ANZ DEBT CAPITAL MARKETS

National University Finance and Procurement Conference

28th July 2015
INTRODUCTION

- Australia and New Zealand Banking Group Limited ("ANZ") is pleased to present an overview of the bond markets as a capital raising option for Australian universities.

- Capital raising via the debt capital markets is perhaps the newest and most successful development to financing for universities in the last 20 years.

- The first steps forward in this new market have been led by well-known and respected institutions:
  - Macquarie University (Aa2);
  - The University of Sydney (Aa1);
  - The University of Melbourne (AA+); and
  - Monash University (NAIC-1).

- Australian universities offer a unique combination of:
  - Generally higher ratings and strong corporate reputations;
  - Strong non-discretionary underlying cashflows;
  - Reliable long term credit quality and implicit government support.

- Debt financing via the Global Bond Markets is a highly attractive funding alternative for universities. It offers:
  - Simplicity;
  - Low cost;
  - Long tenor;
  - Limited covenants;
  - Strong and reliable borrowing capacity.

ANZ is the only bank to have structured and led all three post-GFC university A$MTN deals:

- 7-Year 4.25% Fixed Rate Senior Unsecured Notes
  - The University of Melbourne (AA+)
  - 30 June 2014
  - AUD 250,000,000

- 7-Year 4.75% Fixed Rate Senior Unsecured Notes
  - The University of Sydney (Aa1)
  - 16 April 2014
  - AUD 200,000,000

- 10-Year 6.75% Fixed Rate Senior Unsecured Notes
  - Macquarie University (Aa2)
  - 31 August 2010
  - AUD 250,000,000

At The Forefront Of A$ Domestic Capital Markets Issuance
TYPICAL FUNDING OPTIONS – KEY ATTRACTIVENESS

**FUNDING OPTIONS**

- Typically, universities can fund via cashflow, government funding, bank loans or syndicated loans
- The bond market offers a new, highly flexible alternative

<table>
<thead>
<tr>
<th>Existing Cash and Proceeds from Operations/Investments</th>
<th>✓ Limited capacity</th>
<th>✓ Technically equity funding and therefore higher cost of capital (as compared to debt funding)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Funding</td>
<td>✓ Cheapest form of funding available</td>
<td>✓ Limited capacity (due to budget constraints)</td>
</tr>
<tr>
<td>Bank Debt/Loan</td>
<td>✓ Convenient and simple</td>
<td>✓ Limited capacity</td>
</tr>
<tr>
<td>Syndicated Loan</td>
<td>✓ Large volumes</td>
<td>✓ Flexible documentation</td>
</tr>
<tr>
<td>Debt Capital Markets (Bonds)</td>
<td>✓ Higher capacity</td>
<td>✓ Lower cost than bank debt</td>
</tr>
</tbody>
</table>

**WHAT UNIVERSITIES OFFER INVESTORS**

- Universities have a number of characteristics that make them highly desirable to investors in Australia and overseas:
  - Name Recognition & Brand Value – Investors seek names they know and trust
  - Strong corporate reputation and governance
  - High quality ratings, some on par with some of the highest rated banks in the world
  - Easily identifiable and understandable business operations and strategy – Touch and Feel Credit
  - Volume > A$100m – Large liquid bond lines are highly preferred
  - Ability to tap – offer smaller one-off issues
  - Tenor > 5 years – Adds duration to investor portfolios
  - Transparency and disclosure - Willingness to engage at senior levels
QUICK RECAP - WHAT IS A BOND?

BONDS - THE BASICS

- To raise funds, institutions can use the capital markets instead of borrowing the funds they require from a bank.
- A bond is a simple loan that pays interest twice per year calculated on the amount borrowed. The key difference between a bond and a loan is that a bond has standardised documentation so that it can be registered with a central clearing house and bought & sold by unrelated parties.
- Unlike a home loan however, you only pay interest and none of the principal during the life of the bond. The principal is paid in full at maturity.
- A bond can have any length of tenor – this will be dependent on investors. Documentation is simple and largely standardised.

