

Final Terms Sheet

Spark Finance Limited

Final Terms Sheet dated
31 August 2018

**\$125,000,000 Fixed Rate Bonds
due 7 March 2024 ("Bonds")**



Spark^{nz}

Spark Finance Limited Final Terms Sheet

Important Notice

This Terms Sheet sets out the key terms of an offer by Spark Finance Limited ("**SFL**") for \$125,000,000 Bonds under a master trust deed dated 25 October 1988 (as most recently amended and restated on 4 November 2015) ("**Trust Deed**") between Spark New Zealand Limited ("**Spark NZ**") and The New Zealand Guardian Trust Company Limited ("**Supervisor**") and a supplemental trust deed dated 29 August 2018 entered into between SFL, Spark NZ and the Supervisor (together with the Trust Deed, the "**Trust Documents**").

The offer of Bonds by SFL is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 ("**FMCA**").

The offer contained in this Terms Sheet is an offer of bonds that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as SFL's:

- bonds maturing on 10 March 2023 which are currently quoted on the NZX Debt Market under the ticker code SPF560; and
- bonds maturing on 7 September 2026 which are currently quoted on the NZX Debt Market under the ticker code SPF570,

(together the "**Quoted Bonds**").

Accordingly, the Bonds are of the same class as the Quoted Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014.

SFL is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited ("**NZX**") for the purpose of that information being made available to participants in the market. That information can be found by visiting <https://www.nzx.com/companies/SPF>.

The Quoted Bonds are the only debt securities of SFL that are currently quoted and in the same class as the Bonds.

Investors should look to the market price of the Quoted Bonds referred to above to find out how the market assesses the returns and risk premium for those bonds.

Contact Details

Issuer	Spark Finance Limited Spark City Level 2, 167 Victoria Street West Auckland 1010	Legal Advisers to the Issuer	Russell McVeagh Level 24 157 Lambton Quay Wellington 6010
Registrar and Paying Agent	Link Market Services Limited Deloitte Centre Level 11, 80 Queen Street Auckland 1010	Arranger, Organising Participant and Joint Lead Manager	Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch) Level 8, 16 Takutai Square Auckland 1010
Supervisor	The New Zealand Guardian Trust Company Limited Level 2, Perpetual Guardian House 99 Customhouse Quay Wellington 6140	Joint Lead Manager	ANZ Bank New Zealand Limited Level 10, ANZ Centre 171 Featherston Street Wellington 6011

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Issuer	Spark Finance Limited (“SFL”)							
Guarantors	<p>Spark New Zealand Limited (“Spark NZ”) and the other Guaranteeing Group Members from time to time (as defined in the Trust Deed)</p> <p>As at the date of this Terms Sheet, the Guaranteeing Group Members are SFL, Computer Concepts Limited, Revera Limited, Spark NZ, Spark New Zealand Trading Limited, TCNZ (United Kingdom) Securities Limited, Telecom Enterprises Limited and Telecom Pacific Limited</p>							
Guarantee	The principal amounts of, and interest due on, the Bonds are jointly and severally guaranteed by the Guaranteeing Group Members on an unsecured basis in accordance with the Trust Deed							
Status	The Bonds will constitute unsubordinated, unsecured indebtedness obligations of the Issuer and rank equally and without any preference or priority among themselves and at least equally with all other unsubordinated and unsecured indebtedness of the Issuer, except indebtedness preferred by law							
Arranger and Organising Participant	Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch)							
Joint Lead Managers	<p>ANZ Bank New Zealand Limited</p> <p>Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch)</p>							
Instrument	Fixed Rate Bonds							
Purpose	General corporate purposes							
Issue Amount	\$125,000,000							
Credit Ratings	<table border="1"> <thead> <tr> <th></th> <th>Spark NZ Credit Rating</th> <th>Bond Credit Rating</th> </tr> </thead> <tbody> <tr> <td>S & P Global</td> <td>A-/Stable</td> <td>A-</td> </tr> </tbody> </table> <p>A rating is not a recommendation by any rating organisation to buy, sell or hold Bonds and may be subject to suspension, revision or withdrawal at any time by the assigning rating organisation</p>			Spark NZ Credit Rating	Bond Credit Rating	S & P Global	A-/Stable	A-
	Spark NZ Credit Rating	Bond Credit Rating						
S & P Global	A-/Stable	A-						
Opening Date	Wednesday, 29 August 2018							
Closing Date	2:00 p.m. (New Zealand time) on Friday, 31 August 2018							
Rate Set Date	Friday, 31 August 2018							

