

Westpac Term PIE Fund (the 'Fund')

Term Sheet



Parties

Manager & Issuer

BT Funds Management (NZ) Limited ('we', 'us' and 'our'). We are the funds management arm of Westpac.

Registrar & Administration Manager

Westpac New Zealand Limited ('Westpac').

Trustee

Trustees Executors Limited.

Investors

You can invest in the Fund by opening an account at any Westpac branch.

If you're an existing Westpac customer, you can also open an account over the phone by calling **0800 400 600**.

If you're not an existing Westpac customer, you'll need to comply with Westpac's account opening terms and conditions before you can invest in the Fund.

You need to be a New Zealand resident individual, organisation or trust to invest in the Fund.

Description of Investment

Investment Purpose

An investment in the Fund gives you the features of a term deposit with Westpac but with potentially greater after-tax returns. If your Prescribed Investor Rate ('PIR') is less than your Income Tax Rate, you could save on tax. Like a term deposit, you invest a lump sum for a fixed return and a fixed period of time.

Investment Type

The Fund is a unit trust that is registered as a Portfolio Investment Entity ('PIE') for tax purposes. This can allow tax to be minimised for a range of investors. You buy units in the Fund for \$1.00 each. So a \$5,000 investment means you hold 5,000 units. The Fund invests solely in a New Zealand dollar, interest bearing account with Westpac. Trustees Executors Limited, as the independent trustee, holds the Fund's assets on behalf of all investors.

Term and Returns

You select your term and rate of return when you make your investment in the Fund. You can view the available terms and rates of return (before tax) at westpac.co.nz/termpie which may change at any time.

Minimum Investment

NZ\$5,000 (being 5,000 units) per account. The amount can change where rates of return are advertised as 'specials'. You must maintain the minimum investment or we may cancel your investment and repay you the remaining principal together with any unpaid returns. Such repayment will be treated as an early withdrawal and be subject to the application of a reduced rate of return for early withdrawals as specified below.

Minimum Term

30 days.

Maximum Term

Five Years.

Fees

No fees or expenses are currently payable by you relating to your investment in the Fund.

Terms and Conditions

Your investment is subject to these terms, the Westpac Banking Funds Trust Deed dated 20 July 2009, as amended (the 'Trust Deed') and Westpac's General Terms and Conditions, any of which may change from time to time. A reference to 'Westpac' in Westpac's General Terms and Conditions includes us. A copy of the Trust Deed can be viewed on the Westpac website (westpac.co.nz/trustdeed) or at Westpac's offices for no charge. Westpac's General Terms and Conditions can be obtained from westpac.co.nz or at any Westpac branch.

Early Withdrawals, Payments and Tax

Early Withdrawals

Outside of the seven business days cooling off period (described below), you can withdraw all or part of your investment before the end of the fixed term only if we agree. In deciding whether to agree, we will apply our early withdrawal policy which may change from time to time. Details of our current early withdrawal policy are set out at westpac.co.nz/earlywithdrawalpolicy and are available from any Westpac branch.

Reduced rate of return for early withdrawals

If an early withdrawal is approved, a reduced rate of return is applied to the funds withdrawn before maturity unless determined otherwise under our early withdrawal policy. The reduced rate of return is calculated by taking the lesser of:

- the original agreed rate of return, less 3%; or
- the rate of return on offer at the time the investment was made for the actual term run through to the date of early withdrawal or a similar term (as we determine in our sole discretion), less 3%,

provided that in no event will the reduced rate of return be less than 0%.

In some cases, the application of the reduced rate of return may result in:

- no return being payable on the amount withdrawn or repaid early; and
- a deduction from your principal investment amount if the previous return paid (if any) is higher than the amount calculated from applying the reduced rate of return.

You will be advised of the amount of the reduced rate of return when you request an early withdrawal.

Cooling off period

You have a seven business days cooling off period starting on the date you invest or reinvest in the Fund. During this period, you may cancel your investment and you will receive no return. If we agree, you may also make changes to:

- the amount of your investment; and/or
- the term and/or return payment frequency and/or return payment type of your investment.

You cannot change the amount, term, return payment frequency or return payment type after the cooling off period.

For the purposes of these terms, 'business days' has the meaning given to the term 'working days' in the Interpretation Act 1999.

Repayments

You can choose to have your investment, together with any earned and unpaid returns (less any tax), reinvested on maturity, or paid out to a New Zealand bank account. If you choose to reinvest, it will be at the rates of return, and subject to the terms and conditions, applying to investments in the Fund at that time.

In case of any repayment of your investment before maturity, a reduced rate of return will apply (see the 'Reduced rate of return for early withdrawals' section above).

If your investment is due to mature on a day that is not a business day, it will be processed on the previous business day, unless you elect that your investment ends on the next business day.

