ELEVATION CAPITAL®

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#NZXNOW

IMPORTANT NOTE

ELEVATION CAPITAL BELIEVES IN THE FUTURE AND THE POTENTIAL OF THE NZX, AND THE IMPORTANCE FOR NEW ZEALAND TO HAVE A VIBRANT CAPITAL MARKET, A STRONG AND EFFICIENT STOCK EXCHANGE AND INFRASTRUCTURE PROVIDER.

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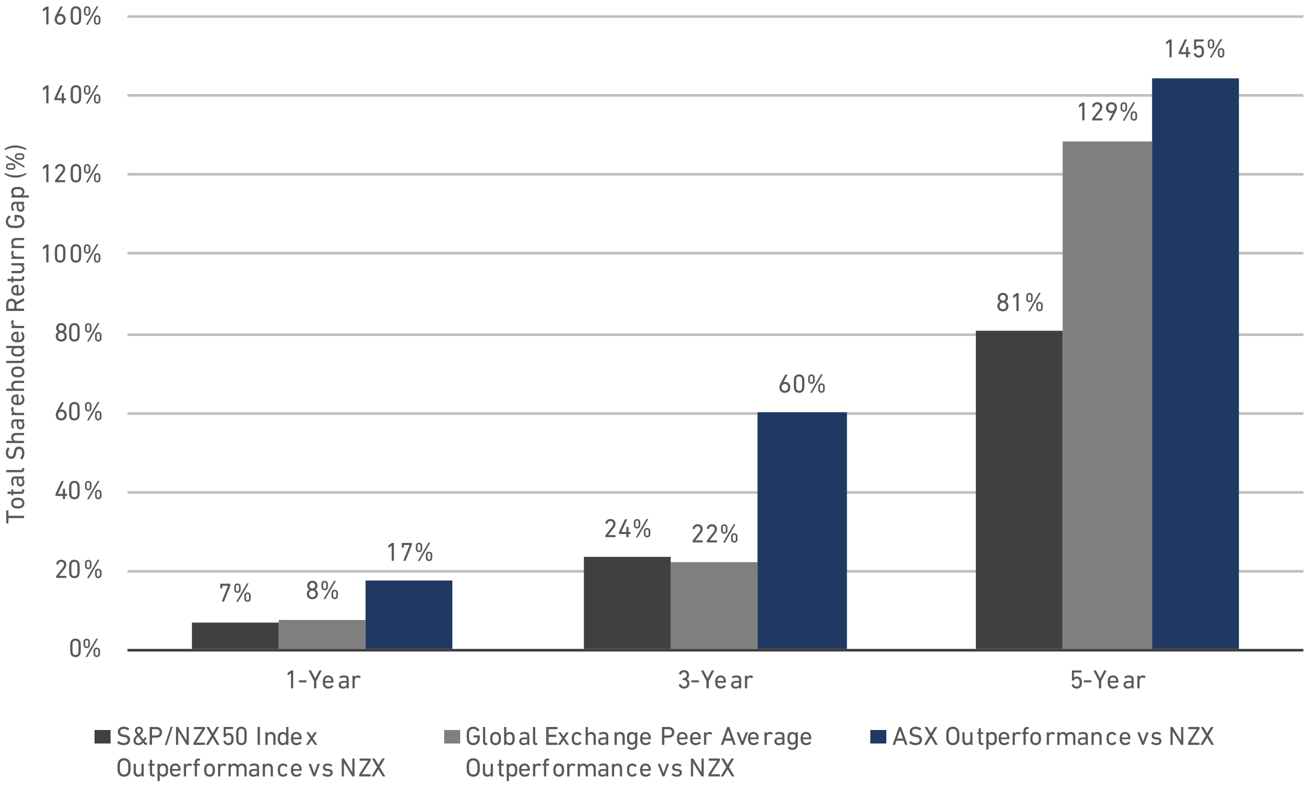
NZX HAS SIGNIFICANTLY UNDERPERFORMED IN RECENT YEARS

- Suboptimal capital allocation since 2012 has resulted in poor returns on invested capital and unsatisfactory financial performance.
- This has been exacerbated by poor operational performance and cost control.
- NZX shares have underperformed both the domestic market and global peers.
- This underperformance has seen NZX shareholders forego an estimated NZ$235M in total return, based on the underperformance of NZX vs S&P/NZX50 index[*].

** Source: Thomson Reuters Eikon – 31/12/2011 - 31/12/2017, based on NZX market capitalisation of NZ$274M on 31/12/2011 - Total Return includes dividends and imputation credits*
*** As at 12 September 2018*

NZX SHARES HAVE SIGNIFICANTLY UNDERPERFORMED S&P/NZX50 INDEX, GLOBAL EXCHANGE PEERS AND THE ASX

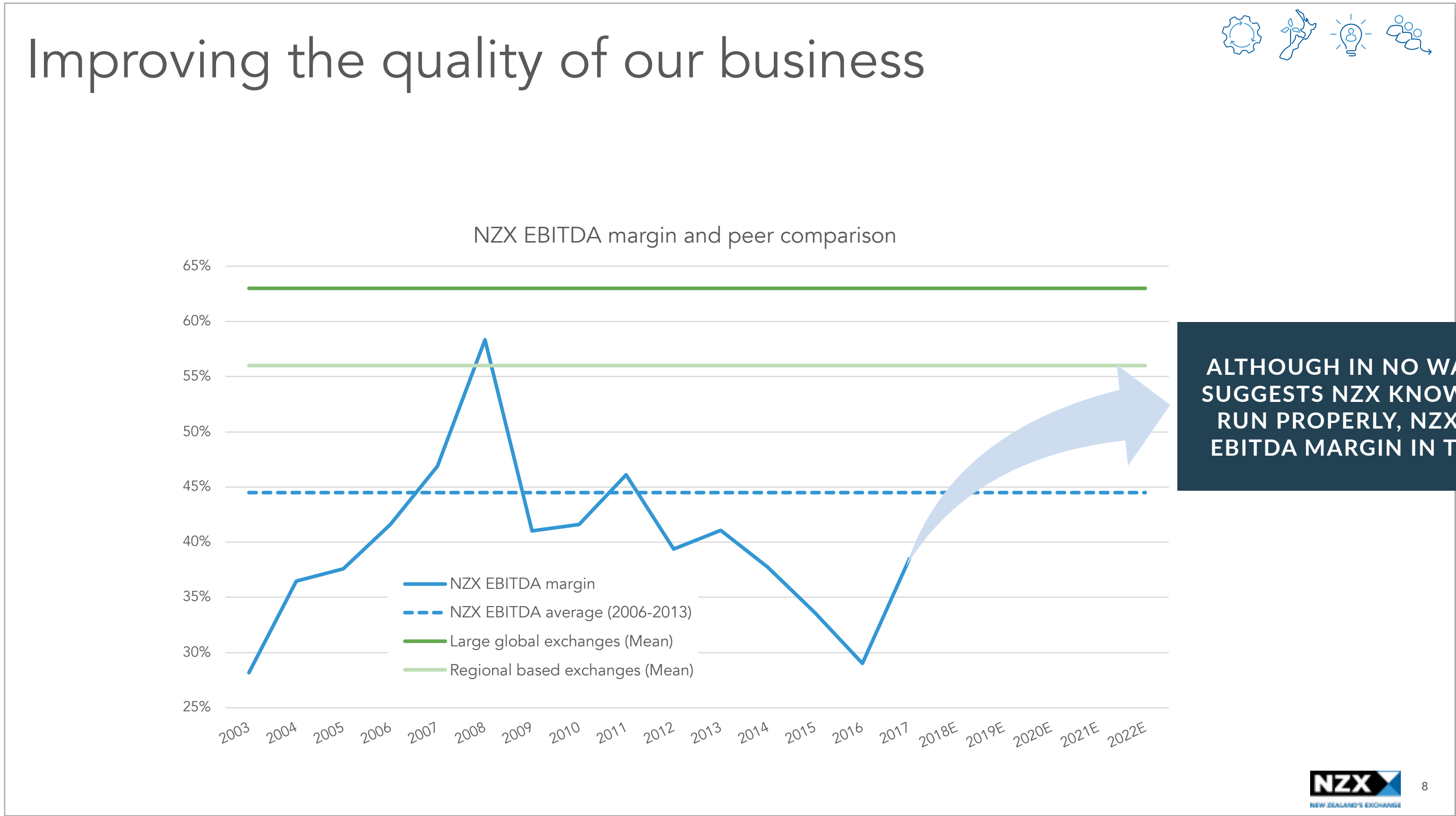
S&P/NZX50 Index*, Global Peer Average** and ASX Outperformed NZX in Total Return for the Periods 1Y, 3Y and 5Y [Total Shareholder Return Gap (%)***]



THE UNDERPERFORMANCE vs THE NZ MARKET HAS SEEN NZX SHAREHOLDERS FOREGO AN ESTIMATED NZ$235M IN TOTAL RETURN FROM 2012 TO 2017#