BOND ISSUANCE FLOWCHART

Investors purchase bonds
Investors lend the issuer the principal (face) value of the bonds, which will be repaid to them upon maturity.

Issuer issues bonds i.e. borrow money
Issuers pay interest in the form of a coupon semi-annually (for fixed rate notes) or quarterly (for floating rate notes).

INTERMEDIARIES
(Banks – Origination and Secondary Trading)
WHAT DO BONDS OFFER UNIVERSITIES?

- In many cases, the cost of funding via bonds is cheaper than bank-raised debt
- In Australia, bonds are highly cost competitive:

<table>
<thead>
<tr>
<th>Rating</th>
<th>AA+</th>
<th>AA</th>
<th>AA-</th>
<th>A+</th>
<th>A</th>
<th>A-</th>
<th>BBB+</th>
<th>BBB</th>
</tr>
</thead>
<tbody>
<tr>
<td>7yr A$MTN Spread</td>
<td>80</td>
<td>85</td>
<td>95</td>
<td>105</td>
<td>120</td>
<td>130</td>
<td>150</td>
<td>170</td>
</tr>
<tr>
<td>7yr Bank Spread</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
</tr>
</tbody>
</table>

- Whilst the A$ market offers very competitive pricing (especially for higher A band ratings) USPP can offer very long maturities
- Bonus! – more recently USPP investors are offering A$ tranches

DURATION

- Bonds offer a flexible range of tenors, with extremely long tenors achievable in offshore markets:
**WHICH BOND MARKETS & WHY?**

### Domestic A$ MTN

**Advantages**
- Smaller benchmark sizes achievable
- Simple documentation
- Less insistence on regular issuance
- Home market advantage
- No cross-currency swaps
- Lowest issuance cost/cheapest
- Simple covenants
- Rating by only 1 agency required (S&P or Moody’s)

**Disadvantages**
- Investment Grade only
- Small corporate market
- Market depth typically limited to 10yrs max

### US$ Reg S

**Advantages**
- Very long tenors
- Issuance parameters (tenors, volumes, covenants) are highly flexible
- Certain investors can deliver AUD
- Suits A to BBB and in some cases AA corporates

**Disadvantages**
- Very strong appetite for credit
- Cross-currency swaps for US$ issuance
- Make wholes for buybacks
- Bank loan-style covenants

### USPP

**Advantages**
- Smaller benchmark sizes achievable
- Simple documentation
- Less insistence on regular issuance
- Home market advantage
- No cross-currency swaps
- Lowest issuance cost/cheapest
- Simple covenants
- Rating by only 1 agency required (S&P or Moody’s)

**Disadvantages**
- Investment Grade only
- Small corporate market
- Market depth typically limited to 10yrs max

### KEY CHARACTERISTICS

**Domestic A$ MTN**

- **Issuers:** Investment Grade corporates
- **Programme:** A$MTN (cost: A$75-100k, with nil-ongoing costs and irregular updates)
- **Ratings:** One international rating required (Investment Grade)
- **Volume:** A$250-500m benchmark (min A$150m)
- **Tenor:** 5-10yrs
- **Roadshows:** Yes (however only limited updates required)
- **Investor Updates:** HY/FY if possible (but not necessary)
- **Capacity:** A$1.5-2bn

**US$ Reg S**

- **Programme:** PPM, NPA (cost: A$250k – one-off use)
- **Ratings:** None required (ratings improve access with majority in the A to BBB band)
- **Volume:** US$250-500m benchmark (min US$100m)
- **Tenor:** 7-20yrs
- **Roadshows:** Yes (extensive, with half and full year updates required)
- **Investor Updates:** HY/FY conf. call
- **Capacity:** US$2bn+

**USPP**

- **Issuers:** Investment Grade (Utilities, Property, Diversified Industrials)
- **Programme:** PPM, NPA (cost: A$250k – one-off use)
- **Ratings:** None required (ratings improve access with majority in the A to BBB band)
- **Volume:** US$250-500m benchmark (min US$100m)
- **Tenor:** 7-20yrs
- **Roadshows:** Yes (extensive, with half and full year updates required)
- **Investor Updates:** HY/FY conf. call
- **Capacity:** US$1.5bn+

