017 and is included in Section 4.2(d).</p> <p>The significant effect of the Entitlement Offer (assuming the Entitlement Offer is fully subscribed) and the Placement will be to increase cash reserves by approximately \$21.4 million (before cash expenses of the Entitlement Offer which are estimated to be \$563,000) assuming a \$0.96 per Note subscription</p>	Section 4.2(d)

Topic	Summary	Where to find more information
	price and to increase non-current liabilities by \$14.4 million (or a total of \$21.4 million including the Notes issued under the Placement).	
1.4 Key Risks of the Notes		
<p><i>There are a number of risks associated with an investment in the Notes. To understand these risks, you should read Section 6 of the Prospectus before deciding whether to invest.</i></p>		
Key risks associated with Company's business	<p>The risks associated with the Company's business include the following:</p> <ul style="list-style-type: none"> • Investment risk: there is a risk that the value of the Company's investment portfolio, and therefore the value of its assets, will fall in value over the short or long term or may experience sustained periods of poor investment performance; • Securities risk: as with any investment in listed securities, the market price of the Company's Shares or any other securities may be adversely affected by changing circumstances or events; • Liquidity risk: there can be no guarantee that an active and liquid market for the Company's Shares and Notes will develop or be maintained; and • Reliance on key personnel: the loss or departure of one or more key personnel (including the Directors or key executives of the Company or the Investment Manager) and/or the inability to hire effective replacements may have a material adverse effect on the Company's performance or ability to grow. • Investment Manager and management company risk: There is a risk that the Investment Manager may not effectively manage the investment portfolio or may advise the investment portfolio in a manner that does not consistently meet the investments objectives of the Company over time. The past performance of the portfolios managed by the Investment Manager (and persons associated with the Investment Manager) is not necessarily a guide to future performance of the Company. Regardless, the Investment Manager cannot terminate the investment management agreement until the expiry of the current term in 4 February 2029. • Compliance with and changes to financial services legislation and regulation: The Investment Manager operates under an AFSL and is subject to the regulatory regime associated with carrying 	Section 6.3

Topic	Summary	Where to find more information
	<p>on a business pursuant to that AFSL. There may be adverse material effects on the Investment Manager if it does not or cannot comply with the necessary laws and regulations, including exposure to fines, penalties or loss of AFSL authorisation. These may in turn have a material adverse effect on the Company's financial performance and future prospects.</p>	
<p>Key risks associated with the Entitlement Offer</p>	<p>The key risks associated with the Entitlement Offer include the following:</p> <ul style="list-style-type: none"> • If you are an Eligible Shareholder and you allow your Entitlement to lapse, then you will not realise any value for your Entitlement. You should also note that if you do not take up your Entitlement and other Eligible Shareholders take up their Entitlements, your percentage shareholding in the Company will be diluted. • If the Underwriting Agreement is terminated, this would be likely to have an adverse impact on the total proceeds raised under the Entitlement Offer. However, as the funds are being raised for general investment purposes, there is no risk to the Company's financial position if the Underwriting Agreement is terminated. 	<p>Section 6.4</p>
<p>Key risks associated with Notes</p>	<p>The key risks associated with the Notes include the following:</p> <ul style="list-style-type: none"> • the market price of Notes may fluctuate due to various factors that affect financial market conditions or factors relating to the Company. There may be volatility in the market price of Notes and this may result in a market price below the Issue Price of \$0.96 per Note. If you sell your Notes, you may not be able to do so at an acceptable price or you may not be able to sell at all if insufficient liquidity exists in the market for Notes); • as a Noteholder, the Note Terms provide you with specific exit rights prior to the Maturity Date. In addition, Notes can be realised before maturity by a sale on market. As already noted, there is a risk that the sale price on market or by private sale may be less than the Issue Price; • if early Redemption of the Notes occurs, you may not receive the expected returns on your investment (compared to holding the Notes to maturity); • the Company may be unable to pay Interest or repay all or any of the money owed on the Notes on time or at all (however, under the 	<p>Section 6.5</p>

Topic	Summary	Where to find more information
	<p>Note Terms, default in payment is an Event of Default); and</p> <ul style="list-style-type: none"> the Trustee has no obligation to monitor the Company's financial position, including the capacity of the Company to fulfil its obligations in relation to the Notes. 	
General risks	The above risks are not an exhaustive list of the potential risks faced by Noteholders. There are a number of general commercial risk factors and general market risks that could adversely affect the Company's financial performance, position or prospects. You should carefully consider all the risk factors set out in Sections 4-6 before deciding to invest in Notes.	Section 6.2
1.5 Details of the Entitlement Offer		
When is the Entitlement Offer Period?	The key dates, including details of the Entitlement Offer Period, are set out in the "Key Dates" section.	Key Dates
Is the Entitlement Offer underwritten?	Yes. The Underwriter has agreed to underwrite fully the Entitlement Offer.	Section 2.5
How will the expenses of the Entitlement Offer be paid?	All of the expenses have been, or will be, borne by the Company.	Section 7.9
What is the structure of the Entitlement Offer?	<p>The Entitlement Offer is a pro rata non-renounceable entitlement offer made to Eligible Shareholders.</p> <p>Eligible Shareholders are entitled to subscribe for 1 Note for every 6 Shares held as at the Record Date.</p> <p>Eligible Shareholders can also apply under the Top Up Facility for Additional Notes if there are Notes available because some Eligible Shareholders do not take up all of their Entitlements under the Entitlement Offer.</p> <p>Entitlements which are not taken up by the Closing Date will be taken up by the Underwriter.</p>	Section 2.1
Who is entitled to participate?	A registered holder of Shares shown on the Company's share register at 5.00pm Sydney time on the Record Date with a registered address in Australia or New Zealand.	Section 2.2

Topic	Summary	Where to find more information
How can I apply?	Applications can be made by Eligible Shareholders by completing the Entitlement and Acceptance Form accompanying this Prospectus and sending it together with the relevant Application Moneys to the Company's Share Registry, Boardroom Pty Limited. For information on how to apply, see Section 5 and the Entitlement and Acceptance Form.	Section 3
When to apply?	Your Entitlement and Acceptance Form must be received by the Closing Date.	Section 3. Key Dates
What is my Entitlement?	The Entitlement that you have is set out on your Entitlement and Acceptance Form accompanying this Prospectus. If you did not receive your personalised Entitlement and Acceptance Form, you should call Boardroom Pty Limited on (02) 9290 9600 or via email on corporateactions@boardroomlimited.com.au	Section 3
Can I sell or transfer my Entitlements?	No. If you do not wish to take up your Entitlement, you will not be able to trade your Entitlement to another party and the right to take up your Entitlement will lapse for no value on the Closing Date.	Section 2.3
Can I apply for Notes in excess of my Entitlement?	Yes, pursuant to the Top Up Facility.	Section 2.4
How do I apply for Additional Notes?	Eligible Shareholders can apply for Additional Notes by completing Section B on the Entitlement and Acceptance Form accompanying this Prospectus. If more Additional Notes are applied for than are available from the Shortfall under the Entitlement Offer, the Company, after consultation with the Underwriter, will scale back those Applications at its absolute discretion and excess Application Monies will be refunded without interest.	Section 3.3
What are my choices?	You may either: <ul style="list-style-type: none"> • take up all your Entitlement; • take up all your Entitlements and apply for Additional Notes; • take up only a portion of your Entitlements, in which case the balance of your Entitlements will lapse; or • do nothing, in which case all of your Entitlements will lapse. 	Section 3

Topic	Summary	Where to find more information
What if I do nothing?	<p>If you do not take up your Entitlements, your Entitlements will lapse for no value. The Notes representing your Entitlements may be subscribed for by Eligible Shareholders who apply for Additional Notes or to the Underwriter.</p> <p>Existing Shareholders' interests will be diluted on conversion of the Notes to Shares if they do not take up their Entitlements under the Entitlement Offer.</p>	Section 3
Is brokerage, commission or stamp duty payable?	No brokerage or stamp duty is payable on your Application. You may have to pay brokerage on any subsequent trading of your Notes on ASX after the Notes have been quoted on ASX.	Section 3
What are the tax implications of investing in Notes?	<p>Section 5 of this Prospectus contains a summary of the tax consequences for potential Noteholders and is based on Australian tax law and administrative practice as at the date of this Prospectus. This summary is necessarily general in nature and is not intended to be tax advice to Noteholders.</p> <p>Accordingly, each prospective Noteholder should seek their own tax advice, which is specific to their particular circumstances, as to the tax consequences of investing in, holding and disposing of the Notes.</p>	Section 5
When will the Notes be issued?	The Company expects that the Notes will be issued on 14 December 2017.	Key Dates
When will the Notes begin trading?	The Company expects that the Notes will begin trading on ASX on 8 December 2017 on a deferred basis and on 15 December 2017 on a normal settlement basis.	Key Dates
When will the Holding Statements be despatched?	The Company expects that the Holding Statements will be despatched on 14 December 2017.	Key Dates
1.6 What you need to do		
Action Required	See Section 3 for detailed instructions on what you need to do.	Section 3
1.7 More information		
<p><i>If, after you read this Prospectus, you have any questions regarding the Entitlement Offer or the Notes, please contact your financial adviser or other professional adviser.</i></p> <p><i>You can also call the Company on 1300 788 568 between 8.30am and 5.30pm (Sydney time), Monday to Friday or contact the company via email on info@clime.com.au.</i></p>		

2. **DETAILS OF THE ENTITLEMENT OFFER**

2.1 **Entitlement Offer details**

The Company is offering for subscription up to 14,987,632 Notes at an issue price of \$0.96 per Note by way of a non-renounceable Entitlement Offer to raise approximately \$14.4 million.

The Company has conducted a Placement to certain institutional and sophisticated investors of 7,291,667 Notes at an issue price of \$0.96 per Note.

Eligible Shareholders are being offered Notes on the basis of 1 Note for every 6 Shares held.

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

Where the Company considers that holdings have been split in order to take advantage of this rounding, the Company reserves the right to aggregate holdings held by associated Eligible Shareholders for the purpose of calculating Entitlements.

Entitlement and Acceptance Forms must be returned with payment for the Notes (calculated on the basis of the Offer Price) to the Share Registry before 5.00pm (Sydney time) on the Closing Date.

2.2 **Who is entitled to participate in the Entitlement Offer**

Every shareholder registered as the holder of fully paid ordinary shares in the Company at 5.00pm Sydney time on 23 November 2017, whose registered address is in Australia or New Zealand, is entitled to participate in the Entitlement Offer.

2.3 **No trading of Entitlements**

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

2.4 **Top Up Facility**

Eligible Shareholders may apply for Additional Notes in addition to their Entitlement under the Top Up Facility. The price paid by Eligible Shareholders for each Additional Note will be \$0.96.

The Top Up Facility will operate if Eligible Shareholders do not apply to take up their Entitlement resulting in a shortfall between Applications received from Eligible Shareholders for their Entitlement and the number of Notes proposed to be issued under the Entitlement Offer (**Shortfall**).

If the number of Additional Notes applied for is less than that available from the Shortfall, all Eligible Shareholders will be allocated the number of Additional Notes the Company determines in its absolute discretion, in consultation with the Underwriter. If more Additional Notes are applied for than are available from the Shortfall under the Entitlement Offer, the Company, after consultation with the Underwriter, will scale back those Applications in its absolute discretion and excess Application Monies will be refunded without interest.

If there remains a Shortfall after the allocation of Additional Notes under the Top Up Facility, the Underwriter will take up the Shortfall in accordance with the Underwriting Agreement.

2.5 Underwriting

The Entitlement Offer is fully underwritten by the Underwriter to the Entitlement Offer, Sanlam Private Wealth Pty Ltd.

Further details of the Underwriting Agreement, including the circumstances in which the Underwriter may terminate its obligations, are set out in Section 7.4.

2.6 Commitment from Directors

The Directors (or their associated entities) intend to take up their Entitlements as follows, and reserve the right to utilise the Top Up Facility:

Director	Entitlement to Notes offered under this Prospectus	Intention to take up all or part of Entitlement
Mr John Abernethy	137,500	Yes
Mr Julian J Gosse	0	N/A
Mr Brett Spork	16,667	Yes
Mr Geoffrey Wilson	109,125	Yes

2.7 Allotment of Notes

The Company expects that the Notes will be issued on 14 December 2017.

The Company expects that the Holding Statements will be despatched on 14 December 2017.

2.8 ASX Quotation

No later than 7 days after the date of this Prospectus, the Company will apply to ASX for the Notes to be quoted on ASX. The Company is not currently seeking quotation of its Notes on any financial market other than ASX. Trading in Notes is expected to commence on ASX, on a normal settlement basis, on or about 15 December 2017.

If ASX does not grant permission for official quotation of the Notes within three months after the date of this Prospectus, none of the Notes offered under this Prospectus will be issued, unless ASIC grants the Company an exemption permitting the issue.

If no issue is made, all Application Moneys paid for the Notes will be refunded without interest as soon as practicable.

The fact that ASX may agree to the quotation of the Notes is not to be taken in any way as an indication of the merits of the Company or the Notes offered for issue under the Entitlement Offer. ASX takes no responsibility for the contents of this Prospectus.

Normal settlement trading in the Notes, if quotation is granted, will commence as soon as practicable after the issue of Holding Statements to successful Applicants.

2.9 **Termination of the Entitlement Offer**

The Company reserves the right not to proceed with the Entitlement Offer (or any part of it) at any time before the issue of Notes. If the Company decides not to proceed with the Entitlement Offer, no Notes will be issued and all Application Moneys will be refunded (without interest).

2.10 **Tax implications**

Section 5 of this Prospectus contains a summary of the tax consequences for potential Noteholders and is based on Australian tax law and administrative practice as at the date of this Prospectus. This summary is necessarily general in nature and is not intended to be tax advice to Noteholders. Accordingly, each prospective Noteholder should seek their own tax advice, which is specific to their particular circumstances, as to the tax consequences of investing in, holding and disposing of the Notes.

2.11 **Non-eligible foreign Shareholders**

This Prospectus and an Entitlement and Acceptance Form do not constitute an offer in any place or country in which, or to any person to whom, it would not be lawful to make such an offer.

