

# Aurizon Network MTN – MTN 2017 Series 2 Tranche 1 Supplement

Series No.: MTN 2017 Series 2

Tranche No.: 1



**AURIZON NETWORK PTY LTD**  
ABN 78 132 181 116  
("Issuer")

**Debt Issuance Programme**  
("Programme")

**guaranteed by AURIZON NETWORK PTY LTD**  
ABN 78 132 181 116

and certain of its subsidiaries

**SUPPLEMENT**  
in connection with the issue of fully paid  
A\$425 million 4.00% Fixed Rate Notes due 21 June 2024  
("MTNs")

The date of this Supplement is 19 June 2017.

This Supplement is issued to give details of the Tranche of fully paid MTNs referred to above. It is supplementary to, and should be read in conjunction with the Information Memorandum dated 4 October 2013 ("IM") and the Debt Instrument Deed Poll dated 4 October 2013 ("Deed Poll") each issued in relation to the Programme.

This Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the MTNs or the distribution of this Supplement in any jurisdiction where such action is required.

Terms used but not otherwise defined in this Supplement have the meaning given in the Deed Poll. A reference to a "condition" in this Supplement is a reference to the corresponding Condition as set out in the Deed Poll.

## TERMS

The terms of the Tranche of MTNs are as follows:

Issuer:	Aurizon Network Pty Ltd.
Guarantors:	The Issuer and such subsidiaries of the Issuer as have acceded to and are Guarantors under the Guarantee (as defined below) from time to time (there being no such subsidiaries as at the date of this Supplement).
Guarantee:	The guarantee and indemnity granted by the Issuer and certain subsidiaries pursuant to the deed poll titled "Deed Poll Guarantee and Indemnity" dated 4 October 2013. The Guarantee is supplementary to, and should be read in conjunction with the IM and the Deed Poll.
Dealer(s):	Australia and New Zealand Banking Group Limited, Commonwealth Bank of Australia, National Australia Bank Limited and Mizuho Securities Asia Limited.
Place of initial offering:	Inside Australia.
Issuing Agent and Paying Agent:	BTA Institutional Services Australia Limited.
Calculation Agent:	BTA Institutional Services Australia Limited.
Additional Paying Agents:	Not Applicable.
Registrar:	BTA Institutional Services Australia Limited.
Status of the MTNs:	Unsubordinated.
Currency:	Australian Dollars.
Aggregate principal amount of Tranche:	A\$425,000,000.
If to form a single Series with existing Series, specify date on which all MTNs of the Series become fungible:	Not Applicable.
Issue Date:	21 June 2017.
Maturity Date:	21 June 2024.
Issue Price:	99.307%.
Type of Debt Instrument:	Unsubordinated Fixed Rate MTN.
Form of Debt Instrument:	Registered.

Denomination(s):	A\$10,000.
Business Days:	Sydney.
Interest:	<b>Fixed Rate MTNs:</b>
	Condition 6 will apply.
	Interest Commencement Date: Issue Date.
	Interest Payment Dates: Semi-annual; payable on 21 June and 21 December of each year, beginning on 21 December 2017 through and including the Maturity Date (or any earlier date on which all of the MTNs are redeemed), subject to adjustment in accordance with the Following Business Day Convention.
	Interest Rate: 4.00% per cent. per annum.
	Fixed Coupon Amount: \$200 per A\$10,000 on each Interest Payment Date
	Business Day Convention: Following Business Day.
	Day Count Fraction: RBA Bond Basis.
Minimum / Maximum Interest Rate:	Not Applicable.
Default Rate:	Not Applicable.
Calculation Agent Obligations:	Not Applicable.
Rounding:	As per Condition 9.6.
Early redemption at the option of the Issuer (Issuer's call)	The Issuer's option to redeem the MTNs in Condition 10.6 is not applicable but the Issuer has an alternative option to redeem the MTNs as set out in clause 3 of the Schedule to this Supplement.
Early Redemption Date (Call):	The date that is not less than 30 days' (and no more than 60 days') after notice of the Issuer's call as specified in the notice.
Early redemption at the option of MTN Holders (MTN Holder put):	Applicable.
Early Redemption Date (Put):	The date that is 90 days after an Early Redemption Event (Put) (as defined in clause 2 of the Schedule).
Minimum notice period for the exercise of the put option:	60 days.
Maximum notice period for the exercise of the put option:	90 days.

