

Product Disclosure Statement

Issued on 5 November 2018

This is a replacement Product Disclosure Statement, which replaces the Product Disclosure Statement dated 27 September 2018, relating to an offer of Term Deposits issued by FE Investments Limited.

This document gives you important information about this investment to help you decide whether you want to invest.

There is useful information about this offer on www.fei.co.nz.

FE Investments Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013.

You can also seek advice from a financial adviser to help you to make an investment decision



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Section 1- Key Information Summary

What is this?

This is an offer of first ranking term deposits ("**Term Deposits**"). Term Deposits are debt securities issued by FE Investments Limited ("**FEI**" or the "**Company**"). You give FEI money, and in return FEI promises to pay you interest and repay the money at the end of the term. If FEI runs into financial trouble, you might lose some or all of the money you invested.

Term Deposits offered by FEI can be denominated in New Zealand Dollars, US Dollars and Australian Dollars or such other currencies as advised by FEI from time to time.

About FEI

FEI was incorporated in July 2003 under company number 1353487. FEI's purpose is to lend money raised from depositors, to small to medium enterprises ("**SME**") operating in the business sector as well as to the property sector. Generally, as with all non-bank deposit takers, FEI typically lends to borrowers who do not generally meet the lending criteria of registered trading banks.

In March 2015, we were licensed by the Reserve Bank of New Zealand as a non-bank deposit taker ("**NBDT**").

Key Terms of the Offer

Set out below are the key terms of the offer. You should also read section 2 (Terms of the offer).

Description of Term Deposits	Term Deposits are secured debt securities.
Term	Term deposits are issued for terms of 6,12, 18, 24 and 36 months or such other terms specified by FEI.
Interest rates	Details on interest rates for Term Deposits are found on our website or by contacting us for the latest rate card. Interest rates are subject to change without notice. Once your application is accepted, the interest rate for your Term Deposit is fixed until maturity.
Interest payments	Quarterly interest is payable on the first business day of April, July, October and January for the preceding quarter (or part thereof) and where applicable, on the maturity date of TermDeposits. Interest accrues on Term Deposits (at the interest rate specified in your application form) from the actual date FEI is in receipt of payment, subject to clearance of any payment made by cheque. Interest due is payable in the manner specified on your application form subject only to deduction of withholding tax. Interest will be paid in the currency of the Term Deposit made with FEI. For example, NZD deposits will have its interest paid in NZD, AUD deposits will have its interest paid in AUD. Interest may be compounded or credited to the nominated bank account.
Offer opening and closing dates	This offer opened on 29 November 2016. This is a continuous offer. There is no closing date.
Early withdrawal	Term Deposits may be withdrawn prior to maturity in limited circumstances. If FEI agrees (at FEI's discretion) to any withdrawal of Term Deposits (or part thereof), FEI reserves the right to adjust the interest rate to reflect the revised shorter term your funds are actually held. FEI may charge you a reasonable administration fee for any such early withdrawal.

No Guarantee/ Who is responsible for repaying you?

FEI is solely responsible for repaying you. The offer of Term Deposits under this PDS and the returns payable thereon are not guaranteed by FE Investments Group Limited (FEI's parent), the Supervisor, or any other person.

How you can get your money out early

Term Deposits are invested with FEI for a fixed period of maturity. Any request for early withdrawal shall be at the entire discretion of FEI, upon your application in writing.

Notwithstanding this discretion, FEI will consider early repayment of your Term Deposit in limited circumstances. Examples of such circumstances include, but are not limited to:

- the death of an investor and an application by his or her estate; or

- material financial hardship, where reasonable proof of such hardship is provided to FEI.

If FEI agrees to any withdrawal of Term Deposits (or part thereof), FEI reserves the right to adjust the interest rate to reflect the revised shorter term your funds are actually held. In addition, FEI may stipulate such early repayment be made at the times and tranches acceptable to FEI. FEI may charge you a reasonable administration fee for any such early withdrawal.

FEI does not intend to quote these Term Deposits on a market licensed in New Zealand and there is no other established market for trading them. This means that you may not be able to sell your Term Deposits before the end of their term.

How Term Deposits rank for repayment

On a liquidation of FEI, your rights and claims under the Term Deposits would rank:

- **after** all creditors preferred by law (e.g. the Inland Revenue for unpaid PAYE and employees for holiday pay) and any permitted prior security interests. As of the current date there are no prior security interest other than a bank guarantee for FEI's tenancy agreement;
- **equally** with all other Term Deposit holders; and
- **ahead** of any lesser ranking secured creditors (at the date of this PDS there are none), all unsecured creditors and the distribution of surplus assets in accordance with the rules of FEI.

Further information regarding how the Term Deposits rank on the liquidation of FEI can be found in section 4 of this PDS (Key features of Term Deposits) on page 9.

What assets are these Term Deposits secured against?

We have granted a security interest to Trustees Executors Limited as supervisor (the "**Supervisor**") which secures FEI's payment obligations under the Term Deposits. The security interests are over all present and after-acquired personal property of FEI, primarily our loan portfolio and cash holdings.

Further information regarding the security interests can be found in section 4 of this PDS (Key features of Term Deposits) on page 9.

Where you can find FEI's financial information

The financial position and performance of FEI are essential to an assessment of FEI's ability to meet its obligations under the Term Deposits. You should also read section 5 of this PDS (FEI's financial information) on page 11.

Key risks affecting this investment

Investments in debt securities have risks. A key risk is that FEI does not meet its commitments to repay you or pay you interest (credit risk). Section 6 of the PDS (risks of investing) discusses the main factors that give rise to the risk. You should consider if the credit risk of these debt securities is suitable for you. The interest rates for these Term Deposits should also reflect the degree of credit risk. In general, higher returns are demanded by investors from businesses with higher risk of defaulting on their commitments. You need to decide whether the offer is fair. FEI considers that the most significant risks factors are:

Regulatory Compliance Risk

FEI is subject to various regulatory compliance obligations. These include capital ratios and related party restrictions to be specified in FEI's Trust Deed. This is to provide for sufficient capital to absorb losses and to reduce the risk of improper and excessive lending to connected parties which may negatively affect FEI's interests or be detrimental to its financial position. In the course of preparing FEI's financial statements for the year ended 31st March 2018 for the annual audit, FEI had to make loan provisions for individual impaired loans and various adjustments to revalue downwards its finance lease portfolio. The adjustments and specific loan provisioning lowered the capital ratio and increased the exposure to Related Parties causing FEI to be retrospectively in breach of its capital ratio in April 2018 and related party exposure limit in March and April 2018 (see section 5 for more information on the compliance breach). If compliance breaches continue to occur, FEI could be subject to enforcement measures such as financial penalties by the Reserve Bank of New Zealand as well as the Financial Markets Authority and in a worst-case scenario have its deposit taking licence revoked.

Loan Portfolio Concentration Risk

Loan portfolio concentration risk for FEI is where a small number of its borrowers account for a significant proportion of its entire loan portfolio. As at 31 March 2018 the top six loans (by value) in FEI's loan portfolio (less any loan provisions) represented 45.13% of its total loan receivables. Furthermore, FEI has eleven loans where the value of each of these other loans represents more than 10% of FEI's shareholders' funds as at 31 March

2018. 27.7% of FEI's total loan receivables are in the property development sector. If credit losses from any of these high concentration loans become material, FEI would end up with reduced cash reserves to repay Term Deposits when due.

Liquidity risk

A significant proportion of FEI's deposits (26.3% as at 31 March 2018) are received from nonresident investors. If financial markets both in New Zealand and overseas experience unexpected or acute shortages of funds (which may be caused by political, economic, social, financial melt-downs overseas), FEI may face difficulties in raising sufficient deposits to replenish maturing deposits. As a result, FEI may have insufficient funds to redeem Term Deposits or pay interest thereon when these amounts are due for payment.