**Reg S Only**

- A new and rapidly-developing market. High demand for Reg S Only deals in Asia – highly beneficial for the bookbuild process
- **Issuers:** Investment Grade & Sub-Investment Grade
- **Programme:** EMTN
- **Ratings:** One international rating required
- **Volume:** US$250-1.5bn+ benchmark (min US$200m)
- **Tenor:** 7-12yrs
- **Roadshows:** Yes (typically anchor around HK, SG, LDN.)
- **Investor Updates:** Annual visit or HY/FY conference call
- **Capacity:** US$2bn+

- **EMTN:** Offers flexibility for smaller issue size, typically in A$. These are fully underwritten solutions that are sold to high-net worth clients throughout European markets

---

*Initial 2-3 year ramp-up period. Can replicate issuance annually thereafter.*
### WHO ARE THE INVESTORS?

- The investor universe consists of asset managers (largely outsourced by Australian superannuation managers), private banks, banks, insurance groups and smaller middle market accounts.
- Typically “buy and hold” until maturity.
- Investors largely based in Australia and Asia.

#### A$MTN INVESTORS*

<table>
<thead>
<tr>
<th>Investor</th>
<th>Potential Ticket Size (A$ m)</th>
<th>Investment Mandate: Tenor</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMP</td>
<td>50-100</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>UBS AM</td>
<td>50-70</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>Colonial</td>
<td>30-40</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>Nikko AM</td>
<td>30-50</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>PIMCO</td>
<td>30-50</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>WAMCO</td>
<td>30-50</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>MIML</td>
<td>30-40</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>Challenger</td>
<td>20-40</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>Perpetual</td>
<td>20-30</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>Schroders</td>
<td>10-20</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>Daiwa SMBC</td>
<td>20-30</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>Wing Hang Bank</td>
<td>20-30</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>Bank of East Asia</td>
<td>20-30</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>Bank of Taiwan</td>
<td>10-30</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
</tr>
</tbody>
</table>

#### Offshore

- **Private Investors**
  - USPP investors are typically US life insurers.
  - Typically “buy and hold” until maturity. Perform in-house credit analysis and do not require credit ratings – they use the NAIC (National Association of Insurance Commissioners) ratings system which allows issuers increased flexibility.
  - Attracted to asset diversification in portfolio and greater exposure to management.

<table>
<thead>
<tr>
<th>Investor</th>
<th>Potential Ticket Size (US$ m)</th>
<th>Investor</th>
<th>Potential Ticket Size (US$ m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aegon</td>
<td>50-100</td>
<td>Delaware</td>
<td>15-50</td>
</tr>
<tr>
<td>AIG</td>
<td>50-100</td>
<td>Hartford</td>
<td>15-50</td>
</tr>
<tr>
<td>Allstate</td>
<td>50-100</td>
<td>Pacific Life</td>
<td>15-50</td>
</tr>
<tr>
<td>ING</td>
<td>50-100</td>
<td>Allianz</td>
<td>15-50</td>
</tr>
<tr>
<td>MetLife</td>
<td>50-100</td>
<td>John Hancock</td>
<td>15-50</td>
</tr>
<tr>
<td>New York Life</td>
<td>50-100</td>
<td>Guardian</td>
<td>15-50</td>
</tr>
<tr>
<td>Northwestern Mutual</td>
<td>50-100</td>
<td>Ameriprise</td>
<td>15-50</td>
</tr>
<tr>
<td>Prudential</td>
<td>50-100</td>
<td>Mutual of Omaha</td>
<td>5-15</td>
</tr>
<tr>
<td>Teachers</td>
<td>50-100</td>
<td>Modern Woodmen</td>
<td>5-15</td>
</tr>
<tr>
<td>Babson</td>
<td>15-50</td>
<td>One America</td>
<td>5-15</td>
</tr>
</tbody>
</table>