** S&P/NZX50 TR Index Total Return Data Source: Morningstar Direct – as at 30 June 2018*
*** Global peer group consists of ASX, HKEX, SGX, LSE, Nasdaq, JPX, TMX, BME, ICE, Euronext, Deutsche Boerse and CBOE*
**** Total Shareholder Return Data Source: Thomson Reuters Eikon - as at 30 June 2018*
 # Source: Thomson Reuters Eikon – 31/12/2011 - 31/12/2017, based on NZX market capitalisation of NZ$274M on 31/12/2011 - Total Return includes dividends and imputation credits

NZX PRESENTATIONS* ADMIT WEAK BUSINESS FUNDAMENTALS IN RECENT YEARS MEASURED BY EBITDA MARGIN vs 2006-2013 AVERAGE, REGIONAL AND GLOBAL EXCHANGES AND NZX'S OWN EXPECTATIONS

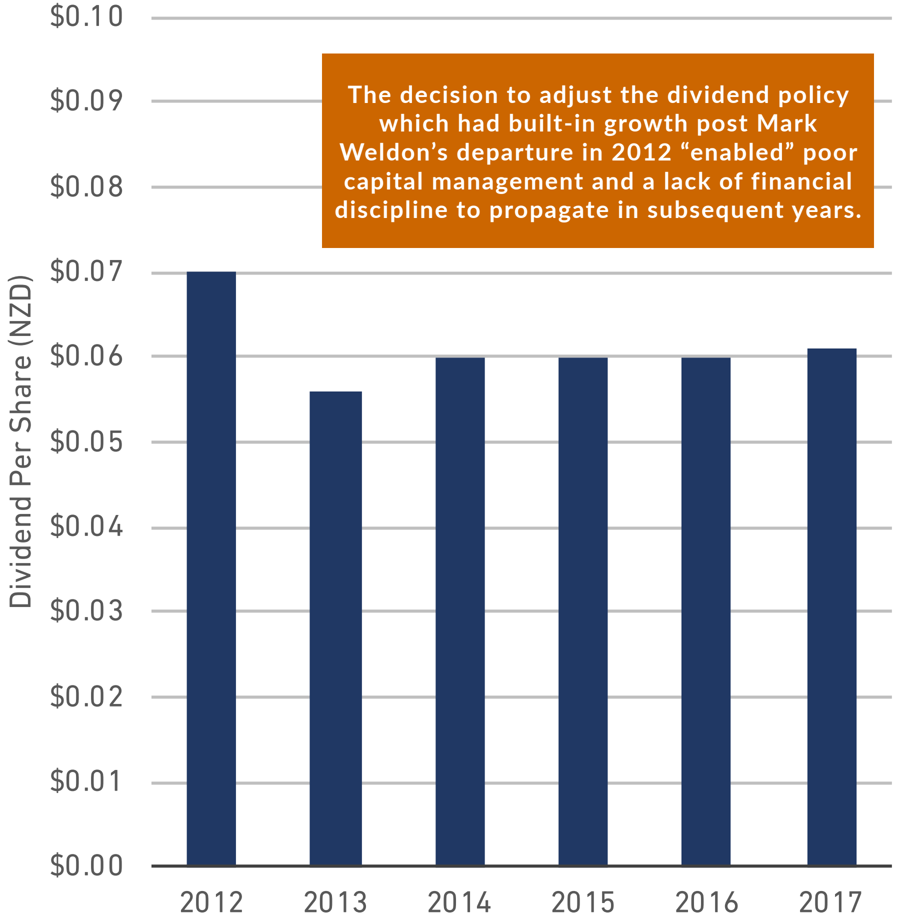


ALTHOUGH IN NO WAY SPECIFIC, THE ARROW SUGGESTS NZX KNOWS IF ITS BUSINESSES ARE RUN PROPERLY, NZX SHOULD GENERATE AN EBITDA MARGIN IN THE RANGE OF 50% - 55%

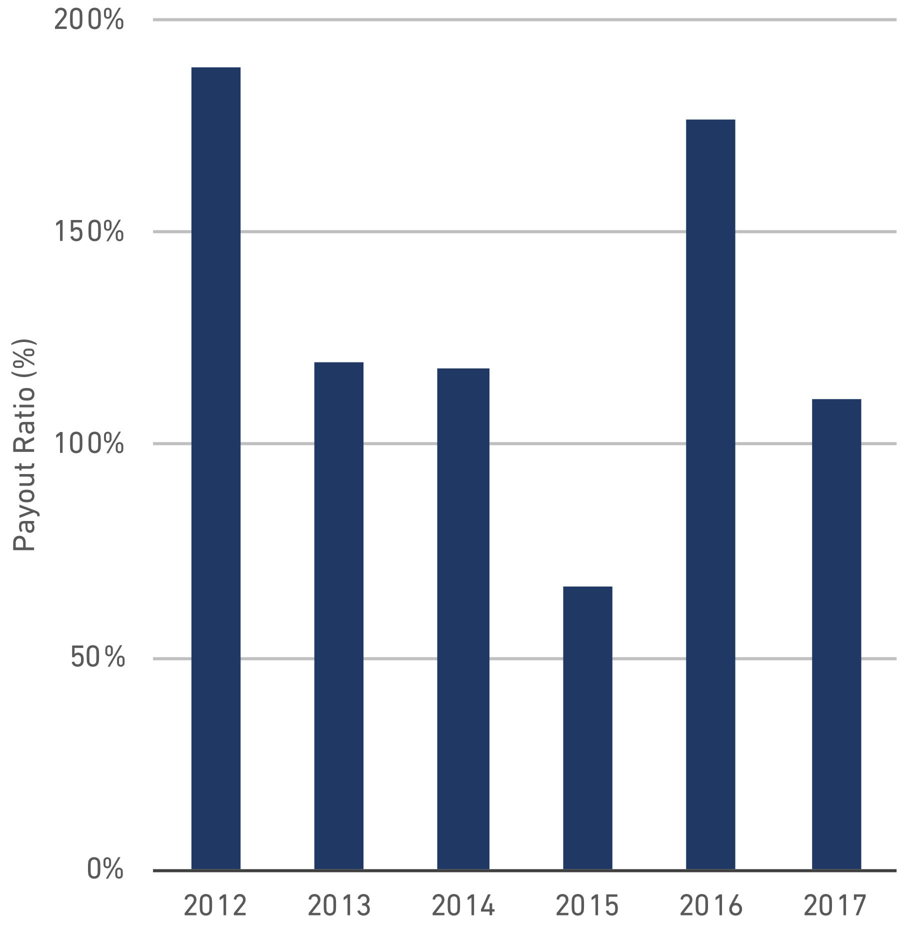
* NZX Governance Roadshow 2018 - 23 March 2018 - p8

NO DIVIDEND GROWTH SINCE 2012...

No Dividend Growth since 2012...



Payout Ratio exceeded 100% in four of the last five years...



Data Source: NZX Annual Reports

THE SPEED OF PROGRESS IS TOO SLOW, MANY NZX BUSINESSES REMAIN SUBSCALE AND ARE A DISTRACTION TO MANAGEMENT

<1%

NZXWT
MARKET SHARE*

1.6%

SUPERLIFE
KIWISAVER
MARKET SHARE**

4.5%

SUPERLIFE
SUPERANNUATION
MARKET SHARE**

120

OF EQUITY
SECURITIES LISTED
ON NZSX
(JUNE 18)***

NZX Wealth Technologies

SUPERLIFE

SUPERLIFE

NZX

-14%

REDUCTION IN FUNDS
UNDER ADMINISTRATION
UNDER NZX OWNERSHIP
(DEC 15-JUNE 18)***

+0.2%

GAIN IN MARKET
SHARE UNDER NZX
OWNERSHIP
(SEP 2014 vs SEP 2017)**

+1.0%

GAIN IN MARKET
SHARE UNDER NZX
OWNERSHIP
(SEP 2014 vs SEP 2017)**

151

OF EQUITY
SECURITIES LISTED
ON NZSX
(DEC 2014)****

** NZX 2016 Investor Day Presentation*
*** NZX 2017 Investor Day Presentation*
**** NZX Monthly Shareholder Metrics Reports (December 2015 and June 2018)*
***** NZX Monthly Shareholder Metrics Report - December 2014 - It is not clear if this number includes 5 SmartShares Funds - If we assume it does then the decline is ~17.8%*

NZX'S 5-YR STRATEGIC PLAN WAS SHORT ON SPECIFICS

- Released in November 2017, NZX's five-year strategic plan is long on general points but is short on specifics. It lacks financial metrics/hurdles and action points to enable an accurate and tangible assessment of Management/Board performance.