This summary does not cover all of the risks of investing in the Term Deposits. You should also read section 6 of this PDS (Risks of Investing) on page 14.

What is FEI's credit rating?

Standard & Poor's Rating Services assigned a "B" long-term issuer credit rating to FEI with a negative outlook.

In its report dated 29 March 2018, Standard & Poor's noted that the assigned rating reflects their expectation that FEI will maintain its very strong capitalisation levels, benefitting from a reduction in property development loans as they mature, continued capital injections to support its lending growth, and a modest de-risking in FEI's lending book over the next few years as it pursues a greater mix of small and midsize enterprise ("SME") term lending and SME cash flow lending, which should see business and credit risk concentrations reduce progressively.

A credit rating is an independent opinion of the capability and willingness of an entity to repay its debts (in other words, its creditworthiness). It is not a guarantee that the financial product being offered is a safe investment. A credit rating should be considered alongside all other relevant information when making an investment decision.

FEI has been rated by Standard and Poor's. Standard and Poor's gives ratings from AAA through to D. Please see credit ratings below (FEI's credit rating is indicated by an arrow and bold text).

Standard & Poor's Rating Scale

Statistics on the Rate of Default for Entities with Rating of a Period of at least 5 years


Ratings	Scale	Risk	Default
Investment Grade Ratings	AAA	Extremely Strong	0.36%
	AA+	Very Strong	0.35%
	AA		
	AA-		
	A+	Strong	0.57%
	A		
	A-		
	BBB+	Adequate	1.95%
	BBB		
BBB-			
 Speculative Grade Ratings	BB+	Less Vulnerable	7.71%
	BB		
	BB-		
	B+	More Vulnerable	18.7%
	B		
	B-		
	CCC+	Currently Vulnerable	46.28%
	CCC		
	CCC-		
CC	Currently Highly Vulnerable	46.28%	
C			
D	In Default		

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Section 2 - Terms of the offer

Terms of the offer

Description of Term Deposits	Term Deposits are secured debt securities.
Term	Term deposits are issued for terms of 6, 12, 18, 24 and 36 months or such other terms specified by FEI.
Interest rates	Details on interest rates for Term Deposits are found on our website or by contacting us for the latest rate card. Interest rates are subject to change without notice. Once your application is accepted, the interest rate for your Term Deposit is fixed until maturity.
Interest payments	<p>Quarterly interest is payable on the first business day of April, July, October and January for the preceding quarter (or part thereof) and where applicable, on the maturity date of Term Deposits.</p> <p>Interest accrues on Term Deposits (at the interest rate specified in your application form) from the actual date FEI is in receipt of payment, subject to clearance of any payment made by cheque.</p> <p>Interest due is payable in the manner specified on your application form subject only to deduction of withholding tax.</p> <p>Interest will be paid in the currency of the Term Deposit made with FEI. For example, NZD deposits will have its interest paid in NZD, AUD deposits will have its interest paid in AUD.</p> <p>Interest may be compounded or credited to the nominated bank account.</p>
Offer opening and closing dates	<p>The offer opened on 29 November 2016.</p> <p>This is a continuous offer. There is no closing date.</p>
Ranking of term deposits on liquidation	<p>On a liquidation of FEI, your rights and claims under the Term Deposits will rank:</p> <ul style="list-style-type: none"> • after all creditors preferred by law and any permitted prior security interests. (at the date of this PDS there is a bank guarantee in place for \$108,485 pertaining to FEI's leased premises. As at the date of this PDS, there are no prior security interest; • equally with all Term Deposit holders; and • ahead of any lesser ranking secured creditors (at the date of this PDS there are none), all unsecured creditors and the distribution of surplus assets in accordance with the rules of FEI.
Minimum Investment	NZD\$5,000 or equivalent.
Early withdrawal	If FEI agrees (at FEI's discretion) to any withdrawal of Term Deposits (or part thereof), FEI reserves the right to adjust the interest rate to reflect the revised shorter term your funds are actually held and set conditions as how the early withdrawal is to be paid out. FEI may charge you a reasonable administration fee for any such early withdrawal.

Trust Deed

FEI entered into a trust deed dated 8 August 2003 as amended and restated on 18 November 2016 with Trustees Executors Limited as supervisor in relation to the Term Deposits (the **"Trust Deed"**). With effect from 31 March 2018 the Trust Deed was further amended by a Deed of Amendment dated 29 March 2018.

A copy of the Trust Deed and the Deed of Amendment may be obtained from the Disclose register at www.business.govt.nz/disclose.

Interest rate and comparable pricing

In setting interest rates for its Term Deposits, FEI tracks and monitors deposit interest rates offered by the major banks in New Zealand as well as market conditions for term deposits generally.

Generally, interest rates for our Term Deposits have a risk premium in the range of 2% to 4% over and above comparable term deposits offered by the major banks in New Zealand. The risk premium reflects the higher credit risk posed by NBDT institutions like FEI which generally lend to borrowers which do not fit into a bank's usual credit criteria. In addition, as our credit rating is lower than credit ratings generally for the major banks in New Zealand, a higher risk premium is required for our Term Deposits.

We invite you to review comparable interest rates for competing term deposits at www.interest.co.nz.

Section 3 - FEI and what it does

Overview of FEI

About FEI

During the period since its incorporation, FEI has operated as a finance company by lending to SME and property sectors. It has received deposits from the public and provided financial accommodation to borrowers since 8 August 2003.

FEI's operations and activities

Under this PDS, FEI intends to accept deposits from the public and will continue to operate as a finance company. FEI focuses on lending opportunities in the SME sector both in New Zealand and Australia. The funds for future lending opportunities will come from incoming deposits as well as loan repayments from its outstanding loans (when these are collected).

The facilities to the SME sector take the form of term loans, bridging finance, working capital facilities, trade finance, discounting of rental or subscription contracts, structured facilities for the acquisition of assets or businesses as well as underwriting debt securities.

FEI's loan portfolio also includes financial accommodation to the property sector, in particular, property development loans.

FEI undertakes regular securitization exercises by selling down part of its property loan portfolio in order to free up funds to undertake further lending activities.

Financial accommodation is subject to the constraints placed on FEI by the covenants contained in the Trust Deed. The principal assets held by FEI and charged as security for the Term Deposits are its loans receivables together with the securities granted for these loans.

FEI works closely with First Eastern Securities Limited which provides corporate advisory services in relation to financial facilities provided by FEI to its borrowers. Joint activities between FEI and First Eastern Securities Limited include selling down loans for the benefit of FEI (for example, to limit development loan exposure) or seeking funds from third parties to on-lend to borrowers or to securitise part of FEI's loan portfolio in order to raise funds for further lending activities. FEI is related to First Eastern Securities Limited by virtue of the fact that the directors of First Eastern Securities Limited are also directors of FEI as well as having beneficial interests in First Eastern Securities Limited through their family trusts.

As part of lending to the SME market, FEI will also contemplate underwriting debt securities offered by issuers operating in the SME market. To this end, FEI works closely with First Eastern Securities Limited. First Eastern Securities Limited has expertise in arranging public issues of debt securities on behalf of SME companies.

First Eastern Securities Limited derives fees for such services for which liability for payment of such fees is borne by borrowers. The fees due to First Eastern Securities Limited are funded by drawdowns under the facilities provided to the borrowers. For information on FEI's related party exposure please see section 5 - FEI's financial information.