Specify any relevant conditions to exercise of put option:	As set out in the Schedule.
Specify whether redemption at MTN Holders' option is permitted in respect of some only of the MTNs and, if so, any minimum aggregate principal amount:	Not Applicable.
Currency of payments:	AUD.
ISIN:	AU3CB0244838.
Common Code:	163384469.
Clearing System:	Austraclear/Euroclear/Clearstream.
Other selling restrictions:	As provided in the IM, the MTNs will not be issued unless the aggregate consideration payable by each offeree is at least A\$500,000 (disregarding moneys lent by the offeror or its associates) or the offer or invitation does not require disclosure to investors in accordance with Part 6D.2 or 7.9 of the Corporations Act 2001 of Australia.
Australian interest withholding tax:	The issue of the MTNs is intended to satisfy the public offer test in section 128F of the Income Tax Assessment Act 1936 of Australia.
Programme Documents:	Information Memorandum, Deed Poll, Guarantee, Agency and Registry Services Agreement dated 4 October 2013 between the Issuer and BTA Institutional Services Australia Limited and this Supplement.
Listing:	Not Applicable.
Notices:	Not Applicable.
Additional Australian Taxation:	Not Applicable.
Additional terms and conditions:	See Schedule.

# Schedule to Supplement

## 1 Guarantors

The Issuer must ensure that:

- (a) at all times the total consolidated assets of the Obligor Group equals or exceeds 90% of the value of total consolidated assets of the Network Recourse Group;
- (b) the Consolidated EBITDA of the Obligor Group for each financial year equals or exceeds 90% of the value of the Consolidated EBITDA of the Network Recourse Group for that financial year; and
- (c) each Guarantor is a wholly owned Subsidiary of the Issuer and is not an Excluded Subsidiary.

Further, the Issuer undertakes that it shall not effect a release of any Guarantor from the Guarantee unless following the release, the remaining Obligors will continue to satisfy the above requirements.

Where:

**"Borrowings"** means, at any time, the aggregate at that time of the outstanding principal, capital or nominal amount and any fixed or minimum premium payable on repayment, prepayment or redemption of any indebtedness for or in respect of Finance Debt.

**"Consolidated EBIT"** means, for any period, the consolidated operating profits of the Obligor Group for that period:

- (a) before deducting any Consolidated Net Finance Charges; and
- (b) before taking into account any items treated as exceptional or extraordinary items;

in each case, to the extent added, deducted or taken into account (as the case may be) for the purposes of determining the profits of the Obligor Group from ordinary activities before taxation.

**"Consolidated EBITDA"** means, for any period, Consolidated EBIT for that period before deducting any amount attributable to amortisation of goodwill or depreciation of tangible assets.

**"Consolidated Net Finance Charges"** means, for any period, the aggregate amount of interest and amounts in the nature of interest, commission, fees, discounts, prepayment penalties or premiums, and other finance payments in respect of Borrowings whether accrued, paid or payable and whether or not capitalised by any member of the Obligor Group in respect of that period:

- (a) excluding any such obligations owed to any other member of the Obligor Group;
- (b) including the interest element of leasing and hire purchase payments;
- (c) including any amounts paid, payable or accrued by any member of the Obligor Group to counterparties under any interest rate hedging instrument;
- (d) deducting any amounts paid, payable or accrued by counterparties to any member of the Obligor Group under any interest rate hedging instrument; and

- (e) deducting any interest paid, payable or accrued to the benefit of any member of the Obligor Group on any deposit or bank account.

“Obligor Group” means, as at the date of this Supplement, the Issuer, and thereafter the Issuer and any Guarantor who accedes to the Guarantee.