*Example of typical investors
CONCLUSION

- Bonds are the latest innovation in financing for Australian universities

- The A$MTN and USPP markets provide the most attractive options for Australian universities

- Domestically, bonds provide highly competitive pricing

- Offshore, bonds offer flexibility and significantly longer tenors

- Documentation is simple; limited covenants; and quick to arrange & execute

- Bonds are a highly attractive and cost-efficient funding option for universities

Further Questions:

Edwin Waters
Executive Director
ANZ Debt Capital Markets
p. +61 2 8037 0653
m. +61 422 551 725
e. edwin.waters@anz.com
At The Forefront Of AUD Domestic Capital Markets

# of Corp Deals Since Jan 2011
100+

Corp Volume Raised Since Jan 2011
30bn+

AUD DOMESTIC LEAGUE TABLES

<table>
<thead>
<tr>
<th>Pos</th>
<th>Bookrunner</th>
<th>Value A$m</th>
<th>No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ANZ</td>
<td>2,729</td>
<td>23</td>
<td>28%</td>
</tr>
<tr>
<td>2</td>
<td>NAB</td>
<td>2,324</td>
<td>20</td>
<td>24%</td>
</tr>
<tr>
<td>3</td>
<td>WBC</td>
<td>1,580</td>
<td>14</td>
<td>16%</td>
</tr>
<tr>
<td>4</td>
<td>CBA</td>
<td>1,240</td>
<td>12</td>
<td>13%</td>
</tr>
<tr>
<td>5</td>
<td>UBS</td>
<td>510</td>
<td>3</td>
<td>5%</td>
</tr>
</tbody>
</table>

Source: KangaNews (ex. self-led)

2014 AUSTRALIAN CORPORATE USPP LEAGUE TABLES

<table>
<thead>
<tr>
<th>Pos</th>
<th>Bookrunner</th>
<th>Value A$m eqv.</th>
<th>No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ANZ</td>
<td>1,345</td>
<td>9</td>
<td>21%</td>
</tr>
<tr>
<td>2</td>
<td>NAB</td>
<td>1,345</td>
<td>10</td>
<td>21%</td>
</tr>
<tr>
<td>3</td>
<td>BAML-WBC</td>
<td>1,094</td>
<td>6</td>
<td>17%</td>
</tr>
<tr>
<td>4</td>
<td>CBA</td>
<td>728</td>
<td>5</td>
<td>11%</td>
</tr>
<tr>
<td>5</td>
<td>Citi</td>
<td>593</td>
<td>4</td>
<td>9%</td>
</tr>
</tbody>
</table>

KANGANEWS AWARDS

Domestic Primary Market House
Corporate Bond Deal of the Year
Kangaroo Corporate Bond Deal of the Year
USPP Bond Deal of the Year
Australian Intermediary of the Year

FINANCEASIA AWARDS

Best Local Bond House
Best Local Commercial Bank
Best Local Bond Deal

IFR ASIA AWARDS

Domestic Bank of the Year
Australia/NZ Bond House of the Year

ASIAMONEY AWARDS

Best Domestic Debt House in Australia
Best Local Currency Bond House in Australia
Ron Ross  
Head of Capital Markets AU  
Debt Capital Markets  
+61-2-8037-0434  
ron.ross@anz.com

Edwin Waters  
Executive Director  
Debt Capital Markets  
+61-2-8037-0653  
edwin.waters@anz.com

Daniel Leong  
Associate Director  
Debt Capital Markets  
+61-2-8037-0652  
daniel.leong2@anz.com

Ben McNulty  
Associate  
Debt Capital Markets  
+61-2-8037-0652  
ben.mcnulty@anz.com

Anna Galbraith  
Analyst  
Debt Capital Markets  
+61-2-8937-6494  
anna.galbraith2@anz.com

DISCLAIMER
This document is issued by Australia and New Zealand Banking Group Ltd (ANZ). The information and opinions contained in this document (on which ANZ may have acted or may act for its own purposes) are published for the assistance of recipients but are not to be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient. While such information and opinions have been compiled or arrived at by ANZ in good faith and from sources believed to be reliable, no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness, any opinions contained in this document may be changed by ANZ without notice. ANZ, its officers, employees, representatives and agents accept no liability whatsoever for any loss or damage, whether direct, indirect, consequential or otherwise howsoever arising (whether in negligence or otherwise) out of or in connection with or from any use of the contents of and/or any omissions from this document.