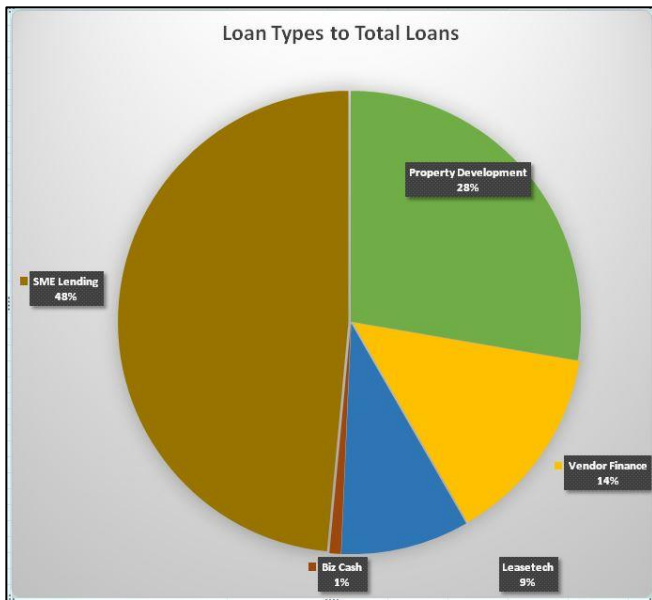
Breakdown of business activities

Providing financial accommodation to SME businesses and property enterprises form the core lending activities for FEI.

The range of SME borrowers include business service providers, importers and wholesalers, consultancy firms, business equipment, service subscription providers as well as merchants and retailers from its discounting activities of rental or subscription contracts.

Securities for the SME loans are in the form of security interests over borrowers' and or guarantors' assets and undertakings including in many cases, claims on future cashflow stream being the primary security and, in some cases, land or real property situated in New Zealand and Australia.

FEI's property sector loans consist predominantly of property development loans for residential and hotel development projects predominantly in the Auckland region. Securities for its property development loans are mortgages or security interests over development projects which generally rank after bank funding which traditionally takes priority over FEI's loans. The pie chart below shows the percentage split between SME, commercial loans and property development loans as at 31 March 2018:



FEI Lending Business Descriptions

FEI OFFERING	PRODUCT
SME Lending	• Business Loans and Working Capital Cash
LeaseTech	• Equipment Leasing
Biz Cash	• Fast cash small loans <\$35,000
Vendor Finance	• Financing of rental contracts
Property Finance	• Commercial developments

Key to generating income

FEI derives income from the interest differential arising from interest charged to borrowers and interest paid to depositors. It also earns fee income on loans provided to its borrowers and interest from the cash reserves deposited with its banks.

Surplus income (after paying interest on its Term Deposits) is used to pay operating costs.

FEI's level of total assets as at 31 March 2018 was sufficient to generate income to pay interest on its Term Deposits, and to pay operating expenses. However, FEI experienced an after-tax loss of \$1,444,000 after making allowance for bad loan provisions. Please refer to "Selected Financial Information" table in Section 5 of this PDS.

Board of directors and senior management

Directors

TK Shim (BA, LLB) Chief Executive Officer and Executive Director is one of the founding directors of FEI and has been on the board since July 2003. TK has in-depth experience in corporate advisory services and corporate finance to the SME sector. TK specialises in innovative structured financing for companies in the general business sector including arranging bond and unit trust issues, putting in place trade finance, financing acquisitions, securitisation facilities and other debenture lending products. He was a banking law specialist in some of the major law firms in New Zealand with banking experience gained from working in an international bank. TK is also a director of First Eastern Securities Limited.

Mel Stewart (BAGRSc) Executive Director is the other founding director of FEI and has been on the board since July 2003. Mel has extensive experience in financing in residential, commercial and industrial sectors throughout Australasia. His involvement in the Rural Bank and Elders Finance Limited gives him a comprehensive understanding of issues relating to these areas of finance. Mel is also a qualified property valuer trained in New Zealand. Mel is also a director of First Eastern Securities Limited.

Marcus Ritchie (BMS) has been on the board since November 2014 as an independent director of FEI and was appointed as Executive Director of FEI & FEIG on 1st August 2018. Marcus is an experienced investment banker covering Mergers & Acquisitions with over 15 years' experience, having worked at ANZ Bank (Australia), Bank of America Merrill Lynch (Sydney), American Express (New York), Mizhuo Bank (UK), Dresdner Kleinwort Investment Bank (UK), and Westpac (NZ).

Andrew Schnauer (LLB) is the chairman of FEI's board is who has been on the board since January 2014 and is an independent director of FEI. Andrew is an enrolled Barrister and Solicitor of the High Court of New Zealand and is a director of Schnauer Legal Limited, a law firm situated in Auckland. Andrew acts for a varied range of businesses and also has extensive experience with commercial and residential property.

Jacob Ploeg (BCOM) joined the board as an independent director of FEI in July 2017 and brings over 30 years of experience in the accounting industry, having worked as Senior Audit Manager for DFK Oswin Griffiths Carlton from 1986 to 2017 (previously known as DFK Carlton, Grant Thornton and Chambers Nicholls). Jacob has extensive experience in the auditing of finance companies, listed entities, SME's, and not-for-profit entities. Jacob is also a trustee of a private superannuation scheme and has written a series of articles for a trade magazine on a range of business topics.

Senior Management

Philip Harkness (BBS, DipBS, CA) Philip commenced his appointment as FEI's General Manager in October 2017. Philip has experience drawn from a wide range of industries, in the past 20 years, both domestically and internationally, including audit, fast moving consumer goods, and banking. Philip brings a wealth of operational and management experience that will strengthen the processes and daily operations of FEI. Philip has spent the last 12 years with the Bank of New Zealand ("BNZ"). His last role prior to joining FEI was as Divisional Chief Financial Officer of the Retail Division of BNZ, a position he held for over 4 years.

Ownership of FE Investments Limited

On the 6th of June 2017, FE Investments Group Limited ("**FEIG**") (formerly WolfStrike Rentals Group Limited) (ASX:FEI) completed the acquisition of FEI. The acquisition was first announced on the ASX on 30 November 2016 when a Share Purchase Agreement ("**SPA**") was signed by the shareholders of FEI and FEIG respectively. The acquisition was approved at an extraordinary general meeting of the FEIG shareholders on the 8th of March 2017.

The Reserve Bank of New Zealand ("RBNZ") gave consent for the change in shareholding on 25 May 2017.

FEIG's core focus is the leasing of technology products and services with a strong focus on supplying the retail and hospitality sectors.

Under the SPA, FEI shareholders contracted to sell all their shares in FEI to FEIG and receive shares in FEIG in return, effectively making the existing FEI shareholders the majority shareholders in FEIG. FEI became a fully owned subsidiary of FEIG as a result of the change in ownership ("Changeover").

The key focus of FEI's business of deposit taking and SME lending has not changed however since the Changeover, FEI has expanded its lending activities to include the r leasing of equipment and technology products.

Following the Changeover, FEI has continued its business activities as a Non-Bank Deposit Taker pursuant to this Product Disclosure Statement (as updated from time to time) and its Trust Deed. FEI has also retained its existing Board of Directors and management team.

Section 4 - Key features of term deposits

Ranking and security

The Term Deposits are secured by a security interest granted to Trustees Executors Limited (“Supervisor”) under the terms of FEI’s Trust Deed over all of FEI’s assets. The security interest secures all amounts payable by FEI on the Term Deposits and all other moneys payable by it under the terms of the trust deed. As at 31 March 2018, the amount of the liability secured by the security interest was \$55,453,000 and the total value of the assets subject to the security interest was \$67,015,000. In the event of our liquidation, the Term Deposits would rank equally with all other Term Deposits and behind all preferred claimants and any permitted prior security interests.