ISSUER RELATIONSHIPS	FIVE YEAR PLAN
Customer Engagement	• Enhance and refine
Framework	• Focus on broader issuance ecosystem efficiency and effectiveness
Product Suite	• Optimise product / market footprint

SECONDARY MARKET	FIVE YEAR PLAN
Marketing the market	• Build out
Participation	• Seek licensing, equivalence and partnering in international jurisdictions
Pricing	• Periodically review pricing • Engage on wider participant cost landscape
Tools and Functionality	• Upgrade trading system • Review tools and functionality • Extend points of presence in other jurisdictions
Efficient Regulation	• Refine
Post Trade	• Continue to enhance and develop in line with customer needs

DATA & INSIGHT	FIVE YEAR PLAN
Internal	• Support core growth with data and insight
B2B	• Extend
End user	• Upsell/cross-sell • Align insights with all growth opportunities • Piggy-back dairy growth with a PRA
Capability	• Automate analytics for self-service • Build out channel capability

GROWTH OPPORTUNITIES	FIVE YEAR PLAN
Continue to build a vibrant debt market	• Create adjacent investable products (e.g. ETFs, indices etc.) • Grow secondary market transparency
Grow dairy to scale	• Drive for clearing partner/software vendor scale • Lead growth with market/demand coverage • Extend products to cover global demand
Collaborate to grow environmental and energy markets	• Build out

SMARTSHARES AND SUPERLIFE	FIVE YEAR PLAN
Grow Smartshares ETF end users	• Grow scale • Share the benefits • Cement low-cost passive leadership
Cross-sell and innovatively market KiwiSaver	• Ride the growth escalator • Participate in industry rationalisation
Target corporate superannuation with cross-sell	• Consolidate

WEALTH TECHNOLOGIES	FIVE YEAR PLAN
Go live with platform	• Continual improvement • Regulatory changes
New clients	• Extend pipeline • Target medium large adviser groups • Target Broker trading models
Extend capability to widen offering	• Extend capability for the new innovative business models

THE LACK OF DISCIPLINED FINANCIAL TARGETS IS COMPLETELY UNACCEPTABLE

Source: NZX Investor Day presentation – 16 November 2017

NZX FAILED TO PROVIDE CONCRETE FINANCIAL TARGETS vs. GLOBAL PEERS

London Stock Exchange Group

INVESTOR UPDATE
12 JUNE 2017
2019 TARGETS*

FTSE RUSSELL
- Double—digit growth 2017-2019

LCH (LONDON CLEARING HOUSE)
- OTC double-digit revenue growth 2017-2019
- EBITDA margin from 35.6% (2016) to 50% by 2019

LSEG (LONDON STOCK EXCHANGE GROUP)
- Operating expenses held at 4% p.a. 2017-2019
- Next phase cost saves of GBP50M p.a. by exit 2019
- EBITDA margin from 46.5% (2016) to 55% by 2019

Nasdaq

INVESTOR PRESENTATION
MAY 2018
3-5YR TARGETS*

ORGANIC REVENUE GROWTH
- 5%-7% non-trading segments (3-5yr)

OPERATIONAL FOCUS
- ~3% avg annual organic expense growth (3-5yr)

RETURN ON INVESTED CAPITAL
- >10% target on new investments (3-5yr)

TOTAL SHAREHOLDER RETURN
- Double Digit TSR by deliver strong EPS growth and dividend yield

JPX JAPAN EXCHANGE GROUP

2ND MEDIUM-TERM MANAGEMENT PLAN (2016-2018)*

- Increase capex by JPY 15B
- Increase ETF holders by +500,000 or more
- Increase AUM tracking new JPX indices by +JPY 1 trillion or more
- Increase Listed NAV (ETF) by +JPY 5 trillion or more
- Increase Listed NAV (REIT) by +JPY 1 trillion or more
- 75% or more of companies appointing 2 or more independent directors
- IPO ~100 companies per year
- Operating revenue increase by +JPY 15 billion (+13%)
- Net income increase by +JPY 8 billion (+20%)
- ROE target = 17%
- Payout ratio target = 60%

EURONEXT

2017 AGM PRESENTATION
2019 TARGETS*

- Core business revenue +4.3% CAGR (2017-2019)
- Incremental revenue of €55M
- Incremental costs of €27.5M
- EBITDA of incremental revenue = 50%
- -€22M Gross Savings
- EBITDA Target = 61-63%
- Payout ratio = 50%, with €1.42 per share floor

REFER APPENDICES TO OUR NZX PRESENTATION DATED SEPTEMBER 2018 FOR ALL OF THE ABOVE PRESENTATIONS

* *Source: LSE Investor Update - 12 June 2017, Nasdaq Investor Presentation - May 2018, JPX 2nd Medium-Term Management Plan Presentation - 22 March 2016 and Euronext 2017 AGM Presentation - 19 May 2017*

NZX 1H 2018 RESULTS RELEASED IN AUGUST 2018 SHOW LIMITED PROGRESS

Results overview

Result underpinned by divestment of non-core businesses and delivery of projects fundamental to growth of core exchange

	June 2018 $000	June 2017 $000	Changes Fav/(unfav)
Operating revenue	$33,423	$32,763	2.0%
Operating expenses	($20,206)	($18,828)	(7.3%)
Operating earnings	**$13,217**	**$13,935**	**(5.1%)**
Net finance expenses, tax, depreciation and amortisation and gain on sale	($6,284)	($6,123)	(2.6%)
Discontinued operations (includes impairments)	($2,524)	142	(1877.5%)
Net profit after tax	**$4,409**	**$7,954**	**(44.6%)**

Operating expenses

	June 2018 $000	June 2017 $000	Change Fav/(unfav)
Gross personnel costs	(13,625)	(12,402)	(9.9%)
Less capitalised labour	2,065	1,435	43.9%
Personnel costs	(11,560)	(10,967)	(5.4%)
Information technology costs	(3,712)	(3,646)	(1.8%)
Professional fees	(936)	(676)	(38.5%)
Marketing	(205)	(144)	(42.4%)
Funds expenditure	(1,965)	(1,573)	(24.9%)
Other expenses	(1,828)	(1,822)	(0.3%)
Total expenses	**(20,206)**	**(18,828)**	**(7.3%)**
Strategic metrics			
Staff numbers (FTEs) – continuing	217	203	(6.9%)
Staff numbers (FTEs) – discontinuing	28	29	3.4%

** Source: NZX 1H 2018 results presentation p7 and p17*

ELEVATION CAPITAL HEREBY PROPOSES - "#NZXNOW" - AS A REVISED PLAN WITH THREE KEY AREAS OF FOCUS + CLEAR & MEASURABLE TARGETS:

STRATEGY	**Current NZX** – Current strategy plan offers no clear & measurable targets	**#NZXNOW** Detail company-wide and segment-specific strategies and specify clear & measurable financial goals/targets
PORTFOLIO	**Current NZX** – Management are distracted with non-core businesses	**#NZXNOW** Spin-off non-core businesses and focus on doing fewer things better with improved transparency
ORGANISATION STRUCTURE	**Current NZX** – Bloated organisational & cost structure with poor employee productivity	**#NZXNOW** Shrink organisational structure to improve focus, accountability and to optimise headcount to bolster productivity

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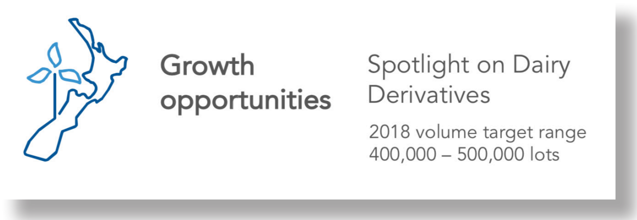
#NZXNOW

STRATEGY REVISIONS

NZX SEEMS TO BE OPERATING IN CONTRAST TO WHAT WAS ARTICULATED IN THE FIVE YEAR STRATEGIC PLAN

- NZX management stated their need to ”refocus” on their core markets business to establish itself as “New Zealand’s Exchange”. In our opinion, NZX should really aim to become “New Zealand’s Marketplace for Capital”.
- After reviewing the current strategic plan, we still believe that Management continues to be distracted by the non-core activities:
  - Running a subscale KiwiSaver/Superannuation funds management business that feeds into NZX’s own subscale ETF funds business.
  - Continued focus on the poorly executed multi-year/delayed software development project for its fund administration platform.
- We also believe NZX is too optimistic with its ability to execute its “go-it-alone” growth strategy in dairy derivatives. Our view is supported by NZX’s recent downgrade of its expectation/s for its 2018 volume target range from 400,000 - 500,000 lots to 300,000 - 400,000 lots in its 1H 2018 results presentation (released on 15 August 2018).
- Lastly, we note the irony in its statement that NZX is “too small to be fat” when NZX increased the size of its Executive Team by approximately 45% in 2017*.



Source: NZX 2017 Results Presentation - 19 February 2018 - p12

Source: NZX 1H 2018 Results Presentation - 15 August 2018 - p5

** The calculation is based on the 16 officers in 2017 (NZX 2017 Annual Report p29) versus the 11 officers in 2016 (NZX 2016 Annual Report p31)*

BOARD OF DIRECTORS NEEDS FURTHER RESTRUCTURING/RATIONALISATION

"STRATEGIC REVIEW"

"The highlight of 2017, and the board's number one focus, was to reset the strategic direction of our company to provide management with a clear direction for the next five years.

The board was fully engaged in the redevelopment of the strategy, and played a central role in the complete review of NZX's business, analysing global market trends and the performance and activities of our peers. The strategy which resulted from this process delivers a compelling vision for NZX, with initiatives that will drive growth, and deliver improved performance for you, our shareholders."