The Prospectus and Entitlement and Acceptance Form will be sent only to Eligible Shareholders with registered addresses in Australia and New Zealand.

The offer constituted by this Prospectus is permitted under the laws of New Zealand. Accordingly, Eligible Shareholders with a registered address in New Zealand may apply for Notes and Additional Notes.

The Company is of the view that it is unreasonable to extend the Entitlement Offer outside Australia and New Zealand, having regard to:

- the number of Shareholders with a registered address outside of Australia and New Zealand;
- the number and value of the Notes which would be offered to those Shareholders; and
- the cost of complying with the legal and regulatory requirements in the respective overseas jurisdictions.

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

2.12 **Notice to nominees and custodians**

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

2.13 **CHESS and Issuer Sponsorship**

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

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

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

2.14 **Enquiries**

If you have any questions about the Entitlement Offer please call the Company on 1300 788 568 between 8.30am and 5.30pm (Sydney time), Monday to Friday or contact the company via email on info@clime.com.au. If you are unclear in relation to any matter or are uncertain as to whether the Notes are a suitable investment for you, you should seek professional advice from your professional adviser.

3. **ACTION REQUIRED BY ELIGIBLE SHAREHOLDERS**

3.1 **Options for Eligible Shareholders**

The Entitlement and Acceptance Form details the number of Notes to which Eligible Shareholders are entitled. Eligible Shareholders may take any of the following actions (including a combination of the options):

- take up all or part of their Entitlement (see Section 3.2);
- apply for Additional Notes under the Top Up Facility (see Section 3.3); and/or
- allow all or part of their Entitlement to lapse (see Section 3.4).

3.2 **Take up all or part of your Entitlement**

Eligible Shareholders who wish to take up all or part of their Entitlement should complete the accompanying personalised Entitlement and Acceptance Form in respect of that part of their Entitlement that they wish to take up in accordance with the instructions set out on that form and forward it, together with payment for the Notes (see Section 3.5) to:

Boardroom Pty Limited
GPO Box 3993
Sydney, New South Wales 2001

Completed Entitlement and Acceptance Forms must be received by no later than 5.00 pm (Sydney time) on 7 December 2017, together with Application Monies.

Eligible Shareholders who intend to forward their Entitlement and Acceptance Form by post should be aware of the lengthened delivery time for mail sent with Australia Post.

3.3 **Apply for Additional Notes**

If you are an Eligible Shareholder you may, in addition to taking up all of your Entitlement, apply for Additional Notes by completing Section B on the Entitlement and Acceptance Form. Additional Notes will only be available where there is a shortfall between Applications received from Eligible Shareholders and the number of Notes proposed to be issued under the Entitlement Offer.

If you are applying for Additional Notes, you only need to submit one completed Entitlement and Acceptance Form to the address set out in Section 3.2. Your payment of Application Monies should be for the full amount of your Application being:

- the amount payable in relation to your Entitlement; plus
- the amount payable in relation to any Additional Notes for which you have applied.

The completed Entitlement and Acceptance Form must be received by no later than 5.00 pm AEST on 7 December 2017, together with Application Monies.

While you are assured of receiving your Entitlement in full, allocations of Additional Notes may be scaled back by the Company, in consultation with the Underwriter, in its absolute discretion. There is no assurance that Eligible Shareholders will be allocated any Additional Notes.

If you are allocated a number of Additional Notes which is less than you applied for, you will be refunded excess Application Monies without interest. Any interest earned on Application Monies will be, and will remain, the property of the Company.

3.4 **Allow all or part of your Entitlement to lapse**

If you do not take up all of your Entitlement before 5.00 pm (Sydney time) on 7 December 2017, then that part of your Entitlement not taken up (Unallocated Rights) will become part of the Top Up Facility for Eligible Shareholders. You will receive no value for your Unallocated Rights.

If you do nothing and allow your Entitlement to become part of the Top Up Facility, although you will continue to own the same number of Shares, your shareholding will be diluted on Conversion of any of the Notes.

If your Unallocated Rights are not subscribed for in the Top Up Facility, then the underlying Notes may be subscribed for by the Underwriter or any sub-underwriter in accordance with the Underwriting Agreement.

Rights of Non-Participating Foreign Shareholders will be offered as part of the Top Up Facility.

3.5 **Payment for Notes**

Payment should be made using BPAY® if possible. Eligible Shareholders who do not have an Australian bank account and other Eligible Shareholders who are unable to pay by BPAY®, will be able to pay by cheque, bank draft or money order (see below at Section 3.5(b)).

Cash payments will not be accepted. Receipts for payment will not be issued.

The Company will treat you as applying for as many Notes as your payment will pay for in full up to your Entitlement and any Additional Notes applied for under the Top Up Facility.

Any Application Monies received for more than your final allocation of Notes will be refunded as soon as practicable after the close of the Entitlement Offer. No interest will be paid to Applicants on any Application Monies received or refunded.

(a) **Payment by BPAY®**

For payment by BPAY®, please follow the instructions on your personalised Entitlement and Acceptance Form. You can only make payment via BPAY® if you

are the holder of an account with an Australian financial institution that supports BPAY® transactions.

Eligible Shareholders considering using BPAY® should consult directly with their financial institution to confirm there are no restrictions on their account which may impact their ability to use BPAY® to participate in the Entitlement Offer.

If you are paying by BPAY®, please make sure you use the specific Biller Code and your unique Customer Reference Number (CRN) on your personalised Entitlement and Acceptance Form.

If you have multiple holdings and consequently receive more than one personalised Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings only use the CRN specific to that holding. If you do not use the correct CRN specific to that holding your Application will not be recognised as valid.

Please note that by paying by BPAY®:

- you do not need to submit your personalised Entitlement and Acceptance Form but are taken to make the declarations, representations and warranties on that Entitlement and Acceptance Form; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of Notes which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5.00pm (Sydney time) on 7 December 2017. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when you make payment.

(b) If you are unable to pay by BPAY®

If you are unable to pay by BPAY®, you are able to pay by cheque, bank draft or money order. The Company encourages payments by BPAY® if possible.

For payment by cheque, bank draft or money order, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by the cheque, bank draft or money order in Australian currency for the amount of the Application Monies, payable to 'Clime Capital Limited - Entitlement Offer' and crossed 'Not Negotiable'.

Your completed Entitlement and Acceptance Form and cheque, bank draft or money order must reach the Company's Share Registry at the address set out on the Entitlement and Acceptance Form by no later than 5:00pm (Sydney time) on 7 December 2017.

Your cheque, bank draft or money order must be:

- for an amount equal to \$0.96 multiplied by the number of Notes for which you are applying; and
- in Australian currency drawn on an Australian branch of a financial institution.

Payment cannot be made in New Zealand dollars. New Zealand resident Shareholders must arrange for payment to be made in Australian dollars.

If paying by cheque, you should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies as your cheque will be processed on the day of receipt. If the amount of your cheque, bank draft or money order for Application Monies (or the amount for which the cheque, bank draft or money order clears in time for allocation) is insufficient to pay in full for the number of Notes for which you have applied on your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower whole number of Notes as your cleared Application Monies will pay for (and to have specified that number of Notes on your personalised Entitlement and Acceptance Form). Alternatively, your Application will not be accepted.

Application Monies will be held on trust for Applicants until issue of the Notes. Interest earned on Application Monies will be for the benefit of the Company and will be retained by it whether or not Notes are issued.

4. **THE COMPANY, THE PURPOSE OF THE ENTITLEMENT OFFER AND THE EFFECT OF THE ENTITLEMENT OFFER ON THE COMPANY**

4.1 **Business of the Company**

(a) **Background**

The Company is a listed investment company with a strong history of returns for its shareholders. Since January 2009, the Company has produced Total Shareholder Returns (**TSR**) of 9.93% per annum as at 31 October 2017. As a listed investment company, the Company's purpose is to deliver value to our shareholders based upon our corporate values of integrity, transparency and conviction. The Company invests in quality companies that have integrity, but only when the Company can buy the stocks at a discount to appraised value.

(b) **Who are the Directors?**

John Abernethy (Chairman)

Mr John Abernethy was appointed director on 31 July 2009. Mr Abernethy has over 30 years' funds management experience in Australia having been General Manager Investments of the NRMA. Mr Abernethy holds a Bachelor of Commerce (Economics)/LLB from the University of New South Wales.

Mr Abernethy is a non-executive director of WAM Research Limited, Australian Leaders Fund Limited, WAM Active Limited, Watermark Market Neutral Fund, Jasco Holdings Limited, Clime Private Limited and CBG Asset Management Limited.

Mr Abernethy is also an executive director of Clime Investment Management Limited.

Mr Julian Gosse (Non-Executive Director)

Mr Julian Gosse was appointed non-executive director in November 2003. He has extensive experience in banking and broking both in Australia and overseas, having worked in London for Rowe and Pitman, in the United States for Janney Montgomery and Scott and in Canada for Wood Gundy. Mr Gosse has also been involved in the establishment, operation and ownership of several small businesses.

Mr Gosse is a non-executive director of Iron Road Limited, Australian Leaders Fund Limited and WAM Research Limited.

Mr Geoffrey Wilson (Non-Executive Director)

Mr Geoffrey Wilson has had 37 years' experience in the Australian and international securities industry. He holds a Bachelor of Science Degree and a Graduate Management Qualification. He is also a Fellow of the Institute of Company Directors and a Senior Fellow of the Financial Services Institute of Australasia.

Mr Wilson was appointed as a non-executive director in November 2003.

Mr Wilson is the Chairman of WAM Capital Limited, WAM Research Limited, WAM Active Limited, WAM Leaders Limited, WAM Microcap Limited and Australian Stock Brokers Foundation. He is a director of Future Generation Investment Company Limited, Future Generation Global Investment Company Limited, Australian Leaders Fund Limited, Incubator Capital Limited, the Sporting Chance Cancer Foundation, Australian Fund Managers Foundation, Global Value Fund Limited, Century Australia Investments Limited, Australian Children's Music Foundation, Odyssey House McGrath Foundation, Wilson Asset Management (International) Pty Limited and MAM Pty Ltd.

Mr Brett Spork (Non-Executive Director)

Mr Brett Spork was appointed independent director of the Company in May 2011. Mr Spork has extensive experience in the funds management, banking and financial sectors. Mr Spork's previous roles include CEO of Investorfirst, CEO of E*Trade Australia and executive director with Macquarie Bank.

Mr Spork holds a degree in Business from the Queensland University of Technology.

Mr Spork is also a director of Shell Cove Capital Management Limited, PM Capital Global Opportunities Fund Limited, PM Asian Opportunities Limited and Primary Markets.com.

(c) Further information concerning the Company

This Prospectus is issued by the Company in accordance with the provisions of the Corporations Act applicable to a prospectus for continuously quoted securities. It has been prepared in accordance with section 713 of the Corporations Act and ASIC Corporations (Offers of Convertibles) Instrument 2016/83. It is a transaction specific prospectus and, as such, it does not contain the same level of disclosure as an initial public offering prospectus.

As a disclosing entity, the Company is subject to regular reporting and disclosure obligations. As a listed company, the Company is subject to the ASX Listing Rules which require, subject to certain exceptions, immediate disclosure to the market of any information of which the Company is aware which a reasonable person might expect to have a material impact on the price or value of the Shares.

For further information on the announcements made by the Company to ASX, refer to Section 7.2.

4.2 Purpose of the Entitlement Offer and Effect of the Entitlement Offer on the Company

Under the Entitlement Offer made in this Prospectus, the Company is seeking to raise up to \$14.4 million by the issue of Notes, each for an Issue Price of \$0.96 per Note. In this Section, details are provided on the use of the funds raised under the Entitlement Offer, the costs of the Entitlement Offer and, more particularly, the effect of the Entitlement Offer on the capital structure and financial position of the Company.

(a) **Use of funds**

The funds raised from the issue of Notes under the Entitlement Offer will be used to invest in securities listed on the ASX, recognised international exchanges and selected unlisted investments.

(b) **Costs of the Entitlement Offer**

The total estimated expenses of the Entitlement Offer (payable by the Company if the Entitlement Offer is successfully completed), including legal fees, lodgement fees, listing fees, Registry expenses and administrative and miscellaneous expenses are approximately \$563,000 (excluding GST). The following table shows a breakdown of the estimated costs of the Entitlement Offer (excluding GST):

Type of cost / expense	
Underwriter	\$317,500
Legal	\$72,000
Administrative costs*	\$135,500
Registry	\$20,000
Trustee	\$18,000
Total	\$563,000

* including lodgement fees, listing fees, accounting fees, Trustee's legal fees and other administrative and miscellaneous expenses such as printing.

(c) **Effect of the Entitlement Offer on the Capital Structure**

The effect of the Entitlement Offer (and the conversion of the Notes) on the capital structure of the Company is set out in the table below. For the purpose of the following table, it is assumed that:

- 14,987,632 Notes are subscribed for under this Prospectus;
- all of the Notes issued under the Entitlement Offer are converted into Shares;
- no Notes are repurchased and/or cancelled prior to the Maturity Date; and

no other issues of Shares or securities convertible into Shares take place in the period prior to the Maturity Date (and, as a result, no adjustment in the Conversion Price is required or made under the Note Terms).

	Shares	Notes
Existing securities as at date of Prospectus	89,925,793	Nil
Notes issued under the Entitlement Offer	Nil	14,987,632 ²

² Based on 1 Note being issued for every 6 Shares held as at the Record Date and 1 Share being issued for every Note on conversion.

	Shares	Notes
Notes issued under the Placement	Nil	7,291,667
Shares issued on conversion of all Notes issued under the Entitlement Offer	14,987,632	Nil
Shares issued on conversion of all notes issued under the Placement	7,291,667	Nil
Total securities on issue following completion of the Placement and Entitlement Offer and conversion of all Notes	112,205,092	Nil

(d) **Effect on the financial position of the Company**

To illustrate the effect of the Entitlement Offer and the Placement on the Company, a pro-forma statement of financial position has been prepared based on the financial position as at 30 June 2017.

