



# Citi Self Funding Instalments

## **SOB Series**

**Product Disclosure Statement**

Issued by

**Citigroup Global Markets Australia Pty Limited  
(ABN 64 003 114 832 and AFSL 240992)**

Guaranteed by

**Citigroup Inc.**

### Important Information

This document is a Combined Financial Services Guide and Product Disclosure Statement (PDS) for the purposes of Part 7.9 of the Corporations Act and the Corporations Regulations, and has been issued by Citigroup Global Markets Australia Pty Limited.

This PDS is dated 8 July 2008.

This PDS is not required to be and will not be lodged with ASIC. ASIC takes no responsibility for the contents of this PDS or the Citi Self Funding Instalments. Citi will notify ASIC that this PDS is in use in accordance with Section 1015D of the Corporations Act.

This PDS complies with Section 10 of the Market Rules as varied or waived by ASX. ASX takes no responsibility for the contents of this PDS or the Citi Self Funding Instalments.

Information in this PDS may change from time to time. Where those changes are not materially adverse to Holders, Citi may provide that information on its website [www.citiwarrants.com.au](http://www.citiwarrants.com.au). Citi will provide Holders with a paper copy of that information, free of charge, on request.

#### **THIS DOCUMENT IS NOT INVESTMENT ADVICE**

**This is an important document and should be read in its entirety before any decision is made to apply for or acquire the Citi Self Funding Instalments. The information provided in this PDS is not financial product advice and has been prepared without taking into account your personal investment objectives or financial situation. Accordingly, nothing in this PDS is a recommendation by Citi, its associates or any other person to invest in the Citi Self Funding Instalments or in the Underlying Shares. YOU SHOULD CONTACT YOUR STOCKBROKER OR OTHER PROFESSIONAL FINANCIAL ADVISER BEFORE MAKING ANY DECISION TO INVEST IN THE CITI SELF FUNDING INSTALMENTS, AND TAKE INTO ACCOUNT YOUR OWN PERSONAL INVESTMENT OBJECTIVES AND FINANCIAL SITUATION.**

#### **ASX Booklets**

The ASX publishes a number of booklets in relation to warrants, which can be downloaded free of charge from the ASX website [www.asx.com.au](http://www.asx.com.au). Investors are encouraged to read these booklets and the information that is available on the ASX website in relation to warrants, to understand the different types of warrants, the terms and conditions under which warrants are issued and the operation of the warrants market in general.

#### **Overseas Distribution**

Neither the Citi Self Funding Instalments nor this PDS have been or will be registered in any jurisdiction outside of Australia. The offer of Citi Self Funding Instalments under this PDS is only made to Australian residents located in Australia. The distribution of this PDS in jurisdictions outside Australia may be restricted by law. Persons who obtain this PDS in jurisdictions outside Australia should seek advice on and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. This PDS does not constitute an offer or an invitation in any place outside Australia

where, or to any person to whom, it would be unlawful to make such an offer or invitation. Neither the Citi Self Funding Instalments nor this PDS will be registered under the United States Securities Act of 1933 and may not be offered or sold in the United States or to, or for the account of, or the benefit of, US Persons. On the exercise of a Citi Self Funding Instalment the Holder represents and warrants that the Citi Self Funding Instalment is neither directly nor indirectly held in favour of a US Person.

#### **Disclaimer**

The Instalment Warrants and any securities recommended, offered, or sold by the Issuer: (i) are not insured by the Federal Deposit Insurance Corporation; (ii) are not deposits or other obligations or liabilities of any insured depository institution (including Citibank, N.A.); and (iii) are subject to investment risks, including the possible loss of the principal amount invested in the event of an early maturity. The Instalment Warrants do not represent a deposit or other liability of Citigroup Pty Limited or Citibank, N.A. (Sydney Branch) and these entities do not stand in any way behind the capital value and/or performance of the Instalment Warrants. The Issuer is not subject to regulatory supervision by APRA.

#### **Role of Entities**

No Entity has been involved in the preparation of this PDS and no Entity has provided any information to Citi for the purposes of the preparation of this PDS. Any information about an Entity that appears in this PDS is information that is publicly available. Citi has not verified any information about an Entity that appears in this PDS.

Citi takes no responsibility and accepts no liability for, and makes no representation or warranty (whether express or implied) as to the accuracy or completeness of any information about an Entity in this PDS. Potential Holders should make their own enquiries.

Any reference to an Entity in this PDS is only for the purpose of identifying the Underlying Shares and the Entity that issued those Securities. The references are not an express or implied endorsement of the Citi Self Funding Instalments by an Entity. No Entity accepts any responsibility for any statement in this PDS. No Entity or authorised officer of an Entity has authorised the issue of or any statement in this PDS. No Entity has given its consent to be named in this PDS.

#### **Cooling-off Period**

There is no cooling off period when you buy or sell the Citi Self Funding Instalments issued under this PDS.

#### **Electronic Documents**

A copy of this PDS is available online at [www.citiwarrants.com.au](http://www.citiwarrants.com.au). If this PDS is accessed electronically, it must be downloaded in its entirety. A paper copy of this PDS will be provided, free of charge, on request. A copy of this PDS is also available on the ASX website [www.asx.com.au](http://www.asx.com.au).

#### **Glossary**

Section 8 contains definitions of certain terms used in this PDS.

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## Investment Overview

Issuer	Citigroup Global Markets Australia Pty Limited
Guarantor	Citigroup Inc. (Moody's Aa1 and S&P AA-)
Description	<p>Citi Self Funding Instalments are tax efficient financial products that enable investors to leverage their exposure to ASX listed Securities.</p> <p>By purchasing a Citi Self Funding Instalment, an investor pays a portion of the upfront cost of the Underlying Share and borrows the balance from Citi.</p> <p>Investors will not receive cash amounts in respect of dividends (including ordinary and special dividends). Those cash amounts will be applied to reduce the Final Instalment.</p> <p>Investors have the right to pay the Final Instalment at any time up to the Maturity Date and receive the Underlying Shares.</p> <p>Investors also have the right to deliver a Request for Purchase Notice and sell the Underlying Shares to Citi, but only on the Maturity Date.</p>
Gearing	40% to 60% of the Underlying Share price (as at the date of this PDS)
Investment Term	Approximately 5 years
Minimum Investment Amount	\$2,000
ASX Listing	Citi Self Funding Instalments will be listed and traded on ASX
Expected Listing Date	8 July 2008
ASX Code (as set out in the Summary Table)	<b>SOB series XXXSOB</b> (e.g. ANZSOB)
Expected trading on normal basis	22 July 2008
Deferred Settlement Date	25 July 2008*
Offer Opens	8 July 2008
Interest Dates	8 July 2008 26 June 2009 25 June 2010 24 June 2011 24 June 2012 30 June 2012 27 June 2013
Maturity Date	<b>27 June 2013</b>
Instalment Payments	<p><b>First Instalment</b> - This amount is variable and is paid at the time of application or purchase on ASX. The amount of the First Instalment will be dependant, at the date of purchase, on the price of the Underlying Shares, volatility of the Underlying Shares, time to maturity and prevailing interest rates.</p> <p><b>Final Instalment</b> - This amount is fixed at the time the Citi Self Funding Instalment is issued or acquired but it will vary over the life of the product as described below. It is equal to the amount of the Loan granted by Citi to acquire the Underlying Shares (and includes Interest Amounts and the Borrowing Fee). The amount is increased annually by the annual Interest Amount and is reduced by the net amount of Dividends and Special Dividends applied to it (subject to any deduction for tax and closely held trust obligations).</p>
Application Type	<p><b>Cash Application</b> - apply for Citi Self Funding Instalments by completing a Cash Application Form and submitting it with payment by cheque or BPAY.</p> <p><b>Shareholder Application</b> - convert an existing shareholding into Citi Self Funding Instalments by completing the Shareholder Application Form and submitting it with a copy of the holding statement for the existing shares (other than self-managed superannuation funds).</p> <p><b>Rollover Application</b> - roll your prior series of expiring instalment warrants into a new Series of Citi Self Funding Instalments by completing the Rollover Application Form and submitting it with a copy of the holding statement for the Rollover Instalments.</p>
Maturity Options	<ul style="list-style-type: none"> <li>Pay the Final Instalment and receive full ownership of the Underlying Shares.</li> <li>Defer payment of the Final Instalment by rolling into the next series of Citi Self Funding Instalments (if available).</li> <li>Deliver a Request for Purchase Notice requiring Citi to purchase the Underlying Shares for the greater of the Final Instalment or Market Value and receive the amount (if any) by which the Market Value exceeds the Final Instalment.</li> <li>Do nothing. Your Underlying Shares will be sold by the Trustee and you will receive the proceeds of the sale less the amount of the Final Instalment and any costs and expenses in accordance with the Order of Payment.</li> </ul>
Commissions and Fees	<p><b>Upfront Fee</b> - Citi may pay a placement fee of up to 2.00% (including GST) of the Final Instalment on primary market applications. The amount of this fee is dependent on your arrangement with your financial adviser.</p> <p><b>Trailing Fee</b> - Citi may also pay advisers a trailing fee of up to 1.00% per annum (including GST) of the Final Instalment, payable quarterly in arrears.</p>

\*Subject to the Instalment Warrants trading on a normal basis on 22 July 2008

## Summary Table

### Citi Self Funding Instalments -Series

ASX Code	Underlying Security	Underlying ASX Code	Final Instalment	Maturity Date	Issue Size
AIOSOB	Asciano Group	AIO	2.00	27 June 2013	10 Million
AMPSOB	AMP Limited	AMP	3.00	27 June 2013	10 Million
ANZSOB	Australia and New Zealand Banking Group Limited	ANZ	10.00	27 June 2013	10 Million
ASXSOB	ASX Limited	ASX	15.00	27 June 2013	10 Million
AWCSOB	Alumina Limited	AWC	2.00	27 June 2013	10 Million
BHPSOB	BHP Billiton Limited	BHP	20.00	27 June 2013	10 Million
BXBSOB	Brambles Limited	BXB	4.00	27 June 2013	10 Million
CBASOB	Commonwealth Bank of Australia	CBA	20.00	27 June 2013	10 Million
IAGSOB	Insurance Australia Group Limited	IAG	2.00	27 June 2013	10 Million
LLCSOB	Lend Lease Corporation Limited	LLC	5.00	27 June 2013	10 Million
MQGSOB	Macquarie Group Limited	MQG	25.00	27 June 2013	10 Million
NABSOB	National Australia Bank Limited	NAB	15.00	27 June 2013	10 Million
NCMSOB	Newcrest Mining Limited	NCM	15.00	27 June 2013	10 Million
OXRSOB	Oxiana Limited	OXR	1.50	27 June 2013	10 Million
QBESOB	QBE Insurance Group Limited	QBE	11.00	27 June 2013	10 Million
RIOSOB	Rio Tinto Limited	RIO	60.00	27 June 2013	10 Million
SGBSOB	St George Bank Limited	SGB	13.00	27 June 2013	10 Million
STOSOB	Santos Limited	STO	10.00	27 June 2013	10 Million
SUNSOB	Suncorp-Metway Limited	SUN	6.50	27 June 2013	10 Million
TLSSOB	Telstra Corporation Limited	TLS	2.00	27 June 2013	10 Million
TOLSOB	Toll Holdings Limited	TOL	3.00	27 June 2013	10 Million
WBCSOB	Westpac Banking Corporation	WBC	10.00	27 June 2013	10 Million
WESSOB	Wesfarmers Limited	WES	16.00	27 June 2013	10 Million
WPLSOB	Woodside Petroleum Limited	WPL	30.00	27 June 2013	10 Million

**INVESTORS SHOULD NOTE THAT THE CITI SELF FUNDING INSTALMENTS ISSUED OVER THE UNDERLYING SHARES WILL INITIALLY TRADE ON A DEFERRED SETTLEMENT BASIS. PLEASE REFER TO SECTION 4.14 OF THIS PDS.**

Citigroup reserves the right to increase the issue size, with the consent of ASX.

## Section 1 - Key Information

**Citi Self Funding Instalments, and the rights and obligations of Holders and Citi are governed by this PDS, the Instalment Warrant Deed, the Declaration of Trust, which is summarised in this PDS, the Loan Agreement, a copy of which appears in Section 9 and the general law. Investors should read this entire PDS prior to making any decision to invest.**

### 1.1 WHAT ARE CITI SELF FUNDING INSTALMENTS?

Investing in Citi Self Funding Instalments is a convenient way of borrowing to invest. There are no intrusive credit checks or complicated loan documents to complete, and no margin calls.

The structure of Citi Self Funding Instalments involves:

- two separate "instalment" payments, the First Instalment and the Final Instalment; and
- a Loan with a prepaid interest component and a Borrowing Fee.

#### The First Instalment

The first payment to be made by an investor is the purchase price of the Citi Self Funding Instalments and is known as the First Instalment. An investor pays a portion of the upfront cost of the Underlying Share to acquire the Citi Self Funding Instalment, and receives a Loan from Citi to fund the remaining cost of the Underlying Shares, interest on the Loan and the Borrowing Fee. The Underlying Shares are held in trust by the Trustee for the term of the investment as security against the Loan.

#### Application of Dividends and Special Dividends

During the term of the investment, a Holder is entitled to receive all the Dividends and Special Dividends, and, depending on their circumstances, available franking credits (if any) paid in relation to the Underlying Shares. The Holder irrevocably directs the Trustee to transfer the Dividends and Special Dividends to the Issuer to reduce the Loan. The reduction will be effective from the ex-dividend date of the Underlying Share.

#### The Final Instalment

The second payment to be made by a Holder is known as the Final Instalment, which is equal to the amount of the Loan. Investors have the right to pay the Final Instalment at any time until maturity to complete the purchase of the Underlying Shares. The Final Instalment is reduced by the amount of Dividends, Special Dividends in respect of the Underlying Parcel (subject to any deduction for tax and closely held trust obligations). The Final Instalment is increased annually by the annual Interest Amount. The Final Instalment will therefore vary over the life of the Citi Self Funding Instalment.

#### Traded on ASX

Citi Self Funding Instalments also offer a liquid investment which can be bought and sold on ASX, just like ordinary shares.

#### Tax Consequences

Potential investors should read Section 5 of this PDS which contains a taxation summary and obtain independent taxation advice in relation to an investment in Citi Self Funding Instalments.

#### Issue size

Citi reserves the right to increase the issue size in its absolute discretion, subject to notification to ASX.

### 1.2 HOW MUCH DO CITI SELF FUNDING INSTALMENTS COST?

An investment in Citi Self Funding Instalments involves a series of payments and borrowing. They are:

- the First Instalment, which is the purchase price of the Citi Self Funding Instalment; and
- the Final Instalment (which is the total amount of the Loan and which includes the total Interest Amounts and the Borrowing Fee, and in certain circumstances an additional fee payable to Citi).

### The First Instalment

The First Instalment is the purchase price of the Citi Self Funding Instalment. This amount is not fixed until the time of application, and will depend on a number of market variables including:

- the price at which the Underlying Shares are trading;
- the time remaining to the Maturity Date;
- volatility of the Underlying Share price;
- future expected dividends; and
- prevailing interest rates.

The effect that the factors listed above may have on the First Instalment is demonstrated in the following table:

Variable	Change in Variable	Effect on Price
Price of Underlying Shares	▲	▲
Time remaining to Maturity Date	▼	▼
Volatility of Underlying Shares	▲	▲
Future expected dividends	▲	▲
Interest rate	▲	▲

For Shareholder Applicants, the payment of the First Instalment is satisfied by the transfer to the Trustee of the Securities held by the investor that will become the Underlying Shares in respect of the Citi Self Funding Instalment. Shareholder Applicants will receive a Cashback Amount equal to the Final Instalment less the First Interest Amount and Borrowing Fee.

For Rollover Applicants, the payment of the First Instalment is satisfied by the transfer to the Trustee of the Securities that make up the underlying parcel of the Rollover Instalments that are “rolled” into and will become the Underlying Shares in respect of the Citi Self Funding Instalments. Rollover Applicants will be required to make a rollover payment for the amount by which the combined cost of the First Instalment and the final instalment on the Rollover Instalments exceeds the value of the Securities. Alternatively, a Cashback Amount will be paid to Rollover Applicants where the value of the Securities is greater than the combined cost of the First Instalment and the final instalment on the Rollover Instalments.

### The Final Instalment

The Final Instalment is equal to the total amount of the current Loan, including any further Interest Amounts that may have been drawn down. The Loan is increased annually by the annual Interest Amount and reduced by the amount of any Dividends and Special Dividends to which the Holder is entitled. The Holder has irrevocably directed Citi to apply such dividends to reduce the Final Instalment.

Details as to the operation of the Loan appear in Section 1.3.

### Other Costs

You will be required to pay Exercise Costs if you deliver a Request for Purchase Notice or if you fail to exercise or rollover your Citi Self Funding Instalments prior to the Maturity Date.

Other costs associated with the Citi Self Funding Instalments include the Interest Amounts on the Loan and Borrowing Fees which include fees associated with borrowing costs and may include a placement fee. In certain circumstances, Equalisation Amounts may also be payable. Further details of these costs can be found in Section 1.3 of this PDS below.

## 1.3 THE LOAN

Each Citi Self Funding Instalment includes a limited recourse Loan made to a Holder by Citi, pursuant to the terms of the Loan Agreement. A copy of the Loan Agreement appears in Section 9 of this PDS.

The Loan is limited recourse in nature - this means that while a mortgage is granted to Citi in respect of the amount of the Loan, Citi's ability to recover that amount is limited to the Mortgaged Property (being the Underlying Shares), not any other moneys. The limited recourse provisions do not apply to any Equalisation Amounts.

If a Holder fails to exercise the Citi Self Funding Instalment by Closing Time on the Maturity Date, the Underlying Shares may be sold by Citi pursuant to Citi's power of sale. The proceeds of sale will be used to discharge the mortgage by repaying the Loan and paying other Exercise Costs in accordance with the Order of Payment.

The description of the provisions of the Loan Agreement in Section 1.3 of this PDS is a summary only. Investors should read the Loan Agreement in full.

Agreement in Section 1.3 of this PDS is a summary only. Investors should read the Loan Agreement in full.

### The Interest Component

Interest is pre paid on the Loan for the current Interest Period out of the Loan proceeds, as at the date the Citi Self Funding Instalments are issued or acquired. The Interest Amount will be drawn down annually during the term of the Loan. The interest rate charged takes into account projected dividend amounts.

The amount of the Final Instalment (which is equal to the total amount of the Loan) will always include all Interest Amounts that have been drawn down during the term of the Loan. Details of the Interest Periods appear in the Investment Overview.

A Holder does not need to take any action with respect to separate Interest Periods, as the further Interest Amount is simply drawn down automatically by the Trustee on behalf of the Holder on the relevant Interest Date.

### The Borrowing Fee

You will also be charged a Borrowing Fee which relates to Citi's cost of providing the Loan. The Borrowing Fee will be met out of the Loan, and will be payable by all Applicants.

The Borrowing Fee will be imposed at the time the Loan is made and may include a placement fee which is on paid as commission to a Holder's financial advisers, brokers and other distributors of the Citi Self Funding Instalments (which may include a Citi entity).

A Borrowing Fee is not charged by Citi for Loans to Transferees.

### What happens to the Loan if a Citi Self Funding Instalment is sold on ASX?

On the Transfer of a Citi Self Funding Instalment on ASX, a new Loan will be granted to the Transferee by Citigroup. The proceeds of that Loan will be used as follows:

- to prepay the Interest to Period End in respect of the Transferee's Loan;

- to pay the outstanding amount of the Transferor's Loan, after:
  - that part of the Interest Amount of the Transferor's Loan that relates to the remainder of the relevant Interest Period is refunded by way of set-off against the Transferor's Loan; and
  - the Transfer Costs (if any) have been added to, or deducted from, the Transferor's Loan (as applicable).

The Transfer Costs are discussed below.

The examples in Section 1.15 provide an illustration of how this Loan repayment process works.

The discharge of the Transferor's Loan and the creation of the new Loan will take place automatically, and will not require any action to be taken by any party.