Chairman's Letter to Shareholders - 2017 Annual Report

- After reviewing NZX's Five-Year Strategic Plan, which the Board claimed to have had significant input into plus influence on, and comparing it to other global exchanges' strategic plans, we arrived at the same conclusion as Brian Gaynor (one of New Zealand's most experienced investment managers and well known business commentators) did when he posited on the composition of the Board of NZX in June 2017*:

"What about directors with vision, leadership qualities and strategic, judgment and entrepreneurial skills?"

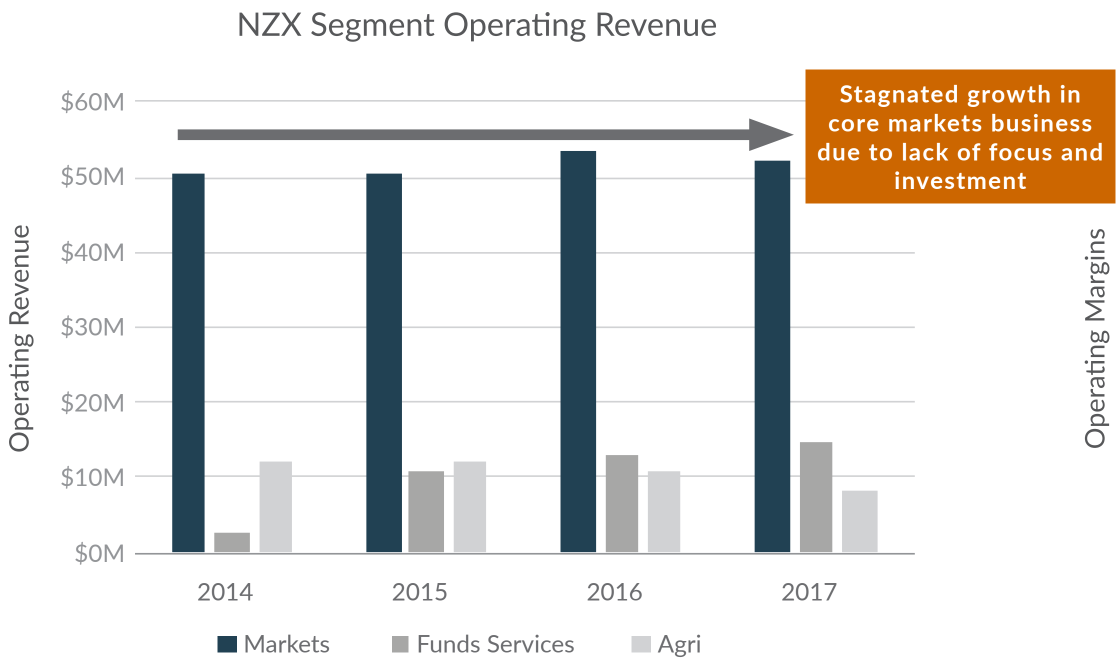
BRIAN GAYNOR - 10 JUNE 2017*

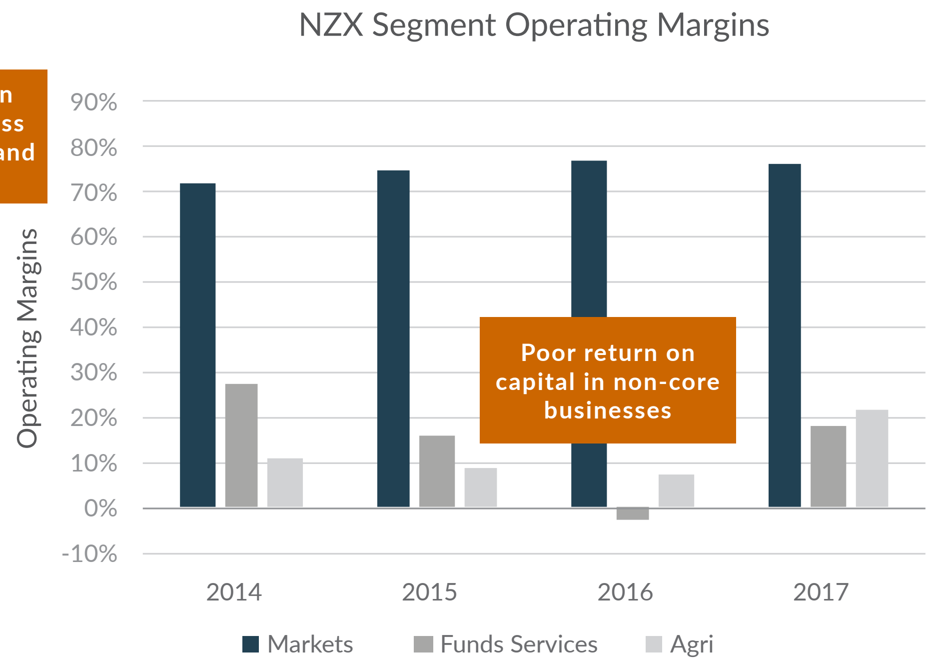
REFER APPENDIX #8 OF OUR NZX PRESENTATION DATED SEPTEMBER 2018 FOR A FULL LIST OF BRIAN GAYNOR'S ARTICLES ON NZX

* https://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=11873388

MISALLOCATION OF CAPITAL AND RESOURCES IN RECENT YEARS HAS CONSTRAINED VALUE CREATION

- The Board should recognise that the misallocation of capital and resources in recent years has cost shareholders in terms of share price performance and opportunity cost/s, and act to rectify the situation in an expeditious manner – we estimate shareholders have "foregone" NZ$235 million in total return based on the underperformance of NZX vs S&P/NZX50 index*.
- The pursuit of growth outside NZX's core markets business has diverted Management's attention away from the core markets business, its listing clients, and caused a slow down and deterioration of this highly profitable business (~70% of NZX's operating revenue, and ~90% of its operating earnings in FY2017).





* Data Source: Thomson Reuters Eikon – 31/12/2011 - 31/12/2017, based on NZX market capitalisation of NZ$274M on 31/12/2011. The difference in total returns equates to $235M - Total Return includes dividends and imputation credits

ELEVATION CAPITAL RECOMMENDATION/S:

#NZXNOW - STRATEGY

REVISE CORPORATE STRATEGY

- Detail company-wide and segment-specific strategies, and specify short/medium/long-term financial goals/targets/metrics
- Shrink & further rejuvenate the Board
- Shift mindset to smart/targeted capital allocation to create value for shareholders

ELEVATION CAPITAL RECOMMENDATION/S:
CLEAR SHORT/MEDIUM/LONG-TERM FINANCIAL GOALS/TARGETS/METRICS

50%

EBITDA MARGIN
(BY 2020)

- Divest non-core businesses

$0.4M

REVENUE/EMPLOYEE
(BY 2020)

- Improve employee productivity and efficiency

1%-2%

ORGANIC REVENUE GROWTH

- Focus on high quality revenue and earnings

0%-1%

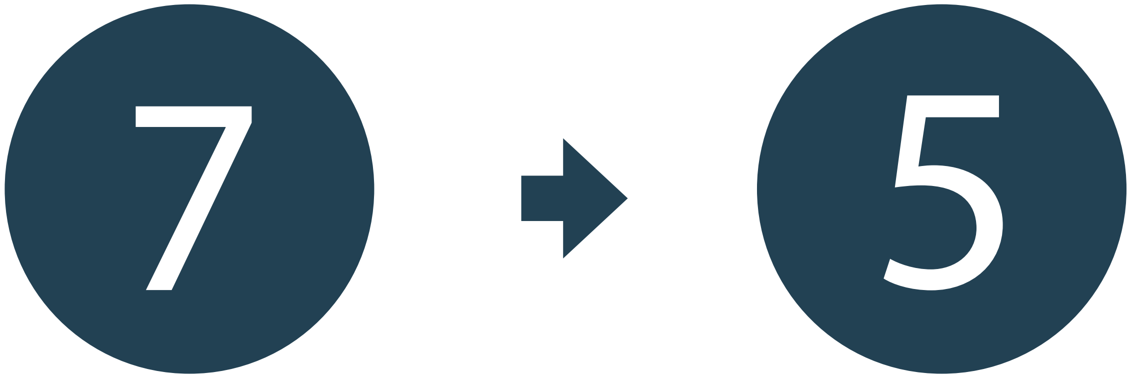
ORGANIC EXPENSE GROWTH

- Expand operational leverage

TSR

- DOUBLE DIGIT TOTAL SHAREHOLDER RETURN

ELEVATION CAPITAL RECOMMENDATION/S:
SHRINK AND REJUVENATE THE BOARD



The NZX Board should be reduced from 7 to 5 people. This would send a clear signal from the top to become more focused and cost-conscious. It would also drive the organisation to consider its business operations from the top-down internally.