The pro-forma statement of financial position shows the effect of the Entitlement Offer and the Placement as if the Notes offered under this Prospectus had been issued on 31 October 2017 and assumes that the Entitlement Offer and the Placement are fully subscribed.

The accounting policies adopted in preparation of the pro-forma statement of financial position are consistent with the policies adopted and as described in the Company's financial statements for the Financial Year ended 30 June 2017.

The significant effect of the Entitlement Offer (assuming the Entitlement Offer is fully subscribed) and the Placement (assuming that the Placement is fully subscribed) will be to increase cash reserves by approximately \$21.4 million (before cash expenses of the Entitlement Offer which are estimated to be \$563,000) assuming a \$0.96 per Note subscription price and to increase non-current liabilities by \$14.4 million (or a total of \$21.4 million including the Notes issued under the Placement).

The pro-forma statement of financial position has not been subject to an audit or review.

	As at 30/06/2017	As at 31/10/2017	As at 31/10/2017
	Audited Actual	Unaudited Actual	Unaudited Actual Placement + Entitlement Offer
Assets	83,132,255	84,858,626	106,258,626
Cash & Receivables	14,474,209	2,428,001	2,428,001
Other Assets	241,433	714,225	714,225
Current Tax Benefits	821,001	821,495	821,495
Cash - Placement	-	-	7,000,000
Cash - Entitlement	-	-	14,400,000
Investments	66,273,851	79,388,686	79,388,686
Deferred Tax Assets	1,321,761	1,506,219	1,506,219
Total Assets	83,132,255	84,858,626	106,258,626
Current Liabilities	2,407,833	265,894	265,894
Payables	1,289,081	265,894	265,894
Dividend Payable	1,118,752	-	-
Non-Current Liabilities	851,590	2,198,331	23,598,331
Deferred Tax Liability	851,590	2,198,331	2,198,331
Convertible Note Debt - Placement	-	-	7,000,000
Convertible Note Debt - Entitlement	-	-	14,400,000
Total Liabilities	3,259,423	2,464,225	23,864,225
NET ASSETS	79,872,832	82,394,401	82,394,401
Issued Capital	81,447,946	81,815,122	81,815,122
Retained Earnings	(10,471,220)	(10,471,220)	(10,471,220)
Profit Reserve	8,896,106	11,050,499	11,050,499
NET EQUITY	79,872,832	82,394,401	82,394,401

Basis of preparation

The financial information in this section of the Prospectus has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards and the Corporations Act.

The financial information is presented in an abbreviated form and does not contain all of the disclosures required by Australian Accounting Standards in an annual financial report prepared in accordance with the Corporations Act.

The historical consolidated balance sheet as at 30 June 2017 has been extracted from the Company's audited financial report for the year ended 30 June 2017. The Company's annual financial report for 30 June 2017 was audited by Pitcher Partners in accordance with Australian Accounting Standards. The audit opinion issued to the Company in relation to the financial report was unqualified. A complete version of the Company's financial report as at 30 June 2017 is available from the Company's website www.climecapital.com.au or from the ASX website, www.asx.com.au.

The pro forma consolidated balance sheets as at 31 October have been prepared by the Directors and assume the completion of the transactions detailed in section 2 of this Prospectus. The accounting policies used in preparation of the pro forma consolidation balance sheets are consistent with those set out in the Company's Annual Report for the year ended 30 June 2017.

5. AUSTRALIAN TAXATION IMPLICATIONS

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

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

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

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

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

5.1 Entitlement Offer

Although not free from doubt, on the basis that Entitlements cannot be traded, assigned, or otherwise dealt with by the Shareholders (and are therefore distinguishable from the rights considered in *Commissioner of Taxation v McNeil* [2007] HCA 5), and will lapse for

no value if not exercised, the better view is that the value of the non-renounceable right received by a Shareholder pursuant to the Entitlement Offer should not be required to be included in the assessable income of the Shareholder as ordinary income. The receipt of the Entitlements by a Shareholder should not give rise to a capital gain or loss for capital gains tax (CGT) purposes.

5.2 **Tax treatment of Notes**

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

5.3 **Notes**

(a) **Interest Payable on Notes**

Australian resident Noteholders

As the Notes should be classified as debt interests for the purposes of the 1936 Act and the 1997 Act, distributions on the Notes should not be frankable. Australian resident Noteholders should include the interest on the Notes in their assessable income in the year of income in which the interest is derived by them.

Non-resident Noteholders

Interest payable to non-residents is generally subject to Australian interest withholding tax.

However, interest paid to a non-resident in respect of the Notes should be exempt from Australian interest withholding tax under section 128F of the 1936 ACT provided that the Notes are accepted for listing on the ASX and the Company previously entered into an agreement with an underwriter which requires the Company to seek such listing, except where the issue is to a Noteholder that is an associate of the Company.

The Underwriting Agreement entered into by the Company with the Underwriter requires the Company to seek listing for the Notes on ASX. Accordingly, provided that the Notes are accepted for listing on ASX (as is expected), there should be no Australian interest withholding tax payable on interest received by non-resident Noteholders on the Notes, except where the Noteholder is an associate of the Company.

(b) **Disposal of Notes prior to Conversion or Redemption**

Australian resident Noteholders

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

Where a Noteholder disposes of a Note prior to the conversion or redemption of that Note for less than its Issue Price, the loss should ordinarily be deductible under Section 70B of the 1936 Act. However, in certain circumstances set out in section 70B of the 1936 Act, a loss realised will not be deductible and will be treated as a capital loss for Australian taxation purposes. Whether the loss is tax deductible or is a capital loss will depend on the circumstances of the Noteholder and Noteholders that realise a loss on the disposal of their Notes should seek their own independent tax advice in this regard.

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

Non-resident Noteholders

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

Whether a gain on the disposal of Notes is from Australian sources depends on the relative importance of various factors, including, but limited to, the place of contract to acquire and dispose of the Notes. In this regard, non-resident Noteholders should be aware that the Australian Taxation Office (**ATO**) has previously taken the view in a published (non-binding) interpretative decision that any gain from the sale of listed securities on the ASX through an Australian stockbroker has an Australian source on the basis that the sale contract is formed in Australia.

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

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

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

(c) Conversion to Shares

Australian resident Noteholders

Where an Australian resident Noteholder elects to convert their Notes into Shares, any assessable gain made or deductible loss incurred by the Noteholder should be disregarded under section 26BB or 70B (as applicable).

Similarly, no capital gain or loss for CGT purposes should arise at the time of conversion.

Non-resident Noteholders

As with Australian resident Noteholders, non-resident Noteholders should not be subject to Australian tax on the conversion of the Notes to Shares.

However, non-resident Noteholders may be subject to tax on the conversion of the Notes to Shares in their respective tax jurisdictions.

Accordingly, non-resident Noteholders should obtain their own independent advice as to the taxation consequences of converting the Notes in their country of residence.

(d) **Cost Base and Disposal of the Shares Resulting from the Conversion of Notes**

Australian resident Noteholders

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

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

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

An individual, complying superannuation entity or trustee Noteholder may be entitled to discount the amount of the taxable capital gain (after application of any available capital losses) arising from the disposal of Shares if the Shares have been held for at least 12 months from the date of their acquisition for CGT purposes (the "CGT discount"). The CGT discount percentage is 50% for individuals and trusts and 33 $\frac{1}{3}$ % for complying superannuation entities. . A resident corporate tax entity is not able to obtain the CGT discount.

Non-resident Noteholders

Non-resident Noteholders should generally only be subject to Australian CGT on the disposal of Shares where they, together with "associates" hold 10% or more of the issued capital of the Company and the Shares are an "indirect Australian real property interest". Broadly, the Shares will only be an "indirect Australian real property interest" if more than 50% of the market value of the gross assets held by the Company and its subsidiaries is (directly and indirectly) real property situated in Australia (including certain Australian mining rights). The determination of whether a Share is an indirect Australian real property interest is made at the time of the relevant CGT event.

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

If a non-resident Noteholder, together with "associates", holds 10% or more of the issued capital of the Company, they should obtain their own independent advice as to the Australian taxation consequences of disposing of their Shares.

Non-resident Noteholders may also be subject to tax on the disposal of Shares in their respective tax jurisdictions and they should obtain their own independent advice as to the taxation consequences in their country of residence

(e) **Redemption of Notes by the Company (at Maturity or Early)**

Australian resident Noteholders

Where the Company redeems the Notes, as the redemption proceeds (Face Value) will be equal to the Issue Price of the Notes, the Noteholder should not realise any assessable gain or deductible loss on the redemption.

Non-resident Noteholders

Where the Company redeems the Notes, as the redemption proceeds (Face Value) will be equal to the Issue Price of the Notes, the Noteholder should not realise any Australian assessable gain or deductible loss on the redemption.

Non-resident Noteholders may be subject to tax on the redemption of the Notes in their respective tax jurisdictions.

Accordingly, non-resident Noteholders should obtain their own independent advice as to the taxation consequences of the redemption of their notes.

(f) Tax file number/Australian Business Number withholding

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

- the Noteholder has provided the Company with either:
 - their Australian tax file number ("**TFN**"); or
 - for investors who acquire and hold their Notes in the course of carrying on an enterprise, their Australian Business Number ("**ABN**"); or
- the relevant investor is otherwise exempt from providing this information (eg where an investor is a non-resident and the interest would otherwise be subject to interest withholding tax but for the exemption in section 128F of the 1936 Act described above).

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

5.4 GST

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

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

5.5 Stamp duty

Under current law, no stamp duty should be payable by Noteholders on the issue, receipt, transfer or redemption of the Notes so long as the Company is listed and its shares and the Notes are quoted on the ASX and no Noteholder (alone or together with associates) acquires or holds a 90% or more interest in the Company.

6. KEY RISKS

6.1 Key risks

By investing in the Notes you will be lending money to the Company and, therefore, you will be exposed to a number of risks which can be broadly classified as risks associated with the Notes and risks associated with the Company's business which may affect the Notes. There are also risks associated with the Entitlement Offer itself.

This Section describes the potential risks associated with the Company's business and the risks associated with an investment in the Notes and the Shares. It does not purport to list every risk that may be associated with an investment in the Notes now or in the future. Some of the risks can be mitigated by appropriate commercial action, but many of the risks (and the occurrence or consequences of those risks) described in this Section of the Prospectus are partially or completely outside the control of the Company and its Directors.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring and the impact of the risk if it did occur. This assessment is based on the knowledge of the Directors as at the date of this Prospectus but there is no guarantee or assurance that the importance of different risks will not change or other risks will not emerge.

Neither the Company nor any of its Directors or any other party associated with the preparation of this Prospectus guarantees that any specific objectives of the Company will be achieved or that any particular performance of the Company or of the Notes offered by this Prospectus will be achieved.

In particular, there can be no guarantee that any forward looking statements contained in this Prospectus will be realised or will otherwise eventuate. **Investors should note that past performance is frequently not a reliable indicator of future performance.**

Before applying for Notes, you must satisfy yourself that you have a sufficient understanding of the risks noted in this Section and have fully considered whether the Notes are a suitable investment for you, having regard to your own investment objectives, financial circumstances and taxation position. Potential investors should read this Prospectus in full and, if appropriate, seek professional advice if they require further information and advice before deciding to subscribe for Notes.

6.2 General risks

General risk factors outside the control of the Company which may have a significant impact on the future performance of the Company include but are not limited to the following:

- economic conditions in Australia and internationally;
- many developed economies face major structural issues, particularly those countries with high sovereign debt levels;
- market volatility, especially given the present uncertainties in international trade, financial and political conditions;
- changes in the earnings of companies in Australia (whether as a result of general weakness in economic conditions or otherwise);
- a slowdown in emerging markets, including China, which may impact economic growth in Australia;

- changes in investor sentiment and perceptions in local and international stock markets;
- changes in interest, exchange and inflation rates;
- changes in domestic or international fiscal, monetary, regulatory and other government policies, including changes to the taxation of company income and gains and the dividend imputation system in Australia, changes in other general world, economic and political factors may also adversely affect the Company, its future earnings and capital appreciation of the Company's investments; and
- geo-political conditions such as acts or threats of terrorism, military conflicts or international hostilities.

In addition, investors should be aware that there are risks associated with any investment in securities. Prospective investors should recognise that the trading price of the Notes and Shares may fall as well as rise with movements in the equity capital markets in Australia and internationally.

It should be noted that there is no guarantee that the Notes will trade at or above their Face Value or that the Shares will trade at or above the Conversion Price. It should also be noted that the historic share price performance of the Shares provides no guidance as to the future market price of the Shares or the likely trading price of the Notes.

6.3 **Specific Company risks**

Key risks relating to the Company are set out below. It is not, however, possible to describe all the risks to which the Company may become subject and which may impact adversely on the Company's prospects and performance. Specific risk factors which may have a significant impact on the future performance of the Company include the following:

Investment Manager and investment company risk

The Company's success and profitability depends heavily on the ability of its investment manager to construct an investment portfolio that increases over time and delivers income. The Investment Manager may not effectively manage the investment portfolio or may advise the company in a manner that does not consistently meet the company's investment objectives over time. The past performance of portfolios managed by the Investment Manager, and persons associated with the Investment Manager, are not necessarily a guide to future performance of the Company or the Company's investment portfolio.

If the Investment Manager, or a key employee of the Investment Manager ceases to manage the investment portfolio, or the agreement engaging the Investment Manager is terminated, the Company will need to identify and engage a suitably qualified and experienced investment manager to ensure that the investment portfolio continues to meet the company's investment objectives. The term of the current agreement with the Investment Manager will expire on 4 February 2029.

While the Investment Manager will seek to mitigate the risks that may adversely affect its investment performance or its investment decisions, there can be no guarantee that the Investment Manager will achieve any particular investment return or yield within the Company's investment portfolio.

Investment risk

There is a risk that the Company's investment portfolio will fall in value over the short or long term or may experience sustained periods of poor investment performance, or fail to meet the Company's investment objectives. Individual security prices may fluctuate and

under perform other asset classes over time. Investors in the Company are exposed to this risk through both their holdings in securities in the Company and through the Company's investment in equity assets.