---

## 2 Early redemption at the option of MTN Holders (MTN Holder put)

“Early Redemption Event (Put)” means:

- (a) either:
  - (i) any person, or a group of people acting in concert, who at the date of this Supplement does not have Control of the Issuer obtain or obtains (as applicable) Control of the Issuer; or
  - (ii) any person, or a group of people acting in concert, who at the date of this Supplement have Control of the Issuer cease or ceases (as applicable) to Control the Issuer;
- (b) on the date of the first public announcement of the event described in paragraph (a) above, the MTNs carry from any Rating Agency:
  - (i) an investment grade credit rating (Baa3 or equivalent or better), and such rating from any Rating Agency is either downgraded to a non-investment grade credit (Ba1 or equivalent or worse) or withdrawn within 90 days of the first public announcement and the rating is not subsequently upgraded or reinstated to an investment grade rating within that period; or
  - (ii) a non-investment grade credit rating (Ba1 or equivalent or worse), and such rating from any Rating Agency is downgraded by one or more notches (e.g. Ba1 to Ba2 being one notch) or withdrawn within 90 days of the first public announcement and the rating is not subsequently upgraded or reinstated to an investment grade rating within that period; or
  - (iii) no credit rating and no Rating Agency assigns an investment grade credit rating to the MTNs within 90 days of the first public announcement; and
- (c) in making any relevant decision referred to in paragraph (b) above, the relevant Rating Agency announces publicly or confirms in writing to any member of the Group that such decision resulted, in whole or in part, from the occurrence of the event described in paragraph (a) above.

Where:

“Control” has the meaning given to it in s50AA of the Corporations Act.

“Rating Agency” means Moody’s Investors Service Pty Limited (ACN 003 399 657) trading as Moody’s Investors Service Pty Limited, Standard & Poor’s (Australia) Pty. Ltd. (ACN 007 324 852), or any other rating agency of equivalent international standing engaged by the Issuer or a member of the Group (but excluding any rating agency providing a rating on an unsolicited basis).

---

### 3 Early redemption at the option of the Issuer

- (a) Without limiting any other right to redeem the MTNs before their Maturity Date under the Conditions, the Issuer may redeem all (but not some only) of the MTNs before their Maturity Date on the Early Redemption Date (Call) (the date being the “Early Redemption Date”) at the Early Redemption Amount, being either:
  - (i) the Make-Whole Amount, where the Early Redemption Date is not within the 3 month period immediately preceding the Maturity Date; or
  - (ii) the total outstanding principal amount of the MTNs as at the Early Redemption Date, where the Early Redemption Date is within the 3 month period immediately preceding the Maturity Date, together with any interest accrued on them to (but excluding) the Early Redemption Date.
- (b) However, the Issuer may only do so if:
  - (i) the Issuer has given at least 30 days’ (and no more than 60 days’) notice to the Registrar, the Holders and each other Agent specifying the Early Redemption Date on the notice; and
  - (ii) the Early Redemption Date is a Business Day.

In this document:

“**Make-Whole Amount**” means, in respect of an MTN, an amount (as determined by the Calculation Agent) equal to the greater of:

- (a) the outstanding principal amount of the MTNs; and
- (b) an amount determined using the Reserve Bank of Australia Bond formula for the settlement price of fixed income securities, where the yield which applies is the sum of 0.50% per annum and:
  - (i) the rate (expressed as a semi-annual rate) which is the average of the “bid” rate and the “ask” rate, in each case, calculated by ICAP Australia Pty Ltd (determined using linear interpolation as necessary) to the Maturity Date of the Notes as displayed on Bloomberg page IAUS 35 or other electronic media at or around 10:00 am (Sydney time) three Business Days prior to the Early Redemption Date (Call); or
  - (ii) if ICAP Australia Pty Ltd no longer calculates those rates (or if those rates are not displayed by Bloomberg), the rate determined by the Calculation Agent to be appropriate having regard to market rates and sources then available.

---

## 4 Australian Taxation

The sub-section entitled "Other Tax Matters" within the section entitled "Australian Taxation" is deleted and replaced with the following:

### "2. Other Tax Matters

Under Australian laws as presently in effect:

- *death duties* – no Debt Instruments will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death;
- *stamp duty and other taxes* - no ad valorem stamp, issue, registration or similar taxes are payable in Australia on the transfer of any Debt Instruments;
- *TFN/ABN withholding* - withholding tax is imposed on the payment of interest on certain registered securities unless the relevant payee has quoted an Australian tax file number ("TFN"), (in certain circumstances) an Australian Business Number ("ABN") or proof of some other exception (as appropriate).