### Transfer Costs

Transfer Costs are payable:

- by Citi to the Transferor where the interest rate applying to the Transferor's Loan is less than the interest rate applying to the Transferee's Loan, with such Transfer Costs payable by applying the Transfer Costs against the Transferor's Loan; or
- by the Transferor to Citi where the interest rate applying to the Transferor's Loan is greater than the interest rate applying to the Transferee's Loan, with such Transfer Costs payable by adding that amount to the Transferor's Loan.

No action will be required to be taken by any party in respect of the payment of Transfer Costs.

### Loan at Exercise or Maturity

Details on how the Loan will be discharged on the exercise of a Citi Self Funding Instalment or at maturity appear in Section 2.4.

### Equalisation Amounts

When Dividends or Special Dividends are paid the total amount of the cash dividend (subject to any deduction for tax and closely held trust obligations) will be applied to reduce the Final Instalment.

Holders who do not provide a TFN or ABN (unless an exemption applies) should be aware that if a cash Dividend or Special Dividend is paid which is not fully franked the Trustee may be required to withhold

an amount in respect of that Dividend or Special Dividend and pay such amount to the ATO. In such circumstances, Citi will reduce such Holder's Loan amount by an amount equal to the amount withheld by the Trustee for each Instalment Warrant (the 'Equalisation Amount'). The Equalisation Amount is an amount immediately due and payable by the Holder to Citi. Citi has the right to recover this by either receiving payment directly from the Holder or by enforcing its Security Interest and lapsing some or all of the Holder's Instalment Warrants. Citi will notify such Holders as soon as reasonably practicable after the cash Dividend is declared if an amount is required to be paid by a Holder and the date by which it is to be paid (being a date 5 Business Days after the ex-dividend date). Where Citi causes a Holder's Instalment Warrant to lapse it does so by exercising a power of sale under any Security Interest and deducting the Secured Monies from the sale proceeds. Any remaining balance will be paid to the Holder.

The Equalisation Amount does not form part of the Loan provided by Citi and is not subject to the limited recourse provisions.

#### 1.4 ARE THERE ANY COMMISSIONS OR FEES PAYABLE?

Citi may pay your broker, financial adviser or other distributors (which may include a Citi entity) a placement fee of up to 2.00% (including GST) of the Final Instalment for applications made under this PDS. This amount will be met out of the Borrowing Fee following acceptance of your application by Citi.

Citi may also pay your broker, financial adviser or other distributors of the Citi Self Funding Instalments (which may include a Citi entity) a trailing commission of up to 1.00% per annum (including GST) of the Final Instalment.

The examples in section 1.15 provide an illustration of how the Borrowing Fee impacts on the cost of acquiring the Citi Self Funding Instalments.

If you purchase Citi Self Funding Instalments on ASX your broker may also charge you commission.

#### 1.5 WHAT ARE THE BENEFITS A HOLDER MAY RECIEVE?

Citi Self Funding Instalments have the following key features and offer investors the following benefits:

- an easy way to leverage your exposure to shares in leading Australian companies and trusts without the risk of margin calls;
- benefits of share ownership for a fraction of the upfront cost of the Underlying Shares;
- use Dividends and Special Dividends to reduce the Loan and Final Instalment;
- pay the Final Instalment at any time prior to maturity and receive the Underlying Shares, so for example if the Holder acquired the Citi Self Funding Instalment for \$5.00 and the Final Instalment was \$10.00, by paying the Final Instalment the Holder would acquire the Underlying Shares for a total cost of \$15.00;
- enhanced dividend yields and, depending on your circumstances, available franking credits;
- Holders may, depending on their circumstances, be entitled to interest deductions (see the taxation summary in Section 5);
- an eligible investment for self managed super funds (excluding Shareholder Applications). See Section 4.8 for further details including as to why superannuation entities should only invest if they provide a TFN or ABN to Citi;
- Shareholder Applicants can free-up capital for other investments without crystallising capital gains; and
- a liquid investment that can be traded on ASX.

#### 1.6 IN WHAT CIRCUMSTANCES CAN A HOLDER RECIEVE THESE BENEFITS?

Over the course of the life of the Citi Self Funding Instalment, a Holder may benefit from capital growth in the Underlying Shares.

During the term of the investment, a Holder is entitled to receive all the Dividends and Special Dividends and, depending on their circumstances, available franking credits (if any) paid in relation to the Underlying Shares. The Holder irrevocably directs the Trustee to transfer the Dividends and Special Dividends to the Issuer to reduce the Loan. The reduction will be effective from the ex-dividend date of the Underlying Share.

## 1.7 ARE CITI SELF FUNDING INSTALMENTS A SUITABLE INVESTMENT FOR ME?

Citi has developed a variety of instalment products to suit a range of investors and their financial profiles.

Citi Self Funding Instalments may suit investors with a moderately positive long-term view on the Underlying Shares, offering gearing levels between 0% and 60%.

Citi Self Funding Instalments may be a suitable investment if one or more of the following apply to you:

Are You
looking to leverage your medium or long-term view of the share market
seeking enhanced dividend yields and franking credits
seeking to build long-term wealth in a tax effective manner
seeking gearing without the risk of a margin call
reluctant to sell shares and crystallise capital gains
an existing shareHolder wishing to unlock cash while still maintaining exposure to those securities
a self managed super fund seeking enhanced capital appreciation, dividend yields and excess franking credits

As can be seen from the table below, the greater the degree of gearing and the shorter the time to maturity, the more speculative the investment and the greater the leverage to movements in the Underlying Share price. Conversely, a lesser degree of gearing and longer time to maturity would generally mean that the

investment is less speculative and that the investor can be seen to be moderately geared. Note that "LVR" is the Loan to Value Ratio (a measure of gearing) and is the relationship between the Loan amount and the value of the Underlying Share.

**Instalment Risk Matrix**



## 1.8 WHAT ARE THE UNDERLYING SHARES?

The Underlying Shares are ASX listed Securities. This includes both ordinary shares in the capital of companies and units of listed trusts. The Entities' ASX codes appear in the Summary Table as the first 3 letters of the ASX code for a particular Series of Citi Self Funding Instalments.

Further information on the Underlying Shares and dealings in relation to them appear in Section 3 of this PDS.

## 1.9 CAN THE TERMS OF ISSUE OF THE CITI SELF FUNDING INSTALMENTS CHANGE?

The Maturity Date may be varied as outlined in Section 4.5.

The Final Instalment and the Underlying Shares may be varied in accordance with the Terms of Issue in the event of returns of capital, rights and bonus issues and other reconstructions or corporate actions by the Entity which issues the relevant Underlying Shares.

Full details of these variations appear in Section 3 of this PDS.

Other variations to the Terms of Issue may take place with the consent of ASX or upon a resolution of Holders, each as more fully described in Section 7.5.

## 1.10 WHAT ARE THE TAX CONSEQUENCES OF INVESTING IN THE CITI SELF FUNDING INSTALMENTS?

The acquisition, dealing in, and exercise of Citi Self Funding Instalments may have income tax or capital gains tax implications for holders, depending on their own individual circumstances.

Depending on their circumstances, a Holder may be entitled to:

- tax deductions for interest on the Loan;
- deduct prepaid interest expense in the financial year in which the prepayment is made;
- utilise franking credits which may be used to offset other tax obligations; and
- convert their existing holding of Securities into Citi Self Funding Instalments without triggering a capital

gains tax liability in relation to their existing holding of Securities.

A general summary of some of the taxation consequences in respect of an investment in Citi Self Funding Instalments can be found in Section 5 of this PDS.

Investors should obtain their own independent taxation advice prior to making any decision to invest in Citi Self Funding Instalments.

## 1.11 WHAT ARE THE RISKS ASSOCIATED WITH THE CITI SELF FUNDING INSTALMENTS?

A full description of the risk factors relating to investing in Citi Self Funding Instalments can be found in Section 4 of this PDS.

Investing in Citi Self Funding Instalments involves a significant degree of risk. Like any investment that offers the potential for profit there is a corresponding potential for loss. In particular, investors should be aware that Citi Self Funding Instalments may decrease in value at a greater rate than an investment in the Underlying Shares.

Investors should consult their stockbroker or financial adviser to ascertain the suitability of investing in warrants as part of their particular investment strategies.

## 1.12 WHEN DO THE CITI SELF FUNDING INSTALMENTS EXPIRE?

Citi Self Funding Instalments expire on the Maturity Date. The Maturity Date for a particular Series of Citi Self Funding Instalments appears in the Summary Table.

## 1.13 CAN THE CITI SELF FUNDING INSTALMENTS TERMINATE EARLY?

Citi Self Funding Instalments will not terminate early unless there is an Extraordinary Event declared by Citi. Holders will be provided with notice of the declaration of an Extraordinary Event by Citi.

Investors should note that the declaration of an Extraordinary Event by Citi requires the consent of ASX. Section 4.5 of this PDS contains further details of what types of events may constitute Extraordinary Events.

### 1.14 CAN I TRADE MY CITI SELF FUNDING INSTALMENTS?

Yes, a Holder can buy or sell Citi Self Funding Instalments on ASX at any time prior to Closing Time on the Maturity Date, in the same way as buying or selling ordinary shares.

The treatment and operation of the Loan following a sale on ASX is detailed in Section 1.3 of this PDS and in the examples that appear in Section 1.15.

### 1.15 EXAMPLES OF CITI SELF FUNDING INSTALMENTS PRICING

The figures used in the following examples are illustrative only and do not represent in any way the figures that may apply to the actual issue of Citi Self Funding Instalments. The examples do not provide an illustration of all of the different types of individual transactions that may be entered into in relation to Citi Self Funding Instalments.

#### Example of Calculations for Citi Self Funding Instalments over TLS shares.

The following examples are based on a hypothetical Citi Self Funding Instalment issued over shares in Telstra Corporation Limited (TLS) with a Final Instalment of \$2.00. For the following examples we have assumed the TLS share price is \$4.30 on 8 July 2008, the prevailing Interest Rate (%) is 13% per annum and the Borrowing Fee is \$0.04 per Instalment Warrant.

#### Determining the Interest Component

The First Interest Amount for the Citi Self Funding Instalments is the total amount of interest payable on the Loan for the period from the date of issue or acquisition to the next Interest Date. Therefore the Interest Component will equal the aggregate of each annual Interest Amount.

To determine the Interest Component an Applicant must first calculate the Interest Amount in respect of each Interest Period.

$$\begin{aligned} \text{Interest Amount} &= \text{Interest rate} \times \text{Loan amount} \\ &\quad \text{Interest Period} / 365 \\ &= 13\% \times \$2.00 \times 353/365 \\ &= \$0.25 \end{aligned}$$

where:

$$\begin{aligned} \text{Interest Period} &= \text{next Interest Date} - \text{Issue Date} \\ &= 26 \text{ June } 2009 - 8 \text{ July } 2008 \\ &= 354 \text{ days} \end{aligned}$$

Depending on the Maturity Date of the Citi Self Funding Instalments, the Interest Component of the Loan may comprise more than one Interest Amount. The First Interest Amount will be for the period from the date of issue or acquisition until the earlier of the next Interest Date or the Maturity Date.

#### Example 1 - Cash Application

An investor applies by way of Cash Application for a Series of Citi Self Funding Instalments issued over shares in TLS with a Final Instalment of \$2.00. The First Instalment is the purchase price of the Citi Self Funding Instalment and will depend on a number of market variables prevailing at the time of issue or acquisition. The First Instalment in respect of the Cash Application can be calculated as follows:

$$\begin{aligned} \text{First Instalment} &= \text{Share Price (at time of issue)} - \text{Final Instalment} \\ &\quad \text{(Loan amount)} + \text{First Interest Amount} + \\ &\quad \text{Borrowing Fee} \\ &= \$4.30 - \$2.00 + \$0.25 + \$0.04 \\ &= \$2.59 \end{aligned}$$

For a Cash Application on 8 July 2008 the applicant pays \$2.59 on Application and has an initial Final Instalment of \$2.00. The balance for the Final Instalment of \$1.75 (Loan amount less the First Interest Amount of \$0.25) plus the First Instalment excluding the \$0.04 Borrowing Fee of \$2.55 are used to purchase the TLS share.

#### Example 2 - Shareholder Application

An investor applies by way of Shareholder Application for a Series of Citi Self Funding Instalments issued over shares in TLS. The Cashback Amount payable to the investor in respect of the Shareholder Application can be calculated as follows:

$$\begin{aligned}
 \text{Cashback Amount} &= \text{Final Instalment (Loan amount) - First Interest Amount - Borrowing Fee} \\
 &= (\$2.00 - \$0.25 - \$0.04) \\
 &= \$1.71
 \end{aligned}$$

The investor will be paid a Cashback Amount of \$1.71 in respect of the Loan and is issued a Citi Self Funding Instalment in return for the TLS shares that formed the basis of the Shareholder Application. This amount is required to be used by the Shareholder Applicant wholly for the purposes of producing assessable income and the Application Form includes a declaration for Consumer Credit Code purposes confirming that the Loan will be applied solely for business or investment purposes.

### Example 3 - Purchase and Sale on ASX

If a holder sells their holding of Citi Self Funding Instalments on ASX, the holder will receive a refund of the prepaid interest from the date of sale to the end of the current Interest Period. The purchaser of those Citi Self Funding Instalments will receive a new Loan and prepay the Interest Amount for the period from the date of acquisition to the end of the current Interest Period.

### Refund of Interest to Seller

Using the previous example, the investor had prepaid the Interest Amount of \$0.25 (at 13% per annum) for the Interest Period from the Issue Date (8 July 2008) to the next Interest Date (26 June 2009). If the investor sold their holding of Citi Self Funding Instalments on 18 March 2009], the Interest Refund would be calculated as follows:

$$\begin{aligned}
 \text{Interest Refund} &= \text{Loan amount x Interest rate x Interest Period / 365} \\
 &= \$2.00 \times 13\% \times 102 / 365 \\
 &= \$0.07
 \end{aligned}$$

where

$$\begin{aligned}
 \text{Interest Period} &= \text{next Interest Date - Sale Date} \\
 &= 26 \text{ June } 2009 - 18 \text{ March } 2009 \\
 &= 102 \text{ days}
 \end{aligned}$$

### Interest Component for purchaser

The interest rate that will apply to the new Loan to be granted to the purchaser is 13.50% per annum, which is an increase on the interest rate that applied to the seller. The new Interest Amount that would be prepaid by the purchaser for the remainder of the current Interest period would be:

$$\begin{aligned}
 \text{Interest Amount} &= \text{Loan amount x Interest rate x Interest Period / 365} \\
 &= \$2.00 \times 13.50\% \times 101 / 365 \\
 &= \$0.075
 \end{aligned}$$

The interest costs (being the Interest Amount for the period between the purchase on ASX on 18 March 2009 and the next Interest Date) for the purchaser will be \$0.075.

### Transfer Costs Calculation

Due to the increase in the interest rate, Transfer Costs will be payable by Citi to the seller and would be calculated as follows:

$$\begin{aligned}
 \text{Transfer Costs} &= \text{Interest Amount - Interest Refund} \\
 &= (\$0.075 - \$0.07) \\
 &= \$0.005
 \end{aligned}$$

The amount of the Transfer Costs is \$0.005 per Instalment Warrant.

### Example 4 - Reduction of the Loan

Based on the figures used in Example 1 above, assuming that the net cash amount of the Dividend paid in August 2008 is \$0.14 and in March 2009 is \$0.14 plus interest, the Loan at the next Interest Date, 26 June 2009, will be calculated as follows:

$$\begin{aligned}
 \text{Final Instalment} &= \text{Initial Loan amount - Dividends} \\
 &= (\$2.00 - \$0.14 - \$0.14) \\
 &= \$1.72
 \end{aligned}$$

The prepaid interest on the next Interest Date will therefore be calculated as follows:

$$\begin{aligned}
 \text{Interest Amount} &= \text{Interest rate x Loan amount x Interest Period / 365} \\
 &= 13.50\% \times \$1.72 \times 364/365 \\
 &= \$0.232
 \end{aligned}$$

where

Interest Period = 25 June 2010 - 26 June 2009  
= 364 days.

The Final Instalment then becomes \$1.952.

### 1.16 WHAT IS THE INSTALMENT WARRANT DEED?

The Instalment Warrant Deed regulates aspects of the trust relationship between a Holder and the Trustee in respect of the Underlying Shares which is created under the Declaration of Trust. The Instalment Warrant Deed also contains provisions in relation to the issue and creation of, and the terms of the Citi Self Funding Instalments, and is binding on the holders of the Citi the Citi Self Funding Instalments. The principal terms of the Instalment Warrant Deed are set out in this PDS.

Investors can obtain a copy of the Instalment Warrant Deed by calling Citi on 1300 30 70 70.

### 1.17 WHAT IS THE DECLARATION OF TRUST?

The Trustee has executed a Declaration of Trust under which the Trustee undertakes to hold each Underlying Share transferred to the Trustee (or its nominee) by Citi, or an Applicant, as trustee for the holder of the corresponding Citi Self Funding Instalment on a Separate Trust until the Maturity Date, or if earlier, the exercise of an Instalment Warrant.

### 1.18 WHO IS THE TRUSTEE AND WHAT POWERS DOES IT HAVE?

The Trustee is Citigroup Global Markets Australia Nominees No 2 Pty Limited, a wholly owned subsidiary of Citi.

The Trustee has no powers, duties, rights or discretions in relation to the Separate Trusts except those expressly set out in the Instalment Warrant Deed and Declaration of Trust.

Those powers include:

- the grant of a Security Interest in favour of Citi in relation to the Underlying Shares;
- specific powers of sale in relation to the Underlying Shares in certain circumstances;
- powers in relation to the payment of Dividends, Special Dividends and other distributions;
- certain acts in relation to "closely held trusts"; and
- general powers to administer the Separate Trusts.

## Section 2 - Application and Maturity

### 2.1 WHO CAN APPLY FOR CITI SELF FUNDING INSTALMENTS?

	Cash Applicant	Shareholder Applicant	Rollover Applicant
Who Can Apply?	Persons with \$2,000 or more to invest in Citi Self Funding Instalments	Current Holders of Securities (excluding trustees of superannuation funds) where those Securities are the same as those which make up the Underlying Shares of the Citi Self Funding Instalments	Current Holders of Rollover Instalments which have the same Underlying Shares as the new Series of Citi Self Funding Instalments
How Do I Apply?	Complete the Cash Application Form and submit it with payment to your stockbroker, approved financial adviser or directly to Citi	Complete the Shareholder Application Form and submit it, together with the current holding statement for your existing Securities, to your stockbroker, approved financial adviser or directly to Citi	Complete the Rollover Application Form and submit it, together with payment (if any) and a copy of your holding statement to your stockbroker, approved financial adviser or directly to Citi
Minimum Investment Amount	\$2000	Sufficient that the Loan constitutes at least \$2000	No minimum
Amount Payable on Application	First Instalment	Nil	Varies
Amount Received on Application	Nil	Cashback Amount equal to the amount of the Loan less the Interest Component and Borrowing Fee	Cashback Amount where the amount of the Loan less the Interest Component and Borrowing Fee is greater than the Final Instalment to be paid on the Rollover Instalments
Application Form	Cash Application Form	Shareholder Application Form	Rollover Application Form
Do I Need a Brokerage Account	No	No	No

### 2.2 HOW TO APPLY

The Application Forms and instructions on how to apply are contained in Section 10 of this PDS. Citi will only accept applications which are made on the Application Forms which are enclosed with this PDS. Potential investors should lodge their Application Form with their stockbroker or approved financial adviser, or directly with Citi.

Citi may accept or reject any application in its absolute discretion. Citi may also accept an application for a lesser number of Citi Self Funding Instalments than the number applied for. Cash Applicants which are rejected or which are for a lesser number of Citi Self Funding Instalments will have their application moneys returned without interest.

#### Cash Applicants

For Cash Applicants the First Instalment is the purchase price of the Citi Self Funding Instalments, it is not

fixed and will depend on the following factors as at the time the Holder lodges the Application for the Citi Self Funding Instalments:

- the price at which the Underlying Shares are trading;
- the time remaining to the Maturity Date;
- volatility of Securities comprising the Underlying Shares;
- projected future dividends;
- future expected dividends; and
- prevailing interest rates.