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Issue Date	Friday, 7 September 2018
Expected Date of initial quotation on NZX Debt Market	Monday, 10 September 2018
Maturity Date	Thursday, 7 March 2024
Interest Rate	3.37 per cent per annum, being the sum of the Base Rate plus the Issue Margin
Base Rate	The mid market swap rate for an interest rate swap from the Issue Date to the Maturity Date as calculated by the Joint Lead Managers on the Rate Set Date in accordance with market convention with reference to Bloomberg page ICNZ4 (or any successor page) and expressed on a quarterly basis, rounded to 2 decimal places if necessary, with 0.005 being rounded up
Issue Margin	1.00 per cent per annum
Issue Yield	Equal to the Interest Rate
Issue Price	Par (\$1.00 per Bond)
Interest Payments	Quarterly in arrear in four equal payments. Interest paid on the Bonds will be paid to the registered holder on the relevant Record Date
Interest Payment Dates	7 March, 7 June, 7 September and 7 December each year up to and including the Maturity Date, commencing on 7 December 2018
Business Day Convention	Following Business Day (unadjusted)
Settlement Price Formula	Reserve Bank of New Zealand ("RBNZ") pricing formula
ISIN	NZSPFD0580L4
Listing	SFL will take any necessary steps to ensure that the Bonds are, immediately after issue, quoted. Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the distribution of this Terms Sheet have been duly complied with. However, NZX accepts no responsibility for any statement in this Terms Sheet. NZX is a licensed market operator and the NZX Debt Market is a licensed market under the Financial Markets Conduct Act 2013

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NZX Debt Market Ticker Code	SPF580
NZX Waivers	<p>NZX has approved the inclusion of transfer restrictions in the Trust Documents permitting SFL to refuse a transfer of the Bonds if the transfer is not in multiples of \$1,000 and/or results in the transferor or transferee holding an aggregate principal amount of less than the minimum holding of \$5,000 (other than zero)</p> <p>NZX has granted SFL a waiver from NZX Debt Market Listing Rule 5.2.3 to enable SFL to apply for quotation on the NZX Debt Market even though the Bonds may not initially be held by at least 100 members of the public holding at least 25% of the Bonds issued. The waiver has been granted for a period of six months from the quotation date of the Bonds. The effect of the waiver from NZX Debt Market Listing Rule 5.2.3 is that initially the Bonds may not be widely held and there may be reduced liquidity in the Bonds. To the extent that there is a material reduction in the spread of the Bonds, SFL will notify NZX accordingly</p>
Record Date	10 days before the Interest Payment Date or, if not a Business Day, the immediately preceding Business Day
Business Days	Auckland, Wellington
Minimum Subscription Amount	Minimum subscription amount of \$5,000 with multiples of \$1,000 thereafter
Transfer Restrictions	No transfer may be made if the transfer would result in the transferor or the transferee holding or continuing to hold Bonds with a principal amount of less than \$5,000 (other than zero) or not in multiples of \$1,000
No Underwriting	The offer contained in this Terms Sheet is not underwritten
Brokerage	Applicants are not required to pay brokerage or any charges to SFL in relation to applications under the offer contained in this Terms Sheet. However, you may have to pay brokerage to the firm from whom you receive an allocation of the Bonds
Registrar and Paying Agent	Link Market Services Limited The Bonds will be accepted for settlement within the NZClear system
Supervisor	The New Zealand Guardian Trust Company Limited
Documentation	This Terms Sheet and the Trust Documents