Information contained in this presentation is strictly confidential. It is the property of ANZ. As such, no part of it may be circulated, copied, quoted or otherwise referred to another party without prior written consent of ANZ. The terms noted in this presentation is subject to receipt by ANZ of formal credit approval and appropriate legal, accounting, tax and technical advice. This is not an offer to finance. The points made in this presentation are subject to further discussion with you and we would be pleased to address any comments and queries that you may have in relation to the proposed funding options so as to ensure that your particular requirements are satisfied.
An MTN program is the basis for a bond issue into the A$ market. A program outlines the key underlying legal definitions and responsibilities of all parties involved when undertaking a bond issuance and creates a legal obligation to pay coupons, interest, and repay principle.

The type of program used can enhance or restrict future flexibility in terms of future issuance on an “as needs” basis. For this reason ANZ recommends the establishment of a Multi-Issuer A$ MTN Program as outlined on the next slide.

This program will enable an issuer to not only meet with market conventions and best practice, but also provide future flexibility for issuance going forward (depending on size).

---

**KEY BENEFITS OF AN A$MTN PROGRAM**

**Flexibility**
- Ability to issue any tenor including 7 and 10 year transactions
- The proposed MTN would include limited financial covenants
- Low on-going maintenance costs
- Issuance cap not needed
- Ability to tap at minimal additional costs

**Low-cost**
- Typically legal costs are around A$60k significantly less than USPP and other alternatives
- Maintenance cost minimal once the Program is established
- Our internal legal team who sit on the origination desk advise and control all aspects of legal documentation establishing us to reduce legal fees and create the most efficient documentation

**Visibility**
- The establishment of an A$ MTN Program and simultaneous acquisition of a public rating will clearly indicate commitment to the domestic investor community and put the issuer on par with best in-class peers

---

**COVENANTS IN PAST UNIVERSITY TRANSACTIONS**

<table>
<thead>
<tr>
<th>Covenant</th>
<th>Macquarie University</th>
<th>The University of Melbourne</th>
<th>The University of Sydney</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change of control</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>Negative Pledge</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>Earnings/Asset Covenant</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
</tr>
</tbody>
</table>
Setting up an A$ MTN programme typically takes 4 – 6 weeks

- Key AUD medium-term note documents are outlined below, with the Dealer Agreement, Information Memorandum and Note Deed Poll key foundation documents
- Transaction/Issue specific documents include the Pricing Supplement and Subscription Agreement

Programme Documents – Pre Issue

<table>
<thead>
<tr>
<th>Documents</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Dealer Agreement</td>
<td>Outlines the relationship between the Issuer and Dealers and defines each party’s rights and responsibilities. Key representations, warranties and indemnities are outlined for both Issuer and the Dealers</td>
</tr>
<tr>
<td>2 Information Memorandum</td>
<td>This is prepared for the benefit of Investors. It summarises key features of the Programme, outlines terms and conditions, and contains brief financial and general information about the Issuer, often incorporated through external references</td>
</tr>
<tr>
<td>3 Note Deed Poll and Note Terms &amp; Conditions</td>
<td>The Note Deed Poll constitutes the debt securities and is provided by the Issuer in favour of the Noteholders and incorporates the terms and conditions of the securities</td>
</tr>
<tr>
<td>4 Agency and Registry Services Agreement</td>
<td>Formalises the relationship between Issuer and Agent and outlines the responsibilities of each party</td>
</tr>
</tbody>
</table>

Transaction Documents – Post Issue

<table>
<thead>
<tr>
<th>Documents</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Pricing Supplement</td>
<td>Documents the key terms and conditions for a specific issue of securities</td>
</tr>
<tr>
<td>2 Subscription Agreement</td>
<td>The Subscription Agreement documents the Lead Managers’ / Dealers’ obligation to purchase the securities and the Issuer’s obligation to issue the debt securities</td>
</tr>
</tbody>
</table>
ANZ recommends issuers retain external legal counsel to represent their best interests during the documentation process and this has been the case for every ANZ led A$ MTN transaction in recent years.