If you hold an investment jointly, any repayment will be made jointly unless otherwise authorised by all the joint holders.

Where it is in the interests of investors or where the Fund's eligibility for PIE status would be threatened, we can suspend or delay repayment of investment amounts.

Returns and 31 March payment

You can choose to have your returns paid to a nominated New Zealand bank account or added to the principal amount of your investment and reinvested. See westpac.co.nz/termpie for further information on return options.

If you have an investment as at 31 March in any year, you'll receive an 'end of tax year' return payment, net of tax, to allow the Fund to meet its PIE tax obligations. The next return you receive after 31 March will be adjusted by the amount of the 'end of tax year' return payment.

Tax

The Fund is a PIE for tax purposes. If your PIR is lower than your Income Tax Rate, you'll pay less tax on your savings in a PIE than in a term deposit (unless your PIR is 0% or you are a trust that elects a PIR less than 28%). To compare, use the 'Split Term Investment' calculator at westpac.co.nz/splitinvestment and click 'Find My Rate'.

The Fund will deduct and pay tax from your return payments at the PIR you notify to us for the Fund. If you make an early withdrawal that causes a reversal of any of your returns, the Fund will issue you additional units equal in aggregate value to the amount of any resulting tax refund.

You must advise us both of your IRD number and PIR otherwise your returns will be taxed at the default PIR (currently 28%).

Please advise us of your correct PIR. If you advise us of a PIR lower than your correct rate, you may be obliged to pay any tax shortfall at your Income Tax Rate (plus any interest and penalties) and may be required to file a tax return. If you notify us of a PIR higher than your correct rate, any excess tax paid on your behalf cannot be claimed back as PIE tax is a final tax in this situation. Information to work out your correct PIR is available on the IRD website at ird.govt.nz (search for 'correct PIR').

If your PIR changes, you must notify us as soon as possible. While we cannot apply your new PIR to returns already taxed, it is important to correct your PIR for any future returns.

The Fund treats joint investors as a single investor with a PIR equal to the highest PIR of all joint investors. Each joint investor must provide us with their PIR and IRD number or tax will be deducted at the default PIR.

If the Fund fails to comply with PIE eligibility criteria (as defined in the applicable tax legislation) and does not remedy the failure within the period permitted, the Fund may lose its PIE status. If this happens, the Fund will be taxed at 28% on its taxable income and any distributions and redemptions will become taxable to you at your Income Tax Rate, with a tax credit available for any imputation credits. We have implemented processes to monitor ongoing PIE eligibility compliance, and have a number of powers available to us to proactively manage this risk.

In some cases, you could pay more tax on your investment in the Fund than if you invest in a term deposit. For more information on the PIE tax benefits and disadvantages, please see westpac.co.nz/termpie.

Further information on PIEs can be found at ird.govt.nz (search for 'PIE for investors').

Westpac, BT Funds Management (NZ) Limited and Trustees Executors Limited do not accept any responsibility for the tax consequences of your investment in the Fund. You should seek independent professional advice as to your particular tax position.

Additional Information

Westpac Disclosure Statement

Important information about Westpac's financial position can be found in the current disclosure statement issued by Westpac. You are entitled to a copy of that disclosure statement on request at any branch of Westpac, free of charge. A copy is also available at westpac.co.nz (click on the link 'Disclosure Statements' which is located at the bottom left corner of the homepage).

Financial Statements

A copy of the most recent financial statements for the Fund is available on the Westpac website (westpac.co.nz/pieannualreport).

Consider Carefully

Investment decisions are very important. They often have long-term consequences. Read these terms and Westpac's General Terms and Conditions carefully. westpac.co.nz/termpie and the Trust Deed also provide more detailed information. Ask questions. Seek advice before committing yourself.

Changes to Terms

The term and rate of return of your investment will not change for the term of the investment unless you and we agree. We may change the other terms and conditions that apply to investments in the Fund by giving notice at least 14 days in advance in accordance with Westpac's General Terms and Conditions.

Westpac's and our Obligations

Investments made in the Fund do not represent bank deposits or other liabilities of Westpac Banking Corporation ABN 33 007 457 141 or Westpac. The Fund however, invests directly in a New Zealand dollar, interest bearing account with Westpac.

The ultimate holding company of BT Funds Management (NZ) Limited is Westpac Banking Corporation. None of Westpac Banking Corporation, Westpac, BT Funds Management (NZ) Limited, any other member of the Westpac group of companies or Trustees Executors Limited guarantees the Fund's performance, returns or repayment of capital. Investments in the Fund are subject to investment and other risks, including possible delays in payment of withdrawal amounts in some circumstances, and loss of investment value including principal invested. The Fund is not offered, and this term sheet does not constitute an offer, in any jurisdiction other than in New Zealand.

This term sheet is dated 8 January 2018.