Cash Applicants must subscribe for the minimum investment amount of \$2,000.

Cash Applicants can obtain an indication of the current amount of the First Instalment at any time during the offer period by calling Citi on 1300 30 70 70.

Citi will hold all funds received in a trust account (without interest) for the applicant until all conditions relating to the issue of the Citi Self Funding Instalments have been fulfilled and the Trustee becomes the registered holder of the Underlying Shares.

### Shareholder Applicants

The transfer of a Shareholder Applicant's existing shareholding represents the First Instalment. As a result, no cash payment is required on application. Shareholder Applicants must transfer that number of Securities to the Trustee equal to the number of Citi Self Funding Instalments for which they are applying.

Shareholder Applicants will be paid the Cashback Amount equal to the amount of the Loan less the First Interest Amount and the Borrowing Fee. This Cashback Amount must be applied by the Shareholder Applicant wholly for the purpose of producing assessable income and the Application Form includes a declaration for Consumer Credit Code purposes confirming that the Loan will be applied wholly or predominantly for business or investment purposes.

Shareholder Applicants can obtain an indication of the Cashback Amount at any time during the offer period by calling Citi on 1300 30 70 70.

No Shareholder Applications from superannuation funds.

On 16 December 2002 APRA and the ATO issued guidelines indicating that they considered that it was unlawful for trustees of superannuation funds (including trustees of self managed superannuation funds) to use shares owned by the fund as security

over the in-built loan portion of an instalment warrant purchase. Accordingly, Citi will not accept Shareholder Applications from trustees of superannuation funds. For further information see Section 4.8 of this PDS.

### Rollover Applicants

Holders of Rollover Instalments who are Rollover Applicants are not required to pay a cash amount for the First Instalment. However, where the amount of the new Loan in respect of the Citi Self Funding Instalments being applied for is less than the sum of the final instalment for the Rollover Instalments, plus the First Interest Amount and the Borrowing Fee payable for the new Loan, the Rollover Applicant will be required to provide Citi with a cash payment for the shortfall (the Rollover Payment) with the Application Form.

Where the amount of the new Loan less the First Interest Amount and Borrowing Fee is greater than the final instalment to be paid on the Rollover Instalments, Rollover Applicants will receive a Cashback Amount back from Citi. This Cashback Amount must be applied by the Rollover Applicant wholly for the purpose of producing assessable income and the Application Form includes a declaration for Consumer Credit Code purposes confirming that the Loan will be applied solely for business or investment purposes.

Rollover Applicants can obtain an indication of the Cashback Amount at any time during the offer period by calling Citi on 1300 30 70 70.

## 2.3 CITI SELF FUNDING INSTALMENTS ISSUED FOR THE PURPOSES OF INVENTORY AND MARKET MAKING

In addition to the Citi Self Funding Instalments that are issued to investors pursuant to the Application Forms accompanying this PDS, Citi Self Funding Instalments will also be issued to Calx Nominees, a related party of Citi.

Investors should note that the Citi Self Funding Instalments issued to Calx Nominees will be used as inventory for the sale of Citi Self Funding Instalments to investors via ASX and for market making purposes. Citi will act as market-maker. Upon accepting an order from a secondary purchaser, Citi will direct Calx Nominees to transfer an Instalment Warrant that it holds to the secondary purchaser. See Section 4.2 of this PDS for some of the risks that exist in relation to market making.

## 2.4 HOW DO YOU EXERCISE CITI SELF FUNDING INSTALMENTS?

### Paying the Final Instalment

A Holder may exercise a Citi Self Funding Instalment by paying the Final Instalment (plus any Exercise Costs), which will be used to repay the outstanding amount of the Loan (and, to the extent of any excess, constitutes a fee payable to Citi). The Loan will then be discharged and the legal title to the Underlying Shares will be transferred from the Trustee to the Holder in discharge of the Security Interest. A Holder may exercise the Citi Self Funding Instalment in this way at any time during the life of the Citi Self Funding Instalment up to and including the Maturity Date.

**You should read the taxation summary in Section 5 of this PDS for the tax implications of early repayment.**

### Delivering the Request for Purchase Notice

A Holder may also deliver a Request for Purchase Notice to Citi requiring Citi to purchase the Underlying Shares from the Holder for the Request for Purchase Price (being the greater of the Market Value and the Final Instalment). Those moneys will then be used to discharge the Security Interest by repaying the Loan and paying the Exercise Costs, with the balance of the proceeds of sale going to the Holder.

Investors should note that the Request for Purchase Notice is only effective on the Maturity Date. Holders must deliver the Request for Purchase Notice prior to 12pm Sydney time on the Maturity Date.

## 2.5 EXERCISE NOTICES

A copy of the Exercise Notice is attached to this PDS and must be completed in accordance with the instructions set out on that notice.

Exercise Notices are irrevocable, subject only to no other Exercise Notice being given in respect of the same Citi Self Funding Instalment. Citi retains certain discretions with respect to the treatment of partially valid Exercise Notices.

If Citi or the Trustee fail to perform any of their obligations upon delivery of a valid Exercise Notice, the Holder may give a default notice to Citi in respect of the relevant Underlying Shares and Citi must within 10 Business Days after the date on which it receives such notice, pay to the Holder by cheque a liquidated

damages payment.

If the Holder has paid the Final Instalment (plus any Exercise Costs) and the Trustee fails to arrange delivery of the Underlying Shares to the Holder, the liquidated damages payment will be determined as follows:

$$\text{LDA} = 1.1 \times \text{Market Value of Underlying Share}$$

In these circumstances, the Market Value of the Underlying Share is the Weighted Average Sale Price of the Underlying Shares on the ASX on the 5 Trading Days following the date the Exercise Notice was given.

If the Holder delivers a Request for Purchase Notice and Citi fails to distribute the amount of the Request for Purchase Price in accordance with the Order of Payment, the liquidated damages payment will be determined as follows:

$$\text{LDA} = (1.1 \times \text{Request for Purchase Price}) - (\text{Final Instalment} + \text{Exercise Costs})$$

Once the liquidated damages amount is paid by Citi, the relevant Citi Self Funding Instalment shall be cancelled, the beneficial interest of the Holder in respect of the Underlying Share will be extinguished and Citi and the Trustee will have no further obligations to the Holder.

## 2.6 ROLLOVER

A Holder may also be able to “rollover” their holding of Citi Self Funding Instalments into future instalment warrant products issued by Citi. Holders will be advised by Citi prior to the Maturity Date if a further series of instalment warrant products will be available for rollover.

## 2.7 WHAT HAPPENS IF I DO NOT EXERCISE?

If a Holder fails to exercise the Citi Self Funding Instalment by Closing Time on the Maturity Date, the Underlying Shares may be sold by Citi pursuant to Citi’s power of sale. The proceeds of a sale will be used to discharge the Security Interest by repaying the Loan and paying other Exercise Costs in accordance with the Order of Payment.

However, where the Intrinsic Value of the Citi Self Funding Instalment is equal to or greater than 5% of the Final Instalment then the disposal proceeds shall be paid in accordance with the Revised Order of Payment.

## Section 3 - The Underlying Shares

### 3.1 INTRODUCTION

The Underlying Shares are ASX listed securities. This includes both ordinary shares in the capital of companies and units of listed trusts. These Entities are subject to the continuous disclosure requirements imposed by ASX and by the Corporations Act. The Entities' ASX codes appear in the Summary Table as the first three letters of the ASX code for a particular Series of Citi Self Funding Instalments.

Information (including historical data and trading information) about these Entities can be obtained from a variety of sources including ASX, the Entities themselves, brokers and investment advisers. Information may also be found on the websites of the Entities, the ASX website and related sites. Citi takes no responsibility and accepts no liability for, and makes no representation or warranty (whether express or implied) as to the accuracy or completeness of any information obtained by an investor about an Entity. Investors should make their own inquiries and where appropriate, obtain advice in relation to any investment decisions.

The initial Underlying Share for each Series of Citi Self Funding Instalments is one Security. During the life of the Citi Self Funding Instalment, however, this may be adjusted to take into account corporate actions that may affect the Securities that comprise the Underlying Shares.

### 3.2 VARIATION TO FINAL INSTALMENT AND UNDERLYING SHARES AS A RESULT OF A CORPORATE ACTION

The Final Instalment and the Underlying Shares may be varied in accordance with the Terms of Issue in the event of various corporate actions by the Entity which issued the relevant Underlying Shares. The effect of each corporate action is set out below.

### TAKEOVER BID

If the Securities that comprise the Underlying Parcels are subject to a Takeover Bid each Holder directs the Trustee not to accept any offer in respect of the Securities that comprise the Underlying Parcels.

If in respect of a Takeover Bid Citi has not declared an Extraordinary Event and the Takeover proceeds to compulsory acquisition the following will apply:

1. the Trustee will direct a Qualified Sale Agent to sell any security, asset or right (other than cash) received in consideration for the acquired Securities comprising the Underlying Parcels;
2. the Trustee will apply the net proceeds of the sale or cash receipts in accordance with the Order of Payment; and
3. the Citi Self Funding Instalments corresponding to the Underlying Parcels the subject of the compulsory acquisition, shall be cancelled.

### SCHEME

If a Scheme occurs and Citi has not declared an Extraordinary Event the following will apply:

1. the Trustee will direct a Qualified Sale Agent to sell any security, asset or right (other than cash) received in consideration for the acquired Securities comprising the Underlying Parcels;
2. the Trustee will apply the net proceeds of the sale or cash receipts in accordance with the Order of Payment; and
3. the Citi Self Funding Instalments corresponding to the Underlying Parcels the subject of the compulsory acquisition, shall be cancelled.

### ENTITLEMENTS OFFER

Under the terms of the Instalment Warrant Deed, if an Entity makes an Entitlements Offer in respect of Securities comprising an Underlying Parcel, the Trustee is not obliged to respond in any way to the Entitlements Offer nor to notify the Holders of that offer.

However, if it chooses to do so, the Trustee may take such reasonable action as is prudent to confer the benefit of that Entitlements Offer on Holders.

## RECONSTRUCTIONS

Under the terms of the Instalment Warrant Deed, if an Underlying Parcel is the subject of a reconstruction, the Underlying Parcel will be adjusted thereafter to comprise the Securities issued in substitution for the prior Underlying Parcel. The Final Instalment will not change.

## CAPITAL REDUCTIONS

Under the terms of the Instalment Warrant Deed, if an Entity reduces its share capital without making a capital distribution or cancelling any Securities comprising an Underlying Parcel, neither the Trustee nor Citi is obliged to take any action.

However, if as a result of a capital reduction an Entity makes a capital distribution a Qualified Sale Agent will be appointed to sell any non-cash distribution and the net proceeds of the sale or cash distribution will be applied in accordance with the Order of Payment. In this case, the proceeds retained by Citi to reduce the Final Instalment will be treated in a similar manner to Dividends or Special Dividends. Where the Entity also cancels some or all of the Securities comprising an Underlying Parcel, there shall be a corresponding cancellation of the relevant Instalment Warrants and Underlying Parcels.

## BONUS ISSUES

Under the terms of the Instalment Warrant Deed, where an Entity makes a Bonus Issue of securities identical to the Securities comprising the Underlying Parcel, the Holder will irrevocably make an offer for the maximum whole number of Instalment Warrants as can be issued with those additional Securities as Underlying Parcels. Citi may accept all or none such applications. If there is another type of Bonus Issue or Citi does not accept a Holder's application for additional Instalment Warrants, the Holder irrevocably instructs the Trustee to direct a Qualified Sale Agent to sell any Security forming part of the Bonus Issue and the net proceeds may be used to reduce the Holder's Final Instalment in a manner similar to the use of Dividends or Special Dividends.

Any bonus Instalment Warrants issued by Citi will be registered and subject to the same terms as all other Instalment Warrants. The amount of the Final Instalment will be reduced, and all other terms of the Loan will be adjusted on a pro rata basis having regard to the increased number of Instalment Warrants.

## SHARE BUY-BACKS

Under the terms of the Instalment Warrant Deed, if an Entity makes a Buy-Back Offer in relation to all or any of its Securities before the Maturity Date:

1. the Trustee will reject that Buy-Back Offer and will not be required to notify any Holder of the Buy-Back Offer; and
2. Citi may nominate an Extraordinary Event.

## OTHER CORPORATE EVENTS

Under the terms of the Instalment Warrant Deed, if an Entity or a third party takes action in respect of the capital of an Entity or Underlying Parcel other than as set out above, Citi may, with the consent of ASX, determine the appropriate reasonable action to be taken in respect of the relevant Citi Self Funding Instalment Warrants.

## 3.3 VARIATION TO FINAL INSTALMENT AS A RESULT OF THE APPLICATION OF DIVIDENDS AND SPECIAL DIVIDENDS

Adjustment of the Final Instalment may also take place in circumstances where an Entity declares a Dividend or a Special Dividend, which will be used to reduce the amount of the Final Instalment.

If a Dividend or Special Dividend is paid by an Entity in respect of an Underlying Parcel, the Holder irrevocably directs Citi that the Dividend or Special Dividend be paid to Citi and be used by Citi to reduce the Final Instalment in respect of the particular Series of Citi Self Funding Instalments to which the Dividend or Special Dividend relates.

### **3.4 BUYBACK AND CANCELLATION OF CITI SELF FUNDING INSTALMENTS**

Citi may buy-back Citi Self Funding Instalments and become the holder of Citi Self Funding Instalments, which shall not be deemed to lapse or be cancelled on buy-back unless Citi cancels the Citi Self Funding Instalment.

Citi may cancel the Citi Self Funding Instalment if Citi is the holder of the Citi Self Funding Instalment.

Citi and its related bodies corporate and officers are not prohibited from holding Citi Self Funding Instalments, entering into financial transactions with any Holder, or acquiring Underlying Shares nor are any such persons liable to account to Holders for profits or benefits derived as a result of those activities or other such business activities.

### **3.5 VOTING THE UNDERLYING SHARES**

The terms of the Instalment Warrant Deed provide that Holders irrevocably direct the Trustee, as legal holder of the Securities that comprise the Underlying Shares, not to vote in respect of any of those Securities at any meetings of members or unit holders. The Instalment Warrant Deed also provides that the Trustee is not required to send to any Holder any notice of meeting, annual report or similar documents distributed by an Entity.

### **3.6 DIVIDEND REINVESTMENT PLANS**

Under the terms of the Trust Deed, each Holder instructs the Trustee not to participate in any dividend reinvestment plan or other arrangement for the reinvestment or receipt of benefits in lieu of Dividends.

## Section 4 - Risk Factors

**SUBSCRIPTION FOR OR THE PURCHASE OF THE CITI SELF FUNDING INSTALMENTS IS CONSIDERED BY CITI TO BE SUITABLE ONLY FOR INVESTORS WITH EXPERIENCE IN, OR ON THE ADVICE OF PROFESSIONAL ADVISERS WITH EXPERIENCE IN, DERIVATIVE TRANSACTIONS. POTENTIAL INVESTORS SHOULD REACH AN INVESTMENT DECISION ONLY AFTER CAREFULLY CONSIDERING, WITH THEIR ADVISERS, THE SUITABILITY OF THE CITI SELF FUNDING INSTALMENTS IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES, TAKING INTO ACCOUNT THE RISK FACTORS RELATING TO THE CITI SELF FUNDING INSTALMENTS SET OUT BELOW.**

### 4.1 FACTORS AFFECTING THE VALUE OF CITI SELF FUNDING INSTALMENTS

The value at which a Citi Self Funding Instalment may be bought or sold on ASX is dependent upon such factors as the price at which the Underlying Shares are trading on ASX, the amount of the Final Instalment, the time remaining to expiry, interest rates and risks applicable to stock markets generally.

Investment in Citi Self Funding Instalments is speculative. The Citi Self Funding Instalments may be significantly less valuable on the Maturity Date or may expire worthless. This means that Holders may either lose money or sustain a total loss on their investment.

### 4.2 POSSIBLE ILLIQUIDITY OF TRADING MARKET

Investors should be aware that there is no firm indication as to how the Citi Self Funding Instalments will trade in the secondary market. Nor is there sufficient evidence as to whether that market will be liquid or illiquid.

Citi will conduct market making activities in relation to the Citi Self Funding Instalments by the provision of bids and offers made in a spread around the prevailing market price to help ensure liquidity in the market for the Citi Self Funding Instalments.

However, there are no spread or quantity obligations applied to the market making requirements. The quality of market making will depend on competitive pressures. In times of extreme volatility the ability of market makers to maintain a market will be put under stress. Investors should be aware that in these situations, the presence of suitable quotes in the market cannot always be assured.

### 4.3 GENERAL MARKET RISKS

General movement in local and international stock markets, prevailing and anticipated economic conditions and interest rates, investor sentiment and general economic conditions could all affect the market price of Citi Self Funding Instalments.

Investors are warned that the price of Citi Self Funding Instalments may fall in value as rapidly as it may rise and Holders may sustain a total loss of their investment. Prospective investors should therefore ensure that they understand the nature of Citi Self Funding Instalments and carefully study the risk factors set out in this PDS before they invest in Citi Self Funding Instalments.

### 4.4 EXERCISE OF DISCRETION BY CITI

Investors should note that a number of provisions of the Instalment Warrant Deed confer discretions on Citi which could affect the value of Citi Self Funding Instalments. These include the power to declare an Extraordinary Event and the right to adjust the Underlying Shares or the Final Instalment upon the occurrence of certain corporate events.

Holders do not have the power to direct Citi concerning the exercise of any discretion. However, in relation to many of these discretions, Citi may only exercise those discretions with the consent of ASX, unless that consent is unreasonably withheld or delayed.

The fact that Citi Self Funding Instalments may become significantly less valuable over their term and in certain circumstances automatically terminate or expire worthless, means that a Holder of Citi Self Funding Instalments may lose some or all of the purchase price paid for the Citi Self Funding Instalments.

#### 4.5 EXTRAORDINARY EVENTS

If the Underlying Shares are subject to a compulsory acquisition notice (in either a takeover or scheme of arrangement context), are withdrawn from quotation, are suspended, are the subject of a buy-back offer, or if the Citi Self Funding Instalments are withdrawn from admission to trading status or suspended, or a Trust Tax Change occurs (or is expected to occur), Citi may with the consent of ASX declare such an event to be an Extraordinary Event.

In such circumstances Citi may fix an earlier Maturity Date, or in respect of a Trust Tax Change terminate the trust relationship governed by the Instalment Warrant Deed. Citi shall give written notice to each Holder within 10 Business Days of declaring an Extraordinary Event.

#### 4.6 LEGISLATIVE RISKS

A number of risks may exist and impact on a Holder of a Citi Self Funding Instalment as a result of Australian legislative regulation.

The acquisition and/or exercise of a Citi Self Funding Instalment may have implications for Holders under Chapter 6 of the Corporations Act, in particular those provisions that relate to an acquisition by a person of shares or other securities that would give rise to a relevant interest (as defined in the Corporations Act).

The issues raised by Chapter 6 of the Corporations Act in the context of warrants are complex and are dependant on individual circumstances and the interpretation of the law in this area. Holders should obtain their own legal advice on this issue.

The acquisition and/or exercise of a Citi Self Funding Instalment may also have implications for certain Holders under the provisions of the Foreign Acquisitions and Takeovers Act 1975 (Cth). Prospective Holders should seek independent legal advice on these matters.

#### 4.7 TAX CHANGES

Section 5 contains a taxation summary based on current Australian taxation laws. Prospective Holders should read this carefully and also monitor any taxation changes.

#### 4.8 SUPERANNUATION FUNDS

Superannuation entities, such as regulated superannuation funds and trustees of approved deposit funds and pooled superannuation trusts, are subject to restrictions on entering into borrowing arrangements and on the types of investments that can be made.

The Australian Prudential Regulation Authority and the Australian Taxation Office have released guidelines dated 16 December 2002 which provide that superannuation funds are not permitted, under the terms of the Superannuation Industry (Supervision) Act 1993 (Cth) and related regulations, to invest in Citi Self Funding Instalments by way of shareholder application. The guidelines also contain information for trustees and superannuation entities as to the matters that should be considered by these entities before any decision is made to invest in Citi Self Funding Instalments.