**Establishing an A$ MTN programme costs approximately $80,000**

- ANZ works closely with the domestic market’s top tier A$ MTN documentation specialists. We do not have a strict preference over which firm is employed as we believe this depends on the issuer’s cost preferences and any favourable/unfavourable working relationships the issuer might have had with any firms in the past.
- We would recommend King & Wood Mallesons (“KWM”) as a market leader in the A$ MTN documentation space. Given our strong working relationships, ANZ may be able to have some price leverage with KWM and would be happy to obtain a quote on the issuer’s behalf to begin the process of appointing external legal counsel.

### LEGAL COSTS

<table>
<thead>
<tr>
<th>Description</th>
<th>Estimated Amount (AUD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal Costs (establishment) (offshore counsel fees will be additional)</td>
<td>~$60,000</td>
</tr>
<tr>
<td>Registry, Issuing and Paying Agent Fees (establishment – once off)</td>
<td>~$10,000</td>
</tr>
<tr>
<td>Agent/Registrars Annual Maintenance Fee (ongoing)</td>
<td>~$5,000</td>
</tr>
<tr>
<td>*Charged in order to process coupon payments. Circa 20% variation depending on fixed/ floating (fixed cheaper)</td>
<td></td>
</tr>
<tr>
<td>Austraclear Set-Up Fee (ongoing)</td>
<td>~$2,000</td>
</tr>
<tr>
<td>Fee for holding the note in the system</td>
<td></td>
</tr>
<tr>
<td>Austraclear Trade Settlement Fees (ongoing)</td>
<td>~$1,000</td>
</tr>
<tr>
<td><strong>Charged only at primary issue (secondary trading). $14 per ticket. ~15 tickets first trade</strong></td>
<td></td>
</tr>
<tr>
<td>Other potential costs (establishment and ongoing)</td>
<td>&lt;varies&gt;</td>
</tr>
<tr>
<td>Rating Agency may charge fee to rate Programme depending on existing contractual terms</td>
<td></td>
</tr>
<tr>
<td><strong>Total cost (ex. GST) – First Year</strong></td>
<td>~$80,000</td>
</tr>
<tr>
<td><strong>Total annual ongoing cost (Maintenance + Registry fee for term of deal)</strong></td>
<td>~$7,000</td>
</tr>
</tbody>
</table>
**A$ MTN ROADSHOW – CRITICAL TO INVESTOR ENGAGEMENT**

It is important to note that a roadshow is about lowering the marginal cost of debt. An international road show would be critical to a successful university transaction

- Recent roadshows including Tokyo, Singapore and Hong Kong with some of Australia’s largest companies have proved to be highly successful in increasing investor diversity and lowering costs
- A road show is a very cost effective way for investors to clearly understand the credit risk and business strategy offered by an issuer. Meeting the issuer also gives the investors confidence and this speeds up the credit process and leads to improved transaction outcomes
- In the domestic market, we recommend a two day Investor Update across Sydney and Melbourne. After this we recommend a roadshow in Singapore and Hong Kong. Ideal timeline is ~1-2 weeks before launching an MTN
- ANZ would recommend issuer attendees should include the Chief Financial Officer and other senior Treasury team members