FEI may incur further liabilities which rank equally with, or in priority to, the Term Deposits on its liquidation, including by issuing further Term Deposits. This could also include fees payable to the Supervisor under the Trust Deed, any fees payable to a receiver appointed in respect of FEI’s assets, statutory based claims such as employee entitlements, outstanding interest payments and amounts owing to trade creditors. FEI will not, without the consent of the Supervisor, create or permit the creation or existence of any security interest over FEI’s assets other than the security interest created under its Trust Deed. However, FEI is permitted under the Trust Deed to create prior security interests securing an amount of no more than 2% of FEI’s total tangible assets.

Except as set out above, our Trust Deed prevents us from creating any security interest over our property which ranks in priority to, or equally with, the security interest granted to our Supervisor to secure our Term Deposits

As at the date of this PDS, there is a bank guarantee for the sum of \$108,485 for FEI office lease ranking ahead of the Term Deposits. As at the current date (other than the bank guarantee for the office lease) there is no security interest which ranks in priority over the Supervisor’s security interest.

The diagram below illustrates the ranking of the Term Deposits on our liquidation and is based on \$55,453,000 of Term Deposits outstanding as at 31 March 2018, being the number of term deposits issued by FEI as at 31 March 2018.

	Ranking on liquidation	Commentary	Amount		
			31/3/2018	31/3/2017	31/3/2016
Highest ranking / Earlier priority	Liabilities that rank in priority to Term Deposits Bank Guarantee for lease	Creditors preferred by law including IRD and employee payments	263,606	143,206	111,012
↑ ↓	Liabilities that rank equally with Term Deposits	including existing Term Deposits as well as those Term Deposits to be issued under this PDS	55,453,000	44,209,000	29,467,303
	Liabilities that rank below the Term Deposits	Unsecured creditors and accruals	432,394	509,794	213,578
Lower ranking / Later priority	Equity	Surplus assets available to shareholders	10,866,000	10,470,000	7,020,000
			67,015,000	55,332,000	37,210,160

This bank guarantee is put in place as a requirement under the lease arrangement for FEI’s office premises. The bank guarantee is supported by a cash backed deposit with the bank.

The number of securities shown in the table above is the value of the debt securities including accrued interest (being term deposits) accepted by FEI.

Guarantees

FEI is solely responsible for repaying you. The offer of Term Deposits under this PDS and the returns payable thereon are not guaranteed by FEIG (parent company of FEI) the Supervisor, or any other person.

Transfer

FEI does not intend to quote these Term Deposits on a market licensed in New Zealand and there is no other established market for trading them. This means that you may not be able to sell the Term Deposits before the end

of their term.

FEI may, in its discretion, delay a transfer of the Term Deposits to undertake customer due diligence in accordance with the requirements of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 and may charge a fee to you for conducting the customer due diligence.

Section 5 - FEI's financial information

FEI is required by law and its trust deed to meet certain financial requirements. This table shows how FEI is currently meeting those requirements. These are minimum requirements. Meeting them does not mean that FEI is safe. The section on specific risks relating to FEI's creditworthiness sets out risk factors that could cause its financial position to deteriorate. The offer register provides a breakdown of how the figures in this table are calculated, as well as full financial statements.

Key Ratios

Key Ratio	31/3/2018	31/3/2017	31/3/2016
Capital ratio as calculated in accordance with 2010 Regulations	8.5%	10.8%	9.01%
Minimum capital ratio under the Trust Deed.	8%	8%	8%
Minimum capital ratio (as to be included in the trust deed under the 2010 Regulations) *	8%	8%	8%

The capital ratio is a measure of the extent to which FEI is able to absorb losses without becoming insolvent. The lower the capital ratio, the fewer financial assets FEI has to absorb unexpected losses arising out of its business activities. For details on a compliance breach in 2018, please refer to the paragraph on "Compliance Breaches" below

Minimum capital ratio under the Trust Deed from 1 October 2018 to 31 March 2021 is to be at 9.5%.

Aggregate exposures to related parties	15.26% ¹	3.29%	9.82%
Maximum limit to aggregate exposures to related parties (under the Trust Deed)	15%	15%	15%
Maximum limit to aggregate exposures to related parties (under the 2010 Regulations) *	15%	15%	15%

Related party exposures are financial exposures that FEI has to related parties. A related party is an entity that is related to FEI through common control or some other connection that may give the party influence over FEI (or FEI over the related party). These related parties include, for example, FE Investments Group Limited (FEI's parent company), First Eastern Securities Limited and First Eastern Capital Limited as well as FEI's directors or their families.

Liquidity Mismatch Ratio (over a 12 month period) *	1.09	1.09	4.7
Minimum Liquidity Mismatch Ratio required under the Trust Deed over a 12-month period	0.45	0.45	0.45
Minimum Liquidity Mismatch Ratio required under the Trust Deed over a 3-month period	1.00	1.00	N/A

Liquidity Ratio	24%	27%	24%
Minimum Liquidity Ratio required under the Trust Deed	N/A	N/A	N/A

*for the 12 months ending 31st March ended in the financial years shown in the headings above.

Liquidity requirements help to ensure FEI has sufficient realisable assets on hand to pay its debts as they become due in the ordinary course of business. Failure to comply with liquidity requirements may mean that FEI is unable to repay investors on time and may indicate other financial problems in its business. Liquidity ratios attempt to measure a company's ability to pay off its short-term debt obligations. This is calculated by comparing the

¹ Please see '2018 Compliance Disclosure' on page 13

company's most liquid assets with its short-term liabilities.

The Minimum Liquidity Ratio required under the Trust Deed is required to be at 10% from 1 January 2018 onwards.

Selected financial information

Details of our selected financial information are set out in the table below.

Period	31/3/2018	31/3/2017	31/3/2016
Total assets as determined in accordance with GAAP	\$67,015,000	\$55,332,000	\$37,210,160
Total liabilities as determined in accordance with GAAP	\$56,149,000	\$44,862,000	\$30,190,553
Net Profit after Tax as determined in accordance with GAAP	(\$1,444,000)	\$1,213,000	\$2,143,476
Net Cash Flows from Operating Activities as determined in accordance with GAAP	(\$1,332,000)	\$2,623,000	\$3,361,000
Cash and cash equivalents as determined in accordance with GAAP	\$13,285,000	\$12,125,000	\$7,265,256
Capital as calculated in accordance with the 2010 regulations*	\$10,866,000	\$10,470,000	\$7,019,607

* "the 2010 regulations" means the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010.

Other limitations, restrictions and prohibitions

Financial covenants

Our Trust Deed limits the amount FEI can lend to any one borrower or related group of borrowers. The maximum amount owing by any one borrower or a related group of borrowers cannot exceed the greater of 10% of our total tangible assets, or \$1 million, whichever is the greater ("Limit"). However, our Supervisor has the power to consent to a specific deviation from this requirement in an appropriate case. On 8 December 2017, the Supervisor granted its consent for FEI to exceed the related group of debtors exposure limit under clause 4.2(c) of the Trust Deed with regard to the financing receivables from one of its groups of debtors. The consent was given only for the period from 8 December 2017 to 31 March 2018, and the maximum exposure to the borrowing group at any point during this period must not exceed 18.06% of FEI's total tangible assets, or an aggregate receivable amount of \$11.85 million, whichever is greater.

FEI must ensure that at all times the aggregate exposures of FEI and its subsidiaries to all related parties of the company do not exceed a maximum limit ratio of 15% of the capital of FEI and all of its subsidiaries. For details on a compliance breach in 2018, please refer to the paragraph 'Compliance breaches' below.

Compliance Breaches

In the course of preparing FEI's financial statements for the year ended 31st March 2018 for the annual audit, FEI had to make various adjustments to revalue downwards its finance lease portfolio. In addition to FEI's collective provisioning policy, FEI has made loan provisions for individual impaired loans and allocated a more conservative level of specific provisioning for such loans.