On 24 September 2007, amendments to the Superannuation Industry (Supervision) Act 1993 (Cth) took effect to allow superannuation funds to invest in instalment warrants of a limited recourse nature over any asset a fund would be permitted to invest in directly.

These amendments, however, do not extend to allow superannuation funds to transfer existing security holdings in application for instalment warrants.

Any trustees or superannuation entities considering an investment in Citi Self Funding Instalments should obtain their own advice as to whether Citi Self Funding Instalments are an appropriate and permissible investment.

In particular, superannuation entities should not consider investing unless they provide to Citi a TFN or ABN, to ensure no Equalisation Amounts are withheld, where such withholdings could be prohibited borrowings for the purposes of Section 67 of the Superannuation Industry (Supervision) Act 1993 (Cth).

Citi makes no representation or warranty, express or implied, that trustees or superannuation entities may invest in Citi Self Funding Instalments under the terms of the Superannuation Industry (Supervision) Act 1993 (Cth) and related regulations.

In addition, Shareholder Applicants represent and warrant that the Shareholder Application is not being made by or on behalf of a superannuation fund or entity.

#### **4.9 NATIONAL GUARANTEE FUND - NOT A GUARANTOR IN ALL CASES**

Claims against the National Guarantee Fund may only be made in respect of secondary trading in Citi Self Funding Instalments between brokers on ASX and cannot be made in relation to the primary issue of Citi Self Funding Instalments by Citi.

The capacity of Citi to settle all outstanding Citi Self Funding Instalments is not guaranteed by ASX, the National Guarantee Fund or ASTC.

#### **4.10 POTENTIAL CONFLICTS OF INTEREST**

Citi and related bodies corporate of Citi may, in their absolute discretion, buy and sell Citi Self Funding Instalments, Securities and other financial products relating to Citi Self Funding Instalments or the Securities, either as principal or agent. This trading may impact positively or negatively on the price at which Citi Self Funding Instalments trade on ASX.

Citi is not in a fiduciary relationship with Holders. Any profits earned and losses incurred by Citi in its trading activities in Citi Self Funding Instalments will accrue entirely to it independent of Citi's obligations to Holders.

#### **4.11 SUSPENSION OF TRADING IN CITI SELF FUNDING INSTALMENTS**

Trading of Citi Self Funding Instalments on the stock market conducted by ASX may be halted or suspended by ASX. This may occur whenever ASX deems such action appropriate in the interests of maintaining a fair and orderly market in Citi Self Funding Instalments or otherwise deems such action advisable in the public interest or to protect investors. Matters that may be considered also include circumstances where Citi becomes unable or unwilling or fails to comply with the ASX Market Rules or if ASX in its absolute discretion thinks fit.

Except where it is determined to be an Extraordinary Event, the Citi Self Funding Instalments will continue to exist notwithstanding any delisting, withdrawal of trading status or suspension of the Citi Self Funding Instalments from ASX.

#### **4.12 REDUCTION OF THE LOAN AND FINAL INSTALMENT**

It is intended that the Loan and the final Instalment is reduced by the amount of dividend paid in a given year. However, Investors should be aware that dividends may not always be declared in any given year, in which case the Loan and Final Instalment will not be reduced. Even when Dividends or Special Dividends are declared they may not be equal to or greater than the Interest Amount in which case your Loan will increase resulting in a decrease in the value of your Citi Self Funding Instalment.

#### **4.13 WHERE NO TFN OR ABN IS SUPPLIED**

Investors that do not supply the Trustee with a TFN or ABN and who is not entitled to an exemption will be required to pay to the Issuer the Equalisation Amount, being an amount equal to the amount of TFN or ABN withholding tax paid by the Trustee to the ATO (see section 1.3 for details).

#### **4.14 DEFERRED SETTLEMENT**

The Instalments Warrants will initially trade on a deferred settlement basis on the date indicated in the Investment Overview. Until the expiry of the deferred settlement period, no trades involving Instalment Warrants issued under this PDS will be settled until the deferred settlement date. An example of the effect of this is that a purchaser of an Instalment Warrant issued under this PDS on the ASX will not make a payment until the deferred settlement date and conversely the seller will not receive payment until the deferred settlement date.

The Instalment Warrants are expected to commence trading on a normal basis on the date indicated in the Investment Overview.

## Section 5 - Taxation Summary

This section is intended only as a general summary of some of the taxation consequences arising for potential Holders who are Australian resident taxpayers including individuals, companies and complying superannuation funds who hold Citi Self Funding Instalments on capital account (ie not on revenue account or as trading stock) for tax purposes. Whether Citi Self Funding Instalments are held on capital account or revenue account will depend on the Holder's individual circumstances. (For example, Holders who acquire Citi Self Funding Instalments for the purpose of exercising them and holding the Underlying Parcel for long term investment will generally hold Citi Self Funding Instalments on capital account. In contrast, Holders who acquire Citi Self Funding Instalments in the ordinary course of their business or, for the purpose of disposing of them at a profit, will generally hold them on revenue account.)

This section is necessarily general in nature and does not take into account the specific taxation circumstances of each potential Holder. Potential Holders should not rely on this section and should obtain specific taxation advice referable to their own circumstances prior to making any investment decision.

Except as specifically indicated below, this section is based on law and Australian Taxation Office ("ATO") practice that is current as at the date of this PDS. Potential Holders should seek their own advice on any changes in the law or administrative interpretation after the date of this PDS which may affect the tax consequences of investing in Citi Self Funding Instalments.

On 20 September 2007, the Government introduced into Parliament a bill which proposes changes to the taxation of financial arrangements ("TOFA"). The bill has lapsed, but the current Government has announced that the bill will be reintroduced into Parliament at some point. The TOFA proposals will impact upon the tax treatment of a wide range of financial transactions. However, as currently announced, the proposed rules should not

mandatorily apply to Citi Self Funding Instalments acquired before 1 July 2009.

Potential Holders should be aware that any changes to TOFA before enactment occurs may impact on the tax implications applicable to the Citi Self Funding Instalments.

This section does not cover the taxation consequences of extraordinary events occurring in relation to the Underlying Shares, including Special Dividends, Corporate Actions, Takeover Bid and reconstructions of the Citi Self Funding Instalments.

Finally, the comments below are premised on the basis that, notwithstanding that the Underlying Shares are held on trust by the Trustee, the Holder is effectively treated as holding the Underlying Shares for capital gains tax purposes. The ATO has released a draft public ruling (TR 2004/D25) which casts some doubt as to whether this will be the case for Holders in all circumstances. However, the ATO has accepted in product rulings that holders under other instalment warrants are effectively treated as holding the Underlying Shares for capital gains tax purposes. Submissions have been made to the ATO seeking clarification on this issue generally, but certainty as to the ATO approach will only be achieved when a final ruling is issued.

### 5.1 ACQUIRING YOUR CITI SELF FUNDING INSTALMENTS

#### 5.1.1 Issue of Citi Self Funding Instalments

Applying for and being issued Citi Self Funding Instalments does not give rise to any immediate tax consequences for a Holder (for example, a Holder cannot deduct any amount for acquiring the Citi Self Funding Instalments). Rather, the Holder should generally be treated as acquiring two assets for capital gains tax (CGT) purposes, being the beneficial interest in the Underlying Shares and the right to deliver a Request for Purchase Notice. However, Citi has confirmed that the right to deliver a Request for Purchase Notice has no market value separate to the Citi Self Funding Instalments. Accordingly, no further

CGT consequences should arise for these Holders in relation to that right.

Acquiring Citi Self Funding Instalments establishes the cost base for a Holder's beneficial interest in the Underlying Shares. The cost base will be relevant to the CGT consequences for the Holder when the Citi Self Funding Instalments are sold, exercised, terminated, expire, the Holder sells the Underlying Parcel pursuant to a Request for Purchase Notice or if Citi exercises its power of sale under the Security Interest. The Holder's cost base for their beneficial interest in the Underlying Shares will include:

- for Cash Applicants, the First Instalment and the amount of the Loan applied to purchase the Underlying Shares.
- for Shareholder Applicants, the Holder's existing cost base for the Underlying Shares.
- for Rollover Applicants, the Holder's existing cost base for the beneficial interest in the Underlying Shares of the Rollover Instalment. That cost base would not be affected by payments made to Citi or received from Citi in respect of the Loan.
- for Cash Applicants, Shareholder Applicants and Rollover Applicants, any amount deemed to be incurred for a put option (see below) if the right to deliver a Request for Purchase Notice is ultimately exercised.

Depending on the circumstances, an amount may be treated under s.247-20 of the Income Tax Assessment Act 1997 (the "capital protected borrowing provisions") as being incurred for a put option. Broadly, this will be the case if the relevant rate of interest at the time of issue, or subsequent draw down (if any), exceeds the relevant benchmark rate.

Currently, the relevant benchmark rate is the Reserve Bank of Australia's Indicator Rate for Personal Unsecured Loans - Variable Rate (the "Current Benchmark Rate").

Importantly, the Government has announced in the 2008-09 Budget that it will change the benchmark rate to the - historically lower - indicator variable rate for standard housing loans (the "Proposed Benchmark Rate"). The Proposed Benchmark is expected to apply to Citi Self Funding Instalments acquired after 7.30pm (AEST) on 13 May 2008.

### 5.1.2 Purchasing your Citi Self Funding Instalments on the ASX

Purchasing Citi Self Funding Instalments on the ASX gives rise to similar consequences to those for a Cash Applicant. That is, purchasing the Citi Self Funding Instalments establishes the cost base for the Holder's beneficial interest in the Underlying Shares and the right to deliver a Request for Purchase Notice.

The cost base of the Underlying Shares will be relevant to the CGT consequences for the Holder when the Citi Self Funding Instalments are sold, exercised, terminated, expire, the Holder sells the Underlying Shares pursuant to a right to deliver a Request for Purchase Notice or if Citi exercises its power of sale under the Security Interest. The Holder's cost base for their beneficial interest in the Underlying Shares will include the purchase price of the Citi Self Funding Instalment, any brokerage and the amount of the Holder's Loan that is applied to repay the transferring Holder's loan.

Citi has confirmed that the right to deliver a Request for Purchase Notice has no market value separate to the Citi Self Funding Instalments. Accordingly, no further CGT consequences should arise for these Holders in relation to that right.

Depending on the circumstances, an amount may be treated under s.247-20 of the capital protected borrowing provisions as being incurred for a put option. Broadly, this will be the case if the relevant rate of interest at the time of acquisition, or subsequent draw down (if any), exceeds the relevant benchmark (see 5.1.1 above).

## 5.2 HOLDING YOUR CITI SELF FUNDING INSTALMENTS

### 5.2.1 Interest deductibility

Taxpayers are generally entitled to deductions for interest on borrowed funds that are used for income producing purposes such as acquiring income producing assets like Australian shares.

The Loan to Cash Applicants and Holders who acquire Citi Self Funding Instalments on the ASX is applied to acquire a beneficial interest in the Underlying Shares. Those Securities typically produce dividends and/or distributions which are included in the assessable

income of the Holder. Accordingly, subject to the comments below, if the Citi Self Funding Instalments are acquired by a Holder for the purpose of deriving assessable dividends and/or distributions, then interest on the Loan should be deductible to the Holder. Also, interest on the Loan should be deductible for:

- Shareholder Applicants provided that the borrowed funds are used wholly for income producing purposes; and
- Rollover Applicants provided that, if the Loan exceeds the total of the Final Instalment on the Rollover Instalment, the Interest Component and the Borrowing Fee, then the excess is used wholly for income producing purposes.

Interest on the Loan will not be deductible if incurred by the Holder solely for the purpose of deriving capital gains.

Some part of an Interest Amount may be denied deductibility if part of an Interest Amount is treated under the capital protected borrowing provisions as being incurred for a put option (see 5.1.1 and 5.1.2).

Depending on the Holder's personal circumstances, there remains a residual risk that some part of an Interest Amount may be denied deductibility if the total of the Interest Amounts for a particular income year exceeds the assessable amount of dividends or distributions, grossed up for any franking credits, paid in respect of the Underlying Shares.

Finally, no part of an Interest Amount should be denied deductibility under the general deduction provisions on the basis that any part of an Interest Amount should be characterised as being paid for the grant of the right to deliver a Request for Purchase Notice (as Citi has confirmed that this right has no market value separate to the Citi Self Funding Instalments).

### 5.2.2 Prepayment of interest

Interest on the Loan accrues from day to day, but is prepaid to the end of the Interest Period (which may, depending on the Holder's circumstances be 12 months or less from the Drawdown Date). In these cases, based on the position taken and assumptions made by the ATO in product rulings relating to similar instalment warrants, Holders who are individuals (who do not incur the interest in carrying on a business) and STS taxpayers should be entitled to claim a deduction for

the prepaid Interest Amount in the tax year when the prepayment is made. Other Holders will also be able to do so if either:

- the total prepaid Interest Amount is less than \$1,000; or
- the Interest Period ends in the same tax year as the Drawdown Date.

For other Holders, interest deductions will be spread across tax years by reference to the number of days in the period from the Drawdown Date or Interest Date to the end of the Interest Period that falls in each tax year.

### 5.2.3 Borrowing Fee

A Holder will be entitled to deduct the Borrowing Fee to the extent that it is incurred to borrow money for income producing purposes. However, if the Maturity Date is in a subsequent tax year, then the deduction available will be spread across each tax year by reference to the number of days in that period that fall in each tax year.

### 5.2.4 Distributions on the Underlying Parcel

Under the terms of the Citi Self Funding Instalments and the relevant Instalment Warrant Deed, Holders are presently entitled to income from the Underlying Shares regardless of the fact that they are applied to reduce the Loan and Final Instalment. The tax consequences to the Holder depend on whether the Underlying Shares comprise a share or a unit in a trust.

#### (a) Dividends

A Holder's assessable income will include dividends paid on the Underlying Shares where the Security is a share in a company. A Holder's assessable income will also include the amount of any franking credits on those dividends, but the Holder would generally be entitled to tax offsets equal to the amount of the franking credits. Broadly, under the franking provisions, only Holders with marginal tax rates above 30% will effectively pay additional tax on franked dividends. If a Holder's marginal tax rate is less than 30% then certain Holders, including individuals and superannuation funds, will be entitled to a refund of the amount of the excess franking credits.

However, a Holder's entitlement to franking credits can be affected by complex "franking credit trading" provisions. These provisions are designed to ensure

that a Holder is only entitled to franking credits if the Holder has sufficient economic exposure to the Underlying Shares. The Issuer has determined that, at the date of this PDS, the Citi Self Funding Instalments give a Holder sufficient economic exposure to be entitled to the franking credits.

Nevertheless, the Holder's economic exposure to the Underlying Shares can be affected by the Holder's other dealings (eg, entry into options, warrants, contracts for sale and so on). Holders should seek their own specific advice on this issue.

Holders who are individuals and whose franking credits do not exceed \$5,000 in a tax year are generally entitled to franking credits for that tax year, regardless of their actual economic exposure to the Underlying Shares.

Generally, no Australian franking credits will arise where the Underlying Share is in a company that is not a resident of Australia for Australian income tax purposes. However, in certain circumstances, dividends paid by New Zealand tax resident companies may be franked with Australian franking credits.

#### **(b) Unit trust distributions**

Subject to the comments below, a Holder's assessable income will include distributions received on the Underlying Shares where the Security is a unit in a unit trust.

Certain distributions from unit trusts may be "tax deferred". A Holder's assessable income will not include "tax deferred" amounts when they are received. Instead, these distributions generally reduce the cost base of the Holder's interest in the Underlying Shares, and so may increase any capital gain (or decrease any capital loss) on a subsequent disposal of the Underlying Shares. If the total of these "tax deferred" distributions exceeds the cost base for the Holder's interest in the Underlying Shares, then the excess will be taxed as a capital gain to the Holder in the tax year the excess is distributed.

A Holder's assessable income will include a share of dividends distributed by the unit trust. A Holder's assessable income will also include the amount of any franking credits on those dividends, but the Holder would generally be entitled to tax offsets equal to the amount of the franking credits. Where the Underlying Shares are units the application of the franking credit

trading provisions is even more complicated than where they are shares for two reasons. Firstly, the trust must also satisfy the franking credit trading provisions and secondly the Holder's economic exposure to the Underlying Parcel may be affected by the terms of the relevant trust deed. Again, Holders should seek their own specific advice on this issue.

Broadly, if the unit trust makes a capital gain, then Holders can offset the amount of their distribution attributable to the capital gain against their capital losses. If the unit trust makes a discount capital gain, then Holders are treated as having made a capital gain equal to double the amount of their distribution attributable to the discount capital gain, which effectively negates the discount capital gain applying at the trust level. Certain Holders (individuals, trustees and complying superannuation entities) are then entitled to the CGT discount on that capital gain in their hands.

A Holder's assessable income will include any foreign tax paid on foreign income derived by the trust. The Holder will then generally be entitled to a tax offset for the foreign tax, capped at the amount of Australian tax payable on the total of that type of foreign income and the foreign tax.

If the trust is a public trading trust, the trust will be treated as a company and distributions will be deemed to be dividends so that the tax consequences described in the Section 5.2.4(a) "Dividends" above will generally apply.

### **5.3 SELLING YOUR CITI SELF FUNDING INSTALMENTS**

When a Holder sells their Citi Self Funding Instalments on the ASX, for CGT purposes they dispose of their beneficial interest in the Underlying Shares.

The Holder will make a capital gain to the extent that the total of the sale price and the amount of the Holder's Loan that is repaid by the Purchaser exceeds the cost base of their beneficial interest in the Underlying Shares.

Further, although the capital protected provisions are not entirely clear on this issue, and there is no case law or ATO guidance on point, consistent with the policy intention of the capital protected borrowing provisions if a Holder is deemed under the capital protected borrowing provisions to have incurred an amount for a

put option (see 5.1.1 and 5.1.2), then the Holder should also realise a capital loss when they sell their Citi Self Funding Instalments equal to the amount they are treated as having incurred for it.

A capital gain may be eligible to be a discount capital gain if the Holder is an individual, trust or a complying superannuation entity and the Citi Self Funding Instalments are disposed of at least 12 months after the Holder acquired them. Capital gains made by companies and other taxpayers are not discounted. Capital gains are only discounted after a Holder's other capital losses and carried forward net capital losses have been applied. If a capital gain is eligible to be discounted, then only 50% of the amount of the capital gain is included in the assessable income of a Holder who is an individual or a trust, and 66⅔% for a Holder that is a complying superannuation entity.

A Holder will make a capital loss to the extent that the total of the cost base of the Holder's beneficial interest in the Underlying Shares exceeds the total of the sale price and the amount of the Holder's Loan that is repaid by the purchaser. If a Holder makes a capital loss, then the loss can only be used to reduce the Holder's other capital gains. If there are insufficient capital gains to absorb the capital losses, the Holder will have a net capital loss for the income year which can generally be carried forward to offset future capital gains.

The amount of the Holder's Loan is reduced by the amount of interest the Holder has prepaid for the period after the transfer of the Citi Self Funding Instalment (the refund amount). Accordingly, the refund amount is required to be included in the Holder's assessable income in the tax year in which the sale occurs.

Transfer Costs may also arise on the sale of Citi Self Funding Instalments. These costs are payable either:

- by a Transferor to Citi - in which case, the Transferor's cost base for their beneficial interest in the Underlying Shares will include the amount of the Transfer Costs; or
- by Citi to the Transferor - in which case, the Transferor's capital proceeds for the sale of their beneficial interest in the Underlying Shares will include the amount of the Transfer Costs.

## 5.4 EXERCISING YOUR CITI SELF FUNDING INSTALMENTS

A Holder can exercise a Citi Self Funding Instalment by paying the Final Instalment or exercising the right to deliver a Request for Purchase Notice.