The Company's securities may trade on ASX at a discount to the net asset value of the investment portfolio on a per security basis and the performance of the Company's securities may not be correlated with the performance of the Company's investment portfolio.

Performance fee structure risk

The Investment Manager may receive performance fees based on the performance of the Company's portfolio. These performance fee arrangements may create an incentive for the Investment Manager to make more speculative or higher risk investments than would be the case in the absence of such a fee.

Securities risk

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

Key Personnel risk

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

Compliance with and changes to financial services legislation and regulation

The financial services industry is highly regulated in Australia. The Investment Manager operates under an AFSL and is subject to the regulatory regime associated with carrying on business pursuant to that AFSL. If the Investment Manager does not or cannot comply with the necessary laws and regulations, it may be exposed to fines, penalties or loss of its AFSL authorisation, which may alone or in combination have a material adverse effect on the Investment Manager's ability to operate as a fund manager, and therefore its financial performance and reputation. As a consequence, these factors may have a material adverse effect on the Company's financial performance and future prospects.

Further capital requirements of the Company

There is no assurance that the Company will not need to raise additional capital to fully exploit future business opportunities available to it. There can be no assurance that the Company will be able to raise such capital on favourable terms (if at all) or, if it is able to raise capital, that it will be able to invest that capital efficiently. If the Company is unable to obtain or invest such additional capital, the Company may be required to reduce the scope of its investment activities or forgo an investment opportunity which could adversely affect its business, financial condition and results of operation.

6.4 Risks associated with the Entitlement Offer

Lapse of Entitlements

If you are an Eligible Shareholder and you allow your Entitlement to lapse, then you will not realise any value for your Entitlement. You should also note that if you do not take up your Entitlement, your percentage shareholding in the Company may be diluted.

Termination of the Underwriting Agreement

The Underwriting Agreement contains termination rights for any breach of warranties in the agreement that would have a material adverse effect on the Company or if there is a drop in the level of the ASX All Ordinaries Share Price Index below 5,300.

Termination of the Underwriting Agreement may have an adverse impact on the proceeds raised under the Entitlement Offer and the Company's sources of funding for its intended purpose. Termination could also materially adversely affect the Company's business, cash flow and financial condition.

Further details of the Underwriting Agreement are set out in Section 7.4.

6.5 Risks associated with investing in Notes

Interest payments

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

Redemption risk

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

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

Interest rate risk

Interest on the Notes is fixed at 6.25% per annum (payable quarterly in arrears). No adjustment will be made to the rate of interest paid to Noteholders as other market based interest rates rise or fall.

The market price of the Notes on ASX may fluctuate due to changes in interest rates generally, credit spreads on other corporate securities or investor sentiment towards the Company.

Inflation rate risk

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

Financial market conditions

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

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

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

Market price of Shares

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

Liquidity

While the Company will seek quotation of the Notes on ASX in order to facilitate on market trading of the Notes, the market for Notes may be less liquid than the market for Shares and, as such, there can be no assurance that Noteholders will be able to buy or sell Notes on ASX.

Ranking

If the Company is wound-up, Noteholders will rank behind secured creditors of the Company and equally with other unsecured creditors and unsubordinated creditors of the Company (other than those mandatorily preferred at law) and ahead of Shareholders.

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

Conversion

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

The market price of the Shares may fluctuate over time as a result of a number of factors.

Change in the Australian tax system

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

Enforcement risk

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

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

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

Investors should carefully read the above risk factors and the other information in the Prospectus concerning the Entitlement Offer and, if they are unsure in any regard to any aspect of the Entitlement Offer or the Notes, consult their professional advisers before deciding whether to subscribe for Notes.

7. ADDITIONAL INFORMATION

7.1 Financial Year

The Financial Year of the Company ends on 30 June.

7.2 Additional available information – continuous disclosure obligations

This Prospectus is a transaction specific prospectus issued by the Company in accordance with the provisions of the Corporations Act applicable to a prospectus for continuously quoted securities. It has been prepared in accordance with section 713 of the Corporations Act and ASIC Corporations (Offers of Convertibles) Instrument 2016/83.

This Prospectus does not contain the same level of disclosure as an initial public offering prospectus or a prospectus prepared in accordance with section 710 of the Corporations Act.

As a disclosing entity, the Company is subject to regular reporting and disclosure obligations. As a listed company, the Company is subject to the ASX Listing Rules which require, subject to certain exceptions, immediate disclosure to the market of any

information of which the Company is aware which a reasonable person might expect to have a material impact on the price or value of the Shares.

Section 713 of the Corporations Act (as modified by ASIC Corporations (Offers of Convertibles) Instrument 2016/83) enables a company to issue a transaction specific prospectus where the securities offered are continuously quoted securities (within the meaning of that term in the Corporations Act) or securities convertible into continuously quoted securities. This generally means that the relevant securities are in a class of securities that were quoted enhanced disclosure securities at all times during the 3 months before the date of the prospectus and that, during the 12 months before the date of the prospectus, the issuing company was not exempted from the continuous disclosure regime and disclosing entity requirements provided for under the Corporations Act and the ASX Listing Rules.

In summary, the content rules for prospectuses involving the issue of continuously quoted securities require such prospectuses to contain information only in relation to the effect of the Entitlement Offer on the Company, the rights and liabilities attaching to the Notes and the rights and liabilities attaching to Shares (as the underlying securities). It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the Company. Accordingly, this Prospectus does not contain the same level of disclosure as a prospectus of an unlisted company or an initial public offering prospectus or a prospectus prepared in accordance with section 710 of the Corporations Act.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied fully with, and has not been exempted from, the general and specific requirements of ASX (as applicable from time to time throughout the 12 months before the date of this Prospectus) which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

For the purposes of satisfying section 713(5) of the Corporations Act, a prospectus must also incorporate such information if such information:

- has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
- is information that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - the assets and liabilities, financial position and performance, profits and losses and prospects of the body; and
 - the rights and liabilities attaching to the securities being offered.

The prospectus must contain this information only to the extent to which it is reasonable for investors and their professional advisors to expect to find such information in the prospectus.

Please refer to Section 4.1(c) for the information that, as at the date of this Prospectus, has not been included on a continuous disclosure notice issued by the Company.

The Company will make further announcements in respect of any matters in accordance with its disclosure obligations as and when material developments occur.

Company announcements

Investors may view a record of the Company's ASX announcements at the company's website, <https://www.climecapital.com.au.about-us/asx-announcements> or at the ASX

website, www.asx.com.au. ASIC also maintains records in respect of documents lodged with it by the Company, and these may be obtained from or inspected at the office of ASIC. This Prospectus is intended to be read in conjunction with all information previously publicly disclosed by the Company.

The Company will provide free of charge to any person who requests it during the application period under this Prospectus:

- the Company's financial statements for the Financial Year ended 30 June 2017 lodged with ASIC on 18 August 2017; and
- any continuous disclosure notices given by the Company since the lodgement of the Company's annual financial report referred to above and before the lodgement of this Prospectus.

The following announcements (continuous disclosure notices) have been made by the Company to ASX since the lodgement of its annual report for the year ended 30 June 2017 with ASIC (and ASX) on 18 August 2017:

Date	Headline
17 November 2017	Results of Meeting
16 November 2017	Chairman's Address to Shareholders
10 November 2017	NTA Update – October 2017
8 November 2017	Change of Director's Interest Notice
6 November 2017	Private Placement – Update
1 November 2017	Interim Portfolio Update – October 2017
31 October 2017	Change of Director's Interest Notice
27 October 2017	Appendix 3B - DRP
26 October 2017	Change of Director's Interest Notice
24 October 2017	Proposed Convertible Notes Issue
16 October 2017	Notice of Annual General Meeting/ Proxy Form
16 October 2017	Update – Dividend/Distribution – CAM
16 October 2017	Positive Movement in Gross Assets
12 October 2017	NTA Update – September 2017
3 October 2017	Interim Portfolio Update – September 2017
13 September 2017	NTA Update – August 2017
1 September 2017	Interim Portfolio Update – August 2017
18 August 2017	Dividend/Distribution - CAM
18 August 2017	Appendix 4G
18 August 2017	Dividend/Distribution – CAM

7.3 **Rights attaching to Notes and the Shares**

(a) **Notes**

The rights attaching to the Notes are set out in Schedule 1 of the Trust Deed. The Note Terms (including the rights of the Company, the Trustee and the Noteholders

to vary, alter, amend or otherwise change the Note Terms) are set out in detail in Section 8.

(b) **Shares**

The shares issued on conversion of the Notes will be ordinary shares (**Shares**) and will rank equally with all existing Shares. The rights attaching to the Shares are set out in the Constitution which is available free of charge from the Company (a copy is also accessible on the ASX website).

The following is a broad summary of the rights which attach to the Shares. It is not intended to be an exhaustive or definitive summary of the rights attaching to the Shares.

Voting rights

Subject to restrictions on voting from time to time affecting any particular Shareholder or any class of shares and subject to any contrary provisions of the Constitution, at a meeting of Shareholders, each Shareholder entitled to vote may vote in person or by proxy or attorney or, being a corporation, by a duly authorised representative, and has one vote on a show of hands and one vote per Share on a poll.

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Directors may determine that a dividend is payable on Shares. The Directors may fix the amount of the dividend, whether the dividend is franked, the franking percentage and the franking class, the time for determining entitlements to the dividend, the time for payment and the method of payment of a dividend. The method of payment may include any or all of the payment of cash, the issue of shares or other securities, the grant of options and the transfer of assets. The Company is not required to pay any interest on a dividend. Subject to any rights or restrictions attached to a class of shares, the person entitled to a dividend on a share is entitled to:

- (i) if the share is fully paid (whether the issue price of the share was paid or credited or both) the entire dividend; and
- (ii) if the share is partly paid, a proportion of that dividend equal to the proportion which the amount paid (excluding amounts credited) on that share is of the total amounts paid or payable (excluding amounts credited) on that share.

Transfer

Subject to the Constitution, the Corporations Act, the ASX Listing Rules and ASX Settlement Operating Rules, Shares are freely transferable. The Company may refuse to register a transfer of Shares or apply a holding lock to prevent a transfer of Shares where the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rule permits the Company to do so.

Winding-up

Subject to any rights or restrictions attaching to Shares, on a winding up of the Company:

- (i) any surplus must be divided among the Shareholders in the proportions which the amount paid (including amounts credited) on the Shares of a Shareholder is of the total amounts paid and payable (including amounts credited) on the Shares of all Shareholders; and

- (ii) the liquidator may, with the sanction of a special resolution of the Shareholders, distribute among the Shareholders the whole or any party of the property of the Company and decide how to distribute the property as between the Shareholders or different classes of Shareholders.

Variation of rights

Subject to the Corporations Act and the terms of issue of Shares in a particular class, the rights attaching to Shares can only be varied or cancelled by a special resolution of the Company, together with a special resolution passed at a meeting of the Shareholders holding Shares in that class or the written consent of Shareholders who are entitled to at least 75 per cent of the votes that may be cast in respect of Shares in that class.

7.4 Material Agreements

(a) Trust Deed

The Trust Deed governs the terms and conditions on which the Notes are to be issued and is subject to the Corporations Act and ASX Listing Rules. Schedule 1 to the Trust Deed contains the terms of issue of the Notes (Note Terms). The Note Terms are set out in Section 8 of this Prospectus.

The following is a summary of the material provisions of the Trust Deed. To obtain a complete understanding of the Trust Deed, it is necessary to read it in full. A complete copy of the Trust Deed will be available for inspection without charge during normal office hours at the registered office of the Company at Level 7, 1 Market Street, Sydney, NSW, 2000 on and from the date of this Prospectus until the close of the Offer.

The Trust Deed will also be released to ASX and will be available from its website (www.asx.com.au).

Legal Nature of the Notes

The Trust Deed provides that the Notes:

- constitute separate and independent acknowledgements of the indebtedness of the Company;
- are subject to the terms of the Trust Deed;
- are direct, redeemable, unsecured obligations of the Company;
- are convertible into Shares on and in accordance with the Note Terms;
- rank equally between themselves;
- do not carry a right to vote at any general meeting or to dividends paid by the Company.

The Company's obligations in relation to the Notes, as constituted by and specified in the Trust Deed, are to the Trustee and to those persons who are registered as Noteholders. No note certificates will be issued by the Company unless the Company determines such evidence should be made available or is required by law, the Listing Rules or the ASX Settlement Operating Rules.

Declaration of Trust

The Trustee declares that it holds on trust for the Noteholders the Trust Fund and the right to enforce the Company's duty to pay the moneys owing on the Notes on the due date for payment in accordance with the Note Terms.

Company's undertakings

Under the Trust Deed, the Company undertakes to the Trustee that it will among other things:

- to pay the Moneys Owning when due and payable in accordance with the Note Terms to, or to the order of, the Trustee;
- comply with the Trust Deed;
- comply with the negative covenants as set out in the Note Terms;
- not enter into any amalgamation, demerger, merger or corporate reconstruction (other than solvent reorganisation);
- carry on and conduct its business in a proper and efficient manner;
- obtain and maintain all Authorisation necessary or desirable to:
 - execute the Trust Deed and to carry out the transaction that the Trust Deed contemplates;
 - ensure that the Trust Deed is legal, valid, binding and admissible in evidence; and
 - comply with any conditions to which any of the Authorisations are subject.

Trustee's undertakings

Under the Trust Deed, the Trustee makes certain undertakings including that it will:

- act honestly and in good faith in the performance of its functions as Trustee, and show the degree of care and diligence required of a trustee having regard to the extent of its rights and obligations under the Trust Deed;
- act continuously as Trustee until either the Trust is terminated, or it retires or is removed in accordance with the Trust Deed;
- comply with all duties imposed on it under the Corporations Act and satisfy at all times the requirements to be appointed and act as a trustee as provided for in section 283AC(1) and 283AC(2) of the Corporations Act;
- subject to the provisions of the Trust Deed and the Trustee's general duties as trustee at law, in equity or by statute, not interfere with the conduct of the ordinary business of the Company; and
- hold, and account for, the Trust Fund separate from any other property owned or administered by it.