A withholding rate of 49% will apply for the 2016/17 income year. A withholding rate of 47% will apply for the 2017/18 and 2018/19 income years. In the 2016 Australian Federal Budget, the Australian government announced that it proposes to increase the Medicare Levy by 0.5% from 1 July 2019. If this announcement is enacted, in the manner as proposed, a withholding rate of 47.5% is expected to apply for the 2019/20 income year and income years thereafter.

- Assuming the requirements of section 128F of the Australian Tax Act are satisfied with respect to the Debt Instruments, then such withholding should not apply to payments to a non-resident of Australia for tax purposes that does not derive the interest in connection with a business carried on at or through a permanent establishment in Australia;
- *additional withholdings from certain payments to non-residents* - the Governor-General may make regulations requiring withholding from certain payments to non-residents of Australia (other than payments of interest and other amounts which are already subject to the current IWT rules or specifically exempt from those rules). Regulations may only be made if the responsible Minister is satisfied the specified payments are of a kind that could reasonably relate to assessable income of foreign residents;
- *garnishee directions by the Commissioner of Taxation* – the Commissioner may give a direction requiring the Issuer to deduct from any payment to a holder of the Debt Instruments any amount in respect of Australian tax payable by the holder. If the Issuer is served with such a direction, then the Issuer will comply with that direction and make any deduction required by that direction, and no additional amount will be payable as set out in more detail in the Conditions;
- *supply withholding tax* - payments in respect of the Debt Instruments can be made free and clear of any "supply withholding tax"; and
- *goods and services tax (GST)* - neither the issue nor receipt of the Debt Instruments will give rise to a liability for GST in Australia on the basis that the supply of Debt Instruments will comprise either an input taxed financial supply or (in the case of an offshore subscriber) a GST-free



supply. Furthermore, neither the payment of principal or interest by the Issuer, nor the disposal of the Debt Instruments, would give rise to any GST liability in Australia.”

---

## 5 FATCA and Common Reporting Standard

The following new sections are to be inserted into the Information Memorandum after the section entitled "Australian Taxation":

### FATCA

Under sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("FATCA"), a 30% withholding ("FATCA withholding") may be required if (i)(A) an investor does not provide information sufficient for the Issuer or any non-U.S. financial institution ("FFI") through which payments on the Debt Instruments are made to determine the Holder's status under FATCA, or (B) an FFI to or through which payments on the Debt Instruments are made is a "non-participating FFI"; and (ii) the Debt Instruments are treated as debt for U.S. federal income tax purposes and the payment is made in respect of Debt Instruments issued or modified after the date that is six months after the date on which final regulations defining the term "foreign passthru payment" are filed with the U.S. Federal Register, or the Debt Instruments are treated as equity for U.S. federal income tax purposes, whenever issued. This withholding is not expected to apply prior to 1 January 2019.

Reporting Australian Financial Institutions ("RAFI") under the Australia–U.S. FATCA Intergovernmental Agreement dated 28 April 2014 must comply with specific due diligence procedures to identify their account holders and provide the Australian Taxation Office ("ATO") with information on financial accounts held by U.S. persons and recalcitrant account holders. The ATO is required to provide such information to the U.S. Internal Revenue Service. Consequently, Holders may be requested to provide certain information and certifications to the Issuer or any financial institutions through which payments on the Debt Instruments are made. A RAFI that complies with its obligations under the Australian IGA will not be subject to FATCA withholding on amounts it receives, and will not be required to deduct FATCA withholding from payments it makes, other than in certain prescribed circumstances.

In the event that any amount is required to be withheld or deducted from a payment on the Debt Instruments as a result of FATCA, pursuant to the terms and conditions of the Debt Instruments, no additional amounts will be paid by the Issuer as a result of the deduction or withholding.

### OECD

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information ("CRS") will require certain financial institutions to report information regarding certain accounts (which may include the Debt Instruments) to their local tax authority and follow related due diligence procedures. Holders may be requested to provide certain information and certifications to ensure compliance with the CRS. A jurisdiction that has signed a CRS Competent Authority Agreement may provide this information to other jurisdictions that have signed the CRS Competent Authority Agreement. The Australian Government has enacted legislation amending, among other things, the Taxation Administration Act 1953 of Australia to give effect to the CRS. The CRS applies to Australian financial institutions with effect from 1 July 2017.