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Repo Eligibility SFL intends to apply to the RBNZ for the Bonds to be included as eligible securities for domestic market operations

Further Bonds SFL is able to issue further series of bonds without the consent of Bondholders on such terms and conditions (not being inconsistent with the provisions contained in the Trust Deed) as SFL may from time to time determine

Early Repayment Bondholders have no right to require SFL to redeem their Bonds prior to the Maturity Date, except if an Event of Default occurs (as described below)

Events of Default The Events of Default are contained in clause 15.1 of the Trust Deed. They include a failure by SFL to make a payment on bonds issued by it under the Trust Deed and a breach by SFL or a Guarantor of a provision in the Trust Deed or the Bonds (subject in each case to applicable grace periods), and also insolvency-type events that affect SFL or a Guarantor

If an Event of Default occurs, subject to the Trust Deed the Supervisor may in its discretion, and must upon being directed to do so in accordance with the Trust Deed by holders of bonds issued under the Trust Deed, declare the Bonds to be immediately due and payable at their principal amount together with accrued but unpaid interest (subject to any deduction for or on account of tax)

The above is a summary of the Events of Default. For full details of the Events of Default, see clause 15.1 of the Trust Deed

Financial Covenants There are no financial covenants in the Trust Documents other than the Guaranteeing Group coverage ratios described below

Under the Trust Deed, Spark NZ must ensure that the Guaranteeing Group (being SFL and the Guarantors) meets the following coverage ratios, which are to be tested twice yearly:

- earnings (calculated before interest and tax) of the Guaranteeing Group must be at least 90% of earnings (calculated before interest and tax) of the Spark NZ consolidated group; and
- the total tangible assets of the Guaranteeing Group (excluding balances with other members of the Spark NZ consolidated group) must be at least 70% of total tangible assets of the Spark NZ consolidated group

For full details of these provisions, see clause 12.8 of the Trust Deed

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Negative Pledge

Each Guaranteeing Group member has agreed with the Supervisor that, while any bonds issued under the Trust Deed remain outstanding, none of its assets will be secured. Notwithstanding this restriction, the Guaranteeing Group is permitted to create security, or permit security to exist, over their assets, if:

- the aggregate principal amount secured does not exceed 5% of the total tangible assets of the Spark NZ consolidated group; or
- in certain other limited circumstances set out in the Trust Deed (namely, if the security arises by operation of law, relates to the acquisition of an asset or a project, is already in existence when the relevant asset was acquired, supplements or substitutes an existing permitted security or is made in favour of, or with the consent of, the Supervisor)

For full details of these provisions, see clauses 11.2 and 11.3 of the Trust Deed

Governing Law

New Zealand

Who may apply under the offer contained in this Terms Sheet

All of the Bonds offered under the offer (including any oversubscriptions) contained in this Terms Sheet have been reserved for subscription by clients of the Joint Lead Managers, Primary Market Participants and other approved financial intermediaries, and will be allocated to those persons by SFL in consultation with the Joint Lead Managers

There is no public pool for the offer. Retail investors should contact any Primary Market Participant for details as to how they may acquire the Bonds. You can find a Primary Market Participant by visiting www.nzx.com/services/market-participants/find-a-participant

Other information about the offer

The Opening Date and the Closing Date are indicative only and are subject to change. SFL has the right in its absolute discretion and without notice to open or close the offer contained in this Terms Sheet early, to accept late applications, and to extend the Closing Date. If the Closing Date is extended, the Issue Date, the expected date of initial quotation and trading of the Bonds on the NZX Debt Market, the Interest Payment Dates and the Maturity Date may be extended accordingly. Any such changes will not affect the validity of any applications received.

SFL reserves the right to cancel the offer contained in this Terms Sheet and the issue of the Bonds, in which case all application monies received will be refunded (without interest) as soon as practicable.