Powers of the Trustee

In addition to those powers arising under law, the Trustee has certain powers and discretions as set out in the Trust Deed, including the power:

- exercise all Powers under the Trust Deed and any other document to which it is party in its capacity as trustee of the Trust (including those Powers conferred on trustees generally by statute and those conferred on trustees generally by law or equity) as if the Trustee were the absolute and beneficial owner of the Trust Fund and such documents;
- enter into such other documents in its capacity as trustee of the Trust as it is authorised to from time to time by the Noteholders;
- to waive any breach by the Company of any provision under the Trust Deed (except the non-payment of the Face Value of any Note in breach of the Trust Deed which has not been remedied);
- to decide whether or not to take action to enforce the Trust Deed or Note Terms (unless so directed by a special resolution of Noteholders, it shall have been indemnified by the Noteholders, and it is not restricted or prohibited from taking such action by any order of any competent court or any applicable law);
- to delegate its functions; and
- amend the Trust Deed in certain circumstances without the approval of Noteholders.

Limited liability and indemnity of Trustee

The liability of the Trustee is limited in the manner set out in the Trust Deed.

(b) Underwriting Agreement

The Underwriting Agreement requires the Underwriter to subscribe for or procure the subscription of any and all shares not taken up under the Entitlement Offer (including under the Top Up Facility). The Underwriter has a right to terminate the Underwriting Agreement with immediate effect if either the All Ordinaries Share Index falls below 5,300 or there is a breach of any representation or warranty given by the Company under the Underwriting Agreement that causes a material adverse effect for the Company.

7.5 Remuneration of the Trustee

Equity Trustees Limited has agreed to act as Trustee in respect of the Notes. The Company must pay to the Trustee a fee as agreed from time to time between the parties in respect of the Trustee's services. In this regard, the parties have agreed to reimburse the Trustee's reasonable legal costs related to the establishment and an annual fee of \$18,000 (excluding GST).

7.6 Directors' interests, benefits and related party transactions

Except as disclosed in the Prospectus:

- no Director or proposed Director has, or has had within two years of lodgement of this Prospectus with ASIC, any interest in:
 - the formation or promotion of the Company;

- any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Entitlement Offer; or
- the Entitlement Offer; and
- no person has paid or agreed to pay any amount, and no one has given or agreed to give any benefit, to any Director or any proposed Director or to any firm in which any Director or proposed Director is or was a partner:
 - to induce that person to become, or to qualify as, a Director of the Company; or
 - for services rendered by that person or by the firm in which that person is or was a partner in connection with the formation or promotion of the Company or the Entitlement Offer.

The following is a summary of the interests and benefits payable to the Directors and other persons connected with the Company or the Entitlement Offer, and any significant related party transactions.

Subject to the provisions of the Constitution, the ASX Listing Rules and the Corporations Act, Directors and related parties can participate in the Entitlement Offer and will have equal rights with any other Shareholder or investor.

Interests of Directors – existing security interests

As at the date of this Prospectus, the Directors' direct and indirect interests in Shares of the Company are as follows:

Director	Shares
John Abernethy	825,000
Geoffrey Wilson	756,274
Brett Spork	100,000
Julian Gosse	N/A

Interests of Directors - remuneration

Directors are entitled to receive directors' fees and other remuneration (which may include consulting fees) from the Company in relation to services provided to the Company.

The following table sets out the total amounts paid or payable (excluding GST) to current Directors as fees and executive service remuneration in the two year period prior to the lodgement of this Prospectus:

Director	12 months ended 30 June 2016	1 January 2016 to 30 June 2017
John Abernethy*	\$35,000	\$35,000
Geoffrey Wilson	\$10,000	\$10,000
Brett Spork	\$35,000	\$35,000

Julian Gosse	\$35,000	\$35,000
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*Paid to Clime Investment Management Limited and not to John Abernethy.

The current maximum aggregate sum per annum which may be paid to the Directors, other than executive Directors, by way of fees for services is \$150,000. Any change to that maximum aggregate sum needs to be approved by the Shareholders in general meeting. Pursuant to the Constitution, non-executive Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or otherwise in connection with the Company's business.

Directors – appointment and rotation

Under the Constitution, the maximum number of Directors that may comprise the Board is 10 Directors (unless the Shareholders pass an ordinary resolution in general meeting varying that number). Directors are elected at annual general meetings of the Company. Retirement will occur on a rotational basis so that no Director (excluding the Managing Director (if there is one)) holds office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected.

Directors – voting

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the chairperson of the meeting has a casting vote.

Indemnities

The Company, to the extent permitted by law, has agreed to indemnify each Director against any liability incurred by that person as an officer of the Company or of its subsidiaries and reasonable legal costs incurred by that person in defending an action for any liability incurred as an officer of the Company.

The Company, to the extent permitted by law and subject to its right to require repayment under certain circumstances, may make a payment (whether by way of an advance, loan or otherwise) to a Director in respect of legal costs incurred by that person in defending an action for a liability of that person. The Company may enter into a deed with any officer of the Company to give effect to those matters outlined in this paragraph.

Interests of advisers

As at the date of this Prospectus, other than as set out below or elsewhere in this Prospectus:

- no person named in the Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus or as a promoter of the Company has, or during the last 2 years prior to the date of the Prospectus has had, an interest in:
 - (a) the formation or promotion of the Company;
 - (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Entitlement Offer under this Prospectus; or
 - (c) the Entitlement Offer under this Prospectus; and

- with the exception of Brett Spork who will receive fees of \$10,000 in connection with management the Placement and the Entitlement Offer, no amounts, whether in cash or shares or otherwise, have been paid or agreed to be paid and no value or benefit has been given or agreed to be given to any person named in the Prospectus as performing a function in a professional advisory or other capacity for services rendered in connection with the formation or promotion of the Company or the Entitlement Offer under this Prospectus.

Trustee

Equity Trustees Limited has agreed to act as Trustee under the Trust Deed. The Company has paid or agreed to pay the Trustee estimated fees of approximately \$18,000 for their services.

Underwriter

The Underwriter, Sanlam Private Wealth Pty Ltd or its nominee, has agreed to fully underwrite the Entitlement Offer pursuant to the Underwriting Agreement. The Company has paid or agreed to pay the Underwriter estimated fees of approximately \$317,500 and reimbursement of costs and expenses incurred by the Underwriter.

Legal Adviser

Ashurst Australia has acted for the Company as its legal adviser in respect of the Company and the Entitlement Offer. The Company has paid or agreed to pay Ashurst Australia estimated fees of approximately \$72,000 in respect of services performed in relation to the Prospectus. Further amounts may be paid to Ashurst Australia for other legal services provided in accordance with its usual time based charge out rates.

Share & Note Registry

Boardroom Pty Limited has acted as the Share & Note Registry. The Company has paid or agreed to pay the Share & Note Registry estimated fees of \$20,000.

7.7 Consents to be named and to the inclusion of information

Each of the parties who are named below (other than as specified in this section):

- has not made any statement in this Prospectus or any statement on which a statement made in this Prospectus is based;
- has not authorised or caused the issue of any part of this Prospectus;
- makes no representation or warranty, express or implied, as to the fairness, accuracy or completeness of information contained in this Prospectus; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements made in, or omissions from, this Prospectus, other than as specified in this section, and excludes and disclaims all liability for any damage, loss (including direct, indirect or consequential loss), cost or expense that may be incurred by any investor as a result of this Prospectus being inaccurate or incomplete in any way or for any reason.

Legal Adviser

Ashurst Australia has given, and as at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as the legal advisers to the Company and the Entitlement Offer, in the form and context in which it is named.

Underwriter

Sanlam Private Wealth Pty Ltd has given, and as at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as the Underwriter, in the form and context in which it is named.

Trustee

Equity Trustees Limited has given, and as at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as the Trustee, in the form and context in which it is named.

Share & Note Registry

Boardroom Pty Limited has given, and as at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as the Share Registry and Note Registry of the Company, in the form and context in which it is named.

7.8 Privacy Disclosure Statement

(a) Company

The Company holds certain personal information regarding investors that has been provided to the Company (directly or via the Share Registry) in connection with their investment in the Company. The Privacy Act 1988 (Cth) governs the use of a person's personal information and sets out principles governing the ways in which organisations should treat personal information. The personal information that the Company holds is used to provide services and appropriate administration including communications with members. If the Company is obliged to do so by law, investors' personal information will be passed on to other parties strictly in accordance with legal requirements. Once personal information is no longer needed for its records, the Company will destroy or de-identify it.

The Corporations Act requires that the Company include information about security holders (including name, address and details of the securities held) in its public register. The information contained in the Company's public register must remain there for 7 years after that person ceases to be a security holder. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual report and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

An investor has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

An investor who would like details of their personal information held by the Company or the Share Registry (or Note Registry), or who would like to correct information that is incorrect or out of date, should contact the Share Registry (or Note Registry) by telephoning 1300 737 760 (in Australia) or +61 2 9290 9600 International or at the address shown in the Corporate Directory.

(b) Trustee

Information provided to the Trustee is primarily used for the purpose of providing trustee services to the Company and for ancillary purposes detailed in the Trustee's Privacy Policy. The Trustee may disclose your personal information, such as, your

name and contact details, along with your account information to its related bodies corporate, the Company, professional advisers, the land titles office and/or as otherwise instructed by the Company. The Trustee is not likely to disclose your personal information to overseas recipients. Your personal information will be used in accordance with the Trustee's Privacy Policy. The Trustee's Privacy Policy contains information about how you may access or correct your personal information held by the Trustee and how you may complain about a breach of the Australian Privacy Principles. You may obtain a copy of the Trustee's Privacy Policy at <http://www.eqt.com.au/global/privacystatement>.

7.9 Expenses of the Entitlement Offer

The total estimated expenses of the Entitlement Offer payable by the Company (including the Underwriter's fees, accounting and tax fees, legal fees, lodgement fees, ASX quotation fees, fees for other advisers, prospectus design, printing, advertising and other miscellaneous expenses (including taxes and other government charges) will be approximately \$563,000. These costs are payable by the Company.

7.10 Legal proceedings

To the knowledge of the Directors, there is no material current, pending or threatened litigation with which the Company is directly or indirectly involved, other than as disclosed in this section.

The Company has announced that it intends to commence a class action proceeding against UGL Limited (UGL) on its own behalf, as representative applicant, and on behalf of group members who acquired shares in UGL during the period from 8 August 2014 to 5 November 2014 inclusive (claim period).

The proposed class action is funded by litigation funder IMF Bentham Limited. Phi Finney McDonald is conducting the proposed class action on behalf of Clime Capital and group members. Executives of Clime Investment Management Limited will be involved on behalf of group members in pursuing the claim.

The action relates to events that occurred between August 2014 and November 2014.

The proposed class action will allege that during the claim period UGL failed to keep the market informed about problems relating to a major joint venture construction contract that it was undertaking. These problems were not disclosed by UGL until 6 November 2014, when it told the market that the forecast costs of the Ichthys project had increased and the joint venture had recognised a provision. The UGL share price declined by more than 25% by close of trade on 11 November 2014. The class action will allege that UGL's conduct caused the Company and group members to suffer loss.

7.11 Investor considerations

Before deciding to participate in this Entitlement Offer, you should consider whether the Notes to be issued are a suitable investment for you. There are general risks associated with any investment in the stock market. The value of Notes listed on ASX may rise or fall depending on a range of factors beyond the control of the Company.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser.

The potential tax effects relating to the Entitlement Offer will vary between investors. Investors are urged to consider the possible tax consequences of participating in the Entitlement Offer by consulting a professional tax adviser.

7.12 **Directors' statement**

The Directors report that, in their opinion, after having made relevant inquiries:

- except as disclosed in this Prospectus, they are not aware of any circumstances that have materially affected or will materially affect the assets and liabilities, the financial position, the profits and losses, or the prospects of the Company on completion of the Entitlement Offer; and
- they have reasonable grounds to, and do, believe that this Prospectus contains no statements that are false or misleading and that there are no material omissions from this Prospectus.

The Directors of the Company have authorised the lodgement of this Prospectus with ASIC.

7.13 **Governing law**

This Prospectus is governed by the law of New South Wales.

7.14 **Approval**

This Prospectus has been approved by unanimous resolution of the Directors of the Company.

Each Director of the Company has given and has not, before the lodgement of this Prospectus, withdrawn his consent to the lodgement of this Prospectus with ASIC.

Dated: 17 November 2017



Mr John Abernethy
Chairman

8. **CONVERTIBLE NOTES - TERMS OF ISSUE**

1. **FORM OF NOTES**

1.1 **Form**

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

1.2 **Face Value and Issue Price**

- (a) The Notes are each issued fully paid with a Face Value of \$0.96 (Face Value).
- (b) Each Note will be issued by the Issuer at an issue price of \$0.96 (Issue Price). The Issue Price must be paid in full on application.

1.3 **Currency**

The Notes are denominated in Australian dollars.

1.4 **Clearing System**

For such time as the Notes are quoted on ASX, the rights of a person holding an interest in the Notes are subject to the rules and regulations of the Clearing System.

1.5 **No certificates**

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

1.6 **ASX quotation of Notes**

The Issuer must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure that the Notes are, and until Redeemed or Converted remain, quoted on ASX.

1.7 **Participating in the new issues**

To the maximum extent permitted by the Corporations Act, the ASX Listing Rules and any other applicable laws, Noteholders will be eligible to participate in any future rights on the basis of Notes held at the time of any rights issue. This eligibility to participate in any rights issues is in addition to a right for a Noteholder to participate in any rights issue on the basis of Shares in the Company also held by a Noteholder.

1.8 **No other rights**

The Notes confer no rights on a Noteholder:

- (a) to vote at any meeting of members of the Issuer; or
- (b) to otherwise participate in the profits or property of the Issuer, except as set out in these Note Terms or the Transaction Documents.

2. **INTEREST**

2.1 **Interest**

- (a) Each Note bears interest on its Face Value from (and including) its Issue Date to (but excluding) its Maturity Date, Conversion Date or Redemption Date at the Interest Rate.
- (b) Interest is payable in arrears on each Interest Payment Date.