ELEVATION CAPITAL RECOMMENDATION/S:
BECOME A "BEST-IN-CLASS" CAPITAL ALLOCATOR

- We believe that present NZX Management does not need to seek outsized growth to create value for its shareholders.
- Below we compare NZX Limited and Travelers Companies Inc, as an example of how a financial services company can consistently create value for shareholders through cost/headcount/margin control, a value-accretive share buyback program, all with limited topline/revenue growth.
- In short, we believe NZX can be a great long-term investment for its shareholders if and only if Management/Board evolved and become great capital allocators.
- If the Management and Board fail to acknowledge this, we fear shareholders will face another five years of underperformance.

TRAVELERS	NZX NEW ZEALAND'S EXCHANGE
OPERATING MARGIN (2017) = +10.4% NET MARGIN (2017) = +7.1%	OPERATING MARGIN (2017) = +38.5% NET MARGIN (2017) = +19.7%
# OF SHARES OUTSTANDING: 2012: 377M; 2017: 271M (REDUCED BY 28%)	# OF SHARES OUTSTANDING: 2012: 255M; 2017: 268M (INCREASED BY 5%)
# OF EMPLOYEES 2012: 30,500; 2017: 30,800 (INCREASED BY 1%)	# OF EMPLOYEES 2012: 168; 2017: 238 (INCREASED BY 42%)
FROM 31/12/2012-31/12/2017 REVENUE GROWTH = +12.3% (CAGR = +2.4%) OP. PROFIT GROWTH = -15.1% (CAGR = -3.2%) NET PROFIT GROWTH = -16.9% (CAGR = -3.6%) EPS GROWTH = +16.3% (CAGR = +3.1%)	**FROM 31/12/2012-31/12/2017** REVENUE GROWTH = +34.5% (CAGR = +6.1%) OP. PROFIT GROWTH = +31.6% (CAGR = +5.6%) NET PROFIT GROWTH = +50.5% (CAGR = +8.5%) EPS GROWTH = +49.1% (CAGR = +8.3%)
DPS GROWTH = +55.3% (CAGR = +9.2%) SHARE PRICE CHG = +88.9% (CAGR = +13.6%) TOTAL RETURN = +111.8% (CAGR = +16.2%)	DPS GROWTH = -12.9% (CAGR = -2.7%) SHARE PRICE CHG = -6.7% (CAGR = -1.4%) TOTAL RETURN = +31.3% (CAGR = +5.7%)

** Data Source: Thomson Reuters Eikon as at 12 September 2018, NZX Annual Reports (2012, 2017), Travelers Companies Annual Reports (2012, 2017)*

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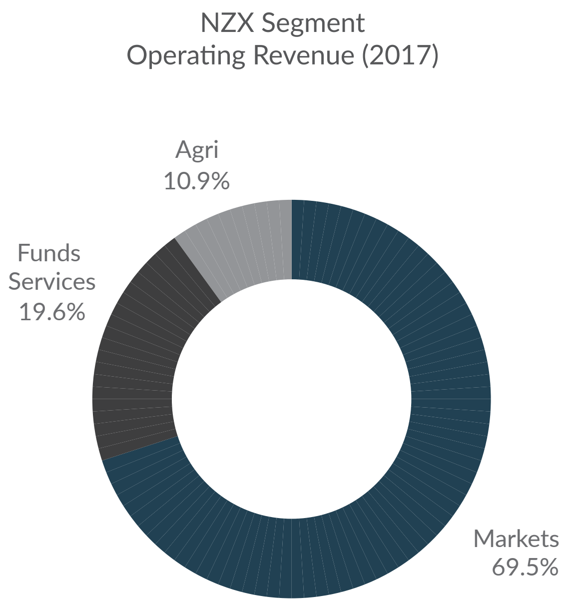
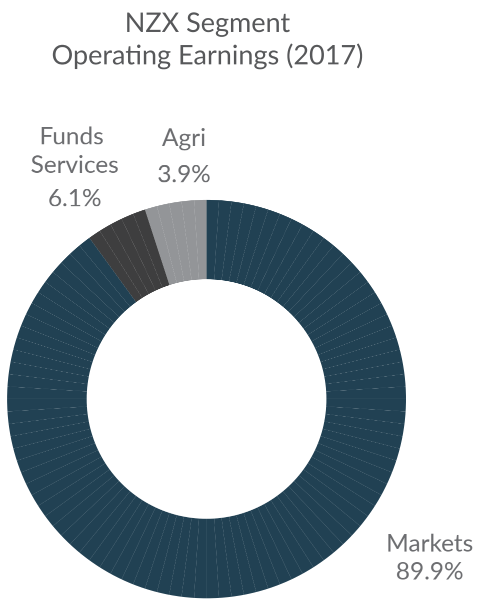
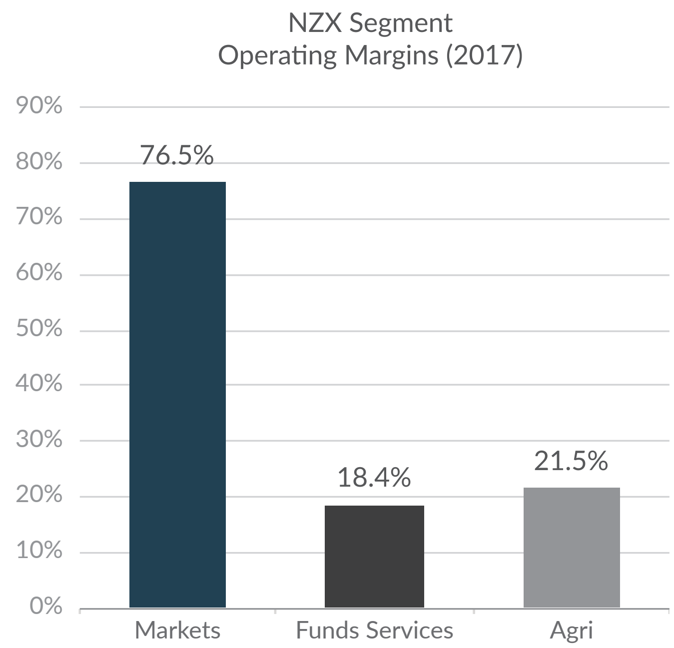
PORTFOLIO REVISIONS

A SUBOPTIMAL PORTFOLIO IS WEIGHING ON EARNINGS GROWTH

- The non-core business segments (Funds Services and other peripheral businesses) are "dragging the chain" (generating ~30.5% of revenue but only contributing ~10% of operating earnings).
- These businesses are subscale and have few barriers to entry (moats) and lower margins than NZX's core markets business.
- At the same time, NZX is having trouble growing these businesses (gaining market share) in a cost-effective manner.







Data Source: NZX 2017 Annual Report - p14

DESPITE A STRATEGIC REVIEW AND CALLS FOR A REFOCUS ON CORE MARKETS BUSINESS, NZX MANAGEMENT/ BOARD STILL REGARDS THE NON-CORE BUSINESSES AS GROWTH OPPORTUNITIES/ OPTIONS AND REMAIN COMMITTED TO "GO-IT-ALONE" STRATEGIES

SMARTSHARES

SUPERLIFE

NZX Wealth Technologies

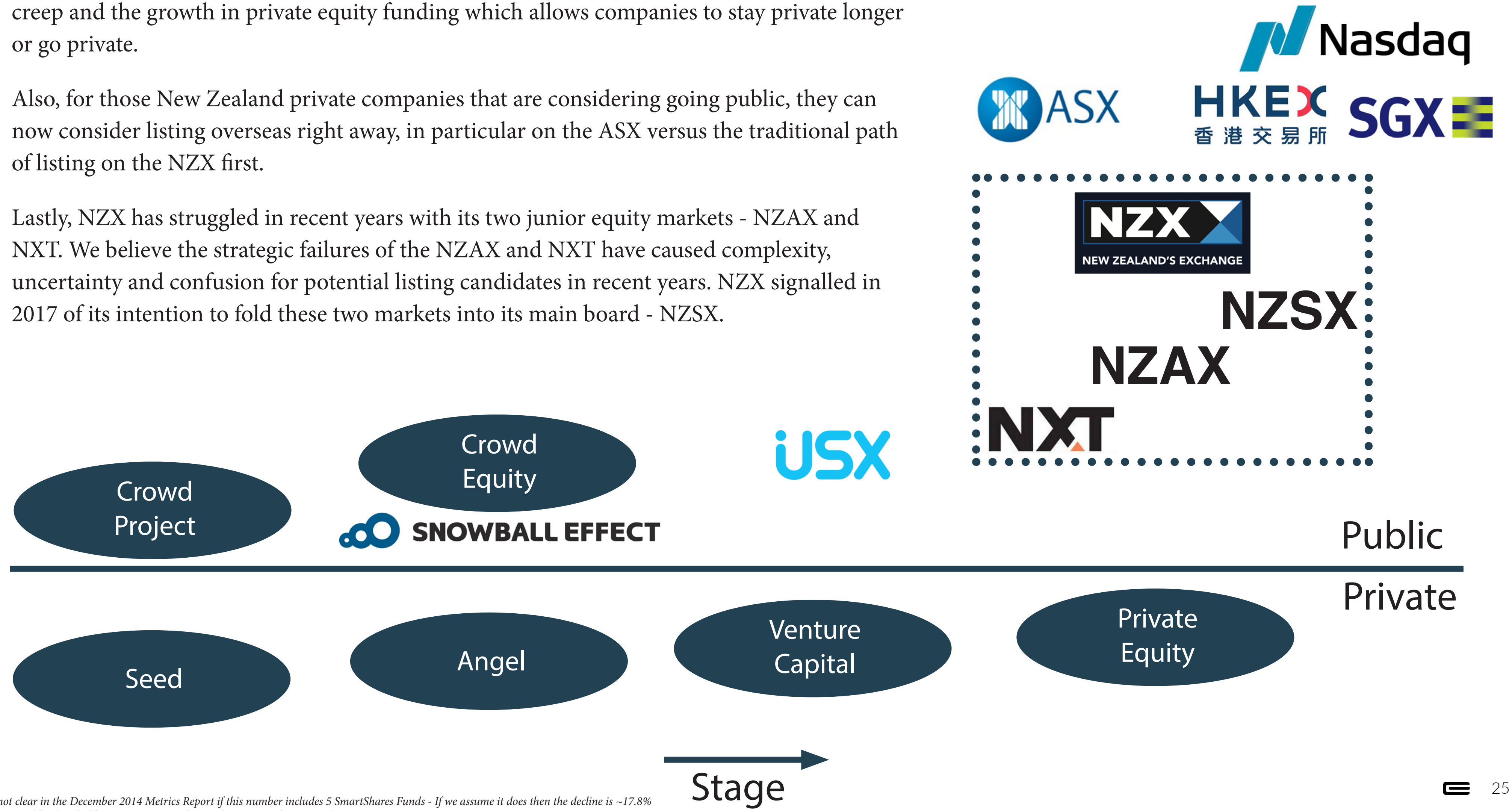
"MAXIMISING OPTIONS THAT WILL PAY OFF: *WE ARE COMMITTED TO CONTINUING TO GROW OUR SMARTSHARES, SUPERLIFE AND WEALTH TECHNOLOGIES BUSINESSES…"*