The adjustments and specific loan provisioning lowered the capital ratio and increased the exposure to Related Parties causing FEI to be retrospectively in breach of its capital ratio in April 2018 and related party exposure limit in March and April 2018 (see table below for magnitude of breaches). On 25 May 2018 FEI notified the Supervisor of the compliance breach and implemented a remediation plan. The remediation measures brought the capital ratio above 9% by a \$400,000 increase in capital and reduced FEI's related party exposure to under the limit by a \$100,000 repayment. The remediation measure took effect 31st May 2018.

The overall impact of these adjustments on FEI's capital ratio and related party exposure limit is as follows:

After Audit Adjustment	31/3/2018 reported	31/3/2018 adjusted	30/4/2018 reported	30/4/2018 adjusted
CAR	9.11%	8.45%	9.59%	8.93%
Minimum capital ratio under the Trust Deed	8%	8%	9%	9%
Minimum capital ratio (as to be included in the trust deed under the 2010 Regulations)	8%	8%	8%	8%
Related Party Exposure	14.10%	15.26%	13.95%	15.08%
Maximum limit to aggregate exposures to related parties (under the Trust Deed)	15%	15%	15%	15%
Maximum limit to aggregate exposures to related parties (under the 2010 Regulations)	15%	15%	15%	15%

Disclosure of Fees Paid to a Related Party and other related party transactions

As of the date of this PDS, FEI's restated financial statement for the financial statements for the year ended 31st March 2018 contains a disclosure note to include details of various fees paid to First Eastern Securities Limited in relation to corporate advisory services provided to borrowers of FEI (for a description of the relationship between FEI and First Eastern Securities Limited please refer to 'FEI's operations and activities in section 3 above). The disclosure note also covers related parties' transactions with the Directors of FE Investments Group Limited (FEI's parent company) as well as further explanation on related parties' transactions with the Company's Directors (for example, on the subscription of redeemable preference shares by parties related to the Company's Directors). Please refer to note 7 in the notes to the restated financial statements for the year ended 31st March 2018.

FEI has completed its restatement of its financial statements for the financial year ended 31st March 2018. The restated financial statements have provided detailed notes on various related party transactions between FEI and its Directors and Directors of its parent company and entities associated with these Directors. Please refer to note 7 of the restated financial statements on the disclosures of the related party transactions.

There were no changes in the numbers in the Income Statement, Balance Sheet and the Statement of Cashflow. The restatement of the audited financial statements for the financial year ended 31st March 2018 was accompanied by a Qualified Opinion from our Auditors. The qualification only relates to the matters of disclosure of the details for the related party transactions and the financial statements in all other respects are not qualified. We recommend that you read the restated financial statements together with the auditors report.

Single Party Exposure Limit

Pursuant to FEI's Trust Deed, no one single party exposure to any one or related borrowers is to exceed 10% of FEI's total assets ("Limit").

As at 31st May 2018, one of the loans to a borrower was at 10.8% of FEI's total assets which exceeded the Limit by a margin of 0.8%. This is one of FEI's property development loans within its loan portfolio. On 31 May 2018 FEI notified the Supervisor of the compliance breach and implemented a remediation plan. The breach on the Limit was remedied in June 2018 with the outstanding loan falling under the Limit by the end of June 2018.

There was another property development to a different borrower which was in breach of the Limit. However, FEI was granted a consent by the Supervisor to exceed the related group of debtors exposure limit under clause 4.2(c) of the Trust Deed with regard to the financing receivables related to this borrower until 31 March 2018 (see above at 'Other limitations, restrictions and prohibitions'). The loans were sold down on 26 March 2018 which means that all related exposure to that borrower is no longer above the limit of 10% and the breach was resolved for the period ending 31 March 2018 as required by the Supervisor's consent.

Section 6 Risks of investing

General risks

Your investment is subject to the general risk that FEI becomes insolvent and is not able to meet its obligations to you to pay interest and to repay the principal when due under the Term Deposits.

Additional risk is that if you wish to sell your Term Deposits prior to maturity you are unable to find a buyer or realise the amount you paid for the Term Deposit. There is no established market available to trade such investments.

Specific risks relating to FEI's creditworthiness considered below;

Significant loan write off

Description of circumstance

Loan portfolio concentration risk for FEI is where a small number of its borrowers account for a significant proportion of its entire loan portfolio which means that FEI would suffer a material credit loss in the event that FEI has to write off any loans from any of these particular borrowers.

Significance of circumstance

FEI has 13 loans greater than \$1m as at 31st March 2018 and these account for 50% of FEI's total loans.

Please refer to page 8 on the split of our loan portfolio (into property and SME/commercial loans) as at 31st March 2018.

Likelihood of impact

The likelihood of a property development loan going into default and having an adverse impact on FEI's ability to repay its Term Deposits is medium (See below).

The likelihood of an SME/commercial borrower defaulting and having an adverse impact on FEI's ability to repay its Term Deposits is low to medium as most of its SME/commercial loans have first ranking securities granted to secure the loans.

FEI's loan portfolio includes rental/subsorption contracts assigned by originators of such contracts as part of FEI's discounting facilities. Even though FEI's credit risk is spread across all these contracts, it relies on the originators to collect receipts (as its trustee and agent on its behalf).

The likelihood of an originator failing to pass receipts to FEI is low to medium as FEI has first ranking securities over the originators.

As at 31st March 2018 52.03% of FEI's loans have first ranking securities. 36.03% are second secured mortgages. which means that in those cases FEI's claims rank behind banks and other lenders. For more detail on the risks associated with FEI's exposure to the property sector, please see below under the heading 'Material property sector exposure'. Under 6% of FEI's loan portfolio is unsecured as at 31st March 2018. For an overview of the proportions of various sectors and loan types please refer to the pie chart on page 8.

Nature of impact

A significant credit loss from one or more of these loans would affect FEI's ability to meet its commitments to its Depositors.

Potential magnitude of impact

If credit losses from any of these high concentration loans become material, FEI would end up with reduced cash reserves to repay Term Deposits when due. Its capital ratio would also deteriorate to the level where it would not be able to meet the minimum level of capital ratio required under its Trust Deed. On the other hand, if the credit loss is greater than its entire share capital, then amounts available to meet FEI's commitments to depositors could be reduced by such level of losses in excess of its share capital.

However FEI's policy is to maintain a capital ratio of at least 1% to 2% above the statutory mandated capital of 8% ("Minimum Capital Ratio"). This gives FEI some buffer to cushion any credit losses from its loan portfolio. FEI had an average capital ratio of 9.10% for the financial year to 31st March 2018. Furthermore, FEI has an on-going capital raising programme to raise additional capital to bolster its shareholders' funds. Such additional capital injections aim to mitigate this risk by maintaining FEI's capital ratio and cash reserves required to meet its obligations to depositors.

Material property sector exposure

Description of circumstance

FEI provides property development loans on the basis of assessed completion value of projects. FEI's property development loans are secured, ranking behind a bank or another lender.

Delays in completion or cost overruns would increase the credit risk of a property development loan to FEI.

Significance of circumstance

As at 31 March 2018 approximately 28% of FEI's loan portfolio is in New Zealand property sector.

Interest and fees earned on property development loans is capitalised for payment at the end of the term of the loans. Its repayment is dependent solely on timely completion within budget in order for end-buyers to settle in accordance with the terms of sale and purchase agreements for the completed units or completed hotels as the case maybe.

Failure of end-buyers to settle for whatever reason may result in a shortfall of all or part of the expected loan repayment to FEI as second mortgagee. Shortfall to FEI may also stem from unexpected cost overruns or delays in project completion.

Development financing risk at launch – During the initial stages of a development project, there is a risk that the development may not be implemented as anticipated and additional funding may be required from FEI in the event of failure to obtain bank funding to complete a project.