3. **GENERAL PROVISIONS APPLICABLE TO INTEREST**

3.1 **Calculation of Interest Rate and Interest payable**

- (a) The Issuer must, as soon as practicable in each Interest Period, calculate the amount of interest payable for that Interest Period in respect of the Face Value of each Note.
- (b) The amount of interest payable on each Note for an Interest Period is calculated according to the following formula:

$$\text{Interest Payable} = \frac{\text{Interest Rate} \times \$0.96 \times N}{365}$$

Where:

N means, in respect of:

- (A) the first Interest Payment Date in respect of a Note, the number of days from (and including) its Issue Date to (but excluding) that first Interest Payment Date; and
- (B) each subsequent Interest Payment Date, the number of days from (and including) the preceding Interest Payment Date to (but excluding) that Interest Payment Date or, as the case may be, the Maturity Date, Conversion Date or Redemption Date.

3.2 **Notification of Interest Rate, Interest payable and other items**

- (a) The Issuer must notify the Trustee and ASX (and any other stock exchange or other relevant authority on which the Notes are quoted) of:
 - (i) for each Interest Period, the amount of interest payable; and
 - (ii) any amendment to the amount referred to in subparagraph (A) arising from any extension or reduction in any Interest Period or calculation period.
- (b) The Issuer must give notice under this clause 3.2 of the amount of interest on each Note for the Interest Period by no later than the 10th Business Day of that Interest Period.
- (c) The Issuer may amend its calculation or determination of any amount, item or date (or make appropriate alternative arrangements by way of adjustment) as a result of the extension or reduction of the Interest Period or calculation period without prior notice but must notify the Trustee and ASX (and any other stock exchange or other relevant authority on which the Notes are quoted) promptly after doing so.

3.3 **Default Interest**

If an amount is not paid under these Note Terms on or before the due date, interest accrues on the unpaid amount at eight per cent per annum from (and including) the due date to (but excluding) the date on which payment is made to the Noteholder of the full unpaid amount.

3.4 **Determination final**

The determination by the Issuer of all amounts, rates and dates falling to be calculated or determined by it under these Note Terms is, in the absence of manifest or proven error, final and binding on the Issuer, the Trustee and each Noteholder.

3.5 **Calculations**

For the purposes of any calculations required under these Note Terms:

- (a) all figures must be rounded to three decimal places (with 0.0005 being rounded up to 0.001); and
- (b) all amounts that are due and payable must be rounded to the nearest one Australian cent (with 0.5 of a cent being rounded up to 1 cent).

4. **CONVERSION**

4.1 **Notes are Convertible**

Subject to these Note Terms and the ASX Listing Rules, the Noteholder has the right (Conversion Right), in accordance with this clause 4, to convert some or all of its Notes into a number of Shares determined by application of the following formula:

$\frac{A}{B}$ where:

A = the Conversion Amount; and

B = the Conversion Price.

4.2 **Conversion at the Noteholder's election**

- (a) Subject to paragraph 4.2(b)(ii), a Noteholder may elect in its absolute discretion to convert some or all of its Notes into Shares by giving the Registrar notice in writing of its intention to convert some or all of its Notes (Conversion Notice).
- (b) In order to convert any Notes into Shares, either:
 - (i) the Face Value of the Notes the subject of a Conversion Right must be at least the lesser of \$2,000; or
 - (ii) the Noteholder must convert the entire balance of their holding of Notes.

4.3 **Conversion Notice**

- (a) A Conversion Notice must:
 - (i) be in writing (in such form as the Issuer may accept or as is required by the ASX Listing Rules);
 - (ii) specify the number of Notes to be converted; and

- (iii) be signed by the Noteholder or an authorised representative or officer of the Noteholder.
- (b) Once a Conversion Notice has been given:
 - (i) the notice cannot be withdrawn without the written consent of the Issuer;
 - (ii) the Noteholder must not deal with, transfer, dispose of or otherwise encumber any Notes the subject of the Conversion Notice; and
 - (iii) the Noteholder must provide such evidence of title to the Notes the subject of the Conversion Notice as may be reasonably required by the Issuer and the Registrar.
- (c) Despite receipt by a Noteholder of a notice issued under clause 8.3, a Noteholder may still give a Conversion Notice provided the notice is given not less than five Business Days before the Redemption Date specified in the notice issued under clause 8.3.
- (d) A Conversion Notice given to the Issuer five or more Business Days before an Interest Payment Date will be effective on such date as may be determined by the Issuer (in its absolute discretion), provided that date is not later than the next Interest Payment Date following the date the notice is given.
- (e) If a Conversion Notice is given to the Issuer less than five Business Days before an Interest Payment Date (**Date 1**), the Conversion Notice will be effective on such date as may be determined by the Issuer (in its absolute discretion), provided that date is not later than the next Interest Payment Date following Date 1.
- (f) A Conversion Notice will not be effective if it is given less than five Business Days before the Maturity Date.

4.4 **Effect of Conversion**

On the Conversion Date:

- (a) the Noteholder's Notes which are the subject of a Conversion Notice will be Redeemed for the Conversion Amount, and the Noteholder will be taken to have agreed to pay the Conversion Amount to the Issuer by way of subscription for new Shares (**Conversion Shares**) at an issue price per Conversion Share that is equal to the Conversion Price, with each obligation to pay the Conversion Amount to be satisfied by way of mutual set-off;
- (b) the Issuer will issue to the Noteholder, and must register the Noteholder as the holder of, the Conversion Shares;
- (c) the Noteholder agrees to be registered as the holder of the Conversion Shares in the register of Members;
- (d) a holding notice in respect of the Conversion Shares is to be sent to the Noteholder at its registered address in respect of the relevant Notes;
- (e) the Issuer must use all reasonable endeavours to procure and maintain quotation of the Conversion Shares on ASX; and
- (f) upon issue of the Conversion Shares, all other rights conferred or restrictions imposed by the Note under these Note Terms will no longer have effect.

4.5 **Ranking of Shares**

Shares issued on conversion of the Notes will be fully paid and will in all respects rank *pari passu* with all other fully paid Shares on issue on the relevant Conversion Date, except that they will not be entitled to any dividend or any other distribution or entitlement that has not been paid as at the Conversion Date but for which the record date was prior to the Conversion Date.

4.6 **No fractional shares**

No fractional Shares will be issued on conversion of a Note. If the calculation under this clause results in an entitlement to a number of Shares which includes a fraction of a Share, the fraction will be disregarded.

4.7 **Adjustments for reorganisation of capital**

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

5. **REDEMPTION**

5.1 **Scheduled redemption on Maturity Date**

Each Note is Redeemable by the Issuer on the Maturity Date at its Face Value unless:

- (a) the Note has been previously Converted;
- (b) the Note has been previously Redeemed; or
- (c) the Note has been purchased by the Issuer and cancelled.

5.2 **Purchase**

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

- (i) the Issuer and any of its Related Bodies Corporate (or any third party nominated by the Issuer) may, at any time, purchase Notes in the open market or otherwise and at any price;
- (ii) if purchases are made by tender for the Notes by the Issuer or any of its Related Bodies Corporate, tenders must be available to all Noteholders alike; and
- (iii) Notes purchased under this clause 5.2 may be held, resold or cancelled at the discretion of the purchaser (and, if the Notes are to be cancelled, the Issuer).

6. **STATUS, SECURITY AND RANKING**

6.1 **Status**

The Notes at all times constitute unsecured debt obligations of the Issuer.

6.2 **No Security**

The Notes are unsecured.

6.3 **Ranking of Notes**

- (a) Each Note ranks for payment in a Winding Up of the Issuer:
 - (i) equally with each other Note;
 - (ii) equally with all present and future unsubordinated and unsecured debt obligations of the Issuer (subject to the laws and principles of equity affecting creditor rights or obligations preferred by mandatory provisions of applicable law); and
 - (iii) ahead of all Shares.
- (b) Without in any way limiting the Issuer's obligations to Redeem the Notes as set out herein, in order to give effect to the ranking specified in clause 6.3, in any Winding Up of the Issuer, the Noteholders agree that their claims are limited to the extent necessary to ensure that Noteholders of the Notes receive payments on a pro-rata basis.
- (c) Without in any way limiting the Issuer's obligations to Redeem the Notes as set out herein, neither the Trustee nor any Noteholder has any right to prove in a Winding Up of the Issuer in respect of the Notes, except on the basis set out in clauses 6.1 and 6.2.
- (d) Neither the Trustee nor any Noteholder may exercise voting rights as a creditor in respect of the Notes in a Winding Up of the Issuer to defeat the subordination in this clause.
- (e) The ranking of Notes is not affected by the date of registration of any Noteholder in the Register.

7. **NEGATIVE COVENANTS**

For so long as any of the Notes remain outstanding, the Issuer must not, without the approval of an Ordinary Resolution, incur any indebtedness that would cause the Issuer's total indebtedness to exceed 40% of the Issuer's total assets.

8. **EVENTS OF DEFAULT**

8.1 **Events of Default**

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

- (a) **(non-issue of Shares)** the Issuer fails to issue Shares on Conversion in accordance with these Note Terms within 10 Business Days after the date on which such issue is to be made;
- (b) **(non-payment)** the Issuer fails to pay any amount payable by it under the Note Terms and such default is not remedied within 3 Business Days;
- (c) **(breach of Negative Covenants)** the Issuer fails to comply with clause 7 and such failure remains unremedied for a period of 10 Business Days;
- (d) **(breach of other obligations)** the Issuer fails to comply with any of its other obligations under the Note Terms or the Transaction Documents and such failure

remains unremedied for a period of 10 Business Days after the earlier of (A) the Issuer receiving written notice from the Trustee in respect of the failure to comply and (B) the Issuer becoming aware of the failure to comply;

- (e) **(insolvency)** an Insolvency Event occurs in respect of the Issuer;
- (f) **(delisting)** a Delisting Event occurs in respect of the Issuer;
- (g) **(cessation of business)** the Issuer ceases or suspends (or threatens to cease or suspend) the conduct of all of its business or a substantial part of its business;
- (h) **(unlawfulness)** at any time, it is unlawful for the Issuer to perform any of its payment obligations under the Notes;
- (i) **(Government Agency)** all or substantially all of the assets of the Issuer are resumed or compulsory acquired by any Government Agency; or
- (j) **(vitiation)** all or any rights or obligations of the Issuer, Noteholders or the Trustee under the Trust Deed or the Note Terms are terminated or are or become void, illegal, invalid, unenforceable or of limited force and effect.

8.2 Notification

If an Event of Default occurs, the Issuer must, promptly after becoming aware of it but in any event no later than two Business Days after the Event of Default occurs, notify the Trustee of the occurrence of the Event of Default (specifying details of it) and use its reasonable endeavours to promptly notify the Noteholders and ASX (and any other stock exchange or other relevant authority on which the Notes are quoted) of the occurrence of the Event of Default. The Trustee is taken not to have knowledge of the occurrence of an Event of Default unless the Trustee has received written notice from the Issuer or a Noteholder stating that an Event of Default has occurred and describing it. Nothing contained in the Trust Deed imposes on the Trustee an obligation to inform any Noteholder of any breach by the Issuer of any provision of the Trust Deed.

8.3 Consequences of an Event of Default

- (a) If an Event of Default occurs and is continuing in relation to the Notes, the Trustee may:
 - (i) declare by notice to the Issuer (with a copy to the Noteholders and the Registrar) that all the Notes are to be Redeemed at their Face Value (together with any accrued Interest) immediately (but not earlier than 10 Business Days after the date the Trustee gives notice under this clause) or on such other date specified in that notice; or
 - (ii) take enforcement action against the Issuer in relation to the Event of Default in accordance with the Transaction Documents.
- (b) The Trustee shall not be bound to take the action referred to in paragraph (i) above to enforce the obligations of the Issuer in respect of the Notes or any other proceedings or action pursuant to or in connection with the Transaction Documents unless:
 - (i) it shall have been so directed by a Special Resolution of the Noteholders of the relevant Notes;
 - (ii) it is indemnified, to its satisfaction, against all costs, charges, liabilities and expenses which may be incurred by it (including legal costs on a solicitor and own client basis) in connection with that action;

- (iii) it is first placed in funds sufficient to cover the costs that it may incur as a result of doing so; and
- (iv) it is not restricted or prohibited from taking such action by any order of any competent court or any applicable law.

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

8.4 No enforcement by Noteholders

Unless the Trustee, having become obliged to take action to enforce the rights of the Noteholders under the Transaction Documents and these Note Terms, fails to do so within 20 Business Days of being obliged to do so and such failure is continuing, the rights of each Noteholder to enforce the obligations of the Issuer under the Notes are limited to the exercise of its rights to enforce and seek due administration by the Trustee of the Trust Deed. In particular, unless the Trustee, having become obliged to take action to enforce the rights of the Noteholders under the Transaction Documents and these Note Terms, fails to do so within 20 Business Days of being obliged to do so and such failure is continuing, no Noteholder may, with respect to payment of any amount due under the Notes held by it:

- (a) sue the Issuer;
- (b) obtain judgment against the Issuer; or
- (c) apply for or seek Winding Up of the Issuer.

9. TITLE AND TRANSFER OF NOTES

9.1 Title

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

9.2 Effect of entries in Register

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

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

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

9.3 Register conclusive as to ownership

Entries in the Register in relation to a Note constitute conclusive evidence that the person so entered is the absolute owner of the Note, subject to correction for fraud or manifest error.

9.4 **Non-recognition of interests**

Except as required by law, the Issuer, the Trustee and the Registrar must treat the person whose name is entered in the Register as the holder of a Note as the absolute owner of that Note. This clause 9.4 applies whether or not a Note is overdue and despite any notice of ownership, trust or interest in the Note.

9.5 **Joint holders**

Where two or more persons are entered in the Register as the joint holders of a Note, then they are taken to hold the Note as joint tenants with rights of survivorship, but the Registrar is not bound to register more than four persons as joint holders of any Note.

9.6 **Transfers in whole**

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

9.7 **Transfer**

A Noteholder may, subject to this clause 9, transfer any Notes:

- (a) by a proper ASTC transfer according to the ASX Settlement Operating Rules;
- (b) by a proper transfer under any other computerised or electronic system recognised by the Corporations Act;
- (c) under any other method of transfer which operates in relation to the trading of securities on any securities exchange outside Australia on which the Notes are quoted; or
- (d) by any proper or sufficient instrument of transfer of marketable securities under applicable law.