Chairman's Speech - 2017 AGM

NZX'S CORE MARKETS BUSINESS IS UNDER PRESSURE

- NZX is under pressure in recent years to grow its core markets business, in particular the equity market, where the number of equity securities on the NZSX (Main Board Issuers) fell from 151* in 2014 to 120 in June 2018 (~20% decline)**.
- We acknowledge that this is the experience globally, predominantly as a result of regulatory creep and the growth in private equity funding which allows companies to stay private longer or go private.
- Also, for those New Zealand private companies that are considering going public, they can now consider listing overseas right away, in particular on the ASX versus the traditional path of listing on the NZX first.
- Lastly, NZX has struggled in recent years with its two junior equity markets - NZAX and NXT. We believe the strategic failures of the NZAX and NXT have caused complexity, uncertainty and confusion for potential listing candidates in recent years. NZX signalled in 2017 of its intention to fold these two markets into its main board - NZSX.

We acknowledge the MOUs signed with HKEX, SGX and Nasdaq in 2018 are nice to have. But will they really drive new listings/dual lists? *It remains to be seen.*



* It is not clear in the December 2014 Metrics Report if this number includes 5 SmartShares Funds - If we assume it does then the decline is ~17.8%
** NZX Monthly Shareholder Metrics Reports (December 2014 and June 2018)

ELEVATION CAPITAL RECOMMENDATION/S:

#NZXNOW - PORTFOLIO

SPIN-OFF NON-CORE BUSINESSES TO FOCUS ON CORE MARKETS BUSINESS AND TARGET BECOMING THE #1 REGIONAL EXCHANGE OPERATOR IN THE WORLD

- **Expedite the divestments of peripheral businesses or just close them if unprofitable**
  - FundSource
- **Spin-off the Funds Services business to NZX shareholders with a highly specialised and proven management team & board**
  - SMARTSHARES
  - SUPERLIFE
  - NZX Wealth Technologies
- **Core-markets enhancing acquisitions to strengthen NZX's position as "New Zealand's Marketplace for Capital"**
  - USX
  - SNOWBALL EFFECT

SPIN-OFF THE FUNDS SERVICES BUSINESS

We believe it is in the best interest of NZX to spin-off its Funds Services business for the following reasons:

1. It allows NZX and the spun-off company to access capital and implement strategies in ways that make sense for their respective needs.
2. It also allows the two companies to be priced appropriately by the market.
3. The two businesses (exchange market operator vs funds service business) are clearly different in business nature. An optimised wide-moat core markets business can be highly profitable while remaining nimble. The funds service business (both the funds management and administration businesses) require economies of scale just to be competitive.
4. The two businesses clearly require different Management/Board skills.
5. The spin-off mitigates the risk of the NZX Management and the Board mis-allocating the capital while allowing shareholders to place a tangible value on the business that is not currently reflected in the NZX share price.

SMARTSHARES

# of ETF Funds = 23*
FUM – External = NZ$818M*
FUM – from SuperLife = NZ$1,730M*
Total FUM = NZ$2,548M*

SUPERLIFE

FUM – KiwiSaver = NZ$808M*
FUM – Other = NZ$1,332M*
Total FUM = NZ$2,140M*

NZX Wealth Technologies

FUA = NZ$1,133M*
(0.9% market share of the NZ$130B# New Zealand wealth platform market)

Combined FUM = NZ$2,958M*
(1.8% of Total FUM of New Zealand Managed Funds Industry)**

* NZX Monthly Shareholder Metrics Report - 31 July 2018
** RBNZ - Managed Funds Industry Quarterly Survey - March 2018
\# NZX 2016 Investor Day Presentation

VALUING THE FUNDS SERVICES BUSINESS

- Based on a valuation of 2% of FUM*, we estimate the Smartshares & SuperLife businesses could be worth NZ$ 68.3 million at the end of 2019 (Estimated FUM = NZ$3.42B), and NZ$ 75.2 million at the end of 2020 (Estimated FUM = NZ$3.76B).
- Based on a replacement valuation (purchase price of NZ$1.5M and estimated cumulative capex of NZ$6.8M, we value the Wealth Technologies business at NZ$ 8.3 million.
- Combined, we estimate the Funds Services business could be worth NZ$ 76.6 million – NZ$ 83.5 million – this equates to a per share value of between $0.279 - $0.305 cents per share.
- *Note that in August 2018, Trade Me - the New Zealand internet auction website and NZX listed company (TME.NZ) disclosed that it paid NZ$4M to build a 16% stake in Sharesies (An online retail investment platform founded in 2016), valuing the Sharesies business at NZ$24.4M (Sharesies has ~22,500 customers and NZ$24M fund invested through the Sharesies platform).*

SMARTSHARES

SUPERLIFE

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Replacement Valuation
Estimated Value = NZ8.3M

Valuation @ 2% of FUM
Estimated Value = NZ$68.3M – NZ$75.2M

Estimated Value = NZ$76.6M – NZ$83.5M
(NZ$0.279 - NZ$0.305 per NZX share)

* *We utilise the Market Capitalisation to AUM (Assets Under Management) valuation methodology, and halved the average multiple (4.00%) of our selected international peer group (Platinum Investment Management, Blackstone Group, Magellan Financial Group, Perpetual, Jupiter Fund Management, Pendal Group, T. Rowe Price Group, Wisdom Tree Investments, Schroders, BlackRock, State Street, Invesco and GAM Holding) - as at 12 September 2018*

FUNDS SERVICES BUSINESS SPIN-OFF

- A spin-off of the Funds Services business would enable the establishment of a funds management company which (with experienced/credible management) could fully compete in the marketplace via the acquisition of active funds management businesses (*which we do not believe to be dead*), private equity and/or venture capital businesses.
- It can also develop a "fund seeding and incubation" business which would capitalise on the investment made in regulatory compliance since the introduction of the Financial Markets Conduct Act ("FMCA") and fill a significant vacuum that has developed in the domestic market due to regulatory compliance and the barriers to entry this has created.

Superannuation /KiwiSaver	Passive /ETFs	Active Funds Management	Private Equity/ Venture Capital	Fund Seeding Business	Other
SUPERLIFE	SMARTSHARES	?	?	?	NZX Wealth Technologies ?

CORE-MARKETS ENHANCING ACQUISITIONS TO STRENGTHEN NZX'S POSITION AS "NEW ZEALAND'S MARKETPLACE FOR CAPITAL"

- Apart from spinning off non-core businesses to focus on the current core markets business, we also believe NZX should aspire to become "New Zealand's Marketplace for Capital" rather then just New Zealand's Exchange.
- NZX should explore possible horizontal integration. i.e., entering into markets such as unlisted, crowd funding platforms, etc. to create an integrated funding ecosystem under the NZX banner.
- This should promote New Zealand capital market activities and potentially improve both the size and visibility of NZX's IPO/listing pipeline.