### (a) Paying the Final Instalment

If a Holder pays the Final Instalment plus the estimated Exercise Costs (if any), the Trustee will procure the delivery of the Underlying Shares to the Holder and the right to deliver a Request for Purchase Notice will expire. In these circumstances:

- based on the position taken by the ATO in product rulings relating to similar instalment warrants, the delivery of the Underlying Shares will not give rise to any immediate tax consequences for the Holder.
- the Holder's cost base for the Underlying Shares will equal the cost base for the Holder's beneficial interest in the Underlying Shares plus any Exercise Costs;
- if a Holder is deemed under the capital protected borrowing provisions to have incurred an amount for a put option (see 5.1.1 and 5.1.2), then the Holder should also realise a capital loss equal to the amount they are treated as having incurred for it.

### (b) Exercising the right to deliver a Request for Purchase Notice

If the Holder exercises the right to deliver a Request for Purchase Notice, then Citi must purchase the Underlying Shares from the Holder for the greater of the Market Value and the Final Instalment. The sale price will first be used to pay any amounts due to the Trustee and any amounts outstanding under the Loan. Any excess will be paid to the Holder.

The sale of the Underlying Shares on exercise of the right to deliver a Request for Purchase Notice will be a disposal for CGT purposes. The Holder's cost base for the Underlying Shares will include the amount (if any) deemed under the capital protected borrowing provisions (see 5.1.1 and 5.1.2) to be incurred for a put option. The capital proceeds will be the sale price of the Underlying Shares (regardless of whether the Holder actually receives all of this amount or, for example, part of it is used to repay the Holder's Loan).

The Holder will realise a capital gain or a capital loss accordingly.

Cash Applicants, as well as Shareholder Applicants and Rollover Applicants who acquired the Underlying Securities less than 12 months before acquiring Citi Self Funding Instalments, should seek specific advice about whether any capital gain arising on sale pursuant to exercise of the right to deliver a Request for Purchase Notice is eligible for discount capital gains treatment, as the ATO has expressed the view that, in broadly similar circumstances, discount capital gains treatment would not be available.

## 5.5 FAILURE TO EXERCISE YOUR CITI SELF FUNDING INSTALMENTS BY THE MATURITY DATE

If a Holder does not exercise their Citi Self Funding Instalments by the Maturity Date, then Citi may sell the Underlying Shares. The sale price will first be used to pay any amounts outstanding under the Loan and any excess will be paid to the Holder. In these circumstances:

- The sale of the Underlying Shares will be a disposal for CGT purposes. The capital proceeds will be the sale price of the Underlying Shares (regardless of whether the Holder actually receives all of this amount). The Holder will realise a capital gain or loss accordingly, and a capital gain may be a discount capital gain in the circumstances described in 5.3 above.
- If a Holder is deemed under the capital protected borrowing provisions to have incurred an amount for a put option (see 5.1.1 and 5.1.2), then the Holder should also realise a capital loss equal to the amount they are treated as having incurred for it.

If the sale price is less than the amount of the Holder's Loan, then Citi cannot recover the shortfall from the Holder. In these circumstances:

- consistent with existing product rulings for similar products, the ATO would be expected to maintain that the cost base of the Holder's beneficial interest in the Underlying Shares is reduced by the amount of the shortfall, so reducing the Holder's capital loss;
- the shortfall should not generally be assessable income or give rise to a capital gain for the Holder; and

- there should be no adverse consequences for the Holder under the commercial debt forgiveness provisions.

## 5.6 GST

No GST is payable on the following supplies and acquisitions:

- the issue or creation of Citi Self Funding Instalments;
- the on-market transfer of a Citi Self Funding Instalment as a consequence of an on-market sale or purchase of a Citi Self Funding Instalment;
- any transfer of an Underlying Share to the Trustee on acceptance of a Shareholder Application by Citi;
- the transfer of an Underlying Share to a Holder on payment of the Final Instalment; or
- the making of a loan or the granting of a security.

However, it is usual for GST to be payable on supplies in consideration for commissions or fees payable to intermediaries, such as financial advisers. In general, this GST may be passed on to you as part of the commission or fee, or as an additional amount.

## 5.7 STAMP DUTY

The issue, creation, transfer, sale or purchase of the Citi Self Funding Instalment should not be liable to stamp duty in any Australian jurisdiction.

No stamp duty should be payable by the Holder on giving an Exercise Notice or acquiring or disposing of the listed Securities comprising an Underlying Parcel.

That is on the basis that at the time of the relevant transaction:

- the Citi Self Funding Instalment or Security will be quoted on the ASX;
- there will be at least 300 holders of the Securities in any trust Entity (where associates are treated as a single holder); and
- no person (together with their associates) will hold 20% or more of the Securities of any trust Entity.

In addition, no stamp duty should be payable on the Loan Agreement or equitable mortgage.

## Section 6 - Issuer and Guarantor Details

The Citi Self Funding Instalments issued under this PDS will be issued by Citigroup Global Markets Australia Pty Limited. Citi Australia is a wholly owned subsidiary of the Guarantor, and a member of the Citigroup Inc. group of companies.

The group has been in the Asia Pacific region for more than 100 years and today provides more services in more markets for more clients than any other financial institution.

### 6.1 CITI IN AUSTRALIA AND NEW ZEALAND

The group established a presence in Australia in 1971 and in New Zealand in 1982. In 1984, the group's securities and investment banking business commenced operations and in 1985 Citibank Pty Limited became the first foreign bank to be granted an Australian banking licence.

Today, the group provides financial services to more than 1 million consumers and over 900 corporate clients in Australia and New Zealand.

### 6.2 GENERAL INFORMATION ABOUT THE GUARANTOR

The obligations of Citi Australia under this PDS in respect of the Citi Self Funding Instalments are guaranteed by Citigroup Inc.

Citigroup Inc. (together with its subsidiaries, the Company) is a diversified global financial services holding company whose businesses provide a broad range of financial services to consumer and corporate customers with more than 200 million customer accounts doing business in more than 100 countries. Major brand names under the Company's trademark red umbrella include Citibank, CitiFinancial, Primerica, Smith Barney, and Banamex.

The Company's activities are conducted through the Global Consumer, Markets and Banking, and Global Wealth Management business segments. Citigroup Inc. was incorporated in 1988 under the laws of the State of Delaware and is a bank holding company within the meaning of the U.S. Bank Holding Company Act of 1956 registered with, and subject to examination by, the Board of Governors of the Federal Reserve System (FRB). At 31 December 2007, the Company had approximately 350,000 full-time employees worldwide. The principal executive offices of Citigroup Inc. are located at 399 Park Avenue, New York, New York 10043.

Details of the guarantee given by Citigroup Inc. in respect of the Citi Self Funding Instalments appear in Section 7.10 of this PDS.

### 6.3 FINANCIAL INFORMATION ABOUT CITI AUSTRALIA AND THE GUARANTOR

Audited financial information about Citi Australia and the Guarantor, as well as information about the directors of Citi Australia and the Guarantor can be found online at [www.citiwarrants.com.au](http://www.citiwarrants.com.au). Other information about the Guarantor can be found on the Company's website at [www.citigroup.com](http://www.citigroup.com).

### 6.4 DISCLAIMER

No circumstance has arisen and no information has become available except as disclosed in this PDS, to ASX or on the website referred to in the previous paragraph that would materially affect an investor's decision for the purpose of making an informed assessment of the capacity of Citi Australia to fulfil its obligations under the Terms of Issue, the capacity of the Guarantor to fulfil its obligations under the deed of guarantee or the risks, rights or obligations associated with the Citi Self Funding Instalments since 31 December 2006 (in the case of Citi Australia) and 31 December 2007 (in the case of Citigroup Inc.).

## Section 7 - Additional Information

### 7.1 STATUS OF CITI SELF FUNDING INSTALMENTS

The Citi Self Funding Instalments establish general, immediate and unsecured contractual obligations of Citi, which have equivalent rank to each other and to the other existing, unsecured and non subordinated obligations of Citi (except for any obligations which have precedence by force of law).

### 7.2 HOLDING STATEMENTS

Citi will comply with the Listing Rules in relation to the issue and despatch of holding statements for the Citi Self Funding Instalments as if the Citi Self Funding Instalments were shares in a company.

### 7.3 TRANSFER

A Citi Self Funding Instalment may be transferred if and only if the transfer is in the manner prescribed by or under the Corporations Act, the Market Rules and the ASTC Settlement Rules (as applicable).

Citi:

- (a) must deal with, certify and register a transfer of a Citi Self Funding Instalment in accordance with the Market Rules and the ASTC Settlement Rules; and
- (b) may refuse to register such a transfer in any of the circumstances where such refusal is permitted by, and in accordance with any procedures prescribed by the Market Rules and the ASTC Settlement Rules.

### 7.4 JOINT HOLDERS

There must not be more than 3 joint Holders of a Citi Self Funding Instalment except in the case of the legal representatives of a deceased Holder. All notices, payments and other correspondence to joint Holders may be directed, given or made to the first-named joint Holder on the Register. If there are joint Holders of any Citi Self Funding Instalment and one of these joint Holders dies, the survivors shall be the only persons recognised by Citi as having any title or interest in the Citi Self Funding Instalment.

### 7.5 VARIATION OF THE TERMS OF ISSUE

Citi may from time to time by notice sent to the Holder make any Change to the Terms of Issue:

With the consent of ASX:

- (a) if the Change is necessary in the opinion of Citi to comply with any statutory or other requirements of law or any requirement of ASX;
- (b) if the Change is made for the purpose of rectifying any defect, manifest error or ambiguity in the deed where the amendment does not materially prejudice the interests of Holders;
- (c) in the case of an Adjustment or an Extraordinary Event;
- (d) to accommodate transfers; or
- (e) where, in the reasonable opinion of Citi, the amendment does not materially prejudice the interests of Holders.

Where the terms of that Change are authorised by a resolution of the Holders passed in accordance with the following:

- (a) Citi dispatches by notice to every Holder a document setting out the terms of the proposed Change together with a ballot paper enabling the Holder (other than Citi or its associates) to vote either in favour of or against the Change;
- (b) Holders return ballot papers to Citi no later than 20 Business Days after the date of the notice;
- (c) Each Holder is entitled to one vote for each Instalment Warrant held;
- (d) A resolution is duly passed if 75% or more of the votes cast by Holders are in favour of the Change;
- (e) Citi or its associates must not vote unless they are voting as trustee or nominee for a person who is not an associate;

except that the Maturity Date is not to be amended except in the case of an Extraordinary Event.

## 7.6 ADMISSION TO TRADING STATUS

Application has been made and approval given for the Citi Self Funding Instalments offered by this PDS to be admitted to trading status by ASX. The fact that ASX has admitted the Citi Self Funding Instalments to trading status is not to be taken in any way as an indication of the merits of Citi or of the Citi Self Funding Instalments.

In admitting the Citi Self Funding Instalments to trading status and not objecting to the Terms of Issue, ASX has not authorised or caused the issue of this PDS and is not in any way a party to or concerned in authorising or causing the issue of this PDS or the making of offers or invitations with respect to the Citi Self Funding Instalments. ASX takes no responsibility for the contents of this PDS. ASX makes no representation as to whether this PDS and the Terms of Issue of the Citi Self Funding Instalments comply with the Corporations Act or the Market Rules.

To the extent permitted by the Trade Practices Act 1974 (Cth) or any other relevant law, ASX will be under no liability for any claim whatsoever, including a claim for any financial or consequential loss or damage suffered by Holders or any other person, whether or not that claim arises wholly or substantially out of reliance on any information contained in this PDS or any error in, or omission from, this PDS.

## 7.7 CHESS

The Citi Self Funding Instalments issued under this PDS will be declared eligible to participate in CHESS pursuant to the ASTC Settlement Rules. In addition to a CHESS subregister, an issuer sponsored subregister will also be maintained. Under the CHESS system, instead of certificates, Holders will be provided with a holding statement which sets out the number of Citi Self Funding Instalments held by a Holder.

The holding statements will include a Holder's Holder Identification Number (HIN) in the case of a holding on the CHESS subregister, and a Securityholder Reference Number (SRN) in the case of a holding on the issuer sponsored subregister.

## 7.8 REGISTRAR

Citi will arrange (at its cost) for a separate register of Holders of the Citi Self Funding Instalments to be established and maintained at the offices of the Registrar. The Register may be inspected during normal business hours by any Holder or authorised representative.

## 7.9 NOTICES

Citi will give each Holder a notice stating those matters set out in Market Rule 10.8.2 not earlier than 30 Business Days and not later than 20 Business Days before the Maturity Date.

## 7.10 THE GUARANTEE

The obligations of Citi under this PDS in respect of the Citi Self Funding Instalments are guaranteed by Citigroup Inc. The guarantee given to each Holder is a continuing, irrevocable and unconditional guarantee of the due and punctual payment of all moneys which may become actually or contingently payable to a Holder by Citi under or in connection with the Citi Self Funding Instalments and the due and punctual performance of Citi's obligations under the Terms of Issue. Each Holder is entitled to severally enforce the guarantee.

Any payments under the guarantee must be made to Holders in the same manner and currency as Citi would be required to make to satisfy its obligations under the Citi Self Funding Instalments. The Guarantor must also pay interest on any amount payable by it under the terms of the guarantee during any period when it remains unpaid. All payments made by the Guarantor under the guarantee will be made free and clear and without any deduction for present or future taxes.

## 7.11 ASIC CLASS ORDERS

ASIC has issued the following Class Orders that will apply to Citi Self Funding Instalments issued under this PDS:

Class Order 02/926 which modifies the Corporations Act so that any relevant interest that a put warrant issuer may have merely because the warrant issuer has the power to control voting or disposal where the warrant expires or the holder defaults is disregarded.

Class Order 02/926 which modifies the Corporations

Act so that no associate relationship arises between a put warrant holder and a put warrant issuer merely because of the put warrant.

Class Order 02/927 which modifies the Corporations Act so that Trustee does not have a relevant interest in the Underlying Shares.

Class Order 04/1430 which modifies the Corporations Act so that disclosure in dollar terms is not required where the dollar amount to be disclosed depends on a fact or circumstance that is not known, and could not have been found out.

Class Order 04/1431 which modifies the Corporations Act so that disclosure in dollar terms is not required in relation to the costs associated with acquiring derivatives and amounts that will or may be payable following acquisition.

Class Order 04/1433 which modifies the Corporations Act so that disclosure in dollar terms is not required in relation to non-monetary benefits required to be disclosed in a PDS.

## 7.12 DISPUTE RESOLUTION SYSTEM

Citi has established procedures to ensure that any enquiries or complaints that you may have in relation to Citi Self Funding Instalments will be dealt with in a proper and timely manner. Full details of these procedures appear in the FSG which appears as Appendix 1 to this PDS.

## 7.13 LABOUR STANDARDS, ENVIRONMENTAL, SOCIAL OR ETHICAL CONSIDERATIONS

Citi will not take into account labour standards or environmental, social or ethical considerations in selecting, retaining or realising the investment represented by Citi Self Funding Instalments. Investors should make their own enquiries as to whether labour standards or environmental, social or ethical considerations are taken into account by the Entities whose Securities make up the Underlying Parcel of the Citi Self Funding Instalments.

## 7.14 CONSENTS

Citigroup Inc. has given and has not withdrawn its consent to be named in this PDS in the form and context in which it is named. Citigroup Inc. has not authorised or caused the issue of this PDS, does not make, or purport to make, any statement in this PDS, and takes no responsibility for any part of this PDS other than references to its name (except to the extent required by the Corporations Act).

Freehills has given and has not withdrawn its consent to be named in this PDS as lawyers to the issue in the form and context in which it is named. Freehills has not provided any taxation advice in, or in relation to, this PDS and has not authorised or caused the issue of this PDS. Freehills does not make, or purport to make, any statement in this PDS or any statement on which a statement in this PDS is based except as stated in this paragraph. Freehills takes no responsibility for any part of this PDS to the maximum extent permitted by law other than references to its name to which it has consented.

Computershare Investor Services Pty Limited has given and has not withdrawn its consent to be named in this PDS in the form and context in which it is named. Computershare Investor Services Pty Limited has not authorised or caused the issue of this PDS, does not make, or purport to make, any statement in this PDS, and takes no responsibility for any part of this PDS other than references to its name (except to the extent required by the Corporations Act).

## 7.15 GOVERNING LAW

The Citi Self Funding Instalments and this PDS are governed by and construed in accordance with the law of New South Wales and the parties submit to the non-exclusive jurisdiction of the courts of New South Wales and any court hearing appeals from those courts.

## Section 8 - Definitions and Interpretation

### 8.1 DEFINITIONS

**Accretion** means all rights, accretions and entitlements attaching to a Security on or after the date of issue of the corresponding Instalment Warrant including all voting rights and securities, notes, options or other rights exercisable, declared, paid or issued in respect of the Security, other than Dividends and Special Dividends.

**Adjustment** means an adjustment to an Underlying Parcel or the Exercise Price required as a result of:

- (a) a Corporate Action;
- (b) circumstances prescribed in Appendix 11.3.1 to the Market Rules; or
- (c) any other event which Citi considers, with the consent of ASX, should give rise to an adjustment.

**Applicant** means a Cash Applicant, Shareholder Applicant or Rollover Applicant as applicable.

**Application** means a Cash Application, Shareholder Application or Rollover Application as applicable.

**Application Form** means a Cash Application Form, Shareholder Application Form or Rollover Application Form as applicable.

**ASIC** means the Australian Securities and Investments Commission.

**ASTC** means the Australian Settlement and Transfer Corporation.

**ASTC Settlement Rules** means the settlement rules of ASTC as amended or varied from time to time.

**ASX** means ASX Limited (ABN 98 008 624 691) or the market conducted by ASX, as the context requires.

**ATO** means the Australian Taxation Office.

**Bonus Issue** means any issue, grant or other distribution, without contribution by or liability of the recipient, of any shares, securities or any other property of any kind other than any cash dividend component of any such issue, grant or distribution.

**Borrowing Fee** means the fee charged on each Loan granted under the Loan Agreement by way of compensation to Citi for among other things the risk in relation to a limited recourse Loan, and which

may include an amount which is paid as commission to distributors of the Citi Self Funding Instalment Warrants.

**Business Day** has the meaning given to it in the Market Rules.

**Buy-Back Offer** means an offer by an Entity to buy-back some or all the Securities comprising the Underlying Parcels pursuant to the Corporations Act.

**Cash Applicant** means an applicant who makes a Cash Application.

**Cash Application** means an irrevocable application to Citi by a Cash Applicant for Citi Self Funding Instalments pursuant to a Cash Application Form.

**Cash Application Form** means an application form attached to or accompanying this PDS that has been completed by an investor who wishes to apply for Citi Self Funding Instalments where the consideration payable for the issue of the Citi Self Funding Instalments is cash.

**Cashback Amount** means the cash amount payable to:

- (a) Shareholder Applicants, being the amount of the Loan less the First Interest Amount and Borrowing Fee; and
- (b) Rollover Applicants, being the difference by which the amount of the Loan less the First Interest Amount and Borrowing Fee, is greater than the final instalment to be paid on the Rollover Instalments (if any).

**Change** means in respect of the Terms of Issue any modification, variation, alteration or deletion of or addition to the Terms of Issue.

**CHES** stands for the Clearing House Electronic Subregister System and has the meaning given to it in the ASTC Settlement Rules.

**Citi** or **Citi Australia** means Citigroup Global Markets Australia Pty Limited (ABN 64 003 114 832).

**Citi Self Funding Instalment** means a warrant (which has the meaning given to it in the Corporations Act and the Market Rules) issued pursuant to the Terms of Issue.

**Closing Time** means 4.05pm Sydney time on an Exercise Date or the Maturity Date as applicable.

**Corporate Action** includes an Entitlements Offer, the subdivision or consolidation of an Underlying Parcel, a reduction of capital, a Scheme, a Buy-Back Offer, a Bonus Issue, and a Takeover Bid.

**Corporations Act** means the Corporations Act 2001 (Cth) and includes a reference to the Corporations Regulations.

**Corporations Regulations** means the regulations issued under or for the purposes of the Corporations Act.

**Declaration of Trust** means the declaration of trust made by the Trustee on or about 17 July 2007 in relation to instalment warrants.

**Dividend** means, in respect of an Instalment Warrant over shares, a dividend of the relevant company and, in respect of an Instalment Warrant over units, distribution of income or gains of the relevant trust, but does not include a Special Dividend.