The terms and conditions of the Bonds are set out in the Trust Documents. Bondholders are bound by, and are deemed to have notice of, the Trust Documents. Copies of the Trust Documents can be obtained on request to the Registrar or SFL at the addresses set out above (or such office as may be notified to Bondholders).

It is important that before making any investment decision, investors give consideration to the suitability of an investment in the Bonds in light of his or her individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues).

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Selling Restrictions

The Bonds may only be offered for sale or sold in New Zealand in conformity with all applicable laws and regulations in New Zealand. No Bonds may be offered for sale or sold in any other country or jurisdiction except in conformity with all applicable laws and regulations of that country or jurisdiction. This Terms Sheet may not be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws and regulations in that country or jurisdiction and the selling restrictions contained in this Terms Sheet

This Terms sheet does not constitute an offer of securities for sale in the United States or to, or for the account or benefit of, **US Persons** (as defined in Regulation S under the US Securities Act of 1933 (the **US Securities Act**)) and may not be sent to or disseminated in, directly or indirectly, the United States or to any US Person in any place. The Bonds have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or otherwise transferred, directly or indirectly, in the United States or to, or for the benefit of, any US Person except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and the securities laws of any state or any other jurisdiction in the United States

Set out below are specific selling restrictions that apply to an offer of the Bonds in the European Economic Area, the United Kingdom, Australia, Hong Kong, Japan, Singapore, Taiwan and Switzerland. These selling restrictions do not apply to an offer of the Bonds in New Zealand

The selling restrictions in this Terms Sheet may be modified by SFL and the Joint Lead Managers, including following a change in a relevant law, regulation or directive. Persons into whose hands this Terms Sheet comes are, and each Bondholder is, required by SFL and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Bonds or have in their possession or distribute such offering material, in all cases at their own expense

By subscribing for Bonds, each investor agrees to indemnify SFL, the Supervisor, the Arranger, the Joint Lead Managers and their respective directors, officers, employees and agents in respect of any loss, cost, liability or expense sustained or incurred as a result of the investor breaching the selling restrictions contained in this Terms Sheet

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Selling Restrictions - European Economic Area

No person has offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this Terms Sheet to any retail investor in the European Economic Area. For the purposes of this provision:

- a. the expression **retail investor** means a person who is one (or more) of the following:
 - i. a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or
 - ii. a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - iii. not a qualified investor as defined in the Prospectus Directive; and
- b. the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), no person has made or will make an offer of Bonds which are the subject of the offering contemplated by the Terms Sheet to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Bonds to the public in that Relevant Member State:

- a. at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- b. at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Joint Lead Manager nominated by SFL for any such offer; or
- c. at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Bonds referred to in (a) to (c) above shall require SFL or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive

Selling Restrictions - United Kingdom

No communication, invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("**FSMA**")) has been or may be made or caused to be made or will be made in connection with the issue or sale of the Bonds in circumstances in which section 21(1) of the FSMA applies to SFL

All applicable provisions of the FSMA with respect to anything done in relation to the Bonds in, from or otherwise involving the United Kingdom must be complied with.

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Selling Restrictions - Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia ("**Corporations Act**")) in relation to the Bonds has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission ("**ASIC**") or any other regulatory authority in Australia. No person may:

- a. make or invite (directly or indirectly) an offer of the Bonds for issue, sale or purchase in, to or from Australia (including an offer or invitation which is received by a person in Australia); and
- b. distribute or publish, any Terms Sheet, information memorandum, prospectus or other offering material or advertisement relating to the Bonds in Australia,

unless:

- i. the aggregate consideration payable by each offeree or invitee is at least A\$500,000 (or its equivalent in an alternative currency and, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act;
- ii. the offer or invitation is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act;
- iii. the offer, invitation or distribution complied with the conditions of the Australian financial services license of the person making the offer, invitation or distribution or an applicable exemption from the requirement to hold such license;
- iv. such action complies with all applicable laws, regulations and directives; and
- v. such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia