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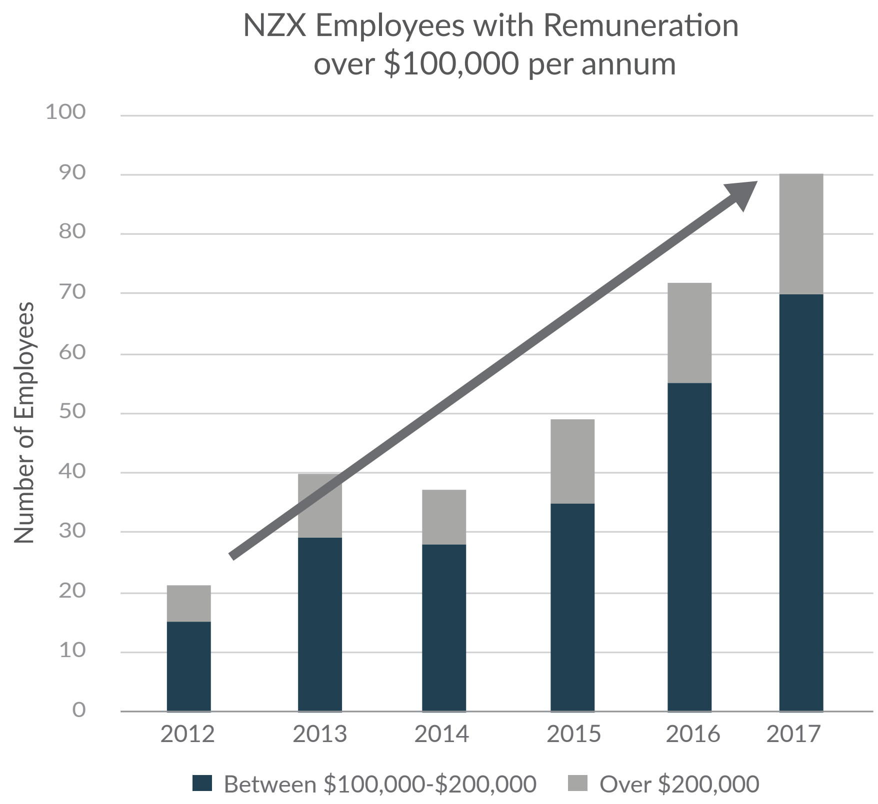
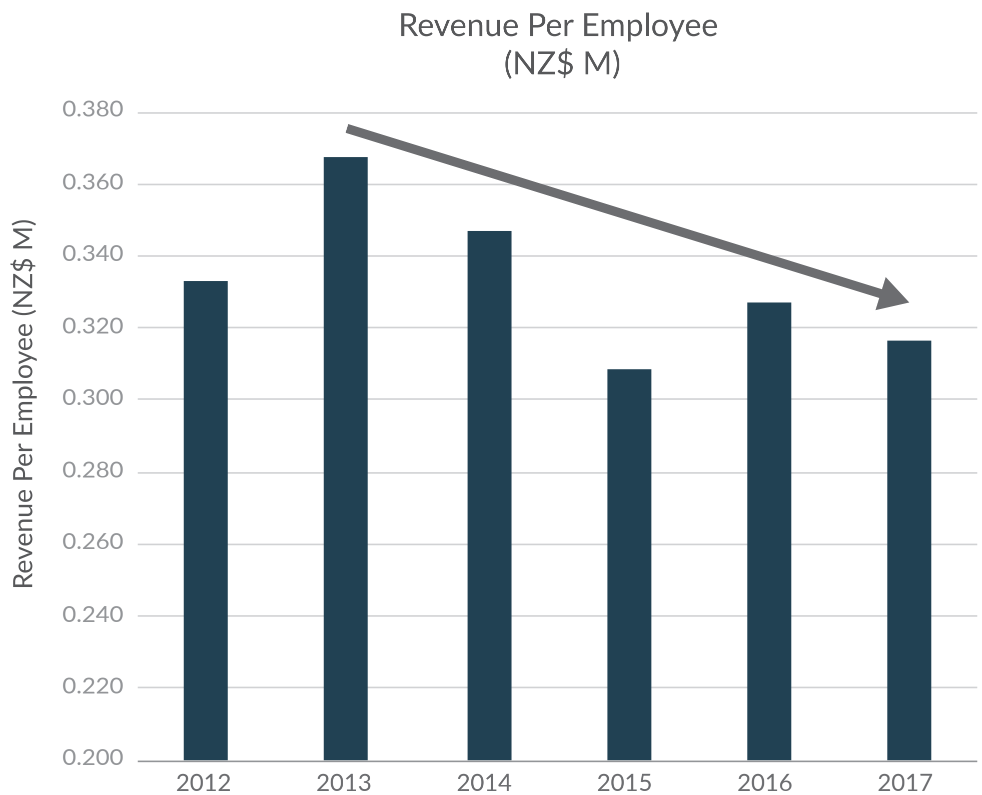
ORGANISATION STRUCTURE REVISIONS

NZX IS INEFFICIENT DESPITE MANAGEMENT COMMENTARY TO THE CONTRARY

- The charts below clearly illustrate that over the last few years, shareholders have financed a ballooning salary/cost base and been rewarded with declining employee productivity.
- NZX is a case study (at present) of “agents” versus “owners”.





Data Source: NZX Annual Reports and Elevation Capital estimates

COMPARING THE NZX ORGANISATION STRUCTURE TO THAT OF THE ASX TELLS THE STORY SIMPLY...

NZX	ASX
Market Capitalisation = **NZ$290M***	Market Capitalisation = **A$12.50B***
# of Senior Executives = **16****	# of Senior Executives = **15#**
# of Employees (FTE) = **238*****	# of Employees (FTE) = **587##**
# of Employees / Senior Executives = **14.9**	# of Employees / Senior Executives = **39.1**
Revenue / # of Employees = **NZ$316K******	Revenue / # of Employees = **NZ$1.7M##**

*As at 12 September 2018
** Source: NZX 2017 Annual Report - p29
*** NZX 2017 results presentation - p22
**** If we take the latest NZX staff numbers (continuing operations) of 217 (From NZX 1H 2018 results presentation - p17), and assume status quo annual revenues of NZ$75.325M, this generates a revenue per # of employees of NZ$347K
# ASX Wesbite https://www.asx.com.au/about/executive-team.htm as at 27 September 2018
ASX 2018 Annual Report - p91

NZX IS TOO SMALL TO BE THE MARKET OPERATOR AND THE REGULATOR AT THE SAME TIME...

- On 1 August 2010, the Australian Federal Government re-defined ASX's role to market operator - rather than supervisor when ASIC took control of the supervision and surveillance of its securities markets and market participants. 23 staff from ASX Compliance were transferred to ASIC.
  - ASIC responsible for the supervision of real-time trading on domestic licensed financial markets and for the conduct of participants (including the relationship between participants and their clients) on those markets, and for the enforcement of ASIC Market Integrity Rules across all financial markets.
  - ASX Compliance responsible for monitoring and enforcing compliance with the ASX Group's operating rules.
- As New Zealand's FMA entered its eighth year of existence, NZX shareholders should raise the question whether it is now the time for the New Zealand government to consider transferring more regulatory responsibilities from NZX to the FMA so NZX Management can focus more on NZX's business activities and developing the broader capital markets.

#NZXNOW – ORGANISATION STRUCTURE REVISIONS

ELEVATION CAPITAL RECOMMENDATION/S:

#NZXNOW - ORGANISATION STRUCTURE

SHRINK/SIMPLIFY ORGANISATIONAL STRUCTURE TO IMPROVE FOCUS, ACCOUNTABILITY AND TO OPTIMISE HEADCOUNT TO IMPROVE PRODUCTIVITY

- Executive team consolidation to simplify structure, accountability and improve overall productivity
- Utilise JVs/Collaborations to reduce headcount, access global skill-sets & distribution networks
- Review regulatory functions and consider relinquishing more regulation to the FMA

EXECUTIVE TEAM CONSOLIDATION TO SIMPLIFY AND STRIVE FOR INDUSTRY LEADING MARGINS

TOTAL # = 16*

BEFORE

CEO

- Head of Issuer Relationships
- Head of Markets/Clearing
- Head of Data & Insights
- Head of Fund Management
- Head of Wealth Technologies
- Head of Derivatives
- Head of Energy
- Head of Compliance
- Head of Market Supervision
- CFO
- Head of Strategy
- General Counsel/ Head of Policy
- Head of HR
- CIO
- Head of Communications

TOTAL # = 8

AFTER

CEO/Head of Issuer Relationships

- Head of Markets**
- Head of Data & Insights
- Head of Clearing
- Head of Market Supervision
- CFO
- General Counsel/ Head of Policy
- Head of HR

SMARTSHARES

SUPERLIFE

NZX Wealth Technologies

SPIN-OFF

* Source: NZX 2017 Annual Report - p29
** Head of Markets would oversee Equity, Derivatives and Energy