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

9.8 **Market obligations**

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

9.9 **Issuer may request holding lock or refuse to register transfer**

If the Notes are quoted on ASX, and if permitted to do so by the ASX Listing Rules and the Corporations Act, the Issuer may:

- (a) request the CS Facility Operator or the Registrar, as the case may be, to apply a holding lock to prevent a transfer of Notes approved by and registered on the CS Facility's electronic sub-register or Notes registered on an issuer-sponsored sub-register, as the case may be; or
- (b) refuse to register a transfer of Notes.

9.10 **Issuer must request holding lock or refuse to register transfer**

- (a) The Issuer must request the CS Facility Operator or the Registrar, as the case may be, to apply a holding lock to prevent a transfer of Notes approved by and registered on the CS Facility's electronic sub-register or Notes registered on an issuer-sponsored sub-register, as the case may be, if the Corporations Act, the

ASX Listing Rules or the terms of a Restriction Agreement require the Issuer to do so.

- (b) The Issuer must refuse to register any transfer of Notes if the Corporations Act, the ASX Listing Rules or the terms of a Restriction Agreement require the Issuer to do so.
- (c) During a breach of the ASX Listing Rules relating to Restricted Securities, or a breach of a Restriction Agreement, the Noteholder of the Restricted Securities is not entitled to any Interest (or other distribution on), or voting rights in respect of, the Restricted Securities.

9.11 Notice of holding lock and refusal to register transfer

If, in the exercise of its rights under clauses 9.9 and 9.10, the Issuer requests the application of a holding lock to prevent a transfer of Notes or refuses to register a transfer of Notes, it must, within five Business Days after the date the holding lock is requested or the refusal to register a transfer, give written notice of the request or refusal to the Noteholder, to the transferee and the broker lodging the transfer, if any. Failure to give such notice does not, however, invalidate the decision of the Issuer.

9.12 Delivery of instrument

If an instrument is used to transfer the Notes according to clause 9.7, it must be delivered to the Registrar, together with such evidence (if any) as the Issuer and/or the Registrar reasonably requires to prove the title of the transferor to, or right of the transferor to transfer, the Notes.

9.13 Transferor to remain Noteholder until registration

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

9.14 Effect of transfer

Upon registration and entry of the transferee in the Register the transferor ceases to be entitled to future benefits under the Transaction Documents and the Note Terms in respect of the transferred Notes and the transferee becomes so entitled in accordance with clause 9.2.

9.15 Estates

A person becoming entitled to a Note as a consequence of the death or bankruptcy of a Noteholder or of a vesting order or a person administering the estate of a Noteholder may, upon producing such evidence as to that entitlement or status as the Registrar considers sufficient, transfer the Note or, if so entitled, become registered as the holder of the Note.

9.16 Transfer of unidentified Notes

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

10. **PAYMENTS**

(a) **Summary of payment provisions**

Payments in respect of the Notes will be made in accordance with this clause 10.

(b) **Record Date**

All payments under or in respect of a Note will be made only to those persons registered as the holder of that Note at the nominated time on the relevant Record Date.

(c) **Payments subject to law**

All payments are subject to applicable law, but without prejudice to the provisions of clause 11.

(d) **Payments on Business Days**

If a payment:

- (i) is due on a Note on a day which is not a Business Day then the due date for payment will be postponed to the first following day that is a Business Day; or
- (ii) is to be made to an account on a Business Day on which banks are not open for general banking business in the place in which the account is located, then the due date for payment will be the first following day on which banks are open for general banking business in that place,

and, in either case, the Noteholder is not entitled to any additional payment in respect of that delay.

(e) **Payments to accounts**

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

(f) **Payments by cheque**

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

(g) **Unsuccessful attempts to pay**

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

- (i) decides that an amount is to be paid to a Noteholder by a method of direct credit and the Noteholder has not nominated an account to which amounts are to be paid by that method;

- (ii) attempts to pay an amount to a Noteholder by direct credit, electronic transfer of funds or any other means and the transfer is unsuccessful;
- (iii) has made reasonable efforts to locate a Noteholder but is unable to do so; or
- (iv) has issued a cheque which has not been presented within six months of its date and, as a consequence, the Issuer has cancelled such cheque,

then, in each case:

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

(h) **Payment to joint Noteholders**

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

11. **DEDUCTIONS**

(a) **No set-off, counterclaim or deductions**

All payments in respect of the Notes must be made in full without set-off or counterclaim, and without any withholding or deduction for or in respect of Taxes, unless such withholding or deduction is required by law.

(b) **Withholding and other taxes**

- (i) The Issuer may withhold or deduct from any amount payable to a Noteholder in respect of the Notes an amount in respect of any Tax which a qualified legal or taxation advisor advises that it is required by law to withhold or deduct from that payment.
- (ii) The Issuer must pay the full amount required to be withheld or deducted to the relevant revenue authority within the time allowed for such payment (without incurring penalty under the applicable law) and must, if required by a Noteholder, deliver to that Noteholder a copy of the relevant receipt issued by the relevant revenue authority without unreasonable delay after it is received by the Issuer.
- (iii) If an amount is deducted or withheld under clause 11(b)(i) from a payment to a Noteholder in respect of any Tax, the full amount payable to the Noteholder will be deemed to have been duly paid and satisfied by the Issuer, and the Issuer will have no obligation to pay any additional amount to the Noteholder on account of the deduction or withholding.

12. **AMENDMENT OF THE NOTE TERMS**

12.1 **Amendment without the approval of the Noteholders**

At any time, and from time to time, the Note Terms (which, for the avoidance of doubt include this clause) may be modified, altered, cancelled, amended or added to (collectively **Modified**), without the consent of the Noteholders, if:

- (a) such modification, alteration, cancellation, amendment or addition (collectively Modification) is:
 - (i) of a formal or technical nature or made to cure any ambiguity or correct any manifest error;
 - (ii) necessary or expedient for the purpose of listing the Notes on ASX or to comply with the applicable ASX Listing Rules or the listing or quotation requirements of any other any securities exchange on which the Issuer may propose to seek a listing of the Notes;
 - (iii) necessary or expedient for the purpose of enabling the Notes to be offered for issue or for sale under the laws for the time being in force in any place;
 - (iv) necessary or expedient to comply with the provisions of any law or regulation or the requirements of any statutory authority; or
 - (v) necessary or advisable following the introduction of, or any amendment to, clarification of, or change (including any announced prospective change) in, any law or regulation of the Commonwealth of Australia or an announcement, action or decision or a proposal to introduce, amend, clarify or change any such law or regulation or any official administrative pronouncement or action or judicial decision interpreting or applying any such law or regulation which is likely to cause the Notes to cease to be treated as debt for tax or accounting purposes; and
 - (vi) in respect of a Modification sought by a party in reliance on:
 - (A) any one of clauses 12.1(a)(i) to 12.1(a)(iv) above - the Issuer and the Trustee have either jointly or separately obtained a legal opinion from legal advisers of recognised standing in New South Wales, which opinion is in a form satisfactory to the Issuer and the Trustee, as applicable (each acting reasonably) and is addressed to or is otherwise able to be relied on by each of the Issuer and the Trustee, as applicable, to the effect that such Modification (taken as a whole and in conjunction with all other Modifications) is:
 - (aa) a Modification within the scope of any one or more of clauses 12.1(a)(i) to 12.1(a)(iv); and
 - (bb) not materially prejudicial to the interests of Noteholders of the Notes (taken as a whole); or
 - (B) clause 12.1(a)(v) above - the Issuer and the Trustee have either jointly or separately obtained an opinion from an accountancy or taxation adviser of recognised standing in New South Wales, which opinion is in a form satisfactory to the Issuer and the Trustee, as applicable (each acting reasonably) and is addressed to or is otherwise able to be relied on by each of the Issuer and the Trustee, as applicable, to the effect that such Modification (taken as a whole and in conjunction with all other Modifications) is:

- (aa) a Modification within the scope of clause 12.1(a)(v); and
- (bb) not materially prejudicial to the interests of Noteholders of the Notes (taken as a whole).

12.2 **Amendment with the approval of the Noteholders**

- (a) At any time, and from time to time, but subject to clauses 12.2(b), 12.2(c) and 12.3 of the Note Terms, the Note Terms (which, for the avoidance of doubt, includes this clause) may be Modified if such Modification is authorised by an Ordinary Resolution.
- (b) If the Trustee considers the Modification will materially and adversely affect the rights of all Noteholders, then the Modification must be authorised by a Special Resolution.
- (c) If a clause in the Note Terms provides for Noteholders to give a direction to the Trustee by a Special Resolution, then that clause may only be Modified if such Modification is authorised by a Special Resolution.

12.3 **Amendment with the approval of the Noteholders but not the Trustee**

If a Modification to the Note Terms (which, for the avoidance of doubt includes this clause) is proposed by the Issuer under clause 12.2 and the Trustee will not consent to the Modification, the Note Terms may be Modified in the manner proposed by the Issuer if such Modification is authorised by a Special Resolution, provided that such amendment does not adversely affect the rights and obligations of the Trustee.

13. **GENERAL**

13.1 **Reporting**

In addition to any requirements of the Corporations Act and the ASX Listing Rules, each Noteholder (if requested by that Noteholder) will be provided with copies of all annual and half-yearly reports and financial statements provided to holders of Shares.

13.2 **Time limit for claims**

A claim against the Issuer for a payment under a Note is void unless made within 5 years from the date on which payment first became due.

13.3 **Voting**

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests including certain variations of these Note Terms which require the consent of the Noteholders.

13.4 **Notices**

The Trust Deed contains provisions for the giving of notices.

13.5 **Further documents**

The Issuer may require the Trustee to execute, on behalf of all Noteholders, such documents as the Issuer considers necessary or desirable (provided that the Trustee is indemnified to its satisfaction, acting reasonably, against any Taxes, fees, costs, charges, expenses or liabilities (including solicitor and client as well as party and party costs) which it may suffer or incur as a result of doing so, and provided that the Trustee will only be

required to execute such documents if the Noteholders give a direction to the Trustee by a Special Resolution passed in favour of such execution to do so).

13.6 **Governing law and jurisdiction**

- (a) The Note Terms and the Notes are governed by the laws of New South Wales.
- (b) The Issuer and each Noteholder submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in New South Wales in connection with matters concerning the Notes or these Note Terms.
- (c) The Issuer and each Noteholder waives any right they have to object to an action being brought in those courts, or to claim that the action has been brought in an inconvenient forum, or to claim those courts do not have jurisdiction.

14. **INTERPRETATION AND DEFINITIONS**

14.1 **Interpretation**

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

- (a) if there is inconsistency between the Note Terms and, the Trust Deed, then, to the maximum extent permitted by law, the Note Terms will prevail;
- (b) a reference to a clause or paragraph is to a clause or paragraph of the Note Terms;
- (c) the Directors may exercise all powers of the Issuer under these Note Terms as are not, by the Corporations Act or by the Constitution of the Issuer required to be exercised by the Issuer in a general meeting;
- (d) if a calculation is required under these Note Terms, unless the contrary intention is expressed, the calculation will be rounded to four decimal places;
- (e) calculations, elections and determinations made by the Issuer under these Note Terms are binding on Noteholders in the absence of manifest error;
- (f) if an event under these Note Terms must occur on a stipulated day which is not a Business Day, then the stipulated day will be taken to be the next Business Day;
- (g) the singular word includes the plural, and vice versa;
- (h) a word which suggests one gender includes the other genders;
- (i) if a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning;
- (j) if an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing;
- (k) a reference to "dollars", or "\$" is to an amount in Australian currency;

14.2 **Non Business Days**

If the day on or by which a person must do something under this document is not a Business Day:

- (a) if the act involves a payment that is due on demand, the person must do it on or by the next Business Day; and

(b) in any other case, the person must do it on or by the previous Business Day.

14.3 Definitions

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

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

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

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

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

ASX Listing Rules means the listing rules of ASX.

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

Change of Control Event means each of:

- (a) a takeover bid is made to acquire all of the Shares and the offer under the takeover bid is, or becomes, unconditional and:
 - (i) the bidder has acquired at any time during the offer period a relevant interest in more than 50% of the Shares on issue; or
 - (ii) the Directors of the Issuer unanimously recommend acceptance of the offer under the takeover bid, and acceptance of that offer would result in the bidder having a relevant interest in 100% of the Shares on issue; or
- (b) a court approves a proposed scheme of arrangement which, when implemented, will result in a person having a relevant interest in 100 per cent of the Shares on issue.

Clearing System means the Clearing House Electronic Sub-register System operated by ASTC or any other applicable securities trading and/or clearance system.

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

Conversion means the conversion of a Note in accordance with clause 4 and the words Convert, Convertible, Converting and Converted bear a corresponding meaning.

Conversion Amount means the aggregate Face Value of the total number of Notes the subject of the relevant Conversion Notice plus, at the option of the Issuer, such amount of the Interest accrued but unpaid on those Notes (as determined by the Issuer) on the Conversion Date.

Conversion Date means the date (determined by the Issuer (in its absolute discretion) in accordance with the Note Terms) on which Shares will be issued to the Noteholder on conversion of the Notes under clause 4.

Conversion Notice means a notice of conversion given in accordance with clauses 4.2 and 4.3.

Conversion Price means an amount equal to the Face Value of the Note.

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

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

CS Facility Operator means the operator of a CS Facility.

Delisting Event will occur if:

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

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

Event of Default means the happening of any event set out in clause 8.

Face Value means the nominal principal amount of each Note, being \$0.96.

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

Insolvency Event occurs in relation to a body corporate if:

- (a) it is (or states that it is) insolvent (as defined in the Corporations Act); or
- (b) it has a controller (as defined in the Corporations Act) appointed, or is in receivership, in receivership and management, in liquidation, in provisional liquidation, under administration or wound up or has had a receiver appointed to any part of its property; or
- (c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute, dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the creditors); or
- (d) an Application or order has been made (and, in the case of an Application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (a), (b) or (c) above; or
- (e) it is taken (under section 459(F)(1) of the Corporations Act) to have failed to comply with a statutory demand; or
- (f) it is otherwise unable to pay its debts when they fall due; or
- (g) something having a substantially similar effect to (a) to (f) happens in connection with it under the law of any jurisdiction.