**Illustrative Road show schedule**

<table>
<thead>
<tr>
<th>City</th>
<th>Day 1</th>
<th>Day 2</th>
<th>Day 3</th>
<th>Day 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>AM</td>
<td>1 on 1 Meetings</td>
<td>1 on 1 Meetings</td>
<td>1 on 1 Meetings</td>
<td>1 on 1 Meetings</td>
</tr>
<tr>
<td>Lunch</td>
<td>Group Lunch Presentation</td>
<td>Group Lunch Presentation</td>
<td>Group Lunch Presentation</td>
<td>Group Lunch Presentation</td>
</tr>
<tr>
<td>PM</td>
<td>1 on 1 Meetings</td>
<td>1 on 1 Meetings</td>
<td>1 on 1 Meetings</td>
<td>1 on 1 Meetings</td>
</tr>
</tbody>
</table>

Investor List:

- AMP
- Tyndall
- UBS AM
- Perpetual
- BT Funds
- Aberdeen
- PM Capital
- Schroders
- Blackrock
- Colonial
- Kapstream
- Challenger
- WAMCO
- IFM
- VFM
- AIA
- Deutsche AM
- Invesco
- Perennial
- CIC
- Prudential
- OCBC
- BNS
- Private Banks
- UOB
- DBS AM
- HSBC
- Bank of China
- Wing Hang
- Wing Lung
- HSBC AM
- Bank of East Asia
- Bank of Communications
### DEAL PROCESS AND TIMELINE: DOCUMENTATION AND RATINGS

The table below summarises the indicative timeline to the launch of a proposed A$ MTN transaction.

#### INDICATIVE TIMETABLE*

<table>
<thead>
<tr>
<th><strong>Ratings Process</strong></th>
<th>Week 1</th>
<th>Week 2</th>
<th>Week 3</th>
<th>Week 4</th>
<th>Week 5</th>
<th>Week 6</th>
<th>Week 7</th>
<th>Week 8</th>
<th>Week 9</th>
<th>Week10</th>
<th>Week 11</th>
<th>Week 12</th>
<th>Week 13</th>
<th>Week 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contact rating agency, sign rating contracts, send background information</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Analyst Review Meeting with Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepare rating presentation; ongoing due diligence with agency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meeting with agency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ratings agencies conduct analysis</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rating Committee held; Analyst recommendation to Rating Committee; Rating announced to management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rating results are communicated; press release and public rating report released</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>A$ MTN Execution</strong></th>
<th>Week 1</th>
<th>Week 2</th>
<th>Week 3</th>
<th>Week 4</th>
<th>Week 5</th>
<th>Week 6</th>
<th>Week 7</th>
<th>Week 8</th>
<th>Week 9</th>
<th>Week10</th>
<th>Week 11</th>
<th>Week 12</th>
<th>Week 13</th>
<th>Week 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appoint issuer and arranger legal counsel</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Draft documentation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investor updates (Syd/Melb, potentially Asia)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Soft-sound potential investors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seek firm agreement to participate from cornerstone investors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Launch and price the transaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* The Deal Process starts with the appointment of issuer and arranger legal counsel and drafting of documentation. Depending on the timeline, the deal can be launched and priced earlier. If required, the process can be lengthened to match the timing of the ratings.
Distribution Strategy

- Identifying and targeting the most appropriate investor group in relation to an Australian credit and proposed transaction structure is a crucial part of the placement agent’s role. We devote considerable thought in advance of launching an issue to identify and target those investors most likely to participate in the new issue. ANZ/J.P. Morgan’s leadership position in the debt private placement market offers an important advantage to issuers.

- Our robust and frequent dialogue with investors will enable us to accurately assess the market and target the appropriate investor group in a USPP offering.

Road show itinerary

- As a debut USPP issuer, ANZ/J.P. Morgan recommends the issuer undertake a 3–4 day road show to introduce management to investors and allow them to hear the issuer’s credit story firsthand. In order to achieve as much in-person investor contact as possible and optimise management’s use of time, we suggest conducting both individual meetings and group meetings with interactive Q&A sessions towards the end of the meeting.

- ANZ/J.P. Morgan will organize all practical details of the road show, including investor meetings and other travel logistics. The road show should focus on those investors identified as the most likely buyers of an issuer’s debt private placement issue, based on ANZ/J.P. Morgan’s extensive and thoughtful pre-marketing.