Subsequent refinancing risk where a development is delayed – Additional costs may be incurred if there is a delay in the development which may reduce or potentially eliminate FEI's development margin. There is also a risk that if a loan is not recovered in full FEI's equity will be reduced and this will have a negative effect on its capital ratio. For details on FEI's capital ratio policy please see above under the heading 'Significant Loan Write-off Risk'.

Likelihood of impact

The property sector is cyclical in nature and has a boom and bust tendency. As such the likelihood of a property development loan going into default with a consequent adverse impact on FEI's ability to repay its Term Deposits is medium due to the fact that FEI's securities rank behind a bank or other lenders in the event of a property sector slow-down. However, FEI seeks to mitigate this risk by syndicating all or most of these loans to wholesale investors before the loans are due for repayment. It is important to note that any syndication of these loans will be based on prevailing market conditions. FEI has a high concentration of property development loans in Auckland, meaning that a shock or dip in the Auckland market could lead to material credit losses from these loans.

Nature of impact

A significant credit loss from a property development loan or several of such loans would have an adverse effect on FEI's ability to meet its commitments to its depositors.

Potential magnitude of impact

If credit losses from any of the property development loans become material, FEI would end up with reduced cash reserves to repay Term Deposits when due. Its capital ratio would also deteriorate to the level where it would not be able to meet the minimum level of capital ratio required under its Trust Deed. On the other hand, if the credit loss is greater than its entire share capital, then amounts available to meet FEI's commitments to depositors could be reduced by such level of losses in excess of its share capital. In such eventuality, FEI would be required to bolster its shareholders' fund to meet the Minimum Capital Ratio and to augment its cash reserves to meet its commitments to depositors.

FEI had a loan which was initially provided for an apartment development project. However, this was switched to a hotel development project ("Switch-Over"). Before the Switch-Over was completed, the borrower was put into receivership. Part of the Switch-Over required the underlying project to be sold to new borrowing entities. Upon completion of the Switch-Over on 11th June 2018, the existing borrower was brought out of receivership. This is a high concentration loan as described in the "Loan Portfolio Concentration Risk" section representing 6.09 % of FEI's total assets as at 31st March 2018. FEI's assessment, based on material factors as at the Switch-Over date, was that the loan's creditworthiness was still acceptable to FEI. FEI will in accordance with its risk management programme conduct regular reviews of the loan over its term to assess its creditworthiness.

Please refer to narration on FEI's capital ratio policy under the heading "Significant Loan Write-off Risk" above.

Capitalizing of interest and fees

Description of circumstance

FEI recognizes income (both Interest and fee income) which is capitalizing in nature. Capitalized income means that FEI does not receive the cash component of the income until the end of the loan term. FEI's property development loans are normally capitalizing loans.

Significance of circumstance

As at 31 March 2018, around 57.33% of FEI's loan portfolio is capitalizing in nature. On average the period of capitalization in FEI's loan portfolio is approximately 2 years with a minimum period of 3 months and a maximum of 4 years. This risk is where completion delays or cost overruns results in more capitalized income being charged to the property development loan to the point that there is insufficient development margin to cover all capitalized income and loan principal.

Likelihood of impact

The likelihood of a capitalizing loan going into default with a consequent adverse impact on FEI's ability to repay its Term Deposits is medium. FEI seeks to mitigate this risk (in the case of residential development projects) by requiring the borrower to have achieved a certain minimum level of pre-sales and requiring the borrower to provide a minimum percentage of the deposit for each unit sold, prior to providing finance for the project. In addition, FEI seeks to reduce its reliance on capitalizing loans by syndicating these loans to wholesale investors.

Nature of impact

FEI will have to rely on alternative sources of cash to meet its commitments to depositors prior to repayment of its capitalizing loans. If any of the capitalizing loans default in repayments, there would be liquidity pressure on FEI which could affect its ability to redeem the Term Deposits.

In addition, FEI would be required to back out all affected capitalized income from its financial statements with any loan write off offset against its retained earnings.

Potential magnitude of impact

FEI had eleven capitalizing loans where the loan value of each of these loans represents 10% or more than of FEI's shareholders' funds as at 31st March 2018 and these account for 46.4% of FEI's total loans

If credit losses from any of these capitalizing loans become material, FEI would end up with reduced funds to repay Term Deposits when due and its capital ratio would also deteriorate to the level where it would not be able to meet the minimum level of capital ratio required under its Trust Deed.

Alternatively, if the credit loss is greater than its entire share capital, then amounts due to depositors could be reduced by such level of losses in excess of its share capital. In such eventuality, FEI would be required to bolster its shareholders' fund to meet the Minimum Capital Ratio and to augment its cash reserves to meet its commitments to depositors.

Please refer to narration on FEI's capital ratio policy under the heading "Significant Loan Write-off Risk" above on how FEI manages this particular risk.

Liquidity risk

Description of circumstance

Liquidity risk is the risk where FEI, for whatever reason, does not have enough cash reserves or is not able to raise funds in time to redeem Term Deposits or pay interest thereon when these amounts are due ("liquidity crunch").

Significance of circumstance

A significant proportion of FEI's deposits (26.3% as at 31st March 2018) are received from non-resident investors. A liquidity crunch may occur if financial markets both in New Zealand and overseas experience unexpected or acute shortages of funds (which may be caused by political, economic, social, financial melt-downs overseas). FEI may face difficulties in raising sufficient deposits to replace maturing deposits resulting in FEI failing to meet its financial commitments as they fall due.

Deterioration in investors' confidence generally and in the banking and finance industry may also increase the liquidity risk for FEI should there be a mass exodus of investors' funds from the banking and finance industry. Regulatory and/or tax changes may also impact non-resident investors.

Likelihood of impact

The likelihood of a liquidity crunch having an adverse impact on FEI's ability to repay its Term Deposits is low due to FEI's policy of holding or targeting a minimum of 4% to 5% of its total assets in cash reserves on its balance sheet at all times, its loyal depositor base with satisfactory renewal rates, its securitization and syndication programmes with its wholesale investors and its loan portfolio of rental/subsorption contracts.

Nature of impact

A liquidity crunch would result in FEI having insufficient funds to redeem Term Deposits or pay interest on thereon when these amounts are due for payment.

Potential magnitude of impact

To assess the potential impact of a potential liquidity risk, FEI monitors liquidity using certain formulas to measure liquidity cover and potential mismatches in the ability to meet repayments from available assets. Under the Trust Deed, FEI has to maintain a mismatch ratio (as defined in the Trust Deed) of 0.45 times over a rolling 12-month period. FEI also maintains a Liquidity Coverage Ratio of 1X times, using the same formula as the mismatch ratio (as set out in the Trust Deed), but measured on a three-month rolling basis.

FEI reviewed the amount of loans scheduled for repayment for the 12 months from 31 March 2018, expected level of new deposits and the amounts of deposits scheduled for redemption for the same period. Based on the sensitivity analysis conducted by FEI as to the likely levels of deposits redeemed, expected new deposits received and loan repayments taking place over the 12 months from 31 March 2018, FEI is projected to have sufficient funds from loan repayments, renewal of deposits and new deposits to redeem deposits requiring redemption in that period.

Given the nature of forward-looking projections and estimates, there is always a risk and high degree of uncertainty attached to making projections 12 months ahead in that actual results achieved may differ materially from the projections made. In making these forward-looking projections and estimates FEI relied on assumptions based on what FEI perceived to be the expected market conditions over the 12 months from 31 March 2018.

The sensitivity analysis may be affected adversely if actual loan repayments, renewals of deposits or new deposits in the 12 months from March 2018 fall materially short of the levels expected by FEI. In the case of loan repayments, FEI only considers the likelihood for such loan repayments to occur in the 12 months from March 2018 regardless of their contracted repayment dates.