UTILISE JVs/COLLABORATIONS TO REDUCE HEADCOUNT, ACCESS GLOBAL SKILL-SETS & DISTRIBUTION NETWORKS

- In 2015, NZX entered a deal for S&P Dow Jones "*to calculate, publish and disseminate NZX indices as well as distribute and market the indices offshore*"*. Through this deal, NZX has successfully leveraged S&P Dow Jones's network to promote its indices and "*to lure more international investors to the local bourse*"*.
- In 2009, in a cleverly structured deal, NZX sold Markit 100% of the shares of TZ1 in exchange for consideration payable in Markit shares as an "*opportunity to cement a transaction with Markit that retained a meaningful economic interest for NZX in the TZ1 Registry business, and to combine that with Markit's global reach and distribution networks...*"**.
- We strongly suggest that NZX must "rinse and repeat", and seek a JV partner from global commodity powerhouses such as ICE, CBOE or CME to lower the cost/s, increase volume/s and to hasten the development and marketing of NZX's Dairy Derivatives business globally.

ice

Cboe® Global Markets

CME Group
A CME/Chicago Board of Trade Company

* *https://www.nbr.co.nz/article/nzx-and-sp-dow-jones-enter-indices-deal-bd-169348*
** *https://uk.reuters.com/article/nzx-text-idUKWLF00123720090128*

REVIEW REGULATORY FUNCTIONS AND CONSIDER RELINQUISHING MORE REGULATION TO THE FMA

- There exists significant benefits toward adopting a government/statutory model similar to that in Australia. Such a centralised approach promotes efficiency and reduces the duplication/layering of regulation, including supporting infrastructure and oversight activities.
- New Zealand is well suited to this model due to the small size of its market – traditionally, one of the major headwinds for large complex markets wanting to adopt centralised regulatory models has been the overwhelming resource required to do so; this is simply not the case for NZX.
- Additionally, in the FMA's - NZX Annual Obligations Review (1 January - 31 December 2017) the FMA specifically highlighted a lack of expertise in the market surveillance function. This would seem an obvious place to start to us*.

* *https://fma.govt.nz/assets/Reports/_versions/11034/NZX-Obligations-Review-2018.1.pdf*

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CONCLUSION

ELEVATION CAPITAL'S RECOMMENDATIONS WILL ALLOW NZX TO BECOME A GLOBAL INDUSTRY LEADER

SMARTSHARES
SUPERLIFE
NZX NEW ZEALAND'S EXCHANGE
NZX Wealth Technologies
FundSource

#NZXNOW

STRATEGY	PORTFOLIO	ORGANISATION STRUCTURE
To become "New Zealand's Marketplace for Capital", and target becoming the #1 Regional Exchange Operator in the World. Detail company-wide and segment-specific strategies and specify financial goals/targets.	A focus on the "markets" business will revitalise the underperforming core business and quickly improve overall operating margins in the short/medium term. Spin-off/divest/close non-core businesses.	A "lean and fit" organisation will be able to respond to business/competitive/economic landscape/dynamics with speed and precision and enhance productivity. Utilise JVs to reduce headcount, access global skill-sets and distribution networks. Review regulatory functions.

NZX
NEW ZEALAND'S MARKETPLACE FOR CAPITAL

ELEVATION CAPITAL'S RECOMMENDATIONS WILL CREATE MEANINGFUL VALUE FOR NZX SHAREHOLDERS

The combination of a concrete strategic plan (incl. clear financial targets), with an energised management team that is focused on one thing only - the revitalisation of the core markets business should allow NZX to produce and grow its high quality earnings / cash flows. Shareholders should be rewarded with increasing EPS and stable capital returns via increasing dividends and impactful share buyback programs.

The proposed spin-off of the Funds Services business can also be expected to create additional value as that business will be properly managed by a new management team with specialised skills, ideally proven track record/s, and appropriately incentivised to think and act as owners.

ELEVATION CAPITAL'S RECOMMENDATIONS WILL CREATE MEANINGFUL VALUE FOR NZX SHAREHOLDERS

NZX
NEW ZEALAND'S MARKETPLACE FOR CAPITAL

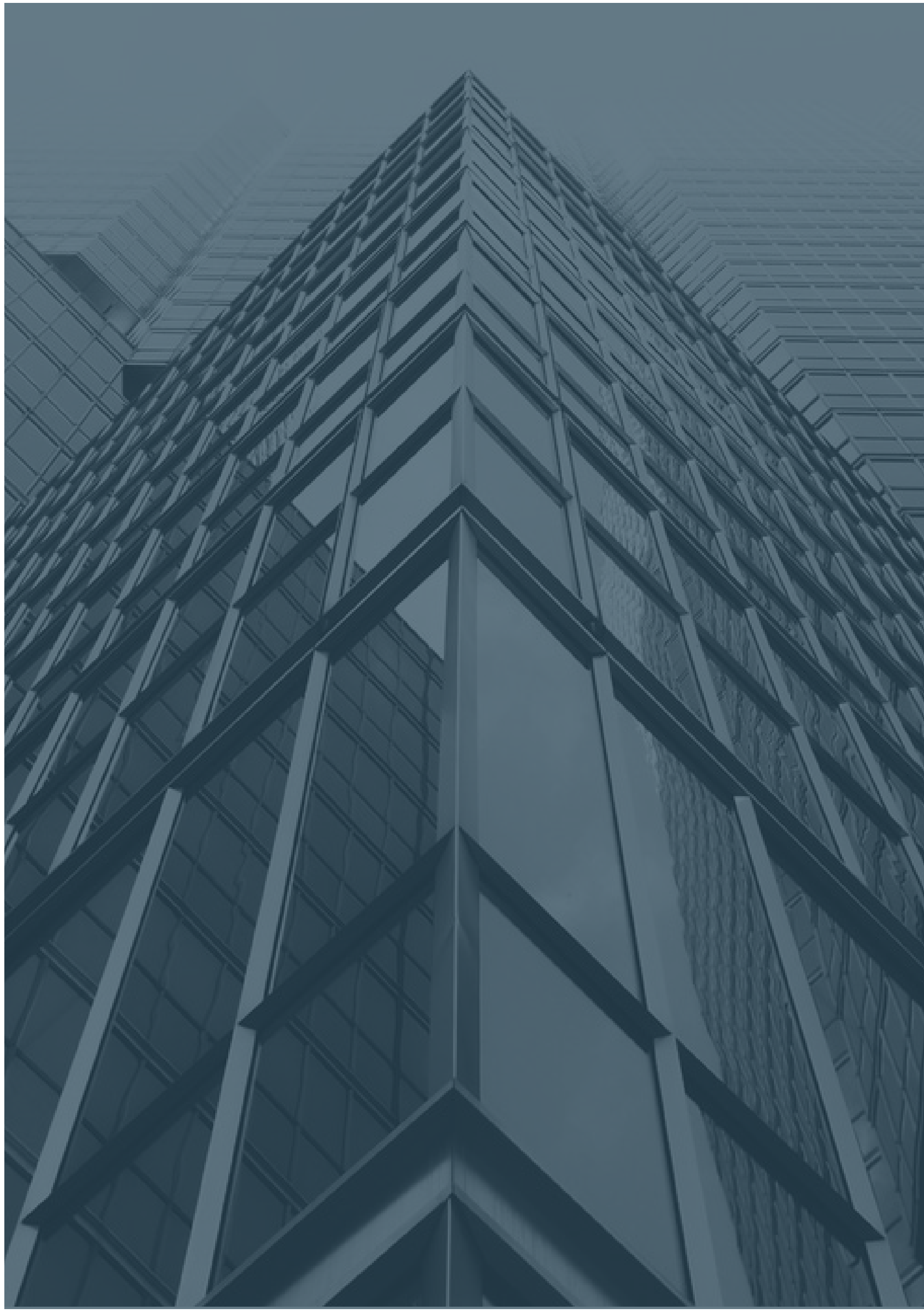
Estimated Intrinsic Value Range:
NZ$ 1.34 – NZ$ 1.59 per share

SMARTSHARES
SUPERLIFE
NZX Wealth Technologies

Estimated Intrinsic Value Range:
NZ$ 0.279 – NZ$ 0.305 per share

Estimated Combined Intrinsic Value Range:
NZ$ 1.62 – NZ$ 1.89 per share
Potential Upside Range*:
+50% – +75%

FOR VALUATION DETAILS/ASSUMPTIONS PLEASE SEE OUR NZX LIMITED PRESENTATION DATED SEPTEMBER 2018 WHICH CAN FOUND HERE AT: HTTPS://WWW.NZXNOW.COM



** Based on NZX share price of NZ$ 1.08 as at 12 September 2018*

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‘INDEPENDENT THINKING – DISCIPLINED INVESTING’

INDEPENDENT THINKING

[In-de-pend-ent Think-ing] **indəʼpendənt THiNkiNG** *verb*

Is essential to long-term investment success. We are often contrarian and do not pay attention to index compositions when making investment decisions. We believe that when you’re several thousand miles away from Wall Street in a different nation, it’s easier to be independent and buy the things that other people are selling, and sell the things that other people are buying. We also believe that cash is sometimes the most attractive investment.

DISCIPLINED INVESTING

[Dis-ci-plined In-vest-ing] **disciplinəd inves’ting** *verb*

The market presents opportunities every day, but disciplined investing is as much about the opportunities you do not take. Our investments are premised on the concept of “Margin of Safety” which we believe reduces risk.

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