**Drawdown Date** has the meaning given to it in the Loan Agreement.

**Entitlements Offer** means any offer made to all Holders in their capacity as registered holders of Securities (whether the offer is made by an Entity or by any other person) to subscribe for or otherwise acquire issued or unissued Securities, whether of an Entity or of any other body, and includes but is not limited to offers which the ASX determines should be treated for the purpose of the Listing Rules as though they were governed by Appendix 7A, paragraph 3 of the Listing Rules.

**Entity** means a corporation or trust, as applicable, but does not include Citi.

**Equalisation Amount** means an amount of Tax withheld from a Dividend or Special Dividend in accordance with clause 9.2(c) of the Instalment Warrant Deed.

**Exercise Costs** means any stamp duty or equivalent government tax, impost or duty, any brokerage, commission or other transaction cost charged on the exercise of a Citi Self Funding Instalment.

**Exercise Date** means any Business Day prior to Closing Time on which the Holder has delivered an Exercise Notice to Citi.

**Exercise Notice** means a notice in the form attached to this PDS.

**Extraordinary Event** means an event in respect of the Underlying Shares declared to be an extraordinary event by Citi in accordance with the Instalment Warrant Deed, details of which appear in Section 4.6 of this PDS.

**Final Instalment** means the final instalment amount (excluding any Exercise Costs) payable by a Holder to Citi in respect of one Instalment Warrant as specified in this PDS and or as otherwise determined or announced in accordance with this PDS (noting such amount is increased annually by the annual Interest Amount and reduced by the net amount of Dividends and Special Dividends applied to it).

**First Instalment** means:

- (a) the amount payable by a Cash Applicant for a Citi Self Funding Instalment;
- (b) in the case of a Shareholder Applicant, the Securities to be transferred to the Trustee, being the Securities that will comprise the Underlying Parcel of the relevant Series of Citi Self Funding Instalments;
- (c) in the case of a Rollover Applicant, the Securities that make up the underlying parcel of the Rollover Instalment, being the Securities that will comprise the Underlying Parcel of the relevant Series of Citi Self Funding Instalments; or
- (d) in the case of a Transferee, the purchase price paid by an investor who acquires a Citi Self Funding Instalment as a result of a Transfer.

**GST** has the same meaning as in A New Tax System (Goods and Services Tax) Act 1999 (Cth).

**Guarantor** means Citigroup Inc., a Delaware corporation.

**HIN** has the meaning given to it in the ASTC Settlement Rules.

**Holder** means the person recorded in the Register as the holder of a Citi Self Funding Instalment from time to time.

**Instalment Warrant** has the same meaning as Citi Self Funding Instalment.

**Instalment Warrant Deed** means the Citi Self Funding Instalment Warrant Deed entered into by Citi, Callex Nominees and the Trustee dated on or about 17 July 2007 as amended from time to time.

**Interest Amount** has the meaning given to it in the Loan Agreement.

**Interest Component** has the meaning given to it in the Loan Agreement.

**Interest Period** has the meaning given to it in the Loan Agreement.

**Intrinsic Value** means the value of the Citi Self Funding Instalment calculated in accordance with Procedure 10.11.7 of the Market Rules.

**Investment Overview** means the investment overview table that appears in this PDS.

**Issuer** means Citi.

**Listing Rules** means the listing rules of ASX as amended or varied from time to time.

**Loan** has the meaning given to it in the Loan Agreement.

**Loan Agreement** means the agreement that appears in Section 9 of this PDS.

**Market Rules** means the market rules of ASX as amended or varied from time to time.

**Market Value** of an Underlying Parcel means the aggregate of the values of the items of property comprising an Underlying Parcel being:

- (a) where the item of property is traded on the ASX on the relevant date, the Weighted Average Sale Price of that item of property on ASX; and
- (b) otherwise, the value determined by Citi with the consent of ASX to be the fair market value of that item of property on the relevant date.

**Maturity Date** means the maturity date specified in the Summary Table for each Series of Citi Self Funding Instalments.

**Mortgage Enforcement Costs** means, in relation to Mortgaged Property, any fees, costs, charges, liabilities, Tax (including Exercise Costs) and expenses which the Trustee or Citi incurs under or in relation to the Security Interest in relation to that Underlying Parcel (including any fees, costs, charges, liabilities, Tax and expenses incurred in enforcing the Security Interest or as a result of the exercise of any power under the Security Interest).

**Mortgaged Property** means the property mortgaged or charged by the Trustee in favour of Citi to secure repayment of the Loan and payment of certain other

amounts specified in the Instalment Warrant Deed.

Where a Holder is a Holder of more than one Citi Self Funding Instalment in the same Series, the Mortgaged Property for each Loan relating to the Citi Self Funding Instalments of the same Series held by the Holder will include the Underlying Shares (and any Accretions) for all such Citi Self Funding Instalments.

**Order of Payment** means the payment of the proceeds of a sale or disposal of an Underlying Parcel or of a surplus or other amount, received by Citi or the Trustee under the Instalment Warrant Deed in the following order:

- (a) firstly, to the Trustee in respect of all costs, charges, liabilities and expenses of the Trustee which have been incurred in or are incidental to the exercise or performance or attempted exercise or performance of a power or duty under the Instalment Warrant Deed in respect of the relevant Underlying Parcel, including Taxes, and any other amount payable to the Trustee from the relevant Separate Trust in accordance with the Instalment Warrant Deed;
- (b) secondly, to Citi in respect of the Secured Monies; and
- (c) thirdly, to the Holder with respect to any balance (without interest and in full discharge of all liability of Citi and the Trustee to the Holder).

**Qualified Sale Agent** has the meaning given to it in the Instalment Warrant Deed.

**Register** means the register of persons who hold Citi Self Funding Instalments from time to time and includes the relevant CHESS subregister and issuer sponsored subregister.

**Registrar** means Computershare Investor Services Pty Limited (ABN 48 078 279 277) or any other registrar appointed by Citi.

**Relevant Date** for the purposes of Weighted Average Sale Prices, means the Maturity Date or, in the case of an Exercise Notice, the date the Exercise Notice became effective.

**Request for Purchase Notice** means a notice in the form with that or a similar title approved by Citi (including in the form attached to this PDS).

**Request for Purchase Price** means the price at which Citi must purchase a Citi Self Funding Instalment pursuant to a Request for Purchase Notice.

**Revised Order of Payment** means the payment of the proceeds of a sale or disposal of an Underlying Parcel or of a surplus or other amount, received by Citi or the Trustee under the Instalment Warrant Deed in the following order:

- (a) firstly, to the Holder the amount determined in accordance with Market Rule 10.11.7 (without interest and in full discharge of all liabilities of Citi and the Trustee to the Holder);
- (b) secondly, to the Trustee with respect to any balance in respect of all costs, charges, liabilities and expenses of the Trustee which have been incurred in or are incidental to the exercise or performance or attempted exercise or performance of a power or duty under the Instalment Warrant Deed in respect of the relevant Underlying Parcel, including Taxes, and any other amount payable to the Trustee from the relevant Separate Trust in accordance with the Instalment Warrant Deed; and
- (c) thirdly, to Citi with respect to any balance in respect of the Secured Monies.

**Rollover Applicant** means an existing holder of Rollover Instalments who makes a Rollover Application.

**Rollover Application** means an irrevocable application to Citi by a Rollover Applicant for Citi Self Funding Instalments pursuant to a Rollover Application Form.

**Rollover Application Form** means an Application Form attached to or accompanying this PDS that has been completed by an investor who wishes to apply for Citi Self Funding Instalments where the consideration for the issue of the Citi Self Funding Instalments is the transfer of Securities that make up the underlying parcel of a Rollover Instalment from a trust to the Trustee so that those Securities become the Underlying Parcel for the relevant Series of Citi Self Funding Instalments.

**Rollover Instalments** means an existing series of instalment warrants held by a Holder that are the subject of a Rollover Application.

**Secured Monies** means, in relation to an Underlying Parcel:

- (a) the greater of:
  - A. all monies which a Holder is, or at any time may become, actually or contingently liable to pay to Citi under or in relation to the

Instalment Warrant to which the Underlying Shares relates, any other Instalment Warrant in the same Series as that Instalment Warrant that are held by the same Holder or any Loan Agreement which relates to any such Instalment Warrant (including without limitation any Equalisation Amount); and

- B. the aggregate of the Final Instalments for the Instalment Warrants to which the Underlying Shares relates, and any other Instalment Warrants in the same Series held by the same Holder; and

- (b) the Mortgage Enforcement Costs and any other amounts due in connection with the Holder's holding.

**Scheme** has the meaning given that term in the Instalment Warrant Deed.

**Security** has the meaning give to it in Section 92(1) of the Corporations Act.

**Security Interest** means any mortgage granted on the terms of the Instalment Warrant Deed by the Trustee on behalf of each Holder and held by Citi to secure repayment of the Secured Monies.

**Separate Trust** means each trust established under the Instalment Warrant Deed and Declaration of Trust.

**Series** means a particular set of Citi Self Funding Instalments issued under a PDS that:

- (a) relate to a particular Security of an Entity;
- (b) have the same Final Instalment;
- (c) have the same Maturity Date; and
- (d) have been issued under the same terms.

**Shareholder Applicant** means an investor who makes a Shareholder Application.

**Shareholder Application** means an irrevocable application to Citi by a Shareholder Applicant for Citi Self Funding Instalments pursuant to a Shareholder Application Form.

**Shareholder Application Form** means an Application Form attached to or accompanying this PDS that has been completed by an investor who wishes to apply for Citi Self Funding Instalments where the consideration payable for the issue of the Citi Self Funding Instalments is the transfer of an existing holding of Securities to the Trustee, being Securities which are the same as the Securities that make up the Underlying

Parcel of the relevant Series of Citi Self Funding Instalments being applied for.

**Special Dividend** means any dividend of the relevant company and in respect of an Instalment Warrant over units, or distribution of income or gains of the relevant trust described by the Entity declaring it as:

- (a) special, abnormal, extraordinary, additional or extra;
- (b) part of a scheme of arrangement or takeover consideration;
- (c) part of a special distribution involving a return of capital, or

are otherwise characterised by ASX as a special dividend.

**Summary Table** means the summary table that appears in this PDS.

**Takeover Bid** means a takeover pursuant to Chapter 6 of the Corporations Act.

**Tax** includes without limitation any tax, levy, impost, deduction, charge, rate, duty, or withholding tax which is levied or imposed by a government or government agency, and any related interest, penalty, charge, fee or other amount.

**Tax Act** means the Income Tax Assessment Act 1936 (Cth) and the Income Tax Assessment Act 1997 (Cth), both as amended from time to time and any successor legislation.

**Terms of Issue** means the collective terms on which the Citi Self Funding Instalments issued under this PDS are issued, as set out in the Instalment Warrant Deed, the Loan Agreement and this PDS.

**Trading Day** has the meaning given to it in the Listing Rules.

**Transfer** means the transfer of a Citi Self Funding Instalment which complies with the Instalment Warrant Deed.

**Transfer Costs** has the same meaning that term has in the Instalment Warrant Deed.

**Transferee** means a person who acquires an Instalment Warrant.

**Transferor** means a person who disposes an Instalment Warrant.

**Trust Property** means in relation to a Holder:

- (a) the Underlying Parcel held by the Trustee in respect of that Holder which corresponds to an Instalment Warrant; and
- (b) all undistributed Dividends, Special Dividends and Accretions arising from or attributable to the property referred to in paragraph (a) above (if any).

**Trust Tax Change** means a change to the Tax Act whereby trustees are taxed in a manner similar to companies or trust distributions are taxed in a manner similar to corporate distributions or any other change which has a material financial impact on the issue, holding, cancellation or expiry of Citi Self Funding Instalments.

**Trustee** means Citigroup Global Markets Australia Nominees No 2 Pty Limited (ABN 88 080 263 412) and includes any successor trustee appointed pursuant to the Instalment Warrant Deed.

**Underlying Parcel** has the same meaning as Underlying Shares.

**Underlying Shares** means the number of Securities of an Entity that constitute the underlying parcel of a particular Series of Citi Self Funding Instalments from time to time and which represent some or all of the Trust Property, and which at the date of issue of this PDS, is one Security (as adjusted from time to time in accordance with the Terms of Issue).

**Weighted Average Sale Price** means the weighted average sale price of an item of property on ASX determined by Citi, by calculating the daily volume weighted price on the 5 Trading Days immediately following the Relevant Date (excluding special crossings, option exercises and overseas sales reported on those 5 Trading Days) by dividing the total of the sale prices of identical items of property on the ASX on each of the 5 Trading Days (excluding special crossings, option exercises and overseas sales reported on those days) by the number of those items the subject of sales during each of such Trading Days, and then calculating the arithmetic average of such daily volume weighted prices.

## 8.2 INTERPRETATION

Headings are for convenience only and do not affect interpretation. The following rules apply unless the context requires otherwise.

- (a) The singular includes the plural and the plural includes the singular.
- (b) Words of any gender include all genders.
- (c) Other parts of speech and grammatical forms of a word or phrase defined herein have a corresponding meaning.
- (d) An expression importing a person includes any partnership, joint venture, association, corporation or other body corporate as well as an individual.
- (e) A reference to a clause or schedule is a reference to a clause of, and a party, or schedule to this PDS.
- (f) A reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them.
- (g) A reference to a document includes all amendments or supplements to, or replacements or novations of, that document.
- (h) A reference to a party to a document includes that party's successors and permitted assignees.
- (i) No provision of this document will be construed adversely to a party because that party was responsible for the preparation of this document or that provision.
- (j) Specifying anything in this PDS after the words 'include' or 'for example' or similar expressions does not limit what else is included.
- (k) Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day. (l) A word or phrase defined in the Corporations Act, the Listing Rules, the Market Rules or the ASTC Settlement Rules as amended from time to time, has the same meaning when used in this PDS unless the context requires otherwise or unless otherwise defined in this PDS.
- (m) References to a date or time are to dates and times in Sydney Australia unless specified otherwise.
- (n) Where a provision of the Market Rules or ASTC Settlement Rules as they apply (with waivers, notices, approvals and consents from ASX) to the Citi Self Funding Instalments issued under this PDS is inconsistent with a provision of this PDS, then the provision of this PDS shall be interpreted, or shall be amended by supplemental deed, so as to be consistent and to permit compliance with the relevant provision of the Market Rules, so far as is lawful.

## Section 9 - Loan Agreement

### PARTIES

1. **Citigroup Global Markets Australia Pty Limited** (ABN 64 003 114 832) incorporated in New South Wales of Citigroup Centre, 2 Park Street, Sydney, New South Wales (**Citi**); and
2. Each **Holder** of a Citi Self Funding Instalment (the **Investor**).

### 1. DEFINITIONS AND INTERPRETATION

The definitions and interpretation provisions that appear in Section 8 of the PDS apply to this Loan Agreement. In addition, the following definitions apply,

**BBSW Rate** means the 30 day bank bill swap rate quoted on the page designated "BBSW" on the Reuters Monitor System or any other page on the Reuters Monitor System which from time to time displays bank bill swap rates.

**Borrowing Fee** means the fee charged on the Loan granted under this Loan Agreement by way of compensation to Citi for among other things the risk in relation to a limited recourse Loan, and which may include an amount which is paid as commission to distributors of Citi Self Funding Instalments (which may include Citi).

**Drawdown Date** means:

- (a) in the case of Applicants, the date of issue of the Citi Self Funding Instalments; and
- (b) in the case of Transferees, the date of registration of a Transfer.

**First Interest Amount** means the Interest Amount for the Interest Period commencing on the Drawdown Date.

**Interest Amount** means the amount of interest payable in advance on the Loan for an Interest Period on the Drawdown Date and thereafter on each Interest Date as determined by Citi and which accrues day to day, and includes the First Interest Amount.

**Interest Component** means the aggregate Interest Amounts payable for the relevant Interest Periods between the Drawdown Date and the Maturity Date.

**Interest Date** means each date so described which appears in the Investment Overview of this PDS.

**Interest Period** means the period (being a number of days) for which an Interest Amount has been drawn down and prepaid to Citi pursuant to this Loan Agreement, being the period (as applicable):

- (a) from the Drawdown Date to the day prior to the next Interest Date; or
- (b) from an Interest Date to the day prior to the next Interest Date; or
- (c) from an Interest Date to the Maturity Date.

**Interest to Period End** means the Interest Amount for the period (being a number of days) from the Drawdown Date or Interest Date (as applicable) to the end of the applicable Interest Period.

**Loan** means the loan granted to each Investor by Citi pursuant to this Loan Agreement.

**Loan Agreement** means this agreement.

**Maturity Date** means the maturity date for the Citi Self Funding Instalments as specified in the PDS or otherwise determined by Citi in accordance with the Terms of Issue.

**Nominated Account** means the bank account that a Cash Applicant or a Rollover Applicant specifies in section E (Banking Details) of their Cash Application Form or Rollover Application Form (respectively).

**PDS** means the product disclosure statement issued by Citi in respect of Self Funding Instalment Warrants dated 8 July 2008.

**Transfer Costs** has the same meaning as in the Instalment Warrant Deed.

### 2. LOAN

#### 2.1 Loan

A separate Loan will be granted in respect of each Citi Self Funding Instalment issued to or purchased by the Investor. A separate Loan Agreement will be constituted in respect of the Loan in respect of each Citi Self Funding Instalment and references to the Loan Agreement, the Loan, the Citi Self Funding Instalment and other expressions will be construed accordingly.

Where an Instalment Warrant is held jointly the Loan is made to the joint holders jointly and each joint holder is jointly and severally liable under this agreement.

## 2.2 Drawdown

Citi will make the Loan available to the Investor on the Drawdown Date.

## 2.3 Directions to Citi

The Investor irrevocably authorises and directs Citi to apply the Loan on the Drawdown Date as follows:

- (a) for Cash Applicants:
  - (i) for Citi to purchase and to vest in the Trustee the Securities that make up the Underlying Parcel of the relevant Series of Citi Self Funding Instalments;
  - (ii) to prepay the Interest Amount to Citi; and
  - (iii) to pay the Borrowing Fee.
- (b) for Shareholder Applicants:
  - (i) to be paid to the Shareholder Applicant following the Drawdown Date and to be used by that Shareholder Applicant wholly for the purpose of producing assessable income;
  - (ii) to prepay the Interest Amount to Citi; and
  - (iii) to pay the Borrowing Fee.
- (c) for Rollover Applicants:
  - (i) to pay the final instalment on the Rollover Instalment identified in the Rollover Application;
  - (ii) to prepay the Interest Amount and the Borrowing Fee to Citi; and
  - (iii) with any remaining moneys (if any) to be paid to the Rollover Applicant following the Drawdown Date and to be used by that Rollover Applicant wholly for the purpose of producing assessable income.
- (d) for Transferees, in accordance with clause 3 of this Loan Agreement.

## 2.4 Interest on Loan

- (a) The Investor will prepay the Interest Amount for the Interest Period from the Drawdown Date.
- (b) If the Investor is a Holder as at the end of an Interest Period and there is a further Interest Period, the Investor:
  - (i) irrevocably directs Citi to draw down on its behalf a further advance on the Loan equal to a further Interest Amount on the first day of the further Interest Period; and
  - (ii) irrevocably directs Citi to apply that amount in prepayment of interest for the further Interest Period.

## 2.5 Reduction of the Loan

The Loan will be reduced by the amount of any Dividend or Special Dividend received by Citi (from the time of such receipt and net of any Taxes) at the direction of the Holder and in accordance with the Instalment Warrant Deed.