Based on these assumptions, FEI is projected to generate sufficient funds to redeem the deposits due within the 12 months from April 2018. As at 31 March 2018, FEI had cash reserves of \$13.285 million on its balance sheet representing 19.8% of its total assets.

Capital adequacy

Description of circumstance

Under its Trust Deed, FEI is required to maintain a capital ratio of 9% ("Minimum Capital Ratio") of its total assets at all times. From 1 October 2018 to 31 March 2021, the Minimum Capital Ratio under the Trust Deed will be set at 9.5%, with a subsequent revision to 8% from 1 April 2021 onwards. For the avoidance of all doubts, FEI is required to have a statutory minimum capital ratio of 8% pursuant to the requirements of the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010. The rationale for the increased level of capital ratio is to provide a buffer of capital in excess of the statutory minimum capital ratio. For the potential regulatory impact of breaching capital ratios please see below under 'Regulatory Risk'

Significance of circumstance

A material credit loss emanating from any of the risks enumerated above (being significant loan write off, material property sector exposure and capitalizing loans risks) could reduce FEI's capital ratio to below the Minimum Capital Ratio causing FEI to be in breach of its trust deed and the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010.

Likelihood of impact

Likelihood of FEI's capital ratio falling below the Minimum Capital Ratio is medium due to FEI's policy of maintaining its capital ratio above the Minimum Capital Ratio, accretion of part of its income as retained earnings and planned capital injections to support total asset growth and provide buffer against credit losses. FEI's policy is to maintain a capital ratio of at least 1% to 2% above the Minimum Capital Ratio. This gives FEI some buffer to cushion any credit losses from its loan portfolio. Please refer to narration on FEI's capital ratio policy under the heading "Significant Loan Write-off Risk" above.

Nature of impact

FEI's failure to maintain a Minimum Capital Ratio would be detrimental to its depositors as it reduces the level of capital buffer to cushion any credit losses resulting from loan write-offs.

Potential magnitude of impact

As with the Significant Loan Write-off Risk above, FEI's capital ratio could deteriorate to a level where its capital is not sufficient to meet its commitments to repay the deposits.

Regulatory risk

Description of Circumstance

FEI operates within the framework set out by Non-Bank Deposit Takers Act 2013 and its Regulations. Under the NBDT Act, the key prudential requirements as applicable to FEI are minimum capital ratio and related party exposure limit.

Significance of Circumstance

FEI is required to comply with these key prudential requirements as part of its deposit taking licence giving it the ability to take funds from the public.

Likelihood of Impact

If FEI suffers a material capital loss emanating from a large loan write-off or suffer a cumulative loss from a significant spread of loans, then there is a risk that its capital ratio would fall below the statutory minimum capital ratio prescribed by the NBDT Act.

To manage regulatory risk, FEI is required under our Trust Deed to install a firewall buffer of 1.5% above the minimum statutory capital ratio and to implement a compliance regime to monitor the level of related party exposure. For details on the ratios please refer to key ratio table in section 5 of this PDS.

Nature of Impact

In the event of a material non-compliance with regulatory obligations, FE Investments could face the risk of financial penalties and/or have its deposit taking licence revoked by RBNZ.

Potential magnitude

The magnitude of the effect on FE Investments will depend upon the amount of any financial penalties but if its deposit taking licence was revoked by RBNZ that would prevent FE Investments from continuing to accept deposits from the public.

Section 7 - Tax

New Zealand residents will have resident withholding tax (“**RWT**”) deducted from their interest payments, and there may be other tax consequences from acquiring or disposing of the Term Deposits.

The RWT rates at the date of this PDS are 28% for companies (other than corporate trustees) and 10.5%, 17.5%, 30% and 33% for all other investors. If you do not provide us with your RWT tax rate, you will automatically have RWT tax deducted at the maximum rate (33% at the date of this PDS), unless you are a company, in which case it will be deducted at 28%.

If you have queries relating to the tax consequences of your investment, then you should seek independent financial and tax advice which is specific to your circumstances before deciding to invest.

RWT will not be deducted where you hold a current certificate of exemption, and a copy of the certificate is provided at the time your application form is lodged with FEI, or at any time thereafter but in any event not later than 1 month prior to the next interest payment date. The holder of any certificate of exemption must ensure the relevant certificate is current, and immediately inform FEI should the certificate lapse for whatever reason.

FEI is registered as an approved issuer with the Inland Revenue Department and therefore is able to use the approved issuer levy scheme in certain circumstances. If you inform FEI that you are a nonresident, then a zero rate of non-resident withholding tax will apply and an approved issuer levy of 2% will be deducted from the gross interest payable to you. It is your responsibility to inform FEI if, for any reason, you no longer meet the conditions that allow the approved issuer levy to apply.

The above statements on taxation are based on the applicable tax legislation current at the date of this PDS. FEI does not take any responsibility for tax advice to any holders of Term Deposits. FEI recommends that you seek your own independent tax advice in relation to your investment in Term Deposits.

Section 8 - Who is involved?

Who is involved?

	Name	Role
Issuer	FE Investments Limited	Issuer of the Term Deposits.
Supervisor	Trustees Executors Limited	Provides independent oversight of us in relation to the Term Deposits.
Auditor to the Issuer	KPMG*	Provides external audit services to FEI every 6 months.
Legal advisor of the Issuer	Stace Hammond Lawyers	Provides advice in relation to this PDS and the Term Deposits.

*Note: KPMG resigned as auditors on 1 November 2018 and FEI is currently in the process of appointing a new auditor in accordance with the Financial Markets Conduct Act 2013. We will update our PDS once such an appointment is confirmed.

Section 9 - How to complain

We endeavour to maintain a good relationship with all of our investors. If you have any enquires about your investment, please call the Investments Manager at FEI on (09) 359 9716 or contact us at Level 15, Chorus House, 66 Wyndham, Auckland.

If after talking to the General Manager you are not satisfied, you have the right to refer the matter to TK Shim, one of the Executive Directors, who can be contacted at the address and phone number set out above.

Complaints may also be made to the Supervisor at:

- PO Box 4197, Auckland or email gjo@trustee.co.nz

FEI is a member of a dispute resolution scheme, Financial Services Complaints Limited (FSCL). If you and FEI cannot agree on how to resolve your issue within 40 working days, you can refer the matter to FSCL:

- Financial Services Complaints Limited, Level 12, 45 Johnston Street, Wellington
- Telephone: 0800 347 257
- Email: info@fscl.org.nz

Financial Services Complaints Limited will not charge you a fee for investigating or resolving a complaint. Complaints can also be made to the Financial Markets Authority through its website <http://www.fma.govt.nz>

Section 10 - Where you can find more information

Further information regarding FEI and the Term Deposits is available on the offer register at <http://www.business.govt.nz/disclose> and can be obtained by request from the Registrar of Financial Service Providers.

Section 11- How to apply

To apply for the term deposits, you need to complete an application form and submit it to us. An application form is attached to this PDS and an online version can be found at www.fei.co.nz

Section 12 - Contact information

FE Investments Limited
Level 15, Chorus House, 66 Wyndham Street, Auckland
PO Box 106 264, Auckland.
Telephone: 09) 359 9445 or 0800 334 683
Email: enquiries@fei.co.nz
Website: www.fei.co.nz

APPLICATION FOR TERM DEPOSITS

FE INVESTMENTS LIMITED



Client Number

(Office Use Only)

1 Please enter your personal details

Joint/Company/Trust/Estate					Deposit number (Office Use Only)								
Mr	<input type="checkbox"/>	Mrs	<input type="checkbox"/>	Miss	<input type="checkbox"/>	Other	<input type="checkbox"/>	Surname		First names			
Mr	<input type="checkbox"/>	Mrs	<input type="checkbox"/>	Miss	<input type="checkbox"/>	Other	<input type="checkbox"/>	Surname		First names			
Telephone					Mobile								
Email													
Physical address													
Suburb				City				Country				Post code	
Postal address (if different from above)													

2 Resident withholding tax

If you are a New Zealand resident we will deduct Resident Withholding Tax ("RWT") at the rate of 33% unless you either request us to deduct at a lesser rate or if you hold a valid Certificate of Exemption for RWT. Please attach a copy of this Exemption Certificate to this Application Form.