Interest means the interest payable from time to time in respect of a Note, including interest payable under in clause 3.1 and, as applicable, default interest payable under clause 3.3.

Interest Payment Date means, in respect of a Note:

- (a) 10th Business Day following the quarterly periods ending 28 February, 31 May, 31 August and 30 November;
- (b) the Conversion Date (if the Issuer elects not to include the Interest accrued but unpaid on the Note in the Conversion Amount);
- (c) the Maturity Date; and
- (d) any Redemption Date.

Interest Period means, for a Note, each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date. However:

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

Interest Rate means, in respect of an Interest Period for a Note, 6.25% per annum

Issue Date means, in respect of a Note, the date on which that Note is issued.

Issuer means Clime Capital Limited ACN 106 282 777.

Maturity Date means 30 November 2021.

Meeting Provisions means the rules relating to meetings of Noteholders contained in Schedule 2 to the Trust Deed.

Member or Shareholder means a person entered in the register of members as a member, for the time being, of the Issuer.

Note means a debt obligation denominated in Australian dollars and issued, or to be issued, by the Issuer which is constituted by, and owing under, the Trust Deed, the details of which are recorded in, and evidenced by, entry in the Register.

Note Terms means, in relation to a Note, the terms and conditions of issue of that Note (as set out in Schedule 1 to the Trust Deed).

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

Ordinary Resolution means:

- (a) a resolution passed at a meeting of the Noteholders duly called and held under the Meeting Provisions:
 - (i) by at least 50 per cent of the persons voting on a show of hands (unless paragraph (ii) below applies); or
 - (ii) if a poll is duly demanded, then by a majority consisting of at least 50 per cent of the votes cast; or

- (b) a resolution passed by postal ballot or circular written resolution by Noteholders representing (in aggregate) at least 50 per cent of the principal amount then outstanding of all of the Notes.

Record Date means, in relation to any payment to be made under or in respect of the Notes:

- (a) subject to sub-paragraphs (b) and (c), the date which is eight calendar days before the applicable due date for payment; or
- (b) such other date as is determined by the Issuer in its absolute discretion, and communicated to ASX not less than eight calendar days before the record date which would have been determined under paragraph (a) above; or
- (c) such other date as may be required by, or agreed with, ASX.

Redemption means the redemption of a Note in accordance with clause 5 and the words Redeem, Redeemable and Redeemed bear their corresponding meanings.

Redemption Date means, in respect of a Note, the date, other than the Maturity Date, on which the Note is Redeemed.

Register means the register of Noteholders (established and maintained under clause 6 of the Trust Deed) and, where appropriate, the term Register includes:

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

Registrar means Boardroom Pty Limited ACN 003 209 836 or any other person appointed by the Issuer (with such appointment notified to the Trustee) to maintain the Register and perform any payment and other duties as specified in that agreement.

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

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

Security Interest means any mortgage, pledge, lien or charge or any security or preferential interest or arrangement of any kind or any other right of, or arrangement with, any creditor to have its claims satisfied in priority to other creditors with, or from the proceeds of, any asset, including any retention of title other than in the ordinary course of business and any charge or lien arising by operation of law.

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

Special Resolution means:

- (a) a resolution passed at a meeting of the Noteholders duly called and held under the Meeting Provisions:
 - (i) by at least 75% of the persons voting on a show of hands (unless paragraph (ii) below applies); or

- (ii) if a poll is duly demanded, then by a majority consisting of at least 75% of the votes cast; or
- (b) a resolution passed by postal ballot or circular written resolution by Noteholders representing (in aggregate) at least 75% of the principal amount then outstanding of all of the Notes.

Subsidiary has the meaning given in the Corporations Act, but an entity will also be taken to be a Subsidiary of an entity if it is controlled by that entity (as defined in section 50AA of the Corporations Act) and, without limitation:

- (a) a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share; and
- (b) an entity may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation.

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

Transaction Documents means:

- (a) the Trust Deed (including these Note Terms); and
- (b) each Note.

Trustee means the person from time to time acting as the trustee of the trust constituted by the Trust Deed (acting in that capacity), initially being Equity Trustees Limited.

Trust Deed means the trust deed entitled 'Convertible Notes Trust Deed' between the Issuer and the Trustee and dated on or about 16 November 2017.

VWAP means the average of the daily volume weighted average sale prices of the Shares sold on ASX during the period specified in these Note Terms, excluding any transaction defined in the ASX Operating Rules as 'special', crossings prior to the commencement of normal trading, crossings during the after hours adjust phase and any overseas trades or exchange traded option exercises, subject to the following adjustments:

- (a) where, on some or all of the Business Days in the relevant period, Shares have been quoted on ASX as cum dividend or cum any other distribution or entitlement which is not extended to the Noteholder, and the Notes will convert into Ordinary Shares after the date those Shares no longer carry that entitlement, then the VWAP on the Business Days on which those shares have been quoted cum dividend, or cum any other distribution or entitlement shall be reduced by an amount (Cum Value) equal to:
- (b) in the case of a dividend or other distribution, the amount of that dividend or distribution (with no value included for any franking credits);
- (c) in the case of an entitlement which is traded on ASX on any of those Business Days, the volume weighted average price of all such entitlements sold on ASX during the relevant period on the Business Days on which those entitlements were traded; or
- (d) in the case of an entitlement not traded on ASX during the relevant period, the value of the entitlement as reasonably determined by the Directors; and

- (e) where, on some or all of the Business Days in the relevant period, Shares have been quoted ex dividend, ex distribution or ex entitlement, and Notes will convert into Ordinary Shares which would be entitled to receive the relevant dividend, distribution or entitlement, the VWAP on the Business Days on which those Shares have been quoted ex dividend, ex distribution or ex entitlement shall be increased by the Cum Value.

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

9. GLOSSARY

The following definitions apply throughout this Prospectus unless the context requires otherwise.

1936 Act	Income Tax Assessment Act 1936
1997 Act	Income Tax Assessment Act 1997 Act
ABN / ACN	Australian Business Number / Australian Company Number
Additional Notes	Notes applied for in excess of an Eligible Shareholder's Entitlement
AFSL	Australian Financial Services Licence
Allotment Date	the date on which the Notes are allotted under the Entitlement Offer
Applicant	an Eligible Shareholder who lodges an Entitlement and Acceptance Form in accordance with this Prospectus
Application	an application for Notes under this Prospectus
Application Moneys	the amount payable on each Application, being the Face Value multiplied by the number of Notes applied for
ASIC	Australian Securities and Investments Commission
ASX or Australian Securities Exchange	ASX Limited ABN 98 008 624 691 or the securities market it operates, as the context requires
ASX Listing Rules	means the official listing rules of ASX
ASX Settlement	means ASX Settlement Pty Limited ABN 49 008 504 532, the body which administers the CHESS system in Australia
ASX Settlement Operating Rules	means the operating rules of ASX Settlement
AUD or \$ or A\$	Australian dollars
Australian Accounting Standards	means, for a person: <ul style="list-style-type: none"> (a) all accounting standards or principles that it is required to comply with by an Australian law and the Australian Accounting Standards Board; and (b) except to the extent inconsistent with paragraph (a), generally accepted accounting principles
Authorisation	means: <ul style="list-style-type: none"> (c) an authorisation, consent, declaration, exemption, notarisation or waiver, however it is described; and (a) in relation to anything that could be prohibited or restricted by law if a Government Agency acts in any way within a specified period, the expiry of that period without that action being taken,

	including any renewal or amendment
Board	the board of directors of the Company
Business Day	has the meaning given to that term in the ASX Listing Rules
CGT	Capital Gains Tax
CHESS	Clearing House Electronic Sub-register System
Closing Date	the closing date for the Entitlement Offer which is 7 December 2017
Company	Clime Capital Limited ACN 106 282 777
Constitution	the constitution of the Company (as amended from time to time)
Conversion Date	the date on which Shares are issued on exercise of the right to convert a Note
Corporations Act	the Corporations Act 2001 (Cth)
Director	a director of the Company
Eligible Shareholders	a Shareholder with a registered address in Australia or New Zealand whose details appear on the Company's register of Shareholders as at the Record Date
Entitlement	the number of Notes an Eligible Shareholder is entitled to acquire on the basis of the number of Shares held as at the Record Date
Entitlement Offer	the offer of Notes to Eligible Shareholders on the basis of 1 Note for every 6 Shares held as at the Record Date
Entitlement Offer Period	the period from the Opening Date to the Closing Date
Exposure Period	the period of 7 days after the date of lodgement of this Prospectus with ASIC, which period may be extended by ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act
Face Value	\$0.96 per Note
FY or Financial Year	the 12 months commencing as 1 July and ending on the following 30 June
Government Agency	means: <ul style="list-style-type: none"> (d) a government or government department or other body; (e) a governmental, semi-governmental or judicial person including a statutory corporation; or (f) a person (whether autonomous or not) who is charged with the administration of a law
GST	Goods and Services Tax
HIN	Noteholder Identification Number
Holding Statement	a statement issued by the Registry to Noteholders, which sets out

	the number of Notes issued to that Noteholder
Interest	interest payable on each Note
Interest Payment Dates	means the 10th Business Day following the quarterly periods ending 28 February, 31 May, 31 August and 30 November each year until the Maturity Date, Conversion Date or a Redemption Date (with the first Interest Payment Date being the 10th Business Day following the quarter ending 28 February 2018). If any of these scheduled dates is not a Business Day, then the Interest Payment Date will be the next Business Day
Interest Period	each period commencing on (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date, with: <ul style="list-style-type: none"> (a) the first Interest Period commencing on (and including) the Allotment Date; and (b) the final Interest Period ending on (but excluding) the Maturity Date, Conversion Date or a Redemption Date.
Interest Rate	6.25% per annum
Investment Management Agreement	means the agreement for investment manager services between the Investment Manager and the Company
Investment Manager	means Clime Asset Management Pty Limited ACN 098 420 770
Issue	the process of issuing Notes to successful Applicants
Issue Date	the date of Issue of the Notes
Issue Price	\$0.96 per Note
Maturity	the time for repayment of the Face Value (and accrued, but unpaid Interest) of each Note
Maturity Date	means 30 November 2021
Notes	the redeemable, unsecured convertible notes (the terms of which are set out in Section 8 of this Prospectus), offered pursuant to this Prospectus
Note Terms	the terms and conditions of issue of the Notes (which terms form Schedule 1 to the Trust Deed and are set out in Section 8 of this Prospectus)
Noteholder	a registered holder of one or more Notes
Opening Date	The opening date of the Entitlement Offer which is 28 November 2017
Placement	means the offer of Notes to institutional investors
Power	means any right, power, authority, discretion or remedy of, or conferred on, the Trustee or a Noteholder, an attorney or a controller by the trust Deed or any applicable law.

Prospectus	this prospectus dated 17 November 2017 and any replacement or supplementary prospectus
Record Date	the record date of the Entitlement Offer, being 5.00pm (Sydney time) on 23 November 2017
Recovered Money	means (subject to the Trust Deed), the net proceeds of all money received or recovered by the Trustee under the Trust Deed and Chapter 2L of the Corporations Act whether by enforcement or otherwise (after deduction of fees, costs, charges, expenses and other amounts paid or incurred in accordance with the Trust Deed and Chapter 2L of the Corporations Act).
Registrar	means Boardroom Pty Limited ACN 003 209 836 or any other person appointed by the Issuer (with such appointment notified to the Trustee) to maintain the Register and perform any payment and other duties as specified in that agreement.
Registry / Share Registry / Note Registry	Boardroom Pty Limited ACN 003 209 836
Related Body Corporate	has the meaning given in the Corporations Act
Sanlam	Sanlam Private Wealth Pty Ltd ACN 136 960 775
Share	a fully paid ordinary share in the capital of the Company
Shareholder	a holder of one or more Shares in the Company
Shortfall	the shortfall between Applications received from Eligible Shareholders for their Entitlement and the number of Notes proposed to be issued under the Entitlement Offer
Top Up Facility	The facility for Eligible Shareholders to apply for Notes in addition to their Entitlement as described in Section 2.4
Trust Deed	the trust deed dated 17 November 2017 made between the Company and the Trustee, summarised in Section 7.4
Trust	means the trust established under the Trust Deed
Trust Fund	means (with none of the following limiting any other): <ul style="list-style-type: none"> (a) the sum of \$10 referred to in the Trust Deed; (b) all right, title and interest vested in the Trustee in, to and under the Trust Deed, including all rights and benefits under them; (c) the benefit of all undertakings, covenants, agreements, representations and warranties made or given or agreed to or in favour of, or granted to or for the benefit of, the Trustee under the Trust Deed; (d) the right to enforce the Issuer's duty to repay the Moneys Owning; (e) the right to enforce any other duties that the Company has under the Note Terms, the Trust Deed

	<p>and Chapter 2L of the Corporations Act;</p> <p>(f) all money paid to the Trustee under the Trust Deed in its capacity as trustee of the Trust (other than, for the avoidance of doubt, those amounts which are paid to the Trustee in its personal capacity);</p> <p>(g) all Recovered Money;</p> <p>(h) the benefit of all claims, actions and demands arising in respect of the Powers; and</p> <p>(i) all other property acquired by the Trustee and intended to be held for the benefit of the Noteholders or the Trustee from time to time on the trusts of the Trust Deed.</p>
Trustee	Equity Trustees Limited ABN 46 004 031 298
TFN	Tax File Number
Underwriter	Sanlam Private Wealth Pty Ltd ACN 136 960 775 or its nominee
Underwriting Agreement	the underwriting agreement dated 15 November 2017 under which the Company appoints the Underwriter to underwrite the Entitlement Offer, summarised in Section 7.4

CORPORATE DIRECTORY

Directors

Mr John Abernethy
Mr Julian Gosse
Mr Geoffrey Wilson
Mr Brett Spork

Secretary

Mr Biju Vikraman

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