## 3. TRANSFER AND TRANSFER COSTS

- (a) On the transfer of a Citi Self Funding Instalment to a Transferee, the proceeds of the Transferee's Loan will be applied as follows:
  - (i) to prepay the Interest to Period End in respect of the Transferee's Loan;
  - (ii) to pay the outstanding amount of the Transferor's Loan, after:
    - (A) that part of the Interest Amount of the Transferor's Loan that relates to the remainder of the relevant Interest Period is refunded by way of set-off against the Transferor's Loan; and
    - (B) the Transfer Costs (if any) have been added to, or deducted from, the Transferor's Loan (as applicable).
- (b) If the Investor ceases to be a holder of a Citi Self Funding Instalment due to a Transfer, Transfer Costs will be payable:
  - (i) by Citi to the Transferor in respect of the transfer of the Citi Self Funding Instalments where the interest rate applying to the Transferor's Loan is less than the interest rate applying to the Transferee's Loan, by applying the Transfer Costs to reduce the outstanding amount of the Transferor's Loan; or

- (ii) by the Transferor to Citi as an additional cost of transferring the Citi Self Funding Instalments where the interest rate applying to the Transferor's Loan is greater than the interest rate applying to the Transferee's Loan, by adding that amount to the outstanding amount of the Transferor's Loan,

provided always that no Transfer Costs shall be payable by either Citi or the Transferor if the interest rates applicable to the Transferor's Loan and the Transferee's Loan are the same at the time of Transfer.

## 5. EXTRAORDINARY EVENT

If an Extraordinary Event or a Trust Tax Change is declared by Citi pursuant to the Instalment Warrant Deed, the amount of interest that will be refundable to the Holder will be calculated on a pro rata basis at the prevailing BBSW Rate less an amount representing the cost to Citi of breaking its funding in respect of the Citi Self Funding Instalments.

## 6. LIMITED RECOURSE

- (a) On the Maturity Date, subject to repayment by the Investor of the Loan, the Loan will be satisfied by Citi exercising its rights under the Security Interest.
- (b) The liability of an Investor to Citi for repayment of the Loan is limited to the Mortgaged Property.
- (c) Citi undertakes to not take any action against the Investor to recover any cash amount in relation to the Loan other than enforcing the Security Interest over or otherwise exercising its rights in respect of the Mortgaged Property.
- (d) This clause 6 does not apply to any Equalisation Amount owed by an Investor to Citi.

## 7. MORTGAGE

### 7.1 Mortgage provision

The Investor irrevocably directs the Trustee to give Citi the benefit of a Security Interest on the terms and conditions set out in the Instalment Warrant Deed:

- (a) to secure the due and punctual payment of the Secured Monies owing by the Investor to Citi; and

- (b) in return for Citi agreeing to provide the Loan to the Investor.

### 7.2 Exercise of Powers

If the Investor fails to repay the Loan by the Maturity Date Citi or to pay any other Secured Monies when expressed to be due Citi may:

- (a) enforce the Security Interest and sell the Mortgaged Property;
- (b) exercise any other power granted by law to mortgagees in accordance with the terms of the Instalment Warrant Deed; and
- (c) apply the proceeds in repayment of the Loan or other Secured Monies,

or may on behalf of the Investor direct the Trustee to sell or otherwise deal with the Mortgaged Property and apply the proceeds in the manner specified in paragraph (c).

To the extent permitted by law, Citi is not required to give any notice to the Investor before the enforcement or exercise of its rights as mortgagee.

## 8. MISCELLANEOUS

### 8.1 Notices

The notice provisions of the Instalment Warrant Deed apply to any notice given or other document required to be given under the terms of this Loan Agreement.

### 8.2 Set Off

Citi may set off or withhold any amount payable to it by or on behalf of a Holder against or from any amount payable by Citi to the Holder.

### 8.3 Further Assurances

Each party shall take all steps, execute all documents and do everything reasonably required by the other party to give effect to any of the transactions contemplated by this Loan Agreement.

### 8.4 Severability

If a provision of this Loan Agreement is or becomes invalid and/or unenforceable, the provision is to be read down if possible so as to be valid and enforceable. If it cannot, this Loan Agreement takes effect as if it did not include that provision.

### 8.5 Waiver

No failure to exercise and no delay in exercising any right, power or remedy under this agreement will operate as a waiver. Nor will any single or partial exercise of any right, power or remedy preclude any other or further exercise of that or any other right, power or remedy.

### 8.6 Assignment

Subject to the Instalment Warrant Deed, the Investor may not assign or otherwise deal with its rights under this Loan Agreement. Citi may assign or otherwise deal with all or any of its rights and benefits under this Loan Agreement without obtaining the consent of the Investor.

### 8.7 Governing Law

This Loan Agreement is governed by the laws of New South Wales. The parties submit to the non-exclusive jurisdiction of the courts exercising jurisdiction there.

## 9. DIRECT DEBIT AGREEMENT

By signing the Application Form the Investor authorises and requests Citi, or its nominated administrator or custodian, to debit the Investor's Nominated Account until further notice from the Investor in writing, with any amount the Investor has requested in connection with Citi Instalments. Any such debit will be subject to the provisions of this agreement.

The Investor understands and acknowledges that:

- (a) The Investor's nominated financial institution may in its absolute discretion, decide the order of priority of payment by it of any monies pursuant to this request or any authority or mandate;
- (b) The financial institution may, in its absolute discretion, at any time by notice in writing to the Investor, terminate this request as to future debits;
- (c) Citi (or its nominated administrator) may, by providing at least 14 days prior notice in writing to the Investor, vary the timing of future debits or any terms within this section;
- (d) The Investor can cancel a given direct debit service instruction at any time by giving Citi (or its nominated administrator) at least 14 days prior notice in writing;
- (e) Where the debit obligation does not fall on a Business Day, the Investor will be responsible for contacting the Investor's financial institution directly to determine the date the debit will be processed and to ensure that sufficient cleared funds are available;
- (f) It is the Investor's responsibility to ensure that there are sufficient cleared funds in the Investor's Nominated Account to honour any direct debit instruction;
- (g) This direct debit agreement will be automatically cancelled if three direct debit payments are dishonoured because of insufficient funds within a 12-month period. Citi (or its nominated administrator) will give the Investor at least 14 days notice in writing if it intends to cancel the Investor's direct debit request. Citi (or its nominated administrator) will also charge the cost of any dishonoured direct debits against the Investor's account;
- (h) If at any time the Investor feels that a direct debit against the Investor's account is inappropriate or wrong, it is the Investor's responsibility to notify Citi (or its nominated administrator);
- (i) Citi (or its nominated administrator) may need to pass on details of the Investor's direct debit request to its sponsor bank to assist with the checking of any incorrect or wrongful debits to the Investor's Nominated Account. In all other circumstances, Citi will keep all information relating to the Investor private and confidential unless otherwise required by law.

## Section 10 - Application Forms

### HOW TO APPLY

#### Read the Product Disclosure Statement

It is important to read the entire PDS before completing the relevant Application Form. The PDS details the type of investment and some of the risks associated with investing in Citi Self Funding Instalments. A hard copy of this PDS will be provided to Applicants free of charge during the offer period on request by contacting Citi.

For further advice on the suitability of investing in Citi Self Funding Instalments consult your stockbroker or financial adviser.

Citi will not accept the lodgement of any Application Forms before the date of this PDS, and may close the offer early without prior notice. Citi reserves the right to reject any Application, and subject to notification to ASX, to increase the issue size in its absolute discretion.

#### Applications through Advisors or Directly with Citi

You may apply for Citi Self Funding Instalments:

- (a) through a broker or investment adviser who is a Citi approved distributor (please ask your broker or investment advisor for confirmation that they are approved, or contact CitiWarrants on 1300 30 70 70); or
- (b) apply directly to Citi. If you apply directly to Citi you must supply the client verification information listed below with your Application Form. Citi will be unable to process your Application if you apply directly to Citi and do not supply the client verification information as requested.

Please note that the following client verification information is not required if you apply through a Citi approved distributor, or if you purchase Citi Self Funding Instalments on the secondary market.

**For more information about how to apply for Citi Self Funding Instalments call Citi on 1300 30 70 70.**

#### Complete the relevant Application Form

There are three types of Application Forms.

**Cash Applications** for investors wishing to purchase Citi Instalments for cash and pay by cheque or BPAY or direct debit.

**Shareholder Applications** for investors wishing to convert existing holdings of Securities into Citi Self Funding Instalments and receive a Cashback Amount.

**Rollover Applications** for investors wishing to convert a prior series of instalment warrants into this Series. Applications can only be accepted on the Application Forms, and must be completed in accordance with the instructions for the relevant Application Form and in accordance with the table below. Shareholder Applications by trustees of superannuation funds are not permitted and will not be accepted.

### CLIENT VERIFICATION INFORMATION

Citi requires the following information for each investor category to satisfy its client verification requirements. Please refer to the appropriate investor category when submitting your Application Form.

#### (a) Private Individual Applicants

The following information is required with your Application Form if you are applying for Citi Self Funding Instalments as a private individual:

- **Certified copy** of your current passport or driver's licence;
- **Original or certified copy** of a utility bill or bank statement dated within the last 3 months, evidencing the residential address provided in the Application Form; and
- A statement from you stating:
  - your nationality, country of birth and occupation; and
  - your source of wealth (brief sentence advising how you generated your wealth, e.g. savings from employment, line of business if self-employed).

### (b) Company Applications or Corporate Trustee Applicants

The following information is required with your Application Form if you are applying for Citi Self Funding Instalments as a company or a corporate trustee:

- for at least two directors (or one director if sole director company), all of the information requested for private individuals above; and
- in the event of a company acting in the capacity of trustee (e.g. for a superannuation fund), an original or certified copy of the trust deed.

### (c) Individual Trustee or Partnership Applicants

The following information is required with your Application Form if you are applying for Citi Self Funding Instalments as an individual trustee or partnership:

- Certified copy of trust deed, partnership agreement, or deed of formation.
- The names of all trustees, partners, or equivalent officers.
- For at least two trustees, partners or equivalent officers, all of the information requested for private individuals above.

In all cases, documents must either be an original, or a certified copy of an original. Copies can be certified by any of the categories of acceptable referees provided below. Faxed copies will not be accepted.

In all cases, Citi reserves the right to request additional information for the purposes of determining the identity, beneficial ownership, or source of funds of an Applicant.

#### Categories of acceptable referees

1. A member of:
  - (a) the Institute of Chartered Accountants in Australia; or
  - (b) the Australian Society of Certified Practising Accountants; or
  - (c) the National Institute of Accountants.
2. A member of a municipal, city, town, district or shire council of a State or Territory.
3. An employee of a financial institution who is

authorised by the financial institution to open accounts with the institution.

4. An agent of a financial institution who is authorised by the financial institution to open accounts with the institution.
5. A full-time employee of:
  - (a) a financial institution (other than an employee mentioned in item 3); or
  - (b) a corporation that is a registered corporation within the meaning of the Financial Corporations Act 1974, who has been employed continuously for at least 5 years by one or more financial bodies.
6. An employee of a bank carrying on business outside Australia:
  - (a) that does not have an authority under section 9 of the Banking Act 1959; and
  - (b) that is engaged in a transaction with a cash dealer, who is authorised by the bank to open accounts with the bank.
7. A full-time employee of a company carrying on insurance business who has been employed continuously for at least 5 years by one or more companies of that type.
8. A legal practitioner (however described) of a Federal, State or Territory court.
9. A registrar, clerk, sheriff or bailiff of a Federal, State or Territory court.
10. An officer within the meaning of the Defence Act 1903.
11. An individual registered or licensed as:
  - (a) a dentist; or
  - (b) a medical practitioner; or
  - (c) a pharmacist; or
  - (d) a veterinary surgeon, under a law of a State or Territory providing for that registration or licensing.
12. An individual who holds the position of nursing sister and is registered as a nurse under a law of a State or Territory providing for that registration.

13. A diplomatic or consular officer of an Australian Embassy, High Commission or Consulate, in Australia or overseas.
14. A holder of an office established by a law of the Commonwealth, a State or Territory in respect of which annual salary is payable, other than an office mentioned in item 15.
15. A judge or master of a Federal, State or Territory court.
16. A stipendiary magistrate of the Commonwealth or of a State or Territory.
17. A justice of the peace of a State or Territory.
18. A member of the Parliament of a State or Territory.
19. A member of the Legislative Assembly of the Australian Capital Territory, the Northern Territory or Norfolk Island.
20. A minister of a religion within the meaning of the Marriage Act 1961 who is registered under Division 1 of Part IV of that Act.
21. A notary public.
22. A member of the Australian Federal Police, or of the police force of a State or Territory, who, in the normal course of his or her duties, is in charge of a police station.
23. A member of the Australian Federal Police, or of the police force of a State or Territory, of or above the rank of sergeant.
24. A manager of a post office.
25. An individual employed as an officer or employee by one or more of the following:
  - (a) The Commonwealth, a State or Territory; or
  - (b) an authority of the Commonwealth, a State or Territory; or
  - (c) a local government body of a State or Territory,
 who has been so employed continuously for a period of at least 5 years, whether or not the individual was employed for part of that period as an officer and for part as an employee.
26. An individual employed as a full-time teacher or as a principal at one or more of the following educational institutions:
  - (a) a primary or secondary school forming
  - part of the education system in a State or Territory; or
  - (b) an institution listed in section 4 or paragraphs 34(4)(b)-(j) (inclusive) of the Higher Education Funding Act 1988,
 who had been so employed continuously for a period of at least 5 years.
27. An individual who, in relation to an Aboriginal community:
  - (a) is recognised by the members of the community to be a community elder; or
  - (b) if there is an elected Aboriginal council that represents the community - is an elected member of the council.
28. An individual who is an agent of a totalisator agency board if:
  - (a) the individual conducts an agency of the totalisator agency board at particular premises; and
  - (b) that agency is not ancillary to any other business conducted at those premises.
29. A commissioner for oaths of a State or Territory.
30. An individual who is registered as a tax agent under part VIIA of the Income Tax Assessment Act 1936.
31. A member of the Chartered Institute of Company Secretaries in Australia Limited.
32. A member or fellow of the Association of Taxation and Management Accountants.
33. A member of the Institution of Engineers, Australia, other than a member with the grade of student.
34. A fellow member of the National Tax and Accountant's Association Limited.
35. The holder, or an authorised representative of, a licence under section 913B of the Corporations Act 2001 who has known another person for at least 12 months is an acceptable referee in respect of the other person for the purposes of the definition of 'acceptable referee' in subsection 3(1) of the Financial Transaction Reports Act 1988.
36. The holder of, or an authorised representative of, a licence under section 913B of the

Corporations Act 2001, who has complied with the requirements of section 912A of that Act and Australian Securities and Investments Commission Policy Statement 122 in relation to another person is an acceptable referee in respect of that other person for the purposes of the definition of 'acceptable referee' in subsection 3(1) of the Financial Transaction Reports Act 1988. (In this situation there is no requirement for an existing 12 month relationship).

### Correct Form of Registrable Names when Completing the Application Form

Type of Investor	Correct form	Incorrect form
Individual: Use given name(s) in full, not initials	Mr John Alfred Smith	J.A. Smith
Joint Holdings: Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Susan Jane Smith	John Alfred & Susan Jane Smith
Company: Use company title, not abbreviations	ABC Pty Limited	ABC P/L or ABC Co
Trust: Use the trustee(s) names not the name of the trust	Applicant 1: Mrs Susan Jane Smith Account Name: <Susan Smith Family A/C>	Susan Smith Family Trust
Superannuation Fund: Use the trustee(s) names	Applicant 1: Mr John Alfred Smith Account Name: <Superannuation Fund A/C>	John Smith Superannuation Fund

#### Lodging your Application

Completed Applications may be lodged with your stockbroker or approved financial adviser, or sent to:

**CitiWarrants Operations**  
**GPO Box 557**  
**Sydney NSW 2001**

Detailed instructions for completing each type of Application Form can be found on the following pages of this PDS.

#### Notification

When your Application Form has been received and processed, you will receive notification from our registry (Computershare Investor Services Pty Limited).

This notification will contain details of your Issuer Sponsored Number (**SRN**) or Holder Identification Number (**HIN**), and all related purchase details.

If you have not received your notification within 3 weeks, please contact CitiWarrants Operations on **1300 368 301**.

#### Deferred Settlement

If you are making an application where the relevant Instalment Warrants are trading on deferred settlement basis, you should be aware that the issue of the Instalment Warrants may be conditional on the matters specified in the relevant PDS for the Series.

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## Instructions for completing the Cash Application Form

### Cash Application Form

This guide is for investors wishing to purchase Citi Self Funding Instalments for cash and pay by cheque or BPAY.

#### A Applicant(s) Details

Write the full name of each Applicant that you wish to appear on your holding statement. This must be the correct name of the Individual, Joint Name(s), Company Name(s) or Trustee and Trust Name. (Refer to the table on page 45)

#### B Tax File Numbers

While it is not compulsory to provide your Tax File Number (TFN), failure to do so may result in withholding tax being deducted from any distribution payments. Alternatively, Applicants may enter their Australian Business Number (ABN) if applicable.

Non residents or an exempt entity for Australian taxation purposes must declare their status and provide an exemption number, if applicable.

Collection of TFNs is authorised by Australian taxation laws.

#### C Address

Enter a residential address and a mailing address (if different) for all correspondence. Joint Applicants' correspondence will only be sent to the mailing address specified in this section.

#### D Contact Details

Enter a contact name and daytime telephone number for the person to be contacted in relation to this application.

#### E Banking Details

Enter your bank account details here for all payments you wish to be directly debited from your bank account. Only accounts held with banks, building societies and credit unions within Australia may be entered. If no details are provided, you may pay via Bpay or remit a cheque at the time of your application. For payments of dividends in respect to your investment, the Registry will independently send you a direct credit/debit form.

#### F CHESS Details

If you are already CHESS sponsored, you may complete this section by providing the PID of your sponsoring broker and your HIN. If you are unsure of these details contact your Sponsoring Broker. If no details are provided, you will become Issuer Sponsored and be allocated a Shareholder Reference Number (SRN) which will appear on your holding statement.

#### G Payment Method

Select your preferred payment method by ticking the appropriate box.

**Cheque:** All cheques are to be made out to 'CitiWarrants Instalments Trust Account' and crossed 'Not Negotiable'. The drawer of the cheque and the applicant name must be the same. Once your cheque has cleared, Citi will set a price for the First Instalment and send you a confirmation of your holding.

**BPAY:** If you are paying by BPAY, the BPAY Reference Number will be the Application Number on the top of the Cash Application Form. You MUST also mail in the original Cash Application Form. If no Application Number appears on the top of the Application Form you will need to call CitiWarrants Operations on 1300 368 301 to obtain one.

**Direct Debit:** If you are paying by direct debit you agree to be bound by the terms for direct debit, as set out in item 9 of section 9 of this PDS.

#### H Application Details

You can apply for a dollar value of Citi Self Funding Instalments, or you can apply for a specific number of Citi Self Funding Instalments by fixing the First Instalment through your stockbroker or approved financial adviser. The minimum investment per Series is \$2000.

- a) If you are applying for a dollar value of Citi Self Funding Instalments enter the **ASX Code** for the relevant Series and the dollar amount in the column headed **Investment Per Series**, leave all other columns blank; or
- b) If your stockbroker or approved financial adviser has contacted Citi to fix the **First Instalment** and a specific number of Citi Self Funding Instalments;
  - (i) Enter the **First Instalment** amount and **Number of Citi Self Funding Instalments** in the columns provided.
  - (ii) Calculate the **Investment Per Series** by multiplying the **Number of Citi Self Funding Instalments** by the confirmed **First Instalment**.
  - (iii) Enter the **Application Number** provided by Citi at the top of the Application Form.

Add the amounts in the **Investment Per Series** column to obtain your **Total Investment Amount** and enter it in the space provided at the bottom of the table.

#### I Investor Declaration

Please read the declaration and sign in the space provided.

Each individual Applicant must sign the Application Form personally or have his or her attorney sign.

Joint Applicants must all sign or have their attorney(s) sign the Application Form.

Corporate Applications must be signed by two directors or their attorney(s).

Applications on behalf of superannuation funds, trusts, partnerships and deceased estates are to be signed by the individual trustees, executors or principals. Where the Application Form is signed by an attorney, the original or a certified copy of the Power of Attorney must accompany the Application Form.

#### Lodgement Instructions

Completed Applications may be lodged with your stockbroker or approved financial adviser or sent to:

**CitiWarrants Operations, GPO Box 557, Sydney NSW 2001**







## Instructions for completing the Shareholder Application Form

### Shareholder Application Form

This guide is for investors wishing to convert existing shareholdings into Citi Self Funding Instalments. Shareholder Applications by trustees of superannuation funds are not permitted and will not be accepted.