IRD Number (01):		IRD Number (02):						
Please deduct RWT at the rate of	<input type="checkbox"/> 10.5%	<input type="checkbox"/> 17.5%	<input type="checkbox"/> 28%	<input type="checkbox"/> 30%	<input type="checkbox"/> 33%	<input type="checkbox"/> 2% (AIL)	<input type="checkbox"/> Others	

3 Investment options (all rates listed are per -annum)

Term	Tick or complete	% Rate	Amount investing (minimum
12 months	<input type="checkbox"/>		
18 months	<input type="checkbox"/>		
24 months	<input type="checkbox"/>		
36 months	<input type="checkbox"/>		
Other	<input type="checkbox"/>		

Currency of Investment

4 Quarterly interest payment instruction (please mark appropriate box)

<input type="checkbox"/>	Compounded quarterly. Earn interest on my interest, and add the quarterly interest due to my SECURED TERM DEPOSIT account.																		
<input type="checkbox"/>	Direct credit. Please pay quarterly interest direct to my bank account.																		
Bank:	<input type="text"/>	Account number:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Account name:	<input type="text"/>																		
<input type="checkbox"/>	Cheque. Please send quarterly interest by cheque to the above address.																		

5 Maturity instructions

Choose from the following option. (We will contact you in advance of maturity so that you can confirm or vary this instruction) Funds to be paid by:

<input type="checkbox"/>	Repayment of principal and all interest outstanding (if any) to bank account detailed
<input type="checkbox"/>	above. Reinvestment of principal and repayment of all interest outstanding (if any).
<input type="checkbox"/>	Reinvestment of \$ <input type="text"/> and the repayment of all remaining principal and interest outstanding (if any).

My signature is confirmation that I have read the latest version of FE Investments Limited Product Disclosure Statement and agree to the terms and conditions expressed in that document together with any additional terms and conditions contained in the Application Form.

Signature: _____ Signature: _____ Date: _____ / _____ /20

If this is a joint application both must sign. If you are signing as an attorney, please attach the Power of Attorney or Authority Letter.

Terms and Conditions - Secure term deposits

FE Investments Limited ("FEI") reserves the right, without notice, to vary the interest rates and terms offered for secured term deposits ("Term Deposits"). FEI will advise you if your application is received after any rate or terms change to the Term Deposits. Unless you confirm to FEI within five business days that you accept the revised rate or terms, your investments will be refunded in full.

Investors will receive (subject only to funds on call) a fixed rate of return for the term of their investment. Interest will be earned on investments and paid at the rates and time or times specified on the Application Form relating to the investment and the payment options selected.

How to invest

After you have made your decision as to which investment product you wish to invest in, and the term and payment options that best suit your needs, the Application Form should be completed as follows (state N/A where a section is not applicable):

Panel 01.

Complete the appropriate panels as to your personal details. Please note that pursuant to the Anti-Money Laundering and Countering Financing of Terrorism Act 2009, FEI requires the identity of all new investors to be verified. In particular:

Investors Identification

All investors must provide an acceptable certified copy of the signed identification as follows:

1. (a) a New Zealand Passport OR a photographic national ID issued by a foreign government for identification purpose;
- OR (b) 1 form of non-photographic identificationsuch as the NZ full birth certificate plus 1 supporting form of photographic identification such as a NZ driver licence, current international driving permit; OR
- (c) New Zealand Driver Licence plus 1 non-photographic document issued within 12 months by a registered bank or a government agency.
2. All investors must provide certified verification of their residential address by providing a copy of one of the following documents (which cannot be more than three months old):
 - (a) Bank statement;
 - (b) Powerbill;
 - (c) Home phone bill;
 - (d) Inland Revenue statement; or
 - (e) Local authority ratesbill.

PLEASE NOTE:

If you are meeting us face to face, then you can bring the above documents to our office for verification by us. If you are not meeting us then you will need to have the documents certified by a Trusteed Referee. A Trusted Referee can be one of the following:

A Commonwealth representative (e.g Ambassador, Minister, High Commissioner); Police constable; Justice of the Peace; Registered medical doctor; Kaumatua; Registered teacher; Minister of religion; Lawyer; Notary public; NZ Honorary Consul; Member of parliament; or a chartered accountant.

- Minor: If any applicant is under 18 years of age, the Application Form must be signed by the parent or guardian of the applicant.

Companies: Please provide a copy of the company's Certificate of Incorporation. Applications must be signed on behalf of the company by two directors, or one director whose signature must be witnessed.

- Trusts & Estates: Identification is required for each trustee, as specified under "All Investors". Where there are three or more trustees, one trustee must be noted on the Application Form as the investor. A certified copy of the Trust Deed may be required on request.

Power of Attorney: If this application is made under a Power of Attorney, the Power of Attorney (or a certified copy) must be provided to FEI. The donee of such Power of Attorney must certify that they have received no notice of revocation thereof, by the death of the donor or otherwise.

Panel 02.

All investments will have withholding tax deducted unless a copy of the 'Certificate of Exemption' is provided to FEI, or 'Approved Issuer Levy' (AIL) is applicable (see below). Where interest is paid to overseas residents, FEI may deduct Non-Resident Withholding Tax (NRWT) or the cost of the AIL. To enable us to deduct NRWT or AIL, please provide us with both your mailing and residential addresses. If selected, NRWT will be deducted at the rate that applies to your country of residence, per the address provided.

Alternatively, the cost of AIL (currently 2% of the interest rate) will be deducted in lieu of NRWT (special conditions apply and acknowledgements may be required; please contact FEI for details). NRWT will be rated zero when selecting the AIL option.

Panels 03 and 04.

Complete the appropriate panels for the type of investment, term and payment options that best suit your needs. If you wish to invest in a combination of the investment funds you may do so on the one Application Form by completing more than one panel. To confirm the interest rate and payment options current at the time of application, please call FEI on Free Phone 0800 334 683.

New Zealand Tax Residents, please note: If we do not have your IRD number on file, we are required to deduct Resident Withholding Tax at the non-declaration rate of 33%.

Panel 05.

Complete the appropriate panel for your preferred management of your investment on maturity.

Panel 06.

Once completed, please sign the declaration and forward the Application Form together with a cheque for the full amount of your investment crossed "NOT TRANSFERABLE" and made payable to the order of 'F E Investments Limited', to us using the enclosed Free-Post envelope.

Alternatively, complete a direct debit to the bank account number below and attach proof of the deposit to this Application Form.

Bank Account Name: **F E Investments Limited**

Bank Account Number: **12 3216-0057691-61**

General information

All rates are subject to change without prior notice. All rates listed are per annum.

If you have any queries about your investment or completing this form, please telephone us during business hours on free phone 0800 334 683, or e-mail us at: enquiries@fei.co.nz. Alternatively, you can write to us at P O Box 106264 Auckland, 1001.

Confidentiality

FE Investments Limited will take all reasonable steps to protect the confidentiality of all information received from and about you, and will not disclose any information not publicly available to a third party, without your prior consent, except for the purposes of carrying out its business functions or as required by law.

You can request access to and correction of any of your personal information held by F E Investments Limited at any time in writing.