By applying for the Bonds under this Terms Sheet, each person to whom the Bonds are issued (an "**Investor**"):

- a. will be deemed by SFL and each of the Joint Lead Managers to have acknowledged that if any Investor on-sells the Bonds within 12 months from their issue, the Investor will be required to lodge a prospectus or other disclosure document (as defined in the Corporations Act) with ASIC unless either:
 - i. that sale is to an investor within one of the categories set out in sections 708(8) or 708(11) of the Corporations Act to whom it is lawful to offer the Bonds in Australia without a prospectus or other disclosure document lodged with ASIC; or
 - ii. the sale offer is received outside Australia; and
- b. will be deemed by SFL and each of the Joint Lead Managers to have undertaken not to sell those Bonds in any circumstances other than those described in paragraphs (a) (i) and (a)(ii) above for 12 months after the date of issue of such Bonds.

This Terms Sheet is not, and under no circumstances is to be construed as, an advertisement or public offering of any Bonds in Australia.

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Selling Restrictions - Hong Kong

This Terms Sheet has not been and will not be registered with the Registrar of Companies in the Hong Kong Special Administrative Region of the People's Republic of China (**Hong Kong**). No Bonds have been offered or sold or will be or may be offered or sold in Hong Kong, by means of any document other than (a) to **professional investors** as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (**SFO**) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a prospectus as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (**C(WUMPO)**) or which do not constitute an offer to the public within the meaning of the C(WUMPO).

No advertisement, invitation or document relating to the Bonds may be issued or in the possession of any person or will be issued or be in the possession of any person in each case for the purpose of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to **professional investors** as defined in the SFO and any rules made under the SFO.

Selling Restrictions - Japan

The Bonds have not been, and will not be registered, under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) ("**FIEA**"). The Bonds have not been offered or sold, and will not be offered or sold, directly or indirectly, in Japan or to, or for the account or benefit of any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity incorporated or organized under the laws of Japan), or to, or for the account or benefit of, others for reoffering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan except (i) pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and (ii) in compliance with any other applicable requirements of Japanese law, regulations and ministerial guidelines.

Selling Restrictions - Singapore

The Terms Sheet has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Terms Sheet and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds may not be circulated or distributed, nor may the Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) ("SFA") pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased in reliance on an exemption under Section 274 or Section 275 of the SFA, the Bonds shall not be sold within the period of six months from the date of the initial acquisition of the Bonds, except (i) to an institutional investor (as defined in Section 4A of the SFA), (ii) to a relevant person (as defined in Section 275(2) of the SFA), or (iii) to any person pursuant to an offer referred to in Section 275(1A) of the SFA, unless expressly specified otherwise in Section 276(7) of the SFA or Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore ("SFR").

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a. a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- b. a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- i. to an institutional investor or to a relevant person (defined in Section 275(2) of the SFA);
- ii. (in the case of a corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of a trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;
- iii. where no consideration is or will be given for the transfer;
- iv. where the transfer is by operation of law;
- v. as specified in Section 276(7) of the SFA; or
- vi. as specified in Regulation 32 of the SFR

Notice of Product Classification by the Issuer under Section 309B(1)(c) of the SFA - prescribed capital markets products and Excluded Investment Products

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Selling Restrictions - Taiwan

The offering of the Bonds has not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and have not been and will not be offered or sold in Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorised to offer or sell the Bonds in Taiwan

Selling Restrictions - Switzerland

The Bonds may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange Ltd. ("**SIX Swiss Exchange**") or on any other stock exchange or regulated trading facility in Switzerland. This Terms Sheet does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issue prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Swiss Exchange Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Terms Sheet nor any other offering or marketing material relating to the Bonds or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Terms Sheet nor any other offering or marketing material relating to the offering, SFL or the Bonds have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Terms Sheet will not be filed with, and the offer of Bonds will not be supervised by, the Swiss Financial Market Supervisory Authority, and the offer of Bonds has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Bonds.