#### A Applicant(s) Details

Write the full name(s) **exactly** as it appears on the current holding statement for your existing shareholding.

#### B Tax File Numbers

While it is not compulsory to provide your Tax File Number (TFN), failure to do so may result in withholding tax being deducted from any distribution payments. Alternatively, Applicants may enter their Australian Business Number (ABN) if applicable.

Non residents or an exempt entity for Australian taxation purposes must declare their status and provide an exemption number, if applicable.

Collection of TFNs is authorised by Australian taxation laws.

#### C Address

Enter the residential address and mailing address (if different) **exactly** as it appears on the current holding statement for your existing shareholding. Joint Applicants' correspondence will only be sent to the address specified in this section.

#### D Contact Details

Enter a contact name and daytime telephone number for the person to be contacted in relation to this application.

#### E Banking Details

Enter your bank account details here for all payments and Cashback Amounts you wish to be directly credited into your bank account. Only accounts held with banks, building societies and credit unions within Australia may be entered. If no details are provided, a cheque will be mailed to the address provided.

#### F CHES Details

If you are already CHES sponsored, you may complete this section by providing the PID of your sponsoring broker and your HIN. If you are unsure of these details contact your Sponsoring Broker. If no details are provided, you will become Issuer Sponsored and be allocated a Shareholder Reference Number (SRN) which will appear on your holding statement.

#### G Reinvestment of Cashback Amount

If you elect to reinvest any Cashback Amount in additional Citi Self Funding Instalments you must complete a Cash Application Form together with this Shareholder Application Form. You must also write the Application Number from the related Cash Application Form in the space provided. Your Cashback Amount will be invested at the issue price or the prevailing price on the day

your Application is accepted. (Please note the minimum investment is \$2000 per Series.)

#### H Application Details

Enter the **ASX Code** for the relevant Series and the **Number of Citi Self Funding Instalments** you are applying for in the adjacent column. This must be the same as the number of shares you wish to convert into Citi Self Funding Instalments.

If your stockbroker or approved financial adviser has contacted Citi to fix the **Cashback Amount** (per Citi Self Funding Instalment):

- (i) Enter the **Cashback Amount** (per Citi Self Funding Instalment) in the column provided.
- (ii) Calculate the **Total Cashback Amount** by multiplying the **Cashback Amount** (per Citi Self Funding Instalment) by the **Number of Citi Self Funding Instalments**.
- (iii) Add the amounts in the **Total Cashback Amount** column to obtain your total and enter it in the space provided at the bottom of the table.

Otherwise leave these columns blank.

Write the **HIN & PID or SRN of the existing shares** in the column provided. This must be exactly as appears on your holding statement for the shareholdings you wish to convert to Citi Self Funding Instalments. **Attach copies of all relevant Issuer Sponsored and/or CHES Holding Statements to your Application.**

#### I Investor Declaration

Please read the declaration and sign in the space provided.

Each individual Applicant must sign the Application Form personally or have his or her attorney sign.

Joint Applicants must all sign or have their attorney(s) sign the Application Form.

Corporate Applications must be signed by two directors or their attorney(s).

Applications on behalf of trusts, partnerships and deceased estates are to be signed by the individual trustees, executors or principals.

Where the Application Form is signed by an attorney, the original or a certified copy of the Power of Attorney must accompany the Application Form.

#### IMPORTANT

You should not sign the declaration unless the Loan is to be used wholly or predominantly for business or investment purposes. By signing the declaration you may lose your protection under the Consumer Credit Code.

#### Lodgement Instructions

Completed Applications may be lodged with your stockbroker or approved financial adviser or sent to:  
**CitiWarrants Operations, GPO Box 557, Sydney NSW 2001**







## Instructions for completing the Rollover Application Form

### Rollover Application Form

This guide is for investors wishing to convert a prior series of instalment warrants (**Rollover Instalments**) into this Series of Citi Self Funding Instalments.

#### A Applicant(s) Details

Write the full name(s) **exactly** as it appears on your current holding statement for the Rollover Instalments that you wish to rollover.

#### B Tax File Numbers

While it is not compulsory to provide your Tax File Number (TFN), failure to do so may result in withholding tax being deducted from any distribution payments. Alternatively, Applicants may enter their Australian Business Number (ABN) if applicable.

Non residents or an exempt entity for Australian taxation purposes must declare their status and provide an exemption number, if applicable.

Collection of TFNs is authorised by Australian taxation laws.

#### C Address

Enter the residential address and mailing address (if different) **exactly** as it appears on the current holding statement for your prior series of instalment warrants. Joint Applicants' correspondence will only be sent to the address specified in this section.

#### D Contact Details

Enter a contact name and daytime telephone number for the person to be contacted in relation to this application.

#### E Banking Details

Enter your bank account details here for all payments you wish to be directly debited from your bank account. Only accounts held with banks, building societies and credit unions within Australia may be entered. If no details are provided, you may pay via Bpay or remit a cheque at the time of your application. For payments of dividends in respect to your investment, the Registry will independently send you a direct credit/debit form.

#### F CHESS /SRN Details

If your existing Rollover Instalments are CHESS sponsored, enter the PID of your sponsoring broker and your HIN. If your Rollover Instalments are Issuer Sponsored enter your Shareholder Reference Number (SRN). A copy of the holding statements for the prior series instalment warrants you wish to rollover into this Series must be attached to this application. Citi Self Funding Instalments will be allocated to the same HIN or SRN as your existing holding.

#### G Payment Method

If you have a net **Total Amount Payable** you will have to make a Rollover Payment by cheque or BPAY. Select your preferred payment method by ticking the appropriate box.

**Cheque:** All cheques are to be made out to 'CitiWarrants Instalments Trust Account' and crossed 'Not Negotiable'.

The drawer of the cheque and the applicant name must be the same. Once your cheque has cleared, Citi will send you a confirmation of your holding.

**BPAY:** If you are paying by BPAY, the BPAY Reference Number will be the Application Number on the top of the Rollover Application Form. You MUST also mail in the original Rollover Application Form. If no Application Number appears on the top of the Application Form you will need to call CitiWarrants Operations on 1300 368 301 to obtain one.

**Direct Debit:** If you are paying by direct debit you agree to be bound by the terms for direct debit, as set out in item 9 of section 9 of this PDS.

#### H Reinvestment of Cashback Amount

If you elect to reinvest any Cashback Amount in additional Citi Self Funding Instalments, you must complete a Cash Application Form together with the Rollover Application Form. You must also write the Application Number from the related Cash Application Form in the space provided on the Rollover Application Form. Your Cashback Amount will be invested at the issue price or the price prevailing on the day your application is accepted (please note the minimum investment is \$2000 per Series).

#### I Application Details

Enter the **ASX Code** of the relevant Series and the **Number of Citi Self Funding Instalments** you are applying for, together with the **Prior Series ASX Code** for the instalment warrants you wish to rollover into this Series.

If your stockbroker or approved financial adviser has contacted Citi to fix the **Rollover Payment/(Cashback Amount)**:

- (i) Enter the **Rollover Payment/(Cashback Amount)** per Series in the column provided.
- (ii) Calculate the **Total Rollover Payments/(Cashback Amounts)** by multiplying the **Number of Citi Self Funding Instalments** by the **Rollover Payment/(Cashback Amount)**.
- (iii) Add the **Total Rollover Payments** and subtract the **Total (Cashback Amounts)** to obtain your **Total Amount Payable/(Receivable)** and enter it in the space provided at the bottom of the table.

A copy of the holding statement for the prior series instalment warrants you wish to rollover must be attached to this application.

If you are unsure of the **Rollover Payment/(Cashback Amount)** contact Citi on 1300 30 70 70 for an indicative amount.

#### J Investor Declaration

Please read the declaration and sign in the space provided.

Each individual Applicant must sign the Application Form personally or have his or her attorney sign.

Joint Applicants must all sign or have their attorney(s) sign the Application Form.

Corporate Applications must be signed by two directors or their attorney(s).

Applications on behalf of superannuation funds, trusts, partnerships and deceased estates are to be signed by the individual trustees, executors or principals.

Where the Application Form is signed by an attorney, the original or a certified copy of the Power of Attorney must accompany the Application Form.

#### IMPORTANT

You should not sign the declaration unless the Loan is to be used wholly or predominantly for business or investment purposes. By signing the declaration you may lose your protection under the Consumer Credit Code.

#### Lodgement Instructions

Completed Applications may be lodged with your stockbroker or approved financial adviser or sent to:  
**CitiWarrants Operations, GPO Box 557, Sydney NSW 2001**







## Appendix 1 - Financial Services Guide

CITIGROUP GLOBAL MARKETS AUSTRALIA PTY LIMITED (ABN 64 003 114 832 / AFSL 240992)

Dated: 1 March 2004

This FSG is an important document and a regulatory requirement under the Corporations Act. It provides you with information about:

- the products and services we are authorised to provide you;
- who we are and how we can be contacted;
- how we (and any other relevant parties) are remunerated;
- any potential conflicts of interest we may have;
- our internal and external complaints handling procedures and how you can access them; and
- how we keep the information you provide to us private.

This FSG should assist you in determining whether to use any of our financial services or products. Should you choose to use any of our financial services or products, you may also receive other documents relevant to the services or products which you should also read carefully.

### WHO IS RESPONSIBLE FOR FINANCIAL SERVICES PROVIDED TO YOU?

Citi is responsible for the financial services described in this FSG. Any financial services offered will be provided by representatives of Citi.

Details of Citi and its relationship with other members of the Citigroup group of companies appear in the PDS to which this FSG is annexed.

In Australia, Citi is a Participant of the ASX Group. Citi is able to provide a range of investment, advisory, and stockbroking services to individuals, superannuation funds and trusts, companies and other entities.

You can contact Citi by:

- speaking to your nominated representative;
- If you do not have a nominated representative, calling us on + 61 2 8225 4000;
- visiting our website at [www.citigroup.com.au](http://www.citigroup.com.au); or
- writing to us at:

Citigroup Global Markets Australia Pty Limited  
Citigroup Centre  
2 Park Street  
Sydney NSW 2000

### WHAT KIND OF FINANCIAL SERVICES IS CITI AUTHORISED TO PROVIDE?

Citi is authorised by its Australian Financial Services Licence to provide, or arrange to provide, the financial products and services set out in this FSG.

We are authorised to advise wholesale clients both general and personal advice, and to deal in:

- derivatives;
- foreign exchange contracts;
- debentures, stocks or bonds issued or proposed to be issued by a government;
- interests in managed investment schemes excluding investor directed portfolio services;
- securities; and
- financial products limited to miscellaneous financial investment products limited to managed investment warrants:
  - (A) to which the definition of derivative in sub section 761D(1) applies; that is a financial product of the kind referred to in subparagraph 764A(1)(b)(ii) or 764A(1)(ba)(ii); and
  - (B) that is transferable; and
  - (C) that is a warrant as defined in the ASX Settlement Rules that has been admitted by the ASX to trading status on a financial market of the ASX;

We are authorised to make a market in:

- derivatives;
- foreign exchange contracts;
- government bonds and debentures, and
- other financial products.

We also provide a custodial or depository service in relation to our nominee company services.

## OUR PRODUCTS AND SERVICES

In Australia, Citi provides investors with access to a comprehensive range of financial products and services, including:

- domestic and international equities;
- domestic and international futures;
- IPOs and secondary market offerings;
- bank bills and fixed income investments;
- listed property trusts;
- managed funds;
- listed options and warrants;
- cash management accounts and trusts;
- stock lending;
- portfolio reporting and administration services; and
- online access for both Australian and international trading accounts.

Products and services are not limited to products offered by Citi and/or its subsidiaries and/or associates. Furthermore, your representative is not required to place any portion of investments placed with Citi and/or its subsidiaries and/or associates.

## YOUR RIGHTS AS AN INVESTOR

Your representative will be acting on behalf of Citi. Citi is therefore responsible to you for any advice your representative provides to you.

## HOW YOU CAN TRANSACT WITH US

You have the right to specify how you would like to give us instructions to transact. For example, by telephone, fax, email, mail or other means.

## POTENTIAL CONFLICTS OF INTEREST WE MAY HAVE

You have the right to be advised of any material interest that your representative, Citi or any of their associates may have in financial products. Material interests are those that could be reasonably expected to be capable of influencing the recommendation of a financial product to you.

Accordingly, you should be aware that:

- if you have been referred to Citi by a third party, that person may receive a share of brokerage

charged to you. Your representative will provide you with more details and will disclose any other material interest when he or she makes specific recommendations;

- members of the Citigroup group of companies may from time to time issue financial products that are recommended and/or distributed by Citi;
- members of the Citigroup group of companies may from time to time provide investment banking and other financial services to issuers of financial products;
- representatives are paid an annual salary and your representative may also receive a bonus. However, bonus objectives are not related to any particular product, service or specific business that your representative may arrange on your behalf; and
- Citi will also trade financial products on its own account.

## WHAT YOU SHOULD DO IF YOU HAVE A COMPLAINT

Citi has formal internal complaint handling procedures which are consistent with the Australian Standard 4269 1995. As a client, you have the right for any complaints in relation to your dealings with Citi to be considered in a timely manner. Our management is committed to a high level of client service, and as such regard all complaints as serious and entitled to be handled promptly, fairly, consistently and in a professional manner. Clients may either complain verbally or in written form.

If you have any complaint about the service provided to you, you should take the following steps.

### Verbal complaints

If you wish to make a verbal complaint, you can call Citi on 1300 30 70 70 or + 61 2 8225 4000 and provide details of your complaint to the Compliance Manager.

### Written complaints

If you wish to make a written complaint, you should write to the Compliance Manager, Citigroup Global Markets Australia Pty Limited, Level 22, 2 Park Street, Sydney NSW 2000, and provide all relevant details of your complaint.

## External Complaint Services and Regulatory Bodies

Citi is a member of the Financial Industry Complaint Service Limited (FICS) which has been consolidated with other dispute resolution services and brought under Financial Ombudsman Services (FOS). From 1 July 2008, FOS completes disputes in progress and handles disputes.

If you have made a complaint to Citi and have not received a response within 45 days, or if the complaint has not been resolved to your satisfaction, you have the right to take your complaint to FOS. FOS' details are:

Financial Ombudsman Service  
GPO Box 3, Melbourne VIC 3001  
Toll-free: 1300 78 08 08  
Fax: + 61 3 9613 6399  
Email: info@fos.org.au

PLEASE NOTE: for FOS to handle a complaint, the complaint should relate to a potential financial loss of an amount up to \$100,000 (unless Citi and you agree otherwise in writing). The complaint must be lodged within 6 years of the date you knew or reasonably ought to have known of the loss.

Further information is available from Citi or FOS. For a complaint in relation to a potential financial loss of an amount greater than \$100,000, alternative dispute resolution mechanisms may be utilised.

ASIC also has a toll free information line that you may use to make a complaint and obtain information about your rights. Toll-free: 1300 30 06 30.

## THE NATIONAL GUARANTEE FUND

The National Guarantee Fund is an external fund set up to provide compensation for valid claims arising from dealings with stockbrokers. The circumstances of when this fund may be available to you is set out in Part 7.5 Division 4 of the Corporations Regulations.

To make a claim under the National Guarantee Fund, you need to refer to the National Guarantee Fund booklet available on the ASX website at [www.asx.com.au](http://www.asx.com.au).

Investors should note that the National Guarantee Fund does not cover all financial products to which this FSG relates. For example, it excludes monies held in a cash management account that may be associated with Smith Barney.

## HOW WE ARE REMUNERATED FOR THE SERVICES WE PROVIDE

Citi will charge you a fee for the services provided to you.

### Transaction based fee arrangement

Under a transaction based fee arrangement, Citi will charge you a commission on transactions undertaken based on the value of the securities bought or sold. You will be advised of the rate of commission when you open an account with us and of any changes to our commission rates from time to time. A minimum charge, of which you will be advised before you make a transaction, may apply to some transactions. Details of these commissions and fees are set out in the confirmation or PDS for that particular financial product.

### Other

Fees may also be payable for provision of services such as the provision of custody arrangements. Your Representative will inform you of these in advance. GST is levied on fees charged to Australian residents.

Citi may also receive commission, volume bonuses and other incentives from fund managers and product issuers (including Citi and/or its associates) whose products we recommend to you. Your representative will explain to you the level of commissions at the time of making the recommendation.

The commissions we receive are usually a percentage of the fund manager's initial and/or ongoing fees. Commissions received by Citi are described in the PDS for those products that we recommend. Your Representative will explain to you how those commissions are calculated at the time of making the recommendation.

## WILL ANYONE BE PAID FOR REFERRALS?

Where you have been referred to us by a third party such as a financial planning group or accountant, we may pay an introductory fee or commission rebate in relation to the referral. Please refer to the FSG or SOA provided by the relevant third party for more detailed information on payments (if any) that may be payable.

## **HOW ARE OUR REPRESENTATIVES REMUNERATED?**

Representatives are remunerated on a salary and bonus basis. The bonus is entirely at the discretion of management. Citi employees and directors receive salaries, bonuses based on performance criteria and other benefits from us.

The PDS for the particular product will disclose further details of remuneration received by Citi employees or paid to representatives.

## **PRIVACY PROTECTION AT CITI**

We will attempt to keep your customer files complete, up to date and accurate. We will tell you how and where to conveniently access your account information (except when we're prohibited by law) and how to notify us about errors which we will promptly correct.

The privacy of your personal information is important to us at Citi. Any personal information collected will be handled in accordance with our Privacy Protection Policy. Our Privacy Protection Policy details how we comply with the requirements of the Privacy Act in the handling of your personal information. A copy of that policy can be obtained by visiting the Citi website at [www.citigroup.com.au](http://www.citigroup.com.au) or by calling + 61 2 8225 4504.

## Appendix 2 - Exercise Notice

**You must choose to either pay the Final Instalment or serve a Request for Purchase Notice. You cannot do both.**

[insert date]

CitiWarrants Operations  
Citigroup Global Markets Australia Pty Limited  
GPO Box 557  
Sydney NSW 2001

[insert name]

of [insert address]

being the Holder of the of the Citi Self Funding Instalments specified below, hereby exercise the Citi Self Funding Instalments pursuant to the Instalment Warrant Deed.

This Exercise Notice is irrevocable.

By completing this Exercise Notice, you represent that the Citi Self Funding Instalments are neither directly nor indirectly held in favour of a United States Person and have been acquired in accordance with the sales restrictions set forth in the PDS.

I/we exercise our Citi Self Funding Instalments by:

1. paying the Final Instalment; or
2. delivering a Request for Purchase Notice.

(delete as appropriate)

A	B	C	D	E
HIN/SRN	ASX Instalment Code	Final Instalment	Number of Citi Self Funding Instalments being exercised	Total amount of the cheque (C x D)

To exercise your Citi Self Funding Instalments, you need to include with this Exercise Notice a cheque payable to "Citigroup Global Markets Australia Pty Limited" and crossed "not negotiable" for an amount equal to the Final Instalment multiplied by the number of Citi Self Funding Instalments you hold. Please complete the table above to calculate the amount of the cheque.

If you already own shares of the type that make up the Underlying Parcel, please supply details in the space below and the Underlying Parcel will be added to that holding. Payment of the Final Instalment can also be made electronically through the BPAY system by calling CitiWarrants Operations on 1300 368 301 during normal business hours.



## Corporate Directory

### Citi

Citigroup Global Markets Australia Pty Limited  
Level 40  
Citigroup Centre  
2 Park Street  
Sydney NSW 2000  
Australia

### Guarantor

Citigroup Inc.  
399 Park Avenue  
New York New York 10043  
United States of America

### Broker

Citigroup Global Markets Australia Pty Limited  
Level 40  
Citigroup Centre  
2 Park Street  
Sydney NSW 2000  
Australia

### Lawyers

Freehills  
MLC Centre  
Martin Place  
Sydney NSW 2000  
Australia

### Registrar

Computershare Investor Services Pty Limited  
Level 3  
60 Carrington Street  
Sydney NSW 2000